



*Chapter 11 Plan of Reorganization* [D.I. 735] (the “Confirmation Order”) confirming the Plan. The Plan became effective on June 1, 2025 (the “Effective Date”). *See* Docket No. 1016.

2. The GUC Trust was formed on the Effective Date. The GUC Trust’s assets consist of \$12.75 million dollars in cash<sup>3</sup> and certain other assets, including various causes of action that may be pursued against certain third parties. It is tasked with reconciling claims of general unsecured creditors, monetizing non-cash assets, and distributing these GUC Trust assets in accordance with the Plan.

3. Now that the Effective Date of the Plan has occurred, the Plan Injunction set forth in Article X of the Plan is enforceable. Among other things, the Plan Injunction prohibits creditors from pursuing claims outside of the Plan’s procedures. Those procedures include the claims reconciliation process described below and the Unliquidated Claim Procedures (“UCPs”), as defined in the Plan, which are designed to enable the GUC Trustee to orderly and efficiently reconcile claims without having to address one-off litigation in various forums.

## **2. The Class 6 Claims and Claim Reconciliation**

4. The Plan separates the Debtors into two categories: (1) OpCo Debtors; and (2) DivestCo Debtors. The OpCo Debtors are those Debtors that currently operate, manage, fund, or oversee a skilled nursing or independent living facility. *See* Plan, Art. II § A.1.204. The lists identifying the OpCo Debtors are attached to the Plan as **Exhibit E** and **Exhibit F**. The DivestCo Debtors are those Debtors which no longer operate a skilled nursing or independent living facility as a result of prepetition divestitures or are otherwise non-operational. Plan, Art. II § A.1.99. The list identifying the DivestCo Debtors is attached to the Plan as **Exhibit D**.

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<sup>3</sup> Cash received by the GUC Trust through the date of this Status Report includes the initial funding of \$10.75 million plus \$405,858 of the \$2.0 million Backstop Note.

5. Under the Plan, general unsecured claims against OpCo Debtors are in Class 6A and general unsecured claims against DivestCo Debtors are in Class 6B.<sup>4</sup> As of the filing of this Status Report, the GUC Trust estimates that the following number of Claims have been asserted against each Class:

<u>Class</u>	<u>Claim/Interest</u>	<u>Personal Injury Claims Filed</u>	<u>Other Claims Filed</u>	<u>Total Claims Filed</u>
Class 6A	OpCo General Unsecured Claims	859	1,482	2,341
Class 6B	DivestCo General Unsecured Claims	897	2,107	3,004

6. The majority of these claims appear to be unliquidated and/or inconsistent with the Debtors' books and records, requiring review and, potentially, the filing of objections by the GUC Trustee. Because recoveries to Class 6B are dependent on the outcome of litigation claims, which is still unknown, it would be uneconomical for the GUC Trustee to expend GUC Trust resources reconciling Class 6B Claims at this time. Therefore, as authorized under the Plan,<sup>5</sup> the GUC Trustee does not anticipate starting the reconciliation process or UCPs (both described below) for Class 6B unless and until it is clear that there will be funds to be distributed to claims in Class 6B.

7. At this time, the GUC Trustee is focused on Class 6A Claims. With respect to Class 6A Claims, the GUC Trustee is in the process of comparing proofs of claim with the Debtors' books and records, identifying discrepancies, ascertaining the relevant facts, and preparing

<sup>4</sup> The Debtors projected that the recovery for Class 6A Claims would be approximately 10.8% and for Class 6B Claims, approximately 1.02%-10.0%. *See* Plan, Art. I § B. Please note that the Debtors' projections did not take into account the costs of reconciling thousands of claims, which is likely to be substantial and will reduce creditor recoveries. In addition, recoveries for Class 6B, if any, are dependent on the outcome of certain litigation claims. A third class of general unsecured claims, Class 6C, consists of joint and several claims against OpCo Debtors and will receive a 1% fixed recovery. The GUC Trustee is aware of a single claim in Class 6C, which has already been reconciled and received a distribution.

<sup>5</sup> As contemplated in the Plan, the GUC Trustee may delay the reconciliation of claims in Class 6B until there are sufficient funds to make a distribution on claims therein. *See* Plan, Art. VIII § J.1; *see also* UCPs, Art. III ¶ 6 (noting that if the GUC Trustee determines there will be sufficient Available Cash to make a distribution, it may begin the settlement procedures to liquidate unliquidated personal injury claims).

omnibus claims objections. The GUC Trustee expects to begin filing omnibus claims objections in the coming weeks.

8. Unliquidated Class 6A Claims—which primarily consist of personal injury claims—are subject to the UCPs, described below.

