

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re: §
§ Chapter 11
NEIGHBORS LEGACY HOLDINGS, INC., §
et al., § Case No. 18-33836 (MI)
§
§ (Jointly Administered)
Debtors.¹ § (Emergency Hearing Requested)

DEBTORS' EMERGENCY MOTION TO (I) EXTEND THE TIME TO FILE SCHEDULES AND STATEMENTS OF FINANCIAL AFFAIRS, (II) AUTHORIZE THE DEBTORS TO FILE A CONSOLIDATED LIST OF THEIR 50 LARGEST UNSECURED CREDITORS, AND (III) WAIVE THE REQUIREMENT THAT EACH DEBTOR FILE A LIST OF CREDITORS

THIS MOTION SEEKS ENTRY OF AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

EMERGENCY RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE MOTION ON AN EMERGENCY BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO THE REQUESTED RELIEF OR IF YOU BELIEVE THAT THE EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU SHOULD FILE AN IMMEDIATE RESPONSE. A HEARING WILL BE CONDUCTED ON THIS MATTER ON JULY 13, 2018, AT 10:30 A.M. IN COURTROOM 404, UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS, 515 RUSK STREET, HOUSTON, TEXAS 77002.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

¹ Due to the large number of Debtors in these chapter 11 cases, a complete list of the Debtors and the last four digits of their tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' proposed claims and noticing agent at www.kccllc.net/neighbors. The location of Debtors' principal place of business and the Debtors' service address is: 10800 Richmond Avenue, Houston, Texas 77042.



Neighbors Legacy Holdings, Inc. (“NLH”) and certain of its affiliates, as debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”) file this Emergency Motion (the “Motion”) for an order (i) granting the Debtors additional time to file their schedules of assets and liabilities, schedules of current income and current expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs (collectively, the “Schedules and Statements”); (ii) authorizing the Debtors to File a Consolidated List of their 50 Largest Unsecured Creditors; and (iii) waiving the requirement that each Debtor file a list of creditors.

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding under 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. § 1408.

2. The statutory bases for the relief requested herein are sections 105(a) and 521 of the United States Code (the “Bankruptcy Code”), and Bankruptcy Rule 1007.

EMERGENCY CONSIDERATION

3. Pursuant to Bankruptcy Local Rule 9013-1(i) and Bankruptcy Rule 6003, the Debtors request emergency consideration of this Motion. Bankruptcy Rule 6003 provides that the relief requested in this Motion may be granted if the “relief is necessary to avoid immediate and irreparable harm.” FED. R. BANKR. P. 6003. As discussed in detail below and in the Declaration of Chad J. Shandler in Support of Chapter 11 Petitions and First Day Pleadings (the “First Day Declaration”), any delay in granting the relief requested could hinder the Debtors’ operations and cause immediate and irreparable harm. As such, the Debtors believe that

emergency consideration is necessary and request that this Motion be heard at the Debtors' first day hearings.

BACKGROUND

4. On July 12, 2018 (the "Petition Date"), the Debtors each commenced a case by filing a petition for relief under chapter 11 of the Bankruptcy Code (collectively, the "Chapter 11 Cases").

5. The Debtors continue to operate their businesses and manage their properties as debtors and debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

6. To date, no creditors' committee has been appointed in the Chapter 11 Cases by the Office of the United States Trustee for the Southern District of Texas (the "United States Trustee"). No trustee or examiner has been appointed in the Chapter 11 Cases.

7. The Debtors currently operate 22 freestanding emergency centers (the "Emergency Centers") throughout the State of Texas, including in South Texas, El Paso, Beaumont, the Permian Basin and the greater Houston area. The Debtors' Emergency Centers are designed to offer an attractive alternative to traditional hospital emergency rooms by reducing wait times, providing better working conditions for physicians and staff, and giving patient care the highest possible priority.

8. The Debtors' original parent was founded in 2008, and the first Neighbors Emergency Center opened in 2009. At their peak, the Debtors operated 33 Emergency Centers across three states. In recent years, the Debtors have experienced financial difficulties caused in large part by increased competition, less favorable insurance payor conditions, declining revenues, and disproportionate overhead costs as compared to their operational income. These challenges have caused significant strain on the Debtors' liquidity and threatened their ability to

continue operating as a going concern. Prepetition, the Debtors engaged professionals and explored various out-of-court solutions, including closing unprofitable Emergency Centers and downsizing their corporate overhead. Ultimately, the Debtors' out-of-court restructuring efforts were unsuccessful and the Debtors elected to commence these Chapter 11 Cases.

