Docket #0731 Date Filed: 06/30/2023

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	)	
	)	Chapter 11
Tehum Care Services, Inc.,[1]	)	
	)	Case No. 23-90086 (CML)
Debtor.	)	

Various Creditors' Motion to Appoint a Chapter 11 Trustee

If you object to the relief requested, you must respond in writing. Unless otherwise directed by the Court, you must file your response electronically at https://ecf.txsb.uscourts.gov/ within twenty-one days from the date this motion was filed. If you do not have electronic filing privileges, you must file a written objection that is actually received by the clerk within twenty-one days from the date this motion was filed. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

1 The last four digits of the Debtor's federal tax identification number is 8853. The Debtor's service address is: 205 Powell Place, Suite 104, Brentwood, Tennessee 37027.

2390086230630000000000003

INDEX OF EXHIBITS

Ex. 1: *Proposed Order*

Ex. 2: *March 22, 2023 Hearing Transcript*

Ex. 3: *March 3, 2023 Hearing Transcript*

Ex. 4: *Deposition of Isaac Lefkowitz as M2 LoanCo Representative*

Ex. 5: *Certified Articles of Organization for Perigrove 1018 LLC*

Ex. 6: *May 12, 2023 Meeting of Creditors Transcript*

Ex. 7: *Pharmacorr Holdings, LLC Florida 2023 Annual Report*

Ex. 8: *Corizon Services LLC Articles of Organization*

Ex. 9: *"www.perigrove.com/portfolio-companies" webpage*

Ex. 10: *Perigrove LLC corporate filings*

Ex. 11: *Yescare Corp. Tennessee financing statement and attached Security Agreement*

Ex. 12: *Yescare Holdings LLC of New York Articles of Organization*

Ex. 13: *Yescare Holdings LLC of Georgia Articles of Organization*

Ex. 14: *Yescare Corp. Certificate of Formation*

Ex. 15: *Geneva Consulting LLC Certificate of Formation*

Ex. 16: *Geneva Consulting LLC New Jersey corporate filings*

Ex. 17: *Sigma RM LLC Articles of Organization*

Ex. 18: *Seven Trade, LLC Certificate of Formation*

Ex. 19: *1528 56th Street, LLC Articles of Organization*

Ex. 20: *Answer to Hyman Complaint*

Ex. 21: *Delaware Franchise Tax Reports for Valitas Intermediate Holdings, Inc.*

Ex. 22: *Deed and mortgage for 13 Cherry Ln, Pomona, NY*

Ex. 23: *'Yermie' Leitner Instagram engagement photo*

Ex. 24: *'Jay' Leitner perigrove.com profile*

Ex. 25: *Complaint filed by Debtor's prepetition counsel; 2:23-cv-11210 (E.D. Mich.)*

Ex. 26: *Arizona Department of Corrections Press Release, Dec. 27, 2022*

Ex. 27: *Declaration of Isaac Lefkowitz in Seven Trade LLC litigation*

Ex. 28: *Pharmacorr LLC corporate ownership disclosure statement, Oct. 1, 2020*

VARIOUS CREDITORS' MOTION TO APPOINT A CHAPTER 11 TRUSTEE

1. The below-listed parties in interest (the "Movants"), a group of trade creditors, tort claimants, and medical professionals who previously worked for the Debtor and are now defendants in employment-related tort lawsuits, seek entry of an Order appointing a Chapter 11 Trustee for "cause" pursuant to 11 U.S.C. § 1104(a).

TABLE OF MOVANTS

Trade Creditors	Medical-Professional Defendants (indemnification claimants)	Tort Claimants
Capitol Eye Care, Inc.	Dr. Keith Papendick, M.D.	RMSC Plaintiffs (K.A., S.A., L.R., L.J., and Jane Does 1-25)
Jefferson City Oral and Maxillofacial Surgery, LLC	Dr. Jeffrey Bomber, DO	Adree Edmo
CMMP Surgical Center, LLC	Dr. Rickey Coleman, DO	Kohchise Jackson
Mid-Missouri Anesthesia Consultants, P.C.	Dr. Victoria Hallett, DO	William Kelly
	Dr. Robert Lacy, DO	Derico Thompson
	Dr. Aleatha Reitsma-Mathias, MD	Phillip Buchanan
	Joshua Kocha, PA	
	Donna M. Rohrs, PA	
	Danielle Alford, PA	
	Kim Farris, PA-C	
	Dr. Charles S. Jamsen, MD	
	Rosilyn Jindal, PA	
	Teri A. Massey, NP	

	Kristin A. Austin, NP	
	Dr. Rob Crompton, MD	
	Joshua Schad, NP-C	
	Patricia Lewis, NP	
	Leila Ghasemi, NP	
	Dr. Surjit S. Dinsa, MD	
	Dr. Janak R. Bhavsar, MD	
	Tana Hill, NP	
	Stacy Lindahl, NP	
	Dr. Mohammad Azimi, MD	
	Dr. Claire Pei, D.O.	
	Samantha Price, NP	
	Juliana Martino, NP	
	Dr. Ravi D. Yarid, DO	

In support of their Motion, the Movants state as follows:

Preliminary Statement

2. The story of this case begins in late 2021, when Corizon Health, once the nation's largest correctional-facility health care contractor, lost "over $400M in revenue, pushing the company into insolvency." (Adv. Case No. 23-03049, Docket 12-9). Corizon's revenue losses primarily reflect its failure to win renewal of its contracts with its largest and second-largest remaining clients, the Michigan Department of Corrections and the Missouri Department of Corrections. These two contracts together covered approximately 58,000 prisoners, representing over half of Corizon's remaining market share. (*See* Docket 75-1).

3. The losses of the Michigan and Missouri contracts were financially devastating, given both the size of Corizon's business and the size of its existing liabilities. Corizon reported only $598 million in gross revenue for calendar year 2021. (Docket 482, p. 14). For the first four months of 2022, Corizon reported less than $103 million in gross revenue (or approximately $309 million on an annualized basis), and carried approximately $176 million in unsecured liabilities. (Docket 482, p. 14;

Docket 552, p. 2). As the Debtor's current sole Director, Mr. Lefkowitz, put it on December 9, 2021, "the recent massive losses of the company revenues" were "steering the company with its mounting liabilities to the brink of bankruptcy." (Adv. Case No. 23-03049, Docket 12-7, p. 2).

4. Yet in early December of 2021, with apparent knowledge that the company was deeply-insolvent, an anonymous buyer purchased Corizon. (Adv. Case No. 23-03049, Docket 12-2, p. 3, ¶ 12). The identity of the buyer was never revealed to Corizon's then-CEO. (*Id.* at p. 4, ¶ 15). Nor was the buyer's identity revealed to the Debtor's Chief Restructuring Officer, (Ex. 2- March 22, 2023 Hearing Transcript, p. 88), or even to its bankruptcy attorneys. (Ex. 3- March 3, 2023 Hearing Transcript, p. 16-17). However, Mr. Lefkowitz, Abraham Goldberger, and David Gefner acted as "representatives" of the buyer during the purchasing process. (Adv. Case No. 23-03049, Docket 12-2, p. 4, ¶ 14). We now know that that buyer was "Perigrove 1018 LLC," a newly-formed entity owned by "a whole group of individual investors." (Ex. 4- Lefkowitz Dep. 23:2; Ex. 5- Perigrove 1018 LLC Articles of Organization). We also know that the Perigrove 1018 "group of investors" includes Mr. Lefkowitz, David Gefner, and Abraham Goldberger. (*Id*. at 22:10-23:20).

5. Upon assuming control of Corizon, Lefkowitz and his Perigrove associates immediately got to work preparing for a corporate restructuring that would siphon off almost all of Corizon's assets into Yescare Corp., a new entity that they would also control.[2] They would leave behind most of Corizon's unsecured liabilities in a rump shell company, Tehum Care Services, which has since filed for bankruptcy protection. On the date it filed its Chapter 11 petition, Tehum had no employees, no operations, and did not even have a bank account. (Ex. 2- March 22 Hearing Transcript, p. 50).

2 For example, the Debtor's newly-installed CEO, Sara Tirschwell, incorporated Yescare Corp. in Texas on January 26, 2022. (Ex. 14- Yescare Corp. Certificate of Formation). The formation of Yescare Corp. occurred months before FTI Consulting rendered its fairness opinion regarding the proposed divisional merger. (Docket 705-1). Indeed, it occurred almost two weeks before FTI Consulting was even engaged for the project. (Docket 705, p. 10).

6. Corizon's new owners were aware that their intended course of conduct would likely result in a fraudulent-transfer action. But to succeed and make money from their scheme, they would not need to successfully defend against that claim. Rather, all they would need to do is settle it. Any settlement will result in their new company, Yescare, purchasing a release of its fraudulent-transfer liability for less than the value of the assets that were removed from the Debtor. By removing the remaining productive assets from an insolvent entity, placing that entity into Chapter 11 as a debtor-in-possession, and then settling the claims between their debtor-in-possession and their new company, the sponsors of this scheme seek to retain value for themselves, the equity participants, profiting at the expense of unsecured creditors by evading the absolute priority rule codified in 11 U.S.C. §1129(b)(2)(B)(ii).

7. Members of the "group of individual investors" that concocted this scheme should not be permitted to control the process of settling the Debtor's causes of action against themselves and their entities. As further explained in Sections I-IV below, ample cause exists to vest control of the debtor in a trustee who can exercise independent judgment over whether to litigate or settle the Debtor's causes of action against insiders, free from the obvious conflicts of interest that those insiders themselves possess.

8. The usual presumption in favor of leaving prepetition management in control of a Chapter 11 debtor "finds its basis in the debtor-in-possession's usual familiarity with the business it had already been managing at the time of the bankruptcy filing, often making it the best party to conduct operations during the reorganization." *In re Vascular Access Ctrs., L.P.*, 611 B.R. 742, 764 (Bankr. E.D. Pa. 2020) (quoting *Official Comm. of Asbestos Claimants v. G-I Holdings, Inc.,* 345 F.3d 313, 319 (3rd Cir. 2004)). But these considerations simply are not present under the facts of this case. Tehum has no business to manage; no operations to conduct. It is not reorganizing. Its primary assets appear to be

estate causes of action. The likely targets of the Debtor's avoidance actions are uniquely ill-suited to oversee the prosecution of those claims.

9. The public interest will also be served by ensuring that the Debtor's claims are litigated, where appropriate, rather than hurriedly settled, as the Debtor's current management and its attorneys intend. This Debtor has apparently taken the position that Texas law allows any corporate entity to functionally discharge debt by dividing itself into an "AssetCo" and a "DebtCo," such that the claims of unsecured creditors are sequestered in the DebtCo shell company, while the predecessor's equity holders continue to own the productive assets of the business through their new AssetCo. If the Debtor is correct that such a transaction is legal and enforceable against creditors, then virtually all unsecured liabilities in the United States, from tort claims, to trade debt, to intellectual property rights, are for practical purposes unenforceable.

10. If Texas law really allows corporate entities to effectively discharge their unsecured liabilities in this manner, the world needs to know. "[Capital] markets work best when there are clear rules consistently applied. Although investors certainly value fairness, they place an even higher value on certainty. Investors can adjust for inequities. It is much harder to adjust for uncertainty." *In re Bulson*, 327 B.R. 830, 842 (Bankr. W.D. Mich. 2005). Any settlement in this case will leave in place the existing legal uncertainty surrounding whether Texas divisional mergers can be used to effectively discharge debt. So long as such uncertainty exists, bankruptcy entrepreneurs will be able to engineer similar transactions to exploit that uncertainty for profit. Encouraging this behavior not only undermines the distributional structure established by Congress for various classes of creditors through the Bankuptcy Code, it reduces the availability of credit and the efficiency of capital markets via the imposition of higher transaction costs. *See Czyzewski v. Jevic Holding Corp.*, 580 U.S. 451, 470 (2017). This Court should not shy away from permitting the parties to litigate, since some litigation is

necessary to produce a definitive ruling on the legal consequences of the divisional-merger transaction at the heart of this case.

Legal Standard

11. The appointment of a Chapter 11 trustee is governed by 11 U.S.C. § 1104(a), which provides, in part:

> "on request of a party in interest . . . and after notice and a hearing, the court shall order appointment of a trustee – (1) for cause, including fraud, dishonesty, incompetence, or gross mismanagement of the affairs of the debtor by current management, either before or after the commencement of the case, or similar cause[.]"

The use of the word "shall" in a statute generally indicates that the referenced act is mandatory rather than discretionary. *See, e.g. Texas v. United States*, 606 F. Supp. 3d 437, 477-78 (S.D. Tex. 2022). The wording of § 1104(a) is no exception: "[o]nce a court finds that cause exists, the court has no discretion. A trustee must be appointed." *USHA SoHa Terrace, LLC v. RSG Holdings, LLC (in re Futterman)*, 584 B.R. 609, 616 (Bankr. S.D.N.Y. 2018); *see also, In re Amerejuve, Inc.*, 2015 Bankr. LEXIS 1496 at *25 (Bankr. S.D. Tex. 2015) ("[t]he language of § 1104 requires appointment of a trustee when fraud is proven."). Yet while appointment of a Chapter 11 trustee is mandatory under § 1104(a)(1) once a movant demonstrates "cause," a showing of cause for purposes of § 1104(a)(1) does not necessarily require proof of fraud, dishonesty, incompetence, or gross mismanagement. *See, e.g. In re Marvel Entertainment Group*, 140 F.3d 463, 472 (3rd Cir. 1998) (holding that "the language of § 1104(a)(1) does not promulgate an exclusive list of causes for which a trustee must be appointed," based on "the impressive reasoning in *In re Cajun Elec. Power Coop., Inc.*, 74 F.3d 599, 600) (5th Cir.) (adopting on rehearing the opinion of dissent in 69 F.3d at 751)"). Other relevant factors which may establish "cause" to appoint a trustee under § 1104(a)(1) include:

> conflicts of interest, including inappropriate relations between corporate parents and subsidiaries; misuse of assets and funds; inadequate record keeping and reporting, various instances of conduct found to establish fraud or dishonesty; and lack of credibility and creditor confidence. A court may consider "both the pre-and post-petition misconduct" when making the determination that "cause" exists for the appointment of a trustee.

In re Klaynberg, 643 B.R. 309, 318 (Bankr. S.D.N.Y. 2022) (internal citation omitted); *See also, In re Westbank Holdings, LLC,* 2022 Bankr. LEXIS 2109 at *39-*40 (E.D. La. 2022); *In re Sevino Oil & Heating Co.*, 99 B.R. 518, 526 (Bankr. E.D.N.Y. 1989) (holding that "where, as here, the Debtor fails to disclose material and relevant information to the Court and creditors, a Chapter 11 trustee is required.").

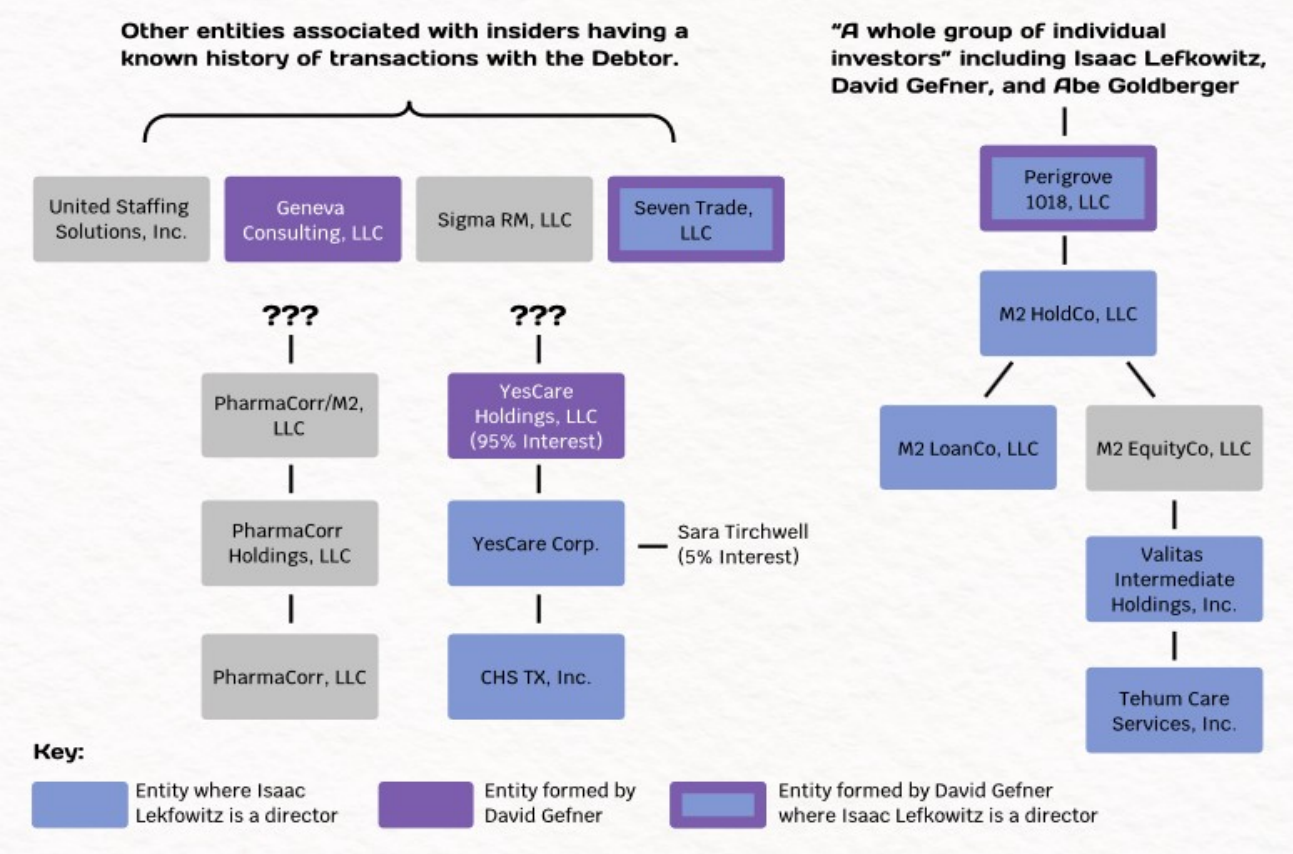
12. Section 1104(a)(2) also provides a second, independent statutory basis for appointment of a chapter 11 trustee, when "such appointment is in the interest of creditors". It is well-established that "a history of transactions with companies affiliated with the debtor is sufficient cause to appoint a trustee" under § 1104(a)(2). *In re Golden Parks Estates, LLC,* 2015 Bankr. LEXIS 1912 at *14-*15 (Bankr. D. N.M. 2015) (citing cases). Other bases that have "been found to constitute a ground for appointing a trustee" under § 1104(a)(2) include, "acrimony between the debtor-in-possession's management and the creditors that impedes the reorganization effort," *In re Plaza de Retiro, Inc.,* 417 B.R. 632, 640-41 (Bankr. D.N.M. 2009) (collecting cases), and the Debtor's failure "to provide accurate information about their ownership, the recent prepetition change in ownership, and the terms of the transactions." *In re Celeritas Techs, LLC,* 466 B.R. 514, 521 (Bankr. D. Kan. 2011).

I. Cause Exists for Appointment of a Chapter 11 Trustee Under § 1104(a) Because the Debtor's Management is Marred by Conflicts of Interest

13. Throughout this case, the Debtor has been either unable, or unwilling, to reveal the identities of the persons who own and control the Debtor and its affiliates. (See, e.g. Docket 332-1, pp. 71-72, 88; Ex. 3- March 3rd Hearing Transcript, p. 16-17). Four months post-petition, we still do not

know the identities of all of the natural persons who are the ultimate beneficial owners of the debtor. The organizational chart below shows what is presently known about the ownership structure of the Debtor and its affiliated entities. This information has been revealed to the creditor body either through testimony in this case,[3] via corporate filings with state incorporation divisions[4], and disclosures of corporate ownership made in the course of litigation[5]:

Known Ownership Structure of Debtor and Related Entities



14. The sole director of the Debtor is an individual named "Yitzchok Lefkowitz." (Ex. 4- Lefkowitz Dep., 5:6-19). Mr. Lefkowitz also goes by several other names, including "Isaac Lefkowitz,"

3 See Docket 186, Page 8; Ex. 6- Meeting of Creditors Transcript, pg. 84.
4 See Ex. 7- PharmaCorr Holdings, LLC 2023 Florida Annual Report
5 See Docket 332-7; Docket 332-19; Adv. Case No. 23-03049, Docket 37-7.

"Yitzchok Lefko***vits***,[6]" and "Jack Lefkowitz." (See Docket 332, pp. 18-20). In addition to serving as the sole director of the Debtor, Mr. Lefkowitz is also a director of nearly every entity in the Debtor's organizational structure. He is a Director of M2 LoanCo, M2 HoldCo, Valitas Intermediate Holdings, and the Debtor's ultimate corporate parent, Perigrove 1018 LLC. (Ex. 4, 16:23-17:19, 12:1-20; Ex. 21).

15. Mr. Lefkowitz is also a director of Yescare Corp. (Ex. 4- Lefkowitz Dep. 72:23). At the continued 341 meeting on June 13, 2023, Lefkowitz testified that he is also a director of CHS TX, Inc., Yescare Corp.'s operating subsidiary. In addition to being a director of Yescare, Mr. Lefkowitz is responsible for monitoring Yescare's performance to ensure that Yescare is able to service its debt to M2 LoanCo. (*Id.* at 72:25-73:10). Mr. Lefkowitz has a substantial personal financial interest in ensuring that Yescare stays on track to pay the nearly $100 million it owes to M2 LoanCo, because Lefkowitz holds a 5% membership interest in Perigrove 1018 LLC. Perigrove 1018 LLC is the ultimate corporate parent of both M2 LoanCo and the Debtor. (*Id*. at 22:10-16). Mr. Lefkowitz identified two other individuals as members of Perigrove 1018 LLC: Abe Goldberger and David Gefner. (*Id*. at 22:20-23:20). Mr. Lefkowitz indicated that Perigrove 1018 may have other members, but claimed he could not remember who they were. (*Id*. at 23:16).

16. The outstanding shares of Yescare Corp. are owned by Sara Tirschwell (5% stake), and Yescare Holdings LLC (95% stake). (Docket 332-7). Mr. Lefkowitz testified at the 341 meeting that he did not know who owns Yescare Holdings LLC. (Ex. 6, p. 91). But a firm called "Perigrove," of which Lefkowitz is a Vice-President, (Ex. 4, 11:2-11), lists both "Yescare" and "Pharmacorr[7]" among its

6 Lefkowitz testified at the Meeting of Creditors that he organized "Corizon Services LLC" in New York in December of 2021. Ex. 6, p. 95. The Articles of Organization for Corizon Services LLC of New York list the organizer of the entity as, "Yitzchok Lefko***vits***." (Emphasis added). (See Ex. 8- Corizon Services LLC Articles of Organization).

7 Pharmacorr LLC, an operating entity with employees, an Oklahoma City distribution center, and an inventory of prescription drugs, was a wholly-owned subsidiary of Corizon, LLC as of October 1, 2020. (Ex. 28- Pharmacorr LLC disclosure statement). By January 1, 2021, Pharmacorr LLC had become an indirect subsidiary of Valitas Health Services, Inc. (Docket 332-19). Pharmacorr's assets were then mysteriously

"Portfolio Companies" on its website. (Ex. 9- www.perigrove.com/portfolio-companies webpage). The URL for the Perigrove website, "www.perigrove.com," matches the URL for the "IL@perigrove.com" email address that Lefkowitz testified that he used to conduct M2 LoanCo's business and to store its records. (Ex. 4, 35:9-37:11; 59:1-14). The other two known members of Perigrove 1018 LLC, David Gefner and Abe Goldberger, also have "@perigrove.com" email addresses. (Adv. Case No. 23-03049, Docket 12-9, p. 2).

17. David Gefner appears to hold an equity stake in Perigrove. The Perigrove website indicates that Mr. Gefner is the firm's "Founder and Principal," (see https://www.perigrove.com/team/), and the Articles of Organization for Perigrove LLC lists "David Gefner" as the organizer of that entity. "David Gefner" is also listed as the "Manager" of Perigrove LLC on Perigrove's 2019 and 2021 biennial statements. (Ex. 10- Perigrove LLC corporate filings). As of December 31, 2022, David Gefner is also the President of Yescare Corp. (Ex. 11- Yescare Corp. Tennessee financing statement and attached Security Agreement, p. 10 of 11).

18. There are two office addresses associated with Perigrove. One address, listed on the contact page of the Perigrove website, (https://www.perigrove.com/contact/), is 7 World Trade Center, 46th Floor, New York, NY. The other address, listed on the Perigrove LLC Articles of Organization, (Ex. 10), is 351 Spook Rock Rd., Suffern, NY. Mr. Lefkowitz has testified that Perigrove maintains a physical office at this Spook Rock Rd. location. (Ex. 4, 26:21-27:9). Many entities at issue in this case share one or both of these Perigrove addresses. The following chart summarizes the available address and organizer information for certain relevant entities[8]:

removed from the collateral securing a large debt obligation to M2 LoanCo LLC at the time of the divisional merger. (Docket 59-10, p. 185).

8 Corporate filings for these entities are attached as Exhibits 5, 10, 12, 13, 14, 15, 16, 17, 18, 19, and 21.

Name of Entity	Organizer/ Incorporator	State of Incorporation/ Organization	Date of Incorporation/ Organization	Address (per corporate filings)	Address (per Debtor's Schedules/ SOFAs)
Yescare Holdings LLC	David Gefner	New York	05/11/2022	7 World Trade Center, 46th Fl., New York, NY	
Yescare Holdings LLC	David Gefner	Georgia	08/01/2022	7 World Trade Center, 46th Fl., New York, NY	
Yescare Corp.	Sara Tirschwell	Texas	01/26/2022	3411 Yoakum Blvd. #2901, Houston, TX	205 Powell Pl., Brentwood, TN
Perigrove 1018 LLC	David Gefner	New York	12/02/2021	351 Spook Rock Rd., Suffern, NY	
Perigrove LLC	David Gefner	New York	01/17/2017	351 Spook Rock Rd., Suffern, NY	
Geneva Consulting LLC	David Gefner	Delaware	11/16/2021	7 World Trade Center, 46th Fl., New York, NY[9]	7 World Trade Center, 46th Fl., New York, NY
Seven Trade LLC	David Gefner	Delaware	02/05/2021	7 World Trade Center, 46th Fl., New York, NY[10]	
Sigma RM LLC	Yitzchok Lefkowitz	New York	10/26/2022	1528 56th St., Brooklyn NY	"250 Greenwich St., 46th Floor"[11], New York, NY
1528 56th Street LLC	Yitzchok Lefkowitz	New York	11/14/2021	1528 56th St., Brooklyn NY	

In light of the restructuring transaction he carried out in May of 2022, Mr. Lefkowitz' testimony that he does not know who owns Yescare Holdings LLC is simply not credible. On May 5, 2022, Lefkowitz executed an Equity Purchase and Sale Agreement on behalf of the Debtor's immediate parent, Valitas Intermediate Holdings, Inc., that transferred 100% of the capital stock of CHS TX, Inc. to Yescare

9 Per New Jersey Certificate of Registration for a Foreign Limited Liability Company.
10 Per Civil Cover Sheet filed by Seven Trade LLC in Case No. 7:22-cv-01673-PMH (S.D.N.Y. 2022).
11 "250 Greenwich Street" is the street address of the 7 World Trade Center office tower.

Corp. (Adv. No. 23-03049, Docket 37-7). CHS TX, Inc. is the "NewCo" that received the Debtor's assets in the divisional merger.

19. A condition precedent to the conveyance of the CHS equity to Yescare Corp. was the consummation of a second Equity Purchase and Sale Agreement, also dated May 5, 2022, "by and between Sara Tirschwell as Seller and Yescare Holdings, LLC as Purchaser." *Id.* at Section 2.4. This referenced agreement appears to be a transfer of 95% of the capital stock of Yescare Corp. from Sara Tirschwell to Yescare Holdings, LLC. A pleading filed by Yescare Corp. and CHS TX, Inc. in the *Hyman v. Yescare Corp*. litigation confirms that Sara Tirschwell transferred 95% of the capital stock of Yescare Corp. to Yescare Holdings, LLC on May 5, 2022. (Ex. 20- Answer to Hyman Complaint, p. 14, ¶ 104). A reply brief filed in a Missouri adversary proceeding indicates that the purchase price associated with this Tirshwell-Yescare Holdings transaction was a nominal sum of $95. (Docket 75-3, p. 34).

20. There are two existing entities with the name "Yescare Holdings LLC." Yescare Holdings LLC of New York was formed by David Gefner on May 11, 2022, six days *after* the Tirschwell-Yescare Holdings LLC stock transfer. (Ex. 12). Yescare Holdings LLC of Georgia was formed a few months after that, on August 1, 2022, also by David Gefner. (Ex. 13). Both "Yescare Holdings" entities share the address (7 World Trade Center, 46th Floor, New York, NY) that is listed on the Perigrove website. The Georgia entity lists Mr. Gefner as a "Member" in addition to as its "Organizer." (Ex. 13).

21. The original transferor entity in this two-part transaction, Valitas Intermediate Holdings, Inc., had three officers in 2022: Abe Goldberger, David Gefner, and Isaac Lefkowitz. It had four Directors, consisting of those three officers plus Jay Leitner. (Ex. 21- Delaware Franchise Tax Reports for Valitas Intermediate Holdings, Inc.). Mr. Leitner is the Vice-President for Special Operations at

Perigrove. (Adv. Case No. 23-03049, Docket 12-2, p. 5). Goldberger, Gefner, Lefkowitz, and Leitner were also directors of the Debtor during the relevant time period in early 2022. (Docket 677, p. 224).

22. It is inconceivable that Mr. Lefkowitz and his Perigrove colleagues would require Sara Tirschwell to transfer 95% of the Yescare Corp. stock to "Yescare Holdings, LLC," a company they had not even organized yet, as a condition precedent to transferring ownership of CHS TX to Tirschwell's entity, if they had no idea who the owner of Yescare Holdings, LLC would be. Ms. Tirschwell was the CEO of the Debtor from early 2022 through the date of the divisional merger. (Docket 482, p. 53). It is important to note that unlike the Debtor's other officers, the Debtor did not pay Ms. Tirschwell a salary. (Docket 482, p. 37). Her right to retain a 5% equity stake in the holding company that would receive the stock of the "NewCo" was her only known compensation for serving as the Debtor's CEO. The idea that the Debtor's Board of Directors (consisting of Gefner, Goldberger, Lefkowitz, and Leitner) would negotiate such an executive compensation package, without having any knowledge of who would own the other 95% of the post-divisional-merger Yescare enterprise, defies common sense.

23. To date, there has been no on-the-record admission that a Perigrove-related entity owns the remainder of the Yescare Corp. stock through Yescare Holdings LLC. But all the available evidence, from the identity of the organizer of Yescare Holdings (David Gefner), to the shared physical address of Perigrove and Yescare Holdings, to David Gefner's status as both the "founder and principal" of Perigrove and the President of Yescare Corp., to the statements on the Perigrove website claiming that Yescare Corp. is one of Perigrove's "portfolio companies," point to ownership of Yescare Holdings by Perigrove or a Perigrove-related entity. And regardless of who owns Yescare Holdings LLC, the Debtor's management is conflicted, given Mr. Lefkowitz' on-the-record admissions that he is a director of Yescare Corp. and a director of CHS TX, Inc.

24. Yescare Corp. and CHS TX, Inc. are Texas corporations. Under Texas law, corporate directors owe fiduciary duties to the corporations they serve. Among these duties is a duty of loyalty to

the corporation, which includes a duty not to engage in self-dealing. *See, e.g. Weiss v. Arabella Exploration, Inc. (in re Arabella Petroleum Co., LLC)*, 647 B.R. 851, 881 (Bankr. W.D. Tex. 2022). As a director, Mr. Lefkowitz owes Yescare Corp. and CHS TX fiduciary duties that are fundamentally incompatible with his responsibilities as the sole director of the Debtor. "In a chapter 11 case in which no trustee is appointed, the fiduciary duties to the Estate rest with a debtor-in-possession's directors." *In re Houston Reg'l Sports Network, L.P.*, 505 B.R. 468, 481 (Bankr. S.D. Tex. 2014). The fiduciary duties of a bankruptcy trustee include a "duty to maximize the value of the estate." *In re Bechuck*, 472 B.R. 371, 377 (Bankr. S.D. Tex. 2012). In this case, the value of the estate would be maximized by bringing all of the Yescare/CHS assets into the estate, either by unwinding the divisional merger, substantively consolidating Yescare and the Debtor, or otherwise attacking the divisional merger as a fraudulent transfer. Yescare Corp. and CHS TX would instead benefit from settling the Debtor's claims against them for the lowest sum possible.

25. This circumstance presents a conflict of interest. Conflicts of interest constitute "cause" for the appointment of a Chapter 11 trustee. *See In re Cajun Elec. Power Coop., Inc.*, 74 F.3d 599, 600 (5th Cir. 1996). Conflicts which prevent a debtor-in-possession's management from adequately pursuing avoidance actions against insiders and non-debtor affiliates are not mitigated for purposes of § 1104(a) by the debtor's retention of bankruptcy lawyers and a CRO. *See In re Westbank Holdings, LLC*, 2022 Bankr. LEXIS 2109 at *43 (Bankr. E.D. La. 2022). Indeed, to date, the retention of bankruptcy professionals does not appear to have prevented Lefkowitz from operating the Debtor for the benefit of Yescare and himself, rather than for the benefit of its creditors. The Debtor's professionals have been unable to act as a check on Mr. Lefkowitz' self-dealing behavior because he has concealed his conflicts of interest from them.

26. For example, on or about March 15, 2023, Lefkowitz attempted to cause the Debtor to enter into a DIP financing agreement with M2 LoanCo that would **a)** prohibit the Debtor from using

DIP loan proceeds or its cash collateral to prosecute any estate causes of action against Yescare, (Docket 185-1, p. 36), **b)** terminate the Debtor's authority to use its cash collateral if "[t]he Bankruptcy Court enters an order unwinding the Divisional Merger," (*Id.* at p. 78), and **c)** grant broad releases of all potential estate causes of action to M2 LoanCo's "heirs, successors, assigns, officers, shareholders, directors, members, employees, managers, principals, attorneys and agents, past and present" subject to an extremely short 45-day challenge period, after which any complaint could not be amended. (*Id.* at pp. 32-35). During the negotiation of this proposed DIP financing agreement, Mr. Lefkowitz concealed the following relevant information from the Debtor's CRO:

1) His status as a director of Yescare Corp. (Ex. 2, p. 88).

2) That his Perigrove colleague and fellow Valitas Intermediate Holdings board member, David Gefner, is the President of Yescare Corp. (Ex. 2, p. 88, 90; Ex. 11).

3) His status as one of two directors of M2 LoanCo, an entity that has no officers or employees, rendering him a personal beneficiary of the proposed releases in the DIP order. (Ex. 2, p. 59, 71-72, 90; Ex. 4, 19:6-20:8; Docket 683, p. 3-4 n.7).

4) The fact that he is "the director" of M2 HoldCo, M2 LoanCo's sole member. (Ex. 4, 17:17-19; Ex. 2, p. 88).

5) His personal financial interest in M2 LoanCo through his 5% equity stake in its corporate grandparent, Perigrove 1018 LLC. (Ex. 4, 22:10-19).

The DIP financing agreement also included an "Approved Budget" which called for payments of $150,000 per month from the Debtor to an entity called "Sigma Risk Management." (Docket 475, audio file at 30:20-30:24). "Sigma Risk Management" is a d/b/a for a New York limited liability company, "Sigma RM LLC," which was formed by Lefkowitz on October 26, 2022. (Ex. 6- Meeting of Creditors transcript, p. 92; Ex. 17). Sigma was supposedly hired by the Debtor to manage professional-liability claims. (Ex. 6, p. 28). Lefkowitz represented the Debtor in the negotiation of the $150,000-per-month contract between the Debtor and Sigma. (*Id.* at 47-48). Sigma continues to receive the same

monthly compensation from the Debtor that it received prior to the bankruptcy filing, despite the fact that all professional-liability claims against the Debtor are now stayed.

27. Lefkowitz has testified that Sigma Risk Management is "a group of lawyers that manage PLI matters for the debtor." (Ex. 6, p. 28). Yet Sigma is conspicuously absent from the list of firms the Debtor sought to retain via its "Ordinary-Course Professionals" motion. (*See* Document 295-1). None of the Sigma lawyers has filed a fee application, and the Debtor has not filed a Rule 2014 application to employ Sigma. The Debtor confirmed that it paid $150,000.00 to Sigma on 4/5/2023, (Document 684-1 Filed in TXSB on 06/12/23 Page 8 of 13), while also representing that, "all payments to or on behalf of professionals were approved by the Court." (Document 684 Filed in TXSB on 06/12/23 Page 8 of 12).

28. At the 341 meeting on May 12, 2023, Lefkowitz proffered the following testimony concerning his connection to Sigma:

> MR. EARLY: – Now back to the question, Mr. Lefkowitz. Do you own any real estate from which -- in which Sigma Risk Management keeps any of its records?
>
> MR. LEFKOWITZ: **No.**
>
> MR. EARLY: Are you the owner or member of a company or partnership which owns real estate which leases to Sigma Risk Management?
>
> MR. LEFKOWITZ: **No.**
>
> [. . .]
>
> MR. CROSS: I want to direct your attention to I think Document 481 -- oh, I'm sorry, 482, Page 35 of 53. Do you see the line there, it lists the address of Sigma Risk Management at 1528 56th Street in Brooklyn, New York?
>
> MR. LEFKOWITZ: **Correct.**
>
> MR. CROSS: Have you ever been to that address?
>
> MR. LEFKOWITZ: **Yes.**
>
> MR. CROSS: What's there?

MR. LEFKOWITZ: **An office.**

MR. CROSS: Is that your office?

MR. LEFKOWITZ: **No.**

MR. CROSS: Whose office is it?

MR. LEFKOWITZ: **Sigma.**

(Ex. 6, pp. 52, 92-93).

29. In its amended SOFA, the Debtor indicated that a firm in possession of the Debtor's books and records at the time this case was filed was, "Sigma Risk Management, LLC," located at 1528 56th St., Brooklyn, NY. (Document 677, p. 203). The record owner of the real property at 1528 56th St., Brooklyn, NY is a New York limited liability company, "1528 56th Street LLC," which purchased the property on January 6, 2022. (Adv. Case No. 23-03049, Docket 39-11). 1528 56th Street LLC was formed on November 14, 2021, less than two months prior to the closing date, by a "Yitzchok Lefkowitz." (Ex. 19). Mr. Lefkowitz has testified in this case that "Yitzchok" is his first name on his driver's license. (Ex. 4, 5:19). Mr. Lefkowitz also testified that he is a director of Sigma Risk Management. (Ex. 4, 91:4-6).

II. Cause Exists Under § 1104(a)(1) Where Lefkowitz Likely Violated 18 U.S.C. § 152(7)

30. Federal law prohibits any person, "acting in a personal capacity or as an agent or officer of any corporation," from "knowingly and fraudulently transfer[ing] or conceal[ing] any of . . . the property of such other person or corporation" either "in contemplation of a case under Title 11" or "with intent to defeat the provisions of Title 11[.]" 18 U.S.C. § 152(7). In the context of a corporate bankruptcy, "property of . . . [a] corporation" for purposes of § 152(7) "includes all property that would

have belonged to the debtor's estate but for a preferential transfer or fraudulent conveyance by a defendant." *United States v. Sabbeth*, 262 F.3d 207, 216 (2nd Cir. 2001).

31. In December of 2021, shortly after taking control of the Corizon family of entities, Lefkowitz caused $3 million to be transferred from Valitas Health Services, Inc., which is one of the four corporate predecessors of the Debtor that were joined in the combination merger, to Geneva Consulting LLC, for future services described as "corporate restructuring." (Adv. Case No. 23-03049, Docket 12-2, p. 5, ¶ 22). Yet in response to Question 13 on the Debtor's Statement of Financial Affairs ("list any transfers of money or other property – by sale, trade, or any other means – made by the debtor or by a person acting on behalf of the debtor within two years before filing this case to another person, other than property transferred in the ordinary course of business or financial affairs") the Debtor checked the box for "none." (Docket 482, p. 22).

32. When pressed on the issue at the May 12, 2023 meeting of creditors, Lefkowitz denied that he needed to amend his response to Question 13. (Ex. 6, pp. 78-79). He testified: "today the SOFAs are 100 percent accurate and my testimony is 100 percent accurate." (*Id.* at 79). In the Debtor's amended SOFA, filed on June 10, 2023 and signed by Lefkowitz, the Debtor again checked the box for "none" in response to Question 13. (Docket 677, p. 193). On June 12, 2023 at the continued Meeting of Creditors, Lefkowitz admitted that the Debtor did, in fact, make a pre-petition transfer of $3 million to Geneva Consulting in December of 2021.

33. At his May 12th deposition, Lefkowitz testified that he did not know the identities of any officers or directors of Geneva Consulting. (Ex. 4 at 77:20-22). He further testified that, "I don't know who owns Geneva Consulting LLC. I don't know the structure of Geneva Consulting." (*Id*. at 77:7-9). Nor could Lefkowitz provide any information about anyone associated with Geneva Consulting, except for a single individual he knew only by her first name, "Miriam." (*Id*. at 78:18-79:11).

34. Lefkowitz' professed lack of knowledge of the persons associated with Geneva Consulting is incredible. Geneva Consulting, LLC was formed on November 16, 2021, less than a month before Lefkowitz caused $3 million to be paid to the entity. (Ex. 15). It defies logic that Mr. Lefkowitz would authorize a $3 million payment for vaguely-defined services to an entity that had been in existence for less than a month, without having any knowledge of the identities of any persons associated with this newly-formed entity.

35. In fact, all of the persons identified in the record as associated with Geneva are persons with whom Lefkowitz should be familiar. Geneva's organizer was David Gefner. (Ex. 15). A New Jersey foreign-entity registration and alternate name certificates for Geneva Consulting LLC, filed in October of 2022, identify David Gefner as Geneva's "Member" and "General Partner." (Ex. 16). David Gefner is also a director of the Debtor's immediate corporate parent, Valitas Intermediate Holdings, Inc. (Ex. 21). Valitas Intermediate Holdings is the holder of 100% of the outstanding voting securities of the Debtor. (Docket 677, p. 205). Valitas Intermediate Holdings is therefore an "affiliate" of the Debtor, *see* 11 U.S.C. § 101(2)(A), and Mr. Gefner is a statutory insider of the Debtor for purposes of the Bankruptcy Code. *See* 11 U.S.C. § 101(31)(E); § 101(31)(B)(iv).

36. Two other individuals have been identified in the record as signatories for Geneva Consulting on contracts it executed with the Debtor and other related entities. They are Zalman Schapiro, (Ex. 4 at 80:19-81:10), and Jay Leitner. (Adv. Case No. 23-03049, Docket 12-2, p. 5, ¶ 23). Mr. Lefkowitz knew Zalman Schapiro to be Perigrove's in-house counsel. (Ex. 4 at 81:16-17). Per the Debtor's Schedules, Zalman Schapiro is the person to whom correspondence for Geneva Consulting should be directed, and Geneva's address is listed as the Perigrove office at 7 World Trade Center, 46th Floor, New York, NY. (Docket 481, p. 70). "Jay" Leitner, whose legal name appears to be Yermiah[12]

12 Leitner and Gefner are apparently close friends. In May of 2018, David Gefner co-signed a mortgage on a house purchased by "Yermiah Leitner." (Ex. 22- Deed and mortgage for 13 Cherry Ln, Pomona, NY). Gefner's signature on the mortgage matches his signature on the Corizon divisional merger documents.

Leitner, holds or held many of the same positions as Lefkowitz. Like Lefkowitz, Leitner is a VP at Perigrove, (Adv. Case No. 23-03049, Docket 12-2, p. 5, ¶ 23), was a director of the Debtor in early 2022, (Docket 677 p. 224), and was a director of the Debtor's sole shareholder, Valitas Intermediate Holdings. (Ex. 21).

37. Geneva Consulting is clearly controlled by statutory insiders of the Debtor known to Lefkowitz. Geneva may even be controlled by Lefkowitz himself: documents provided under seal to the Regents of the University of Missouri apparently establish that "Corizon Health director Lefkowitz also controls Geneva Consulting, LLC." (Docket 75-3, p. 33). The UCC's counsel has represented to this Court that on May 25, 2023, "counsel for Geneva informed counsel for the Committee that he had been retained ***and his client contact at Geneva was Isaac Lefkowitz.***" (Docket 668 p. 4) (emphasis added).

38. To violate § 152(7), the defendant need only fraudulently transfer a corporation's funds "in contemplation of bankruptcy *or* with the intention to defeat the bankruptcy laws." *United States v. Haymes*, 610 F.2d 309, 310 (5th Cir. 1980) (emphasis in original). A jury may draw the inference that a defendant acted "in contemplation of bankruptcy" from evidence that the defendant was aware of "the grave financial condition of [the corporation] and the likelihood it would fall into bankruptcy." *Haymes*, 619 F.2d at 311. Lefkowitz' own contemporaneous statements demonstrate that he acted in contemplation of bankruptcy at the time of the December 2021 transfer of funds to Geneva Consulting. In a letter Lefkowitz sent to outgoing CEO James Hyman on December 9, 2021, Lefkowitz mentioned, "the recent massive losses of the company revenues and steering the company with its mounting liabilities to the brink of bankruptcy[.]" (Adv. Case No. 23-03049, Docket 12-7, p. 2). In an email that Lefkowitz sent to Mr. Hyman the following day, he wrote:

Engagement photos posted to Instagram less than two months before this house was purchased show a man, identified as "Yermie Leitner," standing next to his bride. The man in the engagement photo is clearly the same individual that is portrayed on the Perigrove website as "Jay Leitner." (*compare* Ex. 23; Ex. 24).

> "We will deal in short order with your employment termination by all the options available to the company, either through a friendly severance, or through aggressive litigation with you, **or alternatively through a bankruptcy filing which will wipe out all of your claims** . . ."

(Adv. Case No. 23-03049, Docket 12-9, p. 2) (emphasis added).

39. The "claims" that Lefkowitz threatened to "wipe out" via a bankruptcy filing in his December 10, 2021 email were Mr. Hyman's rights to severance and other benefits under Hyman's employment agreement with Valitas Health Services. Valitas Health Services, Inc. is the same entity that Lefkowitz had caused to transfer three million dollars to Geneva Consulting during the previous week. Lefkowitz' documented, contemporaneous threat shows that he was contemplating a bankruptcy filing that would 'wipe out' the claims of unsecured creditors of Valitas Health Services, within days of transferring $3 million from Valitas Health Services to Geneva.

III. The Divisional Merger Transaction constitutes "Cause" under § 1104(a)(1)

40. The May 2022 divisional merger transaction also likely constitutes both a violation of 11 U.S.C. § 152(7), and a "prepetition course of conduct" that "in and of itself, constitutes 'cause' for the appointment of a Chapter 11 trustee." *In re Savino Oil & Heating Co.*, 99 B.R. 518, 526 (E.D. N.Y. 1989) (appointing trustee where debtor executed prepetition "Metamorphosis Agreement" that effectively shifted its retail fuel oil operations to new entity under common ownership). In *United States v. Davis*, 767 F.2d 1025 (2nd Cir. 1985), a conviction under § 152(7) was upheld based on the following conduct:

> "what Judge Conner described as the "sweetheart" deal by which Intersystems Design and Technology Corporation ("IDT") – a new company formed and controlled by Davis – assumed all of General Dynamics' contracts with Frigitemp . . . at a time when it was clear to all concerned that the actual bankruptcy of Frigitemp was imminent."

United States v. Davis, 767 F.2d at 1040. Like the defendant in *Davis* and the debtor in *Savino*, the Debtor in this case engineered and executed a transaction that shifted its operating business to a newly-

formed entity controlled by insiders. As in *Davis* and *Savino*, the Debtor carried out its transaction while it was insolvent, and subsequently filed a bankruptcy petition.

41. The Debtor has raised essentially two arguments in support of its position that its prepetition transaction with itself is not a fraudulent transfer. First, it has argued that its transaction was not a "transfer" under Texas law. (Docket 677 p. 7; Docket 74-4, p. 16). Second, it has argued that the transaction was not fraudulent: the Debtor claims that it received *more* value in exchange for divesting itself of its operating business than its business was worth, such that the transaction actually *benefitted* its unsecured creditors. (*See, e.g.* Docket 7, p. 24). In support of this claim, the Debtor relies on an opinion letter produced by a consulting firm. The Debtor's attorneys and its CRO have repeatedly alluded to this letter, but have never attached it as an exhibit to any of their filings. (Docket 186, p. 4; Docket 7, p. 24).[13]

42. Let us turn first to the 'transfer' argument. In the bankruptcy context, "what constitutes a transfer and when it is complete is a matter of federal law." *Tower Credit, Inc. v. Schott (In re Jackson)*, 850 F.3d 816, 818 (5th Cir. 2017) (quoting *Barnhill v. Johnson*, 503 U.S. 393, 397 (1992)). The Bankruptcy Code defines a "transfer" as encompassing "each mode, direct or indirect, absolute or conditional, voluntary or involuntary, of disposing or parting with – (i) property; or (ii) an interest in property." 11 U.S.C. § 101(54). This definition encompasses "any transfer of an interest in property, including a transfer of possession, custody, or control, even if there is no transfer of title, because possession, custody, and control are interests in property." *First Union Nat'l Bank*, 252 B.R. 69, 78 (Bankr. E.D. Va. 2000). Congress intended this definition of "transfer" to be, "as broad as possible . . .

13 On June 21, 2023, the UCC filed this letter as an exhibit to a motion to compel the consultant's compliance with a subpoena. The letter makes clear that in rendering its opinion, FTI Consulting made no attempt to determine the value of the assets that were shifted to CHS TX. As FTI Consulting explains: "we express no view as to, and our opinion does not address, the current or future price or current or future value of any equity interests in the Company or of any assets of the Company" (Docket 705-1, p. 7), and "[i]n arriving at our opinion, we have not [] made or obtained any valuations or appraisals of the assets or liabilities of the Company or any subsidiaries." (Docket 705-1, p. 5).

[i]ndeed, the Code's expansive definition encompasses literally every mode of parting with an interest in property." *In re Besing*, 981 F.2d 1488, 1493 (5th Cir. 1993) (cleaned up).

43. A diverse array of transactions thus fit within the expansive definition of a 'transfer' for bankruptcy law purposes. These include a taxpayer's election to carry forward net operating losses, *Gibson v. United States (In re Russell)*, 927 F.2d 413, 416 (8th Cir. 1991), a state court's dismissal of a tort lawsuit as a discovery sanction, *In re Besing*, 981 F.2d at 1493-94, a division of a marital estate via a property settlement agreement, *See Citibank N.A. v. Williams (In re Williams)*, 159 B.R. 648, 663 (Bankr. D.R.I. 1993), and even a "Partition Agreement" that transformed the community property interest of a married couple in their Texas Homestead into two separate 50% interests in the same Texas Homestead, one held by each spouse. *Wiggains v. Reed (In re Wiggains)*, 2015 Bankr. LEXIS 1460 at *56 (Bankr. N.D. Tex. 2015).

44. Regardless of whatever Texas law may have to say on the matter, the Debtor's divisional-merger transaction clearly constitutes a bankruptcy-law "transfer." Like the 'Metamorphosis Agreement' of *Savino Oil*, 'the "sweetheart" deal' in *United States v. Davis*, and even the 'Partition Agreement' in *Wiggains*, the divisional merger in this case caused the Debtor to be dispossessed of certain interests in property. Those interests included possession, custody, or control of various assets. This is all that is required under § 101(54). Indeed, as one court that has examined this transaction has found, "the division was little more than a transfer of assets between corporations." *Jackson v. Corizon Health*, 2022 U.S. Dist. LEXIS 198717 at *27 (E.D. Mich. 2022).

45. Next, the Debtor argues that the transaction was not fraudulent. A transfer is fraudulent under the Bankruptcy Code if the debtor made the transfer "with actual intent to hinder, delay, or defraud" any creditor, 11 U.S.C. § 548(a)(1)(A), or if the debtor "received less than a reasonably equivalent value in exchange" for the transfer, and made the transfer while insolvent. 11 U.S.C. § 548(a)(1)(B). The phrase "hinder, delay, or defraud" is stated in the disjunctive, such that "an intent to

hinder or to delay or to defraud is sufficient." *Wiggains v. Reed (In re Wiggains)*, 848 F.3d 655, 661 (5th Cir. 2017). § 548(a)(1)(A) and § 548(a)(1)(B) are also enumerated in the disjunctive. In other words, if the Debtor's actual intent in entering into the transaction was to hinder, delay, or defraud creditors, "the adequacy of consideration and the solvency of the transferor is immaterial." *45 John Lofts, LLC v. Meridian Cap. Grp. LLC (In re 45 John Lofts LLC)*, 605 B.R. 602, 2023 Bankr. LEXIS 1016 at *18 (Bankr. S.D.N.Y. 2023).

46. An extraordinary complaint, (2:23-cv-11210, E.D. Mich.), filed against Lefkowitz on May 22, 2023 by the Debtor's own prepetition counsel, shows that this is the rare case where actual intent to hinder, delay, or defraud creditors is likely to be readily provable by direct evidence. Counsel's complaint describes a Zoom meeting that occurred on August 19, 2022. The meeting was attended by Lefkowitz, by multiple attorneys from Chapman Law Group (the firm that has represented the Debtor in almost all of its tort litigation in Michigan for over a decade), and by J. Scott King, an executive at Corizon/Yescare. During the meeting:

> Lefkowitz told a story to explain **what the Texas two-step was and how the process was used to force plaintiffs into accepting lower settlements** and why CLG should have no concerns for its fees/expenses or the indemnification of its clients.
>
> i. A person (Lefkowitz/Yescare) had a friend [the Debtor] that could not pay his creditors and needed money to continue business. The person (Lefkowitz/Yescare) loaned him some money to get him on his feet. The person (Lefkowitz/Yescare) **told him that in the future every time a creditor called start babbling like a fool and the creditor will go away and you will save money.** A year later the person (Lefkowitz/Yescare) called the friend [the Debtor] and said he wanted his money back and the friend [the Debtor] started babbling. The person (Lefkowitz/Yescare) then said you fool I taught you that trick now pay up.
>
> ii. Defendant Lefkowitz told this story to assure CLG that Yescare or him personally, had the money to pay all attorney fees and indemnity payments as needed.
>
> (Ex. 25, pp. 7-8) (emphasis added).

47. If, as Lefkowitz apparently represented to the Debtor's attorneys, 1) Yescare had all the money it needed to cover the Debtor's defense and indemnification obligations to the Debtor's former

medical-professional employees, 2) Yescare fully intended to guarantee those obligations in spite of the divisional merger's purported allocation of most of the professional-liability claims to the Debtor, and 3) the purpose of the transaction was not to actually abandon those obligations in a grossly-undercapitalized non-operating entity, but rather "to force plaintiffs into accepting lower settlements," then the divisional merger transaction was carried out with actual intent to hinder, delay, or defraud creditors under § 548(a)(1)(A).

48. Of course, there is another possibility: Lefkowitz may have lied to the Debtor's lawyers about his intent in carrying out the transaction. Indeed, the Chapman Law Group complaint alleges that:

> "Defendant Lefkowitz did not deny that he intentionally lied when he guaranteed that Defendant Yescare and Defendant Lefkowitz would indemnify all former employees and pay the CLG past present and future attorney fees and costs."

(Ex. 25, p. 8, ¶ 35).

49. If Lefkowitz intentionally lied to Debtor's prepetition counsel about Yescare's willingness, or its ability, to defend and indemnify the Debtor's former medical-professional employees, he committed fraud. "[F]or purposes of the federal fraud statutes, 'the term 'scheme to defraud' is not readily defined, but it includes any false or fraudulent pretenses or representations intended to deceive others in order to obtain something of value, such as money.'' *United States v. Caldwell*, 302 F.3d 399, 414 (5th Cir. 2002) (quoting *United States v. Saks*, 964 F.2d 1514, 1518 (5th Cir. 1992)).

50. The services that Chapman Law Group performed, and the litigation costs it advanced, between August 19, 2022 and the petition date were "something of value." So was the 4.5-year, $1.06 billion Alabama Department of Corrections contract that Yescare won on or about December 27, 2022 and finalized in early 2023. (Ex. 26- ADOC Press Release; Adv. Case No. 23-03049, Docket 13-6).

Concealing the Debtor's financial instability from the State of Alabama until the ADOC contract was finalized may have been Lefkowitz' primary motivation for encouraging Chapman Law Group to continue litigating, and to keep its former-employee co-defendants in the dark about its insolvency. Per Debtor's prepetition counsel:

> Defendant Lefkowitz stated CLG withdrawal as counsel in the approximately 100+ open claims would cause catastrophic consequences to Yescare and the progress they were making in developing new business. . . .
>
> **Defendant Lefkowitz stated Defendant Yescare was about to land some significant contracts and needed CLG to stay on as counsel and not notify CLG clients of the potential financial instability of The Client**. . . .
>
> Several times Lefkowitz made statements to CLG president Ronald W. Chapman, Sr. that CLG services were necessary without which his plan to grow Yescare would fail.

(Ex. 25, pp. 6, 7, 14, ¶¶ 25, 31-d., 70).

51. "[A] defendant commits fraud when he makes a company appear solvent when it is not." *United States v. Blocker*, 104 F.3d 720, 730 (5th Cir. 1997). The need to conceal the Debtor's insolvency (and thus Yescare's potentially massive fraudulent-transfer liability) from the State of Alabama until the ADOC contract was finalized also explains Yescare/Perigrove/M2 LoanCo's peculiar decision to spend a total of $39,032,965, more than double the $15,000,000 allegedly allocated to the Debtor under the Funding Agreement, to haphazardly settle claims against the Debtor between May 2022 and the petition date. (Docket 630, p. 8). Lefkowitz testified at the June 13, 2023 continued meeting of creditors that the $15 million available under the Funding Agreement was exhausted by June of 2022. In essence, $24 million of outside money was subsequently spent to delay Tehum's Chapter 11 filing from the summer of 2022 to February of 2023. (Docket 683, pp. 4-5). It is not clear what benefit the principals could have hoped to reap from their eight-figure investment in delaying the Tehum bankruptcy filing, other than hiding Yescare's potential fraudulent-transfer liability from the State of Alabama during the contract negotiation process.

IV. "Cause" exists under § 1104(a)(2) given the Debtor's directors' history of self-dealing transactions with affiliated companies while the Debtor was insolvent

52. "Courts have found that a history of transactions with companies affiliated with the debtor is sufficient cause to appoint a trustee in the best interests of creditors." *In re Westbank Holdings, LLC,* 2022 Bankr. LEXIS 2109 at *41 (Bankr. E.D. La. 2022) (quoting *In re Golden Park Estates, LLC,* 2015 Bankr. LEXIS 1912 at *6 (Bankr. D.N.M. 2015)). The Debtor was a Delaware corporation until April 28, 2022, and thereafter became a Texas corporation. Under both Texas and Delaware law, corporate directors owe a fiduciary duty of loyalty to the corporations they serve, which includes a duty not to engage in self-dealing. *See, e.g. Husted v. Taggart (In re ECS Ref., Inc.),* 625 B.R. 425, 444-45 (Bankr. C.D. Cal. 2020); *Weiss v. Arabella Exploration, Inc. (in re Arabella Petroleum Co., LLC),* 647 B.R. 851, 881 (Bankr. W.D. Tex. 2022).

53. In this case, the Debtor's directors engaged and attempted to engage in various self-dealing transactions while the Debtor was insolvent. Examples include the corporate restructuring itself, which transferred the Debtor's operating business to Yescare Corp., an entity in which the Debtor's former CEO and director Sara Tirschwell owns a 5% interest, the Debtor's business dealings in early 2022 with United Staffing Solutions, a staffing agency owned by director Abe Goldberger's wife, (Docket 677, p. 133; Docket 332-40) which Abe Goldberger serves as CEO, (Docket 332-41, p. 4), and the Debtor's payment of millions of dollars to Geneva Consulting LLC, a newly-formed entity controlled by insiders, for "corporate restructuring" services. (Adv. Case No. 23-03049, Docket 12-2, p. 5, ¶ 22).

54. Another relatively-straightforward example of self-dealing behavior is the transaction between the Debtor and Seven Trade LLC that was attempted in January and February of 2022. Lefkowitz, who at the time was a director of both the Debtor and Seven Trade LLC, tried to cause

Seven Trade LLC to purchase 350,000 COVID test kits for $2,065,000, which it would then immediately resell to the insolvent Debtor for $3,251,500. (Ex. 27- Lefkowitz Declaration, ¶¶ 1, 4, 7, 36). This transaction was intended to generate a nearly-instantaneous $1,161,500 profit for Seven Trade LLC at the insolvent Debtor's expense. (Ex. 27, ¶ 39).

55. Seven Trade LLC is a Delaware limited liability company, organized on February 5, 2021 by David Gefner. (Ex. 18). Jay Leitner's LinkedIn profile asserts that "Jay also directs Seventrade, a global import-export company he cofounded in early 2021." (Docket 332-20, p. 2). In a sworn declaration, Lefkowitz admitted that he is a director of Seven Trade LLC and that he was personally involved in attempting to consummate the COVID-test transaction. (Ex. 27, ¶¶ 1, 4, 37). At the time of this attempted transaction, Lefkowitz, Leitner, and Gefner were all directors of the Debtor, and they were all directors of Valitas Intemediate Holdings, the Debtor's corporate parent. Lefkowitz and his Perigrove colleagues' flagrant attempt to siphon nearly $1.2 million in arbitrage profits out of the insolvent Debtor is perhaps the clearest available evidence that Mr. Lefkowitz is unlikely to act as a responsible fiduciary for the Debtor's creditors. Ample cause exists to relieve Mr. Lefkowitz of his control of the Debtor and replace him with an independent trustee.

Relief Requested

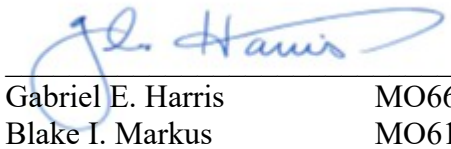
WHEREFORE, for all the above-mentioned reasons, the Movants respectfully request that the Court enter the attached Order (Ex. 1), directing the United States Trustee to appoint a Chapter 11 Trustee to manage the Debtor's affairs, and such other relief as the Court deems appropriate under the circumstances.

Respectfully submitted,

CROSS LAW PLLC

/s/ *Ian T. Cross*
Ian T. Cross (P83367)
Attorney for Kohchise Jackson, William Kelly, and Derico Thompson
402 W. Liberty St.
Ann Arbor, MI 48103
(734) 994-9590
ian@lawinannarbor.com

CARSON & COIL, P.C.



Gabriel E. Harris MO66461
Blake I. Markus MO61755
Attorneys for Capitol Eye Care, Inc., et. al.
515 East High Street | P.O. Box 28
Jefferson City, Missouri 65102
Phone: 573-636-2177
Fax: 573-636-7119
Blake.M@carsoncoil.com

Walker & Patterson, P.C.

/s/ Johnie Patterson
Johnie Patterson, SBN 15601700
Attorney for RMSC Plaintiffs
P.O. Box 61301
Houston, TX 77208
713-956-5577
jpp@walkerandpatterson.com

Hackney Odlum & Dardas

/s/ Thomas G. Hackney
Thomas G. Hackney (P81283)
Attorney for Former Corizon Medical Provider Employees
10850 E. Traverse Hwy. Ste. 4440
Traverse City, MI 49684
(231) 642-5026
thackney@hodlawyers.com

Saint Louis University School of Law Legal Clinic

/s/ Brendan D. Roediger
Brendan D. Roediger, Missouri Bar No. 60585
Attorney for Phillip Buchanan
100 N. Tucker Blvd., Ste. 704
Saint Louis, MO 63101
314-977-2551

M. E. Heard, Attorney, PLLC

/s/ Mary Elizabeth Heard
MARY ELIZABETH HEARD
Texas State Bar No. 24096727
SD # 2943737
100 NE Loop 410, Suite 605
San Antonio, Texas 78216
Telephone: (210) 572-4925

Co-Counsel for Adree Edmo

NATIONAL CENTER FOR LESBIAN RIGHTS

/S/ Amy Whelan, Esq.
AMY WHELAN, ESQ.
Pro Hac Vice
California State Bar No. 215675
National Center for Lesbian Rights
870 Market Street, Suite 370
San Francisco, CA 94102
Telephone: 415-365-1338
Facsimile: 415-392-8442
Email: AWhelan@NCLRights.org

Co-Counsel for Adree Edmo

RIFKIN LAW OFFICE

/s/ Lori Rifkin
LORI RIFKIN
Pro hac vice
California State Bar No. 244081
Email: lrifkin@rifkinlawoffice.com
Rifkin Law Office

3630 High St., # 18197
Oakland, CA 94619
Telephone: (510) 414-4132

Co-Counsel for Adree Edmo

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	)	
	)	Chapter 11
Tehum Care Services, Inc.,[1]	)	
	)	Case No. 23-90086 (CML)
Debtor.	)	

ORDER

The Court having found that 'cause' exists for the appointment of a Chapter 11 Trustee pursuant to 11 U.S.C. § 1104(a);

IT IS ORDERED that the United States Trustee shall appoint a Chapter 11 Trustee in this case.

IT IS FURTHER ORDERED that all owners, managers, operators, or other persons in control of Tehum Care Services, Inc., or any assets or properties owned by this Debtor, are ordered as follows:

a. To turn over to the Chapter 11 Trustee all books, records, and documents pertaining to or owned by the Debtor.

b. To turn over to the Chapter 11 Trustee all cash, receivables, properties, and other assets owned or controlled by the Debtor.

c. To cooperate fully with the Chapter 11 Trustee in the discharge of the Trustee's duties.

IT IS FURTHER ORDERED that pending the appointment of the Chapter 11 Trustee, all persons are enjoined from exercising any control over estate property. No cash or assets may be transferred, moved, or disposed of. No bills may be paid. No accounts may be opened or closed.

1 The last four digits of the Debtor's federal tax identification number is 8853. The Debtor's service address is: 205 Powell Place, Suite 104, Brentwood, Tennessee 37027.

Signed _____, 2023

Christopher M. Lopez
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

TEHUM CARE SERVICES, INC. AND OFFICIAL UNSECURED CREDITORS' COMMITTEE, Debtors.	)	CASE NO: 23-90086
	)	Houston, Texas
	)	Wednesday, March 22, 2023
	)	1:33 p.m. to 4:39 p.m.

TRIAL

BEFORE THE HONORABLE CHRISTOPHER M. LOPEZ
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For U.S. Trustee:	HA MINH NGUYEN Office of the United States Trustee 515 Rusk Street, Suite 3516 Houston, TX 77002
For Debtor:	AARON M. KAUFMAN JASON S. BROOKNER LYDIA R. WEBB AMBER M. CARSON LONDON ENGLAND Gray Reed & McGraw LLP 1601 Elm Street, Suite 4600 Dallas, TX 75201
For Committee:	NICHOLAS ZLUTICKY Stinson LLP 2200 Ross Avenue, Suite 2900 Dallas, TX 75201
For Adree Edmo:	MARY ELIZABETH HEARD M.E. Heard, Attorney, PLLC 100 NE Loop 410, Suite 605 San Antonio, TX 78216

For Kelly/Jackson:	IAN CROSS Cross Law PLLC 402 West Liberty Street Ann Arbor, MI 48103
For Proposed DIP:	KRISTIAN W. GLUCK JULIE GOODRICH HARRISON Norton Rose Fulbright US LLP 1301 McKinney, Suite 5100 Houston, TX 77010
Court Reporter:	UNKNOWN
Courtroom Deputy:	UNKNOWN
Transcribed by:	Veritext Legal Solutions 330 Old Country Road, Suite 300 Mineola, NY 11501 Tel: 800-727-6396

Proceedings recorded by electronic sound recording;
Transcript produced by transcription service.

INDEX

DEBTOR'S WITNESSES	DIRECT	CROSS	REDIRECT	RECROSS
RUSSELL PERRY	49	68/71/76/87/99		

GOVERNMENT'S WITNESSES	DIRECT	CROSS	REDIRECT	RECROSS

DEBTOR'S EXHIBITS	RECEIVED
Exhibit 5	104
Exhibit 6	55

GOVERNMENT'S EXHIBITS	RECEIVED

HOUSTON, TEXAS; WEDNESDAY, MARCH 22, 2023; 1:33 PM

(Call to Order)

THE COURT: Okay. Good afternoon, everyone. This is Judge Lopez. Today is March 22nd. I'll call the 1:30 case, which is 23-90086, the case of Tehum Care Services Inc. here on several matters. The line is completely muted. I'm going to take appearances first in the courtroom and the I will start working my way down the video.

