

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re: EYE CARE LEADERS PORTFOLIO HOLDINGS, LLC, <i>et al.</i>¹ Debtors.	§ § § § § § § § §	Chapter 11 Case No. 24-80001 (MVL) (Joint Administration Requested)
--	--	--

DECLARATION OF SOPHIA TURRELL, CHIEF EXECUTIVE OFFICER, IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

I, Sophia Margaret Turrell, hereby declare under penalty of perjury:

1. I am the Chief Executive Officer and Portfolio Manager of Eye Care Leaders Portfolio Holdings, LLC (“HoldCo,” and together with its affiliated debtors and debtors in possession, the “Debtors”) and the Chief Executive Officer and Portfolio Manager of the other Debtors. I have held these positions since November 10, 2022.

2. I have more than 10 years of senior leadership and executive experience in enterprise software and e-commerce companies, including venture- and private equity-backed companies and public companies such as Palantir Technologies, Uber Technologies, and Walmart E-Commerce. Immediately prior to joining HoldCo, I served as Chief of Staff to the newly

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtors’ federal tax identification number are as follows: ECL PH Services Group LLC (6746); Eye Care Leaders Portfolio Holdings, LLC (0576); Alta Billing Holdings, LLC (4944); Alta Billing, LLC (4823); Canta Health, LLC (7791); DJRTC, LLC (N/A); ECL Group, LLC (9195); ECL Holdings, LLC (8888); Eye Care Leaders Holdings, LLC (1701); iMedicWare, Inc. (6251); IMW EMR, LLC (6421); IMW Holdings, LLC (3980); Insight Software, LLC (8321); Integrity EMR Holdings, LLC (3877); Integrity EMR, LLC (3716); IO Practiceware, Inc. (4507); IOPW Holdings, LLC (0461); IOPW, LLC (N/A); Keymed Holdings, LLC (0301); Keymed, LLC (9379); MD Office, LLC (9075); MDO Group Holdings, LLC (0435); MDX, LLC (5074); Medflow Holdings, LLC (7716); Medflow, Inc. (N/A); MNI Holdings, LLC (7633); MRX Holdings, LLC (N/A); My Vision Express, Inc. (N/A); Penn Medical Informatics Systems, LLC (4584); PI Software Holdings, LLC (N/A); PI Software, LLC (N/A); PMX, LLC (N/A); Revenue Health Solutions, LLC (7025); RHS Holdings, LLC (N/A); and The Hoehne Group – Software Division, Inc. (7788). The Debtors’ principal offices are located at 555 S. Mangum Street, Suite 100, Durham, NC 27701.

installed chief executive and restructuring officer at Global Growth Holdings, where I was responsible for contributing to restructuring efforts at the firm and maximizing the value of affiliated companies including HoldCo. As part of this work I am familiar with the financial acquisition and formation of HoldCo.

3. As Chief Executive Officer and Portfolio Manager, I am responsible for overseeing the Debtors' operations and financial activities, including overseeing the teams monitoring cash flow, business relationships, workforce issues, and financial planning. As a result of my tenure with the Debtors and my discussions with other members of the Debtors' management team, I am familiar with the Debtors' business, financial condition, policies and procedures, day-to-day operations, and books and records. Except as otherwise noted, I have personal knowledge of the matters set forth herein or have gained knowledge of such matters from the Debtors' employees or retained advisors that report to me in the ordinary course of my responsibilities.

4. I am over the age of 18 and I am authorized to submit this declaration on behalf of the Debtors. References to the Bankruptcy Code (as defined herein), the chapter 11 process, and related legal matters are based on my understanding of such as explained to me by counsel. If called upon to testify, I would testify competently to the facts set forth in this declaration.

5. On January 16, 2024 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") with the U.S. Bankruptcy Court for the Northern District of Texas (the "Court"). To minimize adverse effects on the business and contemporaneously herewith, the Debtors have filed motions and pleadings seeking various types of immediate relief (collectively, the "First Day Motions"). I submit this declaration to assist the Court and parties in interest in understanding the

circumstances resulting in the commencement of these chapter 11 cases, and in support of the Debtors' chapter 11 petitions and First Day Motions.

Preliminary Statement

6. The Debtors, informally referred to as the Eye Care Leaders Group, provide pioneering software specifically geared towards ophthalmology and optometry practices. The Debtors' software portfolio, which includes but is not limited to the products iMedicWare (ophthalmology software) and My Vision Express (optometry software), provides practice management, point of sale, electronic health records, surgical scheduling, revenue cycle management, and reporting solutions. The Debtors' customized and innovative systems help ophthalmologists and optometrists manage all aspects of their practices and empower them to focus on patient care while maximizing revenue. With over 5,700 physician and 2,300 practice clients representing an aggregate of over 25 million annual individual patients, the Debtors are one of the leading technology solutions providers for eye care practices.

7. In fiscal year 2020, the Debtors generated approximately \$47,605,000 in revenue and \$18,782,000 in management EBITDA. By 2022, however, the Debtors' revenue declined to approximately \$39,056,000 with management EBITDA of \$7,300,000. In 2023, the Debtors' unaudited revenue totaled approximately \$31,000,000, with management EBITDA of \$2,500,000.

8. The Debtors' financial challenges largely stem from ransomware attacks, security breaches, poor decisions made by past management, and development challenges and costs, as described in further detail below. Starting in March 2022 and continuing through early 2023, the Debtors' senior leadership team—including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Information Security Officer, Chief Legal Officer, and Chief Product Officer—was replaced. Despite the diligent and productive efforts of the new leadership team, the Debtors' finances remain strained, ultimately resulting in difficulties meeting financial

obligations to major vendors and various taxing authorities. The most pressing of these is a substantial past due payable to Amazon Web Services (“AWS”). AWS informed the Debtors that failure to resolve this amount by January 16, 2024, would result in the suspension of all services at a time between January 17, 2024, and January 20, 2024. Any such suspension, regardless of the length of time, would be catastrophic, essentially creating a software outage that would render the Debtors incapable of providing services to customers and effectively shutting down the business. With such a software outage, the Debtors’ customers, in turn, would be forced to incur substantial hardships, including cancelling doctor’s appointments and surgeries and incurring substantial costs and lost revenues, without the ability to easily access alternative solutions that ordinarily require months to implement.

9. Through these chapter 11 cases, the Debtors seek to stabilize operations and work towards a restructuring or a value-maximizing sale of substantially all their assets for the benefit of their estates and all parties in interest.

10. To familiarize the Court with the Debtors, their businesses, the circumstances leading up to these chapter 11 cases, and the relief the Debtors are seeking in the First Day Motions, this declaration is organized into four sections. **Part I** provides background information on the Debtors’ corporate history and operations. **Part II** discusses the Debtors’ prepetition capital structure. **Part III** describes the circumstances leading to the filing of these chapter 11 cases. **Part IV** summarizes the relief requested in, and the legal and factual bases that support, the First Day Motions.

Background

I. The Debtors' History and Operations.

11. The Debtors were originally formed by a private equity firm that acquired several leading ophthalmology and optometry electronic medical record and practice management and related services businesses. Today, the company's ultimate owner is an independent trust.

12. HoldCo is wholly owned by The ECL Trust, which is a non-Debtor and described in its trust agreement as irrevocable. The Grantor of The ECL Trust is GHTG Investment, LLC, the trustee is Hugh Steven Wilson, and the beneficiary is Robert Gaddy. Greg E. Lindberg is the managing member of GHTG Investment, LLC. As set forth on the corporate structure chart attached as **Exhibit B**, HoldCo owns, directly or indirectly, each of the other Debtors in these chapter 11 cases.

13. Although the Debtors offer several software solutions, the Debtors' flagship product is iMedicWare. iMedicWare is a fully-featured suite of software, containing modules for electronic medical records, practice management, optical, ambulatory surgical center, and analytics, each of which can be sold together or separately. It is a Certified Electronic Health Record Technology ("**CEHRT**") and mobile-optimized.

14. All of the Debtors' software products, including iMedicWare, were built by physician entrepreneurs with a deep understanding of the eye care practice area. The original iMedicWare founders and engineering team members are still working as consultants for the company today to provide added continuity and expertise.

15. Along with providing cutting-edge software, the Debtors provide comprehensive training for their products, revenue cycle management ("**RCM**") services, which accounts for approximately 16% of the Debtors' revenue, and Merit-Based Incentive Payment System consulting.

16. The Debtors' Alta brand provides the aforementioned RCM services. Alta's financial management services for healthcare providers streamline and optimize the financial aspects of healthcare delivery. Alta manages the entire revenue cycle, from patient registration to payment collection, including billing, addressing insurance claim denials and rejections, payment processing, and audit compliance and credentialing. Alta also provides analytics and reporting to help identify revenue cycle issues and track key performance metrics.

II. The Debtors' Prepetition Capital Structure.

A. Secured Debt

17. Between 2014 and 2017, certain of the Debtors entered into allegedly secured term loan agreements with various entities related to GHTG Investment, LLC (collectively, the "Term Loans") for the purpose of acquiring certain other Debtor entities. Each Term Loan is due at maturity, bears interest at rates of 5–5.50% per annum and matures in either June 2029 or December 2029. Certain of the Term Loans are purportedly secured by the membership interests and books and records of the borrowing and acquired entities, and all proceeds, supporting obligations, and products of the foregoing. Certain others are purportedly secured by substantially all of the borrowers' assets, although it appears that the relevant lenders are not fully perfected. A chart listing each Term Loan is attached as Exhibit C.

18. As one example, on June 8, 2017, IMW EMR, LLC entered into that certain Loan and Security Agreement, as borrower, by and among Flovilla, LLC, as lender, and Colorado Bankers Life Insurance Company, as agent. Under this agreement, Flovilla, LLC provided IMW EMR, LLC a term loan of \$21,000,000 for the discounted price of \$17,220,000. The extension of credit under the loan agreement was conditioned upon the proceeds of the loan being used to consummate the acquisition by IMW EMR, LLC of all or substantially all of the shares of

iMedicWare, Inc., and iMedicWare, Inc. becoming a party to the loan agreement as a collateral party. This loan matures on December 31, 2029.

19. As of the date hereof, the outstanding aggregate principal and interest due under the Term Loans is \$118,137,712.16. The Debtors have no other long-term debt obligations.

B. Unsecured Debt

20. On September 19, 2023, ECL Group LLC entered into a promissory note in the amount of \$181,492 in relation to services provided by Berkeley Research Group, LLC (“BRG”), as described further below. Under the note, ECL Group LLC agreed to make monthly payments of \$15,125 to BRG until the unpaid principal is paid in full. The note is interest-free and matures on September 25, 2024.

21. In the ordinary course of business, the Debtors utilize a myriad of vendors for their businesses, including specialized engineers, consultants, compliance specialists, and providers of administrative services. As of the Petition Date, the Debtors owe approximately \$3,700,000 to vendors, not including amounts owing to BRG or AWS, as detailed below.

22. Another large debt relates to outstanding state taxes. The Debtors collect and remit sales and use taxes in the ordinary course of their businesses in connection with the sale of the Debtors’ software and services. The Debtors have reported various amounts owing to state taxing authorities through Voluntary Disclosure Agreements and estimate that the amount outstanding as of the Petition Date is \$1,291,066. In some, but not all, jurisdictions, the Debtors were able to negotiate payment plans for the payment of delinquent taxes. Additionally, certain taxing authorities, including Texas, issued levies on the Debtors’ bank accounts related to outstanding sales or use taxes.

