IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	Chapter 11
SPICEY PARTNERS REAL ESTATE HOLDINGS, LLC, *et al.*[1]	§	Case No. 24-90572 (CML)
	§	(Jointly Administered)
Debtors.	§	

EMERGENCY MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER (I) CONVERTING THE DEBTORS' CHAPTER 11 CASES TO CASES UNDER CHAPTER 7 OF THE BANKRUPTCY CODE; (II) ESTABLISHING A DEADLINE FOR FILING FINAL CHAPTER 11 FEE APPLICATIONS; AND (III) GRANTING RELATED RELIEF

EMERGENCY RELIEF HAS BEEN REQUESTED. RELIEF IS REQUESTED NOT LATER THAN JULY 2, 2025.

IF YOU OBJECT TO THE RELIEF REQUESTED OR YOU BELIEVE THAT EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU MUST APPEAR AT THE HEARING IF ONE IS SET, OR FILE A WRITTEN RESPONSE PRIOR TO THE DATE THAT RELIEF IS REQUESTED IN THE PRECEDING PARAGRAPH. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

The above-captioned debtors and debtors in possession (collectively, the "Debtors") file this motion (the "Motion"), pursuant to sections 1112(a) and (b) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"), Rules 2002(a)(4) and 9013 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rules 2002-1(a)(4) and 9013-1 of the *Bankruptcy Local Rules for the Southern District of Texas* (the "Bankruptcy Local Rules"), for entry of an order, substantially in the form attached hereto as **Exhibit A**: (i) converting the Debtors' chapter 11 cases to cases under chapter 7 of the Bankruptcy Code, effective as of July 2, 2025; (ii)

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Spicey Partners Real Estate Holdings, LLC (6459) and Cosmed Group, Inc (8781). The location of the Debtors' service address is: 28 Narragansett Ave., Jamestown, RI 02835.

establishing a deadline for professionals to file final chapter 11 fee applications and setting a hearing thereon; and (iii) granting related relief. In support of this Motion, the Debtors respectfully move as follows:

Jurisdiction and Venue

1. The United States Bankruptcy Court for the Southern District of Texas (the "Court") has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested in this Motion are sections 1112(a) and (b) of the Bankruptcy Code, Bankruptcy Rules 2002(a)(4) and 9013, and Bankruptcy Local Rules 2002-1(a)(4) and 9013-1.

Background

A. The Chapter 11 Cases

3. On November 14, 2024 (the "Petition Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases").

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

5. On December 16, 2024, the United States Trustee for the Southern District of Texas (the "U.S. Trustee") appointed an official committee of unsecured creditors (the "Committee"). *See The United States Trustee's Notice of Appointment of Committee of Unsecured Creditors* [Docket No. 131].

6. On January 7, 2025, the Court entered its *Final Order (I) Authorizing Debtors to Obtain Postpetition Financing, (II) Granting Priming Liens and Providing Superpriority Administrative Expense Claims, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief* [Docket No. 182] (the "DIP Order"). The facility approved under the DIP Order (the "DIP Facility") provided for the Debtors to obtain up to $7.5 million in postpetition financing from Zimmer, Inc. ("DIP Lender"). As set forth in greater detail in the DIP Order, the DIP Lender received first-priority liens on and security interests in all DIP Collateral (as defined in the DIP Order), subject only to certain carve outs (the "DIP Liens"). In accordance with its terms, the DIP Facility has terminated, and the Debtors no longer have access to the DIP Facility Loans. Following termination of the DIP Facility, negotiations between the Debtors and the DIP Lender, resulted in an agreement between the parties whereby the DIP Lender has agreed to the Debtors use of certain cash collateral. Excluding agreed-to amounts for the Estate Professionals and a chapter 7 trustee, the Debtors shall remit any cash collateral to the DIP Lender prior to conversion.

