

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number Ron Bender (SBN 143364) Levene, Neale, Bender, Rankin & Brill L.L.P. 10250 Constellation Blvd., Suite 1700 Los Angeles, California 90064 T(310) 229-1234	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: CARE LEVEL MANAGEMENT GROUP, LLC, et al. <p style="text-align: center;">Debtor(s).</p>	CASE NO.: 1:08-bk-12913MT

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: 6/18/08	Time: 9:00 a.m.
Location: 21041 Burbank Blvd., Courtroom "302," Woodland Hills, California	

Type of Sale: Public Private Last date to file objections: 6/10/08

Description of Property to be Sold: Please see attached Exhibit "A."

Terms and Conditions of Sale: Please see attached Exhibit "A."

Proposed Sale Price: Please see attached Exhibit "A."

Overbid Procedure (If Any): Please see attached Exhibit "A."

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

James A. Skelton, Managing Director
FocalPoint Partners, LLC
11766 Wilshire Blvd., Suite 1270
Los Angeles, California 90025
Tel: (310) 405-7060; Email: jskelton@focalpointllc.com

Date: May 27, 2008

EXHIBIT “A”

1 RON BENDER (SBN 143364)
JULIET Y. OH (SBN 211414)
2 LEVENE, NEALE, BENDER, RANKIN & BRILL L.L.P.
10250 Constellation Blvd., Suite 1700
3 Los Angeles, California 90067
4 Telephone: (310) 229-1234; Facsimile: (310) 229-1244

5 Proposed Attorneys for Chapter 11
Debtors and Debtors in Possession

7 UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
8 SAN FERNANDO VALLEY DIVISION

9 In re:) Case No. 1:08-bk-12913-MT
10 CARE LEVEL MANAGEMENT)
11 GROUP, LLC, et al.,) CHAPTER 11
12 Debtors.) Jointly Administered with
Case Nos.:

- 13 Affects All Debtors) Case No. 1:08-bk-12919-MT
- 14 Affects Care Level Management Group,) Case No. 1:08-bk-12921-MT
- 15 Affects Care Level Management Direct,) Case No. 1:08-bk-12922-MT
- 16 Affects Care Level Management, LLC) Case No. 1:08-bk-12925-MT
- 17 Affect Florida Care Level Management) Case No. 1:08-bk-13258-MT
- 18 Affect Florida Care Level Management) Case No. 1:08-bk-13260-MT
- 19 Affect Florida Care Level Management) Case No. 1:08-bk-13264-MT
- 20 Affect Florida Care Level Management) Case No. 1:08-bk-13265-MT
- 21 Affect Florida Care Level Management) Case No. 1:08-bk-13268-MT
- 22 Affect Florida Care Level Management) Case No. 1:08-bk-13269-MT
- 23 Affect Florida Care Level Management) Case No. 1:08-bk-13270-MT

NOTICE OF AUCTION AND SALE HEARING

Auction:
Date: June 18, 2008
Time: 9:00 a.m. (PDT)
Place: Courtroom "302"
21041 Burbank Blvd.
Woodland Hills, CA

Sale Hearing:
Date: June 18, 2008
Time: 1:00 p.m. (PDT)
Place: Same as above

1
2 **PLEASE TAKE NOTICE** that, Care Level Management Group, LLC and the above
3 referenced affiliated Chapter 11 Debtors and Debtors in Possession (collectively, the Debtors)
4 have entered into an Asset Purchase Agreement ("Purchase Agreement") with Inspiris, Inc. (the
5 "Buyer") pursuant to which the Buyer proposes to purchase substantially all of the Debtors'
6 assets (the "Assets") under the terms and conditions set forth in the Sale Agreement. The sale
7 of the Assets to the Buyer is subject to higher and better offers. A copy of the Purchase
8 Agreement is available upon written request to the above-captioned proposed counsel to the
9 Debtors.

10 **PLEASE TAKE FURTHER NOTICE** that on May 23, 2008, the Debtors filed a
11 motion (the "Sale Approval Motion") to, among other things, approve the Purchase Agreement
12 with the Buyer, or such other purchase agreement to be entered into between the Debtors and
13 the successful bidder at the Auction (as defined below), and the sale of all or some of the
14 Assets, as applicable, free and clear of all liens, claims and interests. A copy of the Sale
15 Approval Motion is available upon written request to the above-captioned proposed counsel for
16 the Debtors.