9. Additional background information about the Debtors, including their business operations, their corporate and capital structures, their restructuring efforts, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the First Day Declaration.²

RELIEF REQUESTED

10. By this Motion, the Debtors seek entry of an order granting the Debtors an additional forty-five (45) days to file their Schedules and Statements pursuant to Bankruptcy Rule 1007(c). The deadline for filing schedules and statements of financial affairs in these cases is currently July 25, 2018. The Debtors seek an extension of the deadline to September 8, 2018. This extension would give the Debtors a total of 59 days from the Petition Date to file their Schedules and Statements.

11. The Debtors also seek entry of an order authorizing the Debtors to (i) file a consolidated list of their 50 largest unsecured creditors pursuant to Bankruptcy Rule 1007(d), rather than a list of each Debtor's twenty (20) largest unsecured creditors and (ii) establish a consolidated creditor matrix.

12. For the reasons set forth herein, the Debtors submit that the relief requested is in the best interest of the Debtors, their estates, creditors, stakeholders, and other parties in interest, and therefore, should be granted.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

BASIS FOR RELIEF

A. Extension of the Deadline to File Schedules and Statement of Financial Affairs

13. Bankruptcy Code section 521 and Bankruptcy Rules 1007(b) and (c) require a chapter 11 debtor to file with its voluntary petition—or within 14 days thereafter—the Schedules and Statements. Bankruptcy Rules 1007(c) and 9006(b) provide that this Court is authorized to grant an extension of the time to file the Schedules and Statements “for cause.” Bankruptcy Rule 1007(c) also requires the Debtors to give notice of any requested extension to the United States Trustee, any committee appointed pursuant to Bankruptcy Code section 1102, and any other party that the Court directs.

14. Under the circumstances, the requested extension is warranted. The Debtors’ business operations are large and complex, involving millions of dollars of monthly transactions. To prepare the Schedules and Statements, the Debtors must compile information from books, records, and documents relating to creditor claims, as well as the Debtors’ assets. Because of (i) the substantial size and scope of the Debtors’ businesses, (ii) the complexity of their financial affairs, (iii) the limited staffing available to perform the required internal review of their accounts and affairs and (iv) the focus of attention to matters incident to the commencement of these cases, the Debtors will not be able to assemble all of the information necessary to complete and file the schedules and statements of financial affairs by the applicable deadline.

15. Courts in this district have granted similar relief in other chapter 11 cases. *See, e.g., Emas Chiyoda Subsea Ltd.*, No. 17-31146 (MI), Docket No. 52 (Bankr. S.D. Tex. Mar. 1, 2017) (granting debtors an additional 30 days, for a total of 44 days from the petition date); *In re Linn Energy, LLC*, No. 16-60040 (DRJ), Docket No. 86 (Bankr. S.D. Tex. May 13, 2016) (granting debtors an additional 47 days, for a total of 61 days from the petition date, to file their

schedules and statements); *In re Goodrich Petroleum Corp.*, No. 16-31975 (MI), Docket No. 39 (Bankr. S.D. Tex. Apr. 18, 2016) (granting debtors an additional 16 days, for a total of 30 days from the petition date, to file their schedules and statements); *In re Energy XXI Ltd.*, No. 16-31928 (DRJ), Docket No. 54 (Bankr. S.D. Tex. Apr. 15, 2016) (granting debtors an additional 30 days, for a total of 44 days from the petition date, to file their schedules and statements); *In re Buccaneer Res., LLC*, No. 14-60041 (DRJ), Docket No. 73 (Bankr. S.D. Tex. June 9, 2014) (granting debtors an additional 16 days for a total of 30 from the petition date); *In re ATP Oil & Gas Corp.*, No. 12-36187 (MI), Docket No. 133 (Bankr. S.D. Tex. Aug. 21, 2012) (granting debtors an additional 30 days, for a total of 44 days from the petition date, to file their schedules and statements).

B. Consolidated Creditor List

16. Pursuant to Rule 1007(d) of the Federal Rules of Bankruptcy Procedure, a chapter 11 debtor must file with its voluntary petition a list setting forth the names, addresses and claim amounts of the creditors, excluding insiders, that hold the 20 largest unsecured claims in the debtor's case (a "Top 20 List"). The Top 20 List is primarily used by the United States Trustee to evaluate the types and amounts of unsecured claims against the debtors and thus identify potential candidates to serve on the official committee of unsecured creditors.

17. The Debtors, while separate legal entities, have a large number of common creditors and a centralized cash management system. Because a large number of creditors may be shared amongst the Debtors, the Debtors request authority to file a single, consolidated list of their 50 largest general unsecured creditors. Filing a separate Top 20 List in each of their respective cases would generate a variety of lists with a large number of duplicate entries. The

Debtors do not believe that such duplicative filings would facilitate the United States Trustee's review of creditors' claims or its appointment of a creditors' committee in these cases.

