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BRIDGE DIAGNOSTICS, LLC,

FILED & ENTERED

SEP 13 2024

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY deramus DEPUTY CLERK

CHANGES MADE BY COURT

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION

In re
BRIDGE DIAGNOSTICS, LLC,

Debtor.

Case No. 8:24-bk-10803-TA

Chapter 11 Subchapter V

ORDER CONFIRMING DEBTOR'S
SECOND AMENDED CHAPTER 11
PLAN OF REORGANIZATION DATED
AUGUST 19, 2024

Hearing:

Date: August 14, 2024

Time: 10:00 a.m.

Ctrm: 5B

Place: 411 West Fourth Street
Santa Ana, CA 92701

The hearing on the confirmation of Debtor Bridge Diagnostics, LLC ("Debtor"), Second Amended Chapter 11 Plan of Reorganization by Debtor, filed on September 10, 2024, as Dk. No. 201 ("Plan")¹, came on for hearing on August 14, 2024, at 10:00 a.m., before the Honorable Theodor C. Albert, United States Bankruptcy Judge, presiding ("Confirmation Hearing"). All appearances are as stated on the record.

The Court has reviewed the Plan; the Confirmation Brief ("Confirmation Brief") filed by Debtor on August 7, 2024, as Dk. No. 174; the Declarations of Jason Hansen, Edward Bidanset, and

A copy of the redlined second amended Plan has been filed separately as Exhibit "A," due to the length of the document and is incorporated into this Order. A copy of the clean second amended Plan has been filed separately as Exhibit "B," due to the length of the document and is incorporated into this Order.

David A. Wood in Support of the Confirmation Brief; the comments filed by the SubV Chapter 11 Trustee (“Trustee”) on August 9, 2024, as Dk. No. 177 (“Trustee Comments”), the reply filed by creditor University Research Park LLC (“URP LLC”) on August 9, 2024, as Dk. No. 179 (“URP Reply”), the reply filed by interested party Mr. Jason Hansen (“Mr. Hansen”) on August 9, 2024, as DK. No. 180 , and all other relevant pleadings and evidence filed with respect to this matter.

Creditor Ross Blackburn (“Blackburn”) filed a limited objection with respect to the Plan Confirmation. On August 6, 2024 as Dk. No. 162, Debtor and Blackburn entered into a stipulation regarding issues for determination with respect to the claim of Blackburn (“Blackburn Stipulation”).

Based on the foregoing, the Court adopts the Confirmation Brief as its findings of fact and conclusions of law with the following exceptions:

A. On the record at the Confirmation Hearing, the Debtor, Trustee, URP LLC, and Mr. Hansen agreed to certain non-material modifications of the Plan to resolve the Trustee’s Comments, and the URP Reply. The Plan contains the agreed upon non-material modifications.

B. Under §1191(a), a plan can be confirmed if it meets all of the requirements of 11 U.S.C. §1129(a) with the exception to 11 U.S.C. §1129(a)(15), which need not be met. The Plan does not satisfy §§1129(a)(8). Therefore, the Debtor is not seeking confirmation under §1191(a).

C. Under § 1191(b) the Plan can be confirmed if the Plan (1) meets all of the requirements of 11 U.S.C. §1129(a) with the exceptions of 11 U.S.C. §§1129(a)(8), (10), and (15) and (2) does not discriminate unfairly and is “fair and equitable” (as defined by 11 U.S.C. §1191(c)) as to all impaired classes of claims that did not vote to accept the plan.

D. The Plan satisfies all of the requirements of 11 U.S.C. §§1129(a) other than subsection (8).

E. Section 1129(a)(1) requires that a plan comply with the applicable provisions of the Bankruptcy Code. The Plan satisfies the requirement.

F. Section 1122(a) permits a proposed plan to “place a claim or interest in a particular class only if such a claim or interest is substantially similar to other claims or interests in such class.” The Plan classifies claims into three (3) different classes. Class 1 consists of the Debtor’s secured claims—which are separately classified in Classes 1(a) through Class 1(m). Class 2 consists of the

1 priority claim of BlueCross filed against the Debtor. Finally, Class 3 consists of the general
2 unsecured claims asserted against the Debtor. Thus, as can be seen by the description of the classes
3 contained in the Plan, the claims within each class are substantially similar. Because the Plan places
4 only similar claims within each class, the Plan complies with 11 U.S.C. §1122.

5 G. Section 1123(a)(1) requires that a plan designate one or more classes of claims and
6 interests other than claims specified in 11 U.S.C. § 507(a)(2) (administrative expense claims), (a)(3)
7 (claims arising during the “gap period” in an involuntary case), (a)(8) (priority tax claims), and
8 classes of interests. The Plan complies with 11 U.S.C. § 1123(a)(1) because it classifies claims other
9 than administrative claims and priority tax claims. Thus, the Plan complies with 11 U.S.C.
10 §1123(a)(1).

