

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION

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IN RE:

Case No.: 15-16388-JKO

HIGH RIDGE MANAGEMENT CORP., *et al.*,¹

Chapter 11
(Jointly Administered)

Debtors.

DEBTORS' OMNIBUS REPLY TO
OBJECTIONS TO BIDDING PROCEDURES MOTION

High Ridge Management Corp. and Hollywood Hills Rehabilitation Center, LLC (collectively, the “Debtors”), through undersigned counsel, reply to (i) the objection (the “HPI Objection”) [ECF No. 55] filed by Hollywood Property Investments, LLC (“HPI”) and (ii) the objection (the “UST Objection”) [ECF No. 56] (the UST Objection together with the HPI Objection, collectively, the “Objections”) filed by the Acting United States Trustee for Region 21 (the “UST” and together with HPI, the “Objectors”) to the Debtors’ request for entry of the Bidding Procedures Order.² In support of the entry of the Bidding Procedures Order, the Debtors respectfully state as follows:

¹ The following cases are jointly administered pursuant to this Court’s *Order Jointly Administering Chapter 11 Cases* [ECF No. 10], *In re High Ridge Management, Corp.*, Case No. 15-16388-JKO, *In re Hollywood Hills Rehabilitation Center, LLC*, Case No. 15-16389-JKO, and *In re Hollywood Pavilion, LLC*, Case No. 15-16390-JKO.

² All capitalized terms used but not herein defined shall have the meanings ascribed to such terms in the *Debtors’ Emergency Motion for Entry of (1) an Order Approving (A) Bidding Procedures, (B) Assumption Procedures, (C) the Form and Manner of Notices, (D) Sale Agreements with Stalking Horse Bidder, and (E) Scheduling an Auction, a Sale Hearing, and Establishing Dates and Deadlines Related Thereto; (2) an Order (A) Authorizing the Sale of Substantially All of the Debtors’ Assets, Free and Clear of Liens, Claims, and Encumbrances, (B) Granting the Purchaser the Protections Afforded to a Good Faith Purchaser, and (C) Granting Related Relief* (the “Sale Motion”) [ECF No. 13].

PRELIMINARY STATEMENT

In order to provide some relevant context as to the HPI Objection filed in respect of the entry of the Bidding Procedures Order, HPI is owned and controlled by Larkin Community Hospital, Inc. (“Larkin”), a healthcare competitor of the Stalking Horse Bidder. *See* **Exhibit 1** attached hereto. It is through this lens that the Court should view and consider the HPI Objection. If HPI was simply acting as a secured creditor, it would no doubt embrace the fact that the Debtors have procured a stalking horse bid proffered by a credible and experienced skilled nursing facility owner that far exceeds even the disputed amount of HPI’s claim. But, HPI is not concerned with maximizing the value of the Debtors’ estates for the benefit of all stakeholders; rather, HPI wants these assets (and the Debtors’ businesses) for itself. To be sure, HPI’s purpose is purely tactical, and the Court should keep in mind HPI’s genuine motivation in objecting to a transparent and robust sale process.

FACTUAL BACKGROUND

Larkin’s Pre-Petition Loan-To-Own Strategy

In January 2014, approximately one month after the commencement of a foreclosure action in state court against the Debtors by their then secured creditor, Stabilis Fund II, LLC (“Stabilis”), the Debtors executed an agreement (the “Larkin APA”) for the sale of certain of their business assets to Larkin. The Larkin APA provided for a purchase price of \$1,060,000 to be paid by Larkin to Pavilion. In addition, in order to facilitate the sale transaction, Pavilion and Larkin entered into an interim management agreement for Larkin to operate the Debtors’ psychiatric hospital. Larkin was also supposed to enter into a lease of the real property with High Ridge, contingent upon the closing of the sale with Pavilion.

Regrettably, in April 2014, Larkin's strategy changed vis-à-vis these Debtors. At that juncture, HPI, an entity owned and controlled by Larkin, purchased and was assigned the secured indebtedness then owing to the Debtors' secured creditor, Stabilis. HPI stepped into the state court plaintiff's "shoes", and in the year that has passed since that time, HPI has pursued the pending foreclosure action for the obvious purpose of acquiring the Debtors' businesses and assets.

Pre-Petition, the Stalking Horse Bidder Reaches Agreement With the Debtors to Acquire Substantially All of Their Assets

In spite of HPI's transparent effort to foreclose upon the Debtors' assets (for less than the value being offered by the Stalking Horse Bidder), the Stalking Horse Bidder engaged in good faith, arm's length negotiations with the Debtors late last year to acquire substantially all of the Debtors' businesses and their assets for a proposed purchase price that far exceeded the disputed indebtedness alleged to be owed to HPI.

The parties entered into definitive purchase and sale agreements in December of 2014, and in the four months that elapsed thereafter, the Stalking Horse Bidder expended significant time and monies in order to acquire customary due diligence to satisfy certain conditions to closing and consummate the sale transactions memorialized in the agreements between the parties. Time and again, the Stalking Horse Bidder was stymied in its efforts to obtain cooperation from the Replacement Receiver. In March of this year, the Stalking Horse Bidder advised the Debtors that it was seriously considering terminating the agreements (which had, as one of their conditions, a closing by the end of March, which clearly could not be satisfied by the parties). In the face of this, and with full recognition of the fact that HPI had no intention of voluntarily accepting a full payoff of even its disputed indebtedness, the Debtors determined that it was (and remains) in the best interests of all constituencies if they commenced these Chapter

11 cases and pursue an immediate section 363 auction sale process, with the Stalking Horse Bidder serving as the opening Qualified Bid for the Debtors' businesses and assets.

***The Debtors Request that the Stalking Horse Bidder Serve as
Their "Platform Bidder" in Chapter 11***

Despite the months of frustration, the Stalking Horse Bidder agreed to enter into the Sale Agreements, provided certain important revisions were made thereto. First, the parties incorporated bankruptcy-related procedures into the Sale Agreements and agreed to modest bid protections in favor of the Stalking Horse Bidder. Second, the Stalking Horse Bidder eliminated its due diligence contingency apart from a Phase II environmental assessment (which the Replacement Receiver would not allow the Stalking Horse Bidder to obtain pre-petition), both of which benefit the Debtors and their estates.

There can be no question that the Debtors have reasonably exercised their business judgment with respect to both the Bidding Procedures and the proposed sale transaction here. To date, there are no other firm sale alternatives or binding offers available to the Debtors, and even if HPI is permitted to credit bid under and pursuant to section 363(k) of the Bankruptcy Code up to the full amount of its disputed indebtedness (an issue which has yet to be determined by the Court), the combined offer proffered by the Stalking Horse Bidder in the Sale Agreements greatly exceeds the outer limits of any such potential credit bid.

Accordingly, the Debtors have determined, in their business judgment and for the reasons stated herein, that the Stalking Horse Bidder has offered substantial value to these estates and the opportunity to solicit higher bids in the course of a fair and transparent sale process. The old adage is appropriate here: a bird in the hand (*i.e.*, a committed stalking horse bid) is worth two in the bush (indeed, with one in hand, the Debtors could conceivably have a "flock" at auction). In view of this, the Objections should be overruled.

RESPONSE TO THE OBJECTIONS

The Stalking Horse Bidder is “Real”

As a threshold matter, HPI alleges that the Stalking Horse Bidder may not be “real.” Aside from the fact that the Stalking Horse Bidder has posted a \$500,000.00 cash deposit, hired counsel to represent its interests and incurred significant fees and expenses conducting due diligence, the Stalking Horse Bidder has provided the Debtors with satisfactory evidence of its financial wherewithal to close the proposed sale transaction.³ As further proof of its financial ability, the Sale Agreements do not include any financing contingency.

Moreover, even a cursory internet search would enable HPI and other parties in interest to easily identify for itself a number of nursing home transactions that have been consummated by acquisition vehicles owned and controlled by Investment 360, LLC, an affiliate of the Stalking Horse Bidder. Most recently, a single purpose acquisition vehicle established by Investment 360, LLC successfully acquired The Baptist Home of Philadelphia d/b/a Deer Meadows Retirement Community located in Philadelphia, PA, which is a 332-bed skilled nursing facility, in the context of a distressed Chapter 11 bankruptcy case.⁴

Despite HPI’s protestations to the contrary, the Debtors and their advisors are thoroughly satisfied that the Stalking Horse Bidder is “real” and has the financial wherewithal to close the transaction.

³ Given that HPI’s managing entity is a competitor of the Stalking Horse Bidder and a potential competing bidder itself, the Stalking Horse Bidder has concluded that it is not appropriate to share such financial information with HPI.

⁴ Information regarding the referenced Bankruptcy Code section 363 sale transaction, which was for an acquisition price of that exceeded \$30 million, is available to the public on the case docket at Case No. 14-13305 (ELF) pending in the Bankruptcy Court of the Eastern District of Pennsylvania.

The Bid Protections

The Objectors take issue with certain aspects of the Bidding Procedures, including the amount of the proposed breakup fee. The Objectors' complaints on this score are without merit. More specifically, the bid protections were necessary to induce the Stalking Horse Bidder to agree to serve as a stalking horse, as the Stalking Horse Bidder indicated that it would not proceed with a bankruptcy section 363 sale process without these fundamental protections. The Stalking Horse Bidder spent nearly four months after it signed the original asset purchase agreements attempting to conduct customary due diligence in respect of the Debtors' businesses, assets and financial condition. Unfortunately, the Replacement Receiver was less than cooperative in terms of providing information and access sought by the Stalking Horse Bidder, and the Debtors ultimately determined that the commencement of these Chapter 11 cases was necessary and appropriate, in large measure to pursue an orderly and transparent sale process under the supervision of this Court.

Furthermore, the Stalking Horse Bidder undertook extensive efforts to value the assets it seeks to acquire prior to submitting its stalking horse bid. Indeed, the Debtors are advised that the Stalking Horse Bidder has incurred hundreds of thousands of dollars in fees and expenses to date in connection with its efforts to acquire the Debtors' businesses and assets, including legal, regulatory and diligence-related fees and expenses. This due diligence and research should provide significant benefits to the Debtors' estates because, by selecting the Stalking Horse Bidder, the Debtors have established a minimum value, or floor, for the assets and have ensured that any bids submitted at auction will appropriately value the assets proposed to be sold.

For this reason, under applicable case law, the bid protections promote and foster competitive bidding. If an auction were to take place without the Stalking Horse Bidder, it is

possible that the bids received (and the ultimate price paid for the Debtors' assets) would be substantially lower than the proposed \$17.0 million purchase price. Furthermore, in the event that no other parties submit bids for the assets, the Debtors have the safeguard of the Stalking Horse Bidder and will be able to sell their assets as agreed upon pursuant to the Sale Agreements.

Lastly, there have not been any allegations of self-dealing or manipulation pertaining to the negotiation of the bid protections in favor of the Stalking Horse Bidder, and the Debtors have no connection with the Stalking Horse Bidder other than as counterparties to the Sale Agreements (nor do any of the Debtors' officers, directors, members or shareholders, for that matter.)⁵

The proposed bid protections grant the Stalking Horse Bidder (a) a breakup fee equal to 3 1/2 percent (3.5%) of the stated purchase price, which equates to \$595,000.00, and (b) an expense reimbursement to cover reasonable out-of-pocket costs and expenses incurred in connection with the sale estimated at \$75,000.00. These bid protections further ensure that competing bids will be materially higher or otherwise contain more favorable terms than the Sale Agreements, which also provides a direct benefit to the Debtors' estates and their stakeholders. The proposed bid procedures require that any potential bid for the assets provide a net consideration to the estates of at least \$770,000.00 more than the purchase price in order to be deemed a "Qualified Bid".

Approval of breakup fees, expense reimbursements and other forms of bidding protection in connection with the sale of significant assets pursuant to section 363 of the Bankruptcy Code

⁵ In paragraph 23 of the UST Objection, the UST questions how anyone can be sure that the Stalking Horse Bidder is not an affiliate of the Debtors. While the UST should be satisfied by the factual representation of undersigned counsel, on April 24, 2015, the Stalking Horse Bidder submitted a declaration in support of the section 363(m) good faith finding in connection with the approval of the sale. *See* ECF No. 73.

therefore has become an established practice in bankruptcy cases. See, e.g., *In re Gemini Cargo Logistics, Inc.*, No. 06- 10870 (Bankr. S.D. Fla. Apr. 17, 2006); *In re Piccadilly Cafeterias, Inc.*, No. 03-27976 (Bankr. S.D. Fla. Sept. 14, 2004).