7. On May 21, 2025, the Debtors filed their Monthly Operating Reports for the reporting period ending April 30, 2025 [*see* Docket Nos. 362 and 363] (the "April Operating Reports"). Pursuant to the April Operating Reports, the Debtors had approximately $3 million in cash at the end of April 30, 2025. Of this amount, approximately $2.1 million was allocated to a professional fee escrow account and approximately $61,000 was reserved in a utilities adequate assurance account, leaving approximately $850,000 in available cash. The Debtors also reported approximately $4.5 million in postpetition liabilities.[2] Moreover, the April Operating Reports reflect a loss of approximately $200,000, after considering operating losses, interest expense and

[2] The April Operating Report for April 2025 reported current liabilities of approximately $6.5 million in its Balance Sheet [*see* Docket Nos. 362 and 363]. Of that amount approximately $2.1 million related to an accounting classification for a short-term portion of a Right of Use Liability related to prepetition leases. Approximately $4.5 million of the total short-term liabilities relates to obligations incurred by the Debtors post-petition.

reorganizing items for the period ending April 30, 2025. Cash flow for the 4-month period January 1, 2025 through April 30, 2025, before DIP financing proceeds was a negative cash flow deficit of approximately $811,000.

8. On June 23, 2025, the Debtors filed their Monthly Operating Reports for the reporting period ending May 31, 2025 [*see* Docket Nos. 428 and 429] (the "May Operating Reports"). Pursuant to the May Operating Reports, the loss for May 2025 was approximately $1,063,000 and the cumulative post-petition net loss for the Debtors through May 31, 2025 was approximately $5,903,000.

9. Additional factual background regarding the Debtors, including their business operations, capital and debt structures, and the events leading to the filing of these Chapter 11 Cases, is set forth in detail in the *Declaration of David G. Howe, of the Debtors, in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 30] (the "First Day Declaration"), which is fully incorporated herein by reference.

B. The Sale Process

10. On January 7, 2025, the Court entered the *Order (A) Approving Bid Procedures for the Sale of Debtors' Assets, (B) Establishing Procedures for Debtors to Enter into a Stalking Horse Agreement with Bid Protections, (C) Establishing Assumption and Assignment Procedures, (D) Establishing Notice Procedures, (E) Scheduling a Hearing on the Approval of the Sale of the Assets and (F) Granting Related Relief* [Docket No. 185] (the "Bid Procedures Order"),[3] authorizing the Debtors to solicit bids for the purchase of the Assets and conduct an auction to the extent more than one bid was received (referred to hereafter as, the "Sale Process").

[3] Capitalized terms used herein but otherwise not defined shall have the same meaning ascribed to them in the Bid Procedures Order.

11. Following the entry of the Bid Procedures Order, the Debtors engaged in diligent efforts to identify potential bidders and negotiated bids that provided the highest and best value for the estates.

i. The Vapos Sale

12. On May 9, 2025, the Debtors received from Vapos, LLC ("Vapos") a bid for certain assets located at the Debtors' facility in Linden, New Jersey and the Debtors' headquarters located in Jamestown, Rhode Island (collectively, the "Vapos Assets") for a cash payment of $115,000 and a $335,000 credit bid. The bid from Vapos was the only Qualified Bid received by the Debtors with respect to the Vapos Assets prior to the Bid Deadline. Accordingly, the Debtors selected Vapos as the Successful Bidder of the Vapos Assets.

13. On May 30, 2025, the Debtors filed a notice with respect to the proposed sale of the Vapos Assets [*see* Docket No. 376] (the "Vapos Sale Notice"). The hearing with respect to the sale of the Vapos Assets was held on June 6, 2025 at 1:00 p.m. (CT) and the Court entered an order approving the sale to Vapos on June 6, 2025 [*see* Docket No. 399].

14. The sale of the Vapos Assets closed on June 13, 2025.

ii. The Lynx Sale

15. On May 9, 2025, the Debtors received from Lynx Medical Holdings, LLC ("Lynx") a bid for substantially all of the Debtors' assets located at the Debtors' facilities in Franklin, New Jersey and Erie, Pennsylvania, including real estate owned by one of the Debtors, Spicey Partners Real Estate Holdings, LLC and certain other assets of the Debtors (collectively, the "Lynx Assets") for an aggregate purchase price of $3.3 million.

16. On June 12, 2024, the Debtors filed a notice with respect to the proposed sale of the Lynx Assets [*see* Docket No. [414-1] (the "Lynx Sale Order"). The hearing with respect to the

sale of the Lynx Assets was held on June 12, 2025 at 1:00 p.m. (CT) and the Court entered an order approving the sale to Lynx on June 12, 2025 [*see* Docket No. 420].

