

Fight brewing with vendors and attorneys over bills paid by WCMH

Written by George Browning

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Merchants who were paid prior to Washington County Memorial Hospital filing bankruptcy are now being pressured to return that money.

Vendors who were paid received letters last week from Christine K. Jacobson with Katz and Korin Attorneys At Law demanding the return of the funds paid by the Washington County Memorial Hospital.

One vendor, Steve Motsinger, of Eddie Gilstrap Motors in Salem said he received the letter and turned it over to his attorney Tom Scifres.

“The money that I got from them was for work and services we did on the ambulances,” Motsinger said. “. . . They owed me the money and I fought with them for over two years to get paid. It's just not right!”

Another vendor who received the letter was the publisher of this newspaper, Joe Green.

The letter states that the records of the debtor indicate that, within 90 days prior to hospital's June 16, 2009 bankruptcy filing, companies were paid, and such payments constitute a preference recoverable pursuant to sections 547 and 550 of the bankruptcy code.

Mike Hile an attorney with Katz and Korin Attorneys At Law explained the bankruptcy codes.

“Yes, 547 (of the bankruptcy code) is what's called the preference section,” he said. “In essence when congress enacted it, they determined that creditors who were paid on the eve of a bankruptcy filing in the period of within 90 days are presumed to have been preferred over other creditors and congress says 'that's not really fair, let's call all of those back in and share

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those.' So they are recoveries for people who were paid on the eve of bankruptcy under a theory of preference and 550 just makes it a monetary judgment amount."

Hile said the recovery is being pursued by the unsecured creditors in the case by the unsecured committee.

"The individuals who received those payments, assuming they are good faith creditors, and haven't in some way acted improperly, will have a claim in the amount that is recovered and will share in the pool that is collected just like an unsecured creditor."

Hile didn't have a number on how many companies received the letter, but said approximately \$2.5 million in claims were paid within the 90 days of the pre-bankruptcy.

"There were approximately \$5 million paid, but some of those were authorized pursuant to the plan and those aren't to be recovered," he said.

Hile stressed that this matter is being pursued by the remaining liquidating entity on behalf of the creditors.

"The hospital and St. Vincent are not involved with this," Hile said. "They are totally separate from it. This is for the remaining creditor body to recover and have some better distributions."

According to the letter, vendors are given just ten days to return any money paid by the hospital.