In the Sale Motion, the Debtors set forth ample precedent, including precedent supporting a 3.5% breakup fee in favor of the Stalking Horse Bidder as well as a modest expense reimbursement of up to \$75,000.00. Such amount is well within the range of breakup fees proposed in similar transactions and is reasonable under the instant circumstances. *See In re Protective Products of America, Inc., et al.*, No. 10-10711-JKO (Bankr. S.D. Fla. Jan. 19, 2010) (approving 4% break-up fee and expense reimbursement); *In re Arch Aluminum & Glass Co., Inc.*, 2009 WL 8189448 (Bankr. S.D. Fla. 2009) (approving 1.5% break-up fee plus expense reimbursement up to \$800,000); *In re Tousa, Inc., et al.*, Case No. 08-10928-JKO (Bankr. S.D. Fla. Dec. 21, 2009) (approving 3% break-up fee); *In re Cabrini Med. Ctr.*, No. 09-14398 (AJG) (Bankr. S.D.N.Y. Dec. 30, 2009) (approving 3.75% break-up fee); *In re Tronox Inc.*, No. 09-10156 (ALG) (Bankr. S.D.N.Y. Sept. 23, 2009) (approving a break-up fee and expense reimbursement totaling 3.7% of total purchase price); *In re Silicon Graphics, Inc.*, No. 09-11701 (MG) (Bankr. S.D.N.Y. Apr. 3, 2009) (approving a break-up fee and expense reimbursement totaling approximately 6% of total purchase price); *In re Bally Total Fitness of Greater N.Y., Inc.*, No. 07-12395 (BRL) (Bankr. S.D.N.Y. Aug. 21, 2007) (approving breakup fee of 4.3% of the purchase price); *In re First Place Fin. Corp.*, No. 12-12961 (BLS) (Bankr. D. Del. Nov. 28, 2012) (approving breakup fee of approximately 6.7% of the purchase price); *In re Ray Realty Fulton, Inc.*, No. 1-09-41225-dem, 2009 WL 2600760, at *1 (Bankr. E.D.N.Y. 2009) (holding 3.5% break-up fee to be reasonable).

Under the terms of the Sale Agreements, the Stalking Horse Bidder may terminate the Sale Agreements prior to closing if the Bankruptcy Court fails to enter, on or prior to May 12, 2015, a bid procedures order in form and substance reasonably satisfactory to the Stalking Horse Bidder. *See* APA, § 12.2(iv).⁶ The Debtors acknowledge that the Stalking Horse Bidder has expended considerable time and expense in connection with executing the Sale Agreements, and in consideration thereof, the Debtors have agreed to seek approval of the break-up fee and expense reimbursement. Therefore, the bid protections are express consideration provided by the Debtors in exchange for the Stalking Horse Bidder entering into the Sale Agreements. If the Court denies the Debtors' Sale Motion, the Stalking Horse Bidder has the contractual right to terminate the Sale Agreements, and in that circumstance the Debtors would be left without a stalking horse bidder—and potentially without any bidder at all—at the time of auction.

Accordingly, the Objections should be overruled and the breakup fee and expense reimbursement requests should be approved.

The Stalking Horse Bid Increases the Debtors' Prospects

Importantly, the existence of the Stalking Horse Bidder's Sale Agreements provide stabilizing and value-maximizing comfort to the Debtors' employees, residents and vendors by assuring those constituencies that, even if no other bidder emerges by the proposed bid deadline, there is a viable and immediate exit plan for the sale of the Debtors' business and assets. And the existence of the combined offer set forth in the Sale Agreements substantially improves the Debtors' prospects for higher or otherwise better bids at auction. In this regard, the Stalking Horse Bidder will hopefully entice other potential buyers to submit bids who may have otherwise

⁶ Section 12.2(iv) of the APA was modified by letter agreement to change this deadline from April 24, 2015 to May 12, 2015.

been less inclined to participate in the sale process. As one well-known treatise on bankruptcy law explains:

This is one of the main benefits to the debtor of obtaining a stalking horse. By demonstrating to the market that there is a party ready, willing and able to purchase the assets, the debtor is able to show that there is legitimate interest in the assets, and potential purchasers may be more willing to make an offer on an expedited time frame because they know that one party has already conducted due diligence and determined that the assets have value.