17. The sale of the Lynx Assets is expected to close no later than June 30, 2025.

Relief Requested

18. By this Motion, the Debtors seek entry of a proposed order, substantially in the form attached hereto as **Exhibit A**, (i) converting the Debtors' Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code effective as of July 2, 2025; (ii) establishing a deadline for professionals to file final chapter 11 fee applications and setting a hearing thereon; and (iii) granting related relief.

Basis for Relief

A. Section 1112(a) of the Bankruptcy Code Affords the Debtors an Absolute Right to Convert to Chapter 7.

19. Section 1112(a) of the Bankruptcy Code entitles a debtor to convert its chapter 11 case to one under chapter 7, unless (i) the debtor is not a debtor in possession, (ii) the case was originally commenced as an involuntary case under chapter 11, or (iii) the case was converted to a chapter 11 case at the request of a non-debtor party. *See* 11 U.S.C. § 1112(a). Provided that the statutory exceptions set forth in section 1112(a) of the Bankruptcy Code do not apply, a debtor has an absolute right to convert a voluntarily commenced chapter 11 case to a liquidation case under chapter 7. *See In re Tex. Extrusion Corp.*, 844 F.2d 1142, 1161 (5th Cir. 1988) (finding that "[a] debtor has the absolute right to convert his or her Chapter 11 case to a Chapter 7 case" under section 1112(a)); *see also* 7 Collier on Bankruptcy P 1112.02 (16th 2025).

20. The Debtors respectfully submit that the requirements for conversion set forth in section 1112(a) of the Bankruptcy Code are satisfied here. *First*, each of the Debtors is a debtor in possession under sections 1107 and 1108 of the Bankruptcy Code. *Second*, the Debtors

commenced these Chapter 11 Cases voluntarily. *Lastly*, there has been no prior conversion by any non-debtor party. Currently, the Debtors' estates possess only limited cash and a small pool of remaining assets, including potential recoveries from preference actions, insider claims, and insurance coverage litigation. These assets are largely contingent, illiquid, and may take significant time and expense to pursue. Following the consummation of the asset sales, there will be no ongoing business operations or revenue streams to support the administrative costs associated with proposing, soliciting, and confirming a Chapter 11 plan of liquidation.

21. Under the circumstances, the Debtors do not believe it is in the best interests of the creditor constituency to propose a chapter 11 plan of liquidation and proceed with solicitation and confirmation of such plan. The limited remaining assets may be better used by a chapter 7 trustee upon conversion of the Chapter 11 Cases to help facilitate the final administration of the estates and make any available distributions to creditors. Thus, the Debtors submit that the creditor constituency is better served through an orderly liquidation of any remaining assets by a chapter 7 trustee. Accordingly, the Debtors meet all of these statutory requirements and are thus entitled to convert these Chapter 11 Cases to cases under chapter 7.

B. Cause Exists Under Section 1112(b)(4) Of The Bankruptcy Code To Convert These Chapter 11 Cases.

22. Moreover, the facts and circumstances of these Chapter 11 Cases meet the requirements of section 1112(b)(4) of the Bankruptcy Code.

23. Section 1112(b) of the Bankruptcy Code authorizes conversion of a chapter 11 case to one under chapter 7 if a debtor can demonstrate "cause" in accordance with the statute. *See* 11 U.S.C. § 1112(b)(1). The list of factors set forth under section 1112(b)(4) are non-exclusive examples of "cause" and a bankruptcy court may employ its equitable powers to reach the result appropriate in the particular case. *See In re Ford Steel, LLC*, 629 B.R. 871, 879 (Bankr. S.D. Tex.

2021) ("The inquiry under § 1112 is case-specific, focusing on the circumstances of each debtor."); *see also In re TMT Procurement Corp.*, 534 B.R. 912, 921 (Bankr. S.D. Tex. 2015) ("A bankruptcy court is afforded wide discretion in acting upon a request for dismissal or conversion.").

24. One method to establish "cause" for dismissing or converting a chapter 11 case is by applying the "substantial or continuing loss" theory. Under this approach, the party seeking dismissal must show both (1) that the estate is experiencing a substantial or ongoing loss or reduction in value, and (2) that there is no reasonable prospect for rehabilitation. *See* 11 U.S.C. § 1112(b)(4)(A).

i. Substantial or Continuing Loss or Diminution of the Estate.