### **3. The Unliquidated Claim Procedures and the Debtors' Insurance**

9. The Plan and Confirmation Order established and approved the UCPs, which was filed as **Exhibit I** to the Debtors' amended third plan supplement [D.I. 731]. The UCPs govern the resolution of unliquidated Claims in Class 6A or Class 6B seeking recovery for personal injury, wrongful death or other harm suffered by a resident of a skilled nursing facility or other senior care facility previously operated by a Debtor ("Personal Injury Claims"). The UCPs give holders of Personal Injury Claims the opportunity to participate in a streamlined process with the goal of reducing administrative costs that detract from all creditors' recoveries and allowing for quicker distributions to all creditors. In addition to the Plan Injunction, the UCPs established the "Unliquidated Claim Procedures Injunction," which, to allow the GUC Trustee's orderly liquidation and reconciliation of claims, precludes any holder of a Personal Injury Claim subject to the UCPs from seeking to liquidate or resolve their Personal Injury Claim other than through the UCPs. *See* UCPs, Art. II ¶ 3.

10. The UCPs outline the process by which Personal Injury Claims may be resolved. The first step is the exchange of settlement proposals, followed by mandatory non-binding mediation. If consensual resolution efforts fail, the holder of the Personal Injury Claim may then seek to liquidate the claim in a non-bankruptcy forum. The claimant may also proceed directly to state court litigation by agreeing to waive any right to recovery against the GUC Trust other than insurance proceeds, if any. UCPs, Art. II ¶ 7.

11. The Debtors maintained several insurance policies that, among other things, covered personal injury claims filed against the skilled nursing and independent living facilities. The GUC Trustee, in consultation with counsel and its financial advisor, is currently reviewing the Debtors' policies and loss run reports to determine (i) what insurance, if any, is available to pay claims filed against each skilled nursing or independent living facility, and (ii) to the extent such insurance coverage exists, whether there are competing claims such that allowing one claim to proceed could exhaust coverage to the detriment of other claimants. While this process remains ongoing, the Liquidating Trustee has made the following general observations:<sup>6</sup>

- The Debtors' insurance policies covering the skilled nursing or independent living facilities located in Florida and Mississippi appear to be self-funded reimbursement policies, meaning that the insurance policy would only reimburse money actually paid by the insured during the applicable policy period. As these policies would only reimburse the insured after the insured paid on a claim during the applicable policy period, and all such policy periods have expired, these policies provide no insurance coverage for holders of Personal Injury Claims.
- Insurance coverage may be available for claims asserted against skilled nursing or independent living facilities located in Pennsylvania, Virginia or North Carolina. These are generally claims-made policies. The Liquidating Trustee has not finalized its review of the Debtors' insurance policies at this time, so it cannot make any representation as to what extent or degree insurance may be available.

12. Holders of Class 6A Personal Injury Claims against facilities in Pennsylvania, Virginia or North Carolina who wish to proceed solely against insurance<sup>7</sup> may reach out to the undersigned counsel in accordance with the UCPs. The GUC Trustee anticipates that it will begin

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<sup>6</sup> The GUC Trustee reserves all rights to supplement or amend these observations, which remain subject to the ongoing review of the Debtors' numerous insurance policies.

<sup>7</sup> The majority of DivestCo Debtors were located in Florida or Mississippi and thus likely have no third-party insurance coverage for Personal Injury Claims. To the extent a creditor holds a Personal Injury Claim against a DivestCo Debtor located in Pennsylvania, Virginia or North Carolina and wishes to waive claims against the GUC Trust and pursue claims solely against insurance, if any, such creditor is likewise invited to contact the undersigned.

sending out Unliquidated Claim Procedures Notice Packages (as defined in the UCPs) to holders of Class 6A Personal Injury Claims during this quarter.

**4. Anticipated Timing of Distributions**

13. As noted above, the availability of distributions to Class 6B is still uncertain at this time. With respect to Class 6A, given the large number of claims filed, the complex insurance issues related to many of the claims, and the UCPs (as defined below), the claims reconciliation for Class 6A will be challenging and time-consuming. At this time, the GUC Trustee anticipates that the claims reconciliation process will require at least six to nine months, but this timeline is subject to change as the GUC Trustee continues to review and analyze Class 6A Claims. The GUC Trustee is not in a position to make interim distributions at this time in light of the size of the reserve that would be required for disputed and unliquidated claims.

**5. The Automatic Stay**

14. The GUC Trustee is aware that numerous claimants have sought to lift the automatic stay under 11 U.S.C. § 362 (either by a motion with the Court or a request to the Liquidating Trustee) so that they may proceed to liquidate their Personal Injury Claim in a non-bankruptcy forum. Please note it is the GUC Trustee's position that the Plan Injunction and Unliquidated Claim Procedures Injunction (both discussed *supra*) govern the resolution of claims, including the Personal Injury Claims—not the automatic stay under 11 U.S.C. § 362. Since the UCPs provide a path for claimants to proceed to state court, motions for stay relief are unnecessary.

**CONCLUSION**

The GUC Trustee may file one or more status report(s) to the extent it is deemed necessary or appropriate in the GUC Trustee's sole discretion.

*[Signature Page Follows]*

Dated: September 19, 2025

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