C. Consolidated Creditor Matrix

18. Bankruptcy Rule 1007(a)(1) requires a debtor to file "a list containing the name and address of each entity included or to be included on Schedules D, E, F, G, and H." FED. R. BANKR. P. 1007(a)(1). Here, although these chapter 11 cases involve numerous separate debtors, the Debtors are seeking joint administration. Debtor-specific creditor matrices would be an unnecessarily burdensome task and would result in duplicate mailings. As such, the Debtors submit that the filing of a single consolidated creditor matrix (the "Creditor Matrix") is appropriate and consistent with this District's procedures for complex chapter 11 cases.

19. Courts in this jurisdiction have granted similar relief. *See e.g., Emas Chiyoda Subsea Ltd.*, No. 17-31146 (MI), Docket No. 47 (Bankr. S.D. Tex. Mar. 1, 2017); *In re Goodrich Petroleum Corp.*, No. 16-31975, Docket No. 38 (Bankr. S.D. Tex. Apr. 18, 2016) (authorizing the filing of a consolidated list of creditors in lieu of separate mailing matrices); *In re Energy XXI Ltd.*, Docket No. 16-31928, Docket No. 53 (Bankr. S.D. Tex. Apr. 15, 2016); *In re Buccaneer Res., LLC*, No. 14-60041, Docket No. 16 (Bankr. S.D. Tex. June 2, 2014) (same); *In re Autoseis, Inc.*, No. 14-20130, Docket No. 63 (Bankr. S.D. Tex. Mar. 27, 2014) (same).

NOTICE

20. Notice of this Motion shall be given to (a) the Office of the United States Trustee for the Southern District of Texas; (b) the Debtors' 50 largest unsecured creditors on a consolidated basis; (c) Reed Smith LLP, Three Logan Square, 1717 Arch Street, Suite 3100, Philadelphia, PA 19103 (Attn: Matthew E. Tashman), and via email to mtashman@reedsmith.com, counsel to KeyBank National Association in its capacity as Agent

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: NEIGHBORS LEGACY HOLDINGS, INC., et al., <p style="text-align: center;">Debtors.¹</p>	§ § § § § § §	Chapter 11 Case No. 18-33836 (MI) (Jointly Administered)
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**ORDER (I) EXTENDING THE TIME TO FILE SCHEDULES AND
STATEMENTS OF FINANCIAL AFFAIRS, (II) AUTHORIZING THE
DEBTORS TO FILE A CONSOLIDATED LIST OF THEIR 50 LARGEST
UNSECURED CREDITORS, AND (III) WAIVING THE REQUIREMENT THAT EACH
DEBTOR FILE A LIST OF CREDITORS**

[Relates To Doc. No. ____]

The above-referenced debtors and debtors-in-possession (collectively, the “Debtors”) filed their motion (the “Motion”)² to (i) extend the time to file schedules and statements of financial affairs, (ii) authorize the Debtors to file a consolidated list of their 50 largest unsecured creditors, and (iii) waive the requirement that each Debtor file a list of creditors. The Court has jurisdiction over the Motion and the relief requested in the Motion pursuant to 28 U.S.C. § 1334 and venue is proper in this District pursuant to 11 U.S.C. § 1408. The Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and the Court may enter a final order on the Motion. The relief requested by the Motion is in the best interests of the Debtors, their estates, creditors, stakeholders, and other parties in interest and the Debtors’ gave sufficient and proper notice of the Motion and related hearings. Upon consideration of the Motion and First Day

¹ Due to the large number of Debtors in these chapter 11 cases, a complete list of the Debtors and the last four digits of their tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at www.kccllc.net/neighbors. The location of Debtors’ principal place of business and the Debtors’ service address is: 10800 Richmond Avenue, Houston, Texas 77042.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

Declaration and after hearing statements in support of the Motion during proceedings before this Court, the Court finds that good cause exists to grant the requested relief.

It is therefore **ORDERED THAT**

1. The Debtors are hereby granted an extension of 45 days, until September 8, 2018 (the “Extended Filing Deadline”), to file their Schedules and Statements.

2. The relief granted by this Order is without prejudice to the Debtors’ right to seek further extensions of time to prepare and file their Schedules and Statements.

3. The Debtors are authorized to file a consolidated list of their fifty (50) largest unsecured creditors.

4. The Debtors are authorized to file a single consolidated Creditor Matrix for all of these chapter 11 cases.

5. The requirements set forth in Bankruptcy Local Rule 9013-1(b) and (i) are satisfied by the contents of the Motion.

6. The Court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied and that the relief requested is necessary to avoid immediate and irreparable harm.

7. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

8. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: July ___, 2018

THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE