

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

TO: James J. Waldron, Clerk CASE NO. 07-15195 (MS)  
IN RE: Bayonne Medical Center  
CHAPTER 11

**INFORMATION FOR NOTICE OF SETTLEMENT OF CONTROVERSY**

Allen D. Wilen, Liquidating Trustee (the "Liquidating Trustee"), proposes to settle an action, the nature of which is described below.

If any creditors or other party in interest has an objection to the settlement, an objection and request for a hearing on such objection shall be in writing, served upon the person named below and filed with the Clerk of the United States Bankruptcy Court.

Such objection and request shall be filed with the Clerk and served upon the person named below no later than twenty days from the date of this notice.

In the event an objection is timely filed, a hearing thereon will be held on January 25, 2010 at 10:00 a.m.

If no objection is filed with the Clerk and served upon the person named below on or before twenty days from the date of this notice, the settlement will be consummated as proposed on or after twenty-five days from the date of this notice.

The nature of the action and the terms of the settlement are as follows:

NATURE OF ACTION	PERTINENT TERMS OF THE SETTLEMENT
<p>An adversary complaint (Adv. Pro. No. 09-1567) was filed against Phoenix Health Care, Inc., seeking to recover \$275,703.35 in alleged preferential transfers.</p> <p>Phoenix filed an Answer to the Complaint, denying the Trustee's right and ability to recover the alleged transfers. Phoenix maintains that it has valid defenses to the complaint which eliminate or reduce any liability Phoenix may have for preferential transfers from Bayonne Medical Center. Phoenix has provided the Liquidating Trustee's counsel with documents supporting certain of its alleged defenses.</p>	<p>After arm's length negotiations, Phoenix has agreed to pay, and the Liquidating Trustee has agreed to accept, \$100,000 in full and final satisfaction of any liability Phoenix may have for alleged preferential transfers from Bayonne Medical Center. In addition, Phoenix has agreed to waive any and all of its claims against, or right to distribution from, the bankruptcy estate and the liquidating trust established under the Third Amended Joint Plan of Liquidation.</p> <p>The Settlement Amount is currently being held in the attorney trust account of counsel for the Liquidating Trustee pending approval of this settlement by the Court. If the settlement is not approved, the Settlement Amount will be refunded, without interest.</p> <p>In connection with the settlement, Phoenix represented, covenanted and warranted that (i) the signatory had authority to execute, deliver and perform the settlement; (ii) the settlement is a legal, valid and binding obligation of Phoenix; (iii) all requisite approvals authorizing the settlement have been obtained; (iv) Phoenix was represented by counsel of its own choosing with regard to the settlement and (v) the information and documentation provided to the Liquidating Trustee by Phoenix is true and accurate in all material respects. If Phoenix breaches any of its representations, covenants and warranties, Phoenix consents to the reopening of the Adversary Proceeding and the entry of a judgment by confession in the amount of \$226,687.34, less the Settlement Amount paid and any other payment(s) made by Phoenix to the Liquidating Trustee. These covenants shall survive closure of the adversary proceeding and the bankruptcy case.</p> <p>The Liquidating Trustee believes that this settlement is in the best interest of the Estate, as it avoids the costs, uncertainty and delay associated with continued litigation and collection of any judgment obtained through litigation.</p>

Request for additional information about the nature or the terms of the settlement should be directed to:

NAME: Valerie A. Hamilton, Counsel to Liquidating Trustee  
 ADDRESS: Sills Cummis & Gross, 650 College Road East, Princeton, NJ 08540  
 TELEPHONE NO: (609) 227-4600

SUBMITTED BY: /s/ Valerie A. Hamilton POSITION: Counsel to the Liquidating Trustee  
 Valerie A. Hamilton, Esq.

FOR CLERK'S OFFICE USE ONLY

LINES 137-157  
 TYPE OF TASK \_\_\_\_\_  
 FORM # \_\_\_\_\_ STATEMENT \_\_\_\_\_



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