MR. NGUYEN: Good afternoon, Your Honor. Ha Nguyen for the U.S. Trustee.

THE COURT: Good afternoon. Okay. I'm going to start to unmute Debtor lines, those who represent the Debtor. Okay.

MR. KAUFMAN: Good afternoon, Your Honor. Aaron Kaufman of Gray Reed for the Debtor. And with me -- I'll just kind of go through it. I think we made an electronic appearance, so this should appear in the minutes.

THE COURT: Okay, great.

MR. KAUFMAN: But Jason Brookner, Lydia Webb, Amber Carson and London England should be either on the line or listening.

THE COURT: Okay.

MR. KAUFMAN: And then for the Debtors, the chief restructuring officer, Russell Perry, is also on the line.

THE COURT: Okay. Thank you. And if there's

anyone else from the Debtors who believes they're going to speak today, I would just ask that you hit five-star now. Okay.

Anyone else wishes to make an appearance, let me -- from the Committee. Those who are members of the Committee, why don't you hit five-star.

MR. ZLUTICKY: Good afternoon, Your Honor. This is Nick Zluticky with Stinson for the Official Committee of Unsecured Creditors. And this should also be reflected in the electronic appearances, but we also have Phil Ashfield on the line as well.

THE COURT: Okay. Good afternoon. Good afternoon. Anyone else from the Committee? Okay. If anyone else wishes to make an appearance, please hit five-star. And I just ask once I unmute you -- I'm going to completely unmute you. So I would just ask that you please keep your phone on mute unless you're addressing the Court. Because you're going to remain completely unmuted. Anyone else wish to make an appearance? Please hit five-star.

MS. HEARD: Yes, Your Honor. This is Mary Elizabeth Heard on behalf of Adree Edmo. And my co-counsel are not going to be here today. They're going to be listening in. But that's Amy Whelan with the Nashville Center of Lesbian Rights and Lori Rifkin, who is a civil rights trial attorney. Thank you.

THE COURT: Thank you. There's someone who sounds like they're in a car. So please mute your line. Okay.

MR. CROSS: Good afternoon, Your Honor. Ian Cross on behalf of William Kelly and Kohchise Jackson.

THE COURT: Okay. Good afternoon.

MR. GLUCK: Good afternoon, Your Honor. Kristian Gluck and Julie Harrison of Norton Rose Fulbright on behalf of the proposed DIP lender, M2 LoanCo.

THE COURT: Okay. Good afternoon.

MR. STAPLETON: Good afternoon, Your Honor, Warren Stapleton, attorney on behalf of the Arizona Department of Corrections, Rehabilitation, and Reentry.

THE COURT: Okay. Good afternoon, Mr. Stapleton. And good afternoon, Mr. Gluck and Ms. Harrison. Anyone else wish to make an appearance? Please hit five-star.

Okay. I'm going to turn it over to the Debtors.

MR. KAUFMAN: All right. Good afternoon. For the record, Your Honor, Aaron Kaufman for the Debtor. Just a quick housekeeping matter.

There's two items on the agenda. We didn't file an agenda because there's only two items, the bar date motion and the DIP motion. The bar date motion we've agreed with the Committee to pass that to another hearing next week. Ms. Saldana gave us March 30th at 11:30 a.m. to push that. And the reason for the further continuances, the

Debtor is still working to try to get the schedules and SOFAs on file. March 30th is incidentally our current deadline for the schedules and SOFAs. And we're working to meet that deadline, but we'll know more next week about whether we'll be able to meet that deadline. We may be filing a motion to extend. So what we would ask is that if we do, we'll confer with the Committee and the U.S. Trustee of course, but we may need to ask for that extension motion to be set along with the bar date motion so that we can continue working on the schedules and SOFAs to make sure we have those on file in a timely fashion.

So unless the Court has any questions about the bar date motion, I'll turn to the other matter, the DIP motion.

THE COURT: Okay. You're asking me for an agreed continuance. I've got no issues with that. Just remind me of the date Ms. Saldana gave you, and that will be the official date.

MR. KAUFMAN: March 30th at 11:30.

THE COURT: March 30th --

MR. KAUFMAN: Central.

THE COURT: 11:30 a.m. Central. We will take up the bar date motion. It's continued. Everyone's rights are preserved. And not extending the objection deadline to anything there. But obviously if you have a deal with the

Committee or anything like that, everybody's rights are preserved on that. And if you can just get a notice of rehearing on that sometime today, that would be great.

MR. KAUFMAN: Will do, Your Honor.

THE COURT: Okay. Thank you.

MR. KAUFMAN: Next turning to the DIP motion which was filed at Docket 185. This morning, Your Honor, we did file a revised proposed order which is Docket 233 at around 11:00 this morning.

THE COURT: Mm-hmm.

MR. KAUFMAN: The revised order follows some I would say extensive discussions with the Committee and counsel for the proposed DIP lender. It does not -- and I'll just say this up front, it does not resolve all issues raised by the Committee, but it does I think at least narrow the issues for today's purposes. And I will outline those in a moment.

THE COURT: Okay.

MR. KAUFMAN: The DIP financing motion, just for the record, was filed on March 15th. That's exactly seven days ago from today. Right around the 30th day of the case. So we filed it -- although we filed it as an emergency motion, we've kind of given it a little time to breathe. We've been working with the Committee, with the DIP lender to try to narrow the issues, as I mentioned.

The motion is seeking interim financing of $2 million with some additional borrowing capacity on final appeal with another $8 million, which we would be able to borrow under certain terms and conditions, milestones that are outlined in the motion.

I'll say the conditions and milestones are important we think, but they are not issues for today as the revised order reflects in the new Paragraph 15 of the revised order, those milestones and conditions of subsequent borrowing have all been removed from the proposed interim order and they'll now be subject to approval and objections at the final hearing.

So let me take a step back and talk about where we are in the case today and where we think the case needs to go in the short and the long-term futures.

Today of course is March 22nd. The case was filed just over five-and-a-half weeks ago. The debtor is not operating, it's not generating revenue, and it has zero cash in the bank. Zero cash. But we do believe, and I understand the Committee also believes that there are some potentially valuable assets out there that we can use to pay creditors through a Chapter 11 plan. Those assets we think include things like tax credits. Those assets include things like causes of action against insiders and third parties potentially. And those assets may include insurance

policies or proceeds. It's still all very preliminary, the merits and the value of all of these assets. We still have a lot of work to do to monetize these assets and come up with a plan that we think creditors will accept.

And I'm going out on a limb here to say that I think our interest, the Debtor's interests are aligned with the Committee's to make sure we maximize the value of these assets and disburse them to creditors pursuant to a plan.

And to do that, it will take work. It will take work to monetize the tax credit. It will take work to investigate and potentially pursue, or settle if there's some low-hanging fruit, causes of action. It will take work to get our arms around the insurance and see how we can best monetize or maximize those insurance policies to benefit creditors universally through a plan. And of course that work is not free. Chapter 11 is not a place to spend an indefinite amount of time without some semblance of a plan to exit Chapter 11.

We acknowledge that this case was filed in a freefall, but that doesn't mean we as estate professionals shouldn't do our best to soften the landing. It is our hope that we can spend the couple of months, maybe more if needed, as we start getting in and doing work, investigating claims, negotiating with targets, particularly if there's some low-hanging fruit out there, and pulling cash wherever

possible, working collaboratively with the Committee to propose a meaningful plan that creditors will accept.

As Your Honor knows from private practice, professionals work best with deadlines. As I said, the milestones are off the table for today's hearing. But even if the DIP lender wasn't requesting and requiring milestones within its credit -- within the DIP facility, we as fiduciaries would be imposing the same or very similar timelines on ourselves to ensure that the administrative costs of this Chapter 11 process didn't negatively impact creditor recovery. And that's precisely why Mr. Perry and his team at Ankura worked to prepare the 13-week budget, that after some negotiations was ultimately accepted by the DIP lender.

After concluding that there are no liquid assets in the estate as of today, Mr. Perry made the reasonable choice to look for sources of financing to take the burden off of the estate professionals and make sure the estate was well-funded to do the work necessary to propose and confirm a Chapter 11 plan in this case.

And so the Committee raises concerns, and we'll get into those concerns I assume in the next few minutes. But one of the chief concerns that I expect Your Honor will hear is why didn't M2 just give us the money for free under the existing funding agreement. M2's position seems to be

that it's already funded in excess of the $15 million commitment under the funding agreement. And we have some additional work to do, understandably, to reconcile these. As Your Honor can see in the proposed DIP order, the revised one especially, those rights are expressly reserved. And we believe the 60-day challenge period to the proposed DIP order gives the Debtor the time necessary to do that work and have those discussions with M2 if we conclude that there may be more money available under the funding agreement. Again, it's still very preliminary.

THE COURT: So let me ask you a question. Mr. Kaufman, let me ask you a question. This is one of the questions I had. So let's say I approve the DIP on an interim basis and $2 million. And then you find out that M2 was permitted or had an obligation to fund let's just say $2 million. What happens under the DIP? How does the DIP, whatever is agreed to in this DIP order affect -- I understand you have the right -- it sounds like you have a right to challenge that. But what happens in that event? Is it just set off? Two million, two million? Or what happens?

MR. KAUFMAN: Your Honor, all rights are reserved in the interim order. So there's nothing that --

THE COURT: Yeah, I know. But what happens though? I mean, do you have to sign an adversary proceeding

for that? I just want to understand. So let's just say you find out and there' -- let's just find out -- and maybe even M2 agrees with it. Then what happens? Or what if they don't agree with it, then what happens? I'm just trying to understand what the reservation actually means and how it works just for my understanding.

MR. KAUFMAN: No, these are good questions and questions that Mr. Gluck and I have spent a long time gaming what happens in this scenario, what happens in this scenario. And specifically that $2 million hypothetical is one that we've discussed.

The answer is, I mean, none of us wants to engage in protractive litigation unnecessarily. That's not in the best interest of the estate. Under the current form of the proposed DIP order, I think it would be incumbent on the Debtor to at least give notice to M2, the DIP lenders, that we have -- here's what we found, we believe you owe $2 million under the funding agreement, here's our proposal to address this issue. And then I think, Your Honor, we would come back to you to make sure that whatever agreement we've resolved with the DIP secured parties, with the Committee on notice, is ultimately approved so that all parties are aware of what settlement we reach. If we can't reach a settlement, Your Honor, I think it would be incumbent on the estate to file a lawsuit within that challenge period. And

then of course that would probably be a termination event.

THE COURT: How do you then start a lawsuit if you have no money? I'm sure that the DIP says that you can't use the money.

MR. KAUFMAN: Yes. And we'll talk about this. This is one of the issues raised by the Committee, is the use of DIP loan proceeds. Of course restricting our use of DIP loan proceeds and cash collateral does not restrict the rights of the Debtor to do things. If we think we've got meritorious claims against parties listed in that paragraph 19, there's no prohibition that we can't take those actions. I suppose then we just couldn't pay the professionals for the work related to the pursuit of those actions.

THE COURT: That's where I'm starting to get concerned. In other words, if there is -- I'll put my cards on the table and my questions on the table and then I'll let you all think through them.

One is if M2 -- I don't even know who M2 is. And I'm sure I'll find more about that. I don't know much about M2 and I would like to know a little bit more about who they are and their connection in this case.

Two, if the estate -- and I'm just thinking through hypotheticals, and I'm sure that there may be answers to them. I'll just get my questions out. I don't like when judges wait until the end to kind of get their

questions out. But I'm not going to strike a new deal. I'm not doing any of that. What I am saying is if it turns out that M2 had a funding agreement and M2 owed the estate $2 million or $4 million and two of it -- you know, and I also approve a $2 million DIP, the Debtor can certainly work out a proposed agreement and try to come before the Court to resolve any issues related to that and the Committee will have a look at it and so will any other party in interest. But if M2 loses that, it doesn't -- you know, you don't get -- you know, the question is do you get the $2 million plus the releases or do you just -- did you just provide $2 million worth of funding which was essentially the equivalent -- did you essentially by not doing that, did you put yourself in a better position because now you have a $2 million super priority DIP claim when you were supposed to provide the funding all along. I want to know what happens if M2 loses. Does M2 just provide the $2 million? And what happens to the $2 million that were provided here? Because if M2 has to provide the $2 million, the question is under what circumstances. And if it was just to provide $2 million worth of funding, then there has to be something in my mind that allows everyone to say, well, the $2 million that Lop has approved really shouldn't have Been the $2 million that we used. We really just used $2 million out of the funding agreement, or some version of that.

So those are my -- those are the two. I just want to understand the scope of the Debtor releases today. And it sounds like you're a challenge party, but just how it works and the scenarios, there's going to be a lot of questions about it. And I would like to just deal with them up front. And obviously I need to understand the Committee's perspective on some of this. I understand the Debtor needs money, and I don't want to create a situation where the Debtor has a challenge period and then, you know, essentially can't use any money to then come challenge it. Because if that's the case, I'll bring everyone in 24 hours and we won't have to spend a whole lot of money on an adversary. I'll bring someone in really fast to deal with the situation. In other words, there's got to be some real teeth to the challenge period if we're going to have one and what the scope of the releases are today.

I understand the Debtor needs money. That part I think I'm clear on. What I do want to understand are the terms of it. And I'm not saying M2 has done -- these are the questions I would ask of any other party that came in with little cash and trying to understand the scope of what I'm being asked on an interim basis. So I don't think anyone should read anything into it. I just figured I would get my questions out up front so that everyone can start thinking about them.

MR. KAUFMAN: No, and these are fair comments. I do think the intent -- and I won't speak for Mr. Gluck or the DIP lender parties. But I do think the intent in the challenge period and the limitations on use of DIP loan proceeds was intended to strike a fair balance between recognizing the Debtor's immediate need for funding while also preserving the estate's right to investigate these funding obligations and make sure that at the end of the day, if M2 had funding obligations, were not engaging in protracted litigation. We're engaging in a collaborative process to offset those rights but also continue the flow of funding whether it's -- in your hypothetical it's M2 owed $2 million but we need ten, there are other ways to skinny that other than just engaging in litigation. Because we may be entitled to a $2 million offset, but we still need $8 million more.

And I can't answer your question, Your Honor. I'm sorry to say I can't answer your question based on the language in the order because the language in the order I think, specifically in Paragraph 19, does contemplate that we're not using cash collateral to file action against M2. I don't think anyone contemplates having to do so. But if it would give Your Honor some comfort, I would be happy to take this offline and discuss with Mr. Gluck what M2 would be willing to agree to in that Paragraph 19 to address the

Court's concerns about using DIP loan proceeds limited to disputes over the funding agreement within the challenge period.

THE COURT: Everybody can think about it, but I just want to make sure that the Debtor effectively has an opportunity to request the funds. And maybe it -- in other words, I'm going to view the litigation very differently, if it ever gets there, about the use of a funding agreement, of which I'll likely learn more about as time goes on. But M2 is asking for a waiver of that, things related to other litigation. And this is an interim hearing and I understand M2's position. Just with the amount of cash that the Debtor has, I think we just ought to be really careful about what is actually said and what these words mean. And so a lot of what I'm doing now is just poking around the edges to understand what this really means so I can make sure that I understand what I'm signing.

MR. KAUFMAN: I understand. And, Your Honor, I would offer that the language that we tried to negotiate is really intended to look very much like any other DIP order where we have an outside third-party lender with some (indiscernible) on their (indiscernible). And so the challenge period with respect to this funding agreement challenge is not very different than the risk that a Debtor would take if it decides to sue, or if it's a committee, the

risk that a committee would engage in if it decides, hey, we want to sue this DIP lender over its liens, it's the risk you run. Because it would be an event of default.

THE COURT: The difference is that in those cases, there are still operations. Right? In the traditional case, there are operations. There's other things one can look to. Here, we're looking to one person, and they're going to put a lot of conditions on what it is, I understand. But we still have a case, too. The Debtor has an obligation, the Committee still has to do its work. And I'm not suggesting that all of this cash should be used to then go fund litigation against M2. That's not what I'm saying. What I am saying is if there's an issue about the funding agreement, it's not going to require an adversary proceeding. It's going to be a motion in front of me and we're going to find out what the answer is really fast. That's what I'm suggesting to the parties. We're not going to have an answer and declaratory relief -- I'm going to come in here and find out what that contract says and we're going to have a really fast hearing where everybody's rights are respected, but we'll know what it is. Because then I think we can then determine whether -- if it's a turnover action, then maybe there's an adversary. But I'm going to read that contract and we're going to all have a discussion about how quickly, if there is any money, and what happened

there. This isn't going to drag out into a four or five-month situation where you've got milestones. That's what I mean. And sometimes adversary proceedings can take a long time because there are federal rules that apply there. And you've got milestones associated with the DIP. And so they can't fight each other. They're going to have to -- and I'm not suggesting how it works. What I am saying is we're going to come in really fast if you feel like there are some funding obligations, it won't take much to get something in front of me.

MR. KAUFMAN: Understood.

THE COURT: And preserving that right is more important to me on an interim basis than what we do.

MR. KAUFMAN: Understood. And what I would suggest on this point, Your Honor, is if you -- if the Court would indulge me in going through the --

THE COURT: Yeah, absolutely.

MR. KAUFMAN: -- remaining issues that I think are on the table for today.

THE COURT: I'll stay quiet, I promise.

MR. KAUFMAN: And Mr. Gluck -- no, no, no. I apologize for -- I'm not trying to interrupt the Court. Mr. Gluck may be able to answer this question, too. But from the Debtor's perspective, I think we would be okay with the Court's suggestion of adding some language to Paragraph -- I

think it's Paragraph 19 that just says that this kind of a dispute will be done pursuant to a motion heard on an expedited basis. But we can -- I feel confident that if Mr. Gluck's client is amenable to such a provision, and of course if the Court's ordering it, then Mr. Gluck and I can just hammer out the language that addresses this Court's concerns.

THE COURT: Okay, thank you. I'll stay quiet, I promise. What else?

MR. KAUFMAN: Mr. Perry's declaration discusses his efforts to find alternative sources of financing. As of today, there are none. The debtor will continue, and Mr. Perry's declaration discusses that he is continuing to pursue this possibility. And certainly as money comes in through this interim DIP loan and professionals begin to do the work necessary to monetize things like tax credits, the Debtor may have some alternative sources of financing out there. But again, it's very preliminary. And that's why we need the financing today.

Mr. Perry's declaration also addresses how the terms of financing were negotiated. He recognizes that M2 is an affiliate (indiscernible) Your Honor's concern. There is an entity called M2 Holdco at the top that owns M2 LoanCo. That is the DIP lender. M2 LoanCo is the proposed DIP lender.

Back up the chain at M2 Holdco and then down another arm, a different column, is where the Debtor ultimately resides. So they are affiliates through common ownership all the way up at M2 Holdco. And there are some common directors we believe. But that's the extent of our knowledge. But for purposes of this DIP loan, the terms were negotiated through counsel with Mr. Perry for the Debtor making the decisions independently on what was in the estate's best interest. And that's addressed in Mr. Perry's declaration.

Since the Committee's appointment -- and this kind of bolsters the point of the arm's length nature of the negotiation -- since the Committee's appointment on March 2nd and its retention of counsel roughly a week later, we've worked closely with the Stinson firm, with Mr. Zluticky and Mr. Ashfield. We have not been able to resolve all their issues. But as the revised order at Docket 233 demonstrates, we're making progress.

And as I stand here today, I believe the only open issues other than the ones the Court just raised, which do overlap with some of the Committee's concerns I'll recognize, are as follows. And Mr. Zluticky can certainly correct me if I'm missing anything.

The first one is the Committee challenges the Debtor's need for funding today or whether professionals

should continue to finance the case until money comes in.

Our position, the Debtor's position is that the professionals have already financed this case enough over the last five-and-a-half weeks. And now with the committee hiring counsel, which was anticipated in the budget and the Debtor's need to retain additional professionals who are not willing to begin work without certainty of payment, Mr. Perry and the Debtor are acting well within its business judgment to the extent that immediate financing is needed to keep this case moving down the path toward confirmation.

Second, the Committee challenges the scope and timing of the releases, Paragraph 17B and 18 of the revised proposed order. My understanding though is that the initial release, 17A, is acceptable to the Committee. Again, Mr. Zluticky can correct me if I'm mistaken.

Our position is that the 60-day challenge period is consistent with local practice and also reasonable within the work that we think we need to do.

THE COURT: Tell me --

MR. KAUFMAN: And if I could paraphrase --

THE COURT: Tell me what the releases do today.

MR. KAUFMAN: The releases today --

THE COURT: The ones that are not subject to the challenge period. What happens today if I sign this order?

MR. KAUFMAN: Today we are only releasing -- and

I'm pulling the language so I don't misstate it. But today, we are only releasing the parties listed in the releases. So that's the DIP secured parties and each of their heirs, successors, assigns, officers, shareholders, directors, members, employees, managers, principals, attorneys, agents past and present. But in each case solely in their capacity as DIP secured parties, they are released from --

THE COURT: But what does that mean? Right? That's what I'm trying to figure out. So they are going to be released. And that's a release third parties. They're going to be released from anything to the extent made in their -- today -- and they're just going to be released in their capacity as DIP lenders. It's only in connection with the DIP?

MR. KAUFMAN: That's correct. So we think this is narrow --

THE COURT: That's what I'm trying to figure out. So what happens if it turns out that M2 should have funded? That's what I'm trying to figure out. Are they -- is there a release? If it turns out -- that's what I'm just trying to understand. And I should have provided a little bit more clarity on that. What happens today if it turns out M2 should have funded? And I'm not saying they should have. I have no idea whether there was any obligation to fund it. I don't know. But what happens -- what does this release

today if M2 turns out was wrong in their analysis and the Debtor was -- and someone finds out M2 had an obligation to fund? Maybe that's the better way of saying it. I haven't heard from M2. If M2 had an obligation to fund $2 million, what happens --

MR. KAUFMAN: From the Debtor's perspective, our position is we're not releasing anything under the funding agreement. We have seen some initial -- Mr. Perry would testify if called that he has done a very preliminary review of a reconciliation of the funding, but we have our own reconciliation to do. But that the very -- at least M2's position is that they already overfunded well in excess of the $15 million. And so this release, to Your Honor's point, is this release doesn't release anything with respect to the funding agreement. I'm not sure I -- from Your Honor's body language, I can't tell if I'm answering your question --

THE COURT: No, no, no. I'm just probing. I just want to understand. So if, you know -- I just -- I literally just want to understand how it all plays out. No, don't read into my body language other than me studying text and things of that nature.

MR. KAUFMAN: Yeah. And Mr. Gluck can confirm this too when he has an opportunity. But my understanding -- and again, he can confirm if his understanding is the same

-- but that 17A is not intended to release anything with respect to the funding agreement. But that comes in 17B subject to the challenge period. So if there is an obligation under the funding agreement, the Debtor will have the right to demand it under the funding agreement, to an offset to the money that's been lent. And hopefully there's free money out there. We all hope there's free money out there for the first 30-plus days of this case. We haven't found it, but we're going to keep looking.

THE COURT: Okay.

MR. KAUFMAN: So I've talked about the first two points that I think the Committee has raised. The third one is the limitations in the use of DIP loan proceeds, which is that next paragraph, 19. The Committee takes the position that we should be able to use loan proceeds to sue M2 and its affiliates. Obviously M2 won't agree to that. And we're comfortable as estate fiduciaries with the notion that if we have viable claims to pursue including a challenge pursuant to this DIP order, we should pursue them if that's what's in the best interest of the estate, but we can't expect them to defund those efforts. It's the risk that the Debtor has to be willing to take.

The fourth issue is the Committee just fundamentally disputes that this loan was negotiated in good faith. I don't want to put words into the Committee's

mouth, but their position seems to be that M2 should have just given this money away for free under the funding agreement. Our position, consistent with Mr. Perry's declaration, is that M2 believes it's overfunded, but that it's willing to loan the money while allowing the Debtor to do its own independent investigation of the funding agreement. And under these circumstances, we believe M2 has negotiated with us in good faith because our rights are preserved, the cost of borrowing is pretty low, $40,000, which is two percent of the draw plus the interest which is picked. We're not paying that. We'll pay that on the maturity date. And the attorney's fees to help us draft and negotiate the terms. Of course M2 needs its own independent counsel. So those are the costs of borrowing.

Under the circumstances and given the lack of alternative sources of funding, the Debtor's position is that this does satisfy the good faith standard. Mr. Gluck can confirm this, but our understanding is that M2 will not advance funds under the interim DIP loan without a finding of good faith.

And then finally, this is kind of like a catchall. But we've made some various change in the proposed interim order, the revised order that the Committee just hasn't signed off on yet for a number of reasons that Mr. Zluticky can get into. But those, if we're keeping score, my

understanding is those include paragraphs 2B(ii) and (iii). That's, Your Honor, first writing. So 2B(ii) and (iii), Paragraph 5A concerning the definition of DIP collateral, Paragraph 20 concerning the indemnity. And I think that's just a minor drafting thing is all. And Paragraph 23 concerning exculpation.

So, Your Honor, I've done enough talking. I recognize this is an interim DIP hearing seeking only interim relief today subject to a final hearing hopefully in the next couple of weeks. I think -- and Mr. Zluticky can tell me if he has a different understanding, but I think we can agree for purposes of today to rely on Mr. Perry's declaration subject to cross and redirect as needed. We've also filed our witness exhibit list, which contains the budget and the DIP agreement.

For the record, Your Honor, the witness and exhibit list is Docket 192. The budget is Exhibit 6. Credit agreement -- sorry, I went out of order. The credit agreement is Exhibit 5. The budget is Exhibit 6. Mr. Perry's declaration is Exhibit 7, but also filed independently at Docket 186.

I noticed the Committee didn't file its own witness and exhibit list. So I think this covers the evidence for today. And again, anyone can correct me if I'm misunderstanding this.

Unless the Court has any other questions for me, I think now is a good time for me to stop talking and turn the podium over to Mr. Gluck and Mr. Zluticky and then -- go ahead.

THE COURT: Thank you. And, Ms. Heard -- I'll go to Mr. Zluticky and then I'll turn it to Ms. Heard. I believe she also filed an objection. So I will go in that order. Mr. Gluck?

MS. HEARD: Your Honor, I just wanted to say (indiscernible). That's all at this point.

THE COURT: Excuse me?

MS. HEARD: I didn't know if you were -- he was going over the evidence and I was just saying that I object to the (indiscernible). That's all at this time. I didn't know --

THE COURT: Mr. Gluck represents M2. We're just taking openings. And then I'm going to go to the Committee and then I'm going to go to you.

MS. HEARD: I understand. Thank you.

THE COURT: Thank you.

MR. GLUCK: Thank you, Your Honor. I'll try to answer -- well, I will answer the question that you had about sort of how it would work, at least from M2's perspective.

And if Your Honor did approve the DIP loan on an

interim basis, the Debtor would borrow $2 million. And that $2 million would not be challengeable, irrevocable. It would be an obligation of the Debtor subject to the liens that would be granted and the administrative super priority claim. To the extent that the Debtor were to find potential causes of action related to M2 within its challenge period, which is B of the release provision, and there's something meritorious to that, I mean, I assume that the Debtor would try to use that as an offset against whatever DIP obligations there are. But the actual obligations that would be lent would not be challengeable, revocable.

M2 does require a good faith finding for it to lend. That's not a surprise. I don't think -- I've never represented a DIP lender -- I've never been in a complex Chapter 11 case where a DIP lender hasn't gotten that finding. So that's certainly a prerequisite for M2 funding, along with some of the other sort of items that Mr. Kaufman outlined. And it's probably best to maybe cover those sort of at closing arguments if needed.

But with respect to how this would work with the release provision is that $2 million would be hard, it would be an obligation of the Debtor, and it couldn't be revoked.

So I'll pause and see if Your Honor has any comments with respect to that. But that is M2's view as to how that would work.

THE COURT: Okay. Thank you. Is there anything else you wish to tell me at this time, sir?

MR. GLUCK: No, Your Honor. I will just reserve the argument with respect to the other committee provisions for final argument.

THE COURT: Okay. Thank you very much.

Let me hear from the Committee.

MR. ZLUTICKY: Yes. Thank you, Your Honor. To echo what Mr. Kaufman said, we've had productive discussions with Debtor's counsel and we've been able to narrow the issues significantly for today. And the things that I believe that are still remaining are the rights that my client just cannot accept giving up in connection with this interim DIP loan and that we don't think the Court should allow to happen, either.

We're here today because there's a building on fire and the lender is the only one willing to pay for the cost of the fire truck. But the problem is they are only going to do that if we release now anything related to the fire before we even know whether they lit the match.

And so here's what we know today. We know that he proposed lender is an insider of the Debtor. We know that there is a funding agreement in place under which M2 LoanCo was obligated to fund up to $15 million. We also know that M2 LoanCo was the primary lender for the company prior to

both the divisional merger and the combination merger that preceded it. And that's the extent of what we know. And it's not the Debtor's fault. They don't know anything more than we do. Debtor's counsel has been transparent with us and they've been forthcoming with information. Both sides have worked really hard to narrow the scope of issues with the proposed DIP loan. We appreciate that cooperation and we view that as a great first step in what will be a collaborative process as we move forward in the case.

But my clients are concerned, Your Honor. In the last 48 hours, I've received calls from dozens of unsecured creditors who are terrified that the lender is going to get a release before we even know what we're releasing them from. And in light of what we've heard as recently as this week, I don't know when we're going to get the information we need to do an investigation.

I fully expect that by the final hearing on a DIP motion, we will have a much better idea of when that would happen. But sitting here today, we simply don't know. And for the same reason, we have serious concerns about collateral being pledged that includes causes of action and tort claims when we don't even know the parties against whom those claims exist. It could very well be the lender or its parent company or an affiliate, an officer or director. It's simply not appropriate to pledge collateral for a loan

to a lender when we don't even know what the collateral is. And more importantly, the potential sources of recovery for these claims.

We've been told that the Debtor expects to receive a $15 million tax refund. That alone is more than seven times the amount sought under the interim order. And so in our view, there's no justification for bringing this additional, potentially significant collateral under these circumstances without understanding the ramifications of that.

And so we were able to narrow the scope of the issues with the Debtors today. We are not going to dispute that the Debtor needs the money. We understand that the Debtor has no money and that estate professionals need to be paid.

For purposes of the interim order, the heartburn that we have on good faith, Your Honor, is how can we make a finding that the lenders made the loan in good faith if it turns out later they should have funded the $2 million under the funding agreement and they knew it. That's just objectively bad faith. And so how can we make a good finding today?

And so that sort of takes me back full circle to what we're really asking the Court to do today. We're asking the Court to please preserve all parties' rights here

by not giving the lender releases before we even know what they're being released from, to stop us and the Debtor from giving up rights before we have time to understand what those rights are. And that's what setting a challenge period today does. That's what pleading this additional collateral does.

And so what we're asking the Court today is to preserve the rights of everyone. If the Court is inclined to approve the DIP loan, approve it without the non (indiscernible) releases, without the non-DIP loan release. And we can set a challenge period by the final hearing.

THE COURT: Just so we're all -- I think I know what you mean, but there could be other people listening. What do you mean by that? I want you to articulate it and point to a paragraph.

MR. ZLUTICKY: Absolutely.

THE COURT: I'm doing this for the benefit -- there are a lot of folks on the phone and I want to make sure everybody is on the same page.

MR. ZLUTICKY: Thank you, Your Honor. And I will make sure I'm more precise with what I'm asking.

We're asking that 17A be made clear that it solely relates to the making of the DIP loan and that the entity that is being released is solely in its capacity as DIP lender and not in its capacity as a party to the funding

agreement or the divisional merger or any actions related thereto.

And what we're further asking is that 17B be removed on an interim basis and that it be considered for purposes of a final DIP order at a final hearing. Because right now, sitting here today, we don't even know when we're going to have the information to investigate. What we know is we don't know a lot of things, and we don't know when we're going to know it. And so how can we commit today to a challenge period at all when we don't even know when we're going to get the information? And if you look at what's being released once the challenge period expires, it's incredibly broad. It's essentially any and all claim we may have against M2 LoanCo, its affiliates, its parents related to the divisional merger, the combination merger that occurred before it. We're essentially modifying 546 and putting it into 60 days.

And Mr. Gluck is correct that I've never seen a DIP loan without a challenge period. But that is only in the context of a lender who made a prepetition loan, and only relating to the prepetition loan. That is not what we're doing here. We're not going to be reviewing security agreements and UCC-1 financing statements to see whether they're properly perfected. This is about potentially egregious conduct that's going to need to be fully and

fairly investigated. And right now, this challenge period expires five days after the trial on the extension for a stay. There is so much we don't know today. All we're asking is that the Court not approve the releases and set the challenge period today and to save that for a final hearing when I think we'll all have a better idea of how much time the Debtor actually needs.

THE COURT: Mr. Kaufman, you can answer this question for me. The relief requested -- I studied the -- I did get a chance -- I had a -- the interim. When would you need to come back for a final?

MR. KAUFMAN: So initially we were hoping -- of course the initial hearing was targeted for last week, last Friday. We were hoping to set us up to come out two weeks after the interim hearing. And if you look at the approved budget, the approved budget has us starting to make draws on the next $3 million tranche the first week of April. I think we could go two weeks out from today, which puts us I think at April 5th or sometime in that week. That gives us -- that would give us a full 21 days between the filing and the final hearing. You know, more if the hearing is at the end of the week or the start of the following week.

But that again requires us and requires the professionals to finance the case a little bit after the interim draw. And I think we could live with that for a

short period. I think -- and we'll have to shuffle the deck a little bit in the approved budget to move money around to take amounts that are in line items to move those to the new professionals that will need to get retained.

But to answer your question, Your Honor, probably the first week of April is what we're looking at for final approval.

THE COURT: You said the first week of April?

MR. KAUFMAN: First week of April.

THE COURT: Okay. Okay. Thank you. I just need to understand. Okay.

Ms. Heard, may I hear from you?

MS. HEARD: (indiscernible). So my client has a $2.6 million liquidated attorney's fees claim. We're in the tail end of seven years of litigation that has gone up and down to the Ninth Circuit. And currently that amount has been appealed to the Ninth (indiscernible). The Defendants include the Idaho Department of Corrections and I believe three employees for IDOC. And then (indiscernible), the predecessor-in-interest to the Debtor and one of the doctors I believe who worked there. And that judgement is joint and several, just to give you a little bit of an idea of the scope here.

So my client's issue -- here we are, we're seven years in and we're trying to get paid. This is not the

beginning of litigation. We've touched on this. We're going to come back to the motion to extend the stay.

My concern is I've never seen a DIP where we don't know -- we haven't seen the loan agreement. I don't know who the lenders are. I don't know who the DIP secured parties are. I don't know what it takes to become a new lender that appears to get the same broad releases. Which I understand we'll take that -- most likely take that up at the final hearing. But what I'm hearing I think from Debtor's counsel -- and I believe them that they don't know -- is that they don't know who owns LoanCo, Holdco. Does that mean we don't know who owns the Debtors. Are these all the same parties? I don't know.

And so I've anything with this much -- how do I say -- lack of detail. We haven't seen the loan agreement. We haven't seen a drawdown history. I was under the impression that the $15 million, if it was mentioned as the funding agreement in the first Perry declaration that was part of the motion to extend -- I mean, maybe I missed something. I thought that that amount was something that was going to be draw down over time.

Now, I understand if it's been eaten up, it's been eaten up. But that just seems like a pretty big distinction. So what are the terms of the funding agreement? Frankly, I don't think we have enough time

between the amount of -- when we received the amount of -- I'm sorry, the schedules and SOFAs on the 30th to the fifth. But, I mean, we can come back and then come back again, I guess. But I think as a start, we need to know who is -- who owns what. Who are the DIP parties, who are the lenders, and what are the terms. And that is really our concern because the releases are so broad I'm not completely sure if that means that it includes the indemnified parties that they have under their motion to extend. I mean, it's just so incredibly broad. It certainly is going to I imagine (indiscernible) employee before and after.

But if there are claims against the prior lenders, prior D&Os. There's some overlap there. And I've spent a considerable amount of time looking at every public filing that I can locate. In Southern District of New York, there's an extremely large list of litigation involving Mr. Lefkowitz, who was mentioned in the various pleadings. There's some confusion about (indiscernible) or whether or not that is even a related entity. And (indiscernible), do they still own the company, does someone else still own the company? The company meaning the Debtor. Who owns what? There is a complete lack of clarity.

The other thing is, I've never seen a DIP that doesn't purport to pay for operations of claims, meaning general unsecured claims. So all of this money -- and of

course (indiscernible) Mr. Bruckner and Mr. Hoffman and all of their partners and employees (indiscernible). But if we're looking at April 5th and we're also looking at a $15 million tax refund, maybe this is just a question of timing. And we can, you know, do something that doesn't involve any releases of parties that we don't even know who they are yet even on an interim basis just to get three weeks back. Perhaps there's a way to get some of that money to come in.

But at this point until we hear from -- until we can see the loan agreement, see what was drawn down and for what, there's a lot of confusion. And maybe -- I'm not in any way blaming the professionals. I'm just saying that I think maybe hear from the actual parties, the -- who is signing the checks. You know? I mean, there's got to be a person somewhere. So anyway, with that, Your Honor, we object to the interim order in its current form that was filed at 11:00. And I'm also very concerned about really hamstringing the Committee or any parties-in-interest that would seek either derivative standing, or if the Debtors themselves would seek -- it's just such a short time period. And we're talking about sixty days. And I don't really understand what the emergency is. And I also don't understand -- it sounds to me like it's $30 million. There was 15 and then another 15 potentially. And I think we need to hear some clarity on that (indiscernible). So maybe we

can hear from Mr. Perry. But with that, we object.

Thank you, Your Honor.

THE COURT: Thank you. Does anyone else wish to be heard in the form of an opening? Okay.

Mr. Kaufman, how do you wish to proceed?

MR. STAPLETON: Your Honor?

THE COURT: Yes. Was there someone? Mr. Stapleton, yes. Please go ahead.

MR. STAPLETON: This is Mr. Stapleton. Thank you, Your Honor.

The Arizona Department of Corrections (indiscernible) another thing Mr. Zluticky said. We agree with what he said. Our specific (indiscernible) we agree that 17B should be removed. We are okay with the interim order that has been proposed provided that Mr. Zluticky is okay with the provision with regard to the lien -- you know, essentially the lien covering avoidance and recovery actions. So we would just be guided by what the Committee does with regard to that paragraph. So that's paragraph 5A.

And then the last thing (indiscernible) I recognize, you know, we don't have a lot of time is we think 17A should just come out. You know, and the reason is this. 17A is the provision that basically gives the DIP lender a release immediately upon entry of the interim order. The Court proposed a hypothetical where the M2 loan company had

already -- essentially had not advanced $2 million that was still available under the draw. And so in essence at that point the DIP loan might have been made what amounts to under false pretenses.

The way this works is that would be released, which means that it could essentially, at least the way it's currently drafted, eliminate the Debtor's ability to set off. And so we think that that is a problem.

And then the second thing I would say about that is -- you know, and this touches upon just in a way -- Ms. Heard just said, you know, we don't know who the lenders are. In fact, the lenders are not identified in the credit agreement. And so while I appreciate the lender wanting (indiscernible) and I actually want money to come into the case, I don't see how the Court is in a position to grant a good faith finding without knowing the identity of the lenders. I mean, I just don't know how else to say it. And with that, that's all I have to say, Your Honor.

THE COURT: Thank you very much. Okay. Anyone else?

MR. GLUCK: Your Honor, this is Kristian Gluck on behalf of M2 LoanCo.

THE COURT: Yes, sir.

MR. GLUCK: I had an offline conversation with Ms. Heard about this, and I note it is not in the motion. But

the only lender here is M2 LoanCo. So I know there's been a lot of speculation about that through this hearing, but it is only M2 LoanCo. So they would be the administrative agent and they are also the lender. And they are the sole lender.

THE COURT: Okay. Mr. Kaufman?

MR. KAUFMAN: Thank you, Your Honor. Just to echo Mr. Gluck's comment there on the lender's identity. In an effort to try to accommodate Ms. Heard's concerns and concerns raised by the committee as well, we added Paragraph 35 to the proposed order that identifies M2 LoanCo as the sole lender and then providing that if there are any new lenders that wish to join the credit agreement -- we're not aware of as of today, but if any want to, we would have to file a notice, comply with this paragraph, and give parties 14 days to object. So my understanding is that the Committee is actually okay with that language, but I'll let Mr. Zluticky comment if I'm misstating.

MR. ZLUTICKY: That's correct. We are comfortable with the language in 35 that if there were another party other than M2 LoanCo that was going to contribute money to this loan, that that would have to be disclosed to the public by a notice that was filed by the Debtor and then we would have 14 days to objection.

THE COURT: Got it. Okay.

MR. GLUCK: Your Honor, before I think we get into the evidentiary presentation, is it possible to take a short recess, Your Honor? I think it would be very helpful for the hearing if we just take a short one.

THE COURT: How much time do you think you need? The only reason I'm asking is that normally I can see people coming back in the hallway. You know? I can't do that online. So you'll have to...

MR. GLUCK: Right. I mean, I think ten minutes. Just ten minutes, Your Honor, is all we need.

THE COURT: I've got 2:34 on my clock here. Why don't we do 2:45?

MR. GLUCK: that's plenty of time, thank you.

THE COURT: Okay. Go ahead, Ms. Heard.

MS. HEARD: All I wanted to say is yes, I understand that M2 LoanCo is more than just the administrative agent, which was my original (indiscernible). I'm asking who is M2 LoanCo and what is M2 LoanCo's relationship to the DIP -- what is their prepetition relationship, the people who are actually behind M2 LoanCo.

THE COURT: Okay.

MS. HEARD: And I don't think we know.

THE COURT: All right. I'll come back on at -- well, ten minutes. Thank you.

Oh, I should tell everyone I'm going to mute the

court line. So again, the line will still remain open. So, you know, I will give everyone an opportunity. Just be careful. I'm not going to -- I don't know what I will do. Maybe I'll do this. I'm going to must everything. I'm going to mute -- no, I don't want to do that because then I'll have to unmute everybody. Everyone go to another phone. Don't dial in because everyone will be able to hear what you're saying. Okay. Thank you.

(Recess)

THE COURT: Okay. This is Judge Lopez. I am back on the record in Tehum. Let's see, Mr. Gluck, are you there?

MR. GLUCK: Yes. Yes, Your Honor.

THE COURT: Okay. Just checking in. Maybe that's the better way of doing it. Are we ready to proceed or do you think you need some more time or?

MR. GLUCK: No, I'm fine, Your Honor.

THE COURT: Okay.

MR. GLUCK: So I was able to take care of what I needed during the break. Thank you so much for the break. And I did let Mr. Kaufman know that I was coming back on camera so I assume he'll be here shortly.

THE COURT: Okay. Thank you. Give everyone a little time to get back on. Mr. Kaufman, are you there?

MR. GLUCK: And Your Honor, this is Mr. Gluck

again. Can you actually see me on the screen?

THE COURT: I can, sir.

MR. GLUCK: Okay, because somebody had indicated earlier my camera was not working when I thought it was, so apologies if it was -- it showed it as being on but I just wasn't sure.

THE COURT: You got it.

MR. GLUCK: Your Honor, I guess a bit of housekeeping maybe. Mr. Brookner I think is having trouble getting unmuted.

THE COURT: I might have done that on purpose. I'm just kidding.

Ah, Mr. Brookner, I see -- sorry about that, Mr. Brookner.

MR. BROOKNER: Thank you, Your Honor. I just wanted to apprise you that Mr. Kaufman is kind of in between, so you can just bear with us for just a few minutes --

THE COURT: No --

MR. BROOKNER: -- he'll be right back.

THE COURT: No worries. No worries.

MR. BROOKNER: Thank you. Thank you.

MR. GLUCK: Now --

MR. BROOKNER: For the record, I am wearing a real tie today.

THE COURT: All righty, Mr. Kaufman, are you there? Hold on. I thought I had unmuted you. Did I get you?

MR. KAUFMAN: I'm here now.

THE COURT: Okay, great. Let me hear -- I believe the Committee is unmuted. Can you just confirm, Counsel?

MR. ZLUTICKY: Yes. Thank you, Your Honor.

THE COURT: Okay. Great. Great, great, great. All righty. Mr. Kaufman, how do you wish to proceed?

MR. KAUFMAN: I think we're ready to present evidence and as I indicated in my opening, I would like, because this is an interim hearing, to present evidence through the declaration of Mr. Perry which was filed with the motion at Docket 186 and then offer the two exhibits filed with the motion, the approved budget and the credit agreement.

I think I heard an objection to that. Again, this is an interim hearing. I need to proffer that or just put Mr. Russell -- or Mr. Perry on the witness stand and go through his declaration. Happy to do that but I'm trying to conserve some time and make the evidentiary presentation as efficient as we can.

THE COURT: Let's take it --

MR. KAUFMAN: Interim hearing.

THE COURT: Let's take it one by one. Why don't

we -- let's see, there is -- where is the declaration? It's at docket -- it's Docket 186?

MR. KAUFMAN: 186, Your Honor.

THE COURT: Okay. There any objection to the admission of 186 for purposes of today?

MS. HEARD: Yes, Your Honor.

THE COURT: Okay.

MS. HEARD: Mary Elizabeth Heard --

THE COURT: Okay. All right. Mr. Kaufman, you're going to have to put him up.

MR. KAUFMAN: Call Mr. Russell.

THE COURT: Okay, Mr. Russell --

MR. KAUFMAN: Mr. Russell Perry.

THE COURT: Mr. Perry, is your line unmuted? Let me start with that. No, I don't think it is. Mr. Perry, is that you?

MR. PERRY: I'm here, Your Honor.

THE COURT: Okay.

MR. PERRY: Can you hear me okay?

THE COURT: Yes. Can you raise your right hand, please? You swear to tell the truth, the whole truth, and nothing but the truth?

THE WITNESS: I do.

THE COURT: Okay. All right, you can put your hand down. We going to begin with examination. Mister --

whoever is taking the lead on examination, you may proceed.

MR. KAUFMAN: That would be me, Your Honor.

DIRECT EXAMINATION OF RUSSELL PERRY

BY MR. KAUFMAN:

Q Mr. Perry, could you introduce yourself to the Court and tell the Court your position in this case?

A Sure. My name is Russell Perry. I'm the senior managing director at Ankura Consulting, within Ankura's within turnaround and restructuring practice. I have been practicing restructuring for nearly 20 years, focused on health care restructuring matters and equivalent type distressed situations. I currently serve as the Debtor's chief restructuring officer.

Q Do you have experience in case of serving as a restructuring officer or financial adviser?

A I do.

Q Would you list a few of those recent cases?

A Sure. I actually completed an engagement in the Chapter 11 case in the Southern District of Texas only a few weeks ago for a Debtor entity by the name of Pipeline Health. In that case, I was the Debtor's chief transformation officer, which had effectively the same authority as a chief restructuring officer. In another situation, Gulf Coast Properties, I served as the assistant chief restructuring officer in that situation and I've been

independent manager, strategic advisor, and other types of CIO roles in and out of bankruptcy.

Q When were you retained in this case?

A I was actually retained on the day of the filing, February the 13th.

Q And since then, what have you done to review the Debtor's financials and determine its availability of cash or finance?

A Sure. Well, much like I would have done had I been retained prefiling, myself and my team at my direction immediately began reviewing the books and records of the company. We did discover that the Debtor at the time did not have an operating bank account, did not have technically cash in the Debtor's estate.

We started to, you know, review and evaluate what potential assets were available for the Debtor in order to, you know, fund the estate, you know, for the relief that we are here. And then of course we, you know, began working through all the various things that we have the duty to provide such as, you know, information for the U.S. Trustee, information gathering for the schedules and statements that we're currently compiling and of course, developing the creditor matrix.

Q Did I hear you say the Debtor on the petition date had no cash?

A Correct. The Debtor had no cash and in fact, had no operating bank account. We did move quickly to establish a bank account. Unfortunately, we originally established that bank account at an institution and had to open a new bank account, so we do have operating bank accounts today, but there's no cash in those accounts.

Q Have you had an opportunity to review the Debtor's potentially liquid assets?

A I've reviewed more of the Debtor's illiquid assets than the liquid assets. Liquid assets to me would be, you know, cash, cash collections, other assets that I can assign, you know, a value to and perhaps even assign a date in which that would be collected. Here, there are potential and contingent assets for sure, but as it relates to liquid assets available to the Debtor, I have not been able to identify any.

Q In your view based on your analysis, are there any liquid assets at the Debtor's disposal today?

A I do not believe so.

Q We talked, you've heard us in discussion in our opening presentation, discuss the potential tax refunds or tax credits. What is your understanding of the timing and potential availability of those refunds?

A Sure. So just for a slight background, these tax credits are available to certain companies who retained, you

know, substantial part of their workforce throughout the pandemic. It was a CARES Act, effectively a program through the CARES Act that allowed for potential, you know, credit to tax obligations that would have arisen throughout the pandemic. In this situation, because the company prior to the divisional merger prior to the Chapter 11 filing was in fact an operating company that did employ the, you know, employees.

The employee, you know, what they call the ERC, employee retention credit, my understanding is there is eligibility at least for one of the two fiscal years during the pandemic, okay, 2021, you know, which would have been the second year of the pandemic, at least according to the program. The way that the program effectively works is you first have to go through a fairly extensive exercise with a specialized party to determine eligibility.

That party also would calculate the potential size of the opportunity. And then only then would you be prepared to then file the requisite forms with the IRS to qualify for, let's call it reimbursement of or receipt of, you know, that, ERC credit. So, as it stands today, the Debtor has completed a fraction of the work for only one of the years. There's actually a substantial amount of work required to not only determine the ability to, you know, liquidate the single year that I'm referring to, but there hasn't been

efforts to accelerate the other fiscal year which will take some time.

All in all from, call it cradle to grave in the program, the original determination of the eligibility and calculation of the pool, so to speak, that's a three- to four-week process working with an outside consultant. The accountant who is then tasked with preparing the IRS form, they also need roughly three or four weeks and then once the forms are submitted to the IRS, what I have learned over the last you know, couple of weeks of chatting with individuals is that it's an eight- to ten-month process to receive funds back from the IRS. That's the program, as I understand it.

Q And is it -- based on your answer, is it fair to say that the Debtor will have to hire outside professionals to help with this work? Is that fair? Is that --

A It will. It will. I'm actively engaging with a number of those firms now.

Q And does the Debtor currently have cash or financing to pay those professionals?

A It does not.

Q So it needs cash to pay those professionals?

A The Debtor requires cash in order to retain the professionals. For example, the CPA firm requires a deposit. The consulting firms will require funding or some, you know, arrangement of funding. So without cash, I'm

going to have a very difficult time retaining any of these professionals.

Q So is it your belief that the Debtor requires immediate access to financing or cash?

A It is my belief, yes.

Q Have you undergone a process of putting together a budget for the financing and cash that the Debtor needs in the immediate future?

A I have. My team and -- at the direction of me, and I have prepared a budget to coincide with this interim DIP. It's the best assumptions that we can make at least at this stage of the process. Currently, it does, you know, take place over a 13-week period, you know, through call it the May 26th date, we'll certainly be working on updating the budget, maintaining the budget in real time. Following the appropriate protocol and requirements under the DIP facility.

Q Is the budget filed with the DIP motion at Docket No. 185-1 -- sorry. Make sure I'm getting the docket number right. That's right. Docket No. 185-1, is that the approved budget that you prepared?

A Yes, that's correct.

Q And is it your understanding that the DIP lender has approved that budget?

A Yes. My understanding is it is the approved budget.

Yes.

MR. KAUFMAN: Your Honor, I'll offer what is filed at Docket 185-1 and also Exhibit 6. For purposes of today, it's Docket 192-6.

THE COURT: You got to pick one of them. Which one do you want to --

MR. KAUFMAN: I think you'd prefer the witness and exhibit list, right?

THE COURT: Yeah, yeah. That's exactly right.

MR. KAUFMAN: Let's go with 192-6.

THE COURT: Okay. Any objection to the admission of 192-6? It's admitted.

(Exhibit 6 entered into evidence)

BY MR. KAUFMAN:

Q Mr. Perry, during the first couple of weeks of this case -- I'm sorry, strike that. Pursuant to the budget, how much does the Debtor need under the interim DIP loan?

A Well, for the budget we prepared, we calculated a $2 million need that does allow for the funding of various, you know, expenditures and provisions, at least through, call it the end of March into the first week of April. So the budget has identified roughly a $2 million need through that time period.

Q And have you as the Debtor's chief restructuring officer explored alternative sources of financing or cash?

A I have.
Q Can you talk to the Court -- describe for the Court your process and who you contacted to try --
A Sure.
Q -- negotiate or find capital for this case?
A Sure. You know, similar to other Chapter 11 cases, you know, the Debtor's task is certainly to identify the sources of capital that would be at its avail for Debtor in Possession financing or cash collateral. Here, what my goal was, was to speak to a number of potential parties in, let's call it the following categories.

One, I wanted to speak to a traditional lender who is well experienced who operates solely as a DIP lender who has the, let's call it, appropriate risk profile to evaluate whether or not it's interested in providing a DIP facility. So I'll call that a traditional DIP lender.

Two, I reached out to a -- let's call it a liquidation type lender and capital provider, a lender who has experience in liquidating assets or understands, you know, what the time, cost, and commitment would be to liquidate various assets.

And then three, I spoke to two different individuals or two different potential lenders, large capital providers who specialize in what I'll call, you know, litigation contingency claim and specialty financing type arrangements.

So to me, you know, while there are certainly other potential DIP providers in other categories, those are the three natural categories that I thought made the most sense to speak to.

The message back to me was very consistent. I was unable or the Debtor was unable to provide let's call it enough certainty around the collateral that would be available to this prospective DIP lender or DIP lenders, and timing in which that collateral would be available, and like I said, the certainty that the collateral would be, you know, able to be perfected and obviously, you know, in the time in which the loan would be advanced.

Now, you know, a DIP lender is going to look for a number of things as it makes a DIP facility available. One, the prospects of being paid back; two, you know, an economic return; and of course, three, you know, as it relates to number one, what the collateral would be to assure, that one and two would be completed. I didn't have, the Debtor certainly doesn't have the ability to bring that type of collateral or assurance to a third party DIP lender.

So then the message to all -- you know, so these folks back to me, which didn't take very long, was at this point in the case and at this point along the timeline, there wouldn't be, you know, an appetite, not even a term sheet or even a prospect of a potential financing. But I've been

asked by all parties to come back to them at a future date, you know, if circumstances change.

Q And as part of your investigation or shopping of the DIP, did you speak with any potential lenders that specialize in lending against tax credits, like the one the Debtor might have?

A I did, and that was exactly what my goal was and that's why I spoke to two very experienced, you know, capital providers in the specialty and call it contingent asset space. Both of them, one more so than the other, you know, are very interested in the collateral that would be provided through these ERC credits. You know, I think there would be a potential opportunity either, you know, sell the tax credit if that's something that we would seek to bring in front of the Court or frankly lend against the tax credit.

You know, the underwriting process is a bit extensive. What I just walked through a few minutes ago with the ERC program, they would underwrite every step of the way I think to give them comfort, right, that the collateral is, in fact, you know, able to be received in the timeframe that would be estimated, and then more importantly that there would be a structure in place such that the monies couldn't be clawed back.

So both of the parties are on my short list as well as other parties that I'm gathering information for that when

the ERC program is advanced further, like there'll be a capital source, a potential capital source for me to reach back out to determine whether or not it makes sense to start funding the case, you know, through an outside party.

Q Let's talk about M2 LoanCo for a minute. It is you're your understanding that M2 LoanCo is an affiliate of the Debtor by common ownership up through M2 HoldCo?

A That's my understanding through a review of the organizational structure, yeah.

Q Do you know anything else about the ownership and management of M2 LoanCo?

A I really don't. I know a single director that's been working through counsel. I've been working through counsel. I don't have an extensive knowledge of M2 LoanCo in that regard.

Q And that's -- that was going to be my next question. How did you manage the negotiations over the terms of the DIP financing, DIP (indiscernible)?

A Sure. You know, I work directly through Debtor's counsel. You know, my direction was that Debtor's counsel work directly with M2 and its representatives and then I would work through counsel. To me, that was the most efficient way in which both of the time that we had avail and the legal issues that I understood would be discussed and negotiated. So my interaction was mainly, again,

through Debtor's counsel based upon their interactions with, you know, with the DIP -- potential DIP lender and its representatives.

Q Did you feel like you had the leverage and the ability to negotiate independently of any oversight from any others at the Debtor level, any insiders of the Debtor (indiscernible) telling you what to do?

A Oh, sure. I made decisions independently of any other party as my role as chief restructuring officer. Again, my decisions were based upon, you know, the availability of capital through other means, the budget that was prepared, and the need for the financing. But yes, I worked individually, independently.

Q Let's, before we get into the terms of the financing, let's talk briefly about the funding agreement. Are you aware of a funding agreement between the Debtor and M2 LoanCo?

A I am. That's how I became aware of the existence of M2, to be honest, as a potential lender through their relationship in the funding agreement, you know, with the Debtor entity. So I am aware of the existence of the funding agreement.

Q Did you do at least a preliminary investigation of funding available under the funding agreement?

A I've received information. I would use the word

preliminarily -- you know, is certainly the right word to describe. We are continuing to receive information, request information, compile information. You know, preliminarily what I've, at least the information that I've received would suggest that disbursements have been made on behalf of Debtor, you know, claimants and expenses and the like well above the $15 million.

The condition I think of the funding agreement is roughly $11 million on claims and roughly $4 million on expenses, and based on the, again, preliminary information we've received, there's been, you know, I think north of $30 million that's been disbursed since the merger date.

Q Did you make a formal demand on M2 for payment under the funding agreement?

A I did. I requested through counsel, of course, the -- an advance on the funding agreement or at a minimum, you know, requested the, whether or not there was remaining amount under the funding agreement that could be advanced.

Q And was that that request met with a positive response?

A No, no, it was denied. The request was denied and the response that I received back was that the $15 million funding agreement had been fully satisfied, that amounts had been provided, you know, pre-Chapter 11 on account of making payments on claims and, you know, I was told the amounts were well above the $15 million.

Q And so you turned to negotiating a DIP facility with them, too? Is that correct?

A So, yeah, in my evaluation, you know, the other alternative, of course, absent funds available under the funding agreement, at least for again, the preliminary work that we've done is to, you know, seek funding through a Debtor in Possession financing arrangement.

Q And tell -- just briefly describe for the Court, the process for the negotiations. Were there term sheets? Did we trade drafts of credit agreements? How did the process present itself?

A Sure. So it started with the development of an initial budget. The initial budget is what at least gave us a bit of the purview of capital needed during the interim period, capital needed over, call it a three-month period, and gave us a bit of guidance as to the amount that we would be seeking. That's where the amount in the, you know, DIP motion and the credit agreement obviously were sourced from.

The process was, once a budget was in fact prepared, we then, set up through counsel, prepared a draft of a DIP term sheet. We, you know, included all of the standard DIP type provisions around reporting, you know, structure of borrowing and the like, and provided, again through counsel to representatives of the potential DIP lender here. Over the course of the last, I think, you know, two weeks, three

weeks, there's been a number of terms initially of the term sheet, okay, where we started, multiple drafts, multiple revisions.

There were certain structures within the term sheet such as an interest rate, concepts such as a variant testing, things of that nature that were negotiated out or in a different form or manner. That term sheet was then ultimately agreed to and then the parties moved to the preparation of a credit agreement.

The credit agreement was of course, you know, negotiated. There were certain terms in the credit agreement that were modified between counsels again with my review. And then at that point, the parties turned to preparing the DIP order, the DIP motion, and the respective information needed for today.

Q And you mentioned that the term sheet went back and -- you went back and forth with the DIP lender on interest rates and fees. Do you believe that the interest rates and fees ultimately agreed to are reasonable?

A I do based on the circumstances of this situation and the nature of the DIP for sure. The original term sheet had, for example, a cash pay feature. Now it has a (indiscernible) feature on the rate. All in, the economics are -- and, you know, at least in my opinion, fairly standard in market. I don't think there's anything that

I've seen that's egregious as it relates to the economics. Again, we finalized a Chapter 11 case not too many weeks ago and the economics were actually fairly in line and that was an operating business with pretty stable collateral packages.

Q What are the draw fees proposed under this DIP facility?

A Two percent per draw is the fee on this facility.

Q So for a $2 million draw on the interim, how much is that?

A It's just $40,000 for that initial piece. Yeah.

Q Your declaration talks about milestones. Is it your understanding that the milestones have been negotiated out of the interim order except for the entry of the final order?

A Yes, that's my understanding. I know the DIP order was uploaded a few minutes before the hearing, but that's correct. The milestones, my understanding, have been removed and we'll be discussing milestones potentially at the final DIP hearing.

Q Is it your under -- could you tell the Court your belief, based on -- what is your conclusion of whether this DIP lender has negotiated with the Debtor in good faith?

A Well, my belief is that certainly has occurred. You know, my experience as a both financial advisor and

restructuring officer of, you know, prior examples, prior situations in cases, you know, I sought to utilize the same set of tools and steps and procedures that I've done in other, again, situations that we've talked about here today. I haven't seen, at least through my review of the information, anything that would suggest that the loan isn't being made in good faith. So, you know, again, my understanding is, and my basis of this process is that the loan is being provided in good faith.

Q And you heard Committee counsel's arguments that the whole notion that the DIP lender was unwilling to provide funding through the funding agreement is the basis for withholding of a finding a good faith. What's your response to that?

A Well, again, based on the information I've received --

MR. ZLUTICKY: Your Honor, I'm going to object. I think he's calling for a legal conclusion.

THE COURT: Yeah. Well, I'm just going to let him answer in the context of being a restructuring professional and what his thoughts are, but I'm not going to take it as kind of an analysis of any legal issues there. So he can, you know, kind of what he thought about that issue, I can -- he can certainly speak to but not -- it'll have no legal effect, if you will. After that, Mr. Perry do you --

THE WITNESS: Okay, well, my conclusion --

THE COURT: -- still remember the question?

THE WITNESS: Yes. Yes, Your Honor.

BY MR. KAUFMAN:

A So my conclusion is solely based on my experience as a restructuring professional as it relates to what is the, you know, what is the availability of capital to fund this Chapter 11 case, at least at this point in time, right. My natural very first step was to potentially seek amounts available under the funding agreement. It's what any restructuring professional in my mind would have done.

Once I understood, again with the information that's been provided to me, that funds were not available under the funding agreement, you know, my natural next step was to seek a Debtor in Possession financing facility to which I canvassed, you know, the market in the categories that we discussed earlier.

Naturally, you know, approached M2. You know, through this arrangement with the funding agreement and my knowledge of who the entity -- the relationship of the entity with the Debtor and that resulted in the DIP financing facility today. So I don't know if there's anything more than that as a restructuring professional in the process that I undertook to, you know, achieve where we -- what we're seeking for today.

Q And the relief is provided in the proposed DIP order,

the interim proposed DIP order. Do you believe those give the Debtor a sufficient amount of time to do the investigation before the broader releases for M2 become effective?

A Well, we're certainly looking to start right away. We want there to be no delay in time. You know, we do have, you know, information that that has been gathered to date. There will continue to be information gathered.

You know, our thought is, you know, this is a Chapter 11 case that we are looking to, you know, prosecute accordingly and our job is to start the investigation to work diligently, effectively, to bring in the appropriate resources and -- you know, that's needed to effectively conduct the investigation and, you know, based on what I have seen in other circumstances, I do think that's enough time for us to complete the work with the resources that we have.

Now, if it's not enough time, right, then I think we would have the opportunity according, and as my role, I would, you know, see whether or not we can achieve it. But I think the time that's allowed is the time that we can work under effectively.

MR. KAUFMAN: All right, I'll pass the witness.

THE COURT: Okay. Let me -- who wants to question the witness?

MR. GLUCK: Your Honor, I just had a brief question, maybe two.

THE COURT: Okay. Well, let me just -- yeah, let me start with the parties who are in support of the DIP. I'll ask them to ask questions first and then anyone who wishes to cross examine, essentially, may not support the DIP or questions, you know, for approval of it. I'll go second. So Mr. Gluck, why don't you proceed?

MR. GLUCK: Thank you. Thank you, Your Honor.

CROSS EXAMINATION OF RUSSELL PERRY

BY MR. GLUCK:

Q Mr. Perry, I just want to touch on the ERC for a second in your testimony. Was it your testimony that the ERCs, that the estate is likely to not see any recovery off of those for eight to ten months?

A Well, there's two potential paths to seek recovery on the ERC. One potential path is to prepare the proper information, to submit that information to the IRS, and then wait for, call it a full value of that ERC credit, which could be eight to ten. Some folks have told me it could be longer because of the size of the potential credit here. So one path is in fact call it a ten to twelve month path.

The other path is to file the forms with the IRS which again, only one fiscal year is even remotely close. So we're still four to eight weeks from being able to file

those forms. Once the forms are actually filed with the IRS, at that point in time, there would be a marketing process to which we would evaluate whether or not you could liquidate those ERC tax credits.

And, you know, Mr. Gluck, I think it's anybody's guess how quickly someone could underwrite, you know, seek approval within the internal committees and then obviously come to the Court to seek approval either from a financing perspective or a sale of those assets.

That's probably, again, a two- to three-month process, would be my guess. So at best two to three months, you know, in the best scenario. In the worst scenario we're waiting about a year.

Q So I think it's safe to say you're not going to receive any ERC credits before the Court has the final hearing?

A Correct.

Q Are you -- you are familiar with the proposed interim DIP order?

A It was still moving as of, you know, not too long before the hearing, but I am fairly familiar with what was uploaded today, yes.

Q Are you familiar with the various potential collateral under -- that the Debtor proposed to pledge as collateral for the DIP loan?

A Generally familiar, yes.

Q Is it the Debtor's proposal to provide as collateral, you know, tort claims, causes of action?
A Well, my understanding is with the order that was uploaded, there was -- challenge claims or avoidance claims was deferred to the final DIP hearing.
Q Yes, Mr. Perry. I'm actually referring to just like, just tort claims or other causes of action, but separate and apart from avoidance actions.
A Yes, that's my understanding.
Q Are you aware, I mean, has the Debtor filed any current claims? I mean, are there any current pending claims where the Debtor is a plaintiff?
A Not that I'm aware of, no.
Q I mean, is it the Debtor's, you know, sort of intention within the next -- you know, at least prior to the final hearing to be filing any claims?
A No. We have a substantial amount of work to do to determine whether or not claims even exist.
Q So you're not expecting to have any recoveries from any tort claims in, you know, in the near future, at least not before the final hearing?
A Correct, not before the final hearing. Correct.
MR. GLUCK: No further questions, Your Honor.
THE COURT: Okay. Thank you very much. I'll just go -- mister -- where are you? I got to find the box.

Let's see, where's the Committee? I can't find the box. Let me ask if the Committee -- does the Committee have any questions? Maybe I'll just do it that way. I apologize.

MR. ZLUTICKY: Yes, Your Honor. This is Nick Zluticky for the Committee. I do have just a few questions of Mr. Perry.

THE COURT: All righty.

CROSS EXAMINATION OF RUSSELL PERRY

BY MR. ZLUTICKY:

Q So hi, Mr. Perry. It's good to talk to you. I'm, as you know, I'm Nick Zluticky. I'm here for, in my capacity as counsel for the Official Committee of Unsecured Creditors. I want to talk about your knowledge of M2 LoanCo for a moment. You said that you knew that M2 LoanCo was an affiliate of the Debtor through common ownership; is that right?

A That is correct.

Q And you said that you know one director at M2 LoanCo; is that right?

A There was a director that was working through -- yes. There's a director working through Counsel. My understanding is, there was a director -- it's the director, at least, that I know of that we were -- was conversing (indiscernible).

Q And who is the name of that director?

