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Docket #1545 Date Filed: 03/06/2025

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**UNITED STATES BANKRUPTCY COURT**

SOUTHERN DISTRICT OF CALIFORNIA

325 West F Street, San Diego, California 92101-6991

In Re

BORREGO COMMUNITY HEALTH FOUNDATION,

Debtor.

BANKRUPTCY NO.  
22-02384-LT11**ORDER ON****STIPULATION BY AND AMONG THE POST-EFFECTIVE DATE DEBTOR,  
THE LIQUIDATING TRUSTEE, THE CO-LIQUIDATING TRUSTEES AND THE DEPARTMENT  
OF TREASURY-INTERNAL REVENUE SERVICE TO RESOLVE CLAIM NO. 222**

The court orders as set forth on the continuation pages attached and numbered 2 through 2 with exhibits, if any, for a total of 9 pages. Stipulation Docket Entry No. 1544.

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DATED: March 6, 2025

Judge, United States Bankruptcy Court

ORDER ON STIPULATION BY AND AMONG THE POST-EFFECTIVE DATE DEBTOR, THE LIQUIDATING TRUSTEE, THE CO-LIQUIDATING TRUSTEE, AND THE DEPARTMENT OF TREASURY-INTERNAL REVENUE SERVICE TO RESOLVE CLAIM NO. 222

DEBTOR: BORREGO COMMUNITY HEALTH FOUNDATION

CASE NO: 22-02384-LT11

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On February 27, 2025, Borrego Community Health Foundation (the Post-Effective Date Debtor), The Liquidating Trustee, the Co-Liquidating Trustee, and The Department of Treasury-Internal Revenue Service filed a *Stipulation By and Among the Post-Effective Date Debtor, The Liquidating Trustee, The Co-Liquidating Trustee, and The Department of Treasury-Internal Revenue Service to Resolve Claim No. 222* [Docket No. 1544] (the “Stipulation”).

IT IS HEREBY ORDERED:

1. That the Stipulation, attached hereto as **Exhibit 1**, is approved in its entirety.
2. That the terms and conditions of the Stipulation shall be binding upon the parties and are hereby fully incorporated into this Order by this reference.

# **EXHIBIT 1**

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Attorneys for Creditor Internal Revenue Service

**UNITED STATES BANKRUPTCY COURT**  
**SOUTHERN DISTRICT OF CALIFORNIA**

In re:

BORREGO COMMUNITY  
HEALTH FOUNDATION,

Debtor and Debtor in Possession.

Case No. 22-02384-11

Chapter 11 Case

Judge: Honorable Laura S. Taylor

**STIPULATION BY AND AMONG THE  
POST-EFFECTIVE DATE DEBTOR,  
THE LIQUIDATING TRUSTEE, THE  
CO-LIQUIDATING TRUSTEE, AND  
THE DEPARTMENT OF TREASURY-  
INTERNAL REVENUE SERVICE TO  
RESOLVE CLAIM NO. 222**

Borrego Community Health Foundation, the debtor and debtor in possession (prior to the effective date of the Plan (defined below), the “Debtor,” and after the effective date, the “Post-Effective Date Debtor”) in the above-captioned chapter 11 case, the Liquidating Trustee (the “Liquidating Trustee”) of the Borrego Community Health Foundation Liquidating Trust (the “Liquidating Trust”) established pursuant to the *First Amended Joint Combined Disclosure Statement and Chapter 11 Plan of Liquidation of Borrego Community Health Foundation* [Docket No. 1168] (the “Plan”),<sup>1</sup> confirmed by the order [Docket No. 1273] entered January 25, 2024 (the “Confirmation Order”), and the *Liquidating Trust Agreement*, dated February 14, 2024 (the “Liquidating Trust Agreement”), the Co-Liquidating Trustee of the Liquidating Trust (the “Co-Liquidating Trustee”), and the Department of Treasury - Internal Revenue Service (the “IRS,” and together with the Debtor and the Co-Liquidating Trustee, the “Parties”), hereby enter this *Stipulation By and Among the Post-Effective Date Debtor, the Liquidating Trustee, the Co-Liquidating Trustee, and the Department of Treasury – Internal Revenue Service to Resolve Claim No. 222* (the “Stipulation”). In support of the Stipulation, the Parties refer to the following recitals:

### **RECITALS**

WHEREAS, on September 12, 2022, the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) commencing the above referenced bankruptcy case in the United States Bankruptcy Court for the Southern District of California (the “Court”);

WHEREAS, on September 26, 2022, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors (the “Committee”) [Docket No. 49];

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan.