III. Circumstances Leading to the Chapter 11 filing and Prepetition Restructuring Efforts.

23. The Debtors operate in a highly technical and regulated industry. The failure to maintain adequate security protocols or stay on the forefront of emerging technology and evolving compliance requirements can have significant negative effects. Over the past several years, development and compliance costs and atypical events have put a great strain on the Debtors' financial condition.

A. Ongoing Operational Costs.

24. Health information technology ("IT") developers, like the Debtors, are subject to various regulations and standards to ensure the security, privacy, and interoperability of health information,² including the Health Information Technology for Economic and Clinical Health Act, the 21st Century CURES Act, Centers for Medicare and Medicaid Services' Merit-Based Incentive Payment System, and the Health Information Portability and Accountability Act ("HIPAA"). To remain competitive, successful, and in regulatory compliance, the Debtors must continually invest in software modernization, stability, and security upgrades.

25. For example, the 21st Century Cures Act addresses various aspects of healthcare, including health IT standards.³ All health IT developers must adhere to the rules implementing the Cures Act's interoperability and patient access requirements, including: (a) utilizing standardized APIs and frameworks that allow patients to access their health information electronically and the seamless exchange of health information; (b) prohibiting information

² "Interoperability" refers to the exchange of data between different information systems and the ability of these systems to use the information when received. Utilizing standardized application programming interfaces ("APIs") and data formats can help ensure that systems can understand and interpret the shared information.

³ See *21st Century Cures Act*, Pub. L. No. 114-255, 130 Stat. 1033 (2016).

blocking practices; and (c) implementing measures to enhance data security and privacy to safeguard patients' sensitive health information during electronic access and exchange processes.⁴

26. Another example is the Merit-Based Incentive Payment System (“MIPS”). MIPS is a program designed to promote quality and cost-efficient care, improve care processes and health outcomes, increase the use of healthcare information, and reduce the cost of healthcare. Eligible medical providers can earn payment adjustments for Medicare Part B-covered services from the U.S. Centers for Medicare & Medicaid Services based on their performance in four categories, including the use of certified electronic health record technology and the electronic exchange of health information to support interoperability.⁵

27. Healthcare providers look for vendors that offer certified electronic health record technology to ensure they can effectively participate in MIPS and other quality reporting initiatives. Several of the Debtors' products achieved CEHRT status,⁶ but the Debtors must annually recertify their products based upon evolving certification criteria or due to significant software updates, leading to additional financial expense.

B. Specific Events Leading to Liquidity Constraints.

28. In 2020 and 2021, the Debtors' former leadership team initiated layoffs of the Debtors' core software development team and replaced it with lower-skilled, lower-cost engineers. The unintended (and likely significant) costs associated with these actions are difficult to quantify but include lost opportunities and very little product development since 2021. Further, the coding by the new engineering team misaligns with the foundational coding and has pushed four of the

⁴ See generally 45 C.F.R. §§ 170–71.

⁵ *Traditional MIPS Overview*, U.S. Centers for Medicare & Medicaid Services, <https://qpp.cms.gov/mips/traditional-mips> (last visited Jan. 4, 2024).

⁶ See *Eye Care Leaders, LLC Developer Information*, Certified Health IT Product List <https://chpl.healthit.gov/#/organizations/developers/1999> (last visited Jan. 4, 2024).

Debtors' platforms (myIntegrity, IOPW, Keymed and PennMed) further behind the development curve compared to their competitors.

29. Due to the development issues with myIntegrity, IOPW, Keymed and PennMed, among other things, these platforms are incapable of native development for Cures Act compliance, are no longer CEHRT, and are uncertified for compliance with current HIPAA regulations for the 2024 certification year.

30. Further, in 2021, the Debtors experienced several data security incidents, including two ransomware attacks and a separate security breach / deletion event. The latter targeted foundational architectural source code that ultimately rendered part of the Debtors' myIntegrity software platform inoperable. Although the Debtors acted swiftly to address and resolve these events, they nonetheless led to the loss of approximately 20% of the Debtors' customer base and six class action lawsuits that have since settled.

31. In response to the security incidents, in early 2022, the Debtors' former leadership team began migrating from the Debtors' leased physical servers the data from as many customers as possible to a more secure cloud-based server environment via a new 5-year agreement with Amazon Web Services ("AWS"). Although AWS improved the software's security and reliability and relieved the physical constraints of a physical data center environment, this costly agreement was built on an operating plan that assumed continued growth of all nine of the Debtors' historical software platforms.

32. The AWS contract includes two components: one based on monthly usage and another based on a minimum spend. Prior leadership's calculation of the minimum spend was based on an unrealistic assumption of company growth and otherwise used incorrect asset numbers. As the Debtors continue to use AWS and optimize their software, the usage cost will

decrease. However, the minimum spend, calculated with flawed assumptions, should also decrease. Unfortunately, the AWS contract terms prohibit a reduction in the minimum spend, and negotiations with AWS to revise these terms have been unsuccessful. Consequently, the Debtors are obligated to pay AWS an inflated amount throughout the remaining term of the contract. Nearly 20% of the Debtors' annual revenue has been dedicated to AWS since entering into the contract, which has resulted in a substantial increase in annual expenses in the millions of dollars. For context, the industry average for cloud architecture is less than 10% of gross revenue.

33. In early 2022, the Debtors entered into contracts with Microsoft and Salesforce, Inc. based upon the much larger infrastructure in place at the time and the same flawed assumptions for the AWS contract. Microsoft and Salesforce provide critical services to the Debtors but the outsize costs attributed to these contracts has further unnecessarily increased expenses.

34. Furthermore, previous leadership made significant budgeting errors. As one example, accounts receivable were greatly inflated. After these errors were discovered by new leadership, corrected financial projections revealed an urgent need for immediate action to preserve liquidity and sustain operations.

C. Efforts to Address Financial and Operational Issues.

35. At the end of 2022, the Debtors' new leadership team implemented an aggressive, yet thoughtful, five-pronged strategy to swiftly tackle ongoing financial challenges: (a) remove unprofitable segments of the business to reduce costs; (b) continue to modernize and invest in profitable products to ensure best-in-class quality, usability, security, compliance standards, and support response time; (c) grow net new sales for profitable products; (d) resolve outstanding lawsuits related to the data breach events; and (e) build a sustainable organization.

36. Most significantly, the Debtors shifted focus to the most profitable areas of their business and away from software that was outdated or inoperable, or that was out of compliance

and would require a significant investment to become competitive. The Debtors' new leadership team consolidated the Debtors' product offerings to place the majority of their investments in iMedicWare and My Vision Express and in complementary services businesses (most notably, Alta RCM services). This has driven, and will continue to drive, improvements in customer service response rates, training delivery, and engineering updates.

37. Focusing on fewer products also allowed the Debtors to reduce their employee headcount and vendor relationships. In 2023, the Debtors reduced their headcount by approximately 33% and restructured their existing teams to increase productivity. These reductions provided an annual cost-savings of approximately \$3.4 million for employee compensation, \$3.6 million in annual partner/vendor costs, and nearly \$500,000 in outsourced support costs. The restructuring of the Debtors' support team resulted in a 200% increase in the average number of software support tickets resolved each week.

38. In early 2023, the Debtors began to sunset myIntegrity, IOPW, KeyMed and PennMed given that millions of dollars would be necessary to address the aforementioned development challenges and compliance risks. During the sunset phase, the Debtors have worked and will continue to work to transition their customers to retained product offerings and provide limited support for sunseting products.

39. The status of the Debtors' current and historical business lines are as follows:

Product/Brand	Service / Software	Percentage of Annual Revenue	Status
Alta	RCM Services	15.06%	Retained; growing
Clinical Quality Experts	MIPS Consulting	2.51%	Retained; growing
iMedicWare	Ophthalmology Software	32.73%	Retained; growing
My Vision Express	Optometry Software	13.54%	Retained; growing
myIntegrity	Ophthalmology & Optometry Software	6.16%	Sunset completed Aug. 2023
MD Office	Ophthalmology & Optometry Software	13.84%	Retained; maintaining
Medflow	Ophthalmology Software	10.19%	Retained; maintaining
Management Plus	Ophthalmology & Optometry Software	5.10%	Retained; maintaining
IOPW	Ophthalmology Software	0.41%	Sunset completed Apr. 2023
Key Med	Ophthalmology Software	0.34%	Sunset completed Apr. 2023
Penn Med	Ophthalmology Software	0.11%	Sunset completed Apr. 2023

40. Also in 2023, the Debtors instituted a company-wide pause on salary increases and bonuses, and implemented price increases across all business units, with limited exceptions. Historically, the Debtors' products and services had widely varying costs and price structures that remained stagnant for extended periods. To align with the market, the Debtors largely standardized pricing across all customers within each product line. Now, the Debtors' standard customer contract features a three-year term with subscription fees paid monthly.

41. In mid-2021, the Debtors hired BRG to review their infrastructure and provide strategies for improving the security of the Debtors' products. Upon BRG's recommendations, the Debtors implemented the following actions: (a) formally appointed a new HIPAA Privacy Officer and Chief Information Security Officer, empowering them to implement robust privacy and security practices; (b) conducted a HIPAA Security Rule audit to identify gaps in required or addressable security controls and develop actionable remediation plans to address such gaps; (c) designated specific individuals to take ownership of identified security gaps and actively participate in formal decisions regarding whether to accept or remediate such gaps; (d) established a records retention and management policy, including a defined schedule for retaining records and identified repositories for preserving business-critical documents; (e) improved business associate contract templates and implemented such contracts for all new customer and vendor contracts, and

initiated an inventory on all active business associate agreements; and (f) implemented record-keeping protocols for all disclosures of PHI made without authorization, as required under business associate agreements or by law. The Debtors also conducted various assessments to identify security vulnerabilities and missing skills necessary to reasonably ensure security and privacy controls.

42. To increase sales, the Debtors focused significant resources on pursuing a large federal procurement contract, organizing cross-selling campaigns, and hiring four outside sales representatives.

43. The Debtors also attempted to negotiate payment plans and debt reductions with their creditors. Although negotiations were ongoing with certain vendors as of the Petition Date, the Debtors successfully negotiated payment plans with several vendors and state tax authorities for outstanding sales tax.

44. In July 2023, the Debtors achieved their goal of resolving the outstanding class action data breach lawsuits. Following a court-ordered mediation, the Debtors settled the lawsuits by, among other things, offering software credits and settlement payments largely contributed by certain of the Debtors' insurers.

45. The Debtors' plan has been, in the first quarter of 2024, to achieve significant software modernization, address and eliminate compliance and security concerns, and finalize valuable government contracts. These initiatives will increase operational stability and boost revenue.

D. Outstanding Challenges.

46. Despite new leadership's operational initiatives and cost savings, the Debtors' dwindling liquidity has prevented them from staying current with several important creditors, including AWS, Salesforce, Microsoft, and various taxing authorities.