A Alan Rubenstein.
Q Do you know if there are any other directors of M2 LoanCo?
A I do not know.
Q Do you know if there are any officers of M2 LoanCo?
A I do not. I do not know.
Q Do you know if there are any managers of M2 LoanCo?
A I do not.
Q Do you know who the members are of M2 LoanCo?
A I do not, I'm sorry.
Q Do you have a list of all of M2 LoanCo's affiliates?
A I do not. I have the organizational chart that was filed in my declaration.
Q Okay. Other than the knowledge that M2 LoanCo is an affiliate, knowing Alan Rubenstein, and then your knowledge of the funding agreement which we'll get into in a minute, do you have any other knowledge of M2 LoanCo?
A My under -- the other knowledge that I have through my personal review of the divisional merger documents and the ongoing review is that M2 LoanCo is a secured lender, I think, to other affiliates. That's the only understanding that I have.
Q So a couple of questions about the funding agreement with M2 LoanCo. You said that you made a request for funding under the funding agreement and that request was

made to M2 LoanCo; is that right?
A That's right. It would have been a request through counsel. It wasn't a written request. It was a verbal request through counsel.
Q So there's no written request?
A Correct.
Q The information that you've requested from M2 LoanCo and received, what information is that?
A The information I've requested includes disbursement records, various call it entries of the expenses that have been disbursed by entities for the Corizon related, at the time, or Tehum related claims. I've also requested and in receipt of, you know, of the activity and the way that the cash flows in between the various entities and M2 LoanCo.
Again, it's preliminary. We're gathering the information, but I've requested, effectively, all of these cash activities, the entries, the, you know, detail as to who was paid and what time period was, you know, were payments made, you know, at least from the point of the funding agreement being effective and the time of the filing.
Q And you said your review is preliminary. What do you mean by preliminary?
A So we're just receiving information in real time. I don't think we have a complete set of information at this

point. It's preliminary in that I haven't concluded yet if the information is complete. So like I said, the information we have received, you know, disbursement records, entries of expenses being paid, things of that nature, that's been received but Mr. Zluticky, until I can determine that there's no other information out there or available to me to complete the reconciliation, I have to consider it preliminary and we're certainly going to continue to, you know, work through that process.

Q And the information that you've received is M2 LoanCo's records; is that right?

A At this point, it's been a -- my understanding is it's been a combination of M2 LoanCo information. It's been a -- information prepared by representatives at the outside management companies, for example, Sigma Risk Management who's in charge of working through and assisting the Debtor with claims, information provided by, you know, other affiliates of -- you know, that were involved in divisional mergers, so the YesCare entity, Geneva entity (indiscernible) that effectively would, in my opinion, have books and records or any information that I can use to complete the reconciliation.

So it was a, really an ask across all of the various entities that may have been involved in the divisional merger so that I can, you know, hopefully receive a complete

set of information to complete the analysis.
Q Does the Debtor have its own books and records that show amounts funded by M2 LoanCo?
A We're working through that process. At this time, I do not know.
Q So there was some discussion about the challenge period and I believe the response was that you were looking to start right away; is that right?
A That's correct. I suppose that's a bit of a vague term or description, but that is correct that, you know, we are looking to engage in and start working through an investigation with respect to the challenge period.
Q Do you have an estimate of when you're going to have access to all of the Debtor's books and records to be able to make it -- to be able to start that investigation?
A I would start the investigation with the information we currently have and to the extent that there's additional information needed, I do not have an estimate as to at what point in time we would receive all the information needed for the analysis, but we certainly would start with the information we have.
Q And then there was finally a discussion of tort claims and causes of action. Do you know what tort claims the Debtor may have at the moment?
A I do not.

Q And the Debtor hasn't filed schedules that would list those claims, correct?
A They have not, not as of this hearing.
Q And do you have any knowledge of what causes of action the Debtor has?
A Not at this time.
Q But yet those are being pledged to M2 LoanCo as collateral for this DIP loan?
A Correct.

MR. ZLUTICKY: Your Honor, I don't have any further questions of the witness. Thank you.

THE COURT: Okay. Thank you. Let me turn, Ms. Heard, do you have any questions?

MS. HEARD: Thank you, Your Honor. I do. Can you hear me? Can everyone hear me?

THE COURT: Yes.

CROSS EXAMINATION OF RUSSELL PERRY

BY MS. HEARD:

Q All right. Mr. Perry, my name is Mary Elizabeth Heard. I appeared at the last hearing, but we didn't actually do any examining, I don't believe. I represent Adree Edmo along with the National Center for Lesbian Rights (indiscernible).

THE COURT: Ms. Heard, we can't hear you now. I heard the first part.

MS. HEARD: Let me just do this. I'm having some trouble with that ear connector thing.

BY MS. HEARD:

Q Anyway, so I represent Ms. Adree Edmo. Can you hear me?

A I can. I can.

Q Okay, great. Great. I don't know what's going on with this. Anyway, I heard you mention that there had been $30 million of amounts paid under the funding agreement; is that what you said, on behalf of the Debtor?

A Well, what I specified to is that at least the information that I've received to date, there is a sum of payments that have been made on account of call it Debtor payments to the tune of roughly $30 million, in fact a little north of that. And when we file the schedules and the statements, we'll be of course working through those payments and providing that information.

Q Okay. And you said, and I wrote this, payments of amounts on claims. What claims were paid?

A I haven't been able to review the information in detail. I -- my understanding is there were liabilities of the Debtor, you know, post divisional merger, expenses paid to, you know, continue to work through those claims, action defenses, and the like so I haven't been able to go line by line by line. But my understanding is the payments were

across a number of broad categories.
Q Okay. So I'm going to go back to your proffer in the first hearing and also, you know, largely the same in this one -- At least this sentence is the same. In there you say, "Moreover, as a part of the --
MR. KAUFMAN: Your Honor, I'm going to object. Ms. Heard objected to the use of a declaration. We're just relying on his testimony today for today's hearing.
THE COURT: I think she's using it for impeachment purposes, at least that's what I think is going on, so I'll allow it. But Ms. Heard, you'll have to -- I'll give you an opportunity. If it's not for that, then I'll entertain the objection again.
MS. HEARD: I'm -- yes, it is for impeachment purposes and I'm looking at the document. It's filed as part of the witness and exhibit list, Document 59-1 and also it was at Document 7 in this case.
BY MS. HEARD:
Q As a part of the divisional merger, the Debtor was allocated a million in cash as well as the right to draw on the $15 million funding agreement, $11 million of which was earmarked for the Debtor's creditors. That same sentence appears in your declaration today. So $11 million was earmarked for the Debtor's creditors. And you're telling me $30 million was paid, but we don't know to whom; is that

correct?
A I have the information to evaluate who was paid. I just need to work through the analysis.
Q Okay. Well, let me say it another way. Was the $30 million for the Debtor, payments on the Debtor's behalf to creditors paid prepetition. Are these all prepetition payments?
A Correct. Yes. Prepetition.
Q Okay. So my next question is, have you read the funding agreement?
A I have read the funding agreement. Yeah.
Q Okay. Who are the signatories to the funding agreement?
A I'd have to reference the funding agreement, but I -- it would be signatories of, of course, the various parties. I think M2 LoanCo would have been a party and the now Debtor.
Q I understand, but who's signing on behalf of M2 LoanCo?
MR. KAUFMAN: Your Honor, I'm going to object. That evidence isn't before Mr. Perry. It's not an exhibit. He can testify if he knows but sounds like he doesn't.
THE COURT: Well, why don't we just let him answer the question?
BY MS. HEARD:
A Right, I would have to pull the document back up and

read the name to you.
Q All right. I understand. It just -- it seems like it's an important piece. All right. Have you had any conversations with Michael Flacks in the negotiation of this DIP?
A That name does not ring a bell. I do not think so.
Q Okay. How about Charles Gassenheimer?
A No, ma'am.
Q All right. You mentioned the obligations paid to the Geneva entity. Is that Geneva Consulting LLC?
A That's my understanding, yeah.
Q Okay. What payments were made to Geneva Consulting LLC?
A I'm sorry, I didn't -- I don't think I testified that payments were made to them. There was a cash management system in place in which certain payments were made by Geneva on behalf of the Debtor.
Q All right. So let me look at my note real quick because I thought I wrote something different. I thought that you said there were payments made to Sigma, YesCare, and the Geneva entity.
MR. KAUFMAN: Objection --
BY MS. HEARD:
Q -- your testimony?
THE COURT: He can answer.

BY MS. HEARD:

A No, I haven't testified on who received payments from the Debtor's records. My testimony was that I have received information from my team and I will be evaluating the information as to exactly who was paid, who funds were disbursed to in between the date of the divisional merger and the filing date as part of our process to prepare the Statement of Financial Affairs. But I didn't -- think I testified that any payments were made to any of those entities. It's the information that I -- it is a party that I requested information from.

Q All right. And what information did you get from those parties?

A I've received at least to date information with respect to the payments that have been made, disbursements that have been made between the date of the divisional merger and leading up to the filing date.

Q Okay. So maybe this is where my confusion is coming from. So when you say the payments that have been made, can you explain to me what that sentence means? The payments from where to where?

A Sure. I'll back up to the data of the division merger. As I think discussed in my declaration, there was an allocation of assets and liabilities to let's call it a RemainCo and a NewCo, RemainCo now be the Debtor entity. My

understanding of the information that we are currently evaluating is that payments have been made on account of the liabilities or various expenses related to the contract and the liabilities that were allocated to the Debtor between the date of the division merger and the date of filing.

Q Okay. And who was making the decisions about which liabilities to pay? Have you come across that?

A I don't have an answer for that question.

Q Okay. Is there anyone you have spoken to at the Debtor who could have an answer to that question?

A I'm happy to include that in the analysis of the funding agreement reconciliation. I suppose the answer is -- I will certainly ask. I do not know if someone has and where the answer will be, but I will certainly follow up on that.

Q Okay. I'm sorry, I -- you kind of lost me. So the is answer, no, you don't know anyone who can --

A Can you ask the --

Q -- answer these questions?

A -- question again?

Q Sure. I mean, we can -- we agree that liabilities were paid, right, between the date of the merger and now, and they total approximately $30 million or what you know so far. And I'm saying, who is the decider who made the decision about which liabilities to pay?

A I don't know the answer to exactly how the decision making process was carried out.
Q Is it a committee --
THE COURT: Can I --
BY MS. HEARD:
Q -- of people? Is it one person?
THE COURT: Can I just ask what this has to do with the DIP that's before me?
MS. HEARD: Sure, Your Honor. I mean, the issue is that we can't seem to drill down. I mean, essentially they're asking the Court to make a good faith finding and we have very little information about who is LoanCo, who owns, you know --
THE COURT: Right --
MS. HEARD: -- the Debtor, and who's making the decisions about which liabilities to pay --
THE COURT: I was asking about your specific --
MS. HEARD: -- in exchange for these --
THE COURT: I'm just asking about your specific question on that one.
MS. HEARD: Okay. Well, $30 million is paid and I'm trying to understand which liabilities were paid because my client wasn't. And if that -- they're asking to be released --
THE COURT: What does that have to do with --

right. Why don't you ask another question, Ms. Heard?
BY MS. HEARD:
Q Okay. Who are the secured DIP parties?
A I believe that was addressed earlier, just M2 LoanCo is single DIP lender and agent. I believe the DIP order specified, I want to think Paragraph 30, 35, something, there was a specification around that point.
Q Okay. So does Mr. Isaac Lefkowitz, is he involved with M2 LoanCo, to your knowledge?
A Mr. Isaac Lefkowitz is the director of the Debtor. I've been working with Alan Rubinstein as a representative of M2 LoanCo.
Q Okay --
A -- question.
Q Does Mr. Isaac Lefkowitz have an interest in M2 LoanCo personally?
MR. KAUFMAN: Objection. That calls for a legal conclusion.
THE COURT: No, I don't think it --
MS. HEARD: To his knowledge.
THE COURT: Yeah, to your knowledge,
BY MS. HEARD:
A I do not know the answer to that.
Q Okay. How about Perigrove? Do you know anything about Perigrove's relationship to M2 LoanCo?

A I don't. My understanding is Perigrove is an entity that may provide funding to M2 LoanCo, but that's the extent of my knowledge.

Q Okay. So right now, you're corporate restructuring officer. I understand that you just joined February 13th. Are you aware of who bought this entity -- I'm sorry, Corizon and the predecessors in interest to the current Debtor? Let me say that --

A (indiscernible).

Q In 2020, the predecessors in interest to this Debtor were purchased by an undisclosed person, entity, group of individuals, I don't know. Do you know who bought this entity?

MR. KAUFMAN: Just got to object --

BY MS. HEARD:

A I do not.

MR. KAUFMAN: -- to the first part of that question, because that sounded like testimony.

THE COURT: Well, why don't you rephrase the question, Ms. Heard. I going to let you ask it. I just want to make sure that we have a clean question.

MS. HEARD: Sure. I understand.

BY MS. HEARD:

Q Who purchased this? Who purchased the predecessor in interest to Tehum Health Care in 2020?

A I do not know who the purchasing entity was in 2020.
Q Okay. Do you know if it was an entity or an individual?
A I do not.
Q Do you know --
A (indiscernible).
Q -- anything about that transaction? All right. You know, we've talked today, in your testimony you talked about how you've done, you've been involved in DIPs before and there are certain standard terms and all of that. I'm not -- I'm just saying that in very broad strokes. I'm not trying to re-characterize your testimony. I'm just not going to rehash it word by word. Have you ever seen a DIP for an entity that is liquidating?
A I have, yes.
Q Okay. And that dip that you're thinking of, did it only purport to pay estate professionals?
A No, the DIP provided for the payment of administrative expenses to wind up the affairs of the estate, which would have included professionals, but wouldn't include things like notification agents or administrative agents, you know, U.S. Trustee, any potential expenses borne by the Debtor in order to wind up the estate.
Q And was that in the context of a an 11 -- Chapter 11?
A It was.

Q And in that situation, were any claims paid at all?
A I mean, claims -- I'm sorry, general unsecured claims. Yeah, those claims would have been paid, you know, after, you know, for example, a plan of reorganization would have been proposed as (indiscernible) statements solicited and approved and, you know, recovery specified and agreed to on account of unsecure claims. That's when the claims would have been paid, once the recoveries have been identified and the plan was set forth.
Q No, I understand that, but this is a -- there's no, there's no reorganizing here. This is a liquidation, correct?
A That's correct.
MS. HEARD: Okay. Thanks, Your Honor. I'll pass the witness.
THE COURT: Okay. Does anyone have any -- anyone else have any questions for the witness? Mr. Cross?
MR. CROSS: Thank you, Your Honor.

CROSS EXAMINATION OF RUSSELL PERRY

BY MR. CROSS:
Q Good afternoon, Mr. Perry. I represent Kohchise Jackson and William Kelly, two tort claimants in Michigan. I believe you testified that M2 LoanCo and the Debtor have a common parent which is M2 HoldCo, a Florida LLC; is that correct?

A That is correct. That's from the organizational chart in my declaration. Yeah.
Q Who are the members of M2 HoldCo?
A I don't have that information.
Q Is it possible that any person who owns or controls LoanCo or HoldCo is also an insider of YesCare or YesCare Holdings?
MR. KAUFMAN: Your Honor, I'm just going to object to the relevance.
THE COURT: I'm --
MR. CROSS: The reason I ask --
THE COURT: -- overrule the objection. He can answer if he knows.
BY MR. CROSS:
A I'm sorry, are you saying is it possible that that exists?
Q Yes.
A I suppose it's possible but I don't know that I have a basis for determining. I (indiscernible) information as it relates to who that would be today and what those officers are.
Q The reason I ask is that there appears to be provisions in the credit agreement that provide benefits to YesCare. Would you agree with that?
A Can you explain, you use the word benefits, what do you

mean by benefits?
Q For example, have you read the credit agreement?
A I have gone through the credit agreement but the DIP order, you know, is certainly what is currently guiding the DIP facility, but I have gone through the credit agreement when it was prepared.
Q So you saw negative covenant 6.36R which prohibits the debtor from using the loan proceeds or its cash collateral to investigate, analyze, commence, prosecute, threaten, litigate, object to, contest, or challenge in any matter the divisional merger or YesCare?
A Yes, if that's the provision you're reading from the credit agreement, that sounds correct. I would defer back to the DIP order as it relates to guidance for the DIP.
Q Would you agree that that provision benefits YesCare?
A I suppose in the narrow view in that the DIP financing wouldn't be used for that purpose, that's where there may be a benefit. But, I don't think it says that the investigations can't continue or investigation can't occur. It's just the use of the proceeds.
Q I believe you testified Perigrove is an entity that provides funding to LoanCo; is that right?
A To my very, very limited understanding. I have no books and records to specify that.
Q Do you know who the principal of Perigrove is?

A I do not.
Q Have you ever visited its website?
A I have not.
Q Are you familiar with an individual by the name David Gefner?
A I'm sorry, I don't recall that name.
Q Are you -- I believe you testified you're familiar with an Isaac Lefkowitz; is that right?
A I am.
Q I noticed in, I think it's exhibit or ECF 59-10, there was a document signed on behalf of LoanCo Isaac Lefkowitz. Do you know if Mr. Lefkowitz has authority to act on behalf of LoanCo?
A I do not know the answer to that.
Q Do you know who Abraham Goldberger is?
A I know reference to him through documents in the divisional merger, but I do not know anything beyond that.
Q Have you ever spoken with him?
A I have not.
Q Now you said you've read the funding agreement between LoanCo and the Debtor, correct?
A I'm generally familiar with it. I have read it in connection with gathering information.
Q What consideration did LoanCo receive in exchange for providing over $15 million of funding to the Debtor?

MR. KAUFMAN: Objection, calls for a legal conclusion. Objection, it's irrelevant to this DIP motion.

THE COURT: What's your response, Counsel?

MR. CROSS: Your Honor, I think that where -- he testified that this agreement was negotiated in good faith between the Debtor and I just want to understand why LoanCo is advancing funds to the Debtor without any hope of being paid back, which appears to be what happened in the funding agreement, like what their motivation is for providing this funding.

THE COURT: He can answer if he knows. How can he --

THE WITNESS: I actually do not know the answer to your question.

THE COURT: Yeah, was going to ask, how can he know their motivation, Counsel?

MR. CROSS: Well, he can know if there's any consideration provided in the agreement itself because he's read the agreement.

THE COURT: I'm not sure that goes -- go ahead. I understand.

BY MR. CROSS:

Q So was there any consideration provided in the agreement?

MR. KAUFMAN: Raise my abductions again.

THE COURT: Overruled.
BY MR. CROSS:
A I'm sorry, I would have to go back to review the funding agreement to determine. As it stands today, I do not know the answer to your question.
Q So is it fair to say that the estate's primary assets at this time are the ERC tax refund and estate causes of action?
A I would say, certainly a primary asset is the ERC credits. Another potential asset would be, you know, insurance proceeds to the extent they're liquidate-able. Other sort of, you know, potential litigation matters that we would potentially pursue and then, you know, to the extent that there's cause of action claims for sure, but because I don't have a value for them, I can't necessarily say whether or not there's value but certainly is a potential asset of the Debtor.
Q So would it be fair to say that the estate's fraudulent transfer claims against YesCare are a primary asset of the estate?
A I think there -- if there's value to that cause, if there is a cause of action, if there's value to it, then absolutely, it will be value to the estate. Where I sit today, I do not have information and analysis that would suggest that it's valuable but causes of action generally

are valuable to a Chapter 11 Debtor if they're liquidate-able and the Debtor pursues them.

Q So why did LoanCo insist in this funding agreement that its loan proceeds and the Debtor's cash collateral could not be used to pursue causes of action against YesCare?

MR. KAUFMAN: Objection. That calls for Mr. Perry to speculate into the thoughts of other parties.

THE COURT: Sustained.

BY MR. CROSS:

Q I noticed in 7.1 of the credit agreement, there are some events of default and one of them, X, is the Bankruptcy Court entering an order unwinding the divisional merger. Why is that? Why would that be an event of default?

MR. KAUFMAN: Your Honor, I'm going to object only because I haven't yet offered the credit agreement, but I'm happy to do so now.

THE COURT: It's fine. He can answer.

BY MR. CROSS:

A That was a condition provided by M2 LoanCo in exchange for receiving DIP financing. You know, I -- at this point, I simply evaluated what was available and whether or not financing was available under what conditions. That's a negative covenant that M2 LoanCo put in place and I can't speak to whether or not, you know, that is -- what value that has to M2 LoanCo. I think that was your question.

Q So you don't know why M2 LoanCo insisted on that provision?
A That's not a provision that I specifically had dialogue with Counsel as it relates to why it's an event of default. No.
Q Would a consolidation with YesCare bringing all of the YesCare assets into the bankruptcy estate substantially increase the value of the bankruptcy estate assets?
MR. KAUFMAN: Your Honor, that calls for speculation and a legal conclusion.
THE COURT: Sustained.
BY MR. CROSS:
Q I noticed in your declaration, you indicated that if this financing wasn't approved, there would be a race to the courthouse to tap the Debtor's insurance.
MR. KAUFMAN: Your Honor, I'm sorry. I think Mr. Cross is referring to a different motion.
THE COURT: Which declaration are you referring to, Mr. Cross?
MR. CROSS: (indiscernible). I guess it's, perhaps he hasn't testified to it. It was just submitted as evidence and Ms. Heard objected.
THE COURT: Okay.
BY MR. CROSS:
Q Are you familiar with the Debtor's available insurance

policies?
A We are beginning the diligence process to understand the Debtor's insurance policies. I have a very, very, very high level understanding.
Q Are there any insurance policies that would cover the contract claims of the trade creditors such as the hospital system?
MR. KAUFMAN: Objection. Calls for legal conclusion. Also, it's irrelevant to the DIP motion.
THE COURT: What's the relevancy, Counsel?
MR. CROSS: He's argued that if the Debtor doesn't receive financing, there will be a race to the courthouse (indiscernible).
THE COURT: Can you -- where is that language in the DIP -- in the declaration? What paragraph are you referring to?
MR. CROSS: I believe it's Paragraph 28.
THE COURT: All right.
MR. CROSS: -- document --
MR. KAUFMAN: Your Honor, I think Mr. Cross is looking at a different declaration.
THE COURT: Yeah. No, no, no, no, no. He's looking at the right declaration. Yeah.
MR. KAUFMAN: I see it.
THE COURT: Yep. It's fair game. You can ask the

question.
BY MR. CROSS:
Q So there's no insurance that covers the contract claims, right?
A I don't -- that's not a conclusion I think I have the ability to draw yet. We're just now evaluating the insurance policies and what potential insurance recoveries exist.
Q Are you aware of the self-insured retention applicable to the Lone Star policies?
A My understanding is there are self-insured retentions as components of the insurance policies, but again, very preliminary. We've only started discussions. We're gathering data in real time. But my understanding is that there are SIR provisions as part of the policies, but that's the extent of my understanding.
Q Do you know if any of the SIRs have been satisfied?
A We're gathering the information to determine that. So as it sits today, I do not have that information available.
Q Would you agree that under the credit agreement, an event of default allows the secured party to revoke the -- its authorization for the Debtor to use the cash collateral and force the sale of the Debtor's remaining assets?
A You have to point me to the exact provision and potentially read it out loud, but it sounds accurate based

on my read.
Q And you agree that a sale of the Debtor's assets would include a sale of causes of action that are estate property?
A As an asset of the Debtor, under your scenario in which there would be a sale of the asset, causes of action as an asset would -- I believe so. That sounds correct that that would be a sale of assets. Yes.
Q And those causes of action would include any fraudulent transfer claims against YesCare, right?
MR. KAUFMAN: Your Honor, I'm objecting just because it's not relevant to the interim DIP hearing. It may be relevant to the final hearing. Avoidance actions aren't DIP collateral under the interim order.
THE COURT: Well, I'm going to allow him to ask his questions. He can -- go ahead, Mr. Perry, you can answer.
BY MR. CROSS:
A Yeah, as I mentioned earlier, the DIP order, you know, is sort of the guidance that I'm relying upon and avoidance actions were deferred to the final hearing.
Q I understand. I'm just asking you about what the -- what LoanCo has put in the credit agreement or the agreement that you've negotiated with them which you testified is, they're not willing to provide financing on more favorable terms than this agreement, correct?

A In the DIP order, the revised DIP order that was uploaded today, that's the basis of my conclusion in combination with of course the credit agreement, but there's items in the DIP order that govern, that precede.

Q So any sale of the Debtor's fraudulent transfer claim against YesCare, the secured party has a right to credit bid, correct, under the credit agreement?

THE COURT: Yeah. Now, Mr. Cross, I think you're going a little -- that's not going to happen in two weeks. So I'm comfortable that we can cross that bridge when we get there.

MR. CROSS: (indiscernible).

THE COURT: No, no, I understand the questions and I think they're fair. I just want to really kind of laser focus on the relief that's requested before me, but I'm going to give you some leeway and I think I've shown it to you and I can tell you with great confidence there'll be no sale in the next few weeks.

MR. CROSS: All right. No further questions.

THE COURT: Thank you. Mr. Stapleton, do you have any questions, sir?

MR. STAPLETON: Yes, Your Honor. If I might, briefly.

THE COURT: Sure.

MR. STAPLETON: And I'm going to focus on the

challenge period because that's really what I think I'd like to cover.

CROSS EXAMINATION OF RUSSELL PERRY

BY MR. STAPLETON:

Q Mr. Perry, my name is Warren Stapleton. I represent Arizona Department of Corrections really, for all intents and purposes. Just a basic question. Did the Debtor have a bank account between May of 2022 and the petition date?

A Yes, I believe it did during that time. Yes.

Q Have you received any bank records from the Debtor for that time period?

A We're gathering those records for -- in connection with filing SOFAs and schedules. So we've requested it. If we've received it, it will certainly be part of our, you know, statements that we'll file with the Court. At this point, I can't, in my mind put my memory on the exact file that would have bank records, but I do know there was a bank account in existence and it was closed at some point between the merger and the petition date.

Q And do you know the approximate value of cash that moved through those accounts?

A I'm sorry, which account are you referring to?

Q The bank -- the Debtor's bank account. I mean all of them. Do you have any idea of what the amount of cash that moved through them was?

A I don't have an accounting of exactly the amount that moved through the Debtor's account, no. I do not have that.
Q Okay. And I think you testified earlier that you do not currently know the value of the Debtor's causes of action; is that correct?
A That's correct.
Q And do you have an idea of what the universe of unsecured claims is in this case in terms of amount/
A We'll have a -- I have a very general idea based on balance sheet liabilities. You know, it's a very broad range, anywhere between about $60 to $80 million of potential unsecured claims. Some of those are frankly just actuarial calculated, but once we file the schedules, on the docket here in the coming days, we'll have a much more specified number.
Q And the schedules are due on March 30th; is that correct?
A Currently, they are due on the 30th, correct.
Q And do you anticipate filing them on March 30th?
A As it stands today, we have not requested a delay of that date, but it is entirely possible that we do.
Q Now, you indicated -- well, let me stick with the Debtor for a second. There is -- does the Debtor have a general ledger?
A It does.

Q Okay. So that's how you had access to a balance sheet then, it's the Debtor's balance sheet that you're talking about, correct?
A Correct. The Debtor's balance sheet. That's correct.
Q Okay. And so is there a liability on that balance sheet for the amount that they received from M2 LoanCo, the $15 million funding?
A My understanding is there's no liability related to that $15 million funding, no.
Q (indiscernible).
A I'm sorry, can you repeat that?
Q So it just amounts to a DIP, it's just (indiscernible) or in other words, it would just show up as an asset perhaps on those?
A It's not going to show up on the balance sheet at all, at least at the last financial statement that I've seen, it's -- nor an asset or a liability, at least for the financial statements that I have reviewed. If that's your question. I'm sorry, Mr. Stapleton, but --
Q That's okay. I assume if it was a funding agreement that you could still draw upon and it wasn't a loan, then it would be an asset, right, because it would be money that you could get by drawing upon it. Is it -- am I incorrect?
A On the date of the division merger, that's exactly how I would've expected the accounting to occur. Yes.

Q Okay. Okay. And with regard to the divisional merger, it seems like you've indicated that approximately -- M2 LoanCo has represented that it paid approximately $30 million on the Debtor's behalf; is that correct?
A No, not M2 LoanCo. I'm sorry. I didn't -- if that was my testimony, that was incorrect. M2 LoanCo, you know, based on what I've seen did not disburse on the Debtor's behalf. M2 LoanCo would have provided the funding in order for other entities to disburse on the Debtor's behalf.
Q Okay. So I guess what I'm getting to on that point is simply that it looks like the divisional merger wasn't quite as hermetically sealed as you might have anticipated or at least as an outsider might have anticipated. Is that a fair statement?
MR. KAUFMAN: Objection. Calls for a legal conclusion.
THE COURT: I'm not sure that was a legal question. The hermetically sealed, but I --
MR. KAUFMAN: Medical. Calls for a medical conclusion.
THE COURT: I -- Mr. Stapleton, why don't you ask another question.
MR. STAPLETON: Sure, Your Honor.
BY MR. STAPLETON:
Q Let me put it to you this way. If we have to go

through to all these different entities to sort out whether the divisional merger was sort of -- or the, that the parties adhered to the divisional merger and the Debtor didn't seem to have bank accounts for a good part of time, it looks like we're going to be going to outside parties to find out what happened with regard to the Debtor's finances prepetition; is that correct?

A That's correct. Yeah.

Q Okay. And so would you agree that it would be easier from a -- in terms of the challenge period if the challenge period were longer since you have more time to get discovery from these folks rather than shorter? Wouldn't the Debtor be better off if it was longer rather than shorter?

A Information is available and is provided to my team and myself timely, I don't know that it matters if it comes from four people or one person or ten people. As long as the information is available when we complete the work.

MR. STAPLETON: I have nothing further, Your Honor.

THE COURT: Okay. All righty. Mr. Perry, sounds like you are off the virtual chair, so thank you.

THE WITNESS: -- Your Honor.

THE COURT: Mr. Kaufman, any other evidence?

MR. KAUFMAN: No. Just for purposes of the record, I will formally offer Exhibit 5 from our exhibit

list which is again for the record Docket 192-5. It's the credit agreement that was attached to the motion.

THE COURT: Any objection? All right, it's admitted.

(Exhibit 5 entered into evidence)

MR. KAUFMAN: And no, that will conclude the Debtor's evidence in support of the motion --

THE COURT: Okay.

MR. KAUFMAN: -- for interim relief.

THE COURT: Does anyone have any other evidence they wish to present to the Court? Okay. Here's what I'm going to do. I've considered the evidence and I've read pleadings and I've considered the arguments of that have been raised and I very much appreciate it and I understand the concerns all across the board.

This case comes with many interested parties and we certainly were introduced to -- I was certainly introduced to many of them. Many of them are represented by counsel today, many of them who have been litigating with the Debtors for quite some time and have some history with the Debtors far more than this Court. And I, at the same time, I understand that -- where the debtor sits today.

The Debtor needs cash and professionals don't work without cash there aren't many liquidating 11s where funds don't go to unsecure creditors initially, right? You got to

pay employees. You got to pay administrative costs. Sometimes you got to keep the lights on in buildings, so it happens all the time. But there is some path towards it.

I understand where the Debtor is. The Debtor needs cash and the Debtor needs to operate to be able to keep a case alive. And so I understand the pressure and where the Debtor is and I know that these professionals, it certainly seems from everything Mr. Perry has provided and all the work that's been done and who the professionals are who are representing the Debtor, they've been working incredibly hard and so I understand. There's no question about that and no question about the amount of work Ankura has done here.

The reality is there's just a lot of work to get done in a short amount of time and when you need money, you got to come in and ask for it. And no situation is perfect. So I understand the position that the Committee finds itself in and many other creditors, Mr. Stapleton, Ms. Heard's creditor, Mr. Cross' clients.

Right, there's a lot of questions about who the proposed lender is and their relationship and how it -- everything falls through and what decisions can be made today under the basis of providing emergency relief, you know, and whether, you know, whether M2 or its affiliates should be funding this initially.

I also understand where M2 is at least (indiscernible). I don't want anyone to read into anything that has happened today, at least from my perspective, that M2 is a bad actor, right. I think M2 is entitled to ask for, you know, terms upon which they're willing to loan. I think that's -- that happens all the time and I think it's up to the Court to say whether it's acceptable or not, but I don't think it's necessarily bad faith to propose a loan on some terms.

I think, you know, the question then becomes for me -- so I don't want anyone to construe that at least M2's professionals, I think they've put forth a DIP agreement and, you know, whether M2 is supposed to fund or not is a different question and what happens if it turns out that they are supposed to fund is a very different question.

The Court considers the statute and what 364 says and based on the evidence, I do think interim relief is appropriate subject to a couple of conditions and M2 is going to have to tell me whether, you know, they agree to them or not. But this is what I'm willing to sign an interim order saying.

Like, I do think that all the relevant provisions of 364, they're to this Court's knowledge and based on the evidence, there's no one else that's going to put money into this and that's understandable under the circumstances, not

to say that someone can't come in, but it's understandable that Ankura just hasn't found anyone. It's not for lack of trying.

And maybe they will find someone who can, who will come in on a DIP and that would be, you know, subject to the acceptable paragraphs, you know, where everybody gets to know who they are. I think that works. I like the way the Committee -- I appreciate the Debtor and the Committee working on that. I think that makes sense. It provides transparency and it provides some process here.

The reality is though, I think M2 has to understand, it's just a lot of unknown. I think given a little bit more time, Ankura, the Debtor's professionals can get even more comfortable but I think we're going to need a little bit more time to fully understand exactly where things stand and maybe a little bit more knowledge about the agreement, the funding agreement and what's required or not.

So I'll give -- I think when it comes to Paragraph 17(a), I do agree with the Committee that it should just be limited to M2 as a DIP lender. Right, if you -- if they provide $2 million worth of funding, they should based upon everything that I've heard, I do think the Debtor can stipulate and provide a release of them in their capacity as a -- in connection with making this loan. I think that makes a sense. It's standard. It's appropriate. No

question about that.

So I think B, yeah, there's a couple of things about B that give me a little pause. And B1 is a hypothetical that I out there, so the last sentence, right. Subject to the challenge period, the Debtor's going to waive any right of setoff. You know, if it turns out and I believe, I've gotten to know Mr. Gluck a little bit. He's a -- you know, and I know the folks who are working with him. They're all standup professionals and so I've got -- I have no concerns about that.

I'm, just want a process where if it turns out in someone's legal analysis I disagree with, you know, the answer is, you know, there's no, you know, there's got to be a mechanism for a setoff and I'm not signing any order that says that there's going to be a waiver of a setoff or the Debtor has to file a, you know, an adversary proceeding and then spend money and then figure out where it's going to get the money.

So that last paragraph, to me at least, maybe it can be subject to a final. I think all of 17(b) can be subject to a final and somebody can come in and ask me in a final. I feel a lot more comfortable in a final. If someone's asking me to do something on an interim, I think that at least that sentence would have to come subject to final approval and I think if you're asking me on an interim

basis to not put 17(b) subject to a final, I think 18 is going to have to get pushed out and I think it's going to have to get pushed out for the Debtor and I think it's going to have to get pushed out for everyone else.

So I don't think April 14th is going to work and I don't think May 22nd is going to work. But if you're asking me to push it to a final and then consider it and I don't have to deal -- I don't have to think about it today and I do think the Debtor can be entitled to receiving the funding and I think the collateral is what the collateral is and it's subject to, I think the proposed order at 233, gives me greater comfort. I do think 17(a) needs to -- Mr. Zluticky, his comments and what he was proposing I think, make perfect sense for me, right.

This is an interim hearing and the proposed final that's being requested is essentially like two weeks away, so we're talking April 4 and I'm happy to give April 4th, a hearing date on April 4th to consider the relief requested. You know, maybe like at two o'clock, subject to my case manager running in here and telling me not to do it at two o'clock, right, with an objection deadline maybe of a few days before, right. We can figure that out. Maybe the Friday before.

You know, it would be March 31st, right, so you're talking nine days. 17(b) can go to a final if not, and I

think 18 is going to have to get pushed out to sometime in June for all parties so that whatever challenge period goes on, no one is going to give anything away in the next -- I'm not giving anything away in the next two weeks. We're not going to have a situation where the Debtor needed $2 million to continue funding operations and it essentially gave a lot away to someone who may have already been required to fund.

I don't know enough about M2 yet and I think we all need to know a little bit more about who M2 is and how they fit in the structure, but that's not to say that M2 has done anything wrong, that M2 is acting in any way other than a professional who's seeking to get a loan on terms. I think that the proposed funding terms are incredibly reasonable. So -- and I understand. Like to me, the Debtor did a really good job of negotiating this under the circumstances. These are really tough times.

I would tell the debtor and its professionals; it seems to me really -- you know this. I'm saying it so that everyone can hear me say it. I need greater clarity on the path for the rest of the cases, and what I mean by that is someone's going to have to step up and fund this all the way through. I don't want professionals being subjected to not knowing whether they're going to get paid or not or whether creditors understand if I put a pause on litigation that there's, work is actually going to get done and people are

going to be able to negotiate with them in good faith.

So I don't know if what is being requested is enough on a final or on what terms it is, but I'd sure feel a lot better knowing about the tax refund and where that's going and what comes in on that and who's going to step up and make sure that this estate gets the proper funding that it needs so that we can have -- run a case and that Debtor's professionals can be focused on working as -- and what causes of action it may or may not have in analyzing that.

I think that's really important and I think it would give more comfort to the process and more transparency to the process. And that's not to say that people haven't been working hard because they really have. I'm just saying, I'm focused more on non-debtor parties. I want somebody to step up and -- if that's what they're willing to do -- and make sure that this case has enough to go forward.

It's a lot of work to get done and I don't want Debtor's professionals to feel like they can't do the full extent of their job, that the Committee can't do the full extent of its job and Ankura or whoever needs to get hired by the Debtor -- there's a lot of work that needs to get done in connection with this case and, you know, motions are coming flying in. There's going to be another motion to -- you know, there's a motion as to kind of stay extension motion. That's going to require a lot of work. There's --

somebody needs to review insurance.

There's a lot of work that needs to get done and Gray Reed needs to make sure that it can do all of its work, and I know that they'll do the work. It's just a lot to get done and I want to make sure they feel they've got the support that they need in Ankura and that's, again, it's not to say that M2 hasn't done what it -- everything that it was supposed to do or stepping up. That's not what I'm saying at all. We just don't know what we don't know.

And so I don't want to cast aspersions or paint any pictures on anyone at all. So I think the definition of good faith and what good faith means for a DIP, you know, it means one thing at one time. It could mean something else at another time. And so that's just the way I view it. I don't think -- I think I'm making a good faith finding based upon what's been presented to me today and I've got no basis, I've got no reason to think that anything is other than good faith. But that could change.

I hope it doesn't because that makes me get more involved in the process. I hope to never have to cross that bridge. I'd much rather call balls and strikes. But we are what we are. The Debtor needs funding and I'm going to make sure that the Debtor has the funding that it needs, and so what Mr. Gluck is going to have to tell me is -- and maybe it needs some time to work with the Debtor. I've got a 4:30

that I can -- three o'clock that I could call for a while and parties can come back and tell me what they're thinking about doing or they can tell me now. I give you full flexibility. I don't like doing things on the spot and I don't like me rewriting sentences because I don't know how that falls through the waterfall and I don't want to do that to anyone. You all just tell me what you want to do. But I do, I tell you, we're coming back in two weeks and so that goes into my thinking a lot, so --

MR. KAUFMAN: Your Honor, I --

THE COURT: Go ahead, Mr. Kaufman.

MR. KAUFMAN: I understand your points on Paragraphs 17(b) and 18. I know Mr. Gluck needs to confer with his client and we'll need to, if there's some drafting that needs to be done, I think I understand what the Court is suggesting there. On 17(a), I'm not sure I understand what change was required over and above the changes that I thought we agreed to with the Committee.

THE COURT: Well, I -- it may be -- it may have been enough. I just want to make sure that everybody, when they read it, that's what it means. Maybe that's the better way of saying it. I'm not sure it needs a drafting tweak. That's a fair point, Mr. Kaufman. I just want to make sure that everybody keeps their powder dry on 17(a) and then the real -- if there's some tweaking that 17(b) and maybe a

conforming change to 18, if it's necessary is really where the, you know, wordsmithing would come.

And I think you could -- someone could plug in April 4th at 2 p.m. with an objection deadline of March 31st. You know, I would do 5 p.m. I don't want to do the end of the day because that's just going to jam some poor associate who's going to have to work 'til 11:59. I don't want to do that. I've gotten soft.

MR. KAUFMAN: Understood.

THE COURT: So -- and I'm just telling you, if the parties are (indiscernible) on the tweaks and the language or tell me what they want to do and then upload an order, I will sign it. I don't care what time it is at night. I'll sign it tonight if that's what we need to do or if we need to go further into it tonight.

I just, I think everyone will know a little bit more on April 4th and that's where I'm going. And I think it preserves the concerns that Mr. Stapleton has. I don't think it needs to come out, but maybe if we pushed out more time on the challenge period or if it got pushed to a final, I think, I think you're okay. I think Mr. Cross' client, I think I signed some stipulation involving one of his clients. And I think Ms. Heard's concerns can also be alleviated for today.

But at the same time, I want to make sure the

Debtor has enough runway to figure out what it wants, what it seems like it's still working on and it's not to say that it's not working hard. That's where I'm going and the Committee at the same time. So Mr. Gluck, tell me what you want to do. I can call my 3 p.m. and I can give everyone some time or I can pick a time and maybe we can come back, I don't know, 5:15 and talk about it.

MR. GLUCK: We are definitely, Your Honor, going to need some time. So we have a few things we need to discuss. You know, I don't want to keep people here too -- so maybe we go with 5:15 and then if we need some more time, we can come back and --

THE COURT: Okay.

MR. GLUCK: -- and ask for that.

THE COURT: Okay. I'm going to -- I've got a 4:38 -- it's 4:38. I'm going to just take three or four minutes, just step off of the bench. I'm going to call my three o'clock at like 4:41, so Mr. Fuqua, (indiscernible), just hang on. I'm just going to step out for a second and then come back in and just grab my notes for that hearing and then I'll come back on, and we can come back on at 5:15 and we can check in and I won't jam anyone, but maybe we can all check in at 5:15.

And again, if you want to have offline conversations, do it not on this line. I'm going to keep

the line open, so if you dial back in, please keep your phone on mute. Realize that I'm -- I'll be conducting another hearing. Okay? All right, and I'm open to other proposals. I don't want to -- you know, we can check in at 5:15 and you can, you can ask me for something else. I'm not saying this is, you know, like this -- I'm giving everyone a full range of options, but let's talk at 5:15 and see where we are. Okay? Thank you.

MR. GLUCK: Thank you.

(Proceedings adjourned at 4:39 p.m.)

CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.



Sonya Ledanski Hyde

Veritext Legal Solutions
330 Old Country Road
Suite 300
Mineola, NY 11501

Date: March 30, 2023

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

TEHUM CARE SERVICES, INC. Debtor.	CASE NO: 23-90086-cml Houston, Texas Friday, March 3, 2023 1:01 PM - 5:06 PM

TRIAL

BEFORE THE HONORABLE CHRISTOPHER M. LOPEZ
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For Adam Baker, et al.:	R.J. SHANNON Shannon & Lee, LLP 700 Milam St., Suite 1300 Houston, TX 77002
For Armando Banuelos et al.:	ERIN PRZYBYLINSKI Hallinan & Killpack Law Firm 5240 E. Pima Road Tucson, AZ 85712
For Angela Branum:	JOY BERTRAND Law Office of Joy Bertrand P.O. Box 2734 Scottsdale, AZ 85252
For Capital Region Medical Center:	ETHAN M. LANGE Stueve Siegel Hanson, LLP 460 Nichols Road, Ste. 200 Kansas City, MO 64112
For Capital Eye Care et al.:	BLAKE I. MARKUS Carson & Coil, PC 515 East High Street Jefferson City, MO 65102

For Adree Edmo:	MARY ELIZABETH HEARD Law Office of M.E. Heard, PLLC 100 NE Loop 410, Ste. 605 San Antonio, TX 78216
For Linda Floyd:	ADAM B. NACH Lane & Nach, PC 2001 E. Campbell, Ste. 103 Phoenix, AZ 85016
For Rachell Garwood et al.:	REBEKAH BAILEY Nichols Kaster, PLLP 4700 IDS Center 80 S. Eighth St. Minneapolis, MN 55402
For Leona Miotke:	ANNE D. FOSTER Smith Foster King, LLP 25 NW 23rd Place, Ste. 6 #125 Portland, OR 97210
For RMSC Plaintiffs:	JOHNIE J. PATTERSON Walker & Patterson, PC P.O. Box 61301 Houston, TX 77208
For Saint Alphonsus Health System, Inc.:	JAMES BLAKE HAMM Mehaffy Weber, PC 2615 Calder Avenue, Ste. 800 Beaumont, TX 77702
For St. Luke's Health System, Ltd., et al:	BRYAN T. GLOVER Stoel Rives, LLP 600 University St., Ste. 3600 Seattle, WA 98101
For the U.S. Trustee:	HA MINH NGUYEN Office of the U.S. Trustee 515 Rusk St., Ste. 3516 Houston, TX 77002
For the Restructuring Officer:	JASON S. BROOKNER Gray Reed & McGraw 1300 Post Oak Blvd., Ste. 2000 Houston, TX 77056

For Noah Schroder:	PRO SE
Court Reporter:	ZILDE MARTINEZ
Courtroom Deputy:	ZILDE MARTINEZ
Transcribed by:	Veritext Legal Solutions 330 Old Country Road, Suite 300 Mineola, NY 11501 Tel: 800-727-6396

Proceedings recorded by electronic sound recording;
Transcript produced by transcription service.

HOUSTON, TEXAS; FRIDAY, MARCH 3, 2023; 1:01 PM

(Call to Order)

CLERK: All rise.

THE COURT: Please be seated. All righty. Good afternoon, everyone. This is Judge Lopez. Today is March the 3rd. I'm going to call the 1:00 case, Tehum Care Services, Inc., 29-90086.

Let me go ahead and start by taking appearances in the courtroom, and then I will turn to the folks on the phone. If you'd give me a second before you start, Mr. Brookner? I'm just -- I want to see how many folks are on the line. I've got about 60 people on the line. I'm going to mute the line, and if you wish to make an appearance, I'm just going to ask that you hit five star, and once we're finished with appearances in the courtroom, I will then turn to the phone and I'll start to unmute the lines. Thank you.

AUTOMATED VOICE: Conference muted.

THE COURT: Mr. Brookner, good afternoon.

MR. BROOKNER: Good afternoon, Your Honor. Jason Brookner and Amber Carson in the courtroom from Gray Reed. On the line are our colleagues, Aaron Kaufman and Lydia Webb, and also on the line is Russell Perry from Ankura who is our proposed chief restructuring officer.

THE COURT: Okay. Good afternoon. Good afternoon to all of you. Mr. Shannon, good afternoon. Good to see

you.

MR. SHANNON: Good afternoon, Your Honor. R.J. Shannon of Shannon & Lee, LLP. I'm appearing today on behalf of a number of people. So, I'll run through them. It's Hector Garcia, Jr., Adam Baker, Antonio Reali, David Wichternman, Jr., Eileen McNamara, Clarence Dean, Paris Morrigan, and then in conjunction with (indiscernible), PC who Mr. Knox should be on the -- dialing in. Also Henry Snook, Jennifer Power, Ananda Slocum, and Linda Floyd.

THE COURT: Go ahead.

MR. SHANNON: And just so you know, Your Honor, we are just representing them for this motion given the timing.

THE COURT: Okay. Thank you. Mr. Nguyen, good afternoon.

MR. NGUYEN: Good afternoon, Your Honor. Ha Nguyen for the U.S. Trustee, and also on the screen should be my colleague, Andrew Jimenez.

THE COURT: I do see you. Good afternoon, Mr. Jimenez.

MS. HAMM: Good afternoon, Your Honor. I'm Holly Hamm with Mehaffy Weber on behalf of Saint Alphonsus Health System, and on the line maybe are Molly Mitchell and Keely Duke from Duke Evett. They're outside counsel in Idaho.

THE COURT: Okay. Thank you. Mr. Patterson, good afternoon.

MR. PATTERSON: Good afternoon, Judge. Johnie Patterson here on behalf of what we're referring to as the RMSC plaintiffs. They're unnamed sexual assault victims, have a pending litigation in New York.

THE COURT: Okay.

MR. PATTERSON: So, I'm here for them.

THE COURT: Thank you. Okay. I think -- anyone else in the courtroom wish to make an appearance? Okay. Is there someone on the line who wishes to make an appearance? And I'd just ask that you please hit five star at this time.

Okay. I'm going to start -- there's an area code 602 number.

MS. PRZYBYLINSKI: Hi, this is Erin Przybylinski from Hallinan and Killpack Law Firm. I'm appearing on behalf of Bradley Schwartz, Armando Banuelos, and Paul Lupe, who have civil litigation out of Arizona.

THE COURT: Okay. Good afternoon. A 210 number.

MS. PRZYBYLINSKI: Good afternoon, Judge.

THE COURT: I just unmuted a 210 line.

MS. HEARD: Good afternoon, Your Honor. Mary Elizabeth Heard. I'm appearing on behalf of Adree Edmo and her -- along with Lori Rifkin, her council in the 1983 single action in the 9th Circuit, along with the National Center for Lesbian Rights.

THE COURT: Thank you. Okay.

MS. HEARD: And Ms. Rifkin is available on the line should you need anything from her.

THE COURT: Okay. Thank you very much. Okay. Another 602 number.

MR. NACH: Yes, Your Honor. Adam Nach on behalf of Henry Snook, Jennifer Power, Ananda Slocum and Linda (indiscernible) and successors and assigns. Mr. (indiscernible) also made an appearance on our behalf, so thank you.

THE COURT: Oh, okay. Great. Thank you. A 573 number?

MR. MARKUS: This is Blake Markus and Gabriel Harris of Carson & Coyle, P.C. We represent Capitol Eye Care, Inc., Jefferson City Oral and Maxillofacial Surgery, LLC, CMMP Surgical Center, LLC, and Mid-Missouri Anesthesia Consultants, P.C. in a punitive class action in the Western District of Missouri.

THE COURT: Thank you. Okay. Let's see if we have anyone else. Yes, a 206 area code.

MR. GLOVER: Good afternoon, Your Honor. This is Bryan Glover, Stoel Rives in Seattle, Washington. I am here on behalf of St. Luke's Health System, Limited and St. Luke's Regional Medical Center, Limited. Thank you.

THE COURT: Thank you. Okay. Let's see if there's anyone else. Okay. I've got a few more. I've got

a 504 area code.

MS. FOSTER: Good afternoon, Your Honor. This is Anne Foster from Portland, Oregon. You said 504, but I have a 503 area code. I'm appearing -- of claimant Leona Miotke.

THE COURT: Yes. I meant to say 503. It works better when I put these one. So, that is -- you are correct, I am incorrect, and I'm going to put on my glasses now. Area code 612.

MS. BAILEY: Good afternoon, Your Honor. Rebekah Bailey from Nichols Kaster. I represent creditors Machelle Pearson, Maria Sheldon, and Rachell Garwood who have a putative class action filed, Pearson v. Washington, in the Eastern District of Michigan.

THE COURT: Okay. Thank you. 208 area code? 208 area code, last three digits 522?

MR. SCHRODER: Yeah, this is Noah Schroder just representing myself pro se in a class action lawsuit.

THE COURT: Okay. Good afternoon, Mr. Schroder. Thank you for your participation today. Area code 414.

MS. BERTRAND: Good afternoon, Your Honor. This is Joy Bertrand appearing for Angela Branum. My pro hac vice is pending. Ms. Branum has litigation against Corizon Healthcare in Arizona United States District Court.

THE COURT: Okay. And I think we -- I think we signed your pro hac, so you're fine. If there's someone who

has filed a pro hac and we haven't gotten to you, you are free to participate today. I'm going to ask everyone --

MS. BERTRAND: Thank you.

THE COURT: -- if you are not speaking, for the folks whose line I've unmuted, I'm going to keep it unmuted. I'd ask that you please monitor yourselves and put your lines on mute, and obviously when you're ready to speak to the Court, no problem, but I just want to make sure that you mute your line. 816, last one.

MR. LANGE: Your Honor, can you hear me?

THE COURT: Yes.

MR. LANGE: This is Ethan Lange. (Indiscernible) technical difficulty.

THE COURT: I can hear you just fine, sir. Good afternoon.

MR. LANGE: Good afternoon. Thank you. My name is Ethan Lange. I'm appearing on behalf of the University -- the curators of the University of Missouri and Capitol Region Medical Center.

THE COURT: Okay. Got it. Thank you very much. And again, everyone on the line, if you can please place your phones on mute?

Before we get started, too, what I think we're here for today, Mr. Brookner, I was just going to ask for the -- kind of the 10,000-foot level introduction about kind

of where we are and where you -- where you intend to head in this case.

MR. BROOKNER: You're stealing my thunder. So, what I wanted to do if it's okay, give you the kind of who we are, where we come from, where we're trying to go, a little bit of background, high level, what we expect to try to accomplish in this case, quickly talk about the motion and the relief that we are now requesting, because we've narrowed it since it was filed.

THE COURT: Okay.

MR. BROOKNER: And then I'll reserve argument for the end after the evidence presentation.

THE COURT: Okay.

MR. BROOKNER: So, I'm sure you've probably read in a bunch of pleadings, Your Honor, a variety of things about the divisional merger, other pre-combinations that occurred, but the upshot is starting with who the Debtor is or was. For 35 years, the Debtor was a nationwide provider of health care services to correctional facilities, prison systems, and jails, and the Debtor would enter into contracts with governmental entities pursuant to which the Debtor would provide or arrange for the provision of healthcare services for inmates or other detainees in these institutions.

In May 2022, so about nine or so months ago, there

was a combination merger of three other entities into the Debtor's predecessor, and then dated as of May 1, 2022, there was a by-the-book divisional merger under the Texas Business Organizations Code pursuant to a plan of divisional merger, which resulted in two entities, the Debtor and CHSTX, Inc. We'll just call them CHS or CHSTX.

And in the Debtor's view, all of the appropriate documentation was executed and filed as required by the Business Organizations Code with the Texas Secretary of State.

Importantly, and Mr. Perry's declaration accompanying the motion addressed this somewhat, before the divisional merger took place the company was actually almost at the bankruptcy courthouse steps on several occasions, and that was due to a rising number of litigation claims, liabilities which were continuing to increase, revenue declines, margin compression, and other associated deteriorating liquidity.

And so, one of the realities of the divisional merger and one of its purposes and one of its effects, which has been great, was that jobs were saved. Over 3,000 employees kept their jobs, and that was the key to the divisional merger. It kept employees intact, saved jobs, it kept the operating business out of bankruptcy.

So, as reflected more fully in the plan of

divisional merger, which we will put into evidence, it's document -- excuse me, it's Exhibit No. 10 attached to our witness and exhibit list, upon the merger's effectiveness, the allocation of assets and liabilities between the Debtor on the one hand and CHS on the other was, generally speaking, subject to the document itself as follows.

CHS was allocated certain existing contracts, a variety of other assets that were not allocated to the Debtor, and also certain liabilities, and in that regard, a variety of lawsuits, and perhaps most importantly, approximately $100 million liability in funded debt obligations.

On the other side of the ledger, the Debtor was allocated all of the liabilities in connection with then-existing litigation or litigation to be brought under expired contracts or in connection with liabilities otherwise allocated to the Debtor in the divisional merger.

For assets, the Debtor was the payee under a $15 million funding agreement with an entity called M2 Loan Company, M2 Loan Co., a million dollars in cash, certain insurance policies, and certain other assets that are reflected in the plan of divisional merger.

And as we sit here today, we believe those key assets could be in the approximate range of 15 to 25 million. And like I said, a full and complete list of all

of the assets and liabilities allocated to each of the entities is in the plan of divisional merger, which will be before Your Honor today and is attached to (indiscernible).

Oh, and just so you have it handy, Schedule 3.01A of the divisional merger document has the assets allocated to CHS, Schedule 4.01A has the liabilities allocated to CHS, and then 3.01B lists the assets allocated to the Debtor and 4.01B lists the liabilities allocated to the Debtor and the schedules are rather thick and rather extensive.

So, the individual merger was affected as of May 1, 2022 and for the next nine-and-a-half months or thereabouts, the Debtor attempted to work through its liabilities through litigation, settlement, resolution negotiation, sometimes using insurance as applicable, sometimes just writing checks, but eventually there came a time where the liabilities and the lawsuits remaining were sufficiently overwhelming that Chapter 11 became necessary.

In addition, as we did mention in our motion, there was the prospect of -- well, we thought there was a prospect of a receiver being appointed in some litigation pending in Missouri, which would have been arguably vested with causes of action that are now vested in the Debtor, fraudulent convenience, things of that sort.

And so alter ego, piercing the veil, I mean, things that you always see as property of the estate, and it

was imperative to preserve those causes of action in order to maximize value. And so, we filed the petition, and here we are. We filed on February 13th.

I will tell you, as you might have figured out from looking at the docket, we were a little rushed in the filing because we did file a naked petition. Our firm was hired while the Super Bowl was on the day before. So, we didn't have an opportunity to do the traditional preparation that Your Honor is used to seeing and that you used to do when you were on this side of the bench, but we're slowly getting our sea legs under us. We're slowly wrapping our arms around information and assets, liabilities, insurance, talking to people, dealing with stuff so that we can move forward in an efficient and quick manner in this case, in a meaningful way that maximizes value for everybody.

And with that, I do want to make kind of a public service announcement, if you will, Your Honor, to the people who are on the phone who may not know me or Gray Reed or may not be familiar with the happenings in Your Honor's court, and I want to say this.

Some people have heard this, but for others it's going to be new. We know that there is a lot of history between the Debtor on the one hand and the various plaintiffs on the other, whether they are tort or contract plaintiffs, and we know there's a lot of water under the

bridge and there's a lot of animosity that's out there.

People are angry. I know that you've seen that before. We've seen it before. We get that. We understand that. As I just mentioned, we are the new kids in town, okay? We weren't here when any of that stuff took place. We didn't engage in any of that. That's different stuff, different issues, and we believe that Chapter 11 is the best way to maximize value for everyone, and that's the path that we intend to pursue. We're not here to wipe out unsecured creditors. We're not here to do bad things to people. We're not here to be obstreperous or difficult or a pain to work with. I know that you know that's not our style and I want everybody else to know that. That's not what we're here to do.

Instead, what we want to do is centralize everything here in your court in the most efficient and economic way to do the best job that we can do to pay out as much as possible to people who have valid allowed claims at the end of the day.

We are upstanding people. We try to be to the best of our ability. We take our fiduciary duties very seriously, and I know that you know that, and we expect fully and we intend to fully execute those fiduciary duties to the fullest extent possible under the law and under the tools that are provided to us in the Bankruptcy Code.

So, with that, Your Honor, let's turn -- unless you have any questions, we can turn to kind of where we are in the case and what we see the work streams as being and where we plan to go from here.

THE COURT: Okay. And I know there was a motion to extend the time to file schedules by as well. I'm just going to grant that. There's been no objection to it. I just -- so you can take that off the table. Sounds like everybody needs time now. So, I just wanted to take that one off the table. I didn't know if that was part of your presentation or not.

MR. BROOKNER: I was going to mention it, but now I don't have to. Thank you. But yes, so the time is -- has not been our friend, and we're desperately trying to get some time so that we can do the job that you expect of us and the job that everybody else expects of us, and that's really the key to the motion, but we'll come back to that. I'm sure a lot of people are going to have a lot of things to say about that.

THE COURT: Well, the only -- so I've got just two basic questions. One, can you tell me a little bit more about M2 and the relationship between M2 and the -- and the Debtor? That's one question if there's anything that can be told to me about that.

MR. BROOKNER: I cannot, and that's not because I

won't, it's because I am unable.

THE COURT: Okay. Okay. And then the second question is with respect to some of the litigation that's pending around the country, is some of that -- are all those litigations -- is your intent to stay them throughout where they are today or is -- or is some of that going to get removed and try to have -- get moved over to here? And I'm not encouraging. I just want -- just curious as to kind of whether some of it is coming my way or what the Debtor's intent -- if there's anything you can tell me at this time about that.

MR. BROOKNER: I'll tell you everything that I can, of course. That dovetails into some of what I was going to say in this motion that's pending before you right now.

So, let me talk about that first, which is we are not right now attempting to extend the stay to every piece of litigation around the country. Originally, we kind of sort of asked for that, but we've now, after speaking to various constituents, narrowed what we're asking for and Docket 107, which was uploaded just about an hour ago or so, that has a new form of proposed order attached to it, and the last page or two of that order is a schedule showing Your Honor and everybody else, all the parties in interest, the exact cases that we are trying to effect in this motion,

I think there are 39 cases, and the parties that we are seeking to have covered by the stay. I think there are 23 parties.

So, as we sit here today, of all the cases and all the defendants pending in the country, we're only looking to deal -- to cover 39 specifically identified cases and 23 specifically identified defendants, who in our opinion and belief have a right to indemnity back against the Debtor's estate. There's an identity of interest in our view.

Further to that point, Your Honor, originally we were asking for endless relief, meaning give us the stay forever unless and until something changes. We've pulled back on that again because of our discussions with people, other constituents, which have been very constructive and we appreciate the tone that we've had and the collaboration we've already started seeing with some of our constituents, and we are now seeking an interim order only for 35 days.

So, we're asking to press the pause button on those 39 litigations with those 23 people for 35 days, and we want to come back to Your Honor at some point between day 30 and day 35, assuming you agree to enter the order we've submitted, to have a further hearing on where to go and what to do next on these issues.

In connection with that, we may seek to supplement or expand the list. We may not. We don't know, but that's

where we are today on the request that -- on the relief that we're seeking.

THE COURT: Okay, thank you.

MR. BROOKNER: Did that answer Your Honor's question?

THE COURT: You did.

MR. BROOKNER: Okay.

THE COURT: You did.

MR. BROOKNER: So, coming back to where I was about kind of where we are and where we're going, the committee was -- a committee, the committee, was formed yesterday. They had their initial formation meeting today. I think it was at 10 or 10:30 this morning.

So, the committee, although organized as an entity, does not yet have any professionals employed. And so, part of the reason for the interim relief that we've requesting -- been requesting is to let the committee figure itself out and let the committee get its sea legs together so that it can then get smart and engage in a constructive dialogue with my firm about everything, including where to go and what to do next on these matters.

We are actively working on securing DIP financing to fund the administrative costs of this case, and my understanding is that our potential DIP lender yesterday retained counsel, and my understanding is that that counsel

is now looking at a draft term sheet, and we expect to be trading drafts in the very near future, and we'll of course abide by all of our duties under Section 364 as it comes to DIP financing.

Just this week, Your Honor, we brought on KCC with whom I know you're familiar as our claims agent. A noticing agent will be filing retention papers for KCC in the near future was -- as well as for Gray Reed and Ankura as our Chief Restructuring Officer, Russell Perry, in an ordinary course professionals motion.

And then importantly, and you'll see this coming, a bar date motion so that we can move this process forward, and then other necessary pleadings to keep the train running smoothly down the tracks.

In that regard, we've also sketched out, again very high-level, some general timelines we're going to do our best to adhere to. We know about the best laid plans of mice and men, right? And we know things happen in a bankruptcy case that are sometimes unexpected and time estimates and time -- ideas about time change, but today Your Honor just orally, it sounds, granted our motion to extend time on schedules. So, hopefully we'll have those filed timely by March 30th.

We've engaged with the U.S. Trustee and we expect to have a preliminary 341 meeting, to commence the meeting

at least, the week of March 22nd, which I think would probably have to be continued until after the schedules and statements are filed. But of course, we'll cooperate with our friends at the U.S. Trustee's office to do -- to get things done the way the U.S. Trustee wants to do it.

And I should also mention, by the way, we did speak with Mr. Nguyen about today's motion and he was instrumental in helping us get to the original form of order we submitted at Docket No. 30 which was an interim -- an interim order for 35 days. Excuse me. And then the listing of people, we had given that to him. And you know, U.S. Trustee will say what it wants to say, but I think we're in accord with U.S. Trustee's office.

THE COURT: Okay.

MR. BROOKNER: In theory, again, very high-level theory, Your Honor, we'd like to set a bar date, and I know we have to file a motion for the week of May 31st as a general creditor bar date. The governmental bar date obviously we cannot effect. That's set by statute.

And then ultimately high-level the golden chalice would be to have a plan confirmed and for us to be done here by the end of the year. We think it's aggressive considering how new this is and how much we still need to learn, but we think we can do it, and we're going to try.

Lingering in bankruptcy is not a good thing. We

know that. We don't want to do that. We want to get out and start getting people paid, get claims resolved and get people paid.

Now, we talked a little bit about the motion and the form of order, so I can bypass that, because that was next in my outline. And I should tell -- I should tell Your Honor that the form of order that you have reflects resolutions. I lost count because there's a lot of people. It's with either four or five different constituents that we've either headed off objections at the pass by virtue of what's in the order or with respect to -- was it -- I call him R.J. I'm sorry. What's your last name?

MR. SHANNON: Shannon.

MR. BROOKNER: I'm sorry, Mr. Shannon's client, we've resolved with that as well as the joinder parties who joined in their objection this morning. So, that's been resolved. I'm sure you'll hear about that. And I'm sure you'll hear from some of the other parties with whom we've resolved. St. Luke's is one. St. -- not (indiscernible) -- St. Alphonsus is another. General Healthcare Corporation is another, and there may be another one that's in there.

So, those have all been resolved, and now we're left with I believe five live objections for today. Docket No. 63 was filed by Mr. Hyman. Docket No. 75 -- excuse me -- was filed by a group of Michigan plaintiffs. I'm just

going to refer to them as the Michigan plaintiffs. No. -- Docket No. 80 was filed by Ms. Edmo, E-D-M-O. No. 88, which was filed by the curators of the University of Missouri, which reminds me I have to come back because I didn't answer one of your questions. Docket No. 93, which is the joinder into the Garcia objection, which is 66, which is resolved. So, those two are resolved.

Docket No. 94, certain New York plaintiffs represented by Mr. Patterson and his far-away counsel. And then there was another response that hit the docket as we were in the car, and I don't -- I don't have a copy of it. I don't know the docket number. I haven't even read it, but that's another live objection.

So, that makes it --

THE COURT: I saw 63, 75, the Edmo --

MR. BROOKNER: Is live, 80 is live.

THE COURT: Eighty. Eighty. That -- I just needed to make sure I got the number, 88, 93 may or may not be live, right, because it was a joinder.

MR. BROOKNER: Yeah.

THE COURT: Ninety-four, then there's another.

MR. BROOKNER: Whatever came after 94. It was filed maybe an hour, hour and a half ago.

THE COURT: Okay. All right. Let's see. You may be referring to 106.

MR. BROOKNER: Ms. Carson, who's the brains of the operation, tells me that it sounds right but she can't pull up the docket right now.

THE COURT: Garwood Pearson. Does that sound --

MR. BROOKNER: Yes. Okay. She's nodding her head yes.

THE COURT: Okay.

MR. BROOKNER: Again, I haven't read it, so I can't answer any questions about.

THE COURT: Okay. Okay.

MR. BROOKNER: The one question, just to backtrack for a second, that I didn't answer, Your Honor, was about removing and trying to swarm a bunch of cases from other jurisdictions into your court. We -- again, we haven't -- because it's been moving so quickly and we're drinking from the proverbial firehose, we haven't had a chance to analyze that other than there is one case in Missouri with the curators and counsel who filed an objection is on the line --

THE COURT: That's the one that you wrote about in your pleading.

MR. BROOKNER: Right. That one's been removed. That's now sitting in the Western District of Missouri Bankruptcy Court in front of Judge Dow.

THE COURT: Got it.

MR. BROOKNER: And he has pending before him our motion to transfer venue to you obviously. And just the other night, the curators filed a motion to remand.

THE COURT: Okay.

MR. BROOKNER: So, that's a battle that's about to happen in Missouri.

THE COURT: Okie dokie.

MR. BROOKNER: So, turning to the motion itself, and I'm not going to argue anything, I'm just going to give you some facts as they pertain for what we're seeking, we want to extend the stay because in the Debtor's belief, and people have other beliefs, of course, that there's an identity of interest between certain of the named defendants, which are who are reflected in the exhibit, the Docket No. 107, because there are indemnities running from the Debtor to those people by virtue of contract, either because of the divisional merger plan of merger or because of various and sundry contracts that the Debtor entered into with either people or other entities who in turn, you know, we have to indemnify the entity and the people who work for the (indiscernible). So, we have the corporate document indemnities on one hand and then we have the contractual indemnities on the other.

We also in the motion asked for a ruling from Your Honor that certain of the claims asserted in certain of

those cases are property of the estate, alter ego, pierce the veil, fraudulent conveyance.

Because we believe, as I'm sure Your Honor knows we believe, that those are property of the estate, we now have the sole authority to pursue those claims or otherwise deal with them.

THE COURT: Part of the 39 -- any of them involve those fraudulent transfer actions?

MR. BROOKNER: There are some.

THE COURT: Okay.

MR. BROOKNER: I -- but I can't tell you which one -- again, the complaints are big. There's a lot of them. We haven't analyzed each one --

THE COURT: I got it. And some of them may answer a different cause of action. I just --

MR. BROOKNER: But some. So, like, for example, the curators have one and there are a few other people on there that have them.

THE COURT: Okay.

MR. BROOKNER: And the exhibits, I believe -- do we have (indiscernible)? We don't. Okay. We don't have the complaints (indiscernible).

THE COURT: No worries.

MR. BROOKNER: Generally speaking, Your Honor, the claims against the Debtor as a high-level matter pending

throughout the country fall effectively into four buckets, and we talked about this in the motion.

We have vendor claims for breach of contract, money owed, and related type of traditional vendor claims, if you will. We have worker's comp and employment-related claims. I'm sorry -- three buckets. And then we have personal injury claims and professional liability claims. Those are the three big buckets into which the lawsuits, and I think there's about 500, 500 and change around the country, those are the buckets into which they fall. And then again, we asked for interim relief, 30 days -- 35 days, come back sometime around day 30, 31, 32 for a further hearing, and we can go from there.

We do believe the evidence will show that we have met our burden to extend the automatic stay under applicable 5th Circuit precedent, whether because of an identity of interest or otherwise, and we do reserve the right to seek supplemental relief to extend the stay further to other people as time goes on.

Hopefully, we'll be able to have that universe ready when we come back for the next hearing, but if we don't, we'll seek appropriate relief. We'll file an appropriate pleading, and putting that aside, Your Honor, we think the motion itself is pretty self-explanatory.

And again, that's all by way of background. I

didn't want to make any argument. I want to reserve legal argument, and I do have legal argument, for the back end subject to anything else anybody wants to say, and I -- but I do reserve the right to come back before the evidentiary presentation if Your Honor deems it appropriate to respond to any comments that others may make before we get to the evidence.

And then Ms. Carson will be handling the evidentiary portion of the hearing, and then you'll see me again on the backside for closing argument.

THE COURT: Okay. Thank you. Let me start with any comments from any parties in the courtroom before I open it up to the line. Mr. Shannon?

MR. SHANNON: Yeah. Sure, Judge. I will -- I will start. As Mr. Brookner said, our objections have been resolved through the revised proposed order as to this interim -- the interim proposed order. There might be, you know, objections as to the final if there's any changes to it.

Now, out of the claimants that were here today representing, several of them were actually, you know, the parties that filed Docket No. 66.

THE COURT: Okay.

MR. SHANNON: Several others were part of the joinDer that Mr. Brookner discussed. Now, really important

to those claimants is that the rights against non-Debtors are preserved. It's very important because, you know, it's -- these claims against non-Debtors, at least some of them, are not necessarily tied to the conduct of the Debtor or the Debtor's predecessor.

I believe as the revised proposed order at Docket I believe it's 107 does preserve those rights, one of the issues we had was just kind of the breadth of it, that has been fixed in our opinion. The revised proposed order specifies who exactly the stay is being extended to, and frankly, as revised, it doesn't apply to anyone that I'm here representing.

THE COURT: Okay.

MR. SHANNON: And just one other thing about it, Judge, I would just say that it reserves all rights from the interim to the final. So, there's not going to be any burden shifting or things like that. But with that, Judge, you know, I know there's a committee appointed. I'm sure they'll look at it. I'm sure they'll consider that. But given that the -- that the scope of that proposed order has been narrowed, we do not oppose the entry of the interim order.

THE COURT: Thank you very much. Mr. Nguyen, go --

MR. NGUYEN: Thank you, Your Honor. Ha Nguyen for

the U.S. Trustee. Mr. Brookner is correct. I did work through the proposed order on this motion with him, but that's not to say that we're in support of the motion. We're not tipping out thumb on the scale either way. That's an order that I worked for Mr. Bruckner. If the Court is inclined to grant the motion, that's an order the U.S. Trustee can live with.

And the second thing, Your Honor, the committee was formed last night. I've met with all the members this morning. You're going to get unsecured creditors from almost all three of the buckets that Mr. Brookner mentioned. It's a very diverse group.

They're ready to go, but they're just not -- they couldn't retain counsel within the three hours of our first organizational meeting. So, you should be seeing them in the next couple of weeks here.

THE COURT: Thank you.

MS. HAMM: Your Honor, Holly Hamm for St. Alphonsus.

THE COURT: Hey.

MS. HAMM: I just wanted to kind of reiterate some of the things that have been said. St. Alphonsus is on the creditors committee and they -- we didn't file a formal objection. We talked with the Debtor's counsel, Mr. Brookner, to help basically preserve the position that the

UCC might want to take going forward, putting that break in, this 35-day interim period in place so that a thorough examination can be done and any, you know, objections are preserved until that time.

THE COURT: That makes sense, and it's -- thank you very much.

MS. HAMM: Mm-hmm.

THE COURT: Okay. A little dangerous, because I've unmuted a bunch of lines, but let me open it. Is there anyone else in the courtroom who wishes to make a statement? Okay. Anyone on the line wish to make a statement, and I'm sure you're probably going to bump into each other a little bit, but Mr. Stromberg. Yeah, if you can, raise your hand and maybe that's the more efficient way.

Mr. Stromberg, you may be on mute. I can't hear you. I can't hear you. You may need to hit five star again or -- let's see. I can't hear you, Mr. Stromberg. Let's see. How do you -- oh, I still can't hear you. Let's see. Mr. Stromberg, can you hit five star again? Maybe I can just see you.

MR. STROMBERG: Ah, there we go.

THE COURT: All right.

MR. STROMBERG: Is that better, Your Honor?

THE COURT: All righty.

MR. STROMBERG: Thank you. Mark Stromberg on

behalf of Lone Star Alliance, Inc. It's a subsidiary of the Texas Medical Liability Trust. My client is an insurer. They are defending 34 cases that are in various stages right now with many of them having joint -- potentially jointly liable co-defendants.

I'm in a similar situation to Mr. Brookner because I really only got involved in this case within the last few days and only entered my appearance yesterday, really only found out about this hearing this morning.

So, I don't know to what degree the 34 cases were involved with overlap, but we are in favor of this motion. We think that the insurance policies that may apply to these claims are policies that belonged to the estate, that there are reasons that if the stay is not extended to the potential co-obligors or co-defendants, this might impact or affect the estate, not least because, number one, if these defendants have a judgment entered against them then that reduces the coverage that might be available to cover the estate's obligations, because there is a per occurrence limit.

Number two, if the estate is not present to defend any comparative fault finding could wind up being more against the estate than against the co-defendants. And number three, if there's any excess exposure resulting from the -- from the claim against a co-defendant in excess of

the policy limits, that could come back to affect the estate.

So, for a number of reasons, we think it is prudent for the Court to consider this, especially so and as much as it's an interim request, that it is not going to permanently affect any of the parties' rights. It will give Mr. Brookner -- it will give me, candidly, the time to be able to ascertain just, you know, what is going on with all of the litigation and to determine how we might sort of figure out a way to move these cases, many of them tort cases, towards some sort of consensual resolution before litigation proceeds, because the estate will have interests in how this litigation proceeds.

THE COURT: Thank you, sir. Anyone else?

MR. STROMBERG: Thank you, Your Honor.

THE COURT: Anyone else? If you'd just raise your hand and I can just -- I've got you there. Mr. Johnson? And if you need to hit five star, let me know.

MR. JOHNSON: Good afternoon, Your Honor.

THE COURT: Good afternoon, Mr. Johnson.

MR. JOHNSON: My name is Michael Johnson. I'm with Kay Griffin in Nashville, Tennessee, and we're one of the -- we're attorney for James Hyman. Mr. Hyman -- I just wanted to make a brief statement on this, as Mr. Hyman's situation and claims are a little bit different than I think

pretty much everything else we're talking about here.

Mr. Hyman is the former CEO of Valitas Health Services, Inc., which was one of the pre-merger entities that was finally merged into Corizon Health, Inc., and which is, you know, the Debtor (indiscernible). They're the successor to his employment agreement.

We have a pending litigation in the Middle District of Tennessee where the main office is in Brentwood, Tennessee, and you know, we've talked about in our briefing the reasons why we don't believe that the stay is applicable to Mr. Hyman's claims, that the relief is -- sought is appropriate in that case.

But I will say practically speaking now that the release sought has been narrowed, which it was after we filed our response to the 35-day timeframe, our -- we don't have a case management conference in the Middle District until April 12th at this point, which means in our district, we can't do anything until that happens.

I mean, we would like to try and still effectuate service in the meantime, and we don't want to have to come back and re-argue the same thing in terms of the stay being applicable to all of the co-defendants in Mr. Hyman's middle district case. But I just wanted to point that out on the -- at the outset here.

THE COURT: Thank you.

MS. HEARD: Your Honor?

THE COURT: Yes. I'm sorry. You -- yes, okay.

MS. HEARD: This is Mary Elizabeth Heard on behalf of Ms. Edmo. I would like just to tell the Court I'd like to reserve any opening for -- I do have an evidentiary presentation on -- in support of our objection.

THE COURT: Okay.

MS. HEARD: And I'd like to reserve my opening for that after the (indiscernible).

THE COURT: Thank you. Ms. Heard, is your client in the 39 cases?

MS. HEARD: Your Honor, my client is in the very end of post-judgment. She's received an injunctive relief and she is now trying to recover her attorney's fees. She was given an -- awarded a joint and several judgment against the state of Idaho.

THE COURT: I'm just trying to figure out if she's on the revised list such that -- that's on -- that the Debtors have filed.

MS. HEARD: So, she is affected -- yes, sir. She is affected by it --

THE COURT: Okay.

MS. HEARD: -- because they are seeking to extend the stay to the Idaho Department of Correction.

THE COURT: Perfect. Thank you so much.

MS. HEARD: But we're a very special case even within the subset of litigation.

THE COURT: Got it. Got it. Thank you. Thank you for the clarification.

MS. HEARD: (Indiscernible). Okay. Thank you, Your Honor.

THE COURT: Thank you. Okay. Anyone else?

MR. MARKUS: Your Honor, Blake Markus representing Capitol Eye Care, Inc. and other punitive class members from the Western District of Missouri case. I just wanted to on the record join in with the objections of the curators of the University of Missouri, the Eastern District Michigan class action, and Mr. Hyman's objections as well.

We (indiscernible) all claims against the non-Debtors belong to the estate, and in our case in the Western District of Missouri, Judge Harpool has ordered the non-Debtor parties to show cause as to why the case should not proceed against them without the Debtor, and we think that that would be appropriate for them to answer and that they not be a part of the stay here (indiscernible).

THE COURT: Thank you. Ms. Bailey, did you have your hand raised?

MS. BAILEY: I did. Thank you, Your Honor. Can you hear me?

THE COURT: Just fine, thank you.

MS. BAILEY: Okay. Your Honor, our response was the Docket No. 106, that the Debtor hasn't had the opportunity yet to read. So, I'll make it a little bit easier on everybody. It's clear to me from the (indiscernible) that our case is not -- it appears that way, our case is not contemplated with the narrower set of cases for the stay, and if that remains true, then I'll reserve our arguments for the time in which the Debtor may try to extend it to us, but I just wanted to clarify that.

THE COURT: Thank you very much. Anyone else?

MR. LANGE: Your Honor, Ethan Lange, Stueve Siegel on behalf of the curators of the University of Missouri and (indiscernible) region.

THE COURT: Mr. Lange, I'm going to -- I'm going to turn to you and then Mr. Glover after you finish. Please, Mr. Lange, please proceed.

MR. LANGE: Thank you, Your Honor. I just wanted to note that we are still listed on this interim order. We had a moment to look it over at Docket Entry 107. It looks like our case is still listed.

We continue to oppose the entry of even an interim order. And so, I just wanted to make that note, and like other counsel, we would reserve our arguments after the Debtor's presented its case.

I did want to note one thing since you asked a

question right at the outset about the relationship between M2 Loan Co. and the Debtor, and I could answer that question that it's an -- M2 Loan Co. is an indirect parent, the -- of Corizon, former Corizon. It was an indirect parent as well of Valitas, which used to be the parent company of Corizon.

But the common parent, if you go up the chain, if you will, is M2 Hold Co., so I just wanted to answer that question. M2 Loan Co. also owned the secure debt of CHSTX and Tehum Care, the -- you know, the other entities or the (indiscernible) CHSTX is the other entity in the divisional merger with TM.

THE COURT: Thank you.

MR. LANGE: You're welcome.

THE COURT: Mr. Glover?

MR. GLOVER: Yeah. Good morning, Your Honor. This is Bryan Glover on behalf of St. Luke's. St. Luke's is a member of the committee and was just appointed and certainly anticipates, you know, participating in pursuing protecting its rights aggressively in this case.

However, for purposes of today's hearing, we have been in contact with Debtor's counsel, and you know, been in discussions and negotiated language that would go into the -- that has gone into the proposed order that I understand is being presented to the Court. Just to avoid any confusion, subject to the reservation of rights that is set forth in

the proposed order that is being presented to Your Honor, St. Luke's has no objection to the entry of the order today on an interim basis.

THE COURT: Thank you. Anyone else?

MR. BERTRAND: Your Honor, this is Joy Bertrand. I raised my hand. If I may please speak?

THE COURT: Yes.

MS. BERTRAND: Your Honor, my client's case is listed in the exhibit to the proposed revised order -- actually, I think it's on the list here, Branum v. City of Phoenix with the indemnified clients being David Shinn and the Arizona Department of Corrections.

We'd also object to being included in this. There's more than simply Corizon and Department of Corrections in the case of Ms. Branum's matter. There's the city of Phoenix, the Maricopa County Sheriff and (indiscernible) system, all of whom had separate roles in the death of Ms. Branum's husband, kind of culminating in his care with Corizon.

And this is brought to a standstill, a complex case that was actually kind of humming along in discovery, and now all of the defendants in our matter believe that the entirety should be stayed based on the Court's stay here.

We'd object to that. I think it's going to be incredibly inefficient to start out a case without that many

defendants and (indiscernible) moving parts simply because Corizon, the indemnifying party to the Arizona Department of Corrections, has filed for bankruptcy. So, we would note our objection for the record. Thank you.

THE COURT: Thank you very much. Anyone else wish to speak? It -- I'd just note, this case was filed on February 13th. Several days later this emergency motion was filed to extend -- enforce the automatic stay to certain non-Debtor parties.

Now, it's kind of an understatement when you read the pleadings and the responses to note that the motions and the objections involve complex questions of law. In fact, even starting, it was -- it was a big universe of claims and I -- and I had some questions about the scope of it.

It certainly has narrowed dramatically from where we are and it looks like, you know, certain parties that were objecting, as of now their objections are deemed moot because the Debtor isn't seeking to seek to extend the stay as to them.

But you know, what makes this case complicated is that there are several buckets, and you know, there are -- there are claims against individuals. There are claims against former officers, some against affiliates. And so, each one of them is going to require a different level of thought, and every case should be viewed on its own -- on

its own merits.

And they're all at different stages. You know, some of them seek to threaten the very existence of the Debtor itself or to -- and so some of them, if they were to proceed, at least on their face, could lead to this Court rendering a judgment in one way or the other and then a state court rendering a judgment one way or the other.

And so it -- it's just complicated. And you know, there are alter ego issues there that we have to deal with. There are multiple defendants involved. Some involve questions of whether, you know, what the term, you know, absolute indemnity and the rights of that and looking at AH Robbins and their successor cases and seeing whether those -- this case fits into those.

You know, I appreciate that the Debtor is trying to make this an interim order and seeking to come back in 30 to 35 days, but I also think about, you know, issues. There's a committee that's just got formed today and they may have rights and want to share thoughts, and I -- and I'm interested in hearing what the committee -- thoughts the committee may have.

And so, you know, kind of balance the -- you know, and this is an emergency hearing, right? So, these are essentially asking on very short notice. So, I've got to balance, you know, due process rights with the rights of

certain creditors who may have just retained counsel, I -- to consider all of this.

At the same time, I think, you know, there are lawsuits out there that I -- you know, just on their face, you know, could -- you know, but by the time I actually could decide all of these issues, could -- you know, a lot could occur between now and the time that I issue a ruling one way or the other, depending on the state court could enter a judgment, and a lot of things could happen between now and then.

And so, I think what best serves the estate, what best serves to preserve the rights of all parties, is I'm going to -- I'm going to -- I'm going to issue a short interim order staying just the litigation that the Debtor seeks to go forward on.

If the Debtor wants to supplement it, you're going to have to supplement it, and we're going to have to make sure people get plenty of notice, but I want these parties to have a full opportunity to have -- to brief their issues, and I'm not sure they got it. At the same time, I want the Debtor to have a full and fair, robust opportunity to put on their case as well.

And so, I'm going to issue a short order staying the litigation as to these cases without -- and I'm going to -- here's the schedule that I'm going to put everything on.

I want any party -- and the way I'm envisioning this is Mr. Brookner, Ms. Carson, you know, y'all would re-notice this for a full hearing on May 17th, right? It's about 75 days from today, and I'm considering my schedule as well, making sure that I have enough time to kind of really allocate a significant amount of time.

Any objections to your motion for the 39 would be filed by April 3rd -- April 3rd, and they can just file it on the docket. No need to serve anything, just any fulsome objections there, any response that you have, would be filed by April 24th, so essentially 30 days from today, and it really would give everyone essentially a full opportunity with notice to find out who they are, get an opportunity to file an objection to that.

April 24th, you'd file your response 45 days, and essentially I'm holding a hearing, you know, a short time after that on May 17th. And I would hold it on May 17th starting at 1 p.m., and we'll just go until we're done.

So, if that's the case, the parties should be prepared to go late. If you have witnesses, I'm going to ask the parties to really consider, you know, that if, you know, if you have any witnesses, I'm going to want them live. If other parties have witnesses, I'm going to give them the flexibility to let them appear virtually.

The hearing will be a hybrid hearing. So, we'll

hold court here and on video. Any witness and exhibit lists would need to be filed, you know, essentially by May 15th at noon for that day. Maybe there's evidence required in terms of -- but I'm really asking Ms. Carson that you really work with the parties, maybe some parties get added, maybe some parties get dropped off. I don't -- you know, but on the 17th, there's some agreement as to how the hearing will proceed in terms of exhibits.

And it gives parties an opportunity if they wanted to, you know, take some short -- you know, ask some questions of the Debtor before the hearing and really put their case on, and I think it would allow the Debtors a fulsome opportunity.

But importantly, it also gives the committee an opportunity to get up to speed. They'll have -- they'll have to hit the ground running, but I'm not jamming the committee, but I think a -- I don't want to do an interim hearing, because I'm afraid at the interim hearing the committee may ask for more time, and I want to just set it out, and we can just deal with everything on one day, May 17th.

I think the Debtor will be in a much better position to articulate its arguments as to the insurance. Mr. Stromberg can come in and articulate its issues. But at the same time, if someone wanted to really have an

opportunity to put on their best case as to why they don't believe or brief the issue as to why they don't believe, the stay should be extended and then they'll have that -- they'll have that case. And I think holding it to, you know, May 17th, you know, I think 75 days is -- it's real but it's -- it's at the same time I think balancing the fairness. And a short brief I think will benefit all parties because someone's going to -- you know, I've got a rule on that, and I'm going to be prepared to rule on May 17th. But everybody's going to want -- I'm going to want a robust hearing -- a robust evidentiary hearing where I get the benefit of fulsome briefing.

So, I'm saying everything there on the 39 days, and if parties want to come in and file their objection, they certainly can. But on May 17th, it's an evidentiary -- it's a full evidentiary hearing as to those, and Mr. Brookner, you can notice it out just to them so that everybody else who may have been impacted by the parties, and I think those who -- for example, I'm thinking of Mr. Shannon's client or Ms. Bailey's client, you know, they can take comfort, right, that the motion is now reset, and certainly their rights are reserved as obviously somebody -- but you'll have -- you'll know what's going on with respect to those clients, and they can go back to report to the Court -- their respective courts.

And I think just giving you that little bit of comfort getting a re-noticing, you know that you're not on the list and don't have to worry about it. And I think I'm thinking about state courts as well who may want just something from this Court about where we go.

Mr. Patterson?

MR. PATTERSON: Yes, Your Honor and I want to make sure, but I -- my understanding is you said you're going to stay all litigation for 75 days or so, and I want to tell you I was reserving my thoughts and what I had to say until we started to put on the evidence, my understanding that was going to be today. And so, No. 1, we object. We're not waving our rights. My clients are not waiving their adversary protections.

THE COURT: Mm-hmm.

MR. PATTERSON: This is an adversary proceeding.

THE COURT: Right.

MR. PATTERSON: It should be. They didn't file an adversary proceeding, and what you're doing is you're entering a preliminary injunction. You're entering a TRO with no finding of any of the required factors, and we want to be carved out. I represent four women -- four-plus women.

THE COURT: I'm just telling you what I'm thinking about doing. I didn't say I was going to do it. They're

going to have to put on evidence.

MR. PATTERSON: Right.

THE COURT: If that's what you want, you'll have it, Mr. Patterson.

MR. PATTERSEON: I mean today, but we don't want to be -- we don't want to stayed for 75 days.

THE COURT: You may just be at the end of the hearing, and you'll have whatever rights you have.

MR. PATTERSON: Right.

THE COURT: I'm just saying -- I'm just telling you what I'm thinking. These are my thoughts about --

MR. PATTERSON: I'm sorry. I thought you were telling us what you're going to do.

THE COURT: No, I said I was going to --

MR. PATTERSON: I'm sorry. I don't -- I don't mean to jump the gun. I apologize.

THE COURT: No, no, no. You'll have your rights, and if you want to -- everybody's rights are reserved. I'm just telling you what my thoughts are, and some folks are going to have to walk me off this schedule. So, Ms. Carson knows --

MR. PATTERSON: Okay. Then I'll wait until he starts and then I'll come back.

THE COURT: Okay.

MR. PATTERSON: Thank you, Your Honor.

THE COURT: You know, why don't you introduce evidence, Ms. Carson? I think the documents will do it for me, but you can keep going.

MS. CARSON: Good afternoon, Your Honor.

THE COURT: Good afternoon.

MS. CARSON: Again for the record, Amber Carson from Gray Reed on behalf of the Debtors.

Your Honor, as Mr. Brookner mentioned, we filed our witness and exhibit lists at Docket No. 59.

THE COURT: Okay.

MS. CARSON: It includes 24 exhibits, the first of which is Mr. Perry's declaration in support of the motion. I'd like to go ahead and request that that declaration be admitted into evidence today as his direct testimony.

THE COURT: What's the docket number again Ms. --

MS. CARSON: It's 59.

THE COURT: Fifty-nine.

MS. CARSON: This would be 59-1. Mr. Perry is available virtually for cross-examination, and I would like to supplement Mr. Perry's declaration if admitted into evidence with just a little bit of additional testimony for today.

THE COURT: Okay. Let me go around. Does anyone object to the entry of the declaration?

MR. PEATTERSON: Yes, Your Honor. It's --

THE COURT: Okay. All righty, Mr. Perry is going to have to testify.

MS. CARSON: Understood, Your Honor. I would also like to go ahead just for efficiency's sake considering we have so many exhibits and request the admission of Exhibits 2 through 24.

THE COURT: Do all these relate to the 39?

MS. CARSON: They do.

THE COURT: Okay.

MS. CARSON: Well, Your Honor, let me clarify actually. There are two that we removed from the list. So, Exhibit No. 21 and Exhibit No. 19 no longer relate to the list of the 39.

THE COURT: Which ones?

MS. CARSON: It is Exhibit 19 and Exhibit 21.

THE COURT: Okay.

MS. CARSON: So, we can remove those.

THE COURT: Nineteen and 21 or 19 through 21?

MS. CARSON: Nineteen and 21.

THE COURT: Okay. So, 2 through 18 and 20, 22 through 24?

MS. CARSON: Correct.

THE COURT: Okay.

MS. HEARD: Your Honor, I have an objection to Exhibit 14, the entry of Exhibit 15, authentication,

hearsay, relevance. It's not relevant to today --

THE COURT: You can -- you can just -- you can just object and they'll have to put it on. Okay.

MS. HEARD: Thank you.

THE COURT: Just looking for any (indiscernible), so 15 no. Any other objections to any of the other exhibits, the admission?

MR. PATTERSON: Yes, Your Honor.

THE COURT: Okay.

MR. PATTERSON: Two through six are pleadings. So, if the Court will admit those for the limited purpose of showing what was filed, I'm okay with that, but otherwise they're hearsay, and then 22 and 23.

THE COURT: Okay. So, you're okay with admitting 2 through 6 for the purposes of -- not for the truth of the matter asserted within the pleadings, but the fact that there are -- the pleadings themselves were filed? I think that's what you were mentioning, Mr. Patterson. Did I get that right?

MR. PATTERSON: That's right, Your Honor. I'm sorry. Yes.

THE COURT: Okay. No, no, no, I was -- I meant to look at Ms. Carson, but I want to make sure that I got the statement correct. Are you okay with that?

MS. CARSON: Yes.

THE COURT: Okay. Two through 6 are admitted into evidence as for the -- recognize that they were pleadings on file and they said what they said, but not necessarily for the truth of the matter -- of the statements asserted therein, and any other objections? Okay. So, let's see. You've got --

MS. CARSON: By my list, Your Honor, it looks like exhibits -- we have objections to Exhibits 15, 20, and 22 outstanding. Oh, excuse me, 22 and 23.

THE COURT: So, that would mean that 2 through 14 are admitted, 16 through 18, 24 is admitted. Did I get that right? Two through 14, 16 through 18, and 24?

MS. CARSON: Yes.

THE COURT: Okay. Okay.

MS. CARSON: All right. Then I'll call Mr. Perry to the stand -- the virtual stand.

THE COURT: Okay. Mr. Perry, if you're on the -- you're on the line? Let's see, I need to --

MR. PERRY: (Indiscernible).

THE COURT: Okay. I think I got you, Mr. Perry.

MR. PERRY: All right. Can you hear me, Your Honor?

THE COURT: Just fine. Thank you very much, sir. Let me have you raise your right hand. Do you swear to tell the truth, the whole truth, and nothing but the truth?

MR. PERRY: I do.

THE COURT: Okay. Mr. Perry, you've been sworn under oath and you understand the oath that you took is the same that you would take if you were live in the courtroom with me?

MR. PERRY: Yes, sir.

THE COURT: Okay. And can you confirm for me, since you're appearing virtually, whether you have any notes with you in front of you or any documents or any statements in front of you?

MR. PERRY: I do not, Your Honor.

THE COURT: Okay. Just before we proceed, Ms. Carson, in terms of presenting evidence, documents to the witness, how do you intend to proceed?

MS. CARSON: My colleague --

THE COURT: Just from a technical standpoint?

MS. CARSON: Yes, my colleague Aaron Kaufman is on the line and he would be I'm sure happy to provide those evidence if it's acceptable to the Court.

THE COURT: Okay.

MS. CARSON: If he can share his screen.

THE COURT: Okay. Mr. Kaufman, I'm going to make you the presenter. But again, I'm going to just ask that, you know, I know that -- make sure that the examination -- the presentation of evidence follows the examination.

So, in other words, don't do that. I want -- I want -- I want the screen empty until she asks that a document get put up and we can proceed like in Court, we were live. So, is there a way you can block your screen? Or should I remove you as the presenter?

Thank you. All right. Ms. Carson, you may proceed.

MS. CARSON: Thank you.

DIRECT EXAMINATION OF RUSSELL PERRY

BY MS. CARSON:

Q Mr. Perry, please state and spell your name for the record.

A Russell Perry, R-U-S-S-E-L-L, P-E-R-R-Y.

Q Please introduce yourself to the Court.

A Hello. My name is Russell Perry. I'm currently the Chief Restructuring Officer -- the proposed Chief Restructuring Officer for Tehum Care, the Debtor here in front of Your Honor. I'm a senior managing director at Ankura Consulting. We are a global consulting firm that specializes in various aspects of distress, transactional litigation-type matters. I currently am the (indiscernible) turn around and restructuring practice out of our Dallas location.

I've been practicing restructuring for about 16 years. My practice focuses mostly on the healthcare space.

I worked with all various types of healthcare entities. And my background is a bachelor of science in agribusiness from Texas A&M, an MBA from Texas A&M, and I'm currently a CFA charter holder.

Q And when were you retained by the Debtors as CRO?

A I was retained actually the day of the filing. Much like Mr. Brookner mentioned in his opening, I also was notified of the potential Chapter 11 the night before in the wee hours of the morning. I was officially retained that morning and then became effectively this CRO of the Debtor the day that the Debtor filed for Chapter 11.

Q What specific types of restructuring or bankruptcy related roles have you held? Or titles, if you will?

A I held -- yeah, (indiscernible) across the board. I've been a Chief Restructuring Officer, Chief Transformation Officer, Strategic Restructuring Advisor. I've been a restructuring advisor. I've been an independent director. I've served in various interim management capacities, and I've had various roles working both for the company side or Debtor side engagements. I've also represented lenders. I've represented other various constituencies in in-court and out-of-court restructuring situations.

Q In those roles, what have been your general just -- or what have been your duties generally?

A Well, they're a little different in a fiduciary

capacity, like an officer role versus an advisor role. So, let me -- let me deal with the former. You know, as a chief restructuring advisor, for example, a CRO comes with various authorities and fiduciary duties on behalf of the Debtor. Typically the CRO reports directly to the Board of Directors or the director of that specific Debtor with, again, certain authorities to effectuate, shepherd, and execute a restructuring plan.

My duties always start with a significant amount of due diligence, due diligence around what assets the Debtor may or may not own, what liabilities and obligations are outstanding to the Debtor or the company that we are working for.

We focused very strongly on financial performance, on liquidity, on cash, understanding the path of why the company or the Debtor is effectively in distress and why the situation calls for someone like myself or my colleagues.

In my capacity, I'm reviewing financial statements. I'm reviewing documents. I'm reviewing contracts. I'm reviewing, you know, organizational charts and like in order to get your -- you know, to get our arms around the extent of the situation, again, the cause of the distress, and to form of view and a path as a -- as to the strategic alternatives available to the Debtor.

So, it's a -- it's a very broad somewhat, you

know, wide open type situation at the beginning until we're able to narrow down to exactly what the solution would be, propose that solution to the various stakeholders involved and seek to execute it, whether it be in court or out of court.

Q In the course of reviewing contracts, have you come across any indemnity provisions?

A You're referring to this individual case here?

Q No, just in your general duties in your experience as CRO or in those other roles, have you come across indemnity provision when reviewing contracts?

A I have. Indemnity provisions (indiscernible) fairly standard across various contractual obligations. Many times trade vendors will include indemnity agreements, contractors positions. You know, it's really across the board. It's not a surprise that an indemnification or hold harmless provision (indiscernible) be contained in various documents in which services are being provided.

My own engagement letter, for example, to Ankura that the Debtor executed, we have an entire section and a schedule related to an indemnification and the standards by which that indemnification is governed. So, I do see them from time to time.

I'm not a lawyer. I don't practice any type of law. So -- but I am aware of the existence of the

indemnification agreements and I do have a general understanding of how they work.

Q Have you served in any specific bankruptcy roles in Texas recently?

A I have. We confirmed a Chapter 11 plan in front of judges here just a few weeks ago in a matter by the name of Pipeline Health. Pipeline Health was a very complicated safety net hospital Chapter 11. I was the Chief Transformation Officer similar to a CRO. We filed in early October, had a very extensive, complicated, but very fast-moving case. There were -- a confirmation hearing occurred I think it was late mid-January and the effective date was February 6th. So, we're just wrapping up that engagement.

I had another situation I was involved in --

MR. PATTERSON: Your Honor, I'm going to --

MS. HEARD: Objection.

THE COURT: Hold on a second. There's an objection pending.

MR. PATTERSON: I hate to interrupt, but I'm going to object as to relevance as it's not an employment hearing. We've got his background. I don't know that any of this is relevant for today.

MS. CARSON: I think establishing his background is relevant since he is testifying, but I think that was the last of the background information. So, I'm happy to move

on, Your Honor.

THE COURT: Okay.

BY MS. CARSON:

Q Mr. Perry, since your retention by the Debtor, which you said was on February 13th, what have you been doing to get your arms around the Debtor situation?

A Yes, just what you mentioned. I've been working to get my arms around. I have two Ankura colleagues that have been working alongside me as well as other folks inside the firm. We have been meeting with as many individuals as we can from the Debtor's director to obviously counsel, reviewing documents, you know, gathering as much information and data as we possibly can.

The work is underway. We've had on-site meetings, you know, with various folks. We're developing work plans. We have, you know, thousands upon thousands of pages that we've -- we've flipped to -- you know, through and reviewed, everything from organizational documents to various contracts and the like and we'll discuss some of this as the evidence is presented.

And so, our job has been, you know, much like we would if we were involved much earlier than an actual Chapter 11, our job has been to understand the assets and the liabilities of the Debtor.

Mr. Brookner mentioned, you know, some potential

asset recoveries, at least in his opening. You know, we have a general understanding that there are and hopefully will be access to certain assets. We have just now started to gather the information to prepare the schedules and statements of the Debtor. That requires a significant amount of data gathering with respect to previous transactions, previous disbursement, the various assets, the various contracts, and the various liabilities.

So, today, I think this is day 16 or so of my role, and it's been very much the proverbial drinking from the firehose, and you know, it continues even, you know, at this time.

Q Are you generally familiar with the Debtor's record-keeping practices?

A I am. Of course that's, you know, part of the questions and the diligence process that you do when you step into a situation just to understand and try to form a view as to what books and records exist, (indiscernible) keeping them, how comprehensive they may be.

In this situation, because I've been working with counsel to pull a lot of legal documents and contracts, my understanding is the Debtor has an electronic data storage database. It's called E-Contract or something along those lines, at least for legal documents. The Debtor uses PeopleSoft, for example, for financial statements. You

know, we've been working through the books and records as it relates to cash transactions, and you know, company transactions and all those various things.

So, my understanding is that the books and records are kept electronically. I haven't had to sift through, you know, boxes of files at least in the 16 days that I've been involved. Most of the information has been presented and prepared electronically, and you know, provided to us electronically.

Q Mr. Brookner mentioned this a bit during his opening, but prior to May 5, 2022, what was the Debtor's business generally?

A Sure. Certainly I wasn't involved at that point, but you know, my understanding is the Debtor was in fact providing or would seek the provision of care to other parties from a contractual obligation or relationship, healthcare to correctional facilities across the country. Based on what I've been able to read and ascertain, at one point, the Debtor might have been the largest provider of healthcare to correctional facilities across the country.

MR. PATTERSON: Object at this point, Your Honor. It's hearsay (indiscernible). He said that's what he read. So, it's hearsay.

THE COURT: Sustained.

BY MS. CARSON:

Q Mr. Perry, was the Debtor ever involved in a divisional merger?
A Yes, it was. Mm-hmm.
Q And when was that merger effective?
A That merger was effective on May 5, 2022.
Q Did the Debtor create a plan of divisional merger?
A It did.
Q And have you reviewed that plan?
A I have. I have reviewed that as part of my review of the various documents the Debtors have produced.
Q Mr. Kaufman, could you please pull up Exhibit 10? Mr. Perry, what is this document?
A That's the board's consent? That would have been the consent for the divisional merger as I recall.
Q And Mr. Kaufman, please go to Page 23 of 203 of that document. Is this the plan that you referenced?
A It is. That's the plan of divisional merger, correct. It does say the date of May 1st, but the actual effective date was I believe May the 5th through some other documents.
Q Under the plan of divisional merger generally, what liabilities were allocated to the Debtor?
A Actually, there were quite a few. So, generally, the liabilities consisted of, you know, obligations related to contracts that were allocated to the Debtor. My understanding is that they're contracts for services that

may not have been provided to the Debtor any longer or to -- I'm sorry, that services that were terminated that were no longer being provided by the Debtor at that point in time, and so the contracts and the related liabilities would have been allocated to the Debtor.

In addition, my understanding is there were a number of what's called PLI or personal liability, personal injury-type claims that were also allocated to the Debtor, other types of employee-related obligations and liabilities.

There's a fairly lengthy schedule at the back of the plan of divisional merger that lays out exactly what was allocated, but there were both, you know, assets and liabilities.

Q And what assets were allocated to the Debtor in the divisional merger?

A Yeah, so (indiscernible) really an asset, it was more of a removal of -- that's not the right word, but there was $100 million of secured debt that was allocated to call it Newco or the current operating company that Mr. Brookner mentioned in his opening. So, that was a liability originally on the former books of the original company that was not allocated to the (indiscernible) so it was sort of removed. So, it wasn't necessarily an asset. It was a liability that didn't get allocated down.

Other assets were, you know, various potential

recoveries from insurance, you know, contracts. There was I think a million dollars or I know there was a million dollars of cash that was allocated to the Debtor, and then there was an agreement that is labeled the funding agreement, and what that funding agreement represented was a $15 million source of funds to the Debtor to fund effectively resolution of claims and any cost or, you know, other related expenses in order to effectively prosecute or adjudicate those claims.

Q You mentioned what you called Newco. What entity is Newco? Do you recall the entity name?

A So, yeah, at the time of the divisional merger, the entity name was CHF Texas, Inc. An entity by the name of YesCare purchased that entity, and that's what I understand is the reference to Newco, YesCare, and CHS Texas effectively buying YesCare's purchase of CHS Texas.

Q We talked about liabilities allocated to the Debtor in the merger. Were any liabilities also allocated to Newco or CHS?

A They were. You know, similar to how I explained (indiscernible) from a contractual standpoint, contracts that were my understanding still in an active form, meaning services were still being provided, those contracts as well as the liabilities attached thereto were allocated to Newco. There were also a significant amount of the, you know, types

of cones that I mentioned a second ago, the personal liability, personal injury-type claims. Those were also allocated to Newco. The $100 million of secured debt obligations I mention a second ago, that was allocated to Newco, and there may have been, you know, a handful of trade obligations that didn't have a contractual obligation, but we're also allocated. There's a full allocation schedule in the schedules of the planned divisional merger that sort of lay out exactly what was allocated to which entity.

Q Mr. Perry, what is the purpose of the motion before the Court today?

A Well, the purpose is to provide for and establish an automatic stay to various non-Debtor affiliates, non-Debtor, you know, (indiscernible) or full officers and directors of the Debtors, you know, non-Debtor contractual counterparties in which there may be liabilities attached. So, the purpose of the motion is to provide for effectively a stay of those various obligations in the litigation claims, roughly 39 of them.

MS. HEARD: Your Honor, I have an objection. He's already told us he's not a lawyer.

THE COURT: That's not an objection. What's your objection, Counsel? That's a statement.

MS. HEARD: Your Honor, he's being -- I'm sorry. He is -- he is -- he is arguing a legal position, and he is

not a lawyer. He's being put on -- he's not being put on as an expert witness.

THE COURT: Counsel, what's your response?

MS. CARSON: Your Honor, he was expressing his view of why we are here before the Court as Chief Restructuring Officer. I believe he's available -- he's able to express his view and opinion on the topic.

THE COURT: Yeah, he's just talking about the motion. I'm going to overrule the objection.

BY MS. CARSON:

Q Mr. Perry, are you aware that after the motion to extend stay was filed, we filed a notice of revised proposed order at Docket No. 107?

MR. PATTERSON: Objection, Your Honor. She's leading the witness.

THE COURT: Sustained.

BY MS. CARSON:

Q Mr. Perry, after we filed our motion, did the Debtor revise the proposed order attached to that motion?

MR. PATTERSON: Objection, Your Honor. Leading the witness.

THE COURT: It's -- overruled. He an answer. We can get there.

BY MS. CARSON:

A Yes, the Debtor did file a revised order -- proposed

order.
Q Did that proposed order include an exhibit?
A It did.
Q And what was on that exhibit?
A The exhibit would have listed 39 individual cases and various non-Debtor affiliates, (indiscernible) officers and other, you know, clients -- non-Debtor clients that we would be seeking the stay for today.
Q Are there any parties on that list whom the Debtor is seeking to extend the stay to today that are not covered by some type of indemnity provision?
MR. PATTERSON: Objection, Your Honor. She has to lay the foundation that he has knowledge. He hasn't testified that there's any way he would know that.
THE COURT: Sustained.
BY MS. CARSON:
Q Let's move to discuss the lawsuit that you previously mentioned, Mr. Perry. How many cases are there in which the Debtor is currently a defendant?
A I'm still obviously gathering their information. My understanding is there's several hundred, maybe 300, 400. I think the count's pretty high.
Q Have you generally reviewed each of the 39 complaints that correspond to the cases potentially impacted by the stay today?

A I've generally reviewed them. I have, you know, opened them. I've scanned just to get a feel for what exactly were the claims that were being made.

Q We've talked a little bit -- or Mr. Brookner mentioned in his opening that these claims fall into different buckets. In which bucket or category do most of these lawsuits fall?

A Most of these are going to be the claims that I mentioned a second ago related to what are called personal injury, medical malpractice, things of that nature. Most of the claims, at least that I -- based on my understanding, are going to relate to that category.

Q In the motion to extend stay, I just want to clear up some of the definitions that we used in there so that we are all on the same page. There are certain defined terms like indemnified clients, indemnified D's and O's, non-Debtor affiliates. Are you familiar with those terms as used in the motion?

A I am.

Q Who would fall into what we're calling the indemnified client category?

A This would include various state Department of Corrections or the State Department of Correction Agency, its Employees, its Officers. (Indiscernible) an indemnity related to that contractual obligation between the Debtor

and the state at that time and its employees.
Q Who would qualify as what we're calling the indemnified D's and O's?
A That would have been the directors and officers at the time of the divisional merger that would have been, you know, identified through various documents that I've reviewed. It would have been, again, the directors and officers of the Debtor entity.
Q Are only D's and O's included under that defined term or are others included as well?
A Well within that category there are three or four names that are not directors and officers but are -- there's an indemnification relationship based upon a different type of contract than what I mentioned earlier in the client category that would have been --
MR. PATTERSON: Objection to that, Your Honor. It's hearsay and there's lack of foundation. He can't testify that there's any such agreement based upon his prior testimony. Plus, if he's referring to a document, we don't have that document, so it's --
THE COURT: I'll sustain it on that basis.
BY CARSON:
Q Mr. Perry, who falls into the non-Debtor affiliate definition?
A That would be the entities I mentioned earlier as

Newco, CHF Texas and YesCare.

Q I'll direct you and the Court to the demonstrative chart that was filed at Docket No. 108.

MS. CARSON: For the benefit of everyone in the courtroom, I do have paper copies as well if you would like them. Your Honor, I believe there's also a paper copy up at the bench for you.

THE COURT: I'm just going to look at it on the screen. Thank you.

BY MS. CARSON:

Q Mr. Perry, have you seen this chart before?

A I have.

Q And what does it reflect?

MR. PATTERSON: Your Honor, I'm going to object.

THE COURT: Hold on. Hold on.

MR. PATTERSON: I'm going to object as to hearsay. This document, it's not demonstrative. It's referring to documents that aren't in evidence, and he's also -- based upon his testimony, he can't verify the information, at least as I've read it. And so, I'm going to object --

THE COURT: I'm going to -- I don't know what the question that you're going to ask about the document, so --

MR. PATTERSON: Well, she's asking him to read something and interpret something --

THE COURT: Why don't we let her ask it, Mr. -- I

was -- I need to get some clarification on what the question was. I apologize. What's the question?

MS. CARSON: Your Honor, this is just a demonstrative to help us today walk through the different entities, those 39 that we mentioned that are subject to the stay. Given that there are 24 exhibits, I thought it would be helpful for everyone if we had just a list. This is not being -- we're -- I'm not requesting that this is going to be admitted into evidence. It's just to aid in walking through the exhibits and the testimony today.

MR. PATTERSON: Well, the problem is, is that the only person being aided is the witness. We don't need this. The witness is here to provide us information. Now, the lawyer is giving him a tool to read off of.

THE COURT: I disagree with that. I'm going to overrule. We can just use that as a demonstrative for purposes -- it's the relief requested in the motion. It's appropriate.

BY MS. CARSON:

Q Mr. Perry, I think that you were cut off. I asked what does this chart reflect.

A These represent roughly if my count's right 23 various (indiscernible) names, indemnified clients and non-Debtor affiliates, indemnified D's and O's, and to the question asked a few minutes ago down at the bottom of the table,

three out of those four names are not technically indemnified D's and O's. They would be a separate contractual obligation.

MR. PATTERSON: Your Honor, I'm going to object to foundation. And if I could ask him two questions on voir dire? One question. I'll limit it to one question. I can (indiscernible) on voir dire in this document.

THE COURT: Yeah, I'm going to overrule you, Mr. Patterson. We're just talking about an exhibit that was filed with the motion.

MR. PATTERSON: Well --

THE COURT: You'll be able to cross him.

MR. PATTERSON: -- it wasn't filed with the motion, Your Honor.

THE COURT: No, I'm saying it's the supplemental exhibit. You can -- you can ask all your questions and I'm sure that I'm going to give you a free rein to ask them, but.

MR. PATTERSON: Yes, sir.

THE COURT: Thank you.

BY MS. CARSON:

Q Mr. Perry, if you look about halfway down that page, there's a category for non-Debtor affiliates. What is the basis for extending the stay to these non-Debtor affiliates?

A Well, my thing is there's an indemnification

relationship between the Debtor and those two affiliates.
Q And where are those indemnification obligations?
A They're stated within the plan of divisional merger. There's a specific section that references the indemnities offered to Newco, and I define those two entities as the Newco entities.
Q If we go back to Exhibit 10, please? And Page 4 of the plan, which is Page 26 of 203 of the PDF, do you see the indemnification provisions you referenced on this page?
A I do.
Q And where is it?
A That's Paragraph 11, Subsection A, the (indiscernible) indemnity.
Q What does this paragraph provide generally?
MR. PATTERSON: Objection, Your Honor. Calls for a legal conclusion. He can -- we can all read it. It's on the screen, but it's improper to ask him what it means.
THE COURT: Can you repeat your question again, Counsel?
BY MS. CARSON:
Q Mr. Perry, what is your understanding as CRO --
MR. PATTERSON: Objection as to relevance. It doesn't matter what he thinks it means.
THE COURT: I don't know what the question was, though. I'm going to --

MS. CARSON: I'll move on. I don't know if it's -- this document is in evidence, so I can move on.

BY MS. CARSON:

Q You previously testified, Mr. Perry, that you generally reviewed each of the complaints that underlie our stay extension request today. Is the Debtor seeking to extend the state to CHS or YesCare for any liabilities allocated to CHS or YesCare in the plan of divisional merger?

A They are not. It -- no, that's not what the stay is meant for.

Q If we go back to the demonstrative chart, the very first category there is indemnified clients. What is the basis for seeking to extend the stay to these indemnified clients?

A The basis would be the existence of an indemnification clause between the Debtors and each individual contract counterparty that these names would be contained within (indiscernible).

Q Are you aware that the Debtor filed a witness and exhibit list at Docket No. 59?

A I am.

Q Have you reviewed that witness and exhibit list?

A I did. I did. Mm-hmm.

Q Are the contracts that include the indemnity -- indemnity provisions you referenced included on that list?

MR. PATTERSON: Objection, Your Honor. Calls for hearsay --

THE COURT: Yeah, I'll sustain.

BY MS. CARSON:

Q Please turn to Exhibit 13. Are you familiar with this contract?

A I have read through this contract. Mm-hmm.

Q And what is it?

A This is a contract between the Debtor entity at the time and the State of Arizona.

Q Looking back at that demonstrative chart, the first person in the indemnified client section is Charles Ryan. What is the basis for seeking to extend the stay to Mr. Ryan?

A Well, in that agreement that you -- that we just had on the screen, there is an indemnification clause within that agreement that would have provided for an indemnification to --

MR. PATTERSON: Objection, Your Honor.

THE COURT: Hold on. There's an objection. Counsel -- there's an objection.

MR. PATTERSON: Calls for a legal conclusion if he's going to tell us what the agreement means and what it does. That's -- he can't do that, which is what his answer was doing.

THE COURT: Overruled. You can answer.
BY MS. CARSON:
A Your Honor, there is a -- there's an indemnification provision within this document, and based on what I've read, the document provides for an indemnification for the state's employees.
Q If we go to Page 11 of 14 of Exhibit 13? And Mr. Perry, do you see any indemnification provisions here?
A I do. It's Paragraph 4.
Q Are any other parties besides Mr. Ryan covered by this same indemnity provision?
A (indiscernible) I think there are two other parties that are covered by this indemnification. It would be on the demonstrative.
Q Please turn to Exhibit 22. Are you familiar with this document, Mr. Perry?
A I am. I've reviewed this document. Mm-hmm.
Q And what is it?
A This is again an agreement between the City of New York and the Debtor entity to provide, you know, healthcare services.
Q The second party on our demonstrative chart is the City of New York. What is the basis for seeking to extend the stay to New York?
A Similar to the last situation, there's an

indemnification provision within the document that would provide for an indemnity --

MR. PATTERSON: Objection, Your Honor, that's hearsay. He's referring to a document that's not in evidence, and that would be hearsay.

THE COURT: My understanding of the question was what -- why are they seeking to extend the stay with respect to the City of New York. I don't --

MR. PATTERSON: Sure, and his answer was referring to something in this document. That's hearsay.

THE COURT: I think he was just talking generally. I don't think he was referring to the document. So, to the extent he was, I misunderstand. Maybe -- can you repeat your answer?

THE WITNESS: Sure. We're seeking to extend the stay to the City of New York due to an indemnification relationship between the Debtor and the city.

THE COURT: Okay.

BY MS. CARSON:

Q Is this a true and correct copy of this document?

THE COURT: Don't you probably need to flip through? Why don't you flip through the document?

BY MS. CARSON:

Q I think we've scrolled through all 157 pages. Thank you, Mr. Kaufman. Mr. Perry, is this a true and correct

copy of this document?
A It appears so. Mm-hmm. Yes.
MR. PATTERSON: Your Honor, I'd like to take the witness on voir dire if I could.
THE COURT: I think --
MS. CARSON: Your Honor, Mr. --
THE COURT: I don't think they've moved it into --
MR. PATTERSON: Okay. I'll wait.
MS. CARSON: Mr. Kaufman, could you please turn to Page 37 of 157?
BY MS. CARSON:
Q Do you recognize the signature of the person signing for Corizon on this page?
MR. PATTERSON: Objection. She's leading the witness.
THE COURT: Overruled.
BY MS. CARSON:
A Yes, that's Stewart Campbell, the President and CEO -- COO at the time.
Q And I believe at the beginning of your testimony, you testified that you are generally familiar with the Debtor's business records; is that accurate?
A As familiar as I can be with the time that I've had, yes.
MS. CARSON: Your Honor, I'd move to admit Exhibit

22.

THE COURT: Okay. Any objection?

MR. PATTERSON: Yes, Your Honor. If I could take the witness on voir dire?

THE COURT: Okay.

VOIR DIRE EXAMINATION OF RUSSELL PERRY

BY MR. PATTERSON:

Q Mr. Perry, you indicated under oath that you recognized the signature --

THE COURT: Mr. Perry, can you hear Mr. Patterson? I want to make sure -- just to make sure. Maybe might need to get him close to a mic.

MR. PATTERSON: I can --

THE COURT: Hold on. We're going to get a microphone. I want to make sure that you can hear him, and more importantly that Mr. Patterson can articulate his questions so that you can hear him correctly.

BY MR. PATTERSON:

Q Can you hear me all right, Mr. Perry?

A I can. Mm-hmm.

Q All right. You said you recognized the signature that's on the screen in front of you?

A I recognize the signature through my reviewing of the document. Mm-hmm.

Q Do you know this person?

A I do not. I do not.
Q You've never met them, yet you recognize their signature?
A (Indiscernible) the signature of the document that I reviewed, and my understanding is from the information I reviewed that was the president and COO of the company at the time.
Q Wouldn't it be more accurate to say you recognize the identity of this person, not that you actually recognize their signature, correct?
A I don't fully understand the question. I --
Q Can you -- all right. I'll ask it a different way. Can you sit here and testify under oath that this is a signature of the person whose name is typed underneath it?
A I did not witness Stewart Campbell signing this document.
Q Okay. That's not what you said.
A I --
Q You said you recognized the signature. Do you?
A I'm familiar with the signature on the screen, that that is the same signature of the document that I reviewed.
Q Okay, that it's similar to what you reviewed. It's not that you recognize this as a particular person's signature, correct?
A I reviewed information with respect to who the officers

were at the time that this document was executed. The information I reviewed suggested Stewart Campbell was, in fact, the president and COO. I have seen his signature here on the page. And so, I recognize his signature on the page with the document that I reviewed and I reviewed the fact that he was the president and COO or at least that's the information that was provided to me.

Q Okay. And that's a lot of words, but that's not the question that was asked. All right? If you listen, Mr. Perry, my question to you is you swore under oath you recognize this as the signature of Mr. Campbell. Is that what you did or is that not what you did?

A I testified that I recognized the signature of Stewart Campbell because I recognize what's being shown on the screen as the signature and the document that I've reviewed.

Q Okay. So, what you're doing today, and you're sticking to the story, is you're telling this Court that under oath you testified this is Mr. Campbell's signature, yet you've never met the man, right?

A I have never met Mr. Campbell.

Q Okay. That's not my question. Listen to my question, Mr. Perry. Are you sticking to your story that your testimony under oath today is you recognize Mr. Campbell's signature even though you've never met the man?

A The extent of my testimony is exactly what I testified

to, which is I reviewed this document. I reviewed information to understand who the President and COO was at the time. I -- by the review of that document, I recognize the fact that the document on the screen has the same signature as the document that was provided to me. I have never met Mr. Campbell.

Q Right. And I'm going to try one more time, right? That's not my question. We've got that. This matches what you were shown in person, right? What's -- the picture on your screen matches what was put on your desk to look at, right?

A That's correct.

Q Okay. My question, however, is are you giving this Court sworn testimony that you recognize the signature of a man you've never met?

A I don't think my testimony is that I've met Mr. Campbell.

Q All right.

A I'm -- I testified exactly what -- the words that I used a second ago, which is this is a document that's been based on my read signed and executed by the then president and COO of the company.

Q Okay. And you would rather not answer my question.

MS. CARSON: Your Honor, objection. We're bordering --

THE COURT: Sustained. Sustained.

MR. PATTERSON: All right.

BY MR. PATTERSON:

Q Is -- are you -- are you testifying under oath that this is a complete copy of this agreement?

MS. CARSON: Objection. Misstates testimony.

MR. PATTERSON: Okay.

BY MR. PATTERSON:

Q Is it not a complete copy?

MS. CARSON: I believe the testimony --

MR. PATTERSON: Hold on. I'm asking the witness, not the lawyer.

THE COURT: Let him answer.

BY MR. PATTERSON:

A My testimony is based on the fact that this document was provided to me and represented to me that it is a complete document.

Q Who represented that to you?

A The Debtor's affiliates who would have -- who I have been gathering information from.

Q No, who, which is a person, who represented that to you?

A Yeah, so this would have been provided by the individual that works with the entity by the name of Sigma, Jennifer Finger, who has been providing us with legal

documentation for us to review and consider.
Q All right.
A This was represented to me that it was in fact a complete contract.
Q Okay. Ms. Finger told you this is a complete document. There's nothing missing, right?
A Correct. I have not been told anything is missing from this document. Correct.
Q No, that's not my question. My question is, was it represented to you that this was a complete document?
A Yes.
Q It was? They told you that there's nothing missing from this document?
A This is the -- there are certain provisions in certain documents where things are missing. This is -- so I'd have to flip back to this document again. There is a specific exhibit missing from one of the documents. This was the complete set of pages that was presented to me. Your question is whether or not every page in the complete contract was provided to me and represented that it was complete. That's my understanding, but I could be incorrect. I've been -- again, this is two weeks. There's thousands of pages. I'm doing my best to work through each and every one of the documents.
Q I appreciate the fact that it's only been two weeks.

We all do. What I'm trying to make sure is that you're only testifying under oath as to what you can swear to, all right? Is this a similar situation that we addressed with the signature, right? When you say this is a complete document, isn't it true what you're saying is that based upon what was given to you in person, this appears to be the same thing, right?

A (Indiscernible) electronically. That's correct. If I can see the indemnification section of this document, I can actually answer your question.

Q Okay. How does one provision tell -- how -- hold on. How does one provision tell you whether it's a complete document or not?

A Because one of the documents that we're going to be reviewing today has a specific exhibit in an indemnification provision. Maybe this document, if I could see the indemnification provision, I could identify it then I could answer your question.

Q I thought you already looked through this complete document. You said you did.

A I have looked through this document.

Q Okay. So, where in this --

A I haven't memorized every page and provision, so if I could see the indemnification provision, I can answer your question.

Q Okay. So, where in this document is the Debtor named?
A (Indiscernible) again, I'd have to scroll through the document, but my understanding is the Debtor name would be most likely at the very front of the documents in the opening pages.
Q All right. Who do you -- who -- who -- if I were to ask you who the Debtor is, who would you say?
A The Debtor today is Tehum Care.
Q It is? That's not who filed the bankruptcy, is it?
A Tehum Care Services, Inc. is on the Chapter 11 petition, I believe.
Q All right. And they're also in this contract?
A They're not.
Q Oh, they're not?
A They're not a named party.
Q Okay. I thought you said that the Debtor was named in this contract.
A You didn't ask me if the Debtor was named in this contract. You said where can I find the name, and then you asked me who the Debtor was, and I -- the Debtor was Tecum Care Services, Inc., and I've already testified to the plan of divisional merger that there were a (indiscernible) and a Newco structure that was created.
Q All right.
A (Indiscernible) the document that was entered into

prior to the name Tecum Care Services, Inc.
Q All right. And we'll wrap this up. But you also testified having been there only 14 days, you're not -- you're not familiar with the records or the recordkeeping of the Debtor, are you?
A I don't think that's what I testified to a few minutes ago.
Q No, but I asked you a question. You're not, are you?
A I'm sorry. You're going to have to repeat. Are -- I don't understand what you're asking me.
Q It's pretty simple. You're not familiar with the Debtor's records or recordkeeping, are you?
A I am generally familiar with the Debtor's recordkeeping. I think you're asking if I'm not familiar. I'm generally familiar with the fact that there are contracts that are maintained within various contract databases and various electronic storage applications for the various contracts.
MR. PATTERSON: I renew my objection, Your Honor. Lack of foundation. It's hearsay, and it's not necessarily a complete document. He can't testify to it anyway. He can't even testify as to what it is.
MS. CARSON: Your Honor, this is a 157-page contract. Mr. Perry has testified that he has reviewed generally the Debtor's books and records during this time.

Personal knowledge includes opinions and inferences grounded in observations and experience. Again, Mr. Perry during his time as CRO has testified that he's reviewed many documents.

Also, I do want to note, I don't believe this contract actually affects Mr. Patterson's client --

MR. PATTERSON: Your Honor --

THE COURT: I think she's allowed to finish. She's allowed to finish.

MR. PATTERSON: Well, not if she's coaching the witness, Your Honor. So, just address the objection.

THE COURT: I think -- I think everybody's been speaking -- doing speaking objections. So, I'm going to allowed it. The door got opened and I'm allowing it. So, everybody's been coaching today, so. What else do you need to say, Counsel?

MS. CARSON: I would renew my request to admit Exhibit 22 into evidence.

THE COURT: I'm not going to admit 22. I don't think he can talk about it. I think it's been properly authenticated. We'll proceed. I need to talk -- I need to take a break from this hearing.

Mr. Perry, there's a -- there's a 3:00 case that I think should last about five minutes. I'm going to take a break from this case. Mr. Perry, I'm going to still remind you that you're still under oath.

(Recess)

THE COURT: Can we just -- in Tehum, can we just take a short break 'til 3 -- just give me eight minutes, 3:15? And can you let Mr. Patterson know? We're just going to just take a break until 3:15 and then we'll pick back up. I just want to sign this, get my stuff back up, and make sure that my computer doesn't crash in the -- in the -- in between. I want to make sure. Thank you.

MS. CARSON: Understood.

CLERK: All rise.

THE COURT: Oh, no, no, no, no one rise. (Indiscernible). I'm sitting here. All sit. Let me figure this out. Yeah. (Indiscernible). Let's see.

(Recess)

CLERK: All rise.

THE COURT: Please be seated. Okay. I want to thank everyone for allowing me to (indiscernible) for a bit here. Let me -- Mr. Perry, are you there?

MR. PERRY: Can you hear Ms. -- Your Honor?

THE COURT: Just fine. Okay. Ms. Carson, you may continue.

MS. CARSON: Mr. Kaufman, can you please turn to Exhibit 24?

THE COURT: Who?

MS. CARSON: Mr. Kaufman, my colleague who's

running the documents.

THE COURT: Let's see. Yeah, I believe -- yeah, he's still the presenter.

MS. CARSON: And that was 24, please. Twenty-four, please, Mr. Kaufman. Is your screen -- there we go. Thank you.

DIRECT EXAMINATION OF RUSSELL PERRY

BY MS. CARSON:

Q Mr. Perry, are you familiar with Exhibit 24?

A Judging by the top of this page, this is a document that I was provided with. I am familiar with it.

Q And --

A Judging by what I'm seeing.

Q -- what is this document?

A This is a document between Corizon Health, Inc. and Clackamas County that would have been for the provision of healthcare services.

Q The third person on our demonstrative chart is Clackamas County. What is the basis for seeking to extend the stay to them?

A An indemnification relationship between Corizon Health, Inc. and Clackamas County.

Q Please turn to Page 16 of 60. And Mr. Perry, do you see an indemnification provision?

A (Indiscernible) hold harmless, but it references

indemnification, (indiscernible) harmless and defending the client. So, yes.

Q Mr. Kaufman, can you please move to Exhibit 14? And Mr. Perry, what is this?

A This is a contract again with the Florida Department of Corrections, again for the provision of healthcare services.

Q The fourth party on our demonstrative chart is the Florida Department of Corrections. What is the basis for seeking to extend the stay to them?

A Identification relationship with the Department of Corrections.

Q Mr. Kaufman, please turn to Page 2 of 8. And Mr. Perry, do you see an indemnification provision?

A I do, Section I here, indemnification for contractors acting as an agent to the state.

Q Okay. Mr. Kaufman, please turn to Exhibit 17. Mr. Perry, are -- what is this document?

A (Indiscernible) Healthcare Services Agreement between the County of Genesee, Michigan and Corizon Health, Inc.

Q The sixth party on our demonstrative chart is Genesee County. What is the basis for seeking to extend the stay to them?

A An indemnification relationship with Genesee County and Corizon Health, Inc.

Q Mr. Kaufman, please turn to Page 11 of 23. Mr. Perry,

do you see an indemnification provisions here?
A I do, Section 9.3, hold harmless.
Q Mr. Kaufman, please turn to Exhibit 12. Mr. Perry, what is this document?
A This again is a contract with Alabama Department of Corrections and Corizon with respect to healthcare services.
Q The eighth party on our chart is Jefferson Dunn. What is the basis for seeking to extend the stay to him?
A (Indiscernible) Jefferson Dunn was an employee of the Alabama DOC and there's an indemnification relationship (indiscernible) this document related to employees.
Q Mr. Kaufman, please turn to Page 30 of 53. Mr. Perry, do you see an indemnification provision here?
A Yeah, (indiscernible) indemnification. I do.
Q Are any other parties covered by this same indemnification provision besides Mr. Dunn?
A There are two other parties on the demonstrative that would be -- that would relate to this same indemnification provision as an employee of the State of Alabama.
Q Is that Mary Cooks and Ruth Naglich?
A It is. Yes.
Q Please turn to Exhibit 20. And what is this document?
A So, (indiscernible) is this is the contract for the provision of healthcare services. That section there says contract title. (Indiscernible) healthcare services again

between Corizon and the State of Missouri.
Q The tenth person on our demonstrative chart is the Missouri Department of Corrections. So, what is the basis for seeking to extend the stay to them?
A Again, an indemnification relationship with the State of Missouri.
Q Please turn to Page 11 of 37. Mr. Perry, do you see an indemnification provision here?
A I do. Section (indiscernible) says contractor liability, contractor shall be responsible, et cetera, et cetera. That's the indemnification provision that I reviewed.
Q Please turn to Exhibit 15. And Mr. Perry, what is this document?
A (Indiscernible) contract with the Idaho Department of Correction with respect to the provision of healthcare services.
Q To the best of your knowledge, is this a true and correct copy of the document?
A It's a document that was provided to me as true and correct. That's correct.
MS. HEARD: Objection, Your Honor, nonresponsive. Provided to him?
THE COURT: Overruled.
BY MS. CARSON:

Q Please turn to Page 10 of 18. Mr. Perry, during the time that you have been employed as CRO, I believe you said you reviewed various business documents of the Debtor; is that right?
A That's correct.
Q On those documents, have you seen various signatures of people affiliated with the Debtor?
MR. PATTERSON: Objection, Your Honor. She's leading the witness and there's no foundation that he knows any of these people.
THE COURT: Sustained on the leading.
BY MS. CARSON:
Q Do any of the documents that you've reviewed during your time as CRO contain signatures?
A They do.
Q And what types of signatures have you seen on those documents? And let me clarify. Whose signatures have you seen on those documents, and I understand there are many documents, so I'm speaking generally.
MR. PATTERSON: Objection, Your Honor. It's lack of foundation. She's asking him to identify signatures. That's what we spent 15 minutes on. He doesn't have that personal knowledge. He can't testify.
THE COURT: How do we know as to this witness?
MR. PATTERSON: Well, because he --

THE COURT: Just let them ask the question and he can -- he can say whether he knows it or doesn't.

MS. CARSON: Perhaps I need to clarify my question.

BY MS. CARSON:

Q My question is while reviewing documents, Mr. Perry, have you seen -- what types of signatures have you seen?

MR. PATTESRON: Objection, Your Honor. It's just -- it's a vague question. What -- how many types of signatures are there? I mean, I don't know.

THE COURT: I know. This is what opens the door to the speaking objections now. I'm going to -- I'm going to shut that --

MR. PATTERSON: Well --

THE COURT: I'm shutting it all down. I just want -- I just want objections from now on, because I've got to cut it both ways. So, I only want objections. Objection vague, sustained.

BY MS. CARSON:

Q Mr. Perry, who signed this document, Exhibit 15?

MR. PATTERSON: Objection. Lack of foundation, Your Honor.

THE COURT: Overruled.

BY MS. CARSON:

A This document appears to be signed by Martin Moore. My

understanding is Martin Moore was the CFO at the time of the signature.

Q What is the basis for that understanding?

A Information provided to me by the Debtor's books and records -- my review of the Debtor's (indiscernible) anyway.

MS. CARSON: Your Honor, I'll move to admit Exhibit 15.

THE COURT: Any objection?

MS. HEARD: Objection, Your Honor.

THE COURT: What's the basis?

MS. HEARD: Your Honor, lack of foundation, hearsay. I can take him on voir dire if you wish. I'd like to do that.

THE COURT: Are you objecting or are you asking to take him on voir dire?

MS. HEARD: Well, I'm objecting at this point, Your Honor.

THE COURT: Okay.

MS. HEARD: And I can -- I can -- I'll go ahead and take him on voir dire.

THE COURT: All right. Let me -- let me hear the response to the objection first.

MS. CARSON: I hear two parts, lack of foundation and that the contract is hearsay. First, this contract is not hearsay. It's not being admitted for the truth of the

matter asserted. As the 5th Circuit actually stated in Leadership Software, which is 12 F.3d 527, and I quote, "Signed instruments such as contracts, wills, and promissory notes are writings that have independent legal significance and are non-hearsay."

Your Honor, this document is a verbal act. It has legal obligations by the mere fact that it was made regardless of the truth of any statements within here.

On the foundation point, Mr. Perry has indicated that he has reviewed the Debtor's books and records. He said that this appears to be an accurate copy of this document. He stated that he has seen signatures on documents while reviewing them.

I don't -- I don't hear any objection or real argument that there's any issue with authenticity of this document.

THE COURT: Ms. Heard?

MS. HEARD: Your Honor -- Your Honor, he's testifying as to the indemnification relationship. That is hearsay. We haven't seen this entire document. I would like for him to actually look through the entire document first.

THE COURT: I think that's fair to let him look at the entire document. It's 18 pages, right?

MS. HEARD: I'm sorry. I couldn’t hear you, Your

Honor.

THE COURT: Hold on. I said I thought that was a fair request to have him look through the entire document.

MS. CARSON: Do you mind scrolling through, Mr. Kaufman?

MS. HEARD: Your Honor, in response to counsel's response, the issue is that this isn't a verbal act. It's a series of -- it's not a contract in and of itself. It's a series of pages that have different references. It's not an agreement in and of itself. If you look through it, there are various provisions that aren't tied to an actual contract. So, it's hearsay. Lack of foundation.

THE COURT: Counsel?

MS. CARSON: Your Honor, this exhibit is being admitted to show that the indemnification provisions exist, not the truthfulness of anything within this document.

THE COURT: What's the purpose of the purchase order? Can't you just admit the agreement? The pages?

MS. CARSON: That would be fine. It was my -- well, it was my understanding that this was -- this entire thing constituted the contract. But if Counsel has an issue --

MS. HEARD: Your Honor --

MS. CARSON: -- admitting certain of these pages, I have no issue to remitting some of these.

MS. HEARD: Your Honor, she's testifying, and Your Honor, the whole thing should not come in.

THE COURT: You -- well, I think she's answering your question. You mentioned that you thought that there were a series of things that were unrelated, and I think she's saying that it's her understanding that this is the entire document. So, I don't think she's testifying. I think she's responding to your objection that's where you've been saying (indiscernible) that the document was somehow a series of different documents put together.