1-3 COLLIER GUIDE TO CHAPTER 11 ¶ 3.08. *See also In re Marrose Corp.*, 1992 WL 33848, at *5 (Bankr. S.D.N.Y. Feb. 15, 1992) (describing the potential acquirer “as a catalyst . . . which attracts more favorable offers”); *In re Real Mex Restaurants, Inc.*, No. 11-13122 (BLS) (Bankr. D. Del. Nov. 4, 2011) (Hr’g Tr. 102:21-24) (explaining that “it is the rare case that doesn’t benefit from having a stalking horse to provide structure, to be the first one on the dance floor at the sixth grade dance.”)

At this time, the Stalking Horse Bidder is the only party to submit a viable written bid for the Debtors’ business and assets. Thus, despite recent rumors of alternative bids and expressions of potential interest, there remains only one bid that is currently a real option for the Debtors and their estates. If the Sale Agreements with the Stalking Horse Bidder are terminated, there is no assurance that the Debtors will be able to consummate an alternative transaction on equally favorable economic terms in the near future. Here again, it is the business judgment of the Debtors and their advisors that having a stalking horse bid in place at auction will maximize the value of their assets.

The Bidding Procedures

The UST argues that allowing the Stalking Horse Bidder to credit the breakup fee and expense reimbursement in any subsequent bids it may make at the auction could “chill the

bidding” and “result in a significant reduction in the Purchase Price.” UST Objection at ¶¶ 31-33. The UST’s objection is inflammatory and largely irrelevant to the bidding procedures.⁷ Far from “curious” as alleged by the UST, this provision is commonplace in bidding proceedings.

Any breakup fee and expense reimbursement would, in all likelihood, be payable from the proceeds of a sale with another bidder. As such, allowing the Stalking Horse Bidder to credit bid its breakup fee and expense reimbursement simply accounts for the reality that the value of a competing bid is lessened by the amount of such bid protections that the Debtors would have to pay if they were to accept a competing bid. Put differently, permitting the Stalking Horse Bidder to credit bid its bid protections simply enables consideration of the net benefit to the Debtors’ estates from each bid received. For this reason, courts have routinely allowed stalking horse buyers to credit bid their breakup fees in comparable sales. *See, e.g., In re Creative Grp., Inc.*, No. 08-10975 (RDD) (Bankr. S.D.N.Y. Apr. 23, 2008) (Drain, J.); *In re MSR Resort Gulf Course, LLC*, No. 11-10372 (SHL) (Bankr. S.D.N.Y. Sept. 24, 2012); *In re Grubb & Ellis Co.*, No. 12-10685 (MG) (Bankr. S.D.N.Y. Mar. 7, 2012); *In re United Retail Grp., Inc.*, No. 12-10404 (SMB) (Bankr. S.D.N.Y. Feb. 23, 2012); *In re Metaldyne Corp.*, No. 09-13412 (MG) (Bankr. S.D.N.Y. July 28, 2009).

The Sale Process

The UST says that the milestones set forth in the Sales Agreements are “lightning” fast. The Debtors obviously formed the opposite business judgment – *to wit*, in the exercise of their reasonable and considered business judgment, the Debtors have already concluded that the

⁷ The Debtors do not address each allegation asserted by the UST regarding the inquiries and responses during the initial debtor interview as most of such allegations are not related to whether bid procedures should be approved, but are attempts to attack the knowledge of Mr. Zury regarding the Debtors’ financial affairs. Suffice it to say that the Debtors dispute the UST’s characterization of the interview and will be happy to explain to the Court and parties in interest how the creditor matrices were prepared, why the companies’ corporate counsel assisted in the negotiation and preparation of the Sale Agreements, as well as the other concerns raised by the UST.

milestones are achievable. The sale process, including the sale timeline established by the proposed bidding procedures order,⁸ is reasonable and in the best interests of the Debtors' estates given the circumstances of these Chapter 11 Cases.

HPI's Substantive Disagreement with Certain of the Deal Terms is Premature

The HPI Objection includes HPI's substantive disagreement with certain of the deal terms that were negotiated between and among the parties. As a threshold matter, these concerns are premature and are not germane to the Court's consideration of the Bidding Procedures.