47. To date, AWS has been unwilling to renegotiate its contract with the Debtors to align with the Debtors' current (and expected) operating model. The AWS contract calls for monthly payments of approximately \$550,000 based on the Debtors' current usage and a \$5,385,944 annual minimum spend, which increases each April. Starting in March 2023, the Debtors committed to a monthly payment of \$400,000 for usage costs, with the difference accruing and added to the outstanding balance. The Debtors believe that usage costs should decrease in the first or second quarter of 2024, based upon planned technical improvements, and informed AWS that at that time they would begin paying the past due balance. Unexpectedly, however, on December 15, 2023, AWS determined this arrangement was no longer satisfactory and threatened to suspend the Debtors' service between January 17, 2024, and January 20, 2024, if the outstanding approximately \$2.7 million was not paid on an accelerated schedule, with the first payment due at 11:00 p.m. (Eastern Standard Time) on January 16, 2024. The accelerated schedule called for \$430,125.45 to be paid each month through May 15, 2024, over and above the monthly usage costs of approximately \$550,000. In total, AWS' aggressive schedule would require payments of approximately \$980,125.45 per month.

48. As stated previously, a suspension of the AWS account is tantamount to destroying the business, as the Debtors' clients will immediately lose access to the Debtors' entire electronic environment. The Debtors would like to continue working with AWS in the future under a restructured agreement.

49. Any transition away from the AWS platform to a new provider would be a very lengthy, time-consuming, and costly endeavor. The initial migration of the software and customer data from the Debtors' leased physical servers to AWS' environment took over eight months, leading to the bulk of the current approximately \$3.6 million payable to AWS. Any migration from

AWS to another cloud service provider would cost at least as much and would take between 8 and 12 months.

50. Notwithstanding the foregoing, in the face of significant challenges, the Debtors' current management team has successfully preserved scarce financial resources, retained customers, and safeguarded the software forming the bedrock of the Debtors' business.

IV. Evidentiary Support for First Day Motions.

51. Contemporaneously herewith, the Debtors filed a number of First Day Motions seeking orders granting various forms of relief intended to avoid irreparable harm, stabilize the business operations, facilitate the efficient administration of these chapter 11 cases, and pave the road for a swift and smooth sale of their business. The First Day Motions include the following:

- a. *Debtors' Emergency Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief (the "Joint Administration Motion")*;
- b. *Notice of Designation as Complex Chapter 11 Bankruptcy Case*;
- c. *Debtors' Emergency Motion for Entry of an Order (I) Extending Time to File Schedules of Assets and Liabilities, and Statements of Financial Affairs, and (II) Granting Related Relief (the "SOFA Motion")*;
- d. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Serve a Consolidated List of Creditors and a Consolidated List of the 30 Largest Unsecured Creditors, (II) Authorizing the Debtors to Redact Certain Personal Identification Information, (III) Approving the Form and Manner of Notifying Creditors of the Commencement of the Debtors' Chapter 11 Cases, and (IV) Granting Related Relief (the "Creditor Matrix Motion")*;
- e. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Continue to Operate Their Cash Management System and Perform Intercompany Transactions, and (II) Granting Related Relief (the "Cash Management Motion")*;
- f. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief (the "Wages Motion")*;

- g. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Their Insurance Policies and Honor All Obligations in Respect Thereof, (B) Renew, Supplement, and Enter into New Insurance Policies, (C) Honor the Terms of Related Payment Plans and Pay Premiums Thereunder, and (II) Granting Related Relief (the "Insurance Motion")*;
- h. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Payment of Certain Prepetition and Postpetition Taxes and Fees and (II) Granting Related Relief (the "Tax Motion")*; and
- i. *Debtors' Emergency Application for Entry of an Order Authorizing the Employment and Retention of Stretto, Inc. as Claims, Noticing, and Solicitation Agent Effective as of the Petition Date (the "Claims Agent Retention")*.

52. By the First Day Motions, the Debtors seek authority to, among other things, use borrowed amounts to fund operations and administrative expenses during these chapter 11 cases, honor employee-related wages and benefits obligations, and continue their cash management system and other operations in the ordinary course of business with as minimal interruption as possible.

53. A description of the relief requested in, and the facts supporting each of, the First Day Motions is set forth in **Exhibit A** attached hereto and incorporated herein by reference. I am familiar with the content and substance contained in each First Day Motion and believe that the relief sought in each motion (a) is necessary to enable the Debtors to operate in chapter 11 with minimal disruption or loss of productivity and value, (b) constitutes a critical element in the Debtors achieving a successful exit from these cases, and (c) best serves the Debtors' estates and creditors' interests, and (d) must be approved on an emergency basis to avoid immediate and irreparable harm to the Debtors.

54. I have reviewed each of the First Day Motions and the facts set forth therein are true and correct are true and correct to the best of my knowledge and are incorporated herein in

their entirety by reference. If asked to testify as to the facts supporting each of the First Day Motions, I would testify to the facts as set forth in such motions and **Exhibit A**.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: January 18, 2024

/s/ Sophia Margaret Turrell

Sophia Margaret Turrell

Chief Executive Officer and Portfolio Manager

Exhibit A

Evidentiary Support for First Day Motions¹

¹ Capitalized terms used but not described herein have the meanings given to them in the applicable First Day Motion.

I. *Debtors' Emergency Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief (the "Joint Administration Motion")*

1. The joint administration of these 35 chapter 11 cases will provide significant administrative convenience without harming the substantive rights of any party in interest. Many of the motions, hearings, and orders in these chapter 11 cases will affect all Debtor entities. The entry of an order directing joint administration of these chapter 11 cases will reduce fees and costs by avoiding duplicative filings and objections. Joint administration also will allow the Office of the U.S. Trustee for the Northern District of Texas (the "U.S. Trustee") and all parties in interest to monitor these chapter 11 cases with greater ease and efficiency.

2. Moreover, joint administration will not adversely affect the Debtors' respective constituencies because this motion seeks only administrative, not substantive, consolidation of the Debtors' estates. Parties in interest will not be harmed by the relief requested, but instead will benefit from the cost reductions associated with the joint administration of these chapter 11 cases.

II. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Serve a Consolidated List of Creditors and a Consolidated List of the 30 Largest Unsecured Creditors, (II) Authorizing the Debtors to Redact Certain Personal Identification Information, (III) Approving the Form and Manner of Notifying Creditors of the Commencement of the Debtors' Chapter 11 Cases, and (IV) Granting Related Relief (the "Creditor Matrix Motion")*

3. Through the Creditor Matrix Motion, the Debtors request authority to file one consolidated list of creditors for all of the Debtors (the "Creditor Matrix"). The Debtors are unlikely to have many distinct creditors and thus, I believe that the preparation of separate lists of creditors for each Debtor would cause unnecessary expense. The Debtors additionally request authority to file a single, consolidated list of their 30 largest general unsecured creditors (the "Top 30 List"). Because a large number of creditors may be shared amongst the Debtors, I

believe that the Top 30 List will help alleviate administrative burdens, costs, and the possibility of duplicative service.

4. The Debtors also request the redaction of confidential commercial information, namely, their Customer List. The Customer List contains confidential, commercial information such as the names of individuals and entities, email addresses, physical addresses, and telephone numbers. I believe that redaction of the names and contact information of parties on the Customer List in any documents filed or to be filed with the Court in these chapter 11 cases, including the Creditor Matrix, Schedules, and Statements is necessary to protect value for the benefit of the Debtors, their estates, and all parties in interest.

5. The Debtors operate in a highly specialized industry and there is a narrow market for the types of software and services offered by the Debtors. I believe that the Customer List will be a key asset in the sale of the Debtors' business as a going concern, will only be provided to the winning bidder upon sale closing, and I expect that any purchaser will expect (if not insist) that the confidentiality of the Customer List be maintained. The Customer List is a key component of the Debtors' (and thus the ultimate purchaser's) go-forward business and as such, it is critical that the customers continue to do business with the Debtors instead of taking their business elsewhere. If the Customer List is disclosed, such information could be used, among other things, to contact and solicit business from such customers, putting the Debtors at a severe competitive disadvantage. Disclosure of the Customer List would provide an unfair advantage to the Debtors' competitors, causing irreparable harm to the value of the Debtors' businesses and undermining any potential sale process. The Customer List is critical asset of the Debtors' estate. As such, I believe that continued confidentiality of the Debtors' Customer List is absolutely necessary to maintain the

Debtors' competitive advantage in the industry, while also maintaining the Debtors' going concern value.

6. Additionally, the Debtors request the redaction of personally identifiable information of all individual parties in interest in these cases. I believe that redaction of individuals' home addresses in the Creditor Matrix and other public filings is necessary to protect them from an undue risk of identity theft or injury. With potentially hundreds of creditors and other parties in interest, the Debtors cannot reasonably know with sufficient certainty whether a release of each creditor's personal information could potentially jeopardize their safety. In these circumstances, I believe that it is appropriate to redact from any documents filed or to be filed with the Court in these chapter 11 cases, including the Creditor Matrix, the home addresses of individuals, including those of the Debtors' creditors, employees, and former employees. Such information could be used, among other things, to perpetrate identity theft or locate survivors of domestic violence or stalking who have otherwise taken steps to conceal their whereabouts. Thus, to protect the privacy of individuals, I believe that it is necessary to redact from (or, for affidavits of service, file under seal) any paper filed or to be filed with the Court in these chapter 11 cases, including the Creditor Matrix and Schedules and Statements, the home addresses of individuals.

7. I believe that the requested relief will protect the privacy of individual parties in interest. Absent such relief, the Debtors would unnecessarily render individuals more susceptible to identity theft, and the Debtors could jeopardize the safety of individuals who, unbeknownst to the Debtors, are survivors of domestic violence, harassment, or stalking by publishing their home addresses without any advance notice or opportunity to opt out or take protective measures.

III. Debtors' Emergency Motion for Entry of an Order (I) Extending Time to File Schedules of Assets and Liabilities, and Statements of Financial Affairs, and (II) Granting Related Relief (the "SOFA Motion").

8. Through the SOFA Motion, the Debtors seek an extension of the deadline by which the Debtors must file their schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs under the Bankruptcy Code (collectively, the "Schedules and Statements"). Completing the Schedules and Statements requires the Debtors and their advisors to spend considerable time and effort to collect, review, and assemble copious amounts of information in addition to attending to the daily demands of the chapter 11 process. In the days leading up to the Petition Date, the Debtors were not in a position to complete the Schedules and a substantial amount of work will still need to be done to complete the Schedules and Statements, which will be in direct competition with the demands upon the Debtors' personnel to address critical operational matters during the initial postpetition period. Therefore, I believe that the Debtors' requested extension is in the best interests of the Debtors' estates and parties in interest, ensuring the Debtors' personnel has sufficient time to complete the Schedules and Statements.

IV. Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Continue to Operate Their Cash Management System and Perform Intercompany Transactions, and (II) Granting Related Relief (the "Cash Management Motion").

9. Through the Cash Management Motion, the Debtors seek authorization to continue to use their integrated, centralized cash management system (the "Cash Management System") to manage the cash of operating units in a cost-effective, efficient manner and to continue to perform intercompany transactions consistent with historical practice.