MS. HEARD: And Your Honor, I'm saying it isn't. So, it's not a --

THE COURT: It isn't what? I'm sorry. I'm not -- I'm not following.

MS. HEARD: Your Honor, this -- okay, this isn't the contract. There is a purchase order, then there is a letter at the end that says that Corizon has to respond. This isn't the contract.

THE COURT: Right, but I think that's -- that was the -- and she's saying that it was her understanding that it was -- that the entire document was the contract. And I -- that's why I was asking whether just limiting this to the -- no, no, I understand the point now. I just -- that was the point that I wanted to clarify with Ms. Carson just to make sure that we're all on the same page. I think Ms.

Heard is saying that the entire document in there --

MS. HEARD: I understand that, but she's not --

THE COURT: -- and every part of it isn't, but as compiled, that's not the agreement if I understand Ms. Heard correctly.

MS. HEARD: Your Honor, what I'm saying is that it isn't her job to tell us it's her understanding it's the whole contract, it's his, and this is not a contract. It's a purchase order with a letter telling us to write back --

THE COURT: Well, that --

MS. HEARD: -- (indiscernible) --

THE COURT: -- see, this is when everybody starts to testify and this is the problem, right? Then people have to then respond to that. And so, why don't we just -- Counsel, what's your -- what are you -- what are you seeking to do?

MS. CARSON: Your Honor, as far as whether this is a contract, this --

THE COURT: No, no, I just want to know what you're seeking to do. Are you seeking to move the entire document in or a portion? How many pages is this?

MS. CARSON: It is only 18 pages.

THE COURT: What are you seeking to do?

MS. CARSON: Mr. Kaufman, would you mind scrolling down, please? To the next page. Actually, I have my paper

here. There are terms and conditions which begin just a couple of pages down from where you are, Mr. Kaufman.

THE COURT: I just want to know what -- are you seeking to move all 18 pages, a portion of them? I just need to -- that's the question that I've got just so I understand what's on the table.

MS. CARSON: My original ask was to move the entire exhibit into evidence. However, I don't believe all of them need to be admitted into evidence. I would request that Pages 11 through 18 --

MS. HEARD: Your Honor, I object. Eleven through 18, there's no signature. This is just their standard terms. You know, I mean, if that's actually what this is, the witness needs to be telling us is this the contract, is this the only contract, is this the last contract, is this the whole document?

THE COURT: I think you're testifying. Counsel, you're testifying again. I just -- you're just objecting. What's the basis of the objection? It's not authentication? Relevance? What's the --

MS. HEARD: Your Honor, I -- yes.

THE COURT: Where are you going?

MS. HEARD: Well, it's hearsay, lack of foundation --

THE COURT: Okay.

MS. HEARD: -- (indiscernible) and relevance. Thank you, Your Honor.

THE COURT: Ms. Carson, is this contract signed?

MS. CARSON: Your Honor, it is. Mr. Perry testified that it is signed on Page 10 of 18.

THE COURT: Can you go up to 10 of 18?

MS. CARSON: And --

THE COURT: Go ahead.

MS. CARSON: Mr. Perry -- well, I was going to ask him to read from this.

THE COURT: No, no, no, no. I'm just -- I want you to respond. So, she's saying hearsay.

MS. CARSON: Right, well this --

THE COURT: Authentication.

MS. CARSON: -- this page confirms the agreement. It says it on the page. Mr. Perry testified that this is signed as you can see on the screen.

MS. HEARD: Your Honor --

THE COURT: She's got to be able to finish, Ms. Heard. I want -- I want her to finish and then you can -- then you can speak.

MS. HEARD: She can't testify. Thank you.

THE COURT: I think you -- I think y'all are both testifying. I think that's fair, so I'm not paying attention to that testimony. I'm just listening to the

legal argument. You said it wasn't signed. She's pointing to a page saying it's signed. That -- she's got to be able to respond to that.

MS. CARSON: This appears --

MS. HEARD: Your Honor, she's asking for 8 -- for 11 through 18 to come in, and that is not signed.

THE COURT: That's a different argument. What I'm saying is that's a different argument than the one that you just made.

MS. CARSON: I would request that the entire document be admitted, Your Honor. The first page says this contract.

THE COURT: I don't need you to read anything. Just --

MS. CARSON: This appears to be a contract offer and acceptance. It is signed by the Debtor.

THE COURT: You're just asking for the admission of 59-15?

MS. CARSON: Of Exhibit 15.

THE COURT: Exhibit 15.

MS. CARSON: Yes.

THE COURT: What's your final -- okay. Mr. Kaufman --

MS. HEARD: And Your Honor, again --

THE COURT: I'm listening.

MS. HEARD: Sorry. Your Honor, again, I'm objecting, lack of foundation and hearsay, and this -- it's not a contract. He hasn't -- it's -- we don't know if it's the whole contract.

THE COURT: Well, then I'm going to overrule your objection, because I think whether it's a contract or not is irrelevant as to whether it's an admissible document and whether, you know, you can -- we can always supplement the record if the document is incomplete. The Rules of Evidence can provide that I be provided a complete document. But I do think he's -- I do think your objection as to the foundation and the authentication, I think he properly authenticated what the document was, and he said it was signed.

So, Ms. Carson, you can move on, but I'm just admitting it for purposes of today.

MS. HEARD: And --

THE COURT: Overruled, Ms. Heard. You can proceed.

MS. HEARD: -- Your Honor, I also had raised relevance, and this --

THE COURT: All right.

MS. HEARD: -- this contract terminated (indiscernible) 31, 2018.

THE COURT: I'll overrule it. I am -- thank you.

Go ahead, Ms. Carson.

MS. CARSON: Thank you, Your Honor.

BY MS. CARSON:

Q Mr. Perry, the seventh party on our demonstrative chart is the Idaho Department of Corrections. What is the basis for seeking to extend the stay to them?

A (Indiscernible) relationship between the parties.

Q I'm sorry. You cut out. Would you mind restating that?

THE COURT: Hold on a second. Folks, let me just -- folks, if everyone can mute your line unless you are the witness, I would really appreciate it. There's some beeping in the back and I'm trying to avoid -- just a second.

Mr. Perry, I'm going to mute the entire line. I'm going to ask you to hit five star. Ms. Heard, I'm going to ask you to hit five star.

AUTOMATED VOICE: Conference muted. Conference unmuted.

THE COURT: Mr. Perry, is that you? Ms. Heard, have I unlocked -- have I unmuted you? All right. Ms. Heard, can you hit five star? Mr. Perry, can you hear me?

THE WITNESS: I can. Yes, Your Honor.

THE COURT: Okay, great. Thank you.

THE WITNESS: Can you hear me, Your Honor?

THE COURT: Just fine. Ms. Heard, was that you

that I just unmuted?

MS. HEARD: Your Honor, can you hear me?

THE COURT: Just fine. Thank you very much. Okay, we'll just proceed this way. Thank you.

BY MS. CARSON:

Q I'm going to re-ask my question since we didn't get your reply, Mr. Perry. What is the basis for seeking to extend the stay to the Idaho Department of Corrections?

A The indemnification relationship between the parties.

MS. HEARD: Objection, Your Honor.

THE COURT: What's the basis?

MS. HEARD: Again, this is hearsay, and the document, it terminated in 2018. It's not relevant.

THE COURT: I thought we were talking about a different document. Are we still talking about the same document?

MS. CARSON: We're talking about the same document, yes.

THE COURT: Why don't you just move on, Ms. Carson?

MS. CARSON: Mr. --

THE COURT: I'm going to sustain the objection. Why don't you move on to something else?

MS. HEARD: And Your Honor, can --

THE COURT: I sustained the objection.

MS. HEARD: I move to strike (indiscernible). Thank you.

BY MS. CARSON:

Q All right. Let's look back at the demonstrative chart and let's move to the very last section, the indemnified D&O section, and let's just go through each of those, Mr. Perry. The first is Abraham Goldberger. Who is Mr. Goldberger?

A A former director/officer of the Debtor.

Q And what is the basis for extending the stay to him?

A The indemnification provided through the bylaws.

Q Please turn to Exhibit 8. And are you familiar with this document?

A Judging by the top half of this page, I have, yes, I've seen this document. I'm familiar with it.

Q What is it?

A These are the bylaws of Corizon Health (indiscernible) through the State of Texas.

Q Please turn to Page 6 of 8. And Mr. Perry, do you see an indemnification provision here?

A (Indiscernible) Section 6.01, (indiscernible) of existing and former directors and officers.

Q Was it your testimony that Mr. Goldberger would be covered by this indemnification?

A Yes, that's my understanding.

Q Would any other people in this indemnified D&O section

of our demonstrative be covered by the same indemnification provision?

A They would. The demonstrative has, if I recall, roughly five individuals that would be covered by -- it's my understanding by that provision.

Q Mr. Kaufman, can you pull up the demonstrative again? If you can read those names, Mr. Perry, can you tell us who else in this section would be covered by the bylaws you mentioned?

A (Indiscernible) Mr. Goldberger, Mr. (indiscernible), Mr. Lefkowitz, and Ms. Tirschwell would be covered, and Mr. Scott King. One, two, three, four, five.

Q Is that because all of these parties are current or former D&Os of the Debtor?

A That's my understanding. Yes. Mm-hmm.

Q Are there any other bases for covering the D&Os that you mentioned besides these bylaws for any of the D&Os that you mentioned?

A (Indiscernible) in addition to the bylaws, the plan of divisional merger that we walked through a bit earlier also provides an indemnification from (indiscernible) to directors and officers. So, in the bylaws, as well as the plan of divisional merger.

Q Who specifically would be covered under those indemnification provisions from the plan of divisional

merger? Would it be all of these or just some of these?

MR. PATTERSON: Objection, Your Honor. Calls for a legal conclusion.

THE COURT: Sustained.

BY MS. CARSON:

Q You did not mention Dr. Schmidt or Mr. Yarnell. Why are they on this list?

A Well, they're in the category for D's and O's, but they're not in fact D's and O's. They're different. It's just the labeling. The reason they're on this list is that I understand there is an indemnification relationship through other types of contracts that Dr. Schmidt and Mr. Yarnell would have been subject to or operating under anyway.

Q Okay. Let's go through both of them individually. What is the basis specifically for the potential indemnification of Dr. Schmidt?

MR. PATTERSON: I'm going to --

THE COURT: Hold on a second.

MR. PATTERSON: This calls for a legal conclusion for the basis.

THE COURT: What's the question again?

MS. CARSON: The question is, what is the basis for the Debtor's proposed indemnification or the basis for potential indemnification of Dr. Schmidt. I believe that's

how it was worded.

THE COURT: I'm going to allow it. Just -- not as a legal conclusion but based on his understanding, if he has any, I should say.

THE WITNESS: I understand your -- I'm sorry, Your Honor. Am I to answer?

THE COURT: You're to answer to the extent you have -- based on -- based on your -- based on your understanding, to the extent there is any, if you have one.

BY MS. CARSON:

A So, I understand there to be an identification relationship through an agreement that would provide indemnification for Dr. Schmidt.

Q Mr. Kaufman, can you please turn to Exhibit 18? And what is this, Mr. Perry?

A It's an agreement with -- between Dr. Schmidt and Corizon Health, Inc., and another entity for the provision of healthcare services.

Q And Mr. Kaufman, if you could scroll down to Page 2, please? Mr. Perry, do you see an indemnification provision in this document?

A I do, Section 4, indemnification. This paragraph here.

Q All right. Next, you mentioned we're going through these two -- last two individually. What is the basis for the indemnification of Mr. Yarnell?

A My understanding is there is an indemnification relationship between Mr. Yarnell with Mr. (indiscernible) according to the contract I reviewed.

Q Mr. Kaufman, please turn to Exhibit 16. And what is this document, Mr. Perry?

A This is a document between again Corizon Inc. and Correctional Healthcare for the provision of healthcare services.

Q Mr. Kaufman, please turn to Page 16 and scroll through Pages 16 and 17, if you would, so we can see them. Mr. Perry, what is this, Pages 16 and 17?

A This appears to be an indemnity agreement with respect to the provision of services (indiscernible) association we just discussed, Correction Healthcare Associates (indiscernible).

Q Do you believe this could potentially include Mr. Yarnell?

A That's my understanding. Yes.

Q So, Mr. Perry, according to your testimony today, the parties that we went through are covered by indemnities. In your opinion, why does that matter to the Debtor?

A Well, to the extent they are covered by the indemnities, you know, the Debtor has a duty to effectively both pursue various causes of action and other potential recoveries to the Debtor's estate that would allow for the

maximization of recovery, and in addition, you know, we -- effectively the Debtor is seeking for the ability to effectively press pause (indiscernible) within these various cases that could give rise to a substantial claim against the Debtor (indiscernible) uncapped liability. That's the rationale for the stay, at least at this time.

Q You're a restructuring professional. What are some of the main goals of Chapter 11 generally?

A Well, you know, with the main goal, just the overarching goal is to maximize the value of the estate for the benefit of the creditors according to the Asset Priority Rule. I mean, that's ultimately what we're trying to accomplish, whether that be, you know, a liquidating plan or some other form. The goal is to determine what is the, you know, value or the value maximizing ability of the various assets the Debtors may have at its disposal and how those would effectively create value for the various creditors. The goal of Chapter 11, that's what we're trying to accomplish here.

Q In your opinion, does the extension of the stay requested in our motion comport with those goals?

A It does.

MS. CARSON: Your Honor, I'll pass the witness.

THE COURT: Okay. Let me start with any cross-examination from anyone in the courtroom. Mr. Patterson, do

you have any cross-examination for this witness?

MR. PATTERSON: Actually, just a few -- a few things, Your Honor? Yes. I'm sorry, yes.

THE COURT: Okay. Mr. Perry, can you -- I just want to make sure that you can hear Mr. Patterson okay, and if you can't, just let us know. We're tweaking the mics in this courtroom, and I'm -- it's not Mr. Patterson. It's just, you know, making sure that the new tech that got put in actually is working the way everybody thinks it is.

CROSS-EXAMINATION OF RUSSELL PERRY

BY MR. PATTERSON:

Q Mr. Perry, is it correct that you haven't provided anything to the Court in writing that provides any indemnity agreement related to the Rikers Island litigation?

A It doesn't ring a bell. I don't believe so based on my recollection.

Q Well, there's no written evidence regarding any indemnity of the Debtor to the City of New York, correct?

MAN: Your Honor, object (indiscernible).

THE COURT: I'll --

MR. PATTERSON: Just asking him if he knows.

THE COURT: Yeah. I'll -- you can answer if you know.

BY MR. PATTERSON:

A I guess (indiscernible) identification provision within

the City of New York document, but that's the extent that I know.

Q All right. And you haven't provided the Court any written documents evidencing the Debtor's supposed indemnity obligation to Sidney Wilson, have you?

A Well, the demonstrative that we were just reviewing, Sidney Wilson was at the bottom of the page.

Q Right.

A My understanding is -- yeah.

Q Other than the demonstrative --

A Is that your question?

Q Other than the demonstrative, I understand the name appears on the demonstrative, I'm asking you if you've provided the Court any other writing that supports that allegation.

A There's an agreement that I don't believe was admitted into evidence, but we went through so much today. I don't recall.

Q Okay, I'm asking -- I'm asking about anything admitted into evidence.

A I don't believe so. It's been a long testimony, but I don't believe we covered that.

Q All right. Are you familiar, Mr. Perry, with the litigation in New York State styled K.A., the initials K.A. v. the City of New York, Corizon Health, Inc., and Sidney

Wilson? Are you familiar with that litigation?
A That litigation has come up in reviews of the various records. If you recall, I testified there's several hundred claims. So, I've certainly reviewed many of them. This particular claim would have been one that it would have been discussed (indiscernible) but there's been hundreds, so I'll do my best.
Q Well, my question though is are you familiar with it? That's just yes or no.
A Okay. So, let me just make sure I understand your question again. Am I familiar with the case? And (indiscernible) the definition (indiscernible). I'm sorry (indiscernible).
Q All right. Let me break it down. Are you familiar with the allegations made in the litigation? I'm going to refer to it as the New York litigation if that's okay with you.
A So, in discussions with the Debtors and discussions -- the Debtor's representatives and discussions with Counsel, there have been discussions of numerous claims, all sorts of various claims. Some are -- we talked about today, some we haven't. This claim that you're referencing, I -- sorry, I forgot how you defined it, it has come up in discussion along with, you know, many, many others, for sure.
Q Okay. My question --

A I don't know if that (indiscernible) familiarity. I'm sorry. But I'm familiar in that the name has been mentioned and we've discussed it along with, you know, many, many, many other cases.

Q Okay. So, is it fair to say you're not familiar with the litigation? Well, it's one or the other. It's one or the other, Mr. Perry. You -- you're either here to testify that you're familiar with this litigation or you're not. So, take a stand.

THE COURT: Yeah, I'm going to -- I'm going to sustain the objection. I think we can -- he can answer the question, but I think we can all tone the temperature down a little bit, here.

BY MR. PATTERSON:

Q All right. Are you familiar with this New York litigation or are you not, Mr. Perry?

MAN: Objection.

THE COURT: No, he can answer. I'll overrule.

BY MR. PATTERSON:

A I am generally familiar with this litigation, yes.

Q Generally. Do you know who the defendants are?

A I think you just named one of the defendants. I don't have the case memorized with respect to all of the defendants, if there are more than one, but you did just named Sidney Wilson, and my understanding is at least the

minimum that's one defendant as I understand it.
Q All right. Can you name any more?
A I don't have the other defendants memorized. I apologize.
Q And -- well, it doesn't matter if they're memorized. Can you name any?
A The answer is no. I --
Q Okay.
A The answer is no.
Q Can you name the plaintiffs?
A You just mentioned the City is in New York. My understanding is this was a New York related case, so the plaintiff here, I would suggest, would have been receiving healthcare-related services through the City of New York. That's the extent of the familiarity, because again, I've had (indiscernible) I've had some time and (indiscernible).
Q I'm not faulting you, Mr. Perry, but -- we understand it's only been two weeks, but based on the relief you requested, that's why I'm asking these questions. Can you provide the Court with an allegation that's made in the New York litigation?
A From my understanding, it's a personal injury-related matter is my understanding.
Q Okay. And specifically, can you provide the Court with a single allegation that's made in that litigation?

A (Indiscernible) a little earlier, I heard some allegations, so I have become more familiar with them, but my understanding is there were allegations of personal injury or malpractice, assault, those sorts of things. I would have to familiarize myself with (indiscernible) familiarize myself with many others, but that's my understanding.

Q Understood. Now, you've asked this Court and you've based -- you've asked for very specific release -- relief, correct?

A I've asked for interim relief related to the application of automatic stays to various defendants, that's correct.

Q Right. You've asked the Court to enjoin my clients from prosecuting their litigation in New York, correct?

A I've ask -- I don't understand the question. You'll have to ask it again. My relief is for the Debtor, and to the extent that the Debtor has an indemnity claim that would be brought against it or would otherwise be liquidated, I'm asking for a stay in that regard.

Q All right. And if there's not such an indemnity, then you're not asking the Court to stay, correct?

A I'm asking the Court to stay under the basis that there may be the indemnity that we've already referenced. That's the basis that I'm asking for the relief.

Q That there may be an indemnity or that you've provided the Court with proof of an indemnity?
A Well, the indemnity that I would have read on the screen would have been the indemnity that as I stand today and as I'm intensifying would be the basis of the relief. But again, that's why we're asking on an interim basis and I believe that was -- we discussed that earlier.
Q Okay. Okay. Are you asking the Court to enjoin any litigation for which you haven't provided the Court with proof of an -- of at least an alleged indemnity?
THE COURT: I think the question has just been asked and answered, Mr. Patterson.
MR. PATTERSON: All right. And if I -- I guess I didn't hear the answer then. I don't know what the answer is.
THE COURT: Why don't you ask it one more time and we'll get there.
MR. PATTERSON: All right.
BY MR. PATTERSON:
Q So, as representative of the Debtor, you're not asking the Court to enjoin litigation for any cases in which you haven't provided at least some form of an indemnity or an alleged indemnity; isn't that correct?
A That's a lot to unpack. We walked through over the last however long the various indemnity provision that I

have reviewed and that is the basis of seeking interim relief through this Court. If there was the existence of an indemnification provision which I testified on and was entered into evidence, then that's the basis of where I'm asking for relief.

Q All right.

A So, I know you're asking the question opposite, and I -- that's the basis of the relief I'm asking for on an interim basis. You know, so to the extent that it wasn't part of my testimony or to the extent that the indemnification wasn't covered by me or presented by me, then I certainly aren't -- I'm not asking for relief for an indemnification that we didn't review today.

Q All right. I just have a couple more questions for you, and I know you're not familiar at all with the allegations in the New York litigation, but if I told you that the allegations involved Mr. -- if I told you that the allegations involved Mr. Sidney Wilson systematically and repeatedly raping women that were in prison who could not leave as part of his medical -- supposed medical treatment of these women, do you think that kind of claim should not be heard?

MR. PATTERSON: He's here asking for the relief, Judge. I'm asking if that's what the relief he wants. He's the only guy that can say yes or no.

THE COURT: I'm going to sustain the objection. You can ask another question.

MR. PATTERSON: I'm sorry, Your Honor. So, I can't ask him if he wants to stay --

THE COURT: No, no, because it's not relevant to the relief requested whether he thinks something should proceed or not. That's not what -- that's not -- that's what you asked and that's not what we're here today.

MR. PATTERSON: That's right.

THE COURT: They're asking -- they're asking for an interim stay. You can ask questions about the interim stay, Mr. Patterson.

MR. PATTERSON: Your Honor, if I could, they're asking for an injunction, and the standards in the 5th Circuit, one of the standards for an injunction is public interest, all right? And I think that whether this serves the public interest, he's entitled to give the Court his opinion. And I'm asking what his opinion is.

THE COURT: I understand. I overruled your objection. You can ask another question, Mr. Patterson.

MR. PATTERSON: All right.

BY MR. PATTERSON:

Q Then does my question refresh your recollection as to the allegations in the New York litigation, Mr. Perry?

THE COURT: He can answer the question, Mr. -- he

can answer the question. I'm going to overrule it.
BY MR. PATTERSON:
A When you made your appearance, you actually stated the allegations, which now that you've stated them again with, you know, more definition, I'm now familiar more with the case, because you just brought up the various allegations of the case. So, I have more familiarity now than I did when I walked into the courtroom, I supposed.
Q Okay. And my question was whether my statements refresh your recollection, not whether you now know what I've said. I don't care if you -- if you can believe me or not believe me. I'm asking if it refreshes your -- any prior knowledge or recollection you may have had from looking at documents.
A If it refreshes? The detail you provided of the case, you know, I answered you earlier that I understood these to be assault, personal injury, and malpractice, those types of things, and the way that you've defined it certainly, you know, provides additional detail. I don't know if that refreshes my recollection. I'm not sure how to answer that question. I apologize.
Q All right. Would you disagree that I accurately relayed at least some of the allegations in the New York litigation?
A I suppose I would not disagree that the way that you

described the allegations of who you're representing were true and accurate. They would have been spelled out in the claim as part of the interim relief that I've asked. That's part of the reason why we're asking for the interim relief is to (indiscernible) all these things.

Q All right.

A Including the basis of these (indiscernible).

Q You would agree, would you not, that the allegations made by the four women in New York alleged Mr. Wilson, as a past employee of the predecessor of the Debtor, systematically raped them while they were incarcerated? Would you agree or disagree with that?

MR. PATTERSON: I know. He hasn't answered yet. I have no testimony. I'm asking him --

THE COURT: He can answer.

MR. PATTERSON: -- if he agrees or disagrees with that.

THE COURT: He can answer the question whether he knows that's an allegation.

BY MR. PATTERSON:

A I have reviewed hundreds of cases. I haven't memorized every allegation of every case.

Q It's --

THE COURT: Okay, Mr. Perry, I'm going to ask you -- Mr. Perry, I'm going to ask you, do you know whether it's

an allegation or not; yes or no?
BY MR. PATTERSON:
A My understanding is it's an allegation, correct. I mean, I've already testified to that I thought.
THE COURT: All right. That's what we're just -- that's the basis of the question. That's it. So, I just wanted to make sure we can cover that ground and move.
BY MR. PATTERSON?
Q Thank you. So, you understand that that allegation has been made against Mr. Wilson in the New York litigation, just to be clear, not that it's true, that the allegation is made?
A Correct. My understanding is there have been allegations made to my -- which is what I (indiscernible) a second ago. yes, that is correct (indiscernible).
Q Among other allegations, correct? That's just one specific one.
A Again, the basis of the interim relief is to get a deeper understanding of all of these (indiscernible). I don't have every single allegation that was the basis of the claim.
Q Okay.
A A deep understanding. (Indiscernible) do I have a general familiarity, and I answered that I have a general familiarity.

Q All right. Okay. Let's go --
A (Indiscernible) --
THE COURT: Mr. Perry, I just want you to answer the questions that are asked. Okay?
MR. PATTERSON:
Q Okay. You clearly want to tell the Court that this is just interim relief you're asking, so let's go there. Specifically, you would like this Court, this bankruptcy court, to enjoin the prosecution. You would -- you want to enjoy these women from continuing their litigation against Mr. Wilson on their allegations of systematic rape while in prison, right? That's what you want the Debtor and this Court to do?
A What we've sought relief for is the extension of the automatic stay.
Q Yes or no?
A (Indiscernible) the automatic --
Q Yes or no?
A -- (indiscernible) answer --
Q Yes or no? It's an easy question.
A Right, and I -- I'm sorry, you talked over my answer. I did say yes, if in fact the automatic stay would prevent the pursuit of the indemnification claims against the Debtor.
Q Okay.

A Then the answer would be yes.
Q Okay. If the automatic stay, but are you asking the Court to take one more step and enjoin the further prosecution of Mr. Wilson for these alleged rapes? Is that what you want to happen today?
A I'm seeking for an extension of the automatic stay against this defendant, and the automatic stay would in fact (indiscernible) the pursuit of this claim.
MR. PATTERSON: Right. Your Honor, again, we don't waive our rights. We think that this is an improper motion, was required to be brought under 7001. Procedurally as to us, we're not waiving them and we ask the Court to deny it based upon that alone, but I have no further questions for Mr. Perry.
THE COURT: Thank you very much. Ms. Heard, do you have any questions or does anyone have any questions for this witness?
MS. HEARD: Your Honor, Ms. Rifkin is going to be doing cross-examination.
THE COURT: Oh, sorry. I apologize. I just -- Ms. Rifkin, can I have you hit five star or are you already unmuted? I can't hear you. Hold on a second. I've got to get to you. Can you --
MS. RIFKIN: Am I on now?
THE COURT: Yes. Yes, you are. Thank you very

much, Ms. Rifkin. You may proceed.

MS. RIFKIN: Thank you, Your Honor. Please let me know if there's an echo, because I'm (indiscernible) the phone and the computer.

CROSS-EXAMINATION OF RUSSELL PERRY

BY MS. RIFKIN:

Q Mr. Perry, you testified that you've reviewed all of the complaints relevant to the Debtor, relative to the request (indiscernible) indemnify clients on the demonstrative, correct?

A My testimony was that I had -- I think the words used, generally reviewed. I certainly have reviewed a significant amount of claims, and for these particular claims, I did have the opportunity to review them generally. I wouldn't say that I --

Q You're familiar with my -- you're familiar with my client, Ms. Adree Edmo's case against the Idaho Department of Corrections and Corizon?

A I'm generally familiar with that case, yes, through my review of the -- of the claim.

Q You reviewed Ms. Edmo's specific complaint in this federal case?

A As part of my review of the claims, I did, you know, generally review the document, yes.

Q You submitted a declaration in this case in which you

stated that there have been no distinct direct claims asserted against the non-Debtor affiliate in any of the lawsuits. Is IDOC, the Idaho Department of Corrections, a non-Debtor affiliate to which you're referring?

MS. RIFKIN: It's impeachment evidence, Your Honor.

THE COURT: I'll allow it. But it's not in front of him, so he can't -- yeah.

MS. RIFKIN: I read the sentence that I'm referring to. I can read it again.

THE COURT: Why don't you?

BY MS. RIFKIN:

Q Okay. You were -- in your declaration, there has been no distinct, direct claims asserted against the non-Debtor affiliates in any of the lawsuits. Is Idaho Department of Corrections among the non-Debtor affiliates that you're referring to?

A The non-Debtor affiliates are (indiscernible) CHS Texas (indiscernible) a defined term.

Q Okay. So, the Idaho Department of Corrections is a non-better non-affiliate?

A It's in the category of what we refer to as indemnified clients on the demonstrative that we discussed earlier, not an affiliate.

Q And you're aware that Ms. Edmo filed distinct, direct

claims against the Idaho Department of Corrections on which a federal judge already found liability against the Idaho Department of Corrections?

A Understanding, yes, I believe that's correct. Mm-hmm.

Q And you're aware that a federal judge already issued a final judgment in Ms. Edmo's for 2.6 approximately million dollars in attorney's fees and costs that is jointly and severally liable against Idaho Department of Corrections and Corizon?

A That's my understanding when I reviewed both the objection and the basis of the claim. That's my understanding. Mm-hmm.

Q And is it -- so, this claim already has a certain value, a value certain, correct?

A Based on what I reviewed, that would be correct. So, it would be referred to as a liquidated claim.

Q Okay. And you are contending that under an indemnification agreement, some indemnification agreement somewhere, that Corizon will owe Idaho Department of Corrections for the entirety of Ms. Edmo's claims; is that correct?

A Based on the existence of the indemnification provisions that we -- that I testified to earlier within that document, that would be my understanding as I sit here today.

Q And because Ms. Edmo's claim is already liquidated, Corizon or its successor entity will owe the exact same amount either to Ms. Edmo or to the Idaho Department of Corrections in this case either way, right?
A To the extent that it's a liquidated claim, as we just discussed, then that would be -- I'm sorry. I think you asked me if we -- if the Debtor would owe that. To the extent that it's a liquidated claim, then it would be a liquidated claim in the bankruptcy court (indiscernible) that context. I'm sorry. (Indiscernible).
Q Let me clarify. So, we already discussed -- you already acknowledged this claim is in fact a liquidated claim, correct?
A Based on my review of the document, I would -- as I sit here today, I would -- I would certainly suggest that's a liquidity claim. If I was preparing the Debtor's schedule, that's what I would do. Yeah. Mm-hmm.
Q And so, the claim amount of that liquidated claim will remain the same regardless of whether it is Ms. Edmo considered to be the creditor or Idaho Department of Corrections considered to be the creditor as with respect to this specific case, Ms. Edmo's case, isn't that correct?
A That the value would remain the same? To the extent that there's interest or anything else that would accrue, that would be a different opinion, but to the value that was

liquidated per the judgment that you just asked me about, my understanding is yes, that would be the value and it would not change. I think that's what you're asking.

Q Yes. So, it does not change regardless of whether it is Ms. Edmo who is considered the creditor or the Idaho Department of Correction, correct?

A Based on my understanding, that would be correct (indiscernible) the indemnification, the claim would come back to the Debtor, which is exactly why we're asking for relief. I believe so. Yes.

Q Okay. And the indemnification that you're claiming you reviewed earlier, we were looking at the Exhibit 15, you're aware that that set of documents, regardless of one -- whether one calls it a contract, expired in 2018, correct?

A That's my understanding, that it expired in 2018. That's correct.

Q You haven't -- and you haven't submitted any other documents to provide evidence of a current indemnification agreement between Idaho Department of Corrections and Corizon that would cover Ms. Edmo's claim, correct?

A The document we submitted would be the only document that I would have submitted for evidence. I didn't see anything (indiscernible).

Q And that expired in 2018, correct?

A That's my understanding. Yes.

Q And Ms. Edmo received her fee judgment in the year 2022, correct?
A That's my understanding. Yes. Mm-hmm.
Q And it's also correct that you haven't provided any evidentiary support for indemnification that is actually applicable to Ms. Edmo's specific fee judgment claim, the one we've been talking about, that's already liquidated.
A The basis of my testimony is that the indemnification that was within that Idaho contract that we discussed earlier would provide for a basis of the indemnification of that fee. That was the basis of my testimony.
Q And were you there when that contract was enacted?
A Was I there like physically present? Is that what you mean?
Q That's right, or on the phone or video or present during a meeting in which that contact was enacted?
A I was not, no. I've only been associated with the Debtor for two weeks.
Q Do you know if that contract extended beyond its expiration date of 2018?
A I do not know the answer to that.
Q So, you'd agree that you have no basis for contending that there's an indemnification clause that covers Ms. Edmo's specific fee judgment in 2022 between Idaho Department of Corrections and to (indiscernible) or Corizon.

You'd agree with that, right?
A I'd have to consult. I'd have to review. I would use the interim basis that we would be seeking to determine the answer to that. As it stands here today, I do not know the answer to your question.
Q So, the answer to my question is I'm correct, you do not have any evidence of any applicable indemnification agreement applicable to Ms. Edmo's specific claim. As we sit here today, you have no evidence of that, correct? Yes or no? Correct? Yes or no?
THE COURT: Ms. Rifkin, I think you've asked -- I think in your exuberance, you've asked like six questions in there. So, I don't -- I don't -- you know, I just want to make sure that -- make sure that he's answering one question so that we have a clean record.
MS. RIFKIN: Yes, Your Honor. Why don't I -- why don't I repeat just one question to make it -- to make the record clear?
BY MS. RIFKIN:
Q So, it's correct that as you sit here today, you have no evidence of an indemnification provision between the Idaho Department of Corrections and Corizon that applies to Ms. Edmo's specific fee judgment obtained in 2022, correct? Yes or no?
A The evidence I provided was the indemnification within

the agreement. That's the evidence that I provided to the basis of that indemnity.

Q And we've been over that that expired in 2018.

A The contract expired in 2018, correct. Whether the indemnification had a legal basis to extend to that fee judgment, I can't make that legal conclusion. I'm not a lawyer. We presented the evidence of the indemnification provision within the contract. That's the basis for which I'm seeking relief.

Q And just to clarify, you're not aware of any other evidence that would support indemnification of IDOC with respect to Ms. Edmo's specific claim, correct?

A Correct. As I sit here today, the evidence we presented is the evidence that I'm aware of that would provide for that indemnification. As I said today, in the time I've had, you know, I'm not aware of any other provision or agreement or evidence yet that we've put for.

MS. RIFKIN: Those are all of my questions. Thank you.

THE COURT: Thank you. Anyone else wish to ask questions of this witness? Oh, on -- just on cross. I think I've got one more here, a 248 number.

MS. FILIPOVIC: Good afternoon, Your Honor. Can you hear me?

THE COURT: Yes, just fine.

MS. FILIPOVIC: Thank you. If I may, I represent several of the claimants from Michigan, in particular Kerrie Milkiewicz, the estate of Kerrie Milkiewicz.

THE COURT: Okay. You may proceed, ma'am.

CROSS-EXAMINATION OF RUSSELL PERRY

BY MS. FILIPOVIC:

Q Mr. Perry -- thank you so much, Your Honor. Mr. Perry, I have a couple of questions for you as it relates to the claim, the estate of Kerrie Milkiewicz. Have you seen the proposed order that was filed in with this motion?

A I'm sorry. To which motion are you referring?

Q Your emergency motion for the extension and stay of proceedings.

A The proposed order, there's a red line that was up later that (indiscernible) just a bit before the Court. I reviewed it quickly. I can't say that I've memorized it, but I am familiar with the proposal that was uploaded. Yes.

Q Okay. And so, you are aware then that the Estate of Milkiewicz v. Genesee County, et al. is included on that proposed order and all the other versions of it prior to?

A Correct.

Q What documents have you looked at as it relates to that that particular case?

A So, for that case, again, I reviewed the agreement that we admitted into evidence a bit earlier, the indemnification

provision that we pointed to, and you know, in the midst of reviewing all the various complaints, both these and the hundreds of others, you know, I've generally scanned these.

Q I know. I'm just trying to (indiscernible) there any (indiscernible) you know, like (indiscernible).

THE COURT: Miss, I couldn't hear your question. I think you were breaking up, and I -- do you mind asking that question again?

MS. FILIPOVIC: Yes. Your Honor, just for the record, there is another woman on the line speaking right now that is not (indiscernible) asking questions.

THE COURT: Oh, that's it. Got it.

MS. FILIPOVIC: Somebody's not --

THE COURT: Got it. Okay. Every -- can you please place your phones on mute? I'm trying to avoid hitting five star again, so if someone -- Counsel, I apologize. Please proceed.

BY MS. FILIPOVIC:

Q So, Mr. Perry, is it fair to say then just based off of what you just testified to that you did at least review some, even if it's a quick glance through a complaint, on Kerrie Milkiewicz.

A Kerry Milkiewicz. You're referring -- you're referring to the Michigan agreement, correct, and the claim that would have been under the Michigan agreement?

Q Yes.
A That specific agreement and what we testified earlier was the indemnification related to the county if I recall, and the county was who was the defendant we're looking to extend the stay, so you just named somebody else as part of it, and I don't have familiarity with that name. I have familiarity with the fact that we extended -- they are seeking extension to the state or the county.
Q Right. But so, in the proposed order and what was included in this lawsuit for the estate of Kerrie Milkiewicz v. Genesee County, et al., case number 17-CV-13047, are you aware that that case was closed in 2019, that it was dismissed without prejudice?
A I can't say that I'm aware of that, no.
Q Okay. Are you aware that a new Kerrie Milkiewicz case was filed with brand new allegations, brand new parties in 2020?
A I am not aware. Again -- no, I'm not aware of that.
Q So, sitting here today, do you know which complaint you even read?
A There was a complaint with the -- against the county that this identification would apply to. So, I've -- if I tell you I've memorized every complaint, I wouldn't be truthful. So, what I've tried to do is match up the various complaints with the various defendants and work through

them. I've read a lot -- I've read a lot of paper over the last, you know, few days, as you can imagine.

Q Sure. But you testified earlier today that you included various cases or you're seeking the extension and application of a stay for various cases in which there may be an indemnification that can come through the Debtor. What was your determination that Ms. Milkiewicz's case would be one of those?

A To the extent that the county was named as a defendant and there was an indemnification provision that provided the indemnity to the county, that was the basis.

Q Sure. Is Corizon listed in this case?

A I don't have the defendants memorized. So, my understanding is the reason why case would have been sought for application of the stay is that Debtor would have been either a named defendant or would have an identification to the named defendant.

Q Sure. Now, if there were named defendants from Corizon, and let's say they were all dismissed and the only thing that had remained was Genesee County and its deputies, would your indemnification agreement apply to them?

A You're asking if the indemnification agreement -- I'm sorry. (Indiscernible) --

THE COURT: Yeah. I'll agree with that.

MS. FILIPOVIC: Well, Your Honor, I'm just trying

to understand how they were trying to pick it or put these particular cases, because like I said, the case that we -- that they have listed on this order, which quite frankly if you stay a case that's closed, is -- that would work for us anyway, but I want to make sure that I understand what was going into the thought process for putting some of these cases here.

So, I'm not necessarily referencing an exhibit. I just want to know based on what he decided or what he recommended to extend the stay, like, what was (indiscernible) and considered?

THE COURT: I think -- I think it's fair to ask the question just that way and see if he can answer it. I don't think we need to --

BY MS. FILIPOVIC:

A Okay. Answer the -- you want to ask it again?

Q Sure. So, Mr. Perry, what I'm trying to get at is if there was -- like, for example, if an order had been entered where all of the Corizon doctors, nurses, or people affiliated with Corizon had been dismissed and the only thing left was Genesee County and its deputies, would that indemnification agreement that you had looked at, would that be something then that you would have considered in asking still for the extension?

A I believe so, because the indemnification provides for

an indemnification of the county and its employees, which I believe would have covered the folks that you just named.

Q Okay. So, you're saying that the way that you chose this is if the indemnification -- if they had any kind of indemnification agreement, whether or not it would have actually given any liability to the Debtor, they were included in your motion?

A That's the basis of the interim relief. That's correct. If the -- if there was an indemnification provision, then I'm seeking release such that an identification claim could be liquidated against the Debtor. That is the basis of my testimony. That's correct.

Q How would you determine whether or not the actual claims can go against the Debtor?

A You're asking what would be the process --

Q Yes.

A -- to liquidate a claim?

Q No. I'm asking how would -- how are you determining whether or not all of these claims, every single one of them that are listed here, would even be subject to this such that a stay would be warranted? In other words, if, for example, Genesee County was dismissed from this case, then they wouldn't be on the hook and neither would you guys for Genesee County, correct?

A If Genesee County as an indemnified party was released

from the case, then that would be correct. There wouldn't be (indiscernible) relationship and it's my understanding. I'm not a practicing lawyer, but yeah, that's my understanding. Yes. Mm-hmm.

Q What is your understanding of how do you relieve somebody when they're not able to move forward with their claim?

A Well, the information that was provided, and the basis for electing these various (indiscernible) that we're seeking an indemnity is that there could be a liquidated indemnity claim presented to the Debtor at some point in time such as the indemnity applies.

Q And for all of those could be's, it's fair to say that there's claims that could also be dismissed, therefore they're being tied up in your stay unnecessarily when they could be release, correct?

A Well, that's the basis of the interim relief, because if we discover that there are no identity claims that exist, then we certainly wouldn't seek final stay application to those. So, that would be correct. What you said is correct. If we do determine if that's the case during this interim period, then that is absolutely correct. There would be no reason extend the stay.

Q Do you -- what is your understanding of what type of claims are indemnified?

A Well, the indemnification language is actually fairly broad in each of these agreements, negligence, some of them are gross negligence, harmful conduct, misconduct, you know, and like such that there would have been misconduct occurring by those individuals, you know, related to the (indiscernible) at the time. So, you know, the indemnification provision that (indiscernible) a number of different types of actions.

Q Is it your testimony that these indemnification -- even if it had nothing to do with the Debtor, your Debtor here, that they could apply to those claims?

THE COURT: You can answer.

BY MS. FILIPOVIC:

A Yeah, I'm sorry, you'll have to repeat your question. I didn't understand.

Q Sure. Is it your testimony today that there -- every single claim where an indemnification agreement exists is covered by the indemnification agreement?

A So, every claim in which an indemnification exists -- so, then the basis for the interim relief is because I have to assume today that if there's an indemnification provision that exists, it does extend to that defendant that would have been named. That's the basis for the asking of my relief. It's also the basis for the interim nature of the relief. So, that is correct.

Q How would indemnity be appropriate on a case that is closed?
A I'd have to -- I would have to do more research on determining whether or not there's an indemnity that is actually valid for a case that was closed. That would be part of what I would be doing, working with counsel over the next few weeks to determine that.
Q Sure. How did you determine to include a case that was closed?
A I worked with the Debtor and the Debtor's representatives to identify a number of cases in which the indemnity may apply and stay relief for those cases.
Q And in doing so, you never once saw an order dismissing the 17-CV-13047 three years prior to you bringing a motion?
A I did not, no.
MS. FILIPOVIC: That's all I have, Your Honor. Thank you.
THE COURT: Thank you. Okay. Anyone else have any questions for this witness? And if you'd please hit five star to be recognized? Okay. Wait, I've got one more. Give me a second. There's a 615 number I've unmuted.
MR. JOHNSON: Yes, Your Honor. Michael Johnson for Mr. Human. Can you hear me?
THE COURT: Just fine. Thank you.
MR. JOHNSON: Okay, great.

CROSS-EXAMINATION OF RUSSELL PERRY

BY MR. JOHNSON:

Q Mr. Perry, my name is Michael Johnson. I'm one of the lawyers for James Hyman. Are you familiar with Mr. Hyman?

A I'm generally familiar within my review of the case that he presented and the objection filed.

Q Okay. So, you're aware that Mr. Hyman is the former CEO of Valitas Health?

A That's what I read, correct, what I understand.

Q Okay. Now, with respect to the claims in Mr. Hyman's case pending in the Middle District of Tennessee, I want to focus on the indemnified D&O's as you all have defined them, and it's -- and that would be Mr. -- or that would be Goldberger, Gefner, Lefkowitz, Tirschwell, and King. And if I understood your testimony correctly, there are -- there are two documents that you all are relying on to show in the indemnification that could be asserted against the Debtor with respect to those individuals, and those are the bylaws of Corizon and the agreement and plan of divisional merger; is that right?

A That's correct. Those are the two pieces of evidence that we (indiscernible), yes, Mm-hmm.

Q And so, I want to -- first on the -- on the bylaws of Corizon, you looked at those earlier and there were -- there's a couple parts of that Paragraph 6.0 -- the bylaws

that I want to focus on. The first is that the bylaws say the indemnity is provided to the fullest extent permitted by the Texas Business Organization Code. Do you recall that part of the bylaws indemnity provision?

A It sounds familiar. Mm-hmm. Yeah.

Q And are you aware that the -- that Texas Business Organization Code Section 8.101 provides that a company may indemnify if they found that the director acted in good faith in a manner that they reasonably believed to be in the best interest of the company? Are you familiar with that statute?

THE COURT: Yeah, I'll sustain that objection.

BY MR. JOHNSON:

Q So, you're not -- so, you testified that you believe that there's indemnity under Section 6.01 of the Corizon bylaws with respect to those indemnified D&Os, correct?

A I testified to the existence of the indemnification, correct. That is correct. Yes.

Q Do you have any opinion on whether any of those indemnified D&Os acted in good faith with respect to the allegations in Mr. Hyman's lawsuit?

THE COURT: What's the relevance of that? Wait, what's the relevance?

MR. JOHNSON: Your Honor, the bylaws incorporate the Texas Business Organizations Code as a limitation on the

indemnity right for directors and officers. Texas Business Organization Code 8.101 --

THE COURT: I'm sorry. You're making legal argument, right? You're making legal argument. Why are we asking this witness about --

MR. JOHNSON: I'm asking -- I'm asking -- I'm trying to get -- what I'm trying to get at is what the witness -- if the witness has an opinion or any knowledge about whether the D&Os acted in good faith or in the best interest of the company thus triggering the indemnity in Mr. Hyman (indiscernible) --

THE COURT: Why don't we just -- why don't we just ask him -- I guess, why don't we just ask him lay questions? If you're going to get to -- either we're going to have to put the code in front of him or folks are going to object. But if you want to ask just general questions like the one you did, I think that's perfectly fine. Go ahead and ask.

BY MR. JOHNSON:

Q Mr. Perry, do you have any knowledge about whether the defendants, the D&Os in Mr. Hyman's case, acted in good faith with respect to the allegations that are subject to that case?

A I do not. I do not.

Q And do you know -- do you have any knowledge about whether the D&Os that are defendants in Mr. Hyman's case,

what they believed or was in the best interest of the Debtor with respect to those allegations?

THE COURT: Sustained.

MR. JOHNSON: Well, Your Honor, I was asking what he knew. Do you have any knowledge about what they believed? I'm not asking him to speculate.

BY MR. JOHNSON:

Q Have you -- let me ask it this way? Have you ever spoken to any of the D&O defendants in Mr. Hyman's case?

A With respect to the (indiscernible); is that what you're asking?

Q Correct, with respect to the allegations in Mr. Hyman's case.

A I have not spoken to the D&Os about the merits of this case. No, I have not.

Q Okay. So, you have no basis -- well, let me ask it this way. So, if -- to the extent Article 6.01 of the Corizon bylaws limits indemnification to the extent permitted by the Texas Business Organization Code, do you have any opinion on whether that indemnity is triggered with respect to the D&O defendants in Mr. Hyman's case?

THE COURT: You can -- I'll let him answer if he knows the answer.

BY MR. JOHNSON:

A I do not know the answer. I'm sorry.

Q Okay. Now, are you aware that Mr. Hyman's complaint -- in Mr. Hyman's complaint, the breach of fiduciary duty claims against the D&O defendants relate to their roles as directors of Valitas Health Services, Inc. and not the Debtor? Are you aware of that?

A I am aware that there are fiduciary duty claims that have been made. Which entities they apply to and which directors or officers we're sorting through, but I am fully aware that the claims have been made from a fiduciary duty standpoint, yes. I think you asked maybe a couple of questions. Yes.

Q Okay. Now, I want to look briefly at the indemnification provisions in the agreement and plan of divisional merger. Now, that -- the provision that you were focusing on earlier in your testimony was in 11A where it says (indiscernible) the Debtor has to indemnify and hold harmless Newco, which is CHS TX Inc.; is that right?

A Correct. Mm-hmm.

Q And it says hold harmless Newco and its affiliate, right? Do you know what -- and so affiliates is not defined in that agreement. Do you know what Newco's affiliates -- what that's referring to in that agreement?

THE COURT: If he knows.

BY MR. JOHNSON:

A To the document at the time, Newco was referencing CHS

Texas. YesCare purchased CSH Texas, which would be the -- that's how my understanding of the document is, that the affiliates would relate to YesCare and CHS Texas. That's my understanding. I think that's your question.

Q Okay. Yeah, that was -- that's all was looking for was your understanding. And at the time that this document was signed, (indiscernible) Gefner and Goldberger were not directors or officers of CHS TX, correct?

A There's a page in the division merger that provides the directors and officers of Newco and (indiscernible). I don't have it perfectly memorized, but I think what you just said is accurate. They were directors and officers of (indiscernible) not Newco. Yeah.

Q Right. Okay.

MR. JOHNSON: All right, Your Honor. That's all the questions I have for this witness. Thank you.

THE COURT: Okay, here's what we're going to do. I'm right where (indiscernible) I've listened to the evidence and I'm right where I kind of started when I -- when I listened to all the motions, and that is today's not the day to -- today's -- there are -- there are parties who are not here. There are issues. There are documents that I'm not seeing and these are real serious issues. There are contracts here and agreements and lawsuits and damages and parties, and I'm not granting the Debtor's relief today.

I said it from the beginning, I was not going to take up the motion today. I think today was the day, and now I remain even more convinced. What today has shown is that we ought to take this really seriously, and there are real serious issues that need to be considered, multiple parties.

That's what I've heard. Multiple lawsuits, right, multiple parties within lawsuits, some judgments that may -- final, some that remain contingent, some that are real serious allegations, some that, you know, may be subject to absolute indemnity obligations, some that may have -- that indemnity obligation may be done.

Just a host of range of issues all across the country, right? Fraudulent transfer litigation, arguments raised in briefings that some of this may not even be subject to property of the estate, some of it may be property of the estate.

Today -- and we're (indiscernible) you know, asked to grant relief on an emergency basis. I got that the Debtor has limited it to the -- to the 39 parties, so folks like Ms. Bailey's client and Mr. Shannon's client. You know, this is not to expand and go back. It's to really hammer down and Mr. Perry statements will be Mr. Perry's statements, and what he has said, he's said, and it's -- and it's evidence and it's in the record.

But there are legal arguments whether, you know, this should be proceeding under Federal Rule 7001 or this is, you know, essentially a temporary injunction, whether that's the legal proceeding.

You know, and I want parties to have -- I want an evidentiary hearing where everything is taken up in full. I don't -- we need to get this right. This is an estate here, and there are serious claims that are being asserted in some of these litigations, some that threatened the very existence of the Debtor, some that I suspect that the Debtor may look at and say, well, you know, on further review, maybe some don't apply, you know? The Debtor is looking at this and I -- from what I hear from Mr. Perry is they're doing a thorough review, but they may decide to go forward with every one of those claims. They may decide that some need to get stipped out.

I don't know, but today's not the day, but I will -- you know, what's important to me is that we preserve the right of parties to make a full objection to the relief requested.

What's also important, that, you know, to the extent that there are assets of the estate that they not get lost, you know, that assets of the estate are not lost in this process until we get to a final hearing.

And I've got to hear this, and I've got to take

each one of these lawsuits on their own -- on their own merits, not lumping anything together, and I think I would benefit with the insight of the creditors committee as well to look into this. So, you know, I'm right back where I think I started.

I can do this on my own. I can issue my own injunction under 105A and I don't need to use 7001. I'm preserving due process. I'm preserving due process rights of every affected party in this case, and that's what I'm going to do. And I'm also going to protect and preserve assets of the estate and protect potential erosion of the estate.

I don't want to get to the point where I issue a judgment on something and assets of the estate have been eroded. I'm asking the parties to continue to talk during this process. The Court has certainly has the power under Section 105 to issue an injunction and governed by the standards in non-bankruptcy context, right? And I believe that the Debtor based on what I've heard has satisfied that standard but not for -- not for the basis in its -- in its own motion. I just think we've got to get to where things are, and there's enough from what I'm hearing where I'm doing it on my own.

This is the Court taking up the relief requested in your motion on May 17th, and any objection from any

party, including parties who aren't here, including parties who maybe you want to file a supplement, maybe you don't, maybe there's some parties in here who need to be able to articulate their positions, and I'm not going to make somebody do it on seven days' notice. I'm just not going to do it.

So, parties are -- I'm going to give parties 'til April 3rd to file a response, and the Debtor will have until April 24th to file a response. And I'm going to come in on May 17th and we're going to have an evidentiary hearing, and the Debtor may -- Ms. Carson, Mr. Brookner, if -- you know, I'm going to temporarily on my own order stay those cases, but I'm going to give you the right, and I'm telling you, use it wisely, you know, unless I order otherwise, which means that if something comes up and you think one doesn't need to be on there, then stip it out and tell my case manager, and we'll remove them from the list.

But that's going to give Ms. Bailey's client, and I'm thinking of Mr. Shannon's client and other clients who -- whose parties -- whose claims are not -- were originally affected, now they're not, and they're going to have clarity as well, and we're going to -- we're going to take this up.

And if Mr. Stromberg wants to, you know, come in, he just got retained as well, and he's going to be able to make his arguments as well. We're going to -- we're going

to preserve the rights of all parties, and I've heard nothing today that tells me a short, 75-day window which may apply to some, may not apply to all, isn't going to affect the parties. And parties, somebody wants to come in and file something and say Your Honor, I want a hearing before then, file it and we'll take it up.

I'm not saying -- I'm not binding anyone to this forever. If somebody has a good argument, they feel like they want to go forward, I'm asking the Debtor to have a conversation with them, and if it can be resolved, it can be resolved. But not -- I'm going to preserve everyone's rights, but I'm not -- I'm going to make sure that if the Debtor has an argument as to why the stay should be extended, you know, I've got to think about the entire estate.

And I get it, there are some individuals from what I've heard who have some real issues, real claims, real strong stuff that was being described today. And so, I don't want anyone to think, especially parties to those litigations, that I'm not taking everything that they're saying seriously. What I'm doing today is preserving everything for them. I want a robust -- I want to take this seriously. I want to think about the law carefully, and for me to do my job, I've got to preserve where things are.

There are going to be other parties who are going

to come in and take a look at this, and I'll -- and I want them to have the opportunity to think about this. The Debtor may want to supplement, may need to supplement. I want things where they go. And I'm telling you, due process is going to be on the forefront of my mind. So, I don't want somebody stuck in, you know, two days before the hearing. I want to make sure everyone has a full, robust opportunity.

And I know counsel's here who's a member of the committee. I don't know who they're going to hire and if they're going to hire lawyers, but I would ask that they listen to what I did today, and I believe they'll have the opportunity to do so.

So, that's, that's my ruling. I'm doing it on my own under 105, and I certainly have the ability to do so. Everyone's arguments are preserved whether -- for example, whether this should be an adversary proceeding or not, whether -- you know, everything is preserved and Mr. Perry's statements are Mr. Perry's statements, and they'll carry, right? I'm not -- he's not going to get a do-over on anything that he said.

Folks, we are where we are, and I'm -- I've got to do the right thing, and that means preserving the rights of all parties, and I think a short 75-day extension where the Debtor can really think about this -- and if somebody wants

to file something, you certainly have the right to do so, and if somebody files it, I'll read it. I issued -- I held this hearing on short notice, but this case really just started, and I've got to think about the entire estate, and I want to make sure that I'm doing the right thing and that the estate is protected as well as the rights of all parties, including some who may need to go hire a lawyer and have their right to come in and question the witnesses.

So, I want a robust hearing on May 17th for those parties that are there. I'll issue a very short order. I'm doing it on my own, and I'm going to consider the relief requested in your motion, but I'm going to consider it as to those shortened parties there. And if somebody stips something out, I'm not saying they have to, what I'm saying is I'm going to give the flexibility so that is something gets stipped out before that, I signed the KCC order as well and I've signed the extension motion. I'm not saying no. I'm not saying yes. What I'm saying is I want to hear more. Parties will have the ability to supplement this. We've got to take our time and do this right, and I'm going to go back and I'm going to go back and read indemnity agreements when we're -- at the time. At the time, I'm going to go back and I'm going to study this, because I think I've got to do this on a case by case basis, which means that some may -- maybe they all stay, maybe some of them go. So, that's my ruling.

Just one quick question.

MS. HEARD: Your Honor, can I just ask --

THE COURT: Just one question in the courtroom and then I'm going to turn -- just one question then I'm going to turn to -- I'm going to start in the courtroom and then just work my way out.

MR. BROOKNER: I just wanted to clarify. You're only talking about -- your ruling is only with respect to the 39 that are on our list?

THE COURT: Sounds like that's what you're asking for, right?

MR. BROOKNER: Right. I don't want to be a hog and get slaughtered. I --

THE COURT: No, no, no, that's what I'm saying.

MR. BROOKNER: -- just want to make sure that it's clear.

THE COURT: I'm -- yeah, to those that are attached on Exhibit 1, and that's what I'm saying. That gives --

MR. BROOKNER: Right.

THE COURT: That gives the other parties, Mr. Shannon -- it gives them the clarity. They can go back to their state courts if they need to or their clients and say, you know, we're not -- unless otherwise, you're going to have to notice them out. There's going to have to be an

entirely new process to get someone who's not involved who's not on that list on that list.

MR. BROOKNER: I got it. I just wanted the clarity. Thank you, Your Honor.

THE COURT: Thank you. Ms. Heard?

MS. HEARD: Your Honor, yes, thank you. I -- the issue for us is the 75-day stay will harm my client, and we were going to try to present that to the Court. There's a deadline next week in our case and we're proceeding against a state -- an arm of the state. They can't (indiscernible) for bankruptcy anyway, so they shouldn't be able to get a stay through this process.

THE COURT: I've heard enough. I'm -- if you want, we can schedule a hearing shortly thereafter. (Indiscernible) we can schedule another hearing and we can talk about it, but that's my ruling for today. I'm doing it on my own. I'm not taking up their motion. I'm preserving everything, and I'm asking everyone to take a hard look to see what (indiscernible). I'm not taking this up on an emergency basis, but I am issuing under 105. I'm preserving everybody's rights, and if somebody wants to come in and ask for an emergency as to them, I can -- you know, I can consider things on a one-off basis if the merits require it. Everybody's rights are preserved. Mr. Patterson?

MR. PATTERSON: Your Honor, quick, and I know

everyone needs to get out of here, but for the record, on behalf of my clients, we don't believe that you can do anything differently than the Debtor can do. The rules apply to the Court as well as they apply to the parties, and I think that an injunction requires certain findings, certain procedural protections, and my clients are not waiving those.

THE COURT: Understood.

MR. PATTERSON: Just for the record.

THE COURT: Understood. Understood.

MR. PATTERSON: And I'm not -- I'm not challenging the Court for that.

THE COURT: No, I understand.

MR. PATTERSON: And I also think Stern plays a major role here, especially with someone like my clients that are citizens of New York. They've never come here. They're not creditors. Their defendants aren't creditors, right? So, we have no connection to this, and I don't think Stern allows this Court to take not only subject matter jurisdiction but personal jurisdiction and then order them -- because you're ordering them not to act, and I -- and I just believe the Court is overstepping its jurisdiction and overstepping its authority for the record.

THE COURT: Understood. Understood. I -- and I respect that. I do believe that the standards are met. I

do believe they're met for purposes of me today. I'm issuing my own order. I think there's a reasonable likelihood of success on the merits. I do think I'm concerned about irreparable injury if the relief is denied. I do believe I'm concerned about the non-moving party for harm. I do think it's in the public interest for me to get this right and not do this on seven days' noticing to give all parties an opportunity to come in and make their arguments and everybody's rights are preserved.

That's my ruling, and I'm -- I'm telling you, I'm asking everyone to continue to have conversations. I know Debtor's counsel will answer any calls. That's my ruling for today. Thank you.

CLERK: All rise.

(Proceedings adjourned at 5:06 p.m.)

I N D E X

RULINGS

	Page	Line
Motion to Extend Time to File Schedules, GRANTED	16	7
Motion to Extend Stay, DENIED	148	25

C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certified that the foregoing transcript is a true and accurate record of the proceedings.



Sonya Ledanski Hyde

Veritext Legal Solutions
330 Old Country Road
Suite 300
Mineola, NY 11501

Date: March 13, 2023



Transcript of Isaac Lefkowitz, Designated Representative

Date: May 12, 2023
Case: In re: Tehum Care Services, Inc.

Planet Depos
Phone: 888.433.3767
Email: transcripts@planetdepos.com
www.planetdepos.com

1

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

---------- x
In re : Chapter 11
Tehum Care Services, Inc. : Case No. 23-90086 (CML)
:
Debtor :
---------- x

Remote deposition of M2 LoanCo, LLC.,
By and through its Designated Representative,
ISAAC LEFKOWITZ,
taken by the Official
Committee of Unsecured Creditors

DATE: May 12, 2023
TIME: 10:02 a.m. to 12:48 p.m. EST
PLACE: - Remote -
BEFORE: Lisa M. Barrett, RPR, CRR, CRC, CSR
Stenographic Reporter, Notary Public
JOB NO: 492510

2

A P P E A R A N C E S:

ON BEHALF OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS:
NICHOLAS ZLUTICKY, ESQUIRE
STINSON LLP,
1201 Walnut Street
Suite 2900
Kansas City, MO 64106
816.842.8600

ON BEHALF OF M2 LOANCO LLC,
ANDREA D'AMBRA, ESQUIRE
JULIA HARRISON, ESQUIRE
NORTON ROSE FULBRIGHT
1301 6th Ave, New York,
New York 10019
212.318.3000
-and-
AARON KAUFMAN, ESQUIRE
GRAY REED
1601 Elm St, Suite 4600,
Dallas, TX 75201
214.954.4135

Also present: Blake Winchester, Remote Technician
Ian Cross, Mary Elizabeth Heard

3

C O N T E N T S

EXAMINATION OF ISAAC LEFKOWITZ PAGE
By Mr. Zluticky 4

E X H I B I T S
(Attached to transcript.)

DEPOSITION EXHIBITS

PAGE
Exhibit 1 Notice of service of Subpoena to M2 Loanco, LLC 8
Exhibit 2 Geneva facilitator agreement Bates Nos. m2LoanCo 00006620. to -6624 79

4

--- Commencing at 10:02 a.m.

P R O C E E D I N G S

REMOTE TECHNICIAN: Hello and thank you to everyone for attending this proceeding remotely, which we anticipate will run smoothly. Please remember to speak slowly and do your best not to talk over one another and please be aware we are recording this proceeding for backup purposes. Any off-the-record discussions should be had away from the computer, and please remember to mute your mic for those conversations.

Please have your video enabled to help the reporter identify who is speaking. If you are unable to connect with video and connect via phone, please identify yourself each time when speaking.

We will provide a complimentary unedited recording of this deposition with the purchase of a transcript, and I apologize in advance for any technical-related interruptions. Thank you.

(Oath stipulation read and agreed by counsel.)

ISAAC LEFKOWITZ was sworn and testified as follows:

EXAMINATION

5

BY MR. ZLUTICKY:
Q Thank you, Mr. Lefkowitz, my name is Nick Zluticky. I'm an attorney representing the Official Committee of Unsecured Creditors in the bankruptcy case of Tehum Care Services Inc.
Would you please state your full name for the record?
A Isaac Lefkowitz.
Q Do you have any middle names or surnames you use?
A Yes.
Q Could you please identify those?
A Y-I-T-Z-C-H-O-K Y-A-K-O-V.
Q And is your legal name on your driver's license "Isaac Lefkowitz"?
A No.
Q What is the name on your driver's license?
A Y-I-T-Z-C-H-O-K.
Q And what is your current address?
A 58 C Drive, Fallsburg, New York. 12733.
Q So this happens from time to time in these depositions, but I didn't hear the first part. So, if you could repeat -- and I

6

apologize -- part of the address?
A Which was the first part?
Q The street number.
A 58 C Drive.
Q 58 C Drive, okay. Thank you. And you understand that you are here today as the designated corporate representative of M2 Loanco LLC; is that your understanding?
A Correct.
Q Have you ever had your deposition taken before?
A Yes.
Q About how many times?
A Can't count.
Q More than a hundred?
A In that range.
Q So we're just going to go through a couple of preliminary rules. You've done this quite a bit, it sounds like, so you are probably familiar with these rules, but the court reporter is here, we want a clean record, and so when you're answering questions that are "yes" or "no" questions, if you could please answer "yes" or "no" because "uh-uhs" sound a lot like "ahas" to court reporters. And then also if you could

7

answer verbally, so nodding the head, shaking the head, it's difficult for the court reporter to grasp and -- and record.
So, do you understand all of that so far?
A Yes, sir.
Q And the other thing is I'm going to try really hard not to talk over you and I would ask that you do the same so that we can have a clean record for the court reporter, especially when we're doing this virtually. And then the other thing is, if you don't understand a question that I'm asking, please let me know and I'll do my best to rephrase it or explain the question; is that fair?
A Yes.
Q All right. And so then if you do answer a question then I'm going to assume that you did understand the question that I asked; is that fair?
A Okay.
Q Is that fair?
A "Okay" means yes.
Q All right. So the first document -- and you may have this in front of you but if you

8

don't, we can have it pulled up -- is the subpoena notice itself.
Do you have a copy of that at your fingertips?
MS. D'AMBRA: We do. One second. We can pull that out and make sure to have all of it.
BY MR. ZLUTICKY:
Q So, Lisa and Blake, we're going to mark this is as Exhibit 1.
(Exhibit No. 1 was marked for identification.)
REMOTE TECHNICIAN: And can you give me the title of that document, counsel?
MR. ZLUTICKY: It's -- it's the notice of service of subpoena to M2 Loanco, LLC. It's docket number 535.
REMOTE TECHNICIAN: Thank you.
BY MR. ZLUTICKY:
Q Have you seen this document before, Mr. Lefkowitz?
A Just one second please. Yes, I do.
Q So this is a subpoena to provide testimony on a set list of topics.
I have previously had discussions with M2 Loanco's counsel, what we are doing today is

9

we're limiting our discussion to topics.
If you look on page 9 of the PDF but it would be page 4 of the exhibit, it looks -- it lists several topics.
At the top it starts with 5. Do you see that?
A Right.
Q Okay. So what we've agreed to with your counsel is that what we're going to do is talk about topics 8, 9, 10, 11, 13, 14, 15, 16 and 17 today and that we're going to address the rest of the topics at a later date.
So just focusing on those topics today, what did you do to prepare yourself for your deposition today?
A Discussed it with counsel.
Q Did you review any documents to prepare for your deposition today?
A No.
Q Did you speak to anyone other than your counsel to prepare for your deposition today?
A No.
Q Did you speak to Alan Rubenstein?
A No.
Q Did you review any of your emails --

10

A Yes.
Q -- to prepare for today.
A Yes.
Q Okay. So what emails did you review?
A I handed over my email box to counsel.
Q So let's drill down on that for a moment.
When you say "my email box," what do you mean by "my email box?"
A Email address has an email intake box.
Q So you turned over a box that contains all of the emails associated with your email address; is that correct?
A No, associated with M2 Loanco.
Q What email address is that?
A IL@perigrove.com.
Q And you said that you turned over that box of emails to counsel for M2 Loanco, LLC; is that right?
A Correct.
Q Who is Perigrove?
A Who is Perigrove?
Q Yes, who is Perigrove?
A Perigrove is a company.
Q Okay, can -- what's the name of the

11

company?
A Perigrove.
Q It has -- it's not an LLC; it's not a corporation; it's not a partnership; it has no other names. It's just one word, "Perigrove?"
A I believe it's an LLC.
Q Okay. What's your position at Perigrove?
A I'm a VP.
Q The vice-president?
A One of them.
Q And in your capacity as vice-president of Perigrove, you have an email account at Perigrove; is that right?
A Correct.
Q From that email address have you communicated with anyone regarding the business of M2 Loanco, LLC?
A Yes.
Q Who did you communicate with?
A I don't have the details in front of me.
Q What do you remember about who you spoke with?
A Business relating to M2 Loanco.

12

Q Well, that's the what. I'm asking about the who.
A Who I communicated with?
Q Correct.
A I think I testified that I don't have it in front of me.
Q So you're saying, sitting here today, you don't remember anyone you communicated with on behalf of M2 Loanco?
A I wouldn't have the details. I handed over the entire box.
Q But sitting here today, you don't remember anyone you communicated with on behalf of M2 Loanco?
A You can ask me an individual and it will jog my memory.
Q No, that's not what I was asking. I was asking do you remember anyone that you communicated with on behalf of M2 Loanco?
A Sure. I remember communicating with counsel.
Q Who's counsel?
A There's quite a few.
Q Okay. Well, let's go through them.
A Firm of White & Case.