Even if these issues were before the Court at this time, contrary to the HPI Objection, the Sale Motion and the Sale Agreements represent the culmination of arm's-length negotiations between the Debtors and the Stalking Horse Bidders. Indeed, the parties entered into very similar agreements back in December of last year, but were unable to consummate the sales outside of the Chapter 11 context, in large measure based upon the Replacement Receiver's failure to cooperate with the Stalking Horse Bidder's legitimate due diligence requests, coupled with the fact that loan-to-own HPI has appeared unwilling to accept a full and complete monetary satisfaction for its disputed debt.

The terms of the Sale Agreements are fair, reasonable and in the best interests of the Debtors' estates, and represent the sound exercise of the Debtors' business judgment. In addition, the Sale Agreements represent the best opportunity for the Debtors to maximize the value of their assets for the benefit of all constituencies – and meeting the milestones set forth in the Sale Agreements may represent the only opportunity for other creditor constituencies, including potentially equity holders – to realize meaningful value for the Debtors' estates. To the extent that HPI has legitimate concerns with the Sale Agreements, it can put forth its own

⁸ The proposed sale timetable shall provide for dates later than those originally proposed in the Sale Motion based upon the hearing on the Sale Motion being continued to May 11, 2015.

Qualified Bid on terms that it may believe are higher and better than those contained in the Sale Agreements, and it may also appear and be heard at the sale hearing.

CONCLUSION

At bottom, the Bidding Procedures are designed to treat fairly all parties that are interested in participating in an auction process and to establish a level-playing field that will identify parties interested in participating and maximizing the value received in exchange for the Debtors' assets. The Debtors are marketing the assets with the assistance of their advisors, as the Stalking Horse Bidder has not demanded a no-shop period prior to the entry of the Bid Procedures Order. In fact, other prospective purchasers have already expressed interest in putting forth competing bids for the assets proposed to be sold at auction.

The Debtors believe that approval of the relief requested in the Sale Motion, including approval of the entry into the Sale Agreements (subject to competitive bidding at any auction), the bid protections and the sale process generally, is appropriate and necessary to the Debtors' continued efforts to maximize the value of their assets. Failure to receive Court approval of either the bid protections or the proposed timeline could cause the Sale Agreements with the Stalking Horse Bidder to be terminated to the obvious detriment of the Debtors' estates and stakeholders.

WHEREFORE, the Debtors request that the Court (i) overrule the Objections; (ii) enter the Bidding Procedures Order; and (iii) grant such other relief its deems just and necessary.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing reply was served on all counsel of record or *pro se* parties identified on the attached Service List via the Court's CM/ECF notification to those parties who are registered CM/ECF participants in this case on May 5, 2015.

DATED: May 5, 2015

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EXHIBIT 1



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Detail by Entity Name

Florida Limited Liability Company

HOLLYWOOD PROPERTY INVESTMENTS, LLC

Filing Information

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State of Florida, Department of State

**Electronic Articles of Organization
For
Florida Limited Liability Company**

**L14000063852
FILED 8:00 AM
April 18, 2014
Sec. Of State
nculligan**

Article I

The name of the Limited Liability Company is:

HOLLYWOOD PROPERTY INVESTMENTS, LLC

Article II

The street address of the principal office of the Limited Liability Company is:

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5996 SW 70TH STREET
5TH FLOOR
SOUTH MIAMI, FL. 33143

Article III

The name and Florida street address of the registered agent is:

LESLIE R EVANS
214 BRAZILIAN AVENUE
SUITE 200
PALM BEACH, FL. 33480

Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this certificate, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

Registered Agent Signature: LESLIE R EVANS

Article IV

L14000063852
FILED 8:00 AM
April 18, 2014
Sec. Of State
nculligan

The name and address of person(s) authorized to manage LLC:

Title: MGR
LARKIN COMMUNITY HOSEPITAL, INC.
5996 SW 70TH STREET, 5TH FLOOR
SOUTH MIAMI, FL. 33143

Article V

The effective date for this Limited Liability Company shall be:

04/18/2014

Signature of member or an authorized representative

Electronic Signature: LESLIE R EVANS

I am the member or authorized representative submitting these Articles of Organization and affirm that the facts stated herein are true. I am aware that false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s.817.155, F.S. I understand the requirement to file an annual report between January 1st and May 1st in the calendar year following formation of the LLC and every year thereafter to maintain "active" status.