10. The Debtors use the Cash Management System in the ordinary course of business to collect, transfer, and distribute funds generated from their operations and to facilitate cash monitoring, forecasting, and reporting. The Cash Management System allows the Debtors to

control funds, ensure cash availability for each operating entity, and reduce administrative costs by facilitating the movement of funds among multiple entities. The Debtors' treasury manager maintains daily oversight over the Cash Management System and implements cash management controls for entering, processing, and releasing funds, including in connection with Intercompany Transactions. The Debtors' accounting department regularly reconciles the Debtors' books and records to ensure that all transfers are accounted for properly. Given the economic and operational scale of the Debtors' businesses, I believe that any disruption to the Cash Management System would have an immediate adverse effect on the Debtors' businesses and operations to the detriment of their estates and numerous stakeholders.

11. The Cash Management System includes a total of 20 bank accounts. Eight of the Bank Accounts are held at Enterprise Bank & Trust, ten of the Bank Accounts are held at First Horizon Bank, and two are held at East West Bank (together with First Horizon Bank and Enterprise Bank, the "Cash Management Banks"). As of the Petition Date, the Debtors have an aggregate of approximately \$73,000 in cash in the Bank Accounts.

12. The Cash Management System is arranged to organize and monitor cash flows across the Debtors' enterprise and to centralize procurement for general administrative and operating expenses. The Debtors estimate that their cash receipt collections averaged approximately \$2,604,779 per month in the twelve months prior to the Petition Date. This amount, however, varies month-to-month.

13. The Bank Accounts are described in more detail below:⁸

⁸ These descriptions of Bank Account types are for illustrative purposes only.

East West Bank	
<u>Bank Account</u>	<u>Bank Account Description</u>
ECL Group LLC Bank Account – 5051	The ECL Group LLC East West Bank account receives funds from each of the other operations accounts. Funds from this account are used to fund the ECL PH Services Group LLC account. Postpetition, the Debtors intend to utilize this account to hold funds advanced by the DIP lender.
ECL PH Services Group, LLC Bank Account – 5089	The ECL PH Services Group account is an escrow account associated with the payment of estate professional fees during these chapter 11 cases. The account is funded by the ECL Group, LLC account at East West Bank.
Enterprise Bank	
<u>Bank Account</u>	<u>Bank Account Description</u>
ECL Group LLC Bank Account – 9793 (the “ <u>ECL Enterprise Account</u> ”)	The ECL Enterprise Account receives funds from business operations related to the Debtors’ Clinical Quality Experts MIPS Consulting services, as well as from each of the other Debtor entities with accounts at Enterprise Bank. Every day, or nearly every day, cash in the other Enterprise Bank accounts is swept into the ECL Enterprise Account. Funds from the ECL Enterprise Account are used to pay accounts payable, bank fees, payroll and employee 401k, and insurance premiums. Payroll from all business lines is paid out of this account, except for payroll attributed to the Debtor’s Alta RCM services.
MD Office, LLC Bank Account - 9822	The MD Office, LLC account receives funds from business operations related to the Debtors’ MD Office software and from the ECL Enterprise Account. Every day, or nearly every day, cash is swept from this account into the ECL Enterprise Account. Money is transferred from the ECL Enterprise Account into this account as needed and then transferred from this account to satisfy MD Office’s outstanding accounts payable and bank fees.
The Hoehne Group-Software Division, Inc. Bank Account - 9830	The Hoehne Group account receives funds from business operations related to the Debtors’ Management Plus software and from the ECL Enterprise Account. Every day, or nearly every day, cash is swept from this account into the ECL Enterprise Account. Money is transferred from the ECL Enterprise Account into this account as needed and then transferred from this account to satisfy The Hoehne Group’s outstanding accounts payable, bank fees, and insurance premiums.
Integrity EMR, LLC Bank Account - 9806	The Integrity account receives funds from business operations related to the Debtors’ myIntegrity software and from the ECL Enterprise Account. Every day, or nearly every day, cash is swept from this account into the ECL Enterprise Account. Money is transferred from the ECL Enterprise Account into this account as needed and then transferred from this account to satisfy Integrity’s outstanding accounts payable and bank fees.
iMedicWare, Inc. Bank Account - 9785	The iMedicWare account receives funds from business operations related to the Debtors’ iMedicWare software and from the ECL Enterprise Account. Every day, or nearly every day, cash is swept from this account into the ECL Enterprise Account. Money is transferred from the ECL Enterprise Account into this account as needed and then transferred from this account to satisfy iMedicWare’s outstanding accounts payable, bank fees, and insurance premiums.
Alta Billing, LLC Bank Account - 9777	The Alta Billing account receives funds from business operations related to the Debtors’ RCM Services and from the ECL Enterprise Account. Every day, or nearly every day, cash is swept from this account into the ECL Enterprise Account. Money is transferred from the ECL Enterprise Account into this

	account as needed and then transferred from this account to fund Alta's payroll and satisfy 401k obligations, outstanding accounts payable, bank fees, and insurance premiums.
Insight Software, LLC Bank Account - 9865	The Insight Software account receives funds from business operations related to the Debtors' My Vision Express software and from the ECL Enterprise Account. Every day, or nearly every day, cash is swept from this account into the ECL Enterprise Account. Money is transferred from the ECL Enterprise Account into this account as needed and then transferred from this account to satisfy Insight Software's outstanding accounts payable, bank fees, and insurance premiums.
Medflow Holdings, LLC Bank Account - 9873	The Medflow Holdings account receives funds from business operations related to the Debtors' Medflow software and from the ECL Enterprise Account. Every day, or nearly every day, cash is swept from this account into the ECL Enterprise Account. Money is transferred from the ECL Enterprise Account into this account as needed and then transferred from this account to satisfy Medflow Holdings' outstanding accounts payable, bank fees, and insurance premiums.
First Horizon Bank	
<u>Bank Account</u>	<u>Bank Account Description</u>
ECL Group, LLC Bank Account – 9251 (the “ <u>ECL First Horizon Account</u> ”)	The ECL First Horizon Account receives funds from business operations related to the Debtors' Clinical Quality Experts MIPS Consulting services, as well as from each of the other Debtor entities with accounts at First Horizon Bank. Every day, or nearly every day, cash in the other First Horizon Bank accounts is swept into the ECL First Horizon Account. Funds from the ECL First Horizon Account are used to pay accounts payable, bank fees, and merchant (credit card processing) fees.
ECL Group, LLC Lockbox Bank Account - 8269	The ECL Lockbox account collects receipts from business operations related to the Debtors' Clinical Quality Experts MIPS Consulting and Alta RCM services, and MD Office, Management Plus, iMedicWare, My Vision Express, and Medflow software.
ECL Group, LLC Sales Tax Bank Account - 9543	The ECL Sales Tax account receives funds from the ECL First Horizon Account to pay sales taxes related to all of the Debtors' operations.
MD Office, LLC Bank Account - 7809	The MD Office, LLC account receives funds from business operations related to the Debtors' MD Office software and from the ECL First Horizon Account. Every day, or nearly every day, cash is swept from this account into the ECL First Horizon Account. Money is transferred from the ECL First Horizon Account into this account as needed and then transferred from this account to satisfy MD Office's outstanding accounts payable and bank fees.
The Hoehne Group-Software Division, Inc. Bank Account - 9013	The Hoehne Group account receives funds from business operations related to the Debtors' Management Plus software and from the ECL First Horizon Account. Every day, or nearly every day, cash is swept from this account into the ECL First Horizon Account. Money is transferred from the ECL First Horizon Account into this account as needed and then transferred from this account to satisfy The Hoehne Group's outstanding accounts payable and bank fees.
iMedicWare, Inc. Bank Account - 8453	The iMedicWare account receives funds from business operations related to the Debtors' iMedicWare software and from the ECL First Horizon Account. Every day, or nearly every day, cash is swept from this account into the ECL First Horizon Account. Money is transferred from the ECL First Horizon

	Account into this account as needed and then transferred from this account to satisfy iMedicWare's outstanding accounts payable and bank fees.
Alta Billing, LLC Bank Account - 9685	The Alta Billing account receives funds from business operations related to the Debtors' Alta RCM services and from the ECL First Horizon Account. Every day, or nearly every day, cash is swept from this account into the ECL First Horizon Account. Money is transferred from the ECL First Horizon Account into this account as needed and then transferred from this account to satisfy Alta's outstanding accounts payable and bank fees.
Canta Health LLC Bank Account - 6925	The Canta Health account receives funds from the ECL First Horizon Account to satisfy bank fees.
Insight Software, LLC Bank Account - 8075	The Insight Software account receives funds from business operations related to the Debtors' My Vision Express software and from the ECL First Horizon Account. Every day, or nearly every day, cash is swept from this account into the ECL First Horizon Account. Money is transferred from the ECL First Horizon Account into this account as needed and then transferred from this account to satisfy Insight's outstanding accounts payable and bank fees.
Medflow Holdings, LLC Bank Account - 6850	The Medflow Holdings account receives funds from business operations related to the Debtors' Medflow software and from the ECL First Horizon Account. Every day, or nearly every day, cash is swept from this account into the ECL First Horizon Account. Money is transferred from the ECL First Horizon Account into this account as needed and then transferred from this account to satisfy Medflow's outstanding accounts payable and bank fees.

14. The Debtors pay fees incurred in connection with the Bank Accounts (the "Bank Fees") to the Cash Management Banks on a monthly basis. The Bank Fees total approximately \$25,147 per month. The Debtors do not believe that they owe any Bank Fees as of the Petition Date.

15. Due to outstanding state taxes, levies have been issued against the Medflow Holdings, LLC First Horizon bank account and the MD Office, LLC Enterprise Bank account. The Debtors maintain only limited funds in these accounts.

16. If the Debtors are required to open a new set of books and records, such requirement would create unnecessary administrative burdens and hardship and would cause unnecessary expense, use of resources, and delay. The Debtors, in the ordinary course of their businesses, use many checks, invoices, stationary, and other business forms (collectively, the "Business Forms"). By virtue of the nature and scope of the businesses in which the Debtors are engaged and the

numerous other parties with whom they deal, the Debtors need to use their existing Business Forms without alteration or change. Printing new business forms would take an undue amount of time and expense. Fulfillment of the requirement would likely delay the payment of postpetition claims and negatively affect operations and the value of the Debtors' estates.

17. In the ordinary course of business, the Debtors maintain business relationships with each other (the "Intercompany Transactions") that have historically resulted in intercompany receivables and payables (collectively, the "Intercompany Claims"). The Debtors settle Intercompany Transactions as journal-entry receivables and payables, from time to time, to reimburse certain Debtors for various expenditures associated with their businesses and/or fund the Bank Accounts in anticipation of such expenditures, as needed. The Intercompany Claims are set off to the extent applicable and any Intercompany Claims that are not set off have historically remained outstanding and have not been repaid. The Debtors track all fund transfers in their accounting system and can ascertain, trace, and account for all Intercompany Transactions previously described. The Debtors, moreover, will continue to maintain records of such Intercompany Transactions.

18. Intercompany Transactions are made through account transfers to (a) reimburse certain Debtors for various expenditures associated with their business, (b) fund certain Debtors' accounts in anticipation of such expenditures, as needed, or (c) transfer funds up to an operating account when such excess revenue is available. For instance, revenues from sales related to the Debtors' Clinical Quality Experts MIPS Consulting services are deposited into the ECL Enterprise Account. Once the funds are in the ECL Enterprise Account, such funds are disbursed to pay payroll for all of the Debtors' business lines, other than the Alta RCM services, and the Debtors make appropriate credits and debits within their accounting system to reflect these Intercompany

Transactions. The Intercompany Transactions are an essential component of the Debtors' operations and centralized Cash Management System. I believe that any interruption of the Intercompany Transactions would severely disrupt the Debtors' operations and result in great harm to the Debtors' estates and their stakeholders. Accordingly, I believe that the continued performance of the Intercompany Transactions is in the best interest of the Debtors' estates and their creditors.