13

Q So let's start there. So White & Case was counsel for M2 Loanco?
A Correct.
Q Is White & Case still counsel for M2 Loanco?
A No.
Q Okay. When did that engagement begin?
A Sometime early 2022.
Q When did that engagement conclude?
A Mid '22.
Q When in 2022?
A Correct.
Q When in 2022?
A I don't recall. I said mid year '22.
Q And at that point White & Case no longer represented M2 Loanco?
A I believe so.
Q What other counsel did M2 Loanco have that you communicated with?
A We have in-house counsel.
Q M2 Loanco has in-house counsel?
A Perigrove has in-house counsel.
Q Does M2 Loanco have in-house counsel?
A No.
Q Who's the in-house counsel at Perigrove

14

you communicated with?
A His name is Zalman Shapiro.
Q Okay. Would you please spell that for me?
A Z-A-L-M-A-N, S-C-H-A-P-I-R-O.
MS. D'AMBRA: Objection. Can we get some clarification on whether or not you're asking if he communicated with Mr. Shapiro with respect to M2 Loanco?
BY MR. ZLUTICKY:
Q Well, I'm just asking how to spell his name. I mean, I'll get there but I just want to know how to spell his name first.
So it's Z-A-L-M-A-N, and it's S-C-H-A-P-I-R-O?
A Correct.
Q Did you communicate with Mr. Shapiro regarding the business of M2 Loanco, LLC?
A I don't recall.
Q What other counsel did M2 Loanco, LLC have?
A Alan Rubenstein.
Q And Rubenstein is spelled R-U-B-E-N-S-T-E-I-N?
A I don't know, E-I or I-E. People spell

15

them differently.
Q And Alan Rubenstein was with which firm?
A He was a -- his own firm called Rubenstein and Horowitz.
Q Did you communicate with Alan Rubenstein regarding the business of M2 Loanco, LLC?
A Yes.
Q Any other counsel that M2 Loanco, LLC had?
A I wouldn't recall.
Q So the only counsel that's ever represented M2 Loanco, LLC other than in this bankruptcy case that you can recall is White & Case, Zalman Shapiro and Alan Rubenstein?
A Correct.
Q Just to be clear once again, to prepare for today's deposition did you speak with Mr. Rubenstein?
A No.
Q Did you speak with Mr. Shapiro?
A No.
Q Did you speak with anyone at White & Case?

16

A No.
Q Did you speak with anyone else at M2 Loanco about what attorneys M2 Loanco had?
A No.
Q Did you speak with anyone else at M2 Loanco about anything at all to prepare for today?
A No.
Q Other than speaking with your attorney, which is Norton Rose Fulbright -- is that correct, the attorney for M2 Loanco?
A Correct.
Q Other than speaking with attorneys at Norton Rose Fulbright -- and I do not want to get into those communications; I'm not asking about that -- but other than those communications did you speak with anyone else to prepare for your deposition today?
A No.
Q And you said you reviewed no documents to prepare for today?
A Correct.
Q What's your title at M2 Loanco, LLC?
A Director.
Q How long have you been a director of

17

M2 Loanco, LLC?
A Since December of '21.
Q Why you did become a director of M2 Loanco, LLC?
A Why?
Q Why?
A I don't know why. What does "why" mean? I don't know why.
Q Is it -- did somebody ask you to be director? Did you ask to be director of M2 Loanco?
A I asked myself to be a director.
Q Okay. And I assume you agreed?
A Agree.
Q In what capacity did you ask yourself to be director of M2 Loanco, LLC?
A The director.
Q Of which company?
A Of M2 Holdco.
Q Let's talk about M2 Loanco's organizational structure for a moment.
Who are the members of M2 Loanco, LLC?
A M2 Holdco.
Q M2 Holdco is the member of M2 Loanco, LLC; is that correct?

18

A Correct.
Q Is M2 Loanco a member-managed LLC or a manager-managed LLC?
A I believe a member-managed.
Q Are there any directors of M2 Loanco, LLC other than you?
A Yes.
Q Who are they?
A Alan Rubenstein.
Q And that's the same Alan Rubenstein of Rubenstein and Horowitz?
A Correct.
Q Are there any other directors M2 Loanco, LLC?
A No.
Q Were there any directors of M2 Loanco, LLC prior to you becoming a director of M2 Loanco, LLC in December of 2021?
A I don't know.
Q You don't know if there were any directors prior to you becoming a director of M2 Loanco, LLC?
A Correct.
Q Have there been any directors, since you became a director of M2 Loanco, LLC, other

19

than Alan Rubenstein?
A No.
Q Is Alan Rubenstein still a director of M2 Loanco, LLC?
A Correct.
Q Other than Alan Rubenstein and you, are there any other directors of M2 Loanco, LLC?
A I believe the question was asked and answered three times, and the answer is "No."
Q Okay. So I'm going to -- your attorney can object to questions, but unless your attorney instructs you not to answer them, you are going to need to answer them, okay?
A And I did, for the fourth time.
Q Does M2 Loanco, LLC have any officers?
A No.
Q Since you joined M2 Loanco, LLC as a director in December 2021 did M2 Loanco, LLC have any officers?
A No.
Q So, from December 2021 forward, M2 Loanco, LLC is operated with two directors and no officers; is that correct?
A Correct.
Q Has -- does M2 Loanco, LLC have any

20

employees?
A No.
Q Has M2 Loanco, LLC ever had any employees?
A I don't know.
Q Has M2 Loanco, LLC had any employees from and after December 2021?
A No.
Q Do you have a position within M2 Holdco, LLC?
A Yes.
Q What is that position?
A Director.
Q When did you become director of M2 Holdco, LLC?
A November of '21.
Q And was that another situation where you asked yourself to be director of M2 Holdco, LLC?
A Correct.
Q And in what capacity did you ask yourself to be director?
A Director.
Q Of which entity?
A Holdco.

21

Q So -- but you -- you weren't director until you were, right? So if you're saying you asked yourself to be a director of M2 Holdco and you were asking on behalf of another entity, what other entity were you asking on behalf of?
A Perigrove 1018 LLC.
Q Perigrove 1018 LLC?
A Correct?
Q What's the relationship between Perigrove 1018 LLC and M2 Holdco, LLC?
A 100 per cent member.
Q So Perigrove 1018 LLC is the sole member of M2 Holdco, LLC?
A Correct.
Q And you are a director of Perigrove 1018 LLC.?
A Correct.
Q When did you become director of Perigrove 1018 LLC?
A December of '21.
Q Okay. And in this very extensive conversation that you were having with yourself, how is it that you came to be the director of Perigrove 1018 LLC?
A I don't recall.

22

Q Did you ask yourself to do it again?
A I believe so.
Q Okay. And on behalf of what entity did you ask yourself?
A Myself.
Q So you individually asked you individually to be a director of Perigrove 1018 LLC?
A Correct.
Q Okay. And do you have any ownership interest in Perigrove 1018 LLC?
A Yes.
Q Okay. And what is that interest?
A 5 percent.
Q Can you restate your answer, please?
A 5 percent.
Q How long have you held a 5 percent membership interest in Perigrove 1018 LLC?
A Since December of '21.
Q Who are the other members of Perigrove 1018 LLC?
A Group of investors.
Q Who are they?
A I don't have their names in front of me.

23

Q Do you know who they are?
A A whole group of individual investors.
Q Okay. Do you remember any of them?
A I do.
Q Who?
A I remember Abe Goldberger.
Q And how do you spell that?
A G-O-L-D-B-E-R-G-E-R.
Q And the first name is Abe?
A Correct.
Q Okay. Who else?
A David Gefner.
Q And Gefner, is that G-E-F-F-N-E-R?
A I believe one F.
Q One. Who else?
A I don't recall the rest.
Q Those are the only two members of Perigrove 1018 LLC besides you that you can recall today?
A Correct.
Q Did you ever communicate with Abe Goldberger about the business of M2 Loanco, LLC?
A No.
Q Not once, ever?
A Correct.

24

Q Did you ever communicate with David Gefner regarding the business of M2 Loanco, LLC?
A No.
Q Not once, ever?
A Not that I recall.
Q You're saying that you don't recall ever speaking to him about M2 Loanco, LLC?
A Correct.
Q When you would communicate with White & Case regarding the business of M2 Loanco, LLC, how would you have those communications? So I'm not focused on the substance of the communications; I'm focused on the methodology. So what method did you use to communicate with White & Case regarding the business of M2 Loanco, LLC?
A VOIP phone, email.
Q Which phone number?
A Which phone number of White & Case?
Q No, I'm saying what phone did you use to communicate with White & Case regarding the business of M2 Loanco, LLC?
A I wouldn't recall.
Q How many phone numbers do you use?
A Quite a few.

25

Q More than one?
A Yes.
Q More than two?
A Yes.
Q More than three?
A Yes.
Q More than four?
A Yes.
Q More than five?
A Yes.
Q More than six?
A Yes.
Q More than seven?
A I sit in an office with a lot of phone numbers. What are you trying to create a record here? I said many numbers. I don't know from which number I called.
Q More than seven?
A I'm going to stop right here. I don't know.
Q You know it was more than six, but you know whether it was more than seven; is that correct?
A No it's not correct.
Q Okay, well, can you please explain your

26

answer.
A When you sit in an office and there's a lot of phone lines going out, you can't identify from which number you make a phone call, but I know it's more than six and I know it's more than seven. Apparently you're trying to create a circus of a record and I'm not going to let it happen. It's a lot of phone numbers in the office.
Q Which office?
A Perigrove.
Q And is that a physical location?
A It is.
Q That has all of these numbers.
A It's a VOIP system, with a lot of numbers.
Q You said VOIP system. Do you mean VOIP, voice over internet protocol; is that what you're saying?
A Correct.
Q Where's the physical office location of Perigrove?
A Suffern, New York.
Q Do you know the address?
A 51 Spook Rock.

27

Q Can you please spell that?
A S-P-O-O-K, R-O-C-K.
Q And is that -- and where is that in New York?
A Suffern, New York.
Q Is that an office building?
A Office complex.
Q And do you have an office there?
A Yes.
Q And I'm -- you have an office phone, correct?
A Correct.
Q And you use that office phone to communicate with White & Case regarding business of M2 Loanco, LLC?
A Correct.
Q And what's that phone number.
A I said it's a VOIP system. You pick up the phone and every time it's a different number.
Q Every single time it's a different number?
A Correct.
Q Okay. So never the same number twice?
A I didn't say.
Q So if I were receiving a call from you

28

at the -- at your office in Perigrove and you were using your office line there would be no way for me to know that you were calling me from a Perigrove line?
A Would be, it would come up Perigrove but it's not always the same line.
Q How many office phones did you have -- do you have at your office in Perigrove?
MS. D'AMBRA: Objection, asked and answered.
BY MR. ZLUTICKY:
Q I mean you can object to form but if you'd like to instruct the witness not to answer, you can do that but I believe your two options are to object to form or to object and instruct the witness not to answer.
MS. D'AMBRA: You can answer.
THE WITNESS: A VOIP phone is virtual, wherever you go, so it's not just in the office. It's everywhere.
BY MR. ZLUTICKY:
Q Did also you also communicate with White & Case regarding the business of M2 Loanco, LLC using another phone?
A I don't recall.

29

Q Do you have a cell phone?
A Yes.
Q How many cell phones do you have?
A Quite a few.
Q You personally have quite a few cell phones?
A Correct.
Q Okay. And do each of these cell phones have different numbers?
A Yes.
Q Would you use your cell phones to communicate to White & Case on behalf of M2 Loanco, LLC?
A I don't recall.
Q Did you look at any of your phone records in preparation for your deposition today?
A No.
Q Other than your office phone at Perigrove and your many cell phones you have, did you use any other phone to communicate with White & Case regarding the business of M2 Loanco, LLC?
A I don't recall.
Q Do you use other phone numbers to communicate regarding business other than the Perigrove office phone, which is a VOIP system,

30

and your cell phone?
A Not that I'm aware of.
Q Do you have a home phone line?
A Yes.
Q Do you use your home phone line to communicate regarding business?
A I don't use my home phone line at all.
Q Is there any other location where you would conduct business on behalf of M2 Loanco, LLC other than the Perigrove office in Suffern?
A Virtual.
Q "Virtual" meaning you would log in remotely from wherever you happen to be?
A Correct.
Q Do you have any other physical office that you use to conduct business on behalf of M2 Loanco, LLC other than the office of Perigrove in Suffern?
A No.
Q Do you have a home office?
A Yes.
Q Do you conduct business out of your home office?
A I try not to.
Q Are you successful?

31

A That's a question you need to ask my family.
Q Well, I know that you say you try not to but do you conduct business out of your home office?
A Correct.
REMOTE TECHNICIAN: Counsel, could we possibly move the microphone closer to the witness just to make sure our court reporter can hear --
MS. D'AMBRA: Unfortunately we can't.
MR. KAUFMAN: They're all glued down.
REMOTE TECHNICIAN: Okay. Just -- the voice is trailing off for the answers a lot. I just want to make sure we're able to get a clear record.
THE WITNESS: I'll try to speak loud louder.
BY MR. ZLUTICKY:
Q Feel free to yell any time.
So did you ever communicate with White & Case in person regarding the business of M2 Loanco, LLC?
A I don't recall.
Q So we've gone over the use of phone so now let's talk about text messages. Did you send

32

any text messages to White & Case regarding the business of M2 Loanco, LLC?
A Not that I recall.
Q Do you use any messaging system besides standard text messages to communicate regarding the business of M2 Loanco, LLC?
A Not that I believe so.
Q Do you have a Signal account?
A I do.
Q Do you use that Signal account to conduct business of M2 Loanco, LLC?
A No.
Q You -- you recall that you don't do that; is that correct?
A Use it rarely, occasionally, for personal.
Q And you use it for personal use?
A Yes.
Q But not for business; correct?
A Correct.
Q Do you have a WhatsApp account?
A Yes.
Q Do you use your WhatsApp account to conduct business on behalf of M2 Loanco, LLC?
A I don't recall that.

33

Q Do you use your WhatsApp account to conduct business at all?
A Yes.
Q You just don't recall whether it was for M2 Loanco, LLC?
A Correct.
Q Did you look at your WhatsApp account in preparation for your deposition today?
A Yes.
Q And did you find any communications regarding M2 Loanco, LLC?
A No.
Q So I'm confused. You said you didn't review any documents, so you would consider the reviewing of your WhatsApp account something other than a review of documents; it's a review of information, is that right?
A Device.
Q Okay. So that's helpful. What devices did you review to prepare for your deposition today?
A My computer where my mailbox is, my phone.
Q Okay. So which phone is that because you said you have multiple cell phones?

34

A I looked at multiple.
Q You looked at multiple cell phones in preparation for your deposition today?
A Not in preparation, just to see if there's any WhatsApp messages of M2 Loanco.
Q Okay. So do you have multiple WhatsApp accounts?
A Yes.
Q And do you use any of those WhatsApp accounts to conduct business on behalf of M2 Loanco, LLC?
A No.
Q But earlier you said you didn't recall whether you used WhatsApp to conduct business on behalf of M2 Loanco, LLC, so it no or is it that you don't recall?
A I can say a certain no, I don't recall. I searched and I didn't find any.
Q Do you use any other messaging programs similar to Signal or WhatsApp?
A No.
Q Do you use Telegram?
A No.
Q Do you use any social media messaging app?

35

A No.
Q Instagram?
A No.
Q So the only messaging program you use is Whatsapp, Signal and standard text messages?
A Right.
Q Do you have multiple Signal accounts?
A No.
Q Now let's talk about emails. You have an email address of IL@perigrove.com; is that correct?
A Correct.
Q And that's the email account that you turned over to counsel for M2 Loanco, LLC?
A Correct.
Q Do you have any other email accounts at Perigrove?
A No.
Q Do you have any other email accounts at M2 Holdco, LLC?
A No.
Q Do you have any other email accounts at all?
A Yes.
Q Do you conduct business using those

36

other email accounts?
A Other business?
MR. KAUFMAN: Nick, can you clarify, business in what capacity? Eric Kaufman for the debtor. I just want to clarify. The question was: Do you conduct -- as I heard it, the question was asking about conducting business and I just wanted a little clarification about which businesses.
BY MR. ZLUTICKY:
Q Yeah, I'm talking in general. Do you conduct any business out of those other email accounts?
MR. KAUFMAN: Object to form.
THE WITNESS: Yes.
MS. D'AMBRA: I will remind the witness that he's here testifying on behalf of M2 Loanco.
BY MR. ZLUTICKY:
Q Okay. Thank you for the reminder. Do you -- have you ever used any other email accounts to conduct business on behalf of M2 Loanco, LLC?
A No.
Q And how do you know that?
A I know I used Perigrove.

37

Q So you never used any other email account to conduct business on behalf of M2 Loanco, LLC?
A What does "conduct business" mean?
Q I didn't hear that answer, I'm sorry.
A What does "conduct business" mean?
Q Did you ever communicate with anyone about M2 Loanco, LLC using an email address other than IL@perigrove.com?
A I don't recall. I recall using IL Perigrove.
Q But you don't recall using others?
A Correct.
Q But you don't know one way or another whether you used others?
A Correct.
Q Okay. So what are those other email addresses?
A I have a dozen email addresses.
Q Well, can you get a list and please provide them to counsel and, counsel, I'm requesting a list of those addresses.
MS. D'AMBRA: Understood.
BY MR. ZLUTICKY:
Q Now we've -- we've discussed the

38

methods of communication, I want to move from White & Case to Zalman Shapiro. When you communicated with Zalman Shapiro regarding the business of M2 Loanco, LLC, how would you do it?
A Mainly by phone.
Q I'm sorry, I didn't hear that answer.
A Mainly by phone.
Q Okay. And would that be the Perigrove phone?
A (Inaudible) phone.
MR. ZLUTICKY: Yeah, I don't know how to -- I think that's a technical issue.
MS. D'AMBRA: We're going to see if we can get another microphone in here. I'm not sure we can but we'll try.
BY MR. ZLUTICKY:
Q So, Mr. Lefkowitz, you said that you would communicate with Zalman Shapiro regarding the business of M2 Loanco, LLC by phone; is that correct?
A Correct. Okay. Correct.
Q And what phone number would you use other than the Perigrove office line that is the VOIP line?
A I wouldn't recall.

39

Q But we've already established that you conduct -- you would only conduct business using the Perigrove phone or one of your cell phones, correct?
A No, that's not correct.
Q Okay. Can you tell me what other ways you would communicate by phone?
A Grab a phone and call. I don't recall which phone I called from.
Q Okay. Most payphones in New York are gone now, as I understand it, so how -- what phone would you use?
A There's other phones other than payphones in New York.
Q Okay. So give me an example.
A Hotel room.
Q So you would use a hotel room telephone to communicate with Mr. Shapiro?
A I said I don't recall, but not necessarily just the VOIP phone and cell phone. It could be any phone that I need to pick up and make a phone call.
Q But in terms of what you recall --
A I don't recall.
Q You don't recall ever having a

40

telephone conversation with Mr. Shapiro regarding M2 Loanco?
A I recall. I don't recall from which phone.
Q So I know you had several cell phones that you use, so I'm going to ask for a list of those cell phone numbers, if you could provide that to counsel.
Counsel, I'm requesting those as well.
MS. D'AMBRA: Understood.
BY MR. ZLUTICKY:
Q Did you ever communicate with Mr. Shapiro regarding M2 Loanco business using text messages?
A I don't recall.
Q Did you communicate with Mr. Shapiro regarding M2 Loanco business in person?
A Yes.
Q Where would those meetings take place?
A In the office.
Q When you say "the office," what office are you talking about?
A Spook Rock.
Q That's the office in Suffern, New York?
A Correct.

41

Q Are the there any other locations where you would meet with Mr. Shapiro to discuss business of M2 Loanco?
A I don't recall.
Q When you -- did you communicate with Mr. Shapiro by email about the business of M2 Loanco?
A I don't recall.
Q And so you wouldn't recall which email addresses since you don't recall whether you did or not; is that correct?
A Did you say Gmail addresses? Where did that come from?
MR. ZLUTICKY: Email.
MS. D'AMBRA: Email.
THE WITNESS: Oh, email. I thought you said Gmail.
BY MR. ZLUTICKY:
Q Do you have a Gmail address?
A Yes.
Q Okay. Do you use it to conduct business?
MR. KAUFMAN: Object to form.
THE WITNESS: Not M2 Loanco business.
BY MR. ZLUTICKY:

42

Q Are there any other methods you would use to communicate with Mr. Shapiro regarding M2 Loanco business?
A No.
Q Not Signal?
A No.
Q Or WhatsApp?
A I don't believe so.
Q Facsimile?
A I don't know what that is, even.
MS. D'AMBRA: (Laughter).
BY MR. ZLUTICKY:
Q Written letter?
A No.
Q All right. Did you have telephone conversations with Alan Rubenstein regarding the business of M2 Loanco, LLC?
A Yes.
Q What telephone did you use to have the communications with Mr. Rubenstein regarding the business of M2 Loanco, LLC?
A It's the same answer applies what I answered on Shapiro and White & Case.
Q Did you ever meet with Alan Rubenstein in person to discuss the business of M2 Loanco, LLC?
A Yes.
Q Where did you meet with Mr. Rubenstein to discuss the business of M2 Loanco, LLC?
A His office.
Q "His office", you mean the office of Rubenstein and Horowitz?
A Correct.
Q Do you know where that office is located?
A I believe it's in Great Neck, Long Island.
Q Did you ever meet with Mr. Rubenstein at the Perigrove office to discuss the business of M2 Loanco, LLC?
A Most likely.
Q Did you ever meet with Mr. Rubenstein anywhere else to discuss the business of M2 Loanco, LLC?
A I don't recall.
Q Did you ever communicate with Mr. Rubenstein by text message regarding the business of M2 Loanco, LLC?
A I don't believe so.
Q Did you ever communicate with Mr. Rubenstein using any other messaging app, like WhatsApp or Signal, about the business of M2 Loanco, LLC?
A I don't believe so.
Q And now Mr. Rubenstein is also a director of M2 Loanco, LLC; correct?
A Correct.
Q So let's talk about Mr. Rubenstein's communications.
How would Mr. Rubenstein communicate with people about the business of M2 Loanco, LLC?
A I don't know.
Q And that's because you didn't talk to Mr. Rubenstein prior to this deposition?
A You asked how did -- you asked how does he communicate with people, and how would I know how he communicates with people?
Q Well, did you ask him?
A Ask him how he communicate with people?
Q That is my question.
A I don't follow the question.
Q Okay.
A Because the question that -- I understand that question was answered.
Q In preparation for today's deposition?

45

A Oh, now you're talking. Preparation for today's conversation, I did ask him, correct.
Q Hold on. Let me finish my question.
In preparation for today's deposition, did you talk to Alan Rubenstein?
A Yes.
Q When did you talk to Alan Rubenstein?
A Last week.
Q Did you discuss Alan Rubenstein's communications on behalf of M2 Loanco, LLC?
A Correct.
Q What did he tell you?
MS. D'AMBRA: If it's not privileged.
MR. ZLUTICKY: I'm solely talking about Alan Rubenstein as a director of M2 Loanco, LLC; it's not privileged.
THE WITNESS: I asked him if he has any unprivileged communication, and he said he has none.
BY MR. ZLUTICKY:
Q That's all you asked him?
A Correct.
Q Did Alan Rubenstein communicate by email on behalf of M2 Loanco, LLC?
A I don't know.

46

Q You don't know if he ever did?
A Correct.
Q Okay. So would Alan Rubenstein ever conduct business on behalf of M2 Loanco, LLC without your direct involvement?
A No.
Q So would Alan Rubenstein ever have a communication with anyone about M2 Loanco, LLC that you weren't a part of?
MS. D'AMBRA: Objection.
THE WITNESS: I wouldn't know.
BY MR. ZLUTICKY:
Q Are you objecting to form or what?
MS. D'AMBRA: I'm objecting to scope. He's not -- he's not Mr. Rubenstein. He can't testify as to what Mr. Rubenstein does or does not do.
MR. ZLUTICKY: That is absolutely not correct. This is a 30(b)(6) deposition. He's required to prepare for the deposition and the topics set forth in the deposition which include how the company communicates, that includes Mr. Rubenstein as a director. If he fails to do that, that is a failure of your witness to prepare for a 30(b)(6) deposition.

47

That is not outside the scope; it is directly within the scope. So I'm going to continue to ask the questions about Mr. Rubenstein's communications and get on the record that your witness failed to prepare for this deposition.
THE WITNESS: The witness did not fail to prepare for the deposition. The witness did communicate with Mr. Rubenstein.
But your question was: does Mr. Rubenstein communicate with other people and how? And how would I know that? I am not Mr. Rubenstein's babysitter.
MR. ZLUTICKY: Lisa, could you please read back the question.
(Court reporter read back question).
THE WITNESS: Waiting for an answer, Nick?
BY MR. ZLUTICKY:
Q I am.
A And how would I know?
Q Well, that's a question. I would prefer an answer.
A I'm answering you with a question. How would I know if Mr.Rubenstein ever had

48

a communication without me being part of? Isn't that a trick question?
Q No, I'm not trying to trick anybody. I'm asking what you --
A You are trying to trick because you asked me, did Mr. Rubenstein conduct business directly without me being part of, and I said I don't believe so. Now you ask a second question, did Mr. Rubenstein ask or spoke to anyone about M2 Loanco without me being part of. In order for me to know that, I would have to be a Siamese twin to him.
Q Mr. Lefkowitz, I promise this will go a lot quicker if you would just answer the question that you are asked.
A I promise it will go a lot quicker if you ask a precise question. We'll get a precise answer like you got all the precise answers to your precise questions.
MR. ZLUTICKY: Lisa, can you please read the question back again.
(Court reporter read back question).
A I don't know.
BY MR. ZLUTICKY:
Q Let's take about the methods that Alan

49

Rubenstein -- I'm sorry, is it "Rubensteen" or "Rubenstine"?

A I'm sure he won't be offended if you call him "Stine", "Steen", "Stan."

Q Understood, but as somebody who has a last name that is very difficult to pronounce, I want to be cognizant of that.

So, Mr.Rubenstein, I want to talk about the methods that he would use to communicate on behalf of M2 Loanco, LLC as the director.

Would Alan Rubenstein communicate as a director of M2 Loanco by email?

A Very rarely. Most of the business is done by phone.

Q What email address would Alan Rubenstein use to conduct business on behalf of M2 Loanco?

A Law firm email.

Q What is that email address?

A I don't recall it.

Q Other than his law firm email address, would Alan Rubenstein use any other email addresses to conduct business on behalf of M2 Loanco, LLC?

A Not that I know of.

50

Q Did you ask him?

A No.

Q Did Alan Rubenstein use the telephone to communicate about the business of M2 Loanco, LLC?

A Yes.

Q Okay. Do you know what phone he used?

A No.

Q And that's because you didn't ask him?

A Correct.

Q Did Alan Rubenstein ever send text messages about the business of M2 Loanco, LLC?

A I don't believe so.

Q Did you ask him?

A Yes.

Q You did ask him about text messages but not phone calls?

A Correct.

Q Okay. And what did he tell you?

A He said he has none.

Q Did he say he never used text message or just that he has none?

A I don't recall the exact answer.

Q Okay. Have you ever gotten a text message from Alan Rubenstein?

51

A Probably.

Q Do you recall whether you've received a text message from Alan Rubenstein regarding M2 Loanco?

A No.

Q No, you don't recall?

A Correct.

Q Did Alan Rubenstein use any other messaging systems or applications like WhatsApp or Signal to send communications regarding the business of M2 Loanco, LLC?

A Communicate WhatsApp but there's nothing about M2 Loanco.

Q So Alan Rubenstein has a WhatsApp account; is that correct?

A Correct.

Q And he would communicate with you via the WhatsApp account?

A Short messages, "I'm here," "I'm coming," "I'm late."

Q But do you know whether he would use the WhatsApp account to communicate about the business of M2 Loanco, LLC?

A Asked and he said no.

Q You asked Alan Rubenstein if he used

52

WhatsApp and he said no?

A I asked him if he has any messages or records on M2 Loanco on his WhatsApp and he said no.

Q Did you ask Mr. Rubenstein about any other messaging systems?

A No.

Q So you just asked him about text messages and WhatsApp; is that correct?

A Correct.

Q Do you know whether Alan Rubenstein uses any other messaging systems?

A I don't.

Q Did you ask him?

A No.

Q Does Alan Rubenstein use any email addresses other than his firm email address?

A I don't know.

Q And if I already asked this, I apologize, I didn't write it down. When did Alan Rubenstein become a director of M2 Loanco, LLC?

A I believe sometime in '22.

Q Did you ask Alan Rubenstein to be a director of M2 Loanco, LLC?

A Yes.

53

Q Why?
A Carry the load.
Q What load?
A M2 Loanco.
Q So what was the load of M2 Loanco that you needed help carrying?
A Monitoring the loan.
Q When you say "the loan," what do you mean?
A Several loans that M2 Loanco is holding.
Q And the borrower or borrowers under those loans, are those -- did those include what is now known as Tehum Care Services, Inc?
A Correct.
Q And that's a loan where M2 Loanco is the lender?
A Correct.
Q How would you -- how would M2 Loanco, LLC communicate with Tehum Care Services, Inc about the loan or loans?
A By phone.
Q Who is the person at Tehum Care Services, Inc that you would communicate with about the M2 Loanco loans?

54

A Tehum's counsel.
Q I'm sorry, I didn't catch that.
A Counsel, Tehum -- Tehum's attorneys.
Q And who are those?
A Norton.
Q Okay. So what I'm asking is how you would communicate with the borrowers which include Tehum Care Services, Inc?
A I am the sole director of Tehum.
Q Is there anyone at Tehum Care Services, Inc would communicate with other than yourself about the M2 Loanco loans?
A Our chief restructuring officer.
Q And who's that?
A Russell Perry from Ankura.
Q Prior to Russell Perry's engagement as chief restructuring officer, is there anyone else that you would communicate with about the loans made by M2 Loanco to Tehum Care Services, Inc?
A Tehum's counsel.
Q And who's that?
A Gray Reed.
Q Okay. Prior to Gray Reed's engagement as counsel for Tehum Care Services, Inc, who would you communicate with at Tehum Care Services, Inc

55

regarding the M2 Loanco loans?
A White & Case.
Q Did White & Case represent Tehum Care Services, Inc?
A I'm not sure. I did have conversation with White & Case about it.
Q Did you have any conversations with White & Case after their engagement by M2 Loanco ended in midyear of 2022 about the M2 Loanco loans?
A Yes.
Q Okay. And so because White & Case wasn't representing M2 Loanco at that time, who was White & Case representing?
A I don't recall who were they representing but it was post transaction that we had communications with.
Q Is there anyone else you had communications with about the M2 Loanco loans made to Tehum Care Services, Inc besides White & Case, Gray Reed and Mr. Perry?
A Mr. Rubenstein and Mr. Shapiro.
Q Anyone else?
A I don't recall.
Q Did you ever have communications with

56

an accountant about the M2 Loanco loans to Tehum Care Services, Inc?
A I don't recall.
Q Does M2 Loanco, LLC have financial statements?
A I believe so.
Q Okay. Who prepared these financial statements?
A Accountant.
Q Who's the accountant?
A I don't recall the name of the firm.
Q Do you recall the name of the accountant?
A No.
Q You just know an accountant.
A Right.
Q You just know an accountant did it?
A Right.
Q But you don't know who?
A I don't recall which accountant. But if you leave it blank, we'll provide it to you.
Q Did M2 Loanco use multiple accountants to conduct its accounting?
A Oh, M2 Loanco does not, but the parent company does.

57

Q By "the parent company", do you mean M2 Holdco, LLC?
A Correct.
Q And did M2 Holdco, LLC directly engage accountants or were those accountants in --
A Mm-hmm.
Q Okay. You said "Yes?"
A Correct.
Q And who would get copies of the M2 Loanco, LLC financials?
A I do.
Q Anyone else?
A I don't know.
Q Would you provide them to anyone else?
A Counsel.
Q And who's "counsel" in that sentence?
A Norton.
Q Prior to Norton Rose Fulbright's engagement, who would you provide them to?
A Mr. Rubenstein, Mr. Shapiro.
Q Would you do that by email?
A Either email or hard copy.
Q If they were hard copy, would you deliver those copies?
A In the office.

58

Q Would you hand-deliver copies to Mr. Rubenstein and Mr. Shapiro of the financials?
A I don't recall, but it's either/or, either hard copy or email.
Q And if it was hard copy, how would you deliver that to Mr. Rubenstein?
A Hard copy in the office.
Q In whose office?
A Perigrove's office.
Q Okay. And with Mr. Shapiro, you said, same answer, hard copy in the office; is that right?
A Correct.
Q And whose office?
A Perigrove.
Q Okay. And that's the office in Suffern?
A Correct.
Q Does M2 Loanco, LLC keep any internal records regarding the loans made that M2 Loanco is the lender on?
A Electronically.
Q Is that a "Yes"?
A I said "Yes, electronically."
Q Electronically, okay. So let's talk

59

about those electronic records. How would M2 Loanco, LLC maintain its electronic records?
A The email server.
Q What email server?
A IL@perigrove.
Q Other than IL@perigrove.com, where would the M2 Loanco internal records be?
A IL@perigrove.
Q So, if M2 -- so M2 Loanco has financial statements; correct?
A Correct.
Q By those are only available on your email account at Perigrove?
A Correct.
Q They are not saved to your desktop at Perigrove; they're not saved anywhere else?
A No, they are. They're saved on a drop box.
Q On a drop box?
A Correct.
Q Okay. And who controls that drop box?
A Perigrove.
Q Okay. And that drop box contains the records of M2 Loanco, LLC?
A As well.

60

Q I didn't catch that.
A As well.
Q As well as what?
A As perigrove.com, IL@perigrove.com.
Q Okay. Who -- and you have access to this drop box.
A Right.
Q And that's where the non-email records of M2 Loanco, LLC are maintained?
A Some of them, yeah.
Q Where are the others?
A IL@perigrove.com.
Q So, other than IL@perigrove.com and this drop box, is there anywhere else that M2 Loanco files are held?
A Attorneys.
Q You're saying the attorneys for M2 Loanco, LLC have --
A Attorneys, accountants.
Q Okay, so let's drill down on that.
When you say attorneys have the records of M2 Loanco, LLC, which attorneys are you talking about?
A I believe we went through this in the last hour who the attorney for M2 Loanco is and

61

you're asking me where records are kept and --
Q I am.
A -- I'm giving you -- and I'm giving you three locations. Either IL@perigrove.com or the drop box or at the attorneys that's representing M2 Loanco.
Q Okay. And those are the attorneys we've already discussed?
A Correct.
Q Is there anywhere else M2 Loanco has records?
A Not that I'm aware of.
Q Okay. You said sometimes financials would be either email or hard copy. Where are the hard copies located?
A Once I hand over a hard copy, I don't have it. We don't keep hard copies of anything. We are a paperless office.
Q So -- but -- but you said it was either hard copy or email, so --
A You asked me -- you asked me how did I hand over a financial statement to a colleague. I said either by email or by hard copy.
Q Okay. And then would anyone hand you financial statements by hard copy or was it all

62

done electronically?
A No, it could be, but if it's a hard copy it would have been scanned and stored on a disk drive.
Q Okay. And when you say "scanned and stored," where would it be stored?
A The drop box or email.
Q And email, you mean IL@perigrove.com?
A Correct.
Q Does Alan Rubenstein have a Perigrove email account?
A I don't believe so.
Q Zalman Shapiro does though; correct?
A Yes.
Q When M2 Loanco would enter into amendments to credit -- to its credit agreement with, formerly Corizon, now known as YesCare, how would M2 Loanco maintain records of those amendments?
MR. KAUFMAN: Object to form.
THE WITNESS: Same way, email and drop box.
BY MR. ZLUTICKY:
Q The email being IL@perigrove.com?
A Correct.

63

MR. KAUFMAN: Nick, can we take a bio break in the next few minutes?
MR. ZLUTICKY: Yeah, I think this is just as fine a point as any. Why don't we take ten?
MS. D'AMBRA: Okay.
MR. ZLUTICKY: So we'll stop here and we'll reconvene at 11:35 Eastern.
(Recess taken 11:23 a.m. to 11:35 a.m.)
BY MR. ZLUTICKY:
Q Mr. Lefkowitz, are you ready to continue?
A Yes, sir.
Q So let's go back on the record.
We were talking about in M2 Loanco's loans that it's made.
So one of the loans that M2 Loanco was a lender on was a loan that was originally made to various entities that were merged into Corizon Health, Inc. Do you recall that?
A Yes.
Q So I'm not trying to -- today, we're really focused on some specific topics and so I'm not trying to get into all of the details of the combination merger and the divisional merger.

64

But I just want to make sure we understand one another so I'm asking precise questions.
So, in May of 2022, there was a combination merger where Valitas Health Services, Inc, Corizon LLC, Corizon Health, Inc, and Corizon of New Jersey LLC merged into a single entity under Texas law; is that correct?
A Right.
Q Okay, and I'm going to refer to that as "the combination merger."
Then after that combination merger Corizon Health, Inc, incorporated under Texas law, did a divisional merger which resulted in two entities, Corizon Health, Inc, which is now known as Tehum Care Services, Inc; is that right?
A I believe so.
Q And then the other entity that was split out in the divisional merger is now known as YesCare Corp; is that right?
A Or CHS Texas.
Q Or CHS Texas, but it's now known as YesCare; is that right?
A Correct.
Q And that originally, when the

65

divisional merger was, that was CHS TX Inc; is that right?
A Correct.
Q Okay. And CHS stood for Corizon Health Services?
MR. KAUFMAN: Object to form.
THE WITNESS: I don't believe so.
BY MR. ZLUTICKY:
Q Okay. You think it's just a coincidence that it was named CHS.
A I don't know.
Q Okay. Is CHS an acronym?
A I don't know what it is.
Q Okay. Did you pick the name?
A I didn't pick the name, no.
Q Okay. Do you know who did?
A No.
Q Okay. So there was a loan that was made by M2 Loanco to the entities that combined in the combination merger; are you familiar with that loan?
A Yes.
Q Okay. In that loan there's an administrative agent called Cortland Capital Market Services LLC. Are you familiar with

66

Cortland?
A Yes.
Q What was Cortland's role in the loan that M2 Loanco made to those entities?
A Servicing.
Q Did you have communications with Cortland about Cortland's servicing of the M2 Loanco loan?
A I don't recall.
Q Did Alan Rubenstein have communications with anyone at Cortland regarding Cortland's servicing of the M2 Loanco loan?
A I don't know.
Q Did you ever have communications with Pinju Chiu, P-I-N-J-U, C-H-I-U at Cortland?
A I don't recall.
Q Do you recall ever having communications with anyone at Cortland?
A I don't recall.
Q If there are any records of communications between M2 Loanco and Cortland, would those be stored in the IL@perigrove.com email account?
A Yes, sir.
Q Or the drop box?

67

A Correct.
Q And those are the only two places it would be located on M2 Loanco site?
A I believe so.
Q When you say Cortland's role was servicing, what do you mean by "servicing?"
A There is servicing activity that goes on in a loan.
Q Okay. Can you describe what that is?
A Yes. Keeping calculations, keeping tab, sending statements.
Q Does that include collecting payments?
A Probably, yeah.
Q Cortland then remit the payments to M2 Loanco?
A Part of the servicing.
Q Is that a "Yes?"
A If there was any payments made.
Q Was there a written servicing agreement between Cortland and M2 Loanco?
A I believe so.
Q Who owns Cortland, if you know?
A I don't know.
Q Do you have any ownership interest in Cortland?

68

A No.
Q Do you have any ownership interest in any company that owns Cortland?
A I don't know who owns Cortland.
Q Why did M2 Loanco select Cortland to service the loan?
A Because M2 -- I think Cortland was servicing prior to us coming in.
Q When you say "us coming in", who is the us in that sentence?
A To Holdco.
Q And when you say "coming in," what does "coming in" mean?
A December of '21.
Q That -- that's a date. I'm saying what does "coming in" mean?
A Say, Cortland was a pre-existing servicing company to the loan.
Q And that's a loan that M2 Loanco acquired in December of '21?
A No.
Q Okay. So what does "coming in" mean?
A Delete the word "coming in."
Q I'm sorry?
A I say delete the answer "coming in."

69

Q Well - we're not deleting any of it. It's all in the record.
A So -- so don't delete it. Just -- I just misspoke, "coming in." Because you don't understand what "coming in" means, so let's get away from the word "coming in."
Q Well, I'm asking what you meant by it, that's all.
A Prior -- prior to my role, Cortland was in M2 Loanco prior to my role. I inherited Cortland.
Q Okay. When you say "you," who is the "you" in that sentence?
A Isaac Lefkowitz.
Q Okay. And when you say "inherited Cortland," what do you mean "inherited Cortland?"
A So this is going to be an interesting conversation.
So when I took over the role at M2 Loanco, Cortland was already the servicing company for M2 Loanco.
Q Okay.
A It wasn't my election to hire Cortland.
Q And so you -- assumed you'd engage Cortland as the servicer under the servicing

70

agreement after you joined M2 Loanco as a director in December 2021?
A I didn't engage them. They were engaged already.
Q And you continued that engagement.
A Correct.
Q On behalf of M2 Loanco, LLC?
A Correct.
Q But you don't know who engaged them in the first place at M2 Loanco?
A Correct.
MR. ZLUTICKY: Julie, I don't believe we have a copy of that servicing agreement in what's already been produced. If we do, then that's my error, but if we don't, then please send us the servicing agreement.
MS. D'AMBRA: It's noted.
BY MR. ZLUTICKY:
Q Did M2 Loanco make any additional loans to the entities that were combined in the combination merger?
MR. KAUFMAN: Object to form.
THE WITNESS: So made additional loans? I don't know what you're talking about, two entities and combined, but they did make

71

additional loans.
BY MR. ZLUTICKY:
Q Did they make additional loans to Corizon, LLC?
A Yes.
Q Did they make additional loans to Corizon of New Jersey LLC?
A Made it to the group of entities. I don't know exactly to which entity, what funds went to.
Q But M2 Loanco made loans to one or more of the entities that entered into the combination merger; is that correct?
A Correct.
MR. KAUFMAN: Object to form.
BY MR. ZLUTICKY:
Q Did Cortland service the other loans?
MR. KAUFMAN: Object to the form.
THE WITNESS: I believe so.
BY MR. ZLUTICKY:
Q Does Cortland service all of the loans that M2 Loanco holds?
A Except the DIP loan.
Q So, all of the loans that M2 Loanco's made except for the debtor in possession loan

72

that's been made in this bankruptcy case; is that right?
A Correct.
Q Who represented M2 Loanco, LLC in the negotiation of those loans?
MR. KAUFMAN: Object to form.
THE WITNESS: We went through this line of questioning before, who the attorneys for M2 Loanco was.
BY MR. ZLUTICKY:
Q I'm asking who represented M2 Loanco not as attorneys but as agents, as directors. Who were the individuals who conducted the business of M2 Loanco, LLC in negotiating the terms of those loans?
MR. KAUFMAN: Objection to form.
THE WITNESS: It's the same individuals, myself, Mr. Rubenstein, Mr. Shapiro.
BY MR. ZLUTICKY:
Q Anyone else?
A Not that I recall.
Q What is your role at YesCare?
A Director and monitor.
Q Describe what monitor means?
A Monitor the functionality of the

73

business, that the loan is sustainable.
Q What loan are you talking about when you say "the loan?"
A M2 Loanco's loan.
Q M2 Loanco has a loan under which YesCare Corp is the borrower; is that right?
A Correct.
Q And you are a director of both M2 Loanco, LLC and YesCare Corp?
A Correct.
Q Do you use your IL@perigrove.com account to conduct the business of YesCare Corp?
A Very little. I have a YesCare Corp email.
Q So you have an IL@yescarecorp email address; is that right?
A Correct.
Q Do you communicate regarding M2 Loanco's loans using your IL@yescarecorp email address?
A I don't believe so.
Q Did you check?
A I said all M2 Loanco business is conducted on IL Perigrove. It may have been cc'd to IL YesCare but I don't conduct M2 Loanco

74

business under IL YesCare.
Q So is it that you don't recall or that you know you didn't?
A I don't recall and I didn't check.
Q You did not check; correct?
A Correct.
Q So I want to move to the funding agreement. Are you generally familiar with the funding agreement dated May 5th between M2 Loanco, LLC and Corizon Health, Inc?
A Yes.
Q And I don't want to go through all the details of that funding agreement, which is why we're not going to put it up on the screen here, but under that funding agreement generally, is it your general understanding that M2 Loanco was obligated to provide certain funds to Corizon Health, Inc under the terms and conditions of that agreement?
A Correct.
Q Who negotiated the funding agreement for M2 Loanco, LLC?
A White & Case.
Q And who negotiated the funding agreement on behalf of Corizon Health, Inc?

75

A I believe it was their in-house counsel.
Q Who is that?
A Scott King.
Q Is that J. Scott King?
A I don't know about the J. I know him as Scott King.
Q You know him as Scott King. And Scott King was in-house counsel at Corizon Health, Inc?
A Correct.
Q Okay. So, under the funding agreement M2 Loanco made certain payments on behalf of Corizon Health, Inc; is that correct?
A Correct.
Q Okay. And you said -- and this was not an agreement that Cortland serviced; is that correct?
A Correct.
Q So, let's talk a little bit about the process and how it would work. So, who would make the request on behalf of Corizon Health, Inc that M2 Loanco make an advance or fund a payment?
A So we had a facilitator agreement with

76

a company called Geneva Consulting, so Corizon made a request to Geneva and Geneva made it to M2.
Q So let's talk about that. Corizon would make a request to Geneva Consulting LLC; is that correct?
A Correct.
Q Who at Corizon would make that request?
A Myself.
Q You would? Isaac Lefkowitz?
A Correct.
Q You would make a request to Geneva Consulting LLC; is that right?
A Correct.
Q Who at Geneva Consulting LLC would you make the request to?
A There's -- there's a whole group of people in Geneva?
Q What is your role at Geneva Consulting LLC?
A I don't have a role in Geneva.
Q Do you have any ownership interest in Geneva Consulting LLC?
A No.
Q Have you ever been a director of Geneva Consulting LLC?

77

A I don't believe so.
Q Have you ever been an officer of Geneva Consulting LLC?
A I don't recall. I don't believe so.
Q Does Perigrove own Geneva Consulting LLC?
A I don't know who owns Geneva Consulting LLC. I don't know the structure of Geneva Consulting.
Q Why was Geneva Consulting engaged under a facilitator agreement?
A To vet the invoices and payments.
Q Okay. Let's drill down on that.
So you said to collect the invoices and payment; is that right?
A To verify the legitimacy of it.
Q So you said you don't know who owns Geneva Consulting LLC; is that right?
A Correct.
Q Do you know who the officers or directors are of Geneva Consulting LLC?
A No.
Q Earlier you had said that you, on behalf of Corizon Health, Inc, would make a request to Geneva Consulting LLC to fund a

78

payment; is that right?
A (Inaudible), to vet.
Q I'm sorry, I couldn't hear with the background noise.
A I didn't say to fund, I said to vet.
Q To vet. Okay. So what do you mean by vet?
A We get an invoice from Nick Zluticky for a million dollars, who is he? Why are we paying it? Why do we own him?
Q And was Geneva's job to figure out why they need -- why M2 needs to pay Nick Zluticky?
A Correct.
Q So it's Geneva Consulting's job to figure out what the invoice is for and whether M2 Loanco needs to pay it?
A Correct.
Q And who at Geneva Consulting would you communicate with about paying an invoice under the funding agreement?
A I would call people there.
Q Can you name them, please?
A There's -- there's mainly -- mainly a girl by the name of Miriam.
Q What's her last name?

79

A I forgot her last name.
Q Okay. Anyone else besides Miriam?
A That was my direct contact.
Q So your only direct contact was Miriam?
A Correct.
Q What about Zalman Shapiro?
A Could be. I don't recall. Not on a daily basis, for sure, no.
Q Did Zalman Shapiro have a role at Geneva Consulting.
A I don't recall.
Q So why don't we go ahead and we're going to introduce a new exhibit now. Exhibit 2.
Lisa and Blake, it's the Geneva facilitator agreement and it starts with M2 Loanco, and the Bates number is 6620.
REMOTE TECHNICIAN: As I've marked this as Exhibit 2.
(Exhibit No. 2 was marked for identification.)
BY MR. ZLUTICKY:
Q So, Mr. Lefkowitz, this is the facilitator agreement that we were discussing a moment ago; are you familiar with this document?
A Yes.

80

Q Can you scroll to page -- the very end, the last page.
Okay, so we're going to focus on the signatories of the agreement so Corizon Health, Inc, it says "Isaac Lefkowitz, authorized signatory." Is that your signature on page 5?
A Yes.
Q Okay. And you signed it on behalf of Corizon Health, Inc; is that right?
A Yes.
Q Okay. And then M2 Loanco, LLC, it appears to be signed by Alan Rubenstein. Is that Alan Rubenstein's signature?
A I believe so.
Q And Alan Rubenstein was the other director of M2 Loanco, LLC at the time this document was signed?
A Correct.
Q Okay. And then the facilitator, Geneva Consulting, is signed by Zalman Shapiro; do you see that?
A Yes.
Q And is that Zalman Shapiro's signature?
A I believe so.
Q Okay. So Zalman Shapiro had some role

81

in Geneva Consulting when he signed this agreement, did he not?
A Right.
Q Okay. But you don't know what that role was?
A It says authorized signatory.
Q I'm just asking you: Do you know what that role was?
A It could be -- it could have been counsel to Geneva Consulting then.
Q Okay. He was also counsel to M2 Loanco; right?
A No, to Perigrove.
Q You said earlier that he was in-house counsel for M2 Loanco.
A I did not say that. I said he was in-house counsel for Perigrove.
Q Transcript will say what it says.
All right.
A Clearly. And you asked me after the -- did M2 Loanco have an inside counsel, and I said no.
Q Okay.
A The transcript will say what I said.
Q Okay. So, did you have communication

82

with Zalman Shapiro in his role at Geneva Consulting on the funding agreement?
A I don't recall.
Q You can take exhibit 2 down, Blake, thank you.
So let's walk through the funding agreement process again.
So you would communicate to Geneva about an invoice, and Geneva's job was to vet the invoice; is that right?
A Repeat that again?
Q All right. So you would make a request to Geneva to fund an invoice and it was Geneva's job to vet that invoice; is that right?
A No, that's not right.
Q Okay. Then what was Geneva's job?
A Just to vet, not to fund.
Q Okay. So, when Geneva -- so Geneva would vet the invoice; correct?
A Correct.
Q They would determine whether the invoice should be paid?
A Correct.
Q And --
MR. KAUFMAN: Nick, can I interject?

83

Are we on topic 12 now, because I thought you said at the outset that you were skipping 12 today?
MR. ZLUTICKY: We are, except what I'm trying to get at is the communications between M2 and Geneva, and where those would be located.
MR. KAUFMAN: Which topic is -- which topic is that, just --
MR. ZLUTICKY: 14 through 17.
MR. KAUFMAN: Okay. All right. Sorry. Continue.
BY MR. ZLUTICKY:
Q So, Geneva would then determine whether or not an invoice should be paid, and Geneva would make that communication to M2 Loanco; is that correct?
A Correct.
Q Okay. And who at M2 Loanco would Geneva communicate with?
A Myself and Alan.
Q How would Geneva communicate with you and Alan about the invoice?
A Mainly by phone. It wasn't on each invoice. It was just on a batch.
Q So this was done in batches?
A Right.

84

Q So you would collect in a group of invoices and then send it to Geneva to vet, and then Geneva would report to M2 Loanco on which invoices should be paid?
A No, Geneva would say "I need X amount of dollars to pay invoices."
Q And that would be because Geneva had done its job under the facilitator agreement to determine that an invoice should be paid?
A Correct.
Q And what would M2 Loanco do once it received that request from Geneva?
A Give them the go-ahead to pay.
Q And how would it be paid? Who would be the -- where would the money come from?
A Geneva's account.
Q Geneva had a separate bank account?
A Yes.
Q And Geneva was the owner of that bank account?
A Correct.
Q And where was that bank account located?
A I don't recall.
Q How would Geneva get money into its

85

bank account to fund invoices?
A M2.
Q M2 would transfer money to Geneva; is that correct?
A Transfer, of course to be transferred.
Q Okay. And when M2 would transfer money to Geneva, would it be out of a bank account that M2 owned?
A I would assume that.
Q Does M2 Loanco have bank accounts?
A Yes.
Q Where are they located?
A I don't recall. Here in New York.
Q Anywhere else?
A I don't believe so.
Q And when you say M2 Loanco would transfer money to Geneva, it would be from one of M2 Loanco's bank accounts in New York?
A Like I said, either they funded directly or they caused to be funded.
Q So on the fund directly part, that would be M2 Loanco transferring money to Geneva from one of M2 Loanco's bank accounts in New York; is that correct?
A Correct.

86

Q Okay. So let's now focus on cause to be funded. So -- that's a passive sentence. So let's break it down a little bit.
Who would M2 Loanco cause to fund to Geneva?
A Attorney escrow account.
Q They would cause an attorney escrow account to be transferred to Geneva?
A Correct.
Q Okay. Which attorney escrow account?
A Either Rubenstein or Shapiro.
Q So Rubenstein's law firm had an escrow account that would transfer money to Geneva Consulting LLC; is that correct?
A Correct.
Q And Zalman Shapiro, did he have his own escrow account separate and apart from Perigrove?
A Yes.
Q And it was just his own escrow account?
A I don't know his or his firm's.
Q Is it -- what -- what firm is Zalman Shapiro at?
A I don't recall the name, it's Shapiro something.
Q Okay. But Zalman Shapiro also had

87

a separate law firm that he operated out of?
A Right.
Q And that law firm had an escrow account where money would be transferred to Geneva; correct?
A Would have, correct.
Q Okay. And are those the only two accounts that M2 Loanco would cause to transfer money to Geneva under the funding agreement?
A I'm not sure. I would need to go back to the banking records to see where monies came from.
Q Did money come from Corizon Health, Inc to fund Geneva Consulting?
A I think some money came in, correct.
Q Okay. And that would be something that you -- that you as director of M2 Loanco would cause?
A Correct.
Q Any other companies that you would cause to fund money to Geneva Consulting LLC?
A Like I said, I would have to go through the banking records on each transfer to see where it came from.
Q Okay. And the records of you as M2

88

Loanco, LLC's director causing these transfers, where would those records be kept?
A Electronically, same way, email, drop box.
Q The email being the IL@perigrove.com?
A Correct.
Q What about IL@yescare?
A I don't know.
Q You don't know because you didn't check?
A I know YesCare gets a thousand emails a minute, so I don't know what's going on in that box.
Q But you didn't check; right?
A Correct.
Q All right. And you've not provided that email account to M2 Loanco's counsel at Norton Rose; is that correct?
A Correct.
Q And we'll get to this later but we're going to request that that email be searched for all responsive documents as well, but we can talk about that at the end.
Okay. So, moving on to the -- continuing with the funding agreement here. The

89

communications that you would have with Mr. Shapiro or Mr. Rubenstein to cause their escrow accounts to fund money to Geneva to pay these payments, how would those records be kept?

A So, you know, you said you wanted to save time so we can get to the 341 meeting, and it's going to be over and over this very same answer.

All records relating to M2 Loanco, regardless where the records are, in IL Perigrove or the drop box or through phone communication, period, end of story.

Q Well, you say "period, end of story" but we've gone through a lot of areas where you just simply didn't check.

A I didn't check the IL YesCare. IL Perigrove I did check and I handed that over. You said at the end of --

Q Go ahead. Go ahead.

A No, you go.

Q But you didn't check IL@yescare and you didn't turn that over.

A I didn't check IL YesCare and I didn't check any of the other 12 email addresses that I use.

90

Q Okay.

A Because mainly M2 Loanco business was conducted under IL Perigrove.

Q Okay.

MR. KAUFMAN: Just so the record's clear, we are in communication with YesCare's counsel about production of communications from YesCare.

MR. ZLUTICKY: Thank you. So -- so are we and we're -- we're working on that.

BY MR. ZLUTICKY:

Q Were there payments made under the funding agreement that Geneva did not vet?

A Not that I know of.

Q Okay. Who's Sigma Risk Management LLC?

MS. D'AMBRA: Can we take just a quick break?

MR. ZLUTICKY: Not right now, I'm in the middle of a question.

MS. D'AMBRA: I apologize. I was trying to catch you before you started.

MR. ZLUTICKY: Okay.

BY MR. ZLUTICKY:

Q Who is Sigma Risk Management LLC?

A It's a group of lawyers.

91

Q Do you have an ownership interest in Sigma Risk Management LLC?

A No.

Q Are you a director of Sigma Risk Management LLC?

A Yes.

Q Are you an officer of Sigma Risk Management LLC?

A No.

Q Who owns Sigma Risk Management LLC?

A A group of lawyers.

Q Okay. Who?

A There's about 12 of them.

Q Does that include Alan Rubenstein?

A No.

Q Zalman Shapiro?

A No.

Q Scott King?

A No.

Q Abe Goldberger?

A No.

Q David Gefner?

A No.

Q Okay. Anybody at White & Case?

A No.

92

MR. ZLUTICKY: Did you want to take a break?

MS. D'AMBRA: If you wouldn't mind, just for a second.

MR. ZLUTICKY: Why don't we take five.

(Recess taken 12:15 p.m. to 12:30 p.m.)

MR. ZLUTICKY: Mr. Lefkowitz, are you prepared to continue?

THE WITNESS: Yes.

MS. D'AMBRA: Yeah, thank you for the break.

MR. ZLUTICKY: Absolutely.

And if you -- if you need a breaks going forward -- I don't anticipate this is going to go much longer but if you do needs breaks going forward, don't hesitate to let us know.

BY MR. ZLUTICKY:

Q. All right. So we were talking about Sigma Risk Management LLC. Who would M2 Loanco communicate with at Sigma?

A I do.

Q I'm saying who would M2 Loanco communicate with at Sigma?

A Mainly Jennifer Finger.

Q Okay. And what's Jennifer Finger's

93

role at Sigma.
A She's the group leader.
Q Group leader. So what does -- I'm trying to understand here, what does Sigma Risk Management LLC do?
MR. KAUFMAN: Objection to form.
THE WITNESS: They manage the PLI load of Corizon.
BY MR. ZLUTICKY:
Q What does PLI mean?
A Professional liability.
Q And that's the professional liability of Corizon -- when you say Corizon, do you mean Tehum Care Services, Inc, or do you mean YesCare Corp formerly known as CHS Texas?
MR. KAUFMAN: Objection to form.
THE WITNESS: All of them.
BY MR. ZLUTICKY:
Q They manage the PLI for both?
A For -- for Tehum and for Corizon, for the bankruptcy, and for YesCare as well.
Q Does YesCare separately pay Sigma for the services that Sigma provides to YesCare?
A I believe so.
Q Would that be something that you know

94

in your capacity as director and monitor of YesCare?
A Correct.
Q Who else would M2 Loanco communicate with at Sigma Risk Management LLC besides Jennifer Finger?
A So there's a group of 12, mainly through Jennifer.
Q There's a group of 12 employees of Sigma Risk Management LLC?
A Employees and I believe they're the owners of the company as well.
Q Jennifer Finger's an owner of Sigma Risk Management?
A Correct.
Q Have you ever personally received money from Sigma Risk Management LLC?
A No.
Q Has M2 Loanco, LLC received any money from Sigma Risk Management LLC?
A No.
Q Has M2 Holdco?
A No.
Q Has Perigrove?
A No, not that I'm aware of.

95

Q Other than Miriam, whose last name you couldn't remember, is there anyone else at Geneva Consulting LLC you would communicate with on behalf of M2 Loanco?
A It was mainly my line of communication.
Q And I know that this line of questioning is not your favorite but it's important to drill down on it, so I'm going to.
I just want to --
A Every question -- every question is favorite.
Q The communications that you had with Miriam were -- would be on your IL@perigrove.com email account or stored in Dropbox; is that correct?
A Or by phone.
Q Or by phone.
Okay. So you would call Miriam and talk about M2 Loanco issues regarding the funding agreement?
A Or why Nick needs to get a million dollars.
Q Okay. Well, I like the sound of that.
A That was the example we used.
Q Yeah, that's a great example. So let's

96

stick with that. So in this batch of invoices it says Nick gets a million dollars, what's Geneva's job with respect to the Nick invoice?
MR. KAUFMAN: Nick, this -- this is in that topic 12? If you want to talk about communications and where they are, that's fine, but I think you're straying into topic 12.
MR. ZLUTICKY: Well, I get that, but I'm also trying to figure out what work product Geneva generated that would be available and provided to M2 so it does relate to --
MR. KAUFMAN: That's fine.
MR. ZLUTICKY: But that's where I'm headed.
MR. KAUFMAN: Ask that question. Why don't we do this: Why don't you ask that question so that the record's clear.
BY MR. ZLUTICKY:
Q What documents would Geneva Consulting LLC produce as a result of receiving an invoice from Corizon Health, Inc?
A It would produce payments.
Q What records would Geneva Consulting LLC have that show that the payment -- that the invoice was vetted?

97

A I don't know if there's vetting of the records. There's an invoice, there's due diligence, there is approval and there's payment. So I don't know if there was any records.
Q You don't know if there's any records?
A I haven't seen vetting records. I don't know what a vetting record is.
Q Well, "vetting" is the term that you use, so I'm just trying to get an idea of what records exist as part of this process.
A "Vetting" is a word that's in the Webster Dictionary. It's a -- the due diligence part of it. So you get an invoice from Verizon and it says you have to pay $200, someone takes that invoice and vets it and sees that the invoice is a legitimate invoice.
Maybe it's not to be billed to Corizon, maybe it's to be billed to Ian Cross.
The person that decides that this is a bill that's a legitimate bill that needs to get paid, Geneva Consulting gets the approval and pays it.
Q And the person at Geneva who would communicate with you about that is Miriam; is that right?

98

A Just in general terms, how much money is needed, not on an invoice-by-invoice basis.
Q And is it one of those issues where you never knew Miriam's last name or you just can't recall it now?
A I just can't recall it now. If you let me go on my computer, I'll find it.
Q Sure. Is it Gefner?
A No.
Q Okay. Is Miriam David Gefner's?
A David Gefner's wife has a Miriam which have no business relationship whatsoever.
Q And this is a different Miriam than the Miriam you communicate with at Geneva Consulting; correct?
A Exactly.
Q Okay.
A Miriam is a Biblical name.
Q No, I understand. Just like Zluticky, there's a ton of us out there.
A Right.
Q So you would get a communication from Miriam, either by phone or by email, that an invoice should be paid and then how would M2 Loanco direct that payment?

99

A That is absolutely not a correct statement that you just said. I'm going to correct you again.
Q That would be great.
A M2 Loanco never dealt with individual statements. M2 Loanco just dealt with how much money is needed to fund for the day, for the week, for the month, for the batch. Geneva Consulting dealt with the individual invoices.
Q And so Geneva would send a communication to M2 Loanco about how much money was needed?
A Either send a communication or pick up the phone and say, "We need X, Y, Z dollars."
Q And when they pick up the phone, you're the one on the other end of that phone; right?
A Right.
Q Okay. And so then what would you do?
A I would tell Alan, "We need to fund X amount of dollars."
Q Okay. And that would be done by phone or by email?
A Mainly by phone.
Q And then what would Alan do?
A I don't know. It depends on the

100

situation.
Q Well, were there times where you told him that, "We need to fund X amount of dollars" and he would do nothing?
A On very large sums, he would question and I explained them.
Q And those were all done on telephone conversations?
A Correct.
Q And once you explained them or if he didn't have questions, what would Alan do?
A So either we would fund it through the M2 loan account or through some escrow account or Geneva had money in the account and they funded it that way.
Q Or Corizon Health, Inc?
A I think there was only one or two occasions at Corizon Health.
Q And who would track the payments in terms of the amount of money that M2 Loanco was required to fund under the funding agreement?
A Geneva.
Q Geneva would track M2 Loanco's funding amounts under the funding agreement?
A Right.

101

Q Would Geneva provide periodic reports to M2 Loanco about that?
A I don't know if reports or telephone conversations. What are we up to, 5, 10, 15?
Q There were no written reports?
A Not that I recall.
Q Would M2 Holdco ever ask you for reports about the payment of more than $15 million?
A I'm the director of both. The buck stops at my desk.
Q And you would fund $15 million without any reporting to Perigrove?
A It was reported when it got the funding agreement approval.
Q So Geneva Consulting kept track of how much money was spent by M2 Loanco, advanced by M2 Loanco under the funding agreement?
A Right.
Q They would keep you apprised by phone mainly, and we've already established that M2 Loanco is owned by M2 Holdco is owned by Perigrove.
A Perigrove 1018.
Q Would you make any reports to Perigrove

102

1018 about M2 Loanco's obligations under the funding agreement?
A No.
Q Never?
A No.
Q How would M2 Loanco get the 15 million to fund the funding agreement?
A Various sources.
Q List them, please.
A I can't list them without looking at the bank record.
Q Do you recall any of the various sources?
A No.
Q And there are bank records that M2 Loanco has that would show these sources?
A Like I said, it's either through M2 Loanco directly or through escrow accounts.
Q Okay. Does M2 Loanco have copies of the bank statements for the escrow accounts?
A No.
Q Okay. The email server that you use, the Perigrove email server, does it regularly delete emails after a certain number of days?
A I don't believe so.

103

Q What about your YesCare email address?
A YesCare has a three-year delete, I believe.
Q Three-year, you said?
A Yes.
Q YesCare hasn't even existed for three years. So how could they have a --
A That's what I'm saying. It has a three-year delete and three years from now, today's email will be deleted.
Q Understood.
A I believe so. That's what I -- I'm not sure.
Q And that would be something that you would know in your capacity as a director and monitor of YesCare?
A Something that I overheard recently.
Q Where did you hear that from?
A I don't recall.
Q You overheard, as in someone was speaking but not to you?
A Someone in conversation about the -- you know, may have said that it has a three-year delete. I'm not certain about it.
Q Do you have any documents that you saw

104

at YesCare's facility?
A I don't.
Q Does M2 Loanco?
A Loanco's for -- probably now for the ninth time, the answer is that M2 Loanco has a drop box and my email. Other than that, they have no documents.
Q To the extent that you checked; right?
A To the extent that I know.
Q Do you know where M2 Loanco, LLC maintains its documents?
A Probably the same, drop box and my email.
Q Is that your IL@perigrove.com email?
A Correct.
Q And is the drop box the same drop box that M2 Loanco uses?
A Correct.
Q Anyplace else?
A Not that I know of.
Q Where does Perigrove 1018 LLC maintain its records?
A Drop box and at IL@perigrove.com.
Q Is there anyone else at Perigrove that does business on behalf of Perigrove 1018 besides

105

you?
A Alan Rubenstein.
Q Anyone else?
A Not that I know of.
Q What about Abe Goldberger?
A Don't believe so.
Q David Gefner?
A Don't believe so.
Q Other than Geneva Consulting, were there any other third parties that M2 Loanco used with respect to the funding agreement?
MS. D'AMBRA: Objection to form.
THE WITNESS: I don't know how much Cortland was involved. I can't tell at this moment.
BY MR. ZLUTICKY:
Q So you think Cortland may have been involved in the funding agreement?
A I don't know.
Q Were there any other third parties that you -- that M2 Loanco had an agreement with other than Cortland with respect to the M2 Loanco loans to Corizon?
MR. KAUFMAN: Object to form.
THE WITNESS: What period?

106

BY MR. ZLUTICKY:
Q 2022.
A I don't believe so.
Q 2023.
A I don't believe so.
Q 2021.
A I don't know.
Q When you became director of M2 Loanco in December 2021 did you inherit any records whatsoever?
A Yes.
Q Okay. What records?
A Phone history.
Q Where's that loan history stored?
A Drop box.
Q Are there any other records that you received as director of M2 Loanco when you became director of M2 Loanco in December 2021?
A A lot of records.
Q Like what?
A Phone records, tax return records, history records, document records.
Q So a lot of records?
A Correct.
Q And those are all in the drop box?

107

A Correct. And all I handed over to you.
Q And they're not stored anywhere else?
A Again, I think your question was asked and answered many times. At the counsel's office.
Q When you received these records in December 2021, were they already in the drop box?
A No.
Q Okay. Where were they?
A I don't know. We took them and we scanned them, we loaded them, we uploaded them. Where they came from, many different sources.
Q When did you scan them and upload them into a drop box?
A December of '21.
Q So when you became director of M2 Loanco, one of the things was you did was set up this drop box; is that right?
A Correct.
Q And you started putting documents into the drop box that are M2 Loanco documents?
A Correct.
Q And before then there was not a single repository for all of the M2 Loanco records; is that right?
A I don't know what happened before then.

