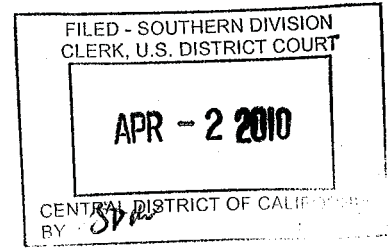


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9 a California limited liability company

10  
11 **UNITED STATES DISTRICT COURT**  
12 **CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION**

13 **SECURITIES AND EXCHANGE**  
14 **COMMISSION,**

15 Plaintiff,

16 v.

17 **MEDICAL CAPITAL HOLDINGS,**  
18 **INC.; MEDICAL CAPITAL**  
19 **CORPORATION; MEDICAL**  
20 **PROVIDER FUNDING**  
21 **CORPORATION VI; SIDNEY M.**  
22 **FIELD; and JOSEPH J.**  
23 **LAMPARIELLO,**

24 Defendants.

Case No. 8:09-cv-0818-DOC (RNBx)

**ORDER GRANTING**  
**RECEIVER'S MOTION FOR**  
**ORDER:**  
**(A) APPROVING SALE OF LOANS**  
**MADE TO INTEGRATED**  
**HEALTHCARE HOLDINGS, INC.;**  
**(B) FINDING THAT MEDICAL**  
**PROVIDER FUNDING**  
**CORPORATIONS IV AND V HOLD**  
**TITLE TO SECOND AND THIRD**  
**LOANS MADE TO INTEGRATED**  
**HEALTHCARE HOLDINGS, INC.,**  
**RESPECTIVELY; AND**  
**(C) APPROVING BROKER'S**  
**COMMISSION**

Date: April 2, 2010  
Time: 8:30 a.m.  
Place: Courtroom 9D  
Ronald Reagan Federal Building  
and United States Courthouse  
411 West Fourth Street  
Santa Ana, California 92701

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26 ///  
27 ///  
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1 The Motion for Order (a) Approving Sale of Loans Made to Integrated  
2 Healthcare Holdings, Inc., (b) Finding That Medical Provider Funding  
3 Corporations IV and V Hold Title to the Second and Third Loans Made to  
4 Integrated Healthcare Holdings, Inc., Respectively; and (c) Approving Broker's  
5 Commission ("Motion") filed by Thomas A. Seaman ("Receiver"), Court-  
6 appointed permanent receiver for Medical Capital Holdings, Inc., Medical Capital  
7 Corporation, Medical Provider Funding Corporation VI, and their subsidiaries and  
8 affiliates (the "Receivership Entities") came on for hearing on April 2, 2010, the  
9 Honorable David O. Carter presiding. After consideration of the Motion and all  
10 documents and other evidence filed in support of the Motion, oppositions,  
11 responses and comments filed in response to the Motion, the entire record in this  
12 case, after due deliberation and good cause appearing therefore;

13 **IT IS HEREBY FOUND AND DETERMINED THAT:<sup>1</sup>**

14 A. Proper, timely, adequate, and sufficient notice of the Motion, and of  
15 the proposed relief described therein, was given by the Receiver and such notice  
16 was reasonable and appropriate under the circumstances and comports in all  
17 regards with the requirements of due process and no further notice is appropriate or  
18 necessary.

19 B. The Receiver has taken commercially reasonable steps to  
20 communicate to the applicable market that the Loans<sup>2</sup> were available for sale and  
21 to facilitate and encourage commercially reasonable expressions of interest in the  
22 Loans. As a consequence, the Receiver adequately marketed the Loans for sale.

23 C. Adequate notice and a reasonable opportunity to object or be heard  
24 regarding the relief requested in the Motion has been afforded to all interested  
25 persons and entities, including all holders of Liens (as defined below) with respect

26 <sup>1</sup> When appropriate herein, findings of fact shall be construed as conclusions of law, and  
27 conclusions of law shall be construed as findings of fact.

28 <sup>2</sup> As used in this Order, the term "Loans" shall mean, collectively, the Loans (as defined in the  
Agreement), the Loan Documents (as defined in the Agreement) and the claim for the right to  
principal, interest, cost, penalties, and fees under the Loans or Loan Documents.

1 to the Loans.

2 D. The Receiver having determined that the bid submitted by KPC  
3 Resolution Company, LLC (“KPC”) for \$~~55~~<sup>70</sup>,000,000 on terms and conditions set  
4 forth in the Loan Purchase and Sale Agreement between the Receiver and KPC  
5 attached hereto as Exhibit 1 (the “Agreement”) as amended and/or supplemented  
6 was the highest and best offer submitted for the Loans.

7 E. The Receiver has all requisite power and authority necessary to enter  
8 into the Agreement and all other documents contemplated thereby, and the  
9 transactions provided for therein have been duly and validly authorized by all  
10 necessary action(s) of the Receiver. No consents or approvals other than those  
11 expressly provided for in the Agreement are required for the Receiver to  
12 consummate such transactions.

13 F. The execution and delivery of the Agreement by KPC and by the  
14 Receiver, and the consummation of the transactions contemplated thereby,  
15 including the provisions thereof with respect to the conveyance and assignment of  
16 the Loans free and clear of Liens (as defined below), reflects the exercise of sound  
17 business judgment by the Receiver, is a proper exercises of his fiduciary duties, is  
18 fair and reasonable, and is in the best interests of the Receiver, the receivership  
19 estate, and its creditors. The total consideration to be realized by the Receiver  
20 under the Agreement represents fair consideration and reasonably equivalent value  
21 in the context of any state or federal law governing the rights of creditors. As a  
22 result, there exists good and sufficient business justification to consummate the  
23 transactions contemplated by the Agreement.

24 G. The transactions contemplated under the Agreement are exempt from  
25 the purview of all laws protecting the rights of creditors, including, without  
26 limitation, fraudulent transfer, fraudulent conveyance, preference, and bulk sale  
27 laws. The conveyance and assignment of the Loans pursuant to the Agreement  
28 will be legal, valid, and effective transfers, and will vest KPC with all right, title

1 and interest of the Receiver in and to the Loans free and clear of all mortgages,  
2 deeds of trust, security interests, conditional sale or other title retention  
3 agreements, pledges, liens, mechanics', materialmen's and other consensual and  
4 non-consensual liens and statutory liens, claims, reclamation claims, covenants,  
5 restrictions, hypothecations, charges, indentures, loan agreements, instruments,  
6 contracts, leases, licenses, options, rights of first refusal, offsets, recoupment,  
7 rights of recovery, orders and decrees of any Court or foreign or domestic  
8 governmental entity, claims for reimbursement, contribution, indemnity or  
9 exoneration, assignment, preferences, debts, charges, suits, rights of recovery,  
10 interests, alter-ego, environmental, successor liability, judgments, demands,  
11 encumbrances, constructive or resulting trusts, or other claims, interests,  
12 encumbrances or charges of any kind or nature, if any, including but not limited to  
13 any restriction on the use, transfer, receipt of income, or other exercise of any  
14 attributes of ownership (collectively, "Liens").

15 H. All holders of any Liens shall be forever barred from asserting their  
16 Liens against KPC or its nominees, designees, successors or assigns, or against the  
17 Loans. Specifically the Trustees have agreed to the release of any Liens they, or  
18 the trusts for which they act as trustee, may have with respect to the Loans.

19 I. The Agreement was negotiated, proposed, and entered into by the  
20 parties without collusion, in good faith, and from arm's-length bargaining  
21 positions. Neither KPC nor Silver Point (as defined below) is an insider, relative  
22 or affiliate of the Receiver. As a result, upon consummation of the transactions  
23 contemplated by the Agreement, KPC and Silver Point will be deemed purchasers  
24 in "good faith" and are entitled to the protections afforded thereby. Neither the  
25 Receiver, KPC, nor Silver Point has engaged in any conduct that would cause or  
26 permit the Agreement, or the transfers contemplated thereby, to be avoided or set  
27 aside under any state or federal law.