19. I am concerned about unnecessary delay and disruption to the Debtors' businesses and personnel, including the risk that funds needed for the Debtors' operations would be delayed were they required to change the Cash Management System. The Debtors issue ACH, wire, and checks to vendors, service providers, employees and others in the ordinary course of their business and obtaining new accounts and checks will delay and disrupt the Debtors' ability to operate. The Debtors' Cash Management System constitutes an ordinary course, essential business practice providing significant benefits to the Debtors including, among other things, the ability to control funds and reduce costs and administrative expenses by facilitating the movement of funds and the development of more timely and accurate account balance information.

20. The Debtors' businesses and financial affairs are complex and require the collection, disbursement, and movement of funds through the Debtors' multiple Bank Accounts. Thus, I believe that the immediate enforcement of opening the new accounts and revising cash management procedures to conform to the U.S. Trustee Guidelines would severely disrupt the Debtors' operations and could potentially erode the value of the Debtors' business. Because the Debtors' have employed sophisticated financial and legal professionals in these cases, I believe that closing accounts is an unnecessary step to effectively demarcate pre- and postpetition transactions.

21. Furthermore, the Debtors have implemented appropriate mechanisms to ensure that unauthorized payments will not be made on account of prepetition obligations. Specifically, with the assistance of their advisors, the Debtors have implemented internal control procedures that prohibit payments on account of prepetition debts without the prior approval of the Debtors' accounting departments. The Debtors will continue to work closely with the Cash Management Banks to ensure that appropriate procedures are in place to prevent checks issued prepetition from being honored without the Court's approval.

22. The Debtors are working to convert their Bank Accounts at East West Bank to debtor in possession accounts and to convince the Unauthorized Banks to take steps necessary to become authorized under the U.S. Trustee Guidelines. Each of the Cash Management Banks is insured by the Federal Deposit Insurance Corporation (the "FDIC"). I believe that requiring the Debtors to change their deposits and other procedures would place a needless administrative burden on the Debtors, impose significant costs to the Debtors' estates, and could result in disruption to the Cash Management System. Conversely, I believe that the Debtors' estates and creditors will not be harmed by the maintenance of the status quo because of the safe and prudent practices utilized by the Debtors. Any postpetition funds received from DIP loans, for instance, will be collected in the East West Bank ECL Group, LLC account and only transferred to other Bank Accounts on an as-needed basis. The Debtors have already been in communication with the U.S. Trustee and will continue to engage in good faith discussions with the U.S. Trustee to make other arrangements that are acceptable to the U.S. Trustee and the Court.

23. Finally, maintaining the current Cash Management System will allow the Debtors' treasury and accounting employees to focus on their daily responsibilities.

24. The Debtors' continued use of the Cash Management System, including payment of Intercompany Claims and payment of Bank Fees, will facilitate their transition into chapter 11 by, among other things, avoiding administrative inefficiencies and expenses and minimizing delays in the payment of postpetition amounts due. Accordingly, I believe that a sound business purpose exists to authorize payment of prepetition amounts due in connection with the Cash Management System, including Intercompany Claims and Bank Fees.

V. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief (the "Wages Motion")*

The Debtors' Workforce

25. I believe that the Debtors' ability to preserve their businesses and successfully reorganize is dependent on the expertise and continued service of their active workforce. As of the Petition Date, the Debtors employ approximately 74 U.S. employees, of which 73 are employed on a full-time basis and one is employed on a part-time basis. Approximately 26 employees are paid hourly (the "Hourly Employees"), and approximately 48 employees are paid a salary (the "Salaried Employees," and together with the Salaried Employees, the "Employees"). These U.S. Employees are neither represented by a union nor are they subject to a collective bargaining or similar agreement. The Debtors also have six independent contractors (the "Independent Contractors").

26. In addition to the U.S. Employees, the bulk of the software developers that provide critical services to the Debtors are located in India and the Philippines and work for the Debtors pursuant to a shared-services arrangement (the "Non-U.S. Workforce," and together with the Employees and Independent Contractors, the "Workforce"). There are approximately 161 workers in India and 14 workers in the Philippines. The Non-U.S. Workforce in India is employed by a

non-debtor, ECLL Pvt. Ltd., and the Non-U.S. Workforce in the Philippines is employed by a non-debtor, The Philippine Operations Center Global Solutions, Inc. Debtor ECL Group, LLC funds ECLL Pvt. Ltd. and The Philippine Operations Center Global Solutions, Inc. once a month or biweekly, as applicable, to pay the Workforce Obligations owing to the overseas workers. The Non-U.S. Workforce is dedicated to the Debtors and does not provide services to any non-Debtors entities.

27. The Workforce performs a wide variety of functions critical to the Debtors' business. I believe that the Debtors' Workforce consists of skilled personnel intimately familiar with the Debtors' business, processes, and systems—many of whom have developed relationships with customers and vendors that are essential to the Debtors' business. Without the continued, uninterrupted services of the Debtors' Workforce, I believe that the Debtors' business operations will be halted and the administration of the estates materially impaired.

28. The Debtors' Workforce relies on compensation and benefits to pay their daily living expenses and other necessities. I believe that these individuals could experience significant hardship if the Court does not permit the Debtors to continue paying their compensation and providing them with health and other benefits.

Workforce Programs

29. In the ordinary course of business, the Debtors (a) pay standard wage compensation and paid time off, (b) maintain reimbursement programs, and (c) maintain certain benefits for their Workforce (collectively, the "Workforce Programs"), as provided below.

30. **Wages.** As of the Petition Date, the Debtors estimate the total amount outstanding on account of the Workforce Programs is approximately \$669,610 (the "Workforce Obligations"),

all, or nearly all, of which will become due and owing shortly after the Petition Date. The Workforce Obligations consist of the following:

Workforce Obligations	Estimated Prepetition Amount Outstanding
<u>Compensation Obligations</u>	
Unpaid Wages (U.S. Employees)	\$186,799
Unpaid Wages (U.S. Independent Contractors)	\$49,711
Non-Debtors Affiliate Wages (India)	\$171,900
Non-Debtors Affiliate Wages (Philippines)	\$14,916
Reimbursement Obligations (U.S.)	\$1,097
Reimbursement Obligations (India)	\$22
Reimbursement Obligations (Philippines)	\$0
Commissions	\$565
PTO Obligations (U.S.)	\$34,588
PTO Obligations (India)	\$97,578
PTO Obligations (Philippines)	\$1,569
Withholding Taxes and Obligations (U.S.)	\$99,677
Withholding Taxes and Obligations (India)	\$10,258
Withholding Taxes and Obligations (Philippines)	\$930
Total	\$669,610
<u>Benefit Obligations</u>	
Medical, Vision, Dental Insurance (U.S.)	\$0
Medical & Vision Insurance (India)	\$0
Medical Insurance (Philippines)	\$0
Other Benefits (Dependent Care Account, Supplementary Benefits such as Metlife, and Whole Insurance)	\$5,198.90
Total	\$5,198.90

31. The Debtors do not believe any member of the Workforce is owed any prepetition amounts in excess of the \$15,150 priority wage cap imposed by sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code. Subject to the Court's approval of the relief requested herein, the Debtors intend to continue their prepetition Workforce Programs in the ordinary course of business.

32. As to the U.S. Employees, both Hourly Employees and Salaried Employees are paid bi-weekly in arrears on or around the 7th and 21st day of each month. As a result, Employees often have wages and other compensation that has accrued, but is unpaid, at any given point in time. As of the Petition Date, the Debtors estimate that they owe approximately \$186,799 on

account of accrued but unpaid wages for the U.S. Employees for the two weeks prior to the Petition Date.⁹

33. The Independent Contractors are paid on a monthly basis in arrears, which is funded by the Debtors on or around the 28th or 29th day of each month to be paid to the Independent Contractors on the last day of the month. As of the Petition Date, the Debtors estimate that they owe approximately \$49,711 on account of accrued but unpaid wages for the Independent Contractors.

34. ***Payroll Processing.*** The Debtors' payroll processing functions for Employees and Independent Contractors are managed by Paychex. The Debtors estimate that there are no outstanding balances owed to Paychex. The Debtors pay the Non-U.S. Workforce in arrears on a bi-weekly (Philippines) and monthly basis (India). The Debtors do not use a third-party payroll processing company for such payments. Rather, the Debtors remit payments for the Non-U.S. Workforce wages to ECLL Pvt. Ltd. and The Philippines Operations Center Global Solutions Inc. (collectively, the "Non-Debtor Overseas Entities"), and the relevant entity then remits payment to the Non-U.S. Workforce. As of the Petition Date, the Debtors estimate that they owe approximately \$171,900 on account of accrued but unpaid wages for the Indian workforce and \$14,916 for the Philippines workforce.

35. ***Sales Commissions.*** In the ordinary course of business, to encourage and reward outstanding performance, the Debtors maintain a sales commission incentive program for certain Employees. The commissions are earned and calculated based on certain annual quotas and commission rates specific for each eligible Employee. Base commissions range from 8% to 19%

⁹ The Debtors fund payroll obligations in the normal course by sending money to processor typically 2 to 3 days in advance either to Paychex or to the applicable Non-U.S. Workforce, and then either Paychex or the applicable Non-U.S. Workforce entity makes the payment. For the upcoming Payroll due on January 22, 2024, the Debtors funded the payroll prepetition and seek authorization to make payroll payments out of an abundance of caution.

depending on the Employees sales compensation plan. As of the Petition Date, the Debtors owe \$565 in sales commissions.

36. ***Reimbursements.*** In the ordinary course of business, the Debtors reimburse their Workforce for a variety of ordinary, necessary, and reasonable expenses that the Workforce incurs within the scope of their job duties. Such expenses include costs for mobile phone service, a portion of internet service and gym memberships, and tuition reimbursement for qualified Workforce personnel, in addition to office-related expenses. Members of the Workforce pay such amounts with personal funds and submit requests for reimbursement of such expenses. The Workforce is expected to use sound judgment when incurring business expenses for which they seek reimbursement. To be reimbursed, a member of the Workforce must submit their receipts to the Debtors for approval. Once expenses are approved by the Debtors, the reimbursements are paid in the ordinary course of the Debtors' businesses. As of the Petition Date, the Debtors believe they owe approximately \$1,097 in accrued but unpaid reimbursable expenses to the Employees, and \$22 to the Non-U.S. Workforce in India.

37. ***Paid Time Off.*** All of the Debtors' full-time Employees are entitled to paid time off, vacation, and sick days ("PTO") on an annual basis. The PTO policy for Employees depends on their years of service and ranges from 15–20 days with an accrual cap at 1.5% annual PTO allotment.

38. The Debtors also provide PTO to the Non-U.S. Workforce. For the Non-U.S. Workforce in India, workers receive approximately 15 days of vacation days and 12 sick leave days, among various other leave. Workers in the Philippines have a similar PTO structure to the U.S. Employees, ranging from 15–20 days depending on years of employment and also receive various other leave. The Debtors estimate that, as of the Petition Date, total accrued but unpaid

PTO liability is approximately \$34,588 for Employees, \$97,578 for the Non-U.S. Workforce in India, and \$1,569 for the Non-U.S. Workforce in the Philippines. The Debtors do not believe they are required under applicable state law to make cash payments to any terminated former Employees on account of PTO accrued and unused preparation.

39. ***Deductions.*** In the ordinary course of business, Paychex processes deductions from Employees' payroll in respect of federal, state, and local income taxes, FICA, court-ordered garnishments, child support, and other pretax deductions payable pursuant to certain of the health, welfare, and retirement savings programs detailed herein (collectively, the "Deductions"), and forwards those amounts to the various third-party entities on whose behalf the Deductions were made. Some Deductions are taken from each paycheck, while other Deductions are taken less frequently. Deductions for the Non-U.S. Workforce are taken by the applicable Non-Debtor Overseas Entity. As of the Petition Date, the Debtors estimate that the aggregate amount of Deductions that have been taken but not yet paid to the appropriate recipient is approximately \$110,865.

40. ***Benefits.*** Prior to the Petition Date, the Debtors offered their Workforce various standard employee benefits, including, without limitation, (a) medical, dental and vision insurance, (b) life insurance, (c) disability insurance, (d) retirement savings plans, and (e) employee assistance programs provided to the Workforce in the ordinary course of business (collectively, the "Benefits"), as described more fully below.

41. The Debtors pay advance monthly premiums for medical, vision, and dental insurance through a third-party provider for the U.S. Employees. The estimated aggregate monthly cost for such insurance is \$60,000. As of the Petition Date, the total amount owed for medical insurance for February 2024's insurance coverage is \$62,352.99. The Debtors do not believe that

any amounts are due or owing for medical insurance coverage prior to the Petition Date for the Employees. The Debtors also provide health insurance for the Non-U.S. Workforce in both India and the Philippines. The Debtors do not believe that any amounts are due or owing for medical insurance coverage as of the Petition Date for the Non-U.S. Workforce.

42. The Debtors also provide certain retirement savings plans, such as 401(k) and Roth plans to their Employees. The 401(k) Plan generally provides for pretax salary deductions of compensation up to limits set by the Internal Revenue Code and Employee 401(k) contributions are deducted automatically from their respective wages. The Debtors match 50% of Employee contributions on the first 3% of Employee pay. The average annual cost of such programs to the Debtors is approximately \$16,000, which is paid on a quarterly basis. Matching payments were current as of the Petition Date, and the Debtors do not believe that any amounts are due or owing for such programs prior to the Petition Date.

43. The Debtors provide life insurance, accidental death and dismemberment (“AD&D”), and disability insurance to the U.S. Employees. The aggregate annual cost for disability, AD&D insurance is approximately \$10,000 per full-time Employee. The Debtors do not believe that any amounts are due or owing for such insurance coverage prior to the Petition Date. The Debtors provide certain other accidental insurance and life insurance for the Non-U.S. Workforce in India. The Debtors do not believe that any outstanding amounts are owed for such insurance as of the Petition Date.

44. ***Workers’ Compensation.*** In each state in which the Debtors operate, they maintain workers’ compensation insurance for Employees at the statutorily required levels for claims arising from or related to their employment with the Debtors (collectively, the “Workers’ Compensation Program,” and any obligations thereto, the “Workers’ Compensation Obligations”). The Debtors

have two Workers' Compensation Programs and for coverage in most states, do not incur any costs on account of claims filed against such insurance. Although the amount paid annually on account of the Workers' Compensation Program varies from year to year, the average cost of the current Workers' Compensation Program is approximately \$22,465.00 per year. Premiums on the Worker's Compensation policy are typically paid monthly. As of the Petition Date, the Debtors estimate that there are no accrued but unpaid amounts owing in respect of the Workers' Compensation Program.

45. I believe that it is critical that the Debtors be permitted to continue their Workers' Compensation Program and to pay outstanding prepetition claims, taxes, charges, assessments, premiums, and third-party administrator fees in the ordinary course of business. Alternative arrangements for workers' compensation coverage would most certainly be more costly, and the failure to provide coverage may subject the Debtors to penalties. State laws require the Debtors to maintain the Workers' Compensation Program. If the Debtors fail to maintain the Workers' Compensation Program, state laws may prohibit the Debtors from operating in those states. I believe that payment of all Workers' Compensation Obligations is therefore crucial to the Debtors' continued operations and the success of these chapter 11 cases.

46. ***Miscellaneous Employee Programs.*** The Debtors also offer Employees and the Non-U.S. Workforce a number of miscellaneous benefits (the "Miscellaneous Employee Programs") paid on either a monthly, quarterly, or yearly basis, including, among others, (a) flexible spending accounts, (b) dependent care accounts, and (c) whole insurance. The average aggregate cost per year is approximately \$138,000. As of the Petition Date, the Debtors estimate they owe approximately \$5,198.90 for the Employees' Miscellaneous Employee Programs. The

Debtors do not believe that they owe any amounts on the Miscellaneous Employee Programs for the Non-U.S. Workforce.

47. I believe that payment of the Workforce Obligations represents a sound exercise of the Debtors' business judgment and is necessary to avoid immediate and irreparable harm to the Debtors' estates. Paying prepetition wages, employee benefits, and similar obligations will benefit the Debtors' estates and their creditors by allowing the Debtors' business operations to continue without interruption. Indeed, I believe that without the relief requested herein, the Workforce may seek alternative employment opportunities while their services are needed to carry out an orderly administration of these chapter 11 cases. This would deplete the Debtors' workforce, hindering the Debtors' ability to operate their business and maximize value of their estates. I believe that such loss and the resulting need to recruit new personnel (and the costs attendant thereto) would be distracting at this crucial time when the Debtors need to focus on administering their estates. Accordingly, I believe the Debtors must do their utmost to retain their Workforce by, among other things, continuing to honor all wage, benefits, and related obligations.

48. The majority of the Debtors' Workforce rely exclusively on the compensation and benefits to satisfy their daily living expenses. Many members of the Workforce expect and require their wages to arrive on a timely basis. Consequently, I believe that the Workforce would be exposed to financial difficulties if the Debtors are not permitted to honor obligations for unpaid Workforce Obligations. I believe that failure to satisfy such obligations will jeopardize Workforce morale and loyalty at a time when Employee support is critical to the Debtors' businesses. Furthermore, if this Court does not authorize the Debtors to honor their various Benefit obligations, Employees will not receive health coverage and, thus, may be obligated to pay certain health care claims that the Debtors have not satisfied. The loss of health care coverage will result in

considerable anxiety for Employees (and likely attrition), which is currently exacerbated due to ongoing concerns surrounding COVID-19, at a time when the Debtors need such Employees to perform their jobs at peak efficiency.

49. The Debtors have sufficient funds to pay the amounts described in this Motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations, and anticipated access to cash collateral and an interim draw on a forthcoming debtor in possession facility. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to any authorized payment in respect of the Workforce Obligations. Accordingly, I believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently.

50. In sum, I believe that continuing Workforce Programs will help maintain Workforce morale and minimize the adverse effect of these chapter 11 cases on the Debtors' ongoing business operations. Accordingly, I believe that it is essential to pay and honor the Debtors' prepetition obligations to their Workforce. I believe that the relief requested in the Wages Motion is necessary for the Debtors to operate their businesses in the ordinary course, maximize the value of their estates for the benefit of all stakeholders, and avoid immediate and irreparable harm.

VI. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Their Insurance Policies and Honor All Obligations in Respect Thereof, (B) Renew, Supplement, and Enter into New Insurance Policies, (C) Honor the Terms of Related Payment Plans and Pay Premiums Thereunder, and (II) Granting Related Relief (the "Insurance Motion")*

51. By the Motion, the Debtors seek authority to continue insurance coverage entered into prepetition and satisfy obligations related thereto, renew, supplement, or purchase insurance coverage as needed postpetition, and honor the terms of related premium financing agreements.

52. The Debtors maintain approximately 15 insurance policies (collectively, the "Insurance Policies") that are administered collectively as part of a program (the "Insurance

Program”) by various third-party insurance carriers (collectively, the “Insurance Carriers”). The Insurance Policies provide coverage for, among other things, business owners’ liability, commercial liability, general liability, automobile liability, umbrella coverage, cyber liability, professional / directors and officers liability, cyber coverage, employment practices liability, and workers compensation liability. I believe that the Insurance Policies are essential to the ongoing operation of the Debtors’ businesses. The aggregate annual premium for the Insurance Policies is approximately \$159,789.00, plus applicable taxes and surcharges.

53. The Insurance Policies are generally one year in length and renew at different times throughout the year. Insurance premiums for certain policies are typically prepaid on an annual basis, while others are paid in installments throughout the year pursuant the payment terms set forth in each applicable Insurance Policy and its accompanying Premium Financing Agreement (if applicable). As of the Petition Date, the Debtors do not believe there are any amounts due or outstanding on account of insurance premiums.

54. Under certain Insurance Policies, the Debtors are required to pay various deductibles (the “Insurance Deductibles”) or self-insured retentions (the “Self-Insured Retentions”). Generally, if a claim is made against an Insurance Policy that is subject to an Insurance Deductible, the applicable insurance carrier will administer the claim and make payments in connection therewith and then invoice the Debtors for any Insurance Deductibles. It is my understanding that a Self-Insured Retention is the required portion of the insured claim to be paid or incurred by the Debtors before the insurance policy will be effected and is a condition precedent to coverage for payment of the portion of a loss in excess of the Self-Insured Retentions. As of the Petition Date, the Debtors do not believe there are any amounts due or outstanding relating to Insurance Deductibles or Self-Insured Retentions.

55. It is common for companies in the Debtors' industry to finance insurance policies through borrowing from a third-party lender. Eye Care Leaders Portfolio Holdings, LLC entered into a premium finance agreement with AFCO Credit Corporation for the premium owing under a directors and officers liability Insurance Policy with Harco National Insurance Company under which it is the named insured (the "Premium Financing Agreement"). Pursuant to the Premium Financing Agreement, the Debtors made a down payment of \$9,822.00 and agreed to pay nine monthly installments of approximately \$3,407.05 each, beginning on October 1, 2023. Under the Premium Financing Agreement, the amounts financed under the agreement accrue interest at 9.65%. As of the Petition Date, there is approximately \$16,834 outstanding on account of the Premium Financing Agreement.

56. I believe that continuing to pay under the Premium Financing Agreement on a postpetition basis is in the best interests of the Debtors' estates. Such plan permits the Debtors to pay for their directors and officers Insurance Policy over time rather than making a large cash outlay at one time. This financing structure therefore allows the Debtors to effectively manage their cash to fund their businesses. Moreover, in light of their financial circumstances, insurance premium finance companies may not be willing to provide insurance premium financing to the Debtors on attractive market terms on a postpetition basis unless the Debtors can demonstrate their ability to enter into such agreements.

57. The Debtors retain the services of Alliant Insurance Services, Inc. (the "Broker") as insurance broker to help manage their portfolios of risk. The Broker, among other things, (a) assists the Debtors in obtaining comprehensive insurance coverage for the Debtors' operations in a cost-effective manner, (b) manages renewal data, (c) markets the Insurance Policies, (d) provides all interactions with carriers including negotiating policy terms, provisions, and

premiums, and (e) provides ongoing support throughout the applicable policy periods. The Broker collects commission payments for its services as part of the premiums paid on account of the Insurance Policies.

58. The Broker is typically paid a commission directly from the Insurance Carriers, although in some instances the Broker is paid a commission or brokerage fee directly at the time of a purchase or payment (collectively, the “Broker Fees”). I believe the continued retention of the Broker is necessary, as it allows the Debtors and their employees to focus on core operational matters. The Debtors are not well-suited to bring the services provided by the Broker in-house. Thus, continuing to retain the Broker’s services allows the Debtors to focus on their operations, to the benefit of all stakeholders. As of the Petition Date, the Debtors do not believe there are any amounts due or outstanding on account of the Broker Fees.

59. The Debtors’ continuation of the Insurance Program on a postpetition basis is consistent with their prepetition practices. Additionally, I believe that maintaining insurance policies and payments for such policies is standard practice in most industries, including the one in which the Debtors operate.

60. I believe that the nature of the Debtors’ businesses makes it essential for the Debtors to maintain their Insurance Program on an ongoing and uninterrupted basis. Certain of the Debtors’ prepetition financing agreements require the Debtors to remain current with respect to certain of their primary Insurance Policies. Additionally, state and local laws require the Debtors to maintain insurance policies. Thus, the Debtors must be able to continue their Insurance Policies without disruption to ensure their operations remain in compliance with various legal and contractual obligations.

61. I believe that any interruption in insurance coverage would also expose the Debtors to a number of risks, including: (a) the possible incurrence of direct liability for the payment of claims that otherwise would have been covered by the Insurance Policies; (b) the possible incurrence of material costs and other losses that otherwise would have been reimbursed, such as attorneys' fees for certain covered claims; (c) the possible inability to obtain similar types and levels of insurance coverage or premium financing on terms equally favorable as the present coverage; and (d) the possible incurrence of higher costs for re-establishing lapsed Insurance Policies or obtaining new insurance coverage. In short, failure to maintain the Insurance Program could have a detrimental impact on the Debtors' businesses and the value of their estates.

62. I believe it is essential to the Debtors' estates, and consistent with my understanding of relevant laws and the U.S. Trustee guidelines, that the Debtors maintain and continue to make all payments required under their Insurance Policies including in connection with the Premium Financing Agreement, and have the authority to supplement, amend, extend, renew, or replace their Insurance Policies as needed, in their business judgment.

63. In sum, I believe that maintaining the Insurance Policies is necessary to preserve the value of the Debtors' assets, thereby ensuring the adequate protection of the Debtors' property for any party in interest, and to minimize exposure to risk. Honoring the Premium Financing Agreement is necessary to maintaining the Insurance Policies, as failure to make the payments under the Premium Financing Agreement can trigger cancellation of the affected Insurance Policy. In addition, paying any fees owed to the Broker will ensure that the Broker will be available to assist the Debtors in procuring additional necessary insurance throughout the course of these chapter 11 cases.

64. The Debtors have sufficient funds to pay the amounts described in this Motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations and anticipated access to postpetition financing. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to any authorized payment in respect of the relief requested herein. Accordingly, I believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently.

65. Maintaining the Insurance Policies enables the Debtors to avoid the incurrence of possibly significant liabilities and I therefore believe it represents a sound exercise of the Debtors' business judgment. The Insurance Policies protect the Debtors and other parties in interest from losses caused by casualty, natural disaster, fraud, or other unforeseen events. It is my understanding that in some instances, maintenance of insurance coverage is required by the regulations, laws, and contracts that govern the Debtors' commercial activities, including the U.S. Trustee's guidelines. Accordingly, I believe that it is necessary and in the best interests of the Debtors' estates for the Debtors to pay their prepetition insurance premiums, obligations owed under the Premium Financing Agreement, and fees to the Broker to ensure that the Debtors are able to renew, supplement, or purchase insurance coverage on a postpetition basis in the ordinary course of business. I believe that the relief requested in the Insurance Motion is necessary for the Debtors to operate their businesses in the ordinary course, maximize the value of their estates for the benefit of all stakeholders, and avoid immediate and irreparable harm.

VII. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Payment of Certain Prepetition and Postpetition Taxes and Fees and (II) Granting Related Relief (the "Tax Motion")*

66. Through the Tax Motion, the Debtors seek entry of an order authorizing them to remit and pay certain Taxes and Fees without regard to whether such obligations accrued or arose before or after the Petition Date.

67. The Debtors collect, withhold, and incur certain sales and use taxes ("Sales and Use Taxes"), franchise taxes ("Franchise Taxes") and fees (collectively, the "Taxes and Fees"). The Debtors collect (as applicable) and remit the Taxes and Fees to various state and federal taxing authorities. Taxes and Fees are remitted or paid by the Debtors through checks and electronic funds transfers that are processed through their banks and other financial institutions. In 2023, the Debtors paid, on average, approximately \$74,026 per month in Taxes and Fees to the Authorities. The Debtors pay the Taxes and Fees to the Authorities on a periodic basis, remitting them monthly, quarterly, or annually depending on the nature, jurisdiction, and incurrence of a particular Tax or Fee. The Debtors have reported various amounts owing to state taxing authorities through Voluntary Disclosure Agreements and estimate that the amount outstanding as of the Petition Date is \$1,291,066.

68. In the ordinary course of business, the Debtors incur, collect, and remit Sales and Use Taxes to the applicable Authorities in connection with the sale and purchase of goods and services. The Debtors purchase a variety of equipment, materials, and services necessary for the operation of their businesses from certain vendors who collect sales taxes in connection with the Debtors' purchase of such goods or services. The Debtors also incur use taxes for the purchase of such goods and services when vendors are not registered to collect or have not collected sales taxes. In these cases, applicable law generally requires the Debtors to subsequently pay use taxes on such purchases to the applicable Authorities.

69. Additionally, the Debtors collect and remit Sales and Use Taxes in the ordinary course of their businesses in connection with the sale of their software and services. When such amounts are collected by the Debtors from the ultimate purchaser, they are held in trust. As of the Petition Date, the Debtors estimate that approximately \$190,193 in trust fund Sales and Use Taxes have accrued.

70. The Debtors generally remit Sales and Use Taxes on a periodic basis. In 2023, the Debtors paid approximately \$900,000 in aggregate Sales and Use Taxes to the Authorities. The Debtors have reported various amounts owing to state taxing authorities through Voluntary Disclosure Agreements and estimate that the amount outstanding as of the Petition Date is \$1,291,066.

71. In certain jurisdictions—New York, New Jersey, Massachusetts, and Texas—the Debtors have negotiated or attempted to negotiate payment plans for the payment of Sales and Use Taxes. In New Jersey, the Debtors entered into formal payment plans. In New York, Massachusetts, and Texas, the Debtors make regular partial payments on past due taxes on an informal basis (both formal and informal payments to these Authorities, collectively, the “Payment Plans”). Certain Authorities, including Texas, levied the Debtors’ bank accounts related to outstanding Sales or Use Taxes.

72. The Debtors are required to pay various state Franchise Taxes to continue conducting their businesses in accordance with state laws. Historically, the Debtors have made annual Franchise Tax payments to applicable Authorities of approximately \$2,000 in the aggregate. The Debtors estimate that they have no amounts due in Franchise Taxes as of the Petition Date.

73. I believe that any failure to pay the Taxes and Fees could materially disrupt the Debtors’ business operations in several ways: (a) the Authorities may initiate audits of the

Debtors, which would unnecessarily divert the Debtors' attention from the restructuring process; (b) the Authorities may attempt to suspend the Debtors' operations, seek to lift the automatic stay, or pursue other remedies that will harm the estates; and (c) the Debtors' estates may incur additional penalties, interest, or fees to the detriment of their estates and creditors.

74. The Debtors have sufficient funds to pay the amounts described in this Motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations and anticipated access to cash during the bankruptcy cases. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to any authorized payment in respect of the relief requested herein. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently.

75. I believe that the relief requested in the Tax Motion is necessary for the Debtors to operate their businesses in the ordinary course, maximize the value of their estates for the benefit of all stakeholders, and avoid immediate and irreparable harm. I believe that payment of Taxes and Fees as described herein is an exercise of sound business judgment and is necessary to ensure a smooth transition into—and, perhaps more importantly, out of—chapter 11.

VIII. *Debtors' Emergency Application for Authorization to Retain and Employ Stretto as Claims and Noticing Agent (the "Claims Agent Retention")*

76. The Debtors request authority to employ Stretto, Inc. ("Stretto") as noticing, claims, and solicitation agent in their chapter 11 cases to provide the services outlined in the Engagement Agreement.

77. I believe that Stretto's employment is in the best interest of the estates because its rates are competitive and reasonable, as set forth in the Claims Agent Retention, and Stretto has the requisite expertise in complex chapter 11 cases such as these.

78. Moreover, although the Debtors have not yet filed their schedules of assets and liabilities, I anticipate that numerous persons and entities may file proofs of claim in these chapter 11 cases. In light of the significant number of anticipated claimants and other parties in interest in these chapter 11 cases, as well as the complexity of the Debtors' businesses, I believe that the appointment of Stretto as the Claims and Noticing Agent will relieve the administrative burden on the Debtors and/or the Office of the Clerk of the Bankruptcy Court of noticing and administering certain claim-related tasks, and, therefore, is in the best interests of both the Debtors' estates and their stakeholders.

Exhibit B

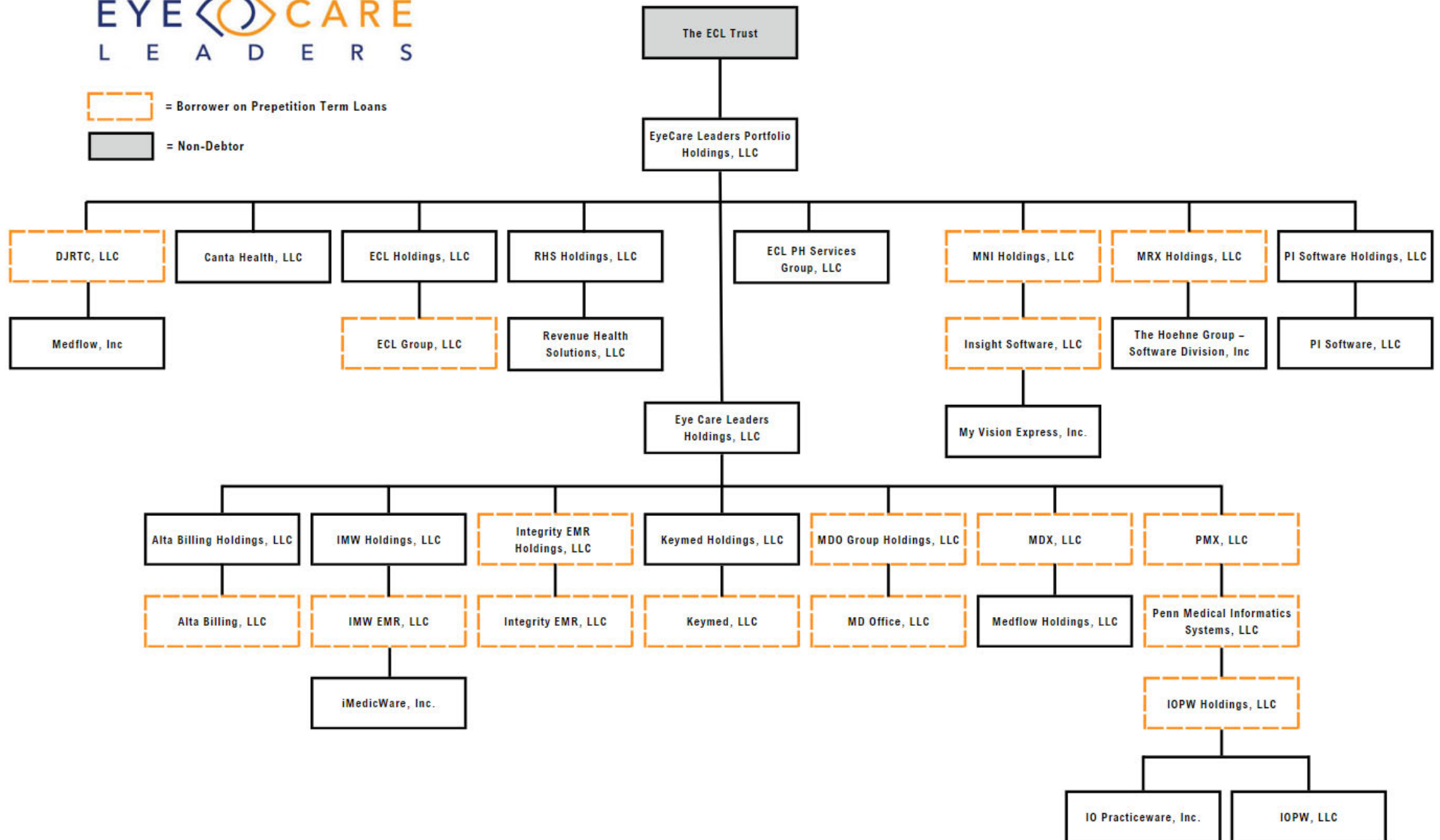


Exhibit C

Prepetition Loan Chart

Underlying borrower	Lender Name	Agent Name	Maturity Date	Interest / Dividend Rate	Loan Type (Sr. loan / Jr. Loan / Pref.)	Total Outstanding P&I
Alta Billing LLC	Capital Assets Fund III, LLC (CAF III)	Colorado Bankers Life Ins. Co.	Dec. 31, 2029	5.00%	Senior	\$2,212,119
Alta Billing LLC	Met Life II Trust (Metlife)	Northstar	Dec. 31, 2029	5.00%	Senior	\$1,141,474
DJRTC LLC	Agusta Asset Management, LLC (AAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$599,173
DJRTC LLC	Baldwin Asset Management, LLC (BAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$1,284,161
DJRTC LLC	Forest Park Asset Management, LLC (FPAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$1,192,389
DJRTC LLC	Gilford Asset Management, LLC (GAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$999,047
DJRTC LLC	Hampton Asset Management, Inc. (HAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$1,624,461
DJRTC LLC	Jackson Asset Management, Inc. (JAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$1,624,461
DJRTC LLC	Kite Asset Management, LLC (KAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$3,248,922
DJRTC LLC	Marshall Asset Management, LLC (MAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$1,684,041
ECL Group LLC	Academy Association, Inc. (AAI)		Dec. 31, 2029	NA	Senior	\$229,000
IMW EMR LLC	Capital Assets Fund II, LLC (CAF II)		Jun. 30, 2029	5.50%	Junior	\$6,267,081
IMW EMR LLC	Capital Assets Fund III, LLC (CAF III)		Dec. 31, 2029	5.00%	Senior	\$1,229,076
IMW EMR LLC	Capital Assets Fund V, LLC (CAF V)		Dec. 31, 2029	5.00%	Senior	\$1,242,764
IMW EMR LLC	Met Life II Trust (Metlife)		Dec. 31, 2029	5.00%	Senior	\$382,466
IMW EMR LLC	Northstar Financial Insurance Services, Ltd. (NFS)	Colorado Bankers Life Ins. Co.	Jun. 30, 2029	5.50%	Junior	\$1,117,121
IMW EMR LLC	Northstar Financial Insurance Services, Ltd. (NFS)		Dec. 31, 2029	5.00%	Senior	\$1,931,416
IMW EMR LLC	Paradise Asset Management (PAM)	Colorado Bankers Life Ins. Co.	Jun. 30, 2029	5.50%	Junior	\$2,628,601
IMW EMR LLC	Paradise Asset Management (PAM)		Dec. 31, 2029	5.00%	Senior	\$1,307,996
IMW EMR LLC	PBLA ULICO (PBLA)		Dec. 31, 2029	5.00%	Senior	\$13,753,027
IMW EMR LLC	Rockdale Asset Management, LLC (RAM)	Colorado Bankers Life Ins. Co.	Jun. 30, 2029	5.50%	Junior	\$3,942,901
IMW EMR LLC	Summerville Asset Management, Inc. (SAM)		Jun. 30, 2029	5.50%	Junior	\$1,755,163
IMW EMR LLC	Summerville Asset Management, Inc. (SAM)		Dec. 31, 2029	5.00%	Senior	\$4,913,333
Insight Software, LLC	Academy Association, Inc. (AAI)		Jun. 30, 2029	NA	Junior	\$110,000
Insight Software, LLC	Academy Financial Assets, LLC (AFA) - (LOD merger loan)		Dec. 31, 2029	5.00%	Senior	\$47,064
Insight Software, LLC	Capital Asset Fund I LLC - (ERP merger loan)		Jun. 30, 2029	5.50%	Junior	\$398,547
Insight Software, LLC	Capital Asset Fund I LLC - (HCCS merger loan)		Jun. 30, 2029	5.50%	Junior	\$173,106
Insight Software, LLC	Capital Asset Fund I LLC - (LOD merger loan)		Jun. 30, 2029	5.50%	Junior	\$101,985
Integrity EMR Holding LLC	Capital Asset Fund I LLC (CAF I)		Jun. 30, 2029	5.50%	Junior	\$592,536
Integrity EMR LLC	Marshall Asset Management, LLC (MAM)		Dec. 31, 2029	5.00%	Senior	\$2,870,717
IOPW Holdings, LLC	AAI Asset Transfer Loan (CAF I)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$373,228
KeyMed LLC	Augusta Asset Management, LLC (AAM)	Colorado Bankers Life Ins. Co.	Dec. 31, 2029	5.00%	Senior	\$1,315,427
MD Office LLC	Ephesus Asset Management (EAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$812,612
MD Office LLC	Gilford Asset Management, LLC (GAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$84,129

Underlying borrower	Lender Name	Agent Name	Maturity Date	Interest / Dividend Rate	Loan Type (Sr. loan / Jr. Loan /Pref.)	Total Outstanding P&I
MD Office LLC	Kite Asset Management, LLC (KAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$1,264,374
MD Office LLC	SLBF IX-CAF IV	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$6,176,630
MD Office LLC	Tybee Island Asset Management, LLC (TIAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$2,258,808
MD Office LLC	Damascus Asset Management, Inc. (DAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$451,762
MDO Group Holding LLC	Capital Assets Fund, LLC (CAF)		Dec. 31, 2029	5.00%	Senior	\$1,414,564
MDX LLC	Capital Asset Fund I LLC (CAF I)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$2,186,930
MNI Holdings, LLC (f/k/a MVE Holdings, LLC)	Academy Financial Assets, LLC (AFA)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$737,401
MNI Holdings, LLC (f/k/a MVE Holdings, LLC)	Academy Financial Assets, LLC (AFA)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$727,663
MNI Holdings, LLC (f/k/a MVE Holdings, LLC)	Baldwin Asset Management, LLC (BAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$3,193,522
MNI Holdings, LLC (f/k/a MVE Holdings, LLC)	Capital Asset Fund I LLC (CAF I)		Dec. 31, 2029	5.00%	Senior	\$107,811
MNI Holdings, LLC (f/k/a MVE Holdings, LLC)	Capital Asset Fund I LLC (CAF I)		Dec. 31, 2029	5.00%	Senior	\$3,344,743
MNI Holdings, LLC (f/k/a MVE Holdings, LLC)	Ephesus Asset Management (EAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$2,048,961
MNI Holdings, LLC (f/k/a MVE Holdings, LLC)	Hampton Asset Management, Inc. (HAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$2,048,961
MNI Holdings, LLC (f/k/a MVE Holdings, LLC)	Iron City Asset Management, LLC (ICAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$1,321,300
MNI Holdings, LLC (f/k/a MVE Holdings, LLC)	Jackson Asset Management, Inc. (JAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$1,311,561
MRX Holdings LLC	AAI Asset Transfer Loan (CAF I)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$2,614,218
MRX Holdings LLC	Academy Financial Assets, LLC (AFA)			6.00%	Pref Equity Investment	\$2,028,425
MRX Holdings LLC	Capital Assets Fund II, LLC (CAF II)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$98,004
MRX Holdings LLC	Capital Assets Fund III, LLC (CAF III)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$117,605
MRX Holdings LLC	Capital Assets Fund IV, LLC (CAF IV)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$457,351
MRX Holdings LLC	Capital Assets Fund V, LLC (CAF V)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$770,962
MRX Holdings LLC	Iron City Asset Management, LLC (ICAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$143,034
MRX Holdings LLC	Iron City Asset Management, LLC (ICAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$85,005
MRX Holdings LLC	Met Life II Trust (Metlife)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$210,571
MRX Holdings LLC	Northstar	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$216,698
MRX Holdings LLC	Northstar	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$1,132,329
MRX Holdings LLC	Paradise Asset Management (PAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$1,751,704
MRX Holdings LLC	Rockdale Asset Management, LLC (RAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$3,789,474
MRX Holdings LLC	Summerville Asset Management, Inc. (SAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$1,894,738
MRX Holdings LLC	Summerville Asset Management, Inc. (SAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$1,117,201
Penn Medical Informatics Systems, LLC	Capital Assets Fund II, LLC (CAF II)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$570,901
Penn Medical Informatics Systems, LLC	Forest Park Asset Management, LLC (FPAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$421,701
Penn Medical Informatics Systems, LLC	Gilford Asset Management, LLC (GAM)	Southland Nat'l Ins. Corp.	Jun. 30, 2029	5.50%	Junior	\$2,508,895
Penn Medical Informatics Systems, LLC	Gilford Asset Management, LLC (GAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$2,951,678

Underlying borrower	Lender Name	Agent Name	Maturity Date	Interest / Dividend Rate	Loan Type (Sr. loan / Jr. Loan /Pref.)	Total Outstanding P&I
Penn Medical Informatics Systems, LLC	Marshall Asset Management, LLC (MAM)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$1,287,563
PMX LLC	AAI Asset Transfer Loan (CAF I)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$509,042
PMX LLC	Academy Financial Assets, LLC (AFA)	Southland Nat'l Ins. Corp.	Dec. 31, 2029	5.00%	Senior	\$1,676,078
					Total:	\$118,137,712.16