25. Under the "substantial or continuing loss" theory of section 1112(b)(4)(A), the loss may be substantial or continuing; it need not be both. *See In re TMT Procurement Corp.*, 534 B.R. 912, 918 (Bankr. S.D. Tex. 2015). "The alleged loss can either be sufficiently large given the financial circumstances of the debtor as to materially negatively impact the bankruptcy estate and interest of the creditors or can be an ongoing issue, such as negative cash flow." *In re Ozcelebi*, 639 B.R. 365, 384–85 (Bankr. S.D. Tex. 2022) (internal quotation marks and citation omitted). Furthermore, courts have held that a debtor continuing to incur quarterly U.S. Trustee fees and legal fees may constitute a continuing loss for purposes of this prong. *See In re FRGR Managing Member LLC*, 419 B.R. 576, 581 (Bankr. S.D.N.Y. 2009); *see also In re ARS Analytical, LLC*, 433 B.R. 848, 862 (Bankr. D. N.M. 2010) (holding a continuing loss and diminution shown where projected revenue zero and administrative expenses growing).

26. Here, once all sale transactions are closed, the Debtors will no longer have any business operations and will have little assets remaining in the estates following consummation of

the sales. Even when operational, the Debtors operated at a deficit. According to their April Operating Reports, as of April 30, 2025, the Debtors held approximately $3 million in cash. Of this amount, approximately $2.1 million was allocated to a professional fee escrow account and approximately $61,000 was reserved in a utilities adequate assurance account, leaving only about $850,000 in available cash. Additionally, the Debtors reported a net loss of approximately $200,000 for April 2025 and negative cash flow before DIP financing for the period January through April of approximately $811,000.

27. According to their May Operating Reports, the Debtors incurred an estimated loss of approximately $1,063,000 for May 2025, bringing the total cumulative post-petition net loss through May 31, 2025, to around $5,903,000—more than double their available cash.

28. The Debtors no longer have access to a DIP financing facility to provide additional liquidity to the estates. Moreover, the Debtors expect minimal collections after closing the sale transactions (and all receivables relating to the Erie, Pennsylvania and Franklin, New Jersey facilities will be sold to Lynx), and administrative expenses will continue to accrue. Therefore, under the "substantial or continuing loss" theory, this situation constitutes "cause" for conversion of the Chapter 11 Cases.

ii. *Absence of a Reasonable Likelihood of Rehabilitation.*

29. The second requirement to establish "cause" under section 1112(b)(4)(A) of the Bankruptcy Code is the absence of a reasonable likelihood of rehabilitation. *See* 11 U.S.C § 1112(b)(4)(A). "The issue of rehabilitation for purposes of [s]ection 1112(b)(4)(A) is not the technical one of whether the debtor can confirm a plan, but, rather, whether the debtor's business prospects justify continuance of the reorganization effort." *In re TMT Procurement Corp.*, 534 B.R. 912, 920 (Bankr. S.D. Tex. 2015) (finding Chapter 11 debtors that had wound up their

operations and no longer had any material operating assets or employees did not have "reasonable likelihood of rehabilitation") (*quoting In re LG Motors, Inc.*, 422 B.R. 110, 116 (Bankr. N.D. Ill. 2009)); *see also In re Ramreddy, Inc.*, 440 B.R. 103, 115 (Bankr. E.D. Pa. 2009). "[W]hen a Chapter 11 debtor has no intention or ability to reorganize or perform its own liquidation or otherwise fulfill pertinent bankruptcy obligations . . . a debtor [should] not be permitted to remain in bankruptcy simply in order to enjoy the protections of the automatic stay.").

30. In these Chapter 11 Cases, the Debtors have no ongoing business prospects, lack the assets necessary for a reorganization, and cannot demonstrate that they have a reasonable likelihood of achieving a rehabilitation through the chapter 11 process. Given that there is no reasonable prospect of a successful reorganization, remaining in chapter 11 would result in additional administrative expenses without any concomitant benefit to the Debtors' estates and their creditors. Thus, under these circumstances, the Debtors respectfully submit that the interests of all parties in interest would be best served by converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code.

31. Accordingly, for the reasons set forth herein, the Debtors submit that "cause" exists to convert these Chapter 11 Cases to cases under chapter 7, and respectfully request that the Court grant the relief requested herein.

