

UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
HARTFORD DIVISION

IN RE:)	CASE Nos.	16-21635 - 16-21639 (JJT)
)		
SPECTRUM HEALTHCARE LLC, ET AL ¹)	CHAPTER	11
)		
DEBTORS.)	RE ECF Nos.	757, 775, 781
)		

**RULING ON APPLICATION OF SPECTRUM HEALTHCARE MANCHESTER
FOR FINAL DECREE AND UNITED STATES TRUSTEE MOTION TO DISMISS**

Upon review of the Motion of Spectrum Healthcare Manchester, LLC for a Final Decree (the “Motion”, ECF No. 757), the record and arguments of counsel, after notice and a hearing on May 31, 2018, the Court finds that the Motion, predicated upon 11 U.S.C. § 350(a) and Fed. R. Bankr. P. 3022, is denied for the following reasons:

- (a) The Debtor has failed to provide the Court with a full and complete disclosure and all information necessary, pursuant to D. Conn. Bankr. L.R. 3022-1, to make an informed determination as to whether the entry of a final decree is appropriate; and
- (b) The Court is not satisfied that the estate has been fully administered so as to warrant the entry of a final decree and closure of the case where: the Chapter 11 Quarterly Fees are unpaid; the Debtor has received a notice of default from Midcap Funding IV Trust (“MidCap”) for failure to maintain a fixed charge coverage ratio of at least 1.00 to 1.00 for the calendar month ending January 31, 2018; the Debtor notified Midcap of the need for additional funding under the Exit Financing Facility, without which, the Debtor would

¹ Spectrum Healthcare, LLC, Case No. 16-21635, Spectrum Healthcare Derby, LLC, Case No. 16-21636, Spectrum Healthcare Hartford, LLC, Case No. 16-216347, Spectrum Healthcare Manchester, LLC, Case No. 16-21638 and Spectrum Healthcare Torrington, LLC, Case No. 16-21639.

be unable to sustain operations or comply with its obligations under the confirmed plan; and the Debtor is now in default of its plan payment obligations to Class 3 creditors and possesses no prospect of completing or curing any defaults thereunder.

On the basis of the undisputed facts and circumstances of this case, the Court finds that dismissal for cause under 11 U.S.C. § 1112(b) is appropriate in this case for the following reasons:

- (a) There is a continuing loss to and diminution of the estate, and the Debtor has no prospect of consummating its financial rehabilitation through Chapter 11, in light of the order of the Connecticut Superior Court on May 2, 2018 placing the Debtor into a receivership (ECF No. 773);
- (b) There has been an unexcused failure to timely file monthly operating reports as the Debtor was delinquent, as of the filing of the Motion, for the months of March and April 2018, and is currently delinquent for the month of April 2018, notwithstanding prior orders of this Court to bring monthly operating reports current;
- (c) There has been a failure to pay Chapter 11 Quarterly Fees, where the Debtor currently stands delinquent in an assessed amount of \$28,414.00 through the first calendar quarter of 2018, in addition to yet unassessed fees through and including May 1, 2018; and
- (d) There is an inability to effectuate substantial consummation of the Debtor's Third Amended Confirmed Plan, where only the initial payments on account of the priority tax claim of DRS, the Class 2 Secured Claim of DRS, and the Class 3 unsecured creditors have been made, and the Debtor has no reasonable prospect of performing its subsequent obligations thereunder.

Accordingly, the United States Trustee's Motion to Dismiss (ECF No. 775) is granted. An order of dismissal in a form satisfactory to this Court will promptly enter upon the docket following the parties' submission of a draft order consistent with the record of the hearing on May 31, 2018.

IT IS SO ORDERED at Hartford, Connecticut this 1st day of June 2018.


James J. Tancredi
United States Bankruptcy Judge
District of Connecticut