17 **PLEASE TAKE FURTHER NOTICE** that, although the Purchase Agreement with
18 the Buyer contemplates the Buyer's acquisition of substantially all Assets of the Debtors'
19 estates, pursuant to the sale procedures identified below, the Debtors will entertain offers that
20 seek to acquire less than substantially all of the Debtors' Assets. Accordingly, provided parties
21 otherwise comply with the sale procedures identified below (including, without limitation,
22 providing for a minimum cash purchase price for all or part of the Assets of at least
23 \$3,175,000), parties may submit offers to acquire less than all Assets of the Debtors' estates.

24 **PLEASE TAKE FURTHER NOTICE** that, pursuant to the "*Order Approving (A) the*
25 *Form of Asset Purchase Agreement, (B) Bidding Procedures and Overbid Protections,*
26 *Including a Buyer Termination Fee, (C) the Form and Manner of Notice of Auction and Sale*
27 *Hearing, and (D) Procedures for Determining Cure Amounts*" (the "Sale Procedures Order")
28

1 entered by the Bankruptcy Court, the following sale procedures (the "Sale Procedures") shall be
2 complied with in connection with the auction ("Auction") of the Debtors' Assets. A copy of
3 the Sale Procedures Order (without exhibits) is attached hereto.

4 1. Only qualified bidders (the "Qualified Bidders") may submit bids for the Assets
5 (or some of the Assets) or otherwise participate in the Auction. The Buyer is deemed to be a
6 Qualified Bidder and the Purchase Agreement is deemed to be a Qualified Bid (as defined
7 below). Other Qualified Bidders are those persons who, on or before 10:00 a.m. (PDT) on June
8 13, 2008 (the "Bid Deadline"): (i) shall have delivered to the Debtors an executed
9 confidentiality agreement in a form acceptable to the Debtors with respect to non-public
10 information; (ii) shall have delivered to the Debtors executed sale documents providing for an
11 offer to buy some or all of the Assets for a cash sale that is at least \$175,000 higher than the
12 cash Purchase Price (as defined in the Purchase Agreement) of \$3,000,000, without financing
13 or diligence contingencies; *provided, however*, any bid made by a Qualified Bidder at the
14 Auction after the Qualified Bid may be for cash, or a combination of cash and other
15 consideration acceptable to the Debtors, which the Debtors determine has a value to be
16 received in connection therewith that is at least \$25,000 higher than the prior bid; (iii) shall
17 have delivered to the Debtors a Qualified Bid (as defined below); (iv) shall have provided to
18 the Debtors, in good funds, a deposit in the amount of One Hundred Fifty Thousand dollars
19 (\$150,000.00) and (v) has provided evidence satisfactory to the Debtors showing that the
20 bidder is reasonably capable (based on availability of financing, experience, and other
21 considerations) to be able to consummate a transaction by the Closing Date (as defined in the
22 Purchase Agreement) based on the Qualified Bid, if selected as the Successful Bidder.

23 2. Any Qualified Bidder who desires to make a competing offer for all or some of the
24 Assets must submit a written copy of its bid to (i) counsel for the Debtors; (ii) counsel for the
25 Buyer; (iii) secured creditor Steve Goldman's counsel; and (iv) the United States Trustee. To
26 be a qualifying competing bid (a "Qualified Bid"), the purchase price under such Qualified Bid
27 must be, at a minimum, cash that is at least \$175,000 higher than the cash Purchase Price of
28

1 \$3,000,000; *provided, however*, any bid made by a Qualified Bidder at the Auction after the
2 Qualified Bid may be for cash, or a combination of cash and other consideration acceptable to
3 the Debtors, which the Debtors determine has a value to be received in connection therewith
4 that is at least \$25,000 higher than the prior bid.

5 3. Any final agreement purporting to memorialize an agreement for the Sale of the
6 Assets (or some of the Assets) by and between the Debtors and either the Buyer or the
7 Successful Bidder, as the case may be, shall be substantially in the form of the Purchase
8 Agreement and marked to show changes against the Buyer's Purchase Agreement.

9 4. If the Debtors receive a Qualified Bid, the Auction shall be conducted at the
10 Bankruptcy Court (as defined below) on June 18, 2008, beginning at 9:00 a.m. (PDT). Bidding
11 at the Auction will commence with the highest Qualified Bid and continue in increments of not
12 less than \$25,000.00 until all parties have made their final offers. The Auction shall be
13 conducted openly and each bidder shall be informed of the terms of the previous bid(s).

14 5. If no timely, conforming Qualified Bids are submitted by the Bid Deadline, the
15 Debtors shall not hold an Auction and instead shall request at the Sale Hearing that the Court
16 approve the Purchase Agreement with the Buyer.

17 6. No person or entity, other than the Buyer, shall be entitled to any expense
18 reimbursement, break-up fee, topping, termination or other similar fee or payment in
19 connection with or relating to the sale of the Assets.

20 7. Inspiris shall be entitled to credit bid the outstanding amount owed by the Debtors
21 pursuant to the priority security postpetition loan made by Buyer, and the Buyer shall be
22 entitled to include as part of any and all of its subsequent bids a credit for the amount of the
23 Buyer Termination Fee; provided, however, that no other person or entity with a lien on any of
24 the Assets may credit bid an allowed claim against any of the Debtors at the Auction or as part
25 of the Sale.

26 8. The Debtors (a) shall determine, in their business judgment, which Qualified Bid is
27 the highest or otherwise best offer for the Assets (the "Successful Bid"), after considering,
28

1 among other things, the total consideration to be received by the Debtors' estates after taking
2 into account the payment of the Buyer Termination Fee and the amount of liabilities to be
3 assumed by each bidder; (b) at the conclusion of the Auction, shall announce its determination
4 as to the person or entity (the "Successful Bidder") submitting the Successful Bid; and (c) may
5 reject, at any time before entry of an order of the Court approving a Qualified Bid, any bid
6 (other than the Purchase Agreement, which, if the Debtors reject all other Qualified Bids, the
7 Debtors shall nonetheless be obligated to request at the Sale Hearing that the Court approve the
8 Purchase Agreement with the Buyer) that, in the Debtors' sole discretion, is (i) inadequate or
9 insufficient; (ii) not in conformity with the requirements of the Bankruptcy Code, the Bidding
10 Procedures, or the terms and conditions of the Purchase Agreement; or (iii) contrary to the best
11 interest of the Debtors, their estates and/or their creditors, provided, however, this is without
12 prejudice to the rights of unsuccessful bidders, creditors, and other parties-in-interest to file,
13 prior to the Objection Deadline (as defined below), an objection to the Auction or to the
14 Debtors' selection of the Successful Bid.

15 9. Any order(s) approving the sale of any of the Assets to a Successful Bidder other
16 than the Buyer, whether under section 363 of the Bankruptcy Code, under a plan or otherwise,
17 shall provide that all obligations under that certain Secured Super-Priority Debtor In Possession
18 Revolving Credit and Security Agreement between the Debtors and Inspiris, Inc., and any
19 related loan documents executed in connection therewith, as approved by the Court, shall be
20 paid indefeasibly in full in cash and completely satisfied as part of any such transaction.

21 **PLEASE TAKE FURTHER NOTICE** that, as set forth above, the Auction for the
22 sale of the Assets (or some of the Assets) shall be conducted on June 18, 2008 at the United
23 States Bankruptcy Court, Courtroom 302, located at 21041 Burbank Blvd., 3rd Floor,
24 Woodland Hills, CA 91367 ("Bankruptcy Court"), beginning at 9:00 a.m. (PDT) or such later
25 time or other place as the Debtors shall notify all Qualified Bidders who have submitted a
26 timely Qualified Bid.

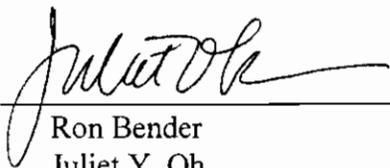
27 **PLEASE TAKE FURTHER NOTICE** that the hearing to consider approval of the
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Sale Approval Motion shall be conducted on June 18, 2008 at the Bankruptcy Court before the Honorable Maureen Tighe, United States Bankruptcy Judge at 1:00 p.m. (PDT). Any responses or objections, if any, to the Sale Approval Motion, must be in writing, and filed with the Bankruptcy Court and served upon counsel for the Debtors, counsel for the Buyer, and the Office of the United States Trustee, by not later than 12:00 p.m. noon (PDT) on June 10, 2008 (the "Objection Deadline"). Failure to timely file and serve an opposition to the Sale Approval Motion may be deemed by the Court to be consent to the granting of the relief requested in the Sale Approval Motion. Any replies by the Debtors or the Buyer to any objections to any objections or responses to the Sale Motion must be filed and served such that they are received by the objecting or responding parties and the Office of the United States Trustee, with courtesy copies to Court chambers, by not later than 12:00 p.m. noon (PDT) on June 16, 2008.