C. A Final Fee Bar Date Should be Set for Estate Professionals.

32. The Debtors further request that the Court establish August 1, 2025, as the deadline for estate professionals to file their final chapter 11 fee applications and statements (the "Final Fee Bar Date"). This will enable the Debtors' estates to definitively determine the final amounts owed to professionals for their fees and expenses. The Debtors also request that the Court establish a

hearing date to consider approval of final fee applications, at the Court's earliest convenience subsequent to the Final Fee Bar Date.

D. The Debtors Should be Permitted to Provide their Professionals with Retainers for Post-Conversion Services.

33. Additionally, the Debtors request authority to provide their legal counsel Greenberg Traurig, LLP ("Greenberg Traurig") and financial advisor RSR Consulting, LLC ("RSR") with retainers for their services to be provided to the Debtors relating to their post-conversion responsibilities. The Debtors' responsibilities include, but are not limited to:

i. Turning over to the chapter 7 trustee all records and property of the estates under their custody and control as required by Bankruptcy Rule 1019(4);

ii. Cooperating with the chapter 7 trustee, including providing information, answering questions, and assisting the trustee in collecting and liquidating assets pursuant to section 521(a)(3) of the Bankruptcy Code;

iii. Preparing and filing a schedule of unpaid debts incurred after the Petition Date and before entry of this Order, which schedule shall include the name and address of each creditor holding any such debt;

iv. Pursuant to Bankruptcy Local Rule 1019-1, filing: (1) supplemental schedules itemizing changes from the original schedules in property of the estates and in creditor lists, or (2) a statement that there are no changes;

v. Preparing and filing a final report and account to the Office of the United States Trustee for the Southern District of Texas; and

vi. Attending a 341-meeting conducted by the chapter 7 trustee.

34. Given the various tasks and responsibilities the Debtors must honor post-conversion, the Debtors will require the services provided by Greenberg Traurig and RSR. To ensure that their professionals are compensated for their work post-conversion, the Debtors seek to provide Greenberg Traurig and RSR each a retainer in the amount of $25,000 for post-conversion services. Additionally, Greenberg Traurig currently holds a retainer in the amount $29,836.00 and seeks authority to apply such amounts to its services provided and expenses

incurred post-conversion (the "GT Retainer"). In the event there are any amounts remaining in the retainers after all post-conversion work has finalized, such amounts will be remitted to the DIP Lender, who has a lien on such money.

E. The Debtors Should be Permitted to Transfer Professional Fees into Trust Account.

35. As of the filing of this Motion, the Debtors hold approximately $1,936,092.72 in a segregated account that is in the Debtors' name. To facilitate timely distribution of these funds to estate professionals pursuant to final fee orders—and to remit any remaining balance to the DIP Lender—the Debtors seek authority to transfer such funds to Greenberg Traurig's IOLTA trust account or such other escrow or trust account, as agreed to by the Debtors and the DIP Lender. To the extent that such funds are transferred to Greenberg Traurig's IOLTA trust account (or such other escrow or trust account), the monies will be transferred to the Debtors' and Committee's professionals in accordance with the orders approving final fee applications and any remaining balance will be transferred to the DIP Lender.

36. Prior to conversion of these cases and the transfer of such funds to Greenberg Traurig's IOLTA trust account (or such other escrow or trust account, as agreed to by the Debtors and the DIP Lender), the amount of funds in the segregated account shall be reconciled to ensure that any amounts exceeding the obligations owed to the Debtors' and the Committee's professionals as of the conversion date are remitted to the DIP Lender.

37. Furthermore, pursuant to the DIP Order, the sum of $75,000 is currently held in a segregated account and is designated for the chapter 7 trustee, upon appointment. This amount shall remain in the estates following the conversion of these cases.

Emergency Consideration

38. The Debtors respectfully request emergency consideration of this Motion pursuant to Bankruptcy Local Rule 9013-1(i), the Complex Case Procedures, and Bankruptcy Rules 2002(a)(m) and 9006(c)(1). Bankruptcy Rule 2002(a)(m) provides that the Court "may designate the matters about which, the entity to whom, and the form and manner in which a notice must be sent." Bankruptcy Rule 9006(c)(1) authorizes the court to reduce notice of the Motion "for cause."