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1 J. The Court acknowledges that KPC intends to enter into a transaction  
2 with one or more affiliate of Silver Point Capital L.P. (collectively "Silver Point")  
3 regarding the Loans whereby Silver Point will purchase the Loans from KPC and  
4 KPC will receive a participation interest in the Loans. The Court further  
5 acknowledges that KPC and Silver Point intend to enter into one or more  
6 amendments to the Loans and/or Loan Documents with IHHL.

7 K. Absent a stay pending appeal of this Order, the reversal or  
8 modification on appeal of this Order (or any other challenge to this Order including  
9 any motions for reconsideration) shall not affect the validity or enforceability of  
10 actions taken in reliance on this Order, including the contemplated transactions.

11 L. The transfer of the Loans to the KPC does not and will not subject  
12 KPC or its affiliates, successors or assigns or their respective properties (including  
13 the Loans) to any liability for interests against the Receivership Entities or the  
14 Receivership Entities' interests in such Loans by reason of such transfer or  
15 otherwise under the laws of the United States or any state, territory, possession  
16 thereof, or the District of Columbia applicable to such transaction, including,  
17 without limitation, any successor liability or similar theories. Neither KPC, Silver  
18 Point, nor their respective affiliates, successors or assigns shall, as a result of the  
19 consummation of the Transaction: (i) be a successor to the Receivership Entities;  
20 (ii) have, *de facto* or otherwise, merged or consolidated with or into the  
21 Receivership Entities; or (iii) be a continuation or substantial continuation of the  
22 Receivership Entities or any enterprise of the Receivership Entities. The transfer  
23 of the Loans to KPC under the Agreement or the subsequent transfer of the Loans  
24 to Silver Point shall not result in (i) KPC, Silver Point, any of their respective  
25 affiliates, successors, or assigns, or the Loans having any liability or responsibility  
26 for any interest against the Receivership Entities or against an insider of the  
27 Receivership Entities, (ii) KPC, Silver Point, any of their respective affiliates,  
28 successors, or assigns, or the Loans having any liability whatsoever with respect to

1 or be required to satisfy in any manner, whether at law or in equity, whether by  
2 payment, setoff or otherwise, directly or indirectly, any interest, or (iii) KPC,  
3 Silver Point, their respective affiliates, successors, or assigns, or the Loans having  
4 any liability or responsibility to the Receivership Entities except as is expressly set  
5 forth in the Agreement.

6 M. All objections, if any, to the Motion have been withdrawn, resolved or  
7 overruled with prejudice.

8 **NOW, THEREFORE, IT IS HEREBY ORDERED THAT:**

9 1. The Motion is GRANTED.

10 2. Subject to release of the same by the Trustees, (a) Medical Provider  
11 Funding Corporation IV holds title to the \$10.7 million term loan made to  
12 Integrated Healthcare Holdings, Inc. ("IHHI") and all agreements related thereto,  
13 and (b) Medical Provider Funding Corporation V holds title to the \$50 million  
14 revolving line of credit issued to IHHI, and all agreements related thereto. The  
15 Trustees are hereby directed to release any interest they hold in the Loans and  
16 transfer the same to the Receiver.

17 3. The terms and conditions of, and the transactions contemplated by, the  
18 Agreement are hereby authorized and approved in all respects; and the Receiver is  
19 fully authorized and empowered and directed to (a) execute, deliver, perform  
20 under, consummate, and implement the Agreement, (b) execute all additional  
21 instruments and documents that may be reasonably necessary or desirable to  
22 implement the Agreement and the transactions contemplated thereby, (c) take all  
23 further actions as may be necessary or appropriate for the purpose of assigning,  
24 transferring, granting or conveying Loans as contemplated by the Agreement, and  
25 (d) take such other and further steps as are contemplated thereby to fulfill their  
26 obligations thereunder or as may be necessary to effectuate the terms of this Order.

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1           4.     The Loans shall be sold, transferred, and assigned to KPC free and  
2 clear of all Liens, with such Liens to attach to the sale proceeds with the same  
3 validity, amount and priority as they had with respect to the Loans.

4           5.     Each and every federal, state and local governmental agency or  
5 department is hereby directed to accept any and all documents and instruments  
6 necessary and appropriate to consummate the transactions contemplated by the  
7 Agreement. A certified copy of this Order shall be accepted by any federal, state  
8 or local recording or filing authority as evidence of the discharge of all Liens  
9 against the Loans.

10          6.     All persons or entities, including any governmental unit, holding any  
11 Lien(s) against the Loans, or asserting any claims against the Receiver are forever  
12 barred and estopped from asserting any such Liens or claims against KPC, Silver  
13 Point and their respective successors and assigns.

14          7.     Subject to the provisions of this Order, holders of Liens are directed to  
15 execute such documents and take all other actions as may be reasonably necessary  
16 to terminate and expunge such Liens against the Loans as such Liens may have  
17 been recorded or may otherwise exist. To the extent that any Liens refuses to  
18 execute such documents as may be necessary to terminate and expunge any Liens  
19 against the Loans, the Receiver, KPC and Silver Point are authorized to take such  
20 actions unilaterally, including without limitation, filing UCC-3 Termination  
21 Statements to release any Lien.

22          8.     The consideration provided by KPC for the Loans constitutes  
23 reasonably equivalent value and fair consideration under the laws of the United  
24 States, any state, territory or the District of Columbia.

25          9.     The failure, specifically, to include any particular provisions of the  
26 Agreement in this Order shall not diminish or impair the efficacy of such  
27 provisions, it being the intent of the Court that the Agreement be approved in its  
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1 entirety and further that each of the terms and conditions of the Agreement are  
2 hereby incorporated in their entirety as if fully set forth herein.

3 10. The Agreement and any related agreements, documents, or other  
4 instruments may be modified, amended, or supplemented by the parties thereto in  
5 accordance with the terms thereof without further order of the Court, provided that  
6 any such modification, amendment, or supplement is not material. The Agreement  
7 and all transactions contemplated thereby, shall be binding upon any successors in  
8 interest.

9 11. The Receiver is authorized to pay a commission of ~~\$50,000~~<sup>470,000</sup> to broker  
10 Lee & Associates-NSDC, Inc. from the sale proceeds.

11 12. Silver Point is a beneficiary of each of the provisions of this Order  
12 and shall be entitled to enforce the terms hereof.

13 13. This Court hereafter shall and does retain exclusive jurisdiction:  
14 (a) to interpret, construe, enforce and implement the terms and provisions of the  
15 Agreement and this Order, all amendments thereto, any waivers and consents  
16 thereunder, any agreements executed in connection therewith, and any and all  
17 disputes that may arise under the Agreement or this Order; (b) to hear and  
18 determine any and all disputes between the Receiver and/or KPC, as the case may  
19 be, and any third parties relating to the Agreement; (c) compel delivery and  
20 payment of the consideration provided for under the Agreement; (d) resolve any  
21 disputes, controversies or claims arising out of or relating to the Agreement; and  
22 (e) interpret, implement, and enforce the provisions of this Order; provided,  
23 however, that in the event that this Court abstains from exercising or declines to  
24 exercise jurisdiction with respect to any matter provided for in this clause, or is  
25 without jurisdiction, such abstention, refusal or lack of jurisdiction shall have no  
26 effect upon and shall not control, prohibit or limit the exercise of jurisdiction of  
27 any other court having competent jurisdiction with respect to any such matter.

28



1 14. Notwithstanding anything contained in Federal Rule of Civil  
2 Procedure 62, Local Rule of Civil Procedure 66-8, or any other statute, regulation,  
3 or rule to the contrary, this Order shall be effective immediately and not subject to  
4 any stay of its effectiveness. The Receiver and KPC are authorized to consummate  
5 the transactions contemplated in the Agreement (and rely upon the effectiveness of  
6 this Order) immediately.

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*April 2, 2010.*



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DAVID O. CARTER

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