11 Therefore, good cause exists for the Court to make its order as follows:

12 IT IS HEREBY ORDERED THAT:

13 1. The Plan filed on September 10, 2024, as Dk. No. 201, with the non-material
14 modifications stated on the record at the August 14, 2024, hearing, is confirmed under 11 U.S.C.
15 §1191(b);

16 2. The Court finds that the treatment of Class 1(i) claim for Blackburn will be treated as
17 a Class 3 unsecured claim, and share *pro rata* with similarly situated unsecured creditors.
18 Blackburn’s alleged security interest was not perfected prior to the filing of the Petition Date, and
19 therefore Blackburn does not have a pre-petition lien against the Debtor and/or its assets. Blackburn
20 does not have a lien on any of the Debtor’s and/or Reorganized Debtor’s assets, and pursuant to 11
21 U.S.C. § 544(a)(1), 550, and 551, any unperfected security interest held by Blackburn is avoided,
22 recovered, and preserved in favor of the Debtor. *Nielson v. Chang (In re First T.D. & Inv., Inc.)*, 523
23 F.3d 520, 526 (9th Cir. 2001);

24 3. The provisions of this Order, as well as all provisions of the Plan, are binding in all
25 respects upon the Debtor and each creditor, whether or not such creditor voted in favor of the Plan;

26 4. The Effective Date of the Plan will be the first business day after this Order becomes
27 Final. An order is “Final” if the deadline to file a notice of appeal or seek a new trial or rehearing
28 has passed and (1) no appeal or motion for new trial or rehearing has been filed; or (2) an appeal or

1 motion for new trial or rehearing has been filed but no stay was obtained;

2 5. Except as otherwise provided in the Plan, the confirmation of the Plan vests in the
3 Reorganized Debtor all property of the Estate and all the rights and privileges to prosecute any and
4 all claims and actions of the Debtor and Debtor's Bankruptcy Estate including claims and actions of
5 Debtor's creditors pursuant to 11 U.S.C. §§ 108, 541, 544, 545, 546, 547, 548, 549, 550 and 551;

6 6. The Disbursing Agent is authorized to make disbursements to claimants in
7 accordance with the Plan and this Order;

8 7. The Reorganized Debtor and Disbursing Agent, and any other person that has a duty
9 or responsibility to act under the Plan is hereby authorized, empowered, and directed to carry out the
10 provisions of the Plan, and to perform such other acts and execute such other documents as are
11 necessary or appropriate in connection with the Plan and this Order;

12 8. Until Debtor's case is closed, the Court retains jurisdiction over this case, to the
13 extent provided by the Plan or applicable law to ensure that the purposes and intent of the Plan are
14 carried out;

15 9. If Debtor's case is converted to one under Chapter 7, the nonexempt property of
16 Debtor that has not been disbursed pursuant to the Plan shall be re-vested in the Chapter 7 estate and
17 all orders previously entered by the Court in this bankruptcy case shall survive and remain
18 enforceable and binding on all relevant parties notwithstanding conversion to Chapter 7;

19 10. If Debtor's case is dismissed, all orders previously entered by the Court in this
20 bankruptcy case shall survive and remain enforceable and binding on all relevant parties,
21 notwithstanding entry of such order dismissing the Debtor's bankruptcy case;

22 11. On the Effective Date, the Debtor shall be discharged from any and all debts that
23 arose before confirmation of the Plan, provided, however, that the Debtor is not discharged from any
24 debt of a kind specified in 11 U.S.C. §§ 523(a)(2)(A)-(B) that is owed to a domestic governmental
25 unity, or owed to a person as the result of an action filed under subchapter III of Chapter 37 of title
26 31 or any similar State statute; or for a tax or customs duty with respect to which the debtor made a
27 fraudulent tax return or willfully attempted in any manner to evade or to defeat such tax or such
28 customs duty. All persons or entities who held claims against Debtor as of the date of when the Plan

1 was confirmed or who held or may hold claims based on conduct that occurred, wholly or partially,
2 before the Petition Date, shall refrain from enforcing such claim in any fashion, including through
3 setoff, subrogation, or recoupment;

4 12. On the Effective Date, the Debtor and officers, directors, and employees; the Debtor's
5 professionals in this case, including Marshack Hays Woods LLP, Edward Bidanset and Cutsheet
6 Express LLC, Stretto, Inc., Crown Medical Collections, LLC, and their respective officers, directors,
7 partners, associates, and employees; and the Subchapter V Trustees shall be relieved of any liability
8 to any person, including creditors of the Debtor's Bankruptcy Estate, for any act or omission in
9 connection with, relating to or arising out of any post-petition action, including without limitation
10 the formulation and implementation of the Plan; provided, however, that such parties are not relieved
11 of liability for willful misconduct or gross negligence; and

12 13. The Court retains jurisdiction in accordance with the provisions of the Plan and to
13 enforce this Confirmation Order.

14 *A post-confirmation status conference will be held on February 12, 2025 at 10:00 a.m.*

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23 Date: September 13, 2024



Theodor C. Albert
United States Bankruptcy Judge