WHEREAS, on September 15, 2022, IRS filed proof of claim No. 1-1, designated on the Kurtzman Carson Consultant LLC (“KCC”) claim registry (the “Official Claims Register”) as Claim No. 1 (“Claim No. 1”), asserting a claim for unpaid prepetition tax obligations;

WHEREAS, on or about October 19, 2022, IRS filed amended proof of claim number 1-2, designated on the Official Claims Register as Claim No. 21 (“Claim No. 21”);

WHEREAS, on or about January 18, 2023, IRS filed amended proof of claim 1-3, designated on the Official Claims Register as Claim No. 210 (“Claim No. 210”);

WHEREAS, on or about May 10, 2023, IRS filed amended proof of claim 1-4, designated on the Official Claims Register as Claim No. 222 (the “Claim”)<sup>2</sup>;

WHEREAS, the Claim asserts a total unsecured priority claim in the amount of \$1,188,940.74, and an unsecured general claim in the amount of \$75,521.20. The amounts sought in the Claim include estimated liabilities for unfilled federal income tax returns for each of the three tax years ending December 31, 2019, December 31, 2021, and December 31, 2022 (the “Income Tax Returns”), and for unfilled excise tax returns for each of four tax periods ending June 30, 2017, March 31, 2020, June 30, 2022, and September 30, 2020. The Claim estimates that the amounts due and owing under the Income Tax Returns are as follows:

Income Tax Period	Amount
December 31, 2019	\$29,997.33
December 31, 2021	\$29,997.37
December 31, 2022	\$63,491.91

<sup>2</sup> For the avoidance of doubt, the Claim supersedes by amendment Claim Nos. 1, 21, and 210, and is the only operative claim of the IRS.

1 WHEREAS, the amounts due and owing under the Income Tax Returns will be  
2 assessed upon the filing of the Income Tax Returns, subject to modification following  
3 the IRS's processing of the Income Tax Returns;

4 WHEREAS, IRS acknowledges that Debtor has deposited approximately  
5 \$37,185.73 toward its liability for the federal income tax period ending December 31,  
6 2019 and approximately \$411,005.25 toward its liability for the federal income tax  
7 period ending December 31, 2021 (the "Tax Deposits"); and

8 WHEREAS, the Parties have agreed to resolve the Claim on the terms and  
9 conditions set forth hereinbelow.

10 **STIPULATION**

11 1. **Allowed Amount and Classification of Claim No. 222.** Claim No. 222  
12 shall be an allowed claim under the Plan (the "Allowed Claim") as follows: (1) a  
13 Priority Tax Claim in the amount of \$1,065,454.13; (2) a Class 3 General Unsecured  
14 Claim in the amount of \$75,521.20; and (3) the amounts due and owing under the  
15 Income Tax Returns as set forth in Paragraph 3.

16 2. **Payment of Outstanding Payroll and Excise Tax Liabilities.** Within  
17 thirty (30) days of entry of an Order approving this Stipulation, the Debtor shall pay  
18 to IRS the amount of \$1,140,975.33, which payment shall be in full and final  
19 satisfaction of the Debtor's outstanding payroll and excise tax liabilities relating to  
20 tax periods occurring from January 1, 2017 through December 31, 2022, other than  
21 the amounts determined to be due and owing under the Income Tax Returns.

22 3. **Filing of Income Tax Returns; Formal Assessment and Payment of**  
23 **Income Taxes.** The Debtor shall file the Income Tax Returns within 90 days of the  
24 Order approving this Stipulation.<sup>3</sup> Concurrent with filing the Income Tax Returns,  
25 Debtor shall pay any tax liability reflected in the Income Tax Returns that exceeds the  
26

27 <sup>3</sup> For the avoidance of doubt, the Income Tax Returns are the only remaining unfiled income tax  
28 returns for which the Liquidating Trustee is responsible to resolve the Claim.

1 Tax Deposits. After the IRS has processed the returns, Debtor shall pay any remaining  
2 liability within 45 days of being notified of that remaining liability. To the extent the  
3 IRS determines that Debtor's liability is less than the Tax Deposits or any excess  
4 amount paid by the Debtor, the IRS shall refund any overpayment to the Liquidating  
5 Trust within 90 days of any such determination.

6 4. **Notice to the Liquidating Trust.** All notices by the IRS related to the  
7 Income Tax Returns, or any payments to be made by the IRS under this Stipulation,  
8 shall be mailed to: Isaac Lee, BCHF Liquidating Trustee, c/o Scott Rinaldi, Ankura  
9 Consulting Group, LLC, 2000 K Street NW, 12th Floor, Washington, DC 20006.

10 5. The terms of this Stipulation are based upon the unique facts and  
11 circumstances of this case and shall not be used as precedent in any other matter.

12 6. Subject to the Court's approval of this stipulation, upon payment of all  
13 tax liabilities, including any adjustments following the IRS's processing of the  
14 Income Tax Returns, all of the Debtor's outstanding obligations owing to IRS for tax  
15 periods arising from January 1, 2017 through December 31, 2022 will be hereby  
16 resolved.

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7. The Court shall retain jurisdiction over all matters relating to the interpretation and enforcement of this Stipulation.

**IT IS SO STIPULATED.**

Dated: February 27, 2025

DENTONS US LLP  
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TANIA M. MOYRON

By /s/ Tania M. Moyron  
Tania M. Moyron

Attorneys for the Post-Effective Date Debtor  
and the Liquidating Trustee

Dated: February 27, 2025

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Dated: February 27, 2025

ANDREW R. HADEN  
ACTING UNITED STATES ATTORNEY

By /s/ Leslie M. Gardner  
LESLIE M. GARDNER

Attorneys for Creditor Internal Revenue Service

## Notice Recipients

District/Off: 0974-3

User: Admin.

Date Created: 3/6/2025

Case: 22-02384-LT11

Form ID: pdfO1

Total: 6

### Recipients of Notice of Electronic Filing:

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TOTAL: 4

### Recipients submitted to the BNC (Bankruptcy Noticing Center):

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TOTAL: 2