108

Q Well, you said it came from various sources, so it didn't come from one source; correct?
A I don't know which -- at this point I don't know what sources it came from, but whatever sources it came from, it ended up in my drop box.
MR. ZLUTICKY: So I think I'm about done. Why don't we take a quick three-minute break.
(Court reporter appeals)
MR. ZLUTICKY: Absolutely, yeah. No, I understand, I will stick around for spelling assistance to the extent helpful. All right, thanks.
(Recess taken 12:42 p.m. to 12:45 p.m.)
BY MR. ZLUTICKY:
Q Does M2 Loanco have my written policies for how it maintains its records?
A I don't believe so.
Q And other than drop box and IL@perigrove, M2 Loanco doesn't have any other third parties or vendors that keep its records; is that correct?
A That's not correct.

109

Q Okay. So can you tell me how that's incorrect?
A We went through that line of questioning, that they have service company, Cortland and Geneva.
Q Are there any other service companies that M2 Loanco has?
A Not that I know of.
Q Are there any other service companies that M2 Loanco has used since you became a director in December 2021?
A The question was asked and answered that there was none.
MR. ZLUTICKY: So those are all the questions that I have, but before we move to anybody else's questions, to the extent that anyone may have any, which I doubt, this -- I don't believe that this witness has been adequately prepared to answer the questions on the topics that we discussed and so we're going to need to hold this deposition open, and I fully expect is that we're going to have a call with myself and with Norton Rose Fulbright lawyers to talk about what we're going to need to do as far as next steps. But for the record I do not

110

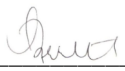
believe this witness was adequately prepared for the topics of which he testified today. We'll be addressing that shortly.
THE WITNESS: Why don't you explain? Why don't you explain what's not adequate?
MR. ZLUTICKY: That's not really a discussion for you and me to have. That's for me and your attorneys to have. So I think we'll probably leave that to me and your attorneys.
THE WITNESS: It's not the first time you were dishonest. You were dishonest to the court too when we provided documents and you said you didn't receive the documents.
I'd like to know, sitting here and answer your every single question truthfully, what is not adequate?
MR. ZLUTICKY: Yeah, does anybody else have any questions? Okay. Then I think we're finished. Thank you so much.
--- Whereupon the deposition concluded at 12:48 p.m.

111

CERTIFICATE OF REPORTER - NOTARY PUBLIC

I, LISA BARRETT, the officer before whom the foregoing deposition was taken, do hereby certify that the foregoing transcript is a true and correct record of the testimony given; that said testimony was taken by me and thereafter reduced to typewriting under my direction; that reading and signing was requested; and that I am neither counsel for, related to, nor employed by any of the parties to this case and have no interest, financial or otherwise, in its outcome.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this 15th day of May, 2023



LISA BARRETT, RPR, CRR, CRC, CSR
Certified Court Reporter and Notary Public

A

aaron
2:18
abe
23:6, 23:9, 23:21, 91:20, 105:5
able
31:14
about
6:13, 9:10, 11:23, 12:2, 16:3, 16:6, 16:15, 17:20, 23:22, 24:7, 31:25, 35:9, 36:7, 36:8, 37:8, 40:22, 41:6, 44:2, 44:8, 44:11, 45:14, 46:8, 47:3, 48:10, 48:25, 49:8, 50:4, 50:12, 50:16, 51:13, 51:22, 52:5, 52:8, 53:21, 53:25, 54:12, 54:18, 55:6, 55:9, 55:19, 56:1, 59:1, 60:23, 63:15, 66:7, 70:24, 73:2, 75:6, 75:20, 76:3, 78:19, 79:6, 82:9, 83:21, 88:7, 88:23, 90:7, 91:13, 92:18, 95:19, 96:5, 97:24, 99:11, 101:2, 101:8, 102:1, 103:1, 103:22, 103:24, 105:5, 108:8, 109:24
absolutely
46:18, 92:12, 99:1, 108:12
access
60:5
account
11:13, 32:8, 32:10, 32:21, 32:23, 33:1, 33:7, 33:15, 35:13, 37:2, 51:15, 51:18, 51:22, 59:13, 62:11, 66:23, 73:12, 84:16, 84:17, 84:20, 84:22, 85:1, 85:7, 86:6, 86:8, 86:10, 86:13, 86:17, 86:19, 87:3, 88:17, 95:14, 100:13, 100:14
accountant
56:1, 56:9, 56:10, 56:13, 56:15, 56:17, 56:20
accountants
56:22, 57:5, 60:19
accounting
56:23
accounts
34:7, 34:10, 35:7, 35:16, 35:19, 35:22, 36:1, 36:13, 36:21, 85:10, 85:18, 85:23, 87:8, 89:3, 102:18, 102:20
acquired
68:20
acronym
65:12
activity
67:7
additional
70:19, 70:23, 71:1, 71:3, 71:6
address
5:20, 6:1, 9:11, 10:10, 10:13, 10:15, 11:16, 26:24, 35:10, 37:8, 41:19, 49:15, 49:19, 49:21, 52:17, 73:16, 73:20, 103:1
addresses
37:18, 37:19, 37:22, 41:10, 41:12, 49:23, 52:17, 89:24
addressing
110:3
adequate
110:5, 110:16
adequately
109:19, 110:1
administrative
65:24
advance
4:20, 75:24
advanced
101:17
affixed
111:13
after
20:7, 55:8, 64:12, 70:1, 81:20, 102:24
again
15:18, 22:1, 48:21, 82:7, 82:11, 99:3, 107:3
agent
65:24
agents
72:12
ago
79:24
agree
17:14
agreed
4:22, 9:8, 17:13
agreement
3:13, 62:16, 67:19, 70:1, 70:13, 70:16, 74:8, 74:9, 74:13, 74:15, 74:19, 74:21, 74:25, 75:12, 75:17, 75:25, 77:11, 78:20, 79:15, 79:23, 80:4, 81:2, 82:2, 82:7, 84:8, 87:9, 88:25, 90:13, 95:20, 100:21, 100:24, 101:15, 101:18, 102:2, 102:7, 105:11, 105:18, 105:21
ahas
6:24
ahead
79:12, 89:19
alan
9:23, 14:22, 15:2, 15:6, 15:16, 18:9, 18:10, 19:1, 19:3, 19:6, 42:16, 42:24, 45:5, 45:7, 45:9, 45:15, 45:23, 46:3, 46:7, 48:25, 49:11, 49:15, 49:22, 50:3, 50:11, 50:25, 51:3, 51:8, 51:14, 51:25, 52:11, 52:16, 52:20, 52:23, 62:10, 66:10, 80:12, 80:13, 80:15, 83:19, 83:21, 91:14, 99:19, 99:24,

100:11, 105:2
all
7:4, 7:17, 7:24, 8:6, 10:12, 16:6, 26:14, 30:7, 31:11, 33:2, 35:23, 42:15, 45:21, 48:18, 61:25, 63:24, 69:2, 69:8, 71:21, 71:24, 73:23, 74:12, 81:19, 82:12, 83:9, 88:16, 88:22, 89:9, 92:18, 93:17, 100:7, 106:25, 107:1, 107:23, 108:14, 109:14
already
39:1, 52:19, 61:8, 69:20, 70:4, 70:14, 101:21, 107:6
also
2:24, 6:25, 28:22, 44:5, 81:11, 86:25, 96:9
always
28:6
amendments
62:16, 62:19
amount
84:5, 99:20, 100:3, 100:20
amounts
100:24
andrea
2:11
ankura
54:15
another
4:7, 20:17, 21:4, 28:24, 37:14, 38:14, 64:2
answer
6:23, 7:1, 7:18, 19:9, 19:12, 19:13, 22:15, 26:1, 28:13, 28:16, 28:17, 37:5, 38:6, 42:22, 47:17, 47:23, 48:14, 48:18, 50:23, 58:11, 68:25, 89:8, 104:5, 109:19, 110:15
answered
19:9, 28:10, 42:23, 44:24, 107:4, 109:12
answering
6:22, 47:24
answers
31:13, 48:18
anticipate
4:5, 92:14
any
4:9, 4:20, 5:9, 9:17, 9:25, 15:10, 18:5, 18:13, 18:16, 18:20, 18:24, 19:7, 19:15, 19:19, 19:25, 20:3, 20:6, 22:10, 23:3, 29:15, 29:20, 30:8, 30:15, 31:19, 32:1, 32:4, 33:10, 33:14, 34:5, 34:9, 34:18, 34:19, 34:24, 35:16, 35:19, 35:22, 36:12, 36:20, 37:1, 39:21, 41:1, 42:1, 44:1, 45:17, 49:22, 51:8, 52:2, 52:5, 52:12, 52:16, 55:7, 58:19, 63:4, 66:20, 67:18, 67:24, 68:2, 68:3, 69:1, 70:19, 76:21, 87:20, 89:24, 94:19, 97:4, 97:5, 101:13, 101:25, 102:12, 103:25, 105:10, 105:20, 106:9, 106:16, 108:22, 109:6, 109:9, 109:17, 110:18, 111:10
anybody
48:3, 91:24, 109:16, 110:17
anyone
9:20, 11:17, 12:8, 12:13, 12:18, 15:24, 16:2, 16:5, 16:17, 37:7, 46:8, 48:10, 54:10, 54:17, 55:18, 55:23, 57:12, 57:14, 61:24, 66:11, 66:18, 72:20, 79:2, 95:2, 104:24, 105:3, 109:17
anyplace
104:19
anything
16:6, 61:17
anywhere
43:18, 59:16, 60:14, 61:10, 85:14, 107:2
apart
86:17
apologize
4:19, 6:1, 52:20, 90:20
app
34:25, 44:1
apparently
26:6
appeals
108:11
appears
80:12
applications
51:9
applies
42:22
apprised
101:20
approval
97:3, 97:21, 101:15
areas
89:14
around
108:13
asked
7:19, 17:12, 19:8, 20:18, 21:3, 22:6, 28:9, 44:15, 45:17, 45:21, 48:6, 48:15, 51:24, 51:25, 52:2, 52:8, 52:19, 61:21, 81:20, 107:3, 109:12
asking
7:13, 12:1, 12:17, 12:18, 14:7, 14:11, 16:15, 21:4, 21:5, 36:7, 48:4, 54:6, 61:1, 64:2, 69:7, 72:11, 81:7
assistance
108:14
associated
10:12, 10:14
assume
7:18, 17:13,

85:9
assumed
69:24
attached
3:7
attending
4:4
attorney
5:3, 16:9, 16:11, 19:10, 19:11, 60:25, 86:6, 86:7, 86:10
attorneys
16:3, 16:13, 54:3, 60:16, 60:17, 60:19, 60:21, 60:22, 61:5, 61:7, 72:8, 72:12, 110:8, 110:9
authorized
80:5, 81:6
available
59:12, 96:10
ave
2:14
aware
4:7, 30:2, 61:12, 94:25
away
4:10, 69:6

B

b) (6
46:19, 46:25
babysitter
47:13
back
47:15, 47:16, 48:21, 48:22, 63:14, 87:10
background
78:4
backup
4:8
bank
84:17, 84:19, 84:22, 85:1, 85:7, 85:10, 85:18, 85:23, 102:11, 102:15, 102:20
banking
87:11, 87:23
bankruptcy
1:1, 5:5, 15:15, 72:1, 93:21
barrett
1:20, 111:2, 111:17
basis
79:8, 98:2
batch
83:23, 96:1, 99:8
batches
83:24
bates
3:14, 79:16
became
18:25, 106:8, 106:17, 107:15, 109:10
because
6:24, 33:24, 44:13, 44:23, 48:5, 50:9, 55:12, 68:7, 69:4, 83:1, 84:7, 88:9, 90:2
become
17:3, 20:14, 21:18, 52:21
becoming
18:17, 18:21
been
16:25, 18:24, 62:3, 70:14, 72:1, 73:24, 76:24, 77:2, 81:9, 105:17, 109:18
before
1:20, 6:11, 8:19, 72:8, 90:21, 107:22, 107:25, 109:15, 111:2
begin
13:7
behalf
2:2, 2:10, 12:9, 12:13, 12:19, 21:4, 21:5, 22:3, 29:12, 30:9, 30:16, 32:24, 34:10, 34:15, 36:17, 36:21, 37:2, 45:10, 45:24, 46:4, 49:10, 49:16, 49:23, 70:7, 74:25, 75:13, 75:23, 77:24, 80:8, 95:4, 104:25
being
48:1, 48:7, 48:10, 62:24, 88:5
believe
11:6, 13:17, 18:4, 19:8, 22:2, 23:14, 28:14, 32:7, 42:8, 43:11, 43:24, 44:4, 48:8, 50:13, 52:22, 56:6, 60:24, 62:12, 64:17, 65:7, 67:4, 67:21, 70:12, 71:19, 73:21, 75:1, 77:1, 77:4, 80:14, 80:24, 85:15, 93:24, 94:11, 102:25, 103:3, 103:12, 105:6, 105:8, 106:3, 106:5, 108:20, 109:18, 110:1
besides
23:18, 32:4, 55:20, 79:2, 94:5, 104:25
best
4:6, 7:13
between
21:9, 66:21, 67:20, 74:9, 83:4
biblical
98:18
bill
97:20
billed
97:17, 97:18
bio
63:1
bit
6:19, 75:20, 86:3
blake
2:24, 8:8, 79:14, 82:4
blank
56:21
borrower
53:12, 73:6
borrowers
53:12, 54:7
both
73:8, 93:19, 101:10
box
10:5, 10:8, 10:9, 10:10, 10:11, 10:18, 12:11, 59:18, 59:19, 59:21, 59:23, 60:6, 60:14, 61:5, 62:7, 62:22, 66:25, 88:4, 88:13, 89:11, 104:6, 104:12, 104:16, 104:23,

106:15, 106:25, 107:6, 107:13, 107:17, 107:20, 108:7, 108:21
break
63:2, 86:3, 90:17, 92:2, 92:11, 108:10
breaks
92:13, 92:15
buck
101:10
building
27:6
business
11:17, 11:25, 14:18, 15:7, 23:22, 24:2, 24:10, 24:15, 24:22, 27:14, 28:23, 29:21, 29:24, 30:6, 30:9, 30:16, 30:22, 31:4, 31:21, 32:2, 32:6, 32:11, 32:19, 32:24, 33:2, 34:10, 34:14, 35:25, 36:2, 36:4, 36:7, 36:12, 36:21, 37:2, 37:4, 37:6, 38:4, 38:19, 39:2, 40:13, 40:17, 41:3, 41:6, 41:22, 41:24, 42:3, 42:17, 42:21, 42:25, 43:4, 43:14, 43:18, 43:23, 44:2, 44:11, 46:4, 48:6, 49:13, 49:16, 49:23, 50:4, 50:12, 51:11, 51:23, 72:13, 73:1, 73:12, 73:23, 74:1, 90:2, 98:12, 104:25
businesses
36:9

C

c-h-i-u
66:15
calculations
67:10
call
26:4, 27:25, 39:8, 39:22, 49:4, 78:21, 95:18, 109:22
called
15:4, 25:17, 39:9, 65:24, 76:1
calling
28:3
calls
50:17
came
21:23, 87:11, 87:15, 87:24, 107:11, 108:1, 108:5, 108:6
can't
6:14, 26:3, 31:10, 46:15, 98:4, 98:6, 102:10, 105:14
capacity
11:12, 17:15, 20:21, 36:4, 94:1, 103:15
capital
65:24
care
1:6, 5:5, 53:14, 53:20, 53:23, 54:8, 54:10, 54:19, 54:24, 54:25, 55:3, 55:20, 56:2, 64:16, 93:14
carry
53:2
carrying
53:6
case
1:6, 5:5, 12:25, 13:1, 13:4, 13:15, 15:15, 15:16, 15:25, 24:10, 24:15, 24:19, 24:21, 27:14, 28:23, 29:12, 29:21, 31:21, 32:1, 38:2, 42:23, 55:2, 55:3, 55:6, 55:8, 55:12, 55:14, 55:20, 72:1, 74:23, 91:24, 111:10
catch
54:2, 60:1, 90:21
cause
86:1, 86:4, 86:7, 87:8, 87:18, 87:21, 89:2
caused
85:20
causing
88:1
cc'd
73:24
cell
29:1, 29:3, 29:5, 29:8, 29:11, 29:19, 30:1, 33:25, 34:2, 39:3, 39:20, 40:5, 40:7
cent
21:11
certain
34:17, 74:17, 75:13, 102:24, 103:24
certificate
111:1
certified
111:18
certify
111:4
chapter
1:5
check
73:22, 74:4, 74:5, 88:10, 88:14, 89:15, 89:16, 89:17, 89:21, 89:23, 89:24
checked
104:8
chief
54:13, 54:17
chiu
66:15
chs
64:21, 64:22, 65:1, 65:4, 65:10, 65:12, 93:15
circus
26:7
city
2:7
clarification
14:7, 36:8
clarify
36:3, 36:5
clean
6:21, 7:9
clear
15:18, 31:14, 90:6, 96:17
clearly
81:20
closer
31:8
cml
1:6
cognizant
49:7

coincidence
65:10
colleague
61:22
collect
77:14, 84:1
collecting
67:12
com
10:16, 35:10, 37:9, 59:6, 60:4, 60:12, 60:13, 61:4, 62:8, 62:24, 66:22, 73:11, 88:5, 95:13, 104:14, 104:23
combination
63:25, 64:5, 64:11, 64:12, 65:20, 70:21, 71:12
combined
65:19, 70:20, 70:25
come
28:5, 41:13, 84:15, 87:13, 108:2
coming
51:20, 68:8, 68:9, 68:12, 68:13, 68:16, 68:22, 68:23, 68:25, 69:4, 69:5, 69:6
commencing
4:1
committee
1:15, 2:2, 5:4
communicate
11:20, 14:17, 15:6, 23:21, 24:1, 24:9, 24:14, 24:21, 27:14, 28:22, 29:12, 29:20, 29:24, 30:6, 31:20, 32:5, 37:7, 38:18, 39:7, 39:18, 40:12, 40:16, 41:5, 42:2, 43:21, 43:25, 44:10, 44:16, 44:19, 45:23, 47:9, 47:11, 49:9, 49:11, 50:4, 51:12, 51:17, 51:22, 53:20, 53:24, 54:7, 54:11, 54:18, 54:25, 73:18, 78:19, 82:8, 83:18, 83:20, 92:20, 92:23, 94:4, 95:3, 97:24, 98:14
communicated
11:17, 12:3, 12:8, 12:13, 12:19, 13:19, 14:1, 14:8, 38:3
communicates
44:17, 46:22
communicating
12:20
communication
38:1, 45:18, 46:8, 48:1, 81:25, 83:14, 89:11, 90:6, 95:5, 98:22, 99:11, 99:13
communications
16:15, 16:16, 24:11, 24:13, 33:10, 42:20, 44:9, 45:10, 47:4, 51:10, 55:17, 55:19, 55:25, 66:6, 66:10, 66:14, 66:18, 66:21, 83:4, 89:1, 90:7, 95:12, 96:6
companies
87:20, 109:6, 109:9
company
10:24, 11:1, 17:18, 46:22, 56:25, 57:1, 68:3, 68:18, 69:20, 76:1, 94:12, 109:4
complex
27:7
complimentary
4:17
computer
4:10, 33:22, 98:7
conclude
13:9
concluded
110:20
conditions
74:18
conduct
30:9, 30:16, 30:22, 31:4, 32:11, 32:24, 33:2, 34:10, 34:14, 35:25, 36:6, 36:12, 36:21, 37:2, 37:4, 37:6, 39:2, 41:21, 46:4, 48:6, 49:16, 49:23, 56:23, 73:12, 73:25
conducted
72:13, 73:24, 90:3
conducting
36:7
confused
33:13
connect
4:14
consider
33:14
consulting
76:1, 76:5, 76:12, 76:14, 76:18, 76:22, 76:25, 77:3, 77:5, 77:7, 77:9, 77:10, 77:18, 77:21, 77:25, 78:18, 79:10, 80:20, 81:1, 81:10, 82:2, 86:14, 87:14, 87:21, 95:3, 96:20, 96:23, 97:21, 98:14, 99:8, 101:16, 105:9
consulting's
78:14
contact
79:3, 79:4
contains
10:11, 59:23
continue
47:3, 63:12, 83:10, 92:8
continued
70:5
continuing
88:25
controls
59:21
conversation
21:22, 40:1, 45:2, 55:5, 69:18, 103:22
conversations
4:11, 42:16, 55:7, 100:8, 101:4
copies
57:9, 57:24, 58:1, 61:15, 61:17, 102:19
copy
8:3, 57:22,

57:23, 58:4, 58:5, 58:7, 58:11, 61:14, 61:16, 61:20, 61:23, 61:25, 62:3, 70:13
corizon 62:17, 63:19, 64:6, 64:13, 64:15, 65:4, 71:4, 71:7, 74:10, 74:17, 74:25, 75:10, 75:14, 75:23, 76:1, 76:4, 76:7, 77:24, 80:4, 80:9, 87:13, 93:8, 93:13, 93:20, 96:21, 97:17, 100:16, 100:18, 105:23
corp 64:20, 73:6, 73:9, 73:12, 73:13, 93:15
corporate 6:7
corporation 11:4
cortland 65:24, 66:1, 66:7, 66:11, 66:15, 66:18, 66:21, 67:14, 67:20, 67:22, 67:25, 68:3, 68:4, 68:5, 68:7, 68:17, 69:9, 69:11, 69:16, 69:20, 69:23, 69:25, 71:17, 71:21, 75:17, 105:14, 105:17, 105:22, 109:5
cortland's 66:3, 66:7, 66:11, 67:5
could 5:12, 5:25, 6:23, 6:25, 31:7, 39:21, 40:7, 47:14, 62:2, 79:7, 81:9, 103:7
couldn't 78:3, 95:2
counsel 4:22, 8:13, 8:25, 9:9, 9:16, 9:21, 10:5, 10:18, 12:21, 12:22, 13:2, 13:4, 13:18, 13:20, 13:21, 13:22, 13:23, 13:25, 14:20, 15:10, 15:13, 31:7, 35:14, 37:21, 40:8, 40:9, 54:1, 54:3, 54:20, 54:24, 57:15, 57:16, 75:2, 75:9, 81:10, 81:11, 81:15, 81:17, 81:21, 88:17, 90:7, 111:9
counsel's 107:4
count 6:14
couple 6:18
course 85:5
court 1:1, 6:20, 6:25, 7:2, 7:10, 31:9, 47:16, 48:22, 108:11, 110:12, 111:18
crc 1:20, 111:17
create 25:15, 26:6
credit 62:16
creditors 1:15, 2:2, 5:4
cross 2:25, 97:18
crr 1:20, 111:17
csr 1:20, 111:17
current 5:20

D

d'ambra 2:11, 8:5, 14:6, 28:9, 28:17, 31:10, 36:16, 37:23, 38:13, 40:10, 41:15, 42:11, 45:13, 46:10, 46:14, 63:6, 70:17, 90:16, 90:20, 92:3, 92:10, 105:12
daily 79:8
dallas 2:21
date 1:17, 9:12, 68:15
dated 74:9
david 23:12, 24:1, 91:22, 98:10, 98:11, 105:7
day 99:7, 111:13
days 102:24
dealt 99:5, 99:6, 99:9
debtor 1:8, 36:5, 71:25
december 17:2, 18:18, 19:18, 19:21, 20:7, 21:20, 22:19, 68:14, 68:20, 70:2, 106:9, 106:18, 107:6, 107:14, 109:11
decides 97:19
delete 68:23, 68:25, 69:3, 102:24, 103:2, 103:9, 103:24
deleted 103:10
deleting 69:1
deliver 57:24, 58:6
depends 99:25
deposition 1:11, 3:8, 4:18, 6:10, 9:15, 9:18, 9:21, 15:19, 16:18, 29:16, 33:8, 33:20, 34:3, 44:14, 44:25, 45:4, 46:19, 46:20, 46:21, 46:25, 47:6, 47:8, 109:21, 110:20, 111:3
depositions 5:24
describe 67:9, 72:24
designated 1:12, 6:7
desk 101:11

desktop
59:15
details
11:21, 12:10, 63:24, 74:13
determine
82:21, 83:12, 84:9
device
33:18
devices
33:19
dictionary
97:12
different
27:19, 27:20, 29:9, 98:13, 107:11
differently
15:1
difficult
7:2, 49:6
diligence
97:3, 97:12
dip
71:23
direct
46:5, 79:3, 79:4, 98:25
direction
111:7
directly
47:2, 48:7, 57:4, 85:20, 85:21, 102:18
director
16:24, 16:25, 17:3, 17:10, 17:12, 17:16, 17:17, 18:17, 18:21, 18:25, 19:3, 19:18, 20:13, 20:14, 20:18, 20:22, 20:23, 21:1, 21:3, 21:15, 21:18, 21:23, 22:7, 44:6, 45:15, 46:23, 49:10, 49:12, 52:21, 52:24, 54:9, 70:1, 72:23, 73:8, 76:24, 80:16, 87:17, 88:1, 91:4, 94:1, 101:10, 103:15, 106:8, 106:17, 106:18, 107:15, 109:11
directors
18:5, 18:13, 18:16, 18:21, 18:24, 19:7, 19:22, 72:12, 77:21
discuss
41:2, 42:25, 43:4, 43:14, 43:18, 45:9
discussed
9:16, 37:25, 61:8, 109:20
discussing
79:23
discussion
9:1, 110:7
discussions
4:9, 8:24
dishonest
110:11
disk
62:4
district
1:2
division
1:3
divisional
63:25, 64:14, 64:19, 65:1
docket
8:16
document
7:24, 8:13, 8:19, 79:24, 80:17, 106:22
documents
9:17, 16:20, 33:14, 33:16, 88:22, 96:19, 103:25, 104:7, 104:11, 107:19, 107:20, 110:12, 110:13
doing
7:11, 8:25
dollars
78:9, 84:6, 95:22, 96:2, 99:14, 99:20, 100:3
done
6:18, 49:14, 62:1, 83:24, 84:8, 99:21, 100:7, 108:9
doubt
109:17
down
10:6, 31:11, 52:20, 60:20, 77:13, 82:4, 86:3, 95:8
dozen
37:19
drill
10:6, 60:20, 77:13, 95:8
drive
5:21, 6:4, 6:5, 62:4
driver's
5:14, 5:17
drop
59:17, 59:19, 59:21, 59:23, 60:6, 60:14, 61:5, 62:7, 62:21, 66:25, 88:3, 89:11, 104:6, 104:12, 104:16, 104:23, 106:15, 106:25, 107:6, 107:13, 107:17, 107:20, 108:7, 108:21
dropbox
95:14
due
97:2, 97:12

E

e-i
14:25
each
4:15, 29:8, 83:22, 87:23
earlier
34:13, 77:23, 81:14
early
13:8
eastern
63:8
either
57:22, 58:3, 58:4, 61:4, 61:14, 61:19, 61:23, 85:19, 86:11, 98:23, 99:13, 100:12, 102:17
election
69:23
electronic
59:1, 59:2
electronically
58:22, 58:24, 58:25, 62:1, 88:3
elizabeth
2:25
elm
2:20
else
16:2, 16:5, 16:17, 23:11, 23:15, 43:18, 54:17, 55:18, 55:23, 57:12, 57:14, 59:16, 60:14, 61:10,

72:20, 79:2, 85:14, 94:4, 95:2, 104:19, 104:24, 105:3, 107:2, 110:17
else's 109:16
email 10:5, 10:8, 10:9, 10:10, 10:12, 10:15, 11:13, 11:16, 24:17, 35:10, 35:13, 35:16, 35:19, 35:22, 36:1, 36:12, 36:21, 37:1, 37:8, 37:17, 37:19, 41:6, 41:9, 41:14, 41:15, 41:16, 45:24, 49:12, 49:15, 49:18, 49:19, 49:21, 49:22, 52:16, 52:17, 57:21, 57:22, 58:4, 59:3, 59:4, 59:13, 61:14, 61:20, 61:23, 62:7, 62:8, 62:11, 62:21, 62:24, 66:23, 73:14, 73:15, 73:19, 88:3, 88:5, 88:17, 88:21, 89:24, 95:14, 98:23, 99:22, 102:22, 102:23, 103:1, 103:10, 104:6, 104:13, 104:14
emails 9:25, 10:4, 10:12, 10:18, 35:9, 88:11, 102:24
employed 111:9
employees 20:1, 20:4, 20:6, 94:9, 94:11
enabled 4:12
end 80:1, 88:23, 89:12, 89:13, 89:18, 99:16
ended 55:9, 108:6
engage 57:4, 69:24, 70:3
engaged 70:4, 70:9, 77:10
engagement 13:7, 13:9, 54:16, 54:23, 55:8, 57:19, 70:5
enter 62:15
entered 71:12
entire 12:11
entities 63:19, 64:15, 65:19, 66:4, 70:20, 70:25, 71:8, 71:12
entity 20:24, 21:4, 21:5, 22:3, 64:7, 64:18, 71:9
eric 36:4
error 70:15
escrow 86:6, 86:7, 86:10, 86:12, 86:17, 86:19, 87:3, 89:3, 100:13, 102:18, 102:20
especially 7:10
esquire 2:3, 2:11, 2:12, 2:18
est 1:18
established 39:1, 101:21
even 42:10, 103:6
ever 6:10, 15:13, 20:3, 23:21, 23:24, 24:1, 24:4, 24:7, 31:20, 36:20, 37:7, 39:25, 40:12, 42:24, 43:13, 43:17, 43:21, 43:25, 46:1, 46:3, 46:7, 47:25, 50:11, 50:24, 55:25, 66:14, 66:17, 76:24, 77:2, 94:16, 101:7
every 27:19, 27:20, 95:10, 110:15
everyone 4:4
everywhere 28:20
exact 50:23
exactly 71:9, 98:16
examination 3:2, 4:25
example 39:15, 95:24, 95:25
except 71:23, 71:25, 83:3
exhibit 3:10, 3:13, 8:9, 8:10, 9:3, 79:13, 79:18, 79:19, 82:4
exhibits 3:8
exist 97:10
existed 103:6
expect 109:22
explain 7:14, 25:25, 110:4, 110:5
explained 100:6, 100:10
extensive 21:21
extent 104:8, 104:9, 108:14, 109:16

F

facilitator 3:13, 75:25, 77:11, 79:15, 79:23, 80:19, 84:8
facility 104:1
facsimile 42:9
fail 47:7
failed 47:5
fails 46:23
failure 46:24
fair 7:15, 7:20, 7:22
fallsburg 5:21

familiar
6:20, 65:20, 65:25, 74:8, 79:24
family
31:2
far
7:5, 109:24
favorite
95:7, 95:11
feel
31:19
few
12:23, 24:25, 29:4, 29:5, 63:2
figure
78:11, 78:15, 96:9
files
60:15
financial
56:4, 56:7, 59:9, 61:22, 61:25, 111:11
financials
57:10, 58:2, 61:13
find
33:10, 34:18, 98:7
fine
63:4, 96:6, 96:12
finger
92:24, 94:6
finger's
92:25, 94:13
fingertips
8:4
finish
45:3
finished
110:19
firm
12:25, 15:3, 15:4, 49:18, 49:21, 52:17, 56:11, 86:12, 86:21, 87:1, 87:3
firm's
86:20
first
5:24, 6:2, 7:24, 14:13, 23:9, 70:10, 110:10
five
25:9, 92:5
focus
80:3, 86:1
focused
24:12, 24:13, 63:23
focusing
9:13
follow
44:21
follows
4:24
foregoing
111:3, 111:4
forgot
79:1
form
28:12, 28:15, 36:14, 41:23, 46:13, 62:20, 65:6, 70:22, 71:15, 71:18, 72:6, 72:16, 93:6, 93:16, 105:12, 105:24
formerly
62:17, 93:15
forth
46:21
forward
19:21, 92:14, 92:16
four
25:7
fourth
19:14
free
31:19
front
7:25, 11:21, 12:6, 22:24
fulbright
2:13, 16:10, 16:14, 109:23
fulbright's
57:18
full
5:6
fully
109:21
functionality
72:25
fund
75:24, 77:25, 78:5, 82:13, 82:17, 85:1, 85:21, 86:4, 87:14, 87:21, 89:3, 99:7, 99:19, 100:3, 100:12, 100:21, 101:12, 102:7
funded
85:19, 85:20, 86:2, 100:14
funding
74:7, 74:9, 74:13, 74:15, 74:21, 74:24, 75:12, 78:20, 82:2, 82:6, 87:9, 88:25, 90:13, 95:19, 100:21, 100:23, 100:24, 101:14, 101:18, 102:2, 102:7, 105:11, 105:18
funds
71:9, 74:17

G

g-e-f-f-n-e-r
23:13
g-o-l-d-b-e-r-g--e-r
23:8
gefner
23:12, 23:13, 24:2, 91:22, 98:8, 105:7
gefner's
98:10, 98:11
general
36:11, 74:16, 98:1
generally
74:8, 74:15
generated
96:10
geneva
3:13, 76:1, 76:2, 76:4, 76:11, 76:14, 76:17, 76:18, 76:20, 76:22, 76:24, 77:2, 77:5, 77:7, 77:8, 77:10, 77:18, 77:21, 77:25, 78:14, 78:18, 79:10, 79:14, 80:19, 81:1, 81:10, 82:1, 82:8, 82:13, 82:18, 83:5, 83:12, 83:13, 83:18, 83:20, 84:2, 84:3, 84:5, 84:7, 84:12, 84:17, 84:19, 84:25, 85:3, 85:7, 85:17, 85:22, 86:5, 86:8, 86:13, 87:4, 87:9, 87:14, 87:21, 89:3, 90:13, 95:2, 96:10, 96:19, 96:23, 97:21, 97:23, 98:14, 99:8, 99:10, 100:14, 100:22, 100:23,

101:1, 101:16, 105:9, 109:5
geneva's 78:11, 82:9, 82:13, 82:16, 84:16, 96:2
girl 78:24
give 8:12, 39:15, 84:13
given 111:5
giving 61:3
glued 31:11
gmail 41:12, 41:17, 41:19
go 6:17, 12:24, 28:19, 48:13, 48:16, 63:14, 74:12, 79:12, 87:10, 87:22, 89:19, 89:20, 92:15, 98:7
go-ahead 84:13
goes 67:7
going 6:17, 7:7, 7:18, 8:8, 9:9, 9:11, 19:10, 19:12, 25:19, 26:3, 26:7, 38:13, 40:6, 47:2, 64:10, 69:17, 74:14, 79:13, 80:3, 88:12, 88:21, 89:7, 92:14, 92:15, 95:8, 99:2, 109:20, 109:22, 109:24
goldberger 23:6, 23:22, 91:20, 105:5
gone 31:24, 39:11, 89:14
gotten 50:24
grab 39:8
grasp 7:3
gray 2:19, 54:22, 54:23, 55:21
great 43:11, 95:25, 99:4
group 22:22, 23:2, 71:8, 76:16, 84:1, 90:25, 91:11, 93:2, 93:3, 94:7, 94:9

H

hand 61:16, 61:22, 61:24, 111:13
hand-deliver 58:1
handed 10:5, 12:10, 89:17, 107:1
happen 26:8, 30:13
happened 107:25
happens 5:23
hard 7:8, 57:22, 57:23, 58:4, 58:5, 58:7, 58:11, 61:14, 61:15, 61:16, 61:17, 61:20, 61:23, 61:25, 62:2
harrison 2:12
head 7:1, 7:2
headed 96:14
health 63:20, 64:5, 64:6, 64:13, 64:15, 65:4, 74:10, 74:18, 74:25, 75:10, 75:14, 75:23, 77:24, 80:4, 80:9, 87:13, 96:21, 100:16, 100:18
hear 5:24, 31:9, 37:5, 38:6, 78:3, 103:18
heard 2:25, 36:6
held 22:17, 60:15
hello 4:3
help 4:12, 53:6
helpful 33:19, 108:14
here 6:6, 6:21, 12:7, 12:12, 25:16, 25:19, 36:17, 38:14, 51:19, 63:7, 74:14, 85:13, 88:25, 93:4, 110:14
hereby 111:3
hereunto 111:12
hesitate 92:16
hire 69:23
history 106:13, 106:14, 106:22
hold 45:3, 109:21
holdco 17:19, 17:23, 17:24, 20:10, 20:15, 20:18, 20:25, 21:3, 21:10, 21:13, 35:20, 57:2, 57:4, 68:11, 94:22, 101:7, 101:22
holding 53:11
holds 71:22
home 30:3, 30:5, 30:7, 30:20, 30:23, 31:4
horowitz 15:5, 18:11, 43:7
hotel 39:16, 39:17
hour 60:25
houston 1:3
hundred 6:15

I

i-e 14:25
ian 2:25, 97:18
idea 97:9
identification 8:11, 79:20
identify 4:13, 4:15, 5:12, 26:3
il 37:11, 73:24, 73:25, 74:1,

89:10, 89:16, 89:23, 90:3
il@perigrove
10:16, 35:10, 37:9, 59:5, 59:6, 59:8, 60:4, 60:12, 60:13, 61:4, 62:8, 62:24, 66:22, 73:11, 88:5, 95:13, 104:14, 104:23, 108:22
il@yescare
88:7, 89:21
il@yescarecorp
73:15, 73:19
important
95:8
in-house
13:20, 13:21, 13:22, 13:23, 13:25, 75:1, 75:9, 81:14, 81:17
inc
1:6, 5:5, 53:14, 53:20, 53:24, 54:8, 54:11, 54:19, 54:24, 54:25, 55:4, 55:20, 56:2, 63:20, 64:6, 64:13, 64:15, 64:16, 65:1, 74:10, 74:18, 74:25, 75:10, 75:14, 75:23, 77:24, 80:5, 80:9, 87:13, 93:14, 96:21, 100:16
include
46:21, 53:13, 54:7, 67:12, 91:14
includes
46:22
incorporated
64:13
incorrect
109:2
individual
12:15, 23:2, 99:5, 99:9
individually
22:6, 22:7
individuals
72:13, 72:18
information
33:17
inherit
106:9
inherited
69:10, 69:15, 69:16
inside
81:21
instagram
35:2
instruct
28:13, 28:15
instructs
19:12
intake
10:10
interest
22:11, 22:13, 22:18, 67:24, 68:2, 76:21, 91:1, 111:11
interesting
69:17
interject
82:25
internal
58:19, 59:7
internet
26:18
interruptions
4:20
introduce
79:13
investors
22:22, 23:2
invoice
78:8, 78:15, 78:19, 82:9, 82:10, 82:13, 82:14, 82:19, 82:22, 83:13, 83:21, 83:23, 84:9, 96:3, 96:21, 96:25, 97:2, 97:13, 97:15, 97:16, 98:24
invoice-by-invoice
98:2
invoices
77:12, 77:14, 84:2, 84:4, 84:6, 85:1, 96:1, 99:9
involved
105:14, 105:18
involvement
46:5
isaac
1:13, 3:2, 4:23, 5:8, 5:15, 69:14, 76:9, 80:5
island
43:12
issue
38:12
issues
95:19, 98:3
itself
8:2

J

jennifer
92:24, 92:25, 94:5, 94:8, 94:13
jersey
64:7, 71:7
job
1:22, 78:11, 78:14, 82:9, 82:14, 82:16, 84:8, 96:3
jog
12:16
joined
19:17, 70:1
julia
2:12
julie
70:12

K

kansas
2:7
kaufman
2:18, 31:11, 36:3, 36:4, 36:14, 41:23, 62:20, 63:1, 65:6, 70:22, 71:15, 71:18, 72:6, 72:16, 82:25, 83:6, 83:9, 90:5, 93:6, 93:16, 96:4, 96:12, 96:15, 105:24
keep
58:19, 61:17, 101:20, 108:23
keeping
67:10
kept
61:1, 88:2, 89:4, 101:16
king
75:4, 75:5, 75:7, 75:8, 75:9, 91:18
knew
98:4
know
7:13, 14:13, 14:25, 17:7, 17:8, 18:19, 18:20, 20:5, 23:1, 25:16, 25:20, 25:21, 25:22, 26:5, 26:24, 28:3,

31:3, 36:24, 36:25, 37:14, 38:11, 40:5, 42:10, 43:9, 44:12, 44:16, 45:25, 46:1, 46:11, 47:12, 47:21, 47:25, 48:11, 48:23, 49:25, 50:7, 51:21, 52:11, 52:18, 56:15, 56:17, 56:19, 57:13, 65:11, 65:13, 65:16, 66:13, 67:22, 67:23, 68:4, 70:9, 70:24, 71:9, 74:3, 75:6, 75:8, 77:7, 77:8, 77:17, 77:20, 81:4, 81:7, 86:20, 88:8, 88:9, 88:11, 88:12, 89:5, 90:14, 92:16, 93:25, 95:6, 97:1, 97:4, 97:5, 97:7, 99:25, 101:3, 103:15, 103:23, 104:9, 104:10, 104:20, 105:4, 105:13, 105:19, 106:7, 107:9, 107:25, 108:4, 108:5, 109:8, 110:14

known
53:14, 62:17, 64:15, 64:19, 64:22, 93:15

L

large
100:5

last
45:8, 49:6, 60:25, 78:25, 79:1, 80:2, 95:1, 98:4

late
51:20

later
9:12, 88:20

laughter
42:11

law
49:18, 49:21, 64:8, 64:13, 86:12, 87:1, 87:3

lawyers
90:25, 91:11, 109:23

leader
93:2, 93:3

leave
56:21, 110:9

lefkowitz
1:13, 3:2, 4:23, 5:2, 5:8, 5:15, 8:20, 38:17, 48:13, 63:11, 69:14, 76:9, 79:22, 80:5, 92:7

legal
5:14

legitimacy
77:16

legitimate
97:16, 97:20

lender
53:17, 58:21, 63:18

let's
10:6, 12:24, 13:1, 17:20, 31:25, 35:9, 44:8, 48:25, 58:25, 60:20, 63:14, 69:5, 75:20, 76:3, 77:13, 82:6, 86:1, 86:3, 95:25

letter
42:13

liability
93:11, 93:12

license
5:15, 5:18

likely
43:16

limiting
9:1

line
28:2, 28:4, 28:6, 30:3, 30:5, 30:7, 38:23, 38:24, 72:7, 95:5, 95:6, 109:3

lines
26:3

lisa
1:20, 8:8, 47:14, 48:20, 79:14, 111:2, 111:17

list
8:23, 37:20, 37:22, 40:6, 102:9, 102:10

lists
9:4

little
36:8, 73:13, 75:20, 86:3

llc's
88:1

llp
2:4

load
53:2, 53:3, 53:5, 93:7

loaded
107:10

loan
53:7, 53:8, 53:16, 53:21, 63:18, 65:18, 65:21, 65:23, 66:3, 66:8, 66:12, 67:8, 68:6, 68:18, 68:19, 71:23, 71:25, 73:1, 73:2, 73:3, 73:4, 73:5, 100:13, 106:14

loanco's
8:25, 17:20, 63:15, 71:24, 73:4, 73:19, 85:18, 85:23, 88:17, 100:23, 102:1, 104:4

loans
53:10, 53:13, 53:21, 53:25, 54:12, 54:18, 55:1, 55:10, 55:19, 56:1, 58:20, 63:16, 63:17, 70:19, 70:23, 71:1, 71:3, 71:6, 71:11, 71:17, 71:21, 71:24, 72:5, 72:15, 73:19, 105:22

located
43:10, 61:15, 67:3, 83:5, 84:23, 85:12

location
26:12, 26:21, 30:8

locations
41:1, 61:4

log
30:12

long
16:25, 22:17, 43:11

longer
13:16, 92:15

look
9:2, 29:15, 33:7

looked
34:1, 34:2
looking
102:10
looks
9:3
lot
6:24, 25:14, 26:3, 26:8, 26:15, 31:13, 48:14, 48:16, 89:14, 106:19, 106:23
loud
31:16
louder
31:17

M

m2loanco
3:14
made
54:19, 55:19, 58:20, 63:16, 63:18, 65:19, 66:4, 67:18, 70:23, 71:8, 71:11, 71:25, 72:1, 75:13, 76:2, 90:12
mailbox
33:22
mainly
38:5, 38:7, 78:23, 83:22, 90:2, 92:24, 94:7, 95:5, 99:23, 101:21
maintain
59:2, 62:18, 104:21
maintained
60:9
maintains
104:11, 108:19
make
8:6, 26:4, 31:9, 31:14, 39:22, 64:1, 70:19, 70:25, 71:3, 71:6, 75:22, 75:23, 76:4, 76:7, 76:11, 76:15, 77:24, 82:12, 83:14, 101:25
manage
93:7, 93:19
management
90:15, 90:24, 91:2, 91:5, 91:8, 91:10, 92:19, 93:5, 94:5, 94:10, 94:14, 94:17, 94:20
manager-managed
18:3
many
6:13, 24:24, 25:16, 28:7, 29:3, 29:19, 107:4, 107:11
mark
8:8
marked
8:10, 79:17, 79:19
market
65:25
mary
2:25
maybe
97:17, 97:18
mean
10:9, 14:12, 17:8, 26:17, 28:12, 37:4, 37:6, 43:6, 53:9, 57:1, 62:8, 67:6, 68:13, 68:16, 68:22, 69:16, 78:6, 93:10, 93:13, 93:14
meaning
30:12
means
7:23, 69:5, 72:24
meant
69:7
media
34:24
meet
41:2, 42:24, 43:3, 43:13, 43:17
meeting
89:6
meetings
40:19
member
17:24, 21:11, 21:13
member-managed
18:2, 18:4
members
17:22, 22:20, 23:17
membership
22:18
memory
12:16
merged
63:19, 64:7
merger
63:25, 64:5, 64:11, 64:12, 64:14, 64:19, 65:1, 65:20, 70:21, 71:13
message
43:22, 50:21, 50:25, 51:3
messages
31:25, 32:1, 32:5, 34:5, 35:5, 40:14, 50:12, 50:16, 51:19, 52:2, 52:9
messaging
32:4, 34:19, 34:24, 35:4, 44:1, 51:9, 52:6, 52:12
method
24:14
methodology
24:13
methods
38:1, 42:1, 48:25, 49:9
mic
4:11
microphone
31:8, 38:14
mid
13:10, 13:14
middle
5:9, 90:19
midyear
55:9
million
78:9, 95:21, 96:2, 101:9, 101:12, 102:6
mind
92:3
minute
88:12
minutes
63:2
miriam
78:24, 79:2, 79:4, 95:1, 95:13, 95:18, 97:24, 98:10, 98:11, 98:13, 98:14, 98:18, 98:23
miriam's
98:4
misspoke
69:4
mm-hmm
57:6
mo
2:7
moment
10:7, 17:21, 79:24, 105:15

money
84:15, 84:25, 85:3, 85:6, 85:17, 85:22, 86:13, 87:4, 87:9, 87:13, 87:15, 87:21, 89:3, 94:16, 94:19, 98:1, 99:7, 99:11, 100:14, 100:20, 101:17
monies
87:11
monitor
72:23, 72:24, 72:25, 94:1, 103:16
monitoring
53:7
month
99:8
more
6:15, 25:1, 25:3, 25:5, 25:7, 25:9, 25:11, 25:13, 25:18, 25:21, 25:22, 26:5, 71:11, 101:8
most
39:10, 43:16, 49:13
move
31:8, 38:1, 74:7, 109:15
moving
88:24
much
92:15, 98:1, 99:6, 99:11, 101:17, 105:13, 110:19
multiple
33:25, 34:1, 34:2, 34:6, 35:7, 56:22
mute
4:11
myself
17:12, 22:5, 72:18, 76:8, 83:19, 109:23

N

name
5:2, 5:6, 5:14, 5:17, 10:25, 14:2, 14:12, 14:13, 23:9, 49:6, 56:11, 56:12, 65:14, 65:15, 78:22, 78:24, 78:25, 79:1, 86:23, 95:1, 98:4, 98:18
named
65:10
names
5:9, 11:5, 22:24
necessarily
39:20
neck
43:11
need
19:13, 31:1, 39:21, 78:12, 84:5, 87:10, 92:13, 99:14, 99:19, 100:3, 109:21, 109:24
needed
53:6, 98:2, 99:7, 99:12
needs
78:12, 78:16, 92:15, 95:21, 97:20
negotiated
74:21, 74:24
negotiating
72:14
negotiation
72:5
neither
111:9
never
27:23, 37:1, 50:21, 98:4, 99:5, 102:4
new
2:14, 2:15, 5:21, 26:23, 27:3, 27:5, 39:10, 39:14, 40:24, 64:7, 71:7, 79:13, 85:13, 85:18, 85:23
next
63:2, 109:25
nicholas
2:3
nick
5:3, 36:3, 47:18, 63:1, 78:8, 78:12, 82:25, 95:21, 96:2, 96:3, 96:4
ninth
104:5
nodding
7:1
noise
78:4
non-email
60:8
none
45:19, 50:20, 50:22, 109:13
norton
2:13, 16:10, 16:14, 54:5, 57:17, 57:18, 88:18, 109:23
nos
3:14
notarial
111:13
notary
1:21, 111:1, 111:18
noted
70:17
nothing
51:13, 100:4
notice
3:10, 8:2, 8:14
november
20:16
number
6:3, 8:16, 24:18, 24:19, 25:17, 26:4, 27:17, 27:19, 27:21, 27:23, 38:22, 79:16, 102:24
numbers
24:24, 25:15, 25:16, 26:8, 26:14, 26:16, 29:9, 29:23, 40:7

O

oath
4:22
object
19:11, 28:12, 28:15, 36:14, 41:23, 62:20, 65:6, 70:22, 71:15, 71:18, 72:6, 105:24
objecting
46:13, 46:14
objection
14:6, 28:9, 46:10, 72:16, 93:6, 93:16, 105:12
obligated
74:17
obligations
102:1
occasionally
32:15
occasions
100:18
off-the-record
4:9

offended
49:3
office
25:14, 26:2, 26:9, 26:10, 26:21, 27:6, 27:7, 27:8, 27:10, 27:13, 28:1, 28:2, 28:7, 28:8, 28:19, 29:18, 29:25, 30:10, 30:15, 30:17, 30:20, 30:23, 31:5, 38:23, 40:20, 40:21, 40:24, 43:5, 43:6, 43:9, 43:14, 57:25, 58:7, 58:8, 58:9, 58:11, 58:14, 58:16, 61:18, 107:4
officer
54:13, 54:17, 77:2, 91:7, 111:2
officers
19:15, 19:19, 19:23, 77:20
official
1:14, 2:2, 5:4
oh
41:16, 45:1, 56:24
once
15:18, 23:24, 24:4, 61:16, 84:11, 100:10
one
4:7, 8:5, 8:21, 11:5, 11:11, 23:14, 23:15, 25:1, 37:14, 39:3, 63:17, 64:2, 71:11, 85:17, 85:23, 98:3, 99:16, 100:17, 107:16, 108:2
only
15:13, 23:17, 35:4, 39:2, 59:12, 67:2, 79:4, 87:7, 100:17
open
109:21
operated
19:22, 87:1
options
28:14
order
48:11
organizational
17:21
originally
63:18, 64:25
other
7:7, 7:11, 9:20, 11:5, 13:18, 14:20, 15:10, 15:14, 16:9, 16:13, 16:16, 18:6, 18:13, 18:25, 19:6, 19:7, 21:5, 22:20, 29:18, 29:20, 29:23, 29:24, 30:8, 30:10, 30:15, 30:17, 33:15, 34:19, 35:16, 35:19, 35:22, 36:1, 36:2, 36:12, 36:20, 37:1, 37:8, 37:17, 38:23, 39:6, 39:13, 41:1, 42:1, 44:1, 47:11, 49:21, 49:22, 51:8, 52:6, 52:12, 52:17, 54:11, 59:6, 60:13, 64:18, 71:17, 80:15, 87:20, 89:24, 95:1, 99:16, 104:6, 105:9, 105:10, 105:20, 105:21, 106:16, 108:21, 108:22, 109:6, 109:9
others
37:12, 37:15, 60:11
otherwise
111:11
out
8:6, 26:3, 30:22, 31:4, 36:12, 64:19, 78:11, 78:15, 85:7, 87:1, 96:9, 98:20
outcome
111:11
outset
83:2
outside
47:1
over
4:7, 7:8, 10:5, 10:11, 10:17, 12:11, 26:18, 31:24, 35:14, 61:16, 61:22, 69:19, 89:7, 89:17, 89:22, 107:1
overheard
103:17, 103:20
own
15:4, 77:5, 78:10, 86:16, 86:19
owned
85:8, 101:22
owner
84:19, 94:13
owners
94:12
ownership
22:10, 67:24, 68:2, 76:21, 91:1
owns
67:22, 68:3, 68:4, 77:7, 77:17, 91:10

P

p-i-n-j-u
66:15
page
3:3, 3:9, 9:2, 9:3, 80:1, 80:2, 80:6
paid
82:22, 83:13, 84:4, 84:9, 84:14, 97:21, 98:24
paperless
61:18
parent
56:24, 57:1
part
5:25, 6:1, 6:2, 46:9, 48:1, 48:7, 48:10, 67:16, 85:21, 97:10, 97:13
parties
105:10, 105:20, 108:23, 111:10
partnership
11:4
passive
86:2
pay
78:12, 78:16, 84:6, 84:13, 89:3, 93:22, 97:14
paying
78:10, 78:19
payment
75:24, 77:15, 78:1, 96:24,

97:3, 98:25, 101:8
payments 67:12, 67:14, 67:18, 75:13, 77:12, 89:4, 90:12, 96:22, 100:19
payphones 39:10, 39:14
pays 97:21
pdf 9:2
people 14:25, 44:11, 44:16, 44:17, 44:19, 47:11, 76:17, 78:21
percent 22:14, 22:16, 22:17
perigrove 10:21, 10:22, 10:23, 10:24, 11:2, 11:5, 11:8, 11:13, 11:14, 13:22, 13:25, 21:6, 21:7, 21:10, 21:12, 21:15, 21:19, 21:24, 22:7, 22:11, 22:18, 22:20, 23:18, 26:11, 26:22, 28:1, 28:4, 28:5, 28:8, 29:19, 29:25, 30:10, 30:17, 35:17, 36:25, 37:11, 38:8, 38:23, 39:3, 43:14, 58:15, 59:13, 59:16, 59:22, 60:4, 62:10, 73:24, 77:5, 81:13, 81:17, 86:17, 89:10, 89:17, 90:3, 94:24, 101:13, 101:23, 101:24, 101:25, 102:23, 104:21, 104:24, 104:25
perigrove's 58:9
period 89:12, 89:13, 105:25
periodic 101:1
perry 54:15, 55:21
perry's 54:16
person 31:21, 40:17, 42:25, 53:23, 97:19, 97:23
personal 32:16, 32:17
personally 29:5, 94:16
phone 4:15, 24:17, 24:18, 24:19, 24:20, 24:24, 25:14, 26:3, 26:4, 26:8, 27:10, 27:13, 27:17, 27:19, 28:18, 28:24, 29:1, 29:15, 29:18, 29:20, 29:23, 29:25, 30:1, 30:3, 30:5, 30:7, 31:24, 33:23, 33:24, 38:5, 38:7, 38:9, 38:10, 38:19, 38:22, 39:3, 39:7, 39:8, 39:9, 39:11, 39:20, 39:21, 39:22, 40:4, 40:7, 49:14, 50:7, 50:17, 53:22, 83:22, 89:11, 95:16, 95:17, 98:23, 99:14, 99:15, 99:16, 99:21, 99:23, 101:20, 106:13, 106:21
phones 28:7, 29:3, 29:6, 29:8, 29:11, 29:19, 33:25, 34:2, 39:3, 39:13, 40:5
physical 26:12, 26:21, 30:15
pick 27:18, 39:21, 65:14, 65:15, 99:13, 99:15
pinju 66:15
place 1:19, 40:19, 70:10
places 67:2
please 4:6, 4:7, 4:10, 4:12, 4:15, 5:6, 5:12, 6:23, 7:13, 8:21, 14:3, 22:15, 25:25, 27:1, 37:20, 47:14, 48:20, 70:15, 78:22, 102:9
pli 93:7, 93:10, 93:19
point 13:15, 63:4, 108:4
policies 108:18
position 11:7, 20:9, 20:12
possession 71:25
possibly 31:8
post 55:16
pre-existing 68:17
precise 48:17, 48:18, 48:19, 64:2
prefer 47:23
preliminary 6:18
preparation 29:16, 33:8, 34:3, 34:4, 44:25, 45:1, 45:4
prepare 9:14, 9:17, 9:21, 10:2, 15:18, 16:6, 16:17, 16:21, 33:20, 46:20, 46:24, 47:5, 47:8
prepared 56:7, 92:8, 109:19, 110:1
present 2:24
previously 8:24
prior 18:17, 18:21, 44:14, 54:16, 54:23, 57:18, 68:8, 69:9, 69:10
privileged 45:13, 45:16
probably 6:19, 51:1,

67:13, 104:4, 104:12, 110:9
proceeding
4:4, 4:8
process
75:21, 82:7, 97:10
produce
96:20, 96:22
produced
70:14
product
96:9
production
90:7
professional
93:11, 93:12
program
35:4
programs
34:19
promise
48:13, 48:16
pronounce
49:6
protocol
26:18
provide
4:17, 8:22, 37:21, 40:7, 56:21, 57:14, 57:19, 74:17, 101:1
provided
88:16, 96:11, 110:12
provides
93:23
public
1:21, 111:1, 111:18
pull
8:6
pulled
8:1
purchase
4:19
purposes
4:9
put
74:14
putting
107:19

Q

question
7:12, 7:14, 7:18, 7:19, 19:8, 31:1, 36:5, 36:6, 44:20, 44:21, 44:23, 44:24, 45:3, 47:10, 47:15, 47:16, 47:22, 47:24, 48:2, 48:9, 48:15, 48:17, 48:21, 48:22, 90:19, 95:10, 96:15, 96:16, 100:5, 107:3, 109:12, 110:15
questioning
72:8, 95:7, 109:4
questions
6:22, 6:23, 19:11, 47:3, 48:19, 64:3, 100:11, 109:15, 109:16, 109:19, 110:18
quick
90:16, 108:9
quicker
48:14, 48:16
quite
6:19, 12:23, 24:25, 29:4, 29:5

R

r-o-c-k
27:2
r-u-b-e-n-s-t-e--i-n
14:24
range
6:16
rarely
32:15, 49:13
read
4:22, 47:15, 47:16, 48:21, 48:22
reading
111:8
ready
63:11
really
7:8, 63:23, 110:6
recall
13:14, 14:19, 15:12, 15:15, 21:25, 23:16, 23:18, 24:5, 24:6, 24:23, 28:25, 29:14, 29:22, 31:23, 32:3, 32:13, 32:25, 33:4, 34:13, 34:16, 34:17, 37:10, 37:12, 38:25, 39:8, 39:19, 39:23, 39:24, 39:25, 40:3, 40:15, 41:4, 41:8, 41:9, 41:10, 43:20, 49:20, 50:23, 51:2, 51:6, 55:15, 55:24, 56:3, 56:11, 56:12, 56:20, 58:3, 63:20, 66:9, 66:16, 66:17, 66:19, 72:21, 74:2, 74:4, 77:4, 79:7, 79:11, 82:3, 84:24, 85:13, 86:23, 98:5, 98:6, 101:6, 102:12, 103:19
receive
110:13
received
51:2, 84:12, 94:16, 94:19, 106:17, 107:5
receiving
27:25, 96:20
recently
103:17
recess
63:9, 92:6, 108:16
reconvene
63:8
record
5:7, 6:21, 7:3, 7:10, 25:15, 26:7, 31:15, 47:5, 63:14, 69:2, 97:7, 102:11, 109:25, 111:5
record's
90:5, 96:17
recording
4:8, 4:18
records
29:16, 52:3, 58:20, 59:1, 59:2, 59:7, 59:24, 60:8, 60:21, 61:1, 61:11, 62:18, 66:20, 87:11, 87:23, 87:25, 88:2, 89:4, 89:9, 89:10, 96:23, 97:2, 97:4, 97:5, 97:6, 97:10, 102:15, 104:22, 106:9, 106:12, 106:16, 106:19, 106:21, 106:22, 106:23, 107:5,

107:23, 108:19, 108:23
reduced 111:7
reed 2:19, 54:22, 55:21
reed's 54:23
refer 64:10
regarding 11:17, 14:18, 15:7, 24:2, 24:10, 24:15, 24:21, 27:14, 28:23, 29:21, 29:24, 30:6, 31:21, 32:1, 32:5, 33:11, 38:3, 38:18, 40:1, 40:13, 40:17, 42:2, 42:16, 42:20, 43:22, 51:3, 51:10, 55:1, 58:20, 66:11, 73:18, 95:19
regardless 89:10
regularly 102:23
relate 96:11
related 111:9
relating 11:25, 89:9
relationship 21:9, 98:12
remember 4:6, 4:10, 11:23, 12:8, 12:13, 12:18, 12:20, 23:3, 23:6, 95:2
remind 36:16
reminder 36:19
remit 67:14
remote 1:11, 1:19, 2:24, 4:3, 8:12, 8:17, 31:7, 31:12, 79:17
remotely 4:5, 30:13
repeat 5:25, 82:11
rephrase 7:14
report 84:3
reported 101:14
reporter 1:21, 4:13, 6:20, 7:2, 7:10, 31:9, 47:16, 48:22, 108:11, 111:1, 111:18
reporters 6:25
reporting 101:13
reports 101:1, 101:3, 101:5, 101:8, 101:25
repository 107:23
represent 55:3
representative 1:12, 6:7
represented 13:16, 15:14, 72:4, 72:11
representing 5:3, 55:13, 55:14, 55:16, 61:5
request 75:22, 76:2, 76:4, 76:7, 76:11, 76:15, 77:25, 82:12, 84:12, 88:21
requested 111:8
requesting 37:22, 40:9
required 46:20, 100:21
respect 14:8, 96:3, 105:11, 105:22
responsive 88:22
rest 9:11, 23:16
restate 22:15
restructuring 54:13, 54:17
result 96:20
resulted 64:14
return 106:21
review 9:17, 9:25, 10:4, 33:14, 33:16, 33:20
reviewed 16:20
reviewing 33:15
right 7:17, 7:24, 9:7, 10:19, 11:14, 21:2, 25:19, 33:17, 35:6, 42:15, 56:16, 56:18, 58:12, 60:7, 64:9, 64:16, 64:20, 64:23, 65:2, 72:2, 73:6, 73:16, 76:12, 77:15, 77:18, 78:1, 80:9, 81:3, 81:12, 81:19, 82:10, 82:12, 82:14, 82:15, 83:9, 83:25, 87:2, 88:14, 88:16, 90:18, 92:18, 97:25, 98:21, 99:16, 99:17, 100:25, 101:19, 104:8, 107:17, 107:24, 108:14
risk 90:15, 90:24, 91:2, 91:4, 91:7, 91:10, 92:19, 93:4, 94:5, 94:10, 94:14, 94:17, 94:20
rock 26:25, 40:23
role 66:3, 67:5, 69:9, 69:10, 69:19, 72:22, 76:18, 76:20, 79:9, 80:25, 81:5, 81:8, 82:1, 93:1
room 39:16, 39:17
rose 2:13, 16:10, 16:14, 57:18, 88:18, 109:23
rpr 1:20, 111:17
rubensteen 49:1
rubenstein 9:23, 14:22, 14:23, 15:2, 15:5, 15:7, 15:16, 15:20, 18:9, 18:10,

18:11, 19:1, 19:3, 19:6, 42:16, 42:20, 42:24, 43:3, 43:7, 43:13, 43:17, 43:22, 44:1, 44:5, 44:10, 44:14, 45:5, 45:7, 45:15, 45:23, 46:3, 46:7, 46:15, 46:16, 46:23, 47:9, 47:11, 47:25, 48:6, 48:9, 49:1, 49:8, 49:11, 49:16, 49:22, 50:3, 50:11, 50:25, 51:3, 51:8, 51:14, 51:25, 52:5, 52:11, 52:16, 52:21, 52:23, 55:22, 57:20, 58:2, 58:6, 62:10, 66:10, 72:18, 80:12, 80:15, 86:11, 89:2, 91:14, 105:2
rubenstein's
44:8, 45:9, 47:4, 47:13, 80:13, 86:12
rubenstine
49:2
rules
6:18, 6:20
run
4:5
russell
54:15, 54:16

S

s
2:1
s-c-h-a-p-i-r-o
14:5, 14:15
s-p-o-o-k
27:2
said
10:17, 13:14, 16:20, 25:16, 26:17, 27:18, 33:13, 33:25, 34:13, 38:17, 39:19, 41:17, 45:18, 48:7, 50:20, 51:24, 52:1, 52:3, 57:7, 58:10, 58:24, 61:13, 61:19, 61:23, 73:23, 75:16, 77:14, 77:17, 77:23, 78:5, 81:14, 81:16, 81:21, 81:24, 83:1, 85:19, 87:22, 89:5, 89:18, 99:2, 102:17, 103:4, 103:23, 108:1, 110:12, 111:6
same
7:9, 18:10, 27:23, 28:6, 42:22, 58:11, 62:21, 72:17, 88:3, 89:7, 104:12, 104:16
save
89:6
saved
59:15, 59:16, 59:17
saw
103:25
say
10:8, 27:24, 31:3, 34:17, 40:21, 41:12, 50:21, 53:8, 60:21, 62:5, 67:5, 68:9, 68:12, 68:17, 68:25, 69:12, 69:15, 73:3, 78:5, 81:16, 81:18, 81:24, 84:5, 85:16, 89:13, 93:13, 99:14
saying
12:7, 21:2, 24:6, 24:20, 26:19, 60:17, 68:15, 92:22, 103:8
says
80:5, 81:6, 81:18, 96:2, 97:14
scan
107:12
scanned
62:3, 62:5, 107:10
scope
46:14, 47:1, 47:2
scott
75:4, 75:5, 75:7, 75:8, 75:9, 91:18
screen
74:14
scroll
80:1
seal
111:13
searched
34:18, 88:21
second
8:5, 8:21, 48:8, 92:4
see
9:6, 34:4, 38:13, 80:21, 87:11, 87:23
seen
8:19, 97:6
sees
97:15
select
68:5
send
31:25, 50:11, 51:10, 70:15, 84:2, 99:10, 99:13
sending
67:11
sentence
57:16, 68:10, 69:13, 86:2
separate
84:17, 86:17, 87:1
separately
93:22
server
59:3, 59:4, 102:22, 102:23
service
3:10, 8:15, 68:6, 71:17, 71:21, 109:4, 109:6, 109:9
serviced
75:17
servicer
69:25
services
1:6, 5:5, 53:14, 53:20, 53:24, 54:8, 54:10, 54:19, 54:24, 54:25, 55:4, 55:20, 56:2, 64:5, 64:16, 65:5, 65:25, 93:14, 93:23
servicing
66:5, 66:7, 66:12, 67:6, 67:7, 67:16, 67:19, 68:8, 68:18, 69:20, 69:25, 70:13, 70:16

set
8:23, 46:21, 107:16, 111:12
seven
25:13, 25:18, 25:22, 26:6
several
9:4, 40:5, 53:10
shaking
7:1
shapiro
14:2, 14:8, 14:17, 15:16, 15:22, 38:2, 38:3, 38:18, 39:18, 40:1, 40:13, 40:16, 41:2, 41:6, 42:2, 42:23, 55:22, 57:20, 58:2, 58:10, 62:13, 72:18, 79:6, 79:9, 80:20, 80:25, 82:1, 86:11, 86:16, 86:22, 86:23, 86:25, 89:2, 91:16
shapiro's
80:23
short
51:19
shortly
110:3
should
4:9, 82:22, 83:13, 84:4, 84:9, 98:24
show
96:24, 102:16
siamese
48:12
sigma
90:15, 90:24, 91:2, 91:4, 91:7, 91:10, 92:19, 92:20, 92:23, 93:1, 93:4, 93:22, 93:23, 94:5, 94:10, 94:13, 94:17, 94:20
signal
32:8, 32:10, 34:20, 35:5, 35:7, 42:5, 44:2, 51:10
signatories
80:4
signatory
80:6, 81:6
signature
80:6, 80:13, 80:23
signature-p1kal
111:15
signed
80:8, 80:12, 80:17, 80:20, 81:1
signing
111:8
similar
34:20
simply
89:15
since
17:2, 18:24, 19:17, 22:19, 41:10, 109:10
single
27:20, 64:7, 107:22, 110:15
sir
7:6, 63:13, 66:24
sit
25:14, 26:2
site
67:3
sitting
12:7, 12:12, 110:14
situation
20:17, 100:1
six
25:11, 25:21, 26:5
skipping
83:2
slowly
4:6
smoothly
4:5
social
34:24
sole
21:12, 54:9
solely
45:14
some
14:7, 60:10, 63:23, 80:25, 87:15, 100:13
somebody
17:9, 49:5
someone
97:14, 103:20, 103:22
something
33:15, 86:24, 87:16, 93:25, 103:14, 103:17
sometime
13:8, 52:22
sometimes
61:13
sorry
37:5, 38:6, 49:1, 54:2, 68:24, 78:3, 83:9
sound
6:24, 95:23
sounds
6:19
source
108:2
sources
102:8, 102:13, 102:16, 107:11, 108:2, 108:5, 108:6
southern
1:2
speak
4:6, 9:20, 9:23, 15:19, 15:22, 15:24, 16:2, 16:5, 16:17, 31:16
speaking
4:13, 4:16, 16:9, 16:13, 24:7, 103:21
specific
63:23
spell
14:3, 14:11, 14:13, 14:25, 23:7, 27:1
spelled
14:23
spelling
108:13
spent
101:17
split
64:19
spoke
11:24, 48:9
spook
26:25, 40:23
st
2:20
stan
49:4
standard
32:5, 35:5
start
13:1
started
90:21, 107:19
starts
9:5, 79:15
state
5:6
statement
61:22, 99:2
statements
56:5, 56:8,