39. Emergency consideration is warranted where the financial condition of the debtor is rapidly deteriorating, and any delay in conversion would cause irreparable harm to the estates and its creditors. In this case, the Debtors have no viable path to reorganization, and the continued accrual of administrative expenses—such as professional fees and U.S. Trustee fees—poses a growing burden that diminishes the potential recovery for creditors. Immediate conversion to chapter 7 is necessary to preserve what remains of the estates and halt further losses to maximize value for creditors.

40. As a result, the Debtors believe that emergency consideration is necessary and respectfully request that this Motion be heard on an emergency basis.

Request to Limit Notice

41. Notice of this Motion will be provided to: (i) the U.S. Trustee; (ii) counsel to the DIP Lender and other secured creditors; (iii) counsel to the Committee; (iv) the United States Attorney's Office for the Southern District of Texas; (v) the Internal Revenue Service; (vi) the state attorneys general for all states in which the Debtors conduct business; and (vi) any party that has requested notice pursuant to Bankruptcy Rule 2002 (the "Notice Parties"). In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

42. Bankruptcy Rule 2002(a)(4) requires at least 21 days' notice by mail to all creditors with respect to "a hearing on a motion to dismiss a Chapter 7, 11, or 12 case or to convert it to another chapter . . . ." This Court has discretion pursuant to Bankruptcy Rule 9007 and Local Rule 4001-1 to limit notice with regard to this Motion. Given the nature and status of these cases, the Debtors believe that service of this Motion on the full creditor matrix would be unnecessary and would impose an undue burden on the Debtors' estates financially and administratively. Accordingly, the Debtors request that they be authorized to limit notice of this Motion and any related notice of hearing as set forth herein. In light of the nature of the relief requested, the Debtors believe that no other or further notice is required or needed under the circumstances.

No Prior Request

43. No prior request for the relief sought in this Motion has been made to this or any other court.

[Remainder of Page Intentionally Left Blank]

WHEREFORE, the Debtors request that this Court enter the proposed order in substantially the form attached hereto as **Exhibit A** and grant such other and further relief as the Court deems just and equitable.

Dated: June [•], 2025

Respectfully submitted,

GREENBERG TRAURIG, LLP

/s/ David R. Eastlake
David R. Eastlake (Texas Bar No. 24074165)
Emily Nasir (Texas Bar No. 24118477)
1000 Louisiana St., Suite 6700
Houston, Texas 77002
Telephone: (713) 374-3500
Facsimile: (713) 374-3505
Emails: David.Eastlake@gtlaw.com
Emily.Nasir@gtlaw.com

-and-

Nancy A. Peterman (admitted *pro hac vice*)
Danny Duerdoth (admitted *pro hac vice*)
Greenberg Traurig, LLP
360 North Green Street, Suite 1300
Chicago, Illinois 60607
Telephone: (312) 456-8400
Facsimile:(312) 456-8435
Emails: PetermanN@gtlaw.com
DuerdothD@gtlaw.com

-and-

Joseph P. Davis III (admitted *pro hac vice*)
Greenberg Traurig, LLP
One International Place, Suite 2000
Boston, Massachusetts 02110
Telephone: (617) 310-6204
Facsimile: (617) 279-8403
Email: Davisjo@gtlaw.com

Counsel to the Debtors
and Debtors in Possession

CERTIFICATE OF ACCURACY

I certify that the facts and circumstances described in the foregoing document giving rise to the emergency request for relief are true and correct to the best of my knowledge, information, and belief. This statement is made pursuant to Bankruptcy Local Rule 9013-1(i).

/s/ David R. Eastlake
David R. Eastlake

CERTIFICATE OF SERVICE

I hereby certify that on June 23, 2025, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ David R. Eastlake
David R. Eastlake

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	Chapter 11
SPICEY PARTNERS REAL ESTATE HOLDINGS, LLC, *et al.*[1]	§	Case No. 24-90572 (CML)
	§	(Jointly Administered)
Debtors.	§	
	§	**Re: Docket No. __**

ORDER (I) CONVERTING THE DEBTORS' CHAPTER 11 CASES TO CASES UNDER CHAPTER 7 OF THE BANKRUPTCY CODE; (II) ESTABLISHING A DEADLINE FOR FILING FINAL CHAPTER 11 FEE APPLICATIONS; AND (III) GRANTING RELATED RELIEF

Upon the emergency motion (the "Motion")[2] of above-captioned debtors and debtors in possession (collectively, the "Debtors"), for entry of an order pursuant to section 1112 of the Bankruptcy Code: (i) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code; (ii) establishing a deadline for professionals to file final chapter 11 fee applications and setting a hearing thereon; and (iii) granting related relief, all as more fully set forth in the Motion; and this Court having jurisdiction over this Motion pursuant to 28 U.S.C. § 1334; and this matter being a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and the Court being able to issue a final order consistent with Article III of the United States Constitution; and venue of this proceeding and the Motion in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and proper and adequate notice of and opportunity for a hearing on the Motion have been provided, and it appearing that no other or further notice need be provided; and the relief requested in the

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Spicey Partners Real Estate Holdings, LLC (6459) and Cosmed Group, Inc (8781). The location of the Debtors' service address is: 28 Narragansett Ave., Jamestown, RI 02835.

[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

Motion being in the best interests of the Debtors' estates, their creditors and other parties in interest; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Debtors' Chapter 11 Cases are hereby converted to cases under chapter 7 of the Bankruptcy Code, effective as of July 2, 2025.

2. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

3. The Debtors are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.

4. Professionals shall file final statements and applications for compensation (including, without limitation, fees and expenses that are not the subject of any previous application, and any "holdback" retained in accordance with the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals* [Docket No. 107]) (collectively, the "Fee Applications") on or before August 1, 2025, or be forever barred from receiving any such compensation. Objections, if any, to a Fee Application must be filed and served on counsel to the Debtors, the chapter 7 trustee once appointed, and the party filing such Fee Application, so as to be actually received on or before August 15, 2025, at 4:00 p.m. (CT). A hearing on such timely filed final Fee Applications shall be held before this Court on _____, 2025 at ___:___ __.m. (CT).

5. The Debtors shall:

i. on or before seven (7) days after entry of this Order, turn over to the chapter 7 trustee all records and property of the estate under their custody and control as required by Bankruptcy Rule 1019(4);

ii. within fourteen (14) days after entry of this Order, as required by Bankruptcy Rule 1019(5), file a schedule of unpaid debts incurred after the Petition Date and before entry of this Order, which schedule shall include the name and address of each creditor holding any such debt;

iii. within fourteen (14) days after entry of this Order, as required by Bankruptcy Local Rule 1019-1, file: (1) supplemental schedules itemizing changes from the original schedules in property of the estates and in creditor lists, or (2) a statement that there are no changes; and

iv. within thirty (30) days after entry of this Order, as required by Bankruptcy Rule 1019(5), file and transmit a final report and account to the Office of the United States Trustee for the Southern District of Texas.

6. Upon the Debtors' turnover of all records and property of the estates under their custody and control to the chapter 7 trustee as required herein, the chapter 7 trustee shall continue to preserve all financial and operational books and records, emails, and other financial and operational documents relating to the Debtors' business that were in the Debtors' possession prior to such turnover. The chapter 7 trustee shall not destroy or otherwise abandon any such documents or records without seeking authorization from this Court.

7. Upon entry of this Order, the Debtors are authorized to provide Greenberg Traurig and RSR each with a $25,000 retainer for their services to be rendered and expenses to be incurred post-conversion. Greenberg Traurig is authorized to apply the GT Retainer for fees and expenses associated with any post-conversion work. Greenberg Traurig and RSR shall be authorized to apply these retainer monies to pay any fees and expenses incurred after conversion to Chapter 7 without the need for further court order and without the need for filing any fee application. In the event any amounts remain from the retainers upon completion of the Debtors' post-conversion responsibilities, such amounts shall be remitted to the DIP Lender.

8. Upon entry of this Order, the Debtors are authorized to transfer the funds currently held in a segregated account established by the Debtors to hold the amounts set aside to pay the Debtors' and Committee's professionals to Greenberg Traurig's IOLTA trust account. Greenberg Traurig shall disburse such funds to the Debtors' and the Committee's professionals consistent with any final fee order and to the extent any monies remaining after paying all amounts due under the final fee orders, Greenberg Traurig shall remit the remaining balance to the DIP Lender. To the extent that there are insufficient funds to pay the Debtors' or Committee's professionals from Greenberg Traurig's trust account, Greenberg Traurig shall have no liability to any professional for any unpaid amounts.

9. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated:_____, 2025

_____
THE HONORABLE CHRISTOPHER M. LOPEZ
UNITED STATES BANKRUPTCY JUDGE