Dated: May 23, 2008

CARE LEVEL MANAGEMENT GROUP, LLC, *et. al.*

By: 

Ron Bender
Juliet Y. Oh
LEVENE, NEALE, BENDER, RANKIN &
BRILL L.L.P.
Proposed Attorneys for Chapter 11 Debtors
And Debtors in Possession

1 This matter came before the Court on May 22, 2008, upon the motion, dated May 20,
2 2008 (Docket No. 28, the "Procedures Motion"), filed by Care Level Management Group, LLC
3 and each of its debtor subsidiaries and/or affiliates (collectively, the "Debtors"), seeking, *inter*
4 *alia*, entry of an order (this "Procedures Order"): (a) ~~approving the form and general terms of~~
5 ~~the Asset Purchase Agreement, dated as of May _____, 2008~~ (the "Purchase Agreement"),¹ by
6 and between the Debtors, as Sellers, and Inspiris, Inc., or its designee, as Buyer (the "Buyer");
7 (b) approving the proposed bidding procedures (the "Bidding Procedures") for a sale (the
8 "Sale") of substantially all of the Debtors' assets (collectively, the "Assets"), as more
9 particularly identified in the Purchase Agreement; (c) approving the form, extent, and manner
10 of the notice of the Sale, the Auction (as defined below), and the final hearing thereon (the
11 "Sale Hearing"); and (d) establishing procedures for determining cure amounts (the "Cure
12 Amounts") in connection with the assumption and assignment of executory contracts and
13 unexpired leases. It appears to the Court that notice of the Procedures Motion was good and
14 sufficient under the particular circumstances, and that no other or further notice need be given.
15 At the hearing on the Procedures Motion (the "Procedures Hearing"), counsel for the Debtors
16 and other counsel and parties-in-interest entered their appearances on the record.

17 After carefully reviewing the Procedures Motion and such other matters in the file that
18 the Court deemed appropriate, after hearing the statements and representations of counsel and
19 all persons who desired to be heard at the Procedures Hearing, and after considering such other
20 and further matters as the Court deemed appropriate, the Court hereby:

21 **FINDS AND CONCLUDES** as follows:²

22
23
24 ¹ A copy of the Purchase Agreement is attached to the motion approving the proposed sale and seeking related
25 relief (the "Sale Motion") as Exhibit "A." The Debtors are not seeking final approval of the proposed sale
26 transaction or the Purchase Agreement by this Procedures Motion, but rather, such relief will be heard and
27 considered as part of the Sale Hearing (as defined herein). ~~A copy of the Sale Motion will be filed with the~~
28 ~~Court prior to the Procedures Hearing (as defined herein).~~ If not otherwise defined herein, capitalized terms
shall have the meaning provided in the Purchase Agreement.

² The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law
pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To
the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such.
To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

1 A. The Court has jurisdiction over the Procedures Motion pursuant to 28 U.S.C. §§
2 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (N),
3 and (O). Venue of these cases and the Procedures Motion in this district is proper under 28
4 U.S.C. §§ 1408 and 1409.

5 B. The statutory and legal predicates for the relief sought in the Procedures Motion
6 are sections 105(a), 363(b) and (f), 365, 503, and 507 of the United States Bankruptcy Code,
7 11 U.S.C. §§ 101 et seq., as amended (the "Bankruptcy Code"), and the Federal Rules of
8 Bankruptcy Procedure 2002, 6004, 6006, 9007 and 9014.

9 C. The Debtors have articulated good and sufficient reasons for approving the
10 relief requested in the Procedures Motion, including, without limitation: (i) ~~the form and~~
11 ~~general terms of the Purchase Agreement~~; (ii) the form and manner of notice of the Sale
12 Motion, the Sale Hearing, the Auction and the assumption and assignment of the Assumed
13 Contracts; (iii) the Bidding Procedures, including the Buyer Termination Fee; and (iv)
14 determination of final Cure Amounts in the manner described herein and in the Procedures
15 Motion.

16 D. The Buyer Termination Fee to be paid under the circumstances described herein
17 and in the Purchase Agreement to the Buyer is: (i) an actual and necessary cost and expense of
18 preserving the Debtors' estates within the meaning of sections 503(b) and 507(a)(2) of the
19 Bankruptcy Code; (ii) commensurate to the real and substantial benefit conferred upon the
20 Debtors' estates by the Buyer; (iii) reasonable and appropriate, in light of the size and nature
21 of the proposed Sale transaction and comparable transactions, the commitments that have been
22 made and the efforts that have been and will be expended by the Buyer; and (iv) necessary to
23 induce the Buyer to continue to pursue the Sale transaction and to continue to be bound by the
24 Purchase Agreement.

25 E. The Buyer Termination Fee also induced the Buyer to submit a bid that will
26 serve as a minimum floor bid on which the Debtors, their creditors and other bidders may rely.
27 The Buyer has provided a material benefit to the Debtors and their creditors by increasing the
28 likelihood that the best possible price for the Assets will be received.

1 F. The Bidding Procedures and Buyer Termination Fee are reasonable and
2 appropriate, and represent the best method for maximizing the value of the Assets for the
3 benefit of the Debtors' estates.

4 G. The *Notice of Auction and Sale Hearing* (annexed hereto as Exhibit "1") is
5 reasonably calculated to provide all interested parties with timely and proper notice of the Sale,
6 the Sale Hearing and the Auction.

7 H. The Assumption Notice (as defined below and annexed hereto as Exhibit "2") is
8 reasonably calculated to provide all counterparties to the Assigned Contracts with proper notice
9 of the potential assumption and assignment of their executory contract or unexpired lease, and
10 any Cure Amounts relating thereto.

11 I. The relief granted herein is in the best interests of the Debtors, their estates,
12 creditors, and other parties-in-interest.

13 And, accordingly, it is hereby **ORDERED** that:

14 1. The relief requested in the Procedures Motion is hereby granted.

15 2. All objections to the relief requested in the Procedures Motion that have not
16 been withdrawn, waived, or settled as announced to the Court at the Procedures Hearing or by
17 stipulation filed with the Court, are overruled except as otherwise set forth herein.

18 3. A final Sale Hearing on the Sale Motion is set for June 17, 2008 at 1:00 p.m.¹⁸
19 ~~immediately following the Auction, or in the event there is no Auction, starting at 10:00 a.m.~~²
20 (PDT), before the United States Bankruptcy Court, Central District of California (San
21 Fernando Valley), Courtroom 302, 21041 Burbank Boulevard, Woodland Hills, California, at
22 which time the Court shall consider the relief sought in the Sale Motion and confirm the results
23 of the Auction, if any.

24 4. Any objections or responses to the Sale Motion must be filed and served such
25 that they are received by counsel for the Debtors, counsel for the Buyer, and the Office of the
26 United States Trustee by not later than noon ~~4:00 p.m.~~ (PDT) on June 10, 2008 (the
27 "Objection Deadline").^{msl}

28

1 to have expressed an interest in a transaction with respect to the Assets during the past
2 twenty-four (24) months; (v) all entities known to have a present interest in the Assets;
3 (vi) all federal, state, and local regulatory or taxing authorities or recording offices
4 which have a known interest in the relief requested by the Sale Motion or that have
5 jurisdiction over any of the Assets; (vii) all counter-parties to the Assumed Contracts;
6 (viii) all persons or entities known or reasonably believed to have asserted a lien on any
7 of the Assets; (ix) all known unsecured creditors of the Debtors; (x) all known equity
8 security holders of the Debtors; (xi) the Attorney General in the States where any of the
9 Assets are located; (xii) the Securities and Exchange Commission; (xiii) the Internal
10 Revenue Service; (xiv) the Pension Benefit Guaranty Corporation; (xv) counsel for any
11 committee(s) formed pursuant to 11 U.S.C. § 1102 (if any hereafter is formed); (xvi) all
12 other entities identified on the Debtors' Official Service List; (xvii) the United States
13 Department of Justice; and (xviii) the United States Environmental Protection Agency.

14 (b) Assumption Notice. On or before May 28, 2008, the Debtors
15 shall serve by U.S. Mail, postage prepaid, on all non-debtor parties to the Assumed
16 Contracts a notice (the "Assumption Notice") of (i) the identity of the applicable
17 Assumed Contract; (ii) the applicable Debtors' intent to assume and assign that party's
18 Assumed Contract; and (iii) the cure amount (the "Cure Amount") that the Debtors
19 propose as adequate to assume the Assumed Contract. The Assumption Notice shall
20 further provide, and it is hereby ordered that, each non-debtor party to the Assumed
21 Contract shall have until ^{NOON} ~~4:00 p.m.~~ (PDT) on June 10, 2008, to object to the
22 assumption and assignment of the Assumed Contract or the Cure Amount and, if
23 objecting to the Cure Amount, must state in its objection with specificity what Cure
24 Amount the non-debtor party believes is required (with appropriate documentation in
25 support thereof). If no objection is timely received, the Assumed Contract may be
26 assumed and assigned to Buyer, or to the Successful Bidder, on the closing date of the
27 Sale, and the Cure Amount set forth in the Assumption Notice shall be controlling,
28 notwithstanding anything to the contrary in any Assumed Contract or any other

1 document, and the non-debtor party to the Assumed Contract shall be forever barred
2 from asserting any other claims against the Debtors, the Buyer, or their respective
3 property or the Assets that arise out of or relate to the Assumed Contract.

4 **APPROVAL OF FORM OF PURCHASE AGREEMENT**

5
6 ~~10. The form and general terms and conditions of the Purchase Agreement hereby~~
7 ~~are approved.~~ MKT

8 11. Any final agreement purporting to memorialize an agreement for the Sale of the
9 Assets by and between the Debtors and either the Buyer or the Successful Bidder, as the case
10 may be, shall be substantially in the form of the Purchase Agreement and shall be substantially
11 consistent with the terms and conditions thereof.

12 12. The Debtors are authorized to reject any bid or offer that, in the Debtors' sole
13 discretion, is not in conformity with the terms and conditions of the Purchase Agreement.

14 **BIDDING PROCEDURES**

15
16 13. The Bidding Procedures, as more fully described in the Sale Motion, hereby are
17 approved and shall govern all proceedings relating to the Purchase Agreement, the Sale, the
18 Auction, and any subsequent bids for the Assets in this case.

19 14. Only qualified bidders (the "Qualified Bidders") may submit bids for the Assets
20 (or some of the Assets) or otherwise participate in the Auction. The Buyer is deemed to be a
21 Qualified Bidder and the Purchase Agreement is deemed to be a Qualified Bid (as defined
22 below). Other Qualified Bidders are those persons who, on or before 10:00 a.m. (PDT) on
23 June 13, 2008 (the "Bid Deadline"): (i) shall have delivered to the Debtors an executed
24 confidentiality agreement in a form acceptable to the Debtors with respect to non-public
25 information; (ii) shall have delivered to the Debtors executed sale documents providing for an
26 offer to buy some or all of the Assets for a cash sale that is at least \$175,000 higher than the
27 cash Purchase Price as defined in the Purchase Agreement, without financing or diligence
28 contingencies; *provided, however*, any bid made by a Qualified Bidder at the Auction after the

1 Qualified Bid may be for cash, or a combination of cash and other consideration acceptable to
2 the Debtors, which the Debtors determine has a value to be received in connection therewith
3 that is at least \$25,000 higher than the prior bid; (iii) shall have delivered to the Debtors a
4 Qualified Bid (as defined below); (iv) shall have provided to the Debtors, in good funds, a
5 deposit in the amount of One Hundred Fifty Thousand dollars (\$150,000.00) and (v) has
6 provided evidence satisfactory to the Debtors showing that the bidder is reasonably capable
7 (based on availability of financing, experience, and other considerations) to be able to
8 consummate a transaction by the Closing Date (as defined in the Purchase Agreement) based
9 on the Qualified Bid, if selected as the Successful Bidder.

10 15. Any Qualified Bidder who desires to make a competing offer for all or some of
11 the Assets must submit a written copy of its bid to (i) counsel for the Debtors; (ii) counsel for
12 the Buyer; (iii) secured creditor Steve Goldman's counsel; and (iv) the United States Trustee.
13 To be a qualifying competing bid (a "Qualified Bid"), the purchase price under such Qualified
14 Bid must be, at a minimum, cash that is at least \$175,000 higher than the cash Purchase Price
15 as defined in the Purchase Agreement; provided, however, any bid made by a Qualified Bidder
16 at the Auction after the Qualified Bid may be for cash, or a combination of cash and other
17 consideration acceptable to the Debtors, which the Debtors determine has a value to be
18 received in connection therewith that is at least \$25,000 higher than the prior bid.

19 16. Any final agreement purporting to memorialize an agreement for the Sale of the
20 Assets (or some of the Assets) by and between the Debtors and either the Buyer or the
21 Successful Bidder, as the case may be, shall be substantially in the form of the Purchase
22 Agreement and marked to show changes against the Buyer's Purchase Agreement.

23 17. If the Debtors receive a Qualified Bid, an auction (the "Auction") shall be
24 conducted at the Bankruptcy Court on June 18, 2008, beginning at 9:00 a.m. (PDT).
25 Bidding at the Auction will commence with the highest Qualified Bid and continue in
26 increments of not less than \$25,000.00 until all parties have made their final offers. The
27 Auction shall be conducted openly and each bidder shall be informed of the terms of the
28 previous bid(s).

1 18. If no timely, conforming Qualified Bids are submitted by the Bid Deadline, the
2 Debtors shall not hold an Auction and instead shall request at the Sale Hearing that the Court
3 approve the Purchase Agreement with the Buyer.

4 19. No person or entity, other than the Buyer, shall be entitled to any expense
5 reimbursement, break-up fee, topping, termination or other similar fee or payment in
6 connection with or relating to the sale of the Assets.

7 20. Inspiris shall be entitled to credit bid the outstanding amount owed by the
8 Debtors pursuant to the priority security postpetition loan made by Inspiris, Inc., and the Buyer
9 shall be entitled to include as part of any and all of its subsequent bids a credit for the amount
10 of the Buyer Termination Fee; provided, however, that no other person or entity with a lien on
11 any of the Assets may credit bid an allowed claim against any of the Debtors at the Auction or
12 as part of the Sale.

13 21. The Debtors (a) shall determine, in their business judgment, which Qualified
14 Bid is the highest or otherwise best offer for the Assets (the "Successful Bid"), after
15 considering, among other things, the total consideration to be received by the Debtors' estates
16 after taking into account the payment of the Buyer Termination Fee and the amount of
17 liabilities to be assumed by each bidder; (b) at the conclusion of the Auction, shall announce its
18 determination as to the person or entity (the "Successful Bidder") submitting the Successful
19 Bid; and (c) may reject, at any time before entry of an order of the Court approving a Qualified
20 Bid, any bid (other than the Purchase Agreement, which, if the Debtors reject all other
21 Qualified Bids, the Debtors shall nonetheless be obligated to request at the Sale Hearing that
22 the Court approve the Purchase Agreement with the Buyer) that, in the Debtors' sole
23 discretion, is (i) inadequate or insufficient; (ii) not in conformity with the requirements of the
24 Bankruptcy Code, the Bidding Procedures, or the terms and conditions of the Purchase
25 Agreement; or (iii) contrary to the best interest of the Debtors, their estates and/or their
26 creditors, provided, however, this is without prejudice to the rights of unsuccessful bidders,
27 creditors, and other parties-in-interest to file, prior to the Objection Deadline, an objection to
28 the Auction or to the Debtors' selection of the Successful Bid.

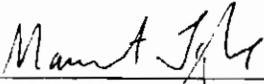
1 22. The Buyer Termination Fee is approved as an actual and necessary cost and
2 expense of preserving the Debtors' bankruptcy estates within the meaning of, and is entitled to
3 the priority provided under, Bankruptcy Code sections 503(b)(1)(A) and 507(a)(2), and
4 constitutes a binding obligation on the Debtors' estates. If the Buyer becomes entitled to
5 receive the Buyer Termination Fee, then the Buyer shall be, and hereby is, granted an allowed
6 administrative claim in each of the Debtors' chapter 11 cases in an amount equal to the Buyer
7 Termination Fee, under sections 503(b)(1)(A) and 507(a)(2) of the Bankruptcy Code. Such
8 Buyer Termination Fee shall be paid at the time and under the circumstances set forth in the
9 Purchase Agreement, and the Debtors are authorized and directed, without further action or
10 order of the Court, to pay the Buyer Termination Fee in accordance with the terms and
11 conditions of the Purchase Agreement.

12 23. The Buyer Termination Fee shall survive termination of the Purchase
13 Agreement and entry of this Procedures Order shall bind the primary secured creditor, Steve
14 Goldman, to the treatment and payment of the Buyer Termination Fee. Steve Goldman
15 consents to payment of such Buyer Termination Fee from proceeds of his collateral.

16 24. Any order(s) approving the sale of any of the Assets to a Successful Bidder
17 other than the Buyer, whether under section 363 of the Bankruptcy Code, under a plan or
18 otherwise, shall provide that all obligations under that certain Secured Super-Priority Debtor In
19 Possession Revolving Credit and Security Agreement between the Debtors and Inspiris, Inc.,
20 and any related loan documents executed in connection therewith, as approved by the Court,
21 shall be paid indefeasibly in full in cash and completely satisfied as part of any such
22 transaction.

23
24 **IT IS SO ORDERED.**

25 Date: May 22, 2008

26 
27 THE HONORABLE MAUREEN A. TIGHE
28 United States Bankruptcy Judge

**Exhibits to Sale Procedures Order
Redacted**

File a Notice:1:08-bk-12913-MT Care Level Management Group, LLC

Type: bk

Chapter: 11 v

Office: 1 (San Fernando Valley)

Judge: MT

Assets: y

Case Flag: PlnDue, DscIsDue, Incomplete, LEAD, JNTADMN

U.S. Bankruptcy Court
Central District Of California

Notice of Electronic Filing

The following transaction was received from Oh, Juliet Y entered on 5/23/2008 at 5:15 PM PDT and filed on 5/23/2008

Case Name: Care Level Management Group, LLC**Case Number:** 1:08-bk-12913-MT**Document Number:** 45**Docket Text:**

Notice of Hearing *Notice of Auction and Sale Hearing* Filed by Debtor Care Level Management Group, LLC (RE: related document(s)[44] Motion For Sale of Property under Section 363(b) *Debtors' Motion For Entry Of An Order: (A) Authorizing The Sale Of Substantially All Of The Debtors' Assets Free And Clear Of Liens, Claims, Encumbrances And Interests; (B) Determining That The Sale Is Exempt From Any Stamp Tax Or Similar Tax; (C) Authorizing The Assumption And Assignment Of Certain Executory Contracts And Unexpired Leases; And (D) Granting Related Relief; Memorandum Of Points And Authorities; Declarations Of Carol Devol And Jim Skelton In Support Thereof with Exhibits 1 and 2* Filed by Debtor Care Level Management Group, LLC (Attachments: # (1) Sale Motion - Part 2) (Oh, Juliet). Hearing to be held on 6/18/2008 at 01:00 PM Crtrm 302, 21041 Burbank Blvd, Woodland Hills, CA 91367 for [44], (Oh, Juliet)

The following document(s) are associated with this transaction:

Document description:Main Document**Original filename:**G:\-CASES\A-C\C\Care Level Management\E-Filings\Notice of Auction and Sale Hearing.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=1106918562 [Date=5/23/2008] [FileNumber=20221092-0] [b11826afd4794030271efd9b0f225b9fd10fa10215d14c18b9d6f3f1054b9d157b cf4726da52ba940718d37b01fe7ad7ab1fc0313bd456d943d440cc4acd5a16]]

1:08-bk-12913-MT Notice will be electronically mailed to:

Ron Bender rb@lnbrb.com

Marjorie L Erickson marjorie.erickson@usdoj.gov

Thomas M Geher tmg@jmbm.com

Robbin L Itkin ritkin@steptoe.com

Juliet Y Oh jyo@lnbrb.com

United States Trustee (SV) ustpreion16.wh.ecf@usdoj.gov

1:08-bk-12913-MT Notice will not be electronically mailed to:

FocalPoint Securities LLC

,

Hines Warner Center LP

,