59:10, 61:25, 67:11, 99:6, 102:20
states
1:1
steen
49:4
stenographic
1:21
steps
109:25
stick
96:1, 108:13
still
13:4, 19:3
stine
49:4
stinson
2:4
stipulation
4:22
stood
65:4
stop
25:19, 63:7
stops
101:11
stored
62:3, 62:6, 66:22, 95:14, 106:14, 107:2
story
89:12, 89:13
straying
96:7
street
2:5, 6:3
structure
17:21, 77:8
subpoena
3:11, 8:1, 8:15, 8:22
substance
24:12
successful
30:25
suffern
26:23, 27:5, 30:10, 30:18, 40:24, 58:17
suite
2:6, 2:20
sums
100:5
sure
8:6, 12:20, 31:9, 31:14, 38:14, 49:3, 55:5, 64:1, 79:8, 87:10, 98:8, 103:13
surnames
5:10
sustainable
73:1
sworn
4:23
system
26:15, 26:17, 27:18, 29:25, 32:4
systems
51:9, 52:6, 52:12

T

tab
67:11
take
40:19, 48:25, 63:1, 63:4, 82:4, 90:16, 92:1, 92:5, 108:9
taken
1:14, 6:10, 63:9, 92:6, 108:16, 111:3, 111:6
takes
97:14
talk
4:7, 7:8, 9:10, 17:20, 31:25, 35:9, 44:8, 44:13, 45:5, 45:7, 49:8, 58:25, 75:20, 76:3, 88:22, 95:19, 96:5, 109:24
talking
36:11, 40:22, 45:1, 45:14, 60:22, 63:15, 70:24, 73:2, 92:18
tax
106:21
technical
38:12
technical-related
4:20
technician
2:24, 4:3, 8:12, 8:17, 31:7, 31:12, 79:17
tehum
1:6, 5:5, 53:14, 53:20, 53:23, 54:3, 54:8, 54:9, 54:10, 54:19, 54:24, 54:25, 55:3, 55:20, 56:1, 64:16, 93:14, 93:20
tehum's
54:1, 54:3, 54:20
telegram
34:22
telephone
39:17, 40:1, 42:15, 42:19, 50:3, 100:7, 101:3
tell
39:6, 45:12, 50:19, 99:19, 105:14, 109:1
ten
63:5
term
97:8
terms
39:23, 72:14, 74:18, 98:1, 100:20
testified
4:24, 12:5, 110:2
testify
46:16
testifying
36:17
testimony
8:23, 111:5, 111:6
texas
1:2, 64:8, 64:13, 64:21, 64:22, 93:15
text
31:25, 32:1, 32:5, 35:5, 40:14, 43:22, 50:11, 50:16, 50:21, 50:24, 51:3, 52:8
th
111:13
thank
4:3, 4:21, 5:2, 6:5, 8:17, 36:19, 82:5, 90:9, 92:10, 110:19
thanks
108:15
thereafter
111:6
thing
7:7, 7:12
things
107:16
think
12:5, 38:12, 63:3, 65:9, 68:7, 87:15, 96:7, 100:17,

105:17, 107:3, 108:8, 110:8, 110:18
third
105:10, 105:20, 108:23
thought
41:16, 83:1
thousand
88:11
three
19:9, 25:5, 61:4, 103:6, 103:9
three-minute
108:9
three-year
103:2, 103:4, 103:9, 103:23
through
1:12, 6:17, 12:24, 60:24, 72:7, 74:12, 82:6, 83:8, 87:22, 89:11, 89:14, 94:8, 100:12, 100:13, 102:17, 102:18, 109:3
time
1:18, 4:15, 5:23, 19:14, 27:19, 27:20, 31:19, 55:13, 80:16, 89:6, 104:5, 110:10
times
6:13, 19:9, 100:2, 107:4
title
8:13, 16:23
today
6:6, 8:25, 9:11, 9:13, 9:15, 9:18, 9:21, 10:2, 12:7, 12:12, 16:7, 16:18, 16:21, 23:19, 29:16, 33:8, 33:21, 34:3, 63:22, 83:2, 110:2
today's
15:19, 44:25, 45:2, 45:4, 103:10
told
100:2
ton
98:20
took
69:19, 107:9
top
9:5
topic
83:1, 83:6, 83:7, 96:5, 96:7
topics
8:23, 9:1, 9:4, 9:10, 9:12, 9:13, 46:21, 63:23, 109:20, 110:2
track
100:19, 100:23, 101:16
trailing
31:13
transaction
55:16
transcript
3:7, 4:19, 81:18, 81:24, 111:4
transfer
85:3, 85:5, 85:6, 85:17, 86:13, 87:8, 87:23
transferred
85:5, 86:8, 87:4
transferring
85:22
transfers
88:1
trick
48:2, 48:3, 48:5
true
111:4
truthfully
110:15
try
7:7, 30:24, 31:3, 31:16, 38:15
trying
25:15, 26:6, 48:3, 48:5, 63:22, 63:24, 83:4, 90:21, 93:4, 96:9, 97:9
turn
89:22
turned
10:11, 10:17, 35:14
twice
27:23
twin
48:12
two
19:22, 23:17, 25:3, 28:14, 64:14, 67:2, 70:24, 87:7, 100:17
tx
2:21, 65:1
typewriting
111:7

U

uh-uhs
6:24
unable
4:14
under
53:12, 64:8, 64:13, 69:25, 73:5, 74:1, 74:15, 74:18, 75:12, 77:10, 78:19, 84:8, 87:9, 90:3, 90:12, 100:21, 100:24, 101:18, 102:1, 111:7
understand
6:6, 7:4, 7:12, 7:19, 39:11, 44:24, 64:2, 69:5, 93:4, 98:19, 108:13
understanding
6:8, 74:16
understood
37:23, 40:10, 49:5, 103:11
unedited
4:18
unfortunately
31:10
united
1:1
unless
19:11
unprivileged
45:18
unsecured
1:15, 2:2, 5:4
until
21:2
upload
107:12
uploaded
107:10
use
5:10, 24:14, 24:20, 24:24, 27:13, 29:11, 29:20, 29:23, 30:5, 30:7, 30:16, 31:24, 32:4, 32:10, 32:15, 32:17, 32:23, 33:1, 34:9, 34:19, 34:22, 34:24, 35:4, 38:22, 39:12, 39:17,

40:6, 41:21, 42:2, 42:19, 49:9, 49:16, 49:22, 50:3, 51:8, 51:21, 52:16, 56:22, 73:11, 89:25, 97:9, 102:22
uses
52:12, 104:17
using
28:2, 28:24, 35:25, 37:8, 37:10, 37:12, 39:2, 40:13, 44:1, 73:19

V

valitas
64:5
various
63:19, 102:8, 102:12, 108:1
vendors
108:23
verbally
7:1
verify
77:16
verizon
97:13
vet
77:12, 78:2, 78:5, 78:6, 78:7, 82:9, 82:14, 82:17, 82:19, 84:2, 90:13
vets
97:15
vetted
96:25
vetting
97:1, 97:6, 97:7, 97:8, 97:11
via
4:14, 51:17
vice-president
11:10, 11:12
video
4:12, 4:14
virtual
28:18, 30:11, 30:12
virtually
7:11
voice
26:18, 31:13
voip
24:17, 26:15, 26:17, 26:18, 27:18, 28:18, 29:25, 38:24, 39:20
vp
11:9

W

waiting
47:17
walk
82:6
walnut
2:5
want
6:21, 14:12, 16:14, 31:14, 36:5, 38:1, 49:7, 49:8, 64:1, 74:7, 74:12, 92:1, 95:9, 96:5
wanted
36:8, 89:5
way
28:2, 37:14, 62:21, 88:3, 100:15
ways
39:6
we'll
38:15, 48:17, 56:21, 63:7, 63:8, 88:20, 110:2, 110:8
we're
6:17, 7:11, 8:8, 9:1, 9:9, 9:11, 31:14, 38:13, 63:22, 69:1, 74:14, 79:12, 80:3, 88:20, 90:10, 109:20, 109:22, 109:24, 110:18
we've
9:8, 31:24, 37:25, 39:1, 61:8, 89:14, 101:21
webster
97:12
week
45:8, 99:7
went
60:24, 71:10, 72:7, 109:3
weren't
21:1, 46:9
whatever
108:6
whatsapp
32:21, 32:23, 33:1, 33:7, 33:15, 34:5, 34:6, 34:9, 34:14, 34:20, 35:5, 42:7, 44:2, 51:9, 51:12, 51:14, 51:18, 51:22, 52:1, 52:3, 52:9
whatsoever
98:12, 106:10
whereof
111:12
whereupon
110:20
wherever
28:19, 30:13
whether
14:7, 25:22, 33:4, 34:14, 37:15, 41:10, 51:2, 51:21, 52:11, 78:15, 82:21, 83:12
white
12:25, 13:1, 13:4, 13:15, 15:15, 15:24, 24:9, 24:15, 24:19, 24:21, 27:14, 28:23, 29:12, 29:20, 31:20, 32:1, 38:2, 42:23, 55:2, 55:3, 55:6, 55:8, 55:12, 55:14, 55:20, 74:23, 91:24
whole
23:2, 76:16
wife
98:11
winchester
2:24
within
20:9, 47:2
without
46:5, 48:1, 48:7, 48:10, 101:12, 102:10
witness
28:13, 28:16, 28:18, 31:8, 31:16, 36:15, 36:16, 41:16, 41:24, 45:17, 46:11, 46:24, 47:5, 47:7, 47:8, 47:17, 62:21, 65:7, 70:23, 71:19, 72:7, 72:17, 92:9, 93:7, 93:17, 105:13, 105:25, 109:18, 110:1, 110:4, 110:10, 111:12

word
11:5, 68:23, 69:6, 97:11
work
75:21, 96:9
working
90:10
wouldn't
12:10, 15:12, 24:23, 38:25, 41:9, 46:11, 92:3
write
52:20
written
42:13, 67:19, 101:5, 108:18

Y

y-a-k-o-v
5:13
y-i-t-z-c-h-o-k
5:13, 5:19
yeah
36:11, 38:11, 60:10, 63:3, 67:13, 92:10, 95:25, 108:12, 110:17
year
13:14
years
103:7, 103:9
yell
31:19
yescare
62:17, 64:20, 64:23, 72:22, 73:6, 73:9, 73:12, 73:13, 73:25, 74:1, 88:11, 89:16, 89:23, 90:8, 93:14, 93:21, 93:22, 93:23, 94:2, 103:1, 103:2, 103:6, 103:16
yescare's
90:6, 104:1
york
2:14, 2:15, 5:21, 26:23, 27:4, 27:5, 39:10, 39:14, 40:24, 85:13, 85:18, 85:23
yourself
4:15, 9:14, 17:15, 20:18, 20:22, 21:3, 21:22, 22:1, 22:4, 54:11

Z

z-a-l-m-a-n
14:5, 14:14
zalman
14:2, 15:16, 38:2, 38:3, 38:18, 62:13, 79:6, 79:9, 80:20, 80:23, 80:25, 82:1, 86:16, 86:21, 86:25, 91:16
zluticky
2:3, 3:4, 5:1, 5:3, 8:7, 8:14, 8:18, 14:10, 28:11, 28:21, 31:18, 36:10, 36:18, 37:24, 38:11, 38:16, 40:11, 41:14, 41:18, 41:25, 42:12, 45:14, 45:20, 46:12, 46:18, 47:14, 47:19, 48:20, 48:24, 62:23, 63:3, 63:7, 63:10, 65:8, 70:12, 70:18, 71:2, 71:16, 71:20, 72:10, 72:19, 78:8, 78:12, 79:21, 83:3, 83:8, 83:11, 90:9, 90:11, 90:18, 90:22, 90:23, 92:1, 92:5, 92:7, 92:12, 92:17, 93:9, 93:18, 96:8, 96:13, 96:18, 98:19, 105:16, 106:1, 108:8, 108:12, 108:17, 109:14, 110:6, 110:17

$

$15
101:9, 101:12
$200
97:14

.

.3000
2:16
.4135
2:22
.8600
2:8

0

00006620
3:14
02
1:18, 4:1

1

10
1:18, 4:1, 9:10, 101:4
100
21:11
10019
2:15
1018
21:6, 21:7, 21:10, 21:12, 21:16, 21:19, 21:24, 22:7, 22:11, 22:18, 22:21, 23:18, 101:24, 102:1, 104:21, 104:25
11
1:5, 9:10, 63:8, 63:9
12
1:17, 1:18, 83:1, 83:2, 89:24, 91:13, 92:6, 94:7, 94:9, 96:5, 96:7, 108:16, 110:20
1201
2:5
12733
5:22
13
9:10
1301
2:14
14
9:10, 83:8
15
9:10, 92:6, 101:4, 102:6, 111:13
16
9:10
1601
2:20
17
9:11, 83:8

2

2021
18:18, 19:18, 19:21, 20:7, 70:2, 106:6, 106:9, 106:18, 107:6, 109:11
2022
13:8, 13:11, 13:13, 55:9,

64:4, 106:2
2023
1:17, 106:4, 111:14
21
17:2, 20:16, 21:20, 22:19, 68:14, 68:20, 107:14
212.318
2:16
214.954
2:22
22
13:10, 13:14, 52:22
23
1:6, 63:9
2900
2:6

3

30
46:19, 46:25, 92:6
341
89:6
35
63:8, 63:9

4

42
108:16
45
108:16
4600
2:20
48
1:18, 110:20
492510
1:22

5

51
26:25
535
8:16
58
5:21, 6:4, 6:5
5th
74:9

6

64106
2:7
6620
79:16
6624
3:15
6th
2:14

7

75201
2:21
79
3:13

8

816.842
2:8

9

90086
1:6

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy for PERIGROVE 1018 LLC, File Number 211202000298 has been compared with the original document in the custody of the Secretary of State and that the same is true copy of said original.

WITNESS my hand and official seal of the Department of State, at the City of Albany, on May 12, 2023.

Brendan C. Hughes
Executive Deputy Secretary of State

Authentication Number: 100003495830 To Verify the authenticity of this document you may access the Division of Corporation's Document Authentication Website at http://ecorp.dos.ny.gov

ARTICLES OF ORGANIZATION
OF
PERIGROVE 1018 LLC
Under Section 203 of the Limited Liability Company Law

FIRST: The Name of the limited liability company is: **PERIGROVE 1018 LLC**

SECOND: The county, within this state, in which the office of the limited liability company is to be located is **ROCKLAND**

THIRD: The Secretary of State is designated as agent of the limited liability company upon whom process against it may be served. The address within or without this state to which the Secretary of State shall mail a copy of any process against the limited liability company served upon him or her is:

PERIGROVE 1018 LLC
351 SPOOK ROCK ROAD
SUFFERN, NY 10901

I certify that I have read the above statements, I am authorized to sign these Articles of Organization, that the above statements are true and correct to the best of my knowledge and belief and that my signature typed below constitutes my signature.

DAVID GEFNER (Signature)

DAVID GEFNER, ORGANIZER

Filed by:

USACORP INC
325 DIVISION AVE
STE 201
BROOKLYN, NY 11211

Filed with the NYS Department of State on 12/02/2021
Filing Number: 211202000298 DOS ID: 6340029

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy for PERIGROVE 1018 LLC, File Number 220828000076 has been compared with the original document in the custody of the Secretary of State and that the same is true copy of said original.

WITNESS my hand and official seal of the Department of State, at the City of Albany, on May 12, 2023.

Brendan C. Hughes
Executive Deputy Secretary of State

Authentication Number: 100003495831 To Verify the authenticity of this document you may access the Division of Corporation's Document Authentication Website at http://ecorp.dos.ny.gov

CERTIFICATE OF PUBLICATION
OF
Perigrove 1018 LLC

Under Section 206 of the Limited Liability Company Law

The undersigned is the authorized person of **Perigrove 1018 LLC.**

If the name of the limited liability company has changed, the name under which it was organized is:

The articles of organization were filed by the Department of State on: **12/2/2021.**

The published notices described in the annexed affidavits of publication contain all of the Information required by Section 206 of the Limited Liability Company Law.

The newspapers described in such affidavits of publication satisfy the requirements set forth in the Limited Liability Company Law and the designation made by the county clerk.

I certify the foregoing statements to be true under penalties of perjury.

2/8/2022
(Date)

/s/ *Joseph Strauss*
(Signature)

Joseph Strauss
(Type or Print Name)

Filed with the NYS Department of State on 02/22/2022
Filing Number: 220828000076 DOS ID: 6340029

AFFIDAVIT OF PUBLICATION

Under section 206 of the Limited Liability Company Law

Hamodia Newspaper

State of New York
County of Rockland

The undersigned is the publisher of Hamodia, a daily newspaper published in the county of Kings, New York. A notice regarding Perigrove 1018 LLC was published in said newspaper once a week for six successive weeks, commencing on 12/17/2021 and ending 1/21/2022. The text of the notice as published in said newspaper is as set forth in the annexed exhibit.This newspaper has been designated by the Clerk of Rockland County for this purpose.

By: Peri Waldner
Peri Waldner

Authorized Designee of Ruth Lichtenstein, publisher of Hamodia

Affirmed and Subscribed to Before me this 21st Day of Jan 2022

Notary Public

HARRY K. WALDNER
NOTARY PUBLIC - STATE OF NEW YORK
No. 01WA4631810
QUALIFIED IN KINGS COUNTY
MY COMMISSION EXPIRES JUNE 02, 2023

Filed with the NYS Department of State on 02/22/2022
Filing Number: 220828000076 DOS ID: 6340029

Perigrove 1018 LLC. Filed 12/2/21. Office: Rockland Co. SSNY desig. as agent for process & shall mail to: 351 Spook Rock Rd, Suffern, NY 10901. Purpose: General.
HA# 4984
12/17, 12/24, 12/31, 1/7
1/14, 1/21/22

Filed with the NYS Department of State on 02/22/2022
Filing Number: 220828000076 DOS ID: 6340029

Affidavit of Publication
Under Section 206 of the
Limited Liability Company Law

State of New York
County of Kings, ss.:

The Undersigned is the publisher of The Jewish Press, a weekly newspaper published in Brooklyn, New York. A notice regarding Perigrove 1018 LLC was published in said newspaper once each week for six successive weeks, commencing on December 17, 2021 and ending January 21, 2022. The text of the notice as published in said newspaper is set forth below. This newspaper has been designated by the Clerk of Rockland for this purpose.

Naomi Klass Mauer, Publisher

By _____
Jerry Greenwald, Authorized Designee of the Publisher

Sworn to before me this 21 day of January, 2022

_____
Notary Public

Arthur Klass
Notary Public State of New York
No. 01KL4922689
Qualified in Kings County
Commission Expires 3/7/2022

Perigrove 1018 LLC. Filed 12/2/21. Office: Rockland Co. SSNY desig. as agent for process & shall mail to: 351 Spook Rock Rd, Suffern, NY 10901. Purpose: General.

JP#12954 12/17/21,12/24/21,12/31/21,01/07/22,01/14/22,01/21/22

Filed with the NYS Department of State on 02/22/2022
Filing Number: 220828000076 DOS ID: 6340029

CERTIFICATE OF PUBLICATION
OF
Perigrove 1018 LLC

Under Section 206 of the Limited Liability Company Law

Filed by:

USACORP

325 DIVISION AVE. SUITE 201

BROOKLYN, NY 11211

CUST. REF.

For DOS Use Only

DRAWDOWN ACCOUNT: RW
USACORP

Filed with the NYS Department of State on 02/22/2022
Filing Number: 220828000076 DOS ID: 6340029

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE SOUTHERN DISTRICT OF TEXAS

HOUSTON DIVISION

IN RE:	§ CASE NO. 23-90086-11
	§ HOUSTON, TEXAS
TEHUM CARE SERVICES, INC.,	§ FRIDAY,
	§ MAY 12, 2023
DEBTOR.	§ 2:00 A.M. TO 3:29 P.M.

CONTINUED SECTION 341 MEETING OF CREDITORS

APPEARANCES: SEE NEXT PAGE

TRANSCRIPTION SERVICE BY:

JUDICIAL TRANSCRIBERS OF TEXAS, LLC
935 Eldridge Road, #144
Sugar Land, TX 77478
281-277-5325
www.judicialtranscribers.com

Proceedings recorded by electronic sound recording, transcript produced by transcription service.

APPEARANCES:

FOR THE US TRUSTEE:	DEPARTMENT OF JUSTICE OFFICE OF THE US TRUSTEE Andrew Jimenez, Esq. 606 N. Carancahua Street Suite 1107 Corpus Christi, TX 78401 361-888-3261
FOR DEBTOR TEHUM CARE SERVICES, INC.:	GRAY REED McGRAW, LLP Lydia Webb, Esq. Aaron Kaufman, Esq. 1601 Elm Street, Suite 4600 Dallas, TX 75201 469-320-6111
FOR THE OFFICIAL UNSECURED CREDITORS COMMITTEE:	STINSON, LLP Nicholas Zluticky, Esq. 1201 Walnut Street Suite 2900 Kansas City, MO 64106 816-691-3278
FOR TRACEY GRISSOM:	FRANK OZMENT ATTORNEY AT LAW LLC Valrey W. Early, III, Esq. 217 Country Club Park Box 501 Birmingham, AL 35213 205-586-5127
FOR ADREE EDMO:	M.E. HEARD, ATTORNEY, PLLC Mary Elizabeth Heard, Esq. 100 NE Loop 210 Suite 605 San Antonio, TX 78216 210-572-4925 RIFKIN LAW OFFICE, PC Lori Rifkin, Esq. 3630 High Street #18917 Oakland, CA 94619 510-414-4132

APPEARANCES (CONTINUED):

FOR JEFFREY WALTER BOMBER, ET AL:	HACKNEY ODLUM & DARDAS Connor McLaughlin, Esq. 10850 E. Traverse Highway Suite 4440 Traverse City, MI 49684 231-642-5026
FOR M2LOANCO:	Christian Gluck, Esq.
FOR KOHCHISE JACKSON AND WILLIAM KELLY:	CROSS LAW, PLLC Ian Cross, Esq. 402 W. Liberty Street Ann Arbor, MI 48103 734-994-9590

HOUSTON, TEXAS; FRIDAY, MAY 12, 2023; 2:00 P.M.

MR. JIMENEZ: Good afternoon, everyone. Today is May 12, 2023, it is 2:00 p.m. Central Standard Time. We are here for the continued Section 341 Meeting of Creditors in the case of Tehum Care Services, Inc., Case No. 23-90086 pending before the United States Bankruptcy Court for the Southern District of Texas.

My name is Andrew Jimenez. I am an attorney for the United States Department of Justice and I represent the United States Trustee. I will be presiding -- I will be the presiding officer at this meeting in this case.

I know there are several creditors on the phone and this is a meeting of creditors and I will let creditors ask questions of Tehum's representative. Just wait until I call you to ask your questions.

As a reminder, the 341 meeting is limited to ask questions about the petition, the schedules, statement of financial affairs or the general financial condition of the Debtor. If you need to ask questions beyond and cover other subject matters, the bankruptcy laws provide other avenues such as a 2004 Examination and you need to -- should you need additional discovery of the Debtor or others that is beyond the scope of Section 341 meeting.

For the Record this meeting is being digitally recorded and the United States Trustee's recording is the only

authorized recording. Nobody else should be recording this meeting.

Will counsel for the Debtor please identify himself or herself, please?

MS. WEBB: Good afternoon. This is Lydia Webb of Gray Reed, counsel for the Debtor. With me is my partner, Aaron Kauffman.

MR. JIMENEZ: Good afternoon. And will the Debtor's corporate representative identify for the Record, please?

MS. WEBB: We have 2 representatives of the Debtor today, so Russell Perry, the CRO of Ankura, and Mr. Isaac Lefkowitz the Debtor's sole director.

MR. JIMENEZ: Okay. Mr. Perry, could you please identify for the Record, state your full name.

UNIDENTIFIED SPEAKER: Yes, [indiscernible].

MR. JIMENEZ: So --

MR. PERRY: Hi, this is Russell Perry.

MR. JIMENEZ: Okay. Before we --

MR. PERRY: Yes, Your Honor. Do I need to spell Perry?

MR. JIMENEZ: Okay. Before we continue I will ask everyone on the call please mute your lines unless you are speaking because we're picking up some background noise.

So, Mr. Perry, I think I was able to hear you, but I think there was somebody else speaking at the same time. So

could you please state your full name for the Record, please?

MR. PERRY: Sure. This is Russell Perry, CRO of the Debtor.

MR. JIMENEZ: Thank you.

Mr. Lefkowitz, are you on the call?

MR. LEFKOWITZ: Yes, sir.

MR. JIMENEZ: Could you please state your full name for the Record?

MR. LEFKOWITZ: Isaac Lefkowitz.

MR. JIMENEZ: Okay. So I'm going to swear in the Debtor representatives starting with Mr. Perry. Would you please raise your right hand. And since this meeting is being conducted telephonically, can you verbally confirm that your right hand is up?

MR. PERRY: Is it.

MR. JIMENEZ: Do you swear or affirm that the testimony that you're about to give is the truth, the whole truth and nothing but the truth?

MR. PERRY: I do.

MR. JIMENEZ: And now, Mr. Lefkowitz, could you please raise your hand, your right hand, and verbally confirm when your right hand is up.

MR. LEFKOWITZ: Is is.

MR. JIMENEZ: Do you swear or affirm that the testimony you are about to give is the truth, the whole truth

and nothing but the truth?

MR. LEFKOWITZ: I affirm.

MR. JIMENEZ: So normally in a -- I would verify the identifications of the Debtor's representative, but since we're conducting this meeting telephonically I won't be able to do that. So, Ms. Webb, can you, as an officer of the Court, confirm that the individuals on the phone are indeed who they claim to be?

MS. WEBB: I can confirm.

MR. JIMENEZ: So during this call I will be using the term the Debtor, and when I say the Debtor I am referring to Tehum Care Services, Inc., formerly doing business as Corizon Health Services, Inc. Does that make sense?

UNIDENTIFIED SPEAKER: [Indiscernible].

MR. JIMENEZ: Okay. So, Mr. Perry, you as Chief Restructuring -- the restructuring officer you signed the voluntary petition of the Debtor. Is that correct?

MR. PERRY: That's correct.

MR. JIMENEZ: Okay. You also signed -- the voluntary petition was filed on February 13, 2023 and then an amended petition was filed on February 15, 2023. Did you sign the amended petition?

MR. PERRY: I did, uh-huh.

MR. JIMENEZ: And so now, Mr. Lefkowitz, did you have an opportunity to -- and before I ask my question, I'm

going to make reference to the schedules and the statement of financial affairs. The schedule was filed at Docket Entry Number 481 and the statement of financial affairs was filed at Docket Entry 482. Mr. Lefkowitz, do you have access to those documents? Do you have them nearby? If I ask you specific questions about the schedules can you -- are you able to look at a document?

MR. LEFKOWITZ: Yes, I can.

MR. JIMENEZ: Okay. So, Mr. Lefkowitz, did you have an opportunity to read the global notes that were attached to the bankruptcy documents?

MR. LEFKOWITZ: Yes, I did.

MR. JIMENEZ: Did you write the global notes?

MR. LEFKOWITZ: It was authored by the attorneys, but I reviewed it.

MR. JIMENEZ: Okay. These notes are helpful in explaining, but from the United States's perspective -- the United States Trustee's perspective, they [indiscernible] schedules themselves. So do you as the corporate representative understand you are still held accountable for the information that are on the schedules, do you understand?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: In larger cases representatives of debtors often relied on other professionals for information that appears on the schedules and statement of financial

affairs. You understand that it is your responsibility as the person that signed these documents to verify the information is true and correct to the best of your knowledge and belief?

MR. LEFKOWITZ: Yes, I do.

MR. JIMENEZ: My office also understands that in larger and complex cases small errors and omissions do occur, it happens. But do you understand that since you signed the schedules it is your responsibility to make changes or amendments to the schedules if you believe that the responses are incorrect.

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: So it is my understanding, and correct me if I'm wrong, that you have a team of professionals that assisted you with the preparation fo the schedules and statement of financial affairs in this case?

MR. LEFKOWITZ: That's right.

MR. JIMENEZ: Can you describe generally the process that occurred in preparing these documents?

MR. LEFKOWITZ: Meetings with the team of Ankura which is part of the CRO, and then teams of our legal counsel representative.

MR. JIMENEZ: And beyond meeting with the professionals what else did you do to prepare these documents?

MR. PERRY: Yeah, it's Russell Perry. We also met with contracted third party Sigma Contracting, Sigma Risk

Management I think as we've discussed in the past and their role, they were instrumental in providing various documents and records. And obviously from the Ankura perspective we met with Isaac and had obviously in our possession a number of records and accounting entries and the like that allowed us to prepare substantially all of the schedules that you see here.

MR. JIMENEZ: So going back to Mr. Lefkowitz, did you look over the information on the petition and schedules and statement of financial affairs in this case before they were filed with the Bankruptcy Court?

MR. LEFKOWITZ: Yes, I did.

MR. JIMENEZ: Mr. Perry, did you go over the information in the bankruptcy petition before it was filed with the court?

MR. PERRY: I did.

MR. JIMENEZ: Is the information in the Debtor's -- and for this question I want an answer from both of you, is the information in the Debtor's petition, schedules and statement of financial affairs true and correct to the best of your knowledge and belief?

MR. PERRY: They are.

MR. LEFKOWITZ: Yes, sir.

MS. WEBB: Excuse me, this is Lydia Webb, counsel for the Debtor. I do want to note that in reviewing the information in preparation for this 341 meeting, we did

identify 2 areas that will need to be amended in the schedules. We intend to do that in short order. But I do want to note that for the Record here today.

One is references to a funding limit in Schedules A and B, Item 77. There were references to the global note but we didn't actually get it in the schedule itself. It was a bust on our part and we will be updating the schedules accordingly. The other is with respect to the Debtor's bank accounts, that's SOFA 18 in Schedule A Item 3. As you continue to collect more information on the Debtor we have occasion to update that bank account information, and we intend to do that in short order.

MR. JIMENEZ: Thank you, Ms. Webb.

Mr. Lefkowitz, do you agree with what was just stated by your attorney?

MR. LEFKOWITZ: Yes, sir.

MR. JIMENEZ: Are you aware of any other amendments that need to be made to the documents?

MR. LEFKOWITZ: I'm sure if there would be any corrections and amendments, we'll make them in due course.

MR. KAUFMAN: Let's not -- sorry, this is Aaron Kaufman, I'll say not at this time.

MR. JIMENEZ: Mr. Lefkowitz, do you agree with the answer that was just suggested by your attorney?

MR. LEFKOWITZ: Yes, sir.

MR. JIMENEZ: And you adopt that answer as your own.

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Okay. So can you describe generally for the Record what does the Debtor do and how does it generate revenue?

MS. WEBB: This is Lydia Webb, counsel for the Debtor. I think as we've clearly stated, the Debtor effectuated a divisional merger of --

MR. JIMENEZ: Ms. Webb, Ms. Webb, I think I need -- I'm going to ask you to please let the witness ask the question.

MR. LEFKOWITZ: Okay. Historically the Debtor was in the health care correctional business providing correctional health care to incarcerated inmates throughout several states throughout the country. The Debtor went to a 2-step divisional merger some time in May of '22 where operations were divided where most of the ongoing operational contracts were moved over to another company and the Debtor kept some of its assets and liabilities, and its working through its system of collecting, you know, whatever is owed to the Debtor and dealing with that the Debtor owes to various creditors.

MR. JIMENEZ: You mentioned that the operational contracts were moved to another company. What is the name of this company?

MR. LEFKOWITZ: YesCare Corporation.

MR. JIMENEZ: What is your relationship to YesCare?

MR. LEFKOWITZ: I'm a director of YesCare as well.

MR. JIMENEZ: So you mentioned that the divisional merger took place in May of 2022. So my question is, between May of 2022 and the petition date, which is February 13, 2023, what Tehum do during that period?

MR. LEFKOWITZ: Basically monetizing its assets and paying creditors and liabilities of the Debtor.

MR. JIMENEZ: Okay. Can you explain what you mean when you monetizing its assets?

MR. LEFKOWITZ: There are still outside parties that owe money to the Debtor, various contracts, various insurance carriers and the Debtor has creditors such as vendors and other liabilities that is [indiscernible] in order to satisfy those liabilities.

MR. JIMENEZ: Who was operating Tehum prior to the bankruptcy filing?

MR. KAUFMAN: This is Aaron Kaufman, what do you mean by operating the Debtor?

MR. JIMENEZ: Okay. So right now you have a Chief Restructuring Officer, who was running the company Tehum prior to the bankruptcy?

MR. KAUFMAN: Do you mean who were the officers of the company?

MR. JIMENEZ: Who -- no, that's -- let's go back. Who was running the --

MR. KAUFMAN: Different question?

MR. JIMENEZ: -- who was running the day-to-day operations of Tehum prior to the filing of the bankruptcy?

MR. LEFKOWITZ: I did.

MR. JIMENEZ: Say that again?

MR. LEFKOWITZ: I did.

MR. JIMENEZ: That's you, Mr. Lefkowitz?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: When was Ankura retained to act as the Chief Restructuring Officer?

MR. LEFKOWITZ: At the time of the bankruptcy.

MR. JIMENEZ: Ankura was not retained prior to the bankruptcy?

MR. LEFKOWITZ: It was, Ankura did services to the Debtor in 2021.

MR. JIMENEZ: Who made the decision to retain Ankura and Gray Reed?

MR. LEFKOWITZ: I did.

MR. JIMENEZ: I am assuming that there are retainers for Ankura and Gray Reed. Who funded the payment of the retainers?

MR. KAUFMAN: This is Aaron. We disclosed this in our -- each of our employment applications. Neither of us has

a retainer.

MR. JIMENEZ: Who funded the service provided by Ankura and Gray Reed prior to the bankruptcy?

MR. KAUFMAN: Again, Aaron Kaufman. This was all disclosed in our employment applications, we didn't provide any services, other than the filing of the petition.

MR. JIMENEZ: Mr. Lefkowitz, you just testified that you had -- Ankura was providing services in 2021. Is that correct?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Okay. So who funded the services of Ankura?

MR. LEFKOWITZ: [Indiscernible].

MR. JIMENEZ: And from the time after the divisional merger until the bankruptcy case was filed who funded the services of Ankura?

MR. LEFKOWITZ: There wasn't any services in that period.

MR. JIMENEZ: How did the Debtor fund itself for the period after the divisional merger until the filing of the bankruptcy?

MR. LEFKOWITZ: Through a funding agreement from a lender.

MR. JIMENEZ: And who is this lender?

MR. LEFKOWITZ: M2 LoanCo.

MR. JIMENEZ: Can you generally describe what you believe are the causes for the bankruptcy filing?

MR. LEFKOWITZ: It was some of the creditors moved to install a state trustee into the Debtor, you know, prior to exhausting litigation, and the Debtor felt it would be devastating to the existing assets of the Debtor if a trustee comes in, and we made a decision to file for Chapter 11.

MR. JIMENEZ: Did you say that creditors moved to install a state trustee. When you say state trustee are you referring to a receiver?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Okay. So was there an appointment of a receiving in one of the state court litigations that you were aware of?

MR. LEFKOWITZ: No.

MR. JIMENEZ: Do you remember in which state was this receiver going to be appointed?

MR. LEFKOWITZ: Missouri.

MR. JIMENEZ: So now I'm going to make specific reference to Docket 481. On Page 2 of Docket -- I'm talking Page 2 of 71, there is a statement in the global notes that asset information is reflected as of the close of business on January 31, 2023. Do you see that?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: The Debtor did not provide any

information from January 31 to February 13. Is that correct?

MR. PERRY: This is Russell Perry. To the extent that liabilities could be identified and measured as of February 13, that was certainly -- I disclosed and scheduled the same point to the extent there were various payments that were made between those time periods, to the extent there were other disclosable items that occurred on the 13th or that were in existence on the 13th, the Debtor certainly did schedule those.

This reference really has to do with assets or liabilities that might have been referenced from the Debtor's financial statements, and so the reference is really in regards to the fact that the Debtor's financial statements were prepared at month end and a stub period financial statement was not otherwise prepared. So only a handful of references were needed to bring forth the liability to the 13th. For the most part substantially all of these schedules and statements were unimpacted by that time period for those roughly 13 days.

MR. JIMENEZ: Mr. Lefkowitz, do you have something different to add to my question?

MR. LEFKOWITZ: No, I agree with Mr. Perry.

MR. JIMENEZ: So, Mr. Lefkowitz, to your knowledge were there any activities between January 31 to February 13?

MR. LEFKOWITZ: There could have been some minor,

you know, check clearing and payments made but nothing significant.

MR. JIMENEZ: Did the Debtor transfer any funds or expend any funds between January 31 and February 13?

MR. LEFKOWITZ: No.

MR. JIMENEZ: Did the Debtor receive any funds from January 31 to February 13?

MR. LEFKOWITZ: I'm not certain, and even the worry was minute, you know, ACHs that came in.

MR. JIMENEZ: Well, Mr. Lefkowitz, even if it's a small amount, that information must be disclosed. So to the extent that it hasn't been done I'm going to ask you to go over the records and make any necessary amendments to make sure that any expenditure of funds, and funds received between that period are accurately disclosed in the schedules.

MR. KAUFMAN: This is Aaron Kaufman, and Isaac --

MR. JIMENEZ: This is -- I'm sorry [indiscernible].

MR. KAUFMAN: -- I'm going to let Isaac confirm, but we've looked at the two bank accounts that we just received the bank statements recently and they were showing a zero balance during this period. But we didn't have those when we filed the schedules. So I'll let Mr. Lefkowitz describe if he knows anything else.

MR. LEFKOWITZ: I agree with Mr. Kaufman, I just responded because I didn't know of anything significant so I

left it as an open [indiscernible] but since Mr. Kaufman confirmed that the accounts were zeroed out, so January 13 is the -- February 13 is the zero date.

MR. JIMENEZ: Okay. So I just want to remind you going forward my questions are directed to you, Mr. Lefkowitz. You're the person under oath that needs to answer the questions, it's not Mr. Kaufman. So I'm going to -- all the questions that I ask you I'm going to ask you to answer directly.

MR. LEFKOWITZ: Okay.

MR. JIMENEZ: Schedule -- on Schedule A/B the Debtor did not list any accounts. So I know that your attorney mentioned, and I think that's why we went over that. There's going to be amendments to include bank accounts. Did I get that correct?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: Okay. So it was our understanding that there was an account at Signature Bank. Is that correct?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Why isn't the Signature Bank account listed here?

MR. KAUFMAN: It is listed in the SOFA.

MR. JIMENEZ: Mr. Kaufman, hold on a second. This is not [indiscernible] speaking, this is Andrew Jimenez. And I'm going to ask you to --

MR. KAUFMAN: Oh, sorry.

MR. JIMENEZ: -- please let Mr. Lefkowitz answer the questions.

MR. LEFKOWITZ: Okay. So we thought the account was closed, actually we thought the entire bank was closed, that Signature Bank went under, but we later realized that the account is still open through the FDIC but it has a zero balance.

MR. JIMENEZ: And so --

MR. KAUFMAN: So, Mr. Jimenez, if you look in the SOFAs you'll see them as closed accounts. That's what we tendered.

MR. JIMENEZ: All right. So that's one thing in the SOFA --

MR. KAUFMAN: And I'm not trying to answer -- I'm not trying to answer for him, I'm trying to help you out to clarify this.

MR. JIMENEZ: And I'm not talking about the SOFA, I'm talking about Schedule A/B, there were no accounts listed on Schedule A/B. Mr. Lefkowitz --

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: -- does the Debtor have access to the Signature Bank account?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: Do you know what is the balance in the

Signature Bank account?

MR. LEFKOWITZ: Zero.

MR. JIMENEZ: Why hasn't this account been closed?

MR. LEFKOWITZ: We made an election that we don't need the account.

MR. JIMENEZ: Was the funding agreement deposited into the Signature account?

MR. LEFKOWITZ: No.

MR. JIMENEZ: Did the Debtor offer a new debtor-in-possession account?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: Where at?

MR. LEFKOWITZ: Bank of America.

MR. JIMENEZ: Could you please explain what is the Cares Act Employee Retention Credit?

MR. LEFKOWITZ: That is a federal program of companies' employment that were harmed during the COVID crisis.

MR. JIMENEZ: And how does it work?

MR. LEFKOWITZ: I mean there's a lot of intricate details to it but in general the -- based on the employee count and overtime hours and losses that a company suffered during COVID gets credited back as a Cares Act credit from the United States government.

MR. JIMENEZ: And where is the Debtor in getting

these credits?

MR. LEFKOWITZ: I beg your pardon?

MR. JIMENEZ: Where is the Debtor in getting this credit?

MR. LEFKOWITZ: Where they are in the process?

MR. JIMENEZ: Yeah.

MR. PERRY: Yeah, it's Mr. Perry, it's Russell Perry, can I answer this question, Mr. Jimenez?

MR. JIMENEZ: Sure, go ahead.

MR. PERRY: Okay. To the post-petition activities that my role as CRO is mainly dealing with, the Debtor has completed eligibility documentation and calculations as it relates to 1 of the 2 fiscal years that pertain to the ERC program. The Debtor retained a CPA firm to prepare what's called 941X tax forms. Those forms were, in fact, completed, again, for 1 of the 2 fiscal years, and those forms were sent to the IRS within the last week.

The other fiscal year that the ERC program pertains to is in process, an outside consulting firm is working through the eligibility criteria and the calculations, and once those calculations are complete we'll be able to provide those to the CPA who will complete forms and will file with the IRS much like we did for the initial fiscal year.

MR. JIMENEZ: Is the Debtor entitled to 9 million total or is it 15 million total?

MR. LEFKOWITZ: So it's broken up, again, to 2 separate fiscal years, the first fiscal year that had, in fact, been submitted to the IRS on its face is worth 9 million. Again, that's subject to the IRS receiving the application, or at least the forms, and the submitting those funds to the Debtor in the Debtor's bank account. So that is, you know, a number that has been identified and applied for.

The second tranche that you asked for, which in the schedule should be fiscal year 2020, that's the amount that's in process so that's an estimate. We anticipate the number to be in line with the number that we provided on the schedules, but, again, the work is not complete. I think we're --

MR. JIMENEZ: Is that the --

MR. LEFKOWITZ: -- roughly 7 to 10 days from receiving information.

MR. JIMENEZ: Is that the $6 million.

MR. LEFKOWITZ: It is.

MR. JIMENEZ: When does the Debtor expect to receive those funds?

MR. LEFKOWITZ: The first 9 million could be easily 9 to 10 months out, unless there is a party who chooses to provide the Debtor with an advance or other, you know, form of monetization of those credits. There is a market for that type of monetization. We're in conversations with a handful of parties. It takes time to perform that diligence. But if

no parties step up and agree to monetize those credits, the IRS process alone could be, like I said, as long as 9 or 10 months, but we are in active discussions with potential parties to like I said monetize those credits sooner rather than later.

MR. JIMENEZ: And what about the other 6 million for 2020?

MR. LEFKOWITZ: Yeah, well, we won't be able to monetize those or really speak to folks about those until the credits are filed, the forms are filed with the IRS that effectively provide for, you know, substantiation that the IRS has the applications, and then at that point in time there'll be an effort to potentially monetize to the extent the Debtor needs to do that at that time. But we're -- like I mentioned a second ago, we're 2 to 3 weeks away from filing the 941X for that fiscal year.

MR. JIMENEZ: Okay. So it will be fair to say the 9 million you said 9 to 10 months, this other 6 million I going to be longer than that.

MR. LEFKOWITZ: That's fair, un-huh.

MR. JIMENEZ: Okay. So, Mr. Lefkowitz, I want to reference -- if you could go to Page 37 on Docket 481. There is a list of insurance policies. Can --

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: Why are the value of these policies

all undetermined?

MR. LEFKOWITZ: Because we're still negotiating with each of these various carriers.

MR. JIMENEZ: Have you see the policies?

MR. LEFKOWITZ: Not personally, no.

MR. JIMENEZ: Were there any steps taken to determine the value of the policies?

MR. LEFKOWITZ: Yeah, there's a team at Gray Reed that's diligently working on it.

MR. JIMENEZ: I didn't hear the last part, could you please repeat it?

MR. LEFKOWITZ: There's a Gray Reed team, insurance experts, that are diligently on the subject.

MR. JIMENEZ: So can we expect an amendment to the schedules to disclose the value of these insurance policies?

MR. LEFKOWITZ: As the values get determined, I mean there's constant negotiation and settlement discussions with each and every one of these carriers.

MR. JIMENEZ: So the answer, your answer is yes, once you determine the values you will be amending the schedules?

MR. LEFKOWITZ: Correct.

MR. KAUFMAN: Yeah, Mr. Jimenez, I don't -- this is Aaron again, I don't know that I've ever amended schedules to value insurance policies, but if we're able to do that, we'll

certainly do that.

MR. JIMENEZ: Thank you, Mr. Kaufman.

Mr. Lefkowitz, moving to Page 42, there is a list of states that the Debtor may have state tax liability to. Why are these amounts all a No?

MR. LEFKOWITZ: Because they're all -- they all need to be -- still need to be reconciled and filed and the tax returns are still outstanding.

MR. JIMENEZ: And this state tax liabilities, do you know for what year they are for, what tax year?

MR. LEFKOWITZ: Some of them are '22, some of them go -- date back to '20.

MR. JIMENEZ: So between 2020 to 2022?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: To your knowledge was the Debtor current on all tax obligations?

MR. LEFKOWITZ: Obligations? Meaning what, filings?

MR. JIMENEZ: Filings of tax returns and payment of tax liability.

MR. LEFKOWITZ: I'm not certain but I believe filing was pretty much up-to-date, except the schedule, and I'm not certain on the obligation.

MR. JIMENEZ: Now on the statement of financial affairs, looking at the statement of financial affairs from 2021 the company was generating 598 million, and in 2022 102

million. Can you explain the drop in revenue between 2022 and 2021?

MR. LEFKOWITZ: It simply lost many of its contracts.

UNIDENTIFIED SPEAKER: After the merger.

MR. JIMENEZ: Can you identify which contracts the company lost?

MR. LEFKOWITZ: State of Idaho, State of Michigan, State of Missouri, those are the bulk of the large, and then some others.

MR. JIMENEZ: And how about 2023, did the Debtor have any gross revenue in 2023?

MR. LEFKOWITZ: No.

MR. JIMENEZ: Did the Debtor have any non-business revenue in 2023?

MR. LEFKOWITZ: No.

MR. JIMENEZ: So looking at Attachment Number 3, there are various payments to suppliers and vendors. Why were these payments made after the divisional merger?

MR. LEFKOWITZ: When was it made?

MR. JIMENEZ: After the divisional merger.

MR. LEFKOWITZ: I didn't hear the question. You asked when or why?

MR. JIMENEZ: Why.

MR. LEFKOWITZ: To know who the Debtor owes money

to.

MR. JIMENEZ: Okay. But after the divisional merger did the Debtor any operations?

MR. LEFKOWITZ: Didn't have operations but it undertook to collect assets and to pay some of the liabilities.

MR. JIMENEZ: Who is Sigma Risk Management?

MR. LEFKOWITZ: It's a group of lawyers that manage the PLI matters for the Debtor.

MR. JIMENEZ: Manage what?

MR. LEFKOWITZ: Professional liability matters, plaintiffs that sue the Debtor.

MR. JIMENEZ: And what services does Sigma Risk Management provide to the Debtor?

MR. LEFKOWITZ: They assess the claim, they allocate the litigation to defense counsel to negotiate a settlement with plaintiffs, anything and everything that has to deal with professional liability. Submits the claims to insurance companies.

MR. JIMENEZ: Who is BioReference Laboratories?

MR. LEFKOWITZ: It's a nationwide laboratory company that analyzes blood samples and all other type of lab work.

MR. JIMENEZ: What services does BioReference Laboratories provide to the Debtor?

MR. LEFKOWITZ: Lab services.

MR. JIMENEZ: So are any -- did BioReference Laboratories provide lab services after the divisional merger?

MR. LEFKOWITZ: No.

MR. JIMENEZ: And who is Jackson Lewis, LLP?

MR. LEFKOWITZ: That's a law firm representing aa hospital in Missouri.

MR. JIMENEZ: Representing a hospital?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Does Jackson Lewis provide any services to the Debtor?

MR. LEFKOWITZ: No, they were representing a plaintiff and this was in payment to the plaintiff.

MR. JIMENEZ: Who is JDG COG Consulting?

MR. LEFKOWITZ: It's a consulting company that worked with the [indiscernible] before we entered into [indiscernible].

MR. JIMENEZ: What services does JDG COG Consulting provide to the Debtor?

MR. LEFKOWITZ: It doesn't provide anything to the Debtor during post-December 21, these were all payments prior, prior services. So the Debtor did not receive any services [indiscernible].

MR. JIMENEZ: Who is, and forgive me if I'm mispronouncing the name, Ayodeji Ladele, MD?

MR. LEFKOWITZ: He is the Chief Medical Officer,

used to be the Chief Medical Officer of the Debtor.

MR. JIMENEZ: Not anymore?

MR. LEFKOWITZ: Not for the Debtor, no.

MR. JIMENEZ: Is Mr. Ladele with YesCare?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Who is J. Scott King?

MR. LEFKOWITZ: He used to be the in-house counsel for the Debtor.

MR. JIMENEZ: And Mr. King is currently with YesCare?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: In a similar role as in-house counsel?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: On Attachment 29 it looks like all these positions ended on May 5 '22. Is there a reason why these positions terminated on May 5, 2022?

UNIDENTIFIED SPEAKER: Yeah.

MR. LEFKOWITZ: Because that's the day that the divisional merger --

MR. JIMENEZ: I didn't get that. Could you please repeat the answer?

MR. LEFKOWITZ: That is the day that the divisional merger occurred.

MR. JIMENEZ: Okay. And what happened with these positions, did all these people move to YesCare?

MR. LEFKOWITZ: No, not all of them.

MR. JIMENEZ: Okay. What about A. Goldberger?

MR. LEFKOWITZ: No, he was terminated.

MR. JIMENEZ: What about Davy [indiscernible]?

MR. LEFKOWITZ: Terminated.

MR. JIMENEZ: What about F. Jeffrey Shully [phonetic]?

MR. LEFKOWITZ: Moved over to YesCare.

MR. JIMENEZ: What about Jay Laytner [phonetic]?

MR. LEFKOWITZ: Terminated.

MR. JIMENEZ: And what about Sara Kushwell [phonetic]?

MR. LEFKOWITZ: Moved over to YesCare.

MR. JIMENEZ: Does the Debtor keep medical records of patients?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: Did those records contain personal identifiable information?

MR. KAUFMAN: This is Aaron Kaufman. I just want to make sure Mr. Lefkowitz understands that term since it's a term of art.

MR. JIMENEZ: I'll rephrase it, Mr. Kaufman, I'll rephrase.

Do you keep personal identifiable information in the medical records, and by that I mean social security numbers,

date of birth and information like -- of that sort?

MR. LEFKOWITZ: We don't have social security numbers, we do have date of birth, we do have name and inmate numbers.

MR. JIMENEZ: And who has custody of these records?

MR. LEFKOWITZ: At present?

MR. JIMENEZ: Correct.

MR. LEFKOWITZ: (No audible response.)

MR. JIMENEZ: Mr. Lefkowitz?

MR. LEFKOWITZ: Yeah, I mean technically they're sitting on Corizon's servers, old Corizon -- the Debtor's servers. But it's questionable whether the Debtor actually has access to the server.

MR. JIMENEZ: Who has access to the server?

MR. LEFKOWITZ: I think this is something that we decided not to discuss at the 341 meeting. This was a discussion *in camera* with the Judge and there's still going -- it's an ongoing process of who has access to the server.

MR. JIMENEZ: I don't believe that is my question. I meant my question is the Debtor -- under general circumstances does the Debtor have access to that server?

MR. KAUFMAN: Mr. Jimenez, can you just give us a time frame, that might clarify things.

MR. JIMENEZ: Sure. So after the divisional merger until today did the Debtor have access to the server that has

the medical records?

MR. LEFKOWITZ: All right. So the Debtor had access from the divisional merger to approximately a week after the bankruptcy filing.

MR. JIMENEZ: Okay. And that server was under the control of the Debtor?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Okay. Okay. At this time I'm going to let creditors ask questions, starting with the Unsecured Creditors Committee, Mr. Zluticky, do you have any questions?

MR. ZLUTICKY: Yes, thank you very much.

MR. KAUFMAN: Hold on, before we get started, I'm not going to talk over you, this is Aaron, I just want everyone to be -- Russell Perry has time constraints, he needs to leave for the airport in, what, an hour?

MR. PERRY: In an hour.

MR. KAUFMAN: Okay.

MR. PERRY: Unless my flight [indiscernible].

MR. KAUFMAN: And we can stay. And Mr. Lefkowitz has until what time before we need to adjourn?

MR. LEFKOWITZ: 7:00.

MR. KAUFMAN: 7:00 Eastern, 6:00 Central.

MR. LEFKOWITZ: Okay.

MR. KAUFMAN: Okay.

MR. ZLUTICKY: Thank you. So Mr. Perry and

Mr. Lefkowitz, return to the schedules, Docket 481. And specifically what I'm focused on is Page 25 of 71.

MR. PERRY: Okay. We're here.

MR. ZLUTICKY: Item 74.1, Corizon Health, Inc. versus Cobra Specialty Insurance company. Can you describe generally what that lawsuit's about and what its status is?

MR. PERRY: Yeah, so we scheduled this a cause of action because this is a dispute with an insurance carrier related to a claim that was filed and otherwise not paid out. There were breach of contracts that were identified in regards to that dispute and the matter is ongoing currently. We don't have a value for that specific claim, but we're continuing to engage and would like to bring it to resolution.

MR. ZLUTICKY: Who represents the Debtor in that case?

MR. PERRY: Yeah, I don't know the answer to that.

MR. ZLUTICKY: And has there been an application to employ that counsel filed?

MR. LEFKOWITZ: I think it's only --

MR. PERRY: We'll get -- we'll have to refer -- I believe -- so I believe that was 1 of the names of counsel on the OCP list that was approved, but we'll have to confirm.

MR. ZLUTICKY: Okay. And where is that action pending?

MR. LEFKOWITZ: Arizona.

MR. PERRY: I think it's Arizona, that's right, uh-huh.

MR. ZLUTICKY: And what's the status of that action currently?

MR. PERRY: That action -- the issue is we effectively pressed pause on any activity once we filed so we could understand what the proper course of action would be moving forward. So were not actively working it at this point in time, we need to [indiscernible] motion to approve, we need to circle back with that respective counsel, determine whether or not it makes sense to move forward. You know, the insurance carrier itself is sort of part of the Gray Reed analysis that Mr. Lefkowitz was working -- or talking about a little bit ago will be part of the analysis for this as well. So we have sort of grouped it with other insurance matters. This one being obviously a claim, the other policies being obviously policies that we'd like to, you know, liquidate and settle it somewhere. But this is a dispute directly with the insurance company with respect to payout and we need to move it forward.

MR. ZLUTICKY: What's the total amount that was claimed under the policy that wasn't paid?

MR. PERRY: I'll have to circle back. The reason we put undetermined is we haven't been able to identify the exact amount. And again, it's a breach of contract claim, that the

analysis is somewhat in its infancy and we need to push it forward.

MR. ZLUTICKY: And is this -- and then this was set in the statement of financial affairs?

MR. PERRY: As an interim policy it should be --

MR. ZLUTICKY: No, I'm saying it's the cause of action listed on Attachment 7.

MR. PERRY: I'll have to cross-reference. Let's see --

MR. KAUFMAN: And I kind of have my -- this is Aaron, I don't my computer open, I just have the hard copy. If you do a word search, it might move this faster.

MR. ZLUTICKY: Yeah, I couldn't find it so that's why I was asking is maybe it was under something else and so probably need to amend the [indiscernible] to add that in.

MR. KAUFMAN: All right. Noted.

MR. ZLUTICKY: Or point me, you know, to where I missed it. So the --

MR. KAUFMAN: [Indiscernible].

MR. ZLUTICKY: I'm sorry?

MR. PERRY: I was saying if it's not on there, then it was an inadvertent omission. We'll add it.

MR. ZLUTICKY: Sure. So going back to the schedules that came with the same page, 75K3 Cronos [phonetic] breach of contract demand, what is -- who is Cronos?

MR. LEFKOWITZ: Cronos is the payroll time keeping system for the Debtor.

MR. ZLUTICKY: And what's the breach of contract demand, what -- can you describe that generally?

MR. KAUFMAN: Since this is an ongoing settlement discussion we're having with Cronos, I want to kind of veer away from this. We are actively discussing with Cronos. I'm happy to talk to [indiscernible] about this.

MR. ZLUTICKY Okay. I'm just trying to understand what the [indiscernible] -- what the action's based on.

MR. LEFKOWITZ: Cronos had a nationwide outage in the year of --

MR. PERRY: '21.

MR. LEFKOWITZ: -- it was end of '21, beginning '22, and it caused a significant amount of damage to the company.

MR. ZLUTICKY: Okay. And that's something that is not in litigation right now. Is that correct?

MR. LEFKOWITZ: Correct.

MR. ZLUTICKY: Okay. Earlier you said Ankura provided services to the Debtor in 2021. What services did Ankura provide?

MR. LEFKOWITZ: Solvency analysis.

MR. PERRY: Yeah, Nick, it's Russell. So Ankura's engagement letter was a company-side financial advisory role.

It began I think some time in I think late '19, early '20. Ankura did not have any type of CRO or fiduciary responsibility, pure financial advisory, and they advised the company with respect to liquidity, the evaluation of strategic alternatives and other typical financial advisory type responsibilities. When the company was ultimately sold in late '21 Ankura's engagement ended.

MR. ZLUTICKY: Did Ankura provide any advice or any services to the buyer of Corizon?

MR. PERRY: It did not, no. There was no involvement with the transaction or a [indiscernible] role.

MR. ZLUTICKY: Did Ankura provide any advisory services related to the divisional merger?

MR. PERRY: It did not, no.

MR. ZLUTICKY: So other than the tax credit and the lawsuit and the breach of contract claim I don't see any other assets listed on the schedules. Is that correct?

MR. PERRY: Well, the ERC credits. So ERC credits, the breach of contract for the insurance provider, the various insurance policies that we're working through. And there'll be other types of, you know, bankruptcy related issues and matters that we'll pursue, preference actions and the like.

MR. ZLUTICKY: So who is managing the Debtor's electronic records?

MR. PERRY: The Debtor's electronic records

currently are managed by a couple of different folks as we've disclosed in the schedules. Sigma Risk Management will manage and have obviously information as it relates to PLI claims, insurance policies, things of that nature. We've worked directly with Isaac on information that pertains to certain Debtor's activities and the books and records there. And then to the extent that we each work through Isaac for other resources that may have Debtor's books and records from prior to the divisional merger, then we work with individuals at, for example, YesCare.

MR. ZLUTICKY: So I'm not asking necessarily who's been a custodian of records historically, what I'm asking is who's currently in charge of maintaining the Debtor's electronic records?

MR. LEFKOWITZ: Why don't you define electronic records.

MR. ZLUTICKY: Every singe record that is stored electronically and is not a physical record.

MR. LEFKOWITZ: You mean like a telephone bill?

MR. ZLUTICKY: I mean if it's electronically stored, so it's not a hard copy and it is stored electronically, where are those -- who's in charge of maintaining those records?

MR. LEFKOWITZ: You're talking about post-petition or prior to petition?

MR. ZLUTICKY: I'm talking about post-petition.

MR. LEFKOWITZ: So post-petition any records that exists to the Debtor is stored on my email, on my Dropbox, and I'm handing it over to Ankura or to Debtor's counsel as requested.

MR. ZLUTICKY: And the records that the Debtor had pre-petition who is currently in charge of maintaining those records?

MR. LEFKOWITZ: Pre-petition, what period?

MR. JIMENEZ: Excuse me, this is Andrew Jimenez. For the witness, please let us know who is speaking because I think a moment ago we had Mr. Perry testify and I'm not sure if we have now Mr. Lefkowitz answering. Who is speaking right now?

MR. LEFKOWITZ: Lefkowitz.

MR. JIMENEZ: Okay. So please when a different witness starts answering a question, please state your name for the Record so we can have a clear record of who is providing the answer.

Please continue.

MR. LEFKOWITZ: Okay.

MR. ZLUTICKY: Mr. Lefkowitz, the Debtor had records stored electronically at the time it filed bankruptcy. Is that correct?

MR. LEFKOWITZ: Yes.

MR. ZLUTICKY: And those records can be back years,

not just months. Is that correct?

MR. LEFKOWITZ: Correct.

MR. ZLUTICKY: Okay. Where are those records currently maintained?

MR. LEFKOWITZ: On the Corizon server.

MR. ZLUTICKY: When you say Corizon server, can you please describe in more detail what you mean by Corizon server?

MR. LEFKOWITZ: I can describe what Corizon is, which I already did, and I describe to you what a server is. So Corizon is the Debtor and a server is a piece of hardware where information is stored.

MR. ZLUTICKY: And Corizon in this statement is Tehum Care Services, Inc., formerly known as Corizon Health, Inc.?

MR. LEFKOWITZ: Correct.

MR. ZLUTICKY: And so you've already testified that Corizon has no employees, so who is maintaining those electronic records?

MR. LEFKOWITZ: I do.

MR. ZLUTICKY: You personally are in charge of the maintenance of all of the Debtor's electronic records.

MR. LEFKOWITZ: I'm not in charge of any maintenance, I'm in charge of paying the bill of the server that holds the records. The server --

MR. ZLUTICKY: When you say the -- go ahead.

MR. LEFKOWITZ: No, you go ahead. You spoke over me, so finish.

MR. ZLUTICKY: When you say the server that holds the records, you earlier described a server as a box. Obviously you're not making payments to a box, so who --

MR. LEFKOWITZ: All right. You're mixing --

MR. ZLUTICKY: -- [indiscernible].

MR. LEFKOWITZ: You're mixing up a box with a server and you're mixing up the timing. You asked me post-petition and now you're asking pre-petition. All records pre-petition is sitting on a server called the Corizon server.

MR. ZLUTICKY: And who hosts that server?

MR. LEFKOWITZ: Some local hosting company in Nashville, Tennessee.

MR. ZLUTICKY: What's the name of that company?

MR. LEFKOWITZ: I don't have it handy.

MR. ZLUTICKY: Do you have it where you could provide it?

MR. LEFKOWITZ: Yes.

MR. ZLUTICKY: Does HOCS Consulting provide any services to the Debtor?

MR. LEFKOWITZ: To the Debtor post-petition?

MR. ZLUTICKY: Pre-petition.

MR. LEFKOWITZ: Pre-petition, yes.

MR. ZLUTICKY: What services?

MR. LEFKOWITZ: IT services.

MR. ZLUTICKY: I promise I don't mean to be glib, but can you define what IT services means?

MR. LEFKOWITZ: You know, if you're mouse doesn't work, if your keyboard doesn't work, if your monitor blinks.

MR. ZLUTICKY: Did they provide any services with respect to servers that the Debtor had?

MR. LEFKOWITZ: Yes.

MR. ZLUTICKY: What were the services that they provided with respect to the servers the Debtor had?

MR. LEFKOWITZ: IT services, I wouldn't know the specifics of it.

MR. ZLUTICKY: Is HOCS Consulting the company in Tennessee that's hosting the server?

MR. LEFKOWITZ: No, I believe it's a different vendor that's hosting the server.

MR. ZLUTICKY: Does HOCS have any obligations with respect to that server?

MR. LEFKOWITZ: I don't know what that question is -- I don't know what obligations to the server means.

MR. ZLUTICKY: Are they in charge of maintaining the server?

MR. LEFKOWITZ: No, I don't believe so, they are no longer associated with the Debtor.

MR. ZLUTICKY: Effective as of what date?

MR. LEFKOWITZ: Effective as of the bankruptcy filing.

MR. ZLUTICKY: So prior to the bankruptcy filing they were involved with the Debtor?

MR. LEFKOWITZ: Correct.

MR. ZLUTICKY: And that ended on February 13, 2023 when the Debtor filed bankruptcy?

MR. LEFKOWITZ: There about.

MR. ZLUTICKY: Okay. Was it -- did it end before the bankruptcy case was filed?

MR. LEFKOWITZ: I don't know the exact date that the relationship turned, but thereabout, either a day before or a day after or a day -- during the same day. Just about the same time.

MR. ZLUTICKY: Who terminated the relationship?

MR. LEFKOWITZ: I did.

MR. ZLUTICKY: Why?

MR. LEFKOWITZ: I wasn't ready to pay any fees anymore.

MR. ZLUTICKY: Did the Debtor still need the services that HOCS was providing?

MR. LEFKOWITZ: No.

MR. ZLUTICKY: On the statement of financial affairs, which is Docket 482, it is a 53-page document, I'm

looking specifically at Page 33 of 53. 28.1 and 28.2 it lists the Salizoss [phonetic] Intermediate Holdings, Inc. is the parent company of the Debtor. Can you describe what [indiscernible] --

MR. LEFKOWITZ: 100 percent.

MR. ZLUTICKY: -- Salizoss Intermediate Holdings, Inc. had in the Debtor as of the filing date?

MR. LEFKOWITZ: It says right on the document, 100 percent.

MR. ZLUTICKY: When is the last time that the Debtor filed a consolidated tax return?

MR. LEFKOWITZ: I believe in -- I believe it was filed a month ago.

MR. ZLUTICKY: Was there -- is there a refund due under the consolidated tax return?

MR. LEFKOWITZ: I don't have the return in front of me.

MR. ZLUTICKY: And prior returns had there been refunds that are due and owing from the IRS?

MR. LEFKOWITZ: Prior means when, what years?

MR. ZLUTICKY: 2020.

MR. LEFKOWITZ: I think the company's been carrying NOLs for quite a time.

MR. ZLUTICKY: Those NOLs resulted in a tax refund?

MR. LEFKOWITZ: No.

MR. ZLUTICKY: Which accounting firm files these consolidated tax returns?

MR. LEFKOWITZ: Some local CPA firm in Nashville.

MR. ZLUTICKY: I'm sorry, did you say Nashville, Tennessee?

MR. LEFKOWITZ: Correct.

MR. ZLUTICKY: What is the Debtor's goal in this bankruptcy case?

MR. LEFKOWITZ: To settle with the creditors and exit out of bankruptcy.

MR. ZLUTICKY: Utilizing the tax credits, the Cronos demands and the insurance claim.

MR. LEFKOWITZ: And whatever other assets the Debtor has access to.

MR. ZLUTICKY: Have you personally, Mr. Lefkowitz, done an investigation as to whether the Debtor has other assets, like causes of action?

MR. LEFKOWITZ: I'm involved in discussions, yes.

MR. ZLUTICKY: Okay. Well, I'm not looking to invade attorney-client privilege, but to the extent that those discussions were with someone other than counsel, who were they with?

MR. LEFKOWITZ: Only with counsel.

MR. ZLUTICKY: Okay. Is there anyone else at the

Debtor other than counsel who is investigating the Debtor's assets including potential causes of action?

MR. LEFKOWITZ: The Ankura firm..

MR. ZLUTICKY: Anyone else?

MR. LEFKOWITZ: I don't know if Ankura's hiring any subcontractors, but it's mainly commissioned through the Ankura firm.

MR. ZLUTICKY: Other than any theoretical subcontractors Ankura may hire, anyone else?

MR. LEFKOWITZ: Not that I'm aware of.

MR. KAUFMAN: Nick, Bradley was -- this is Aaron Kaufman for the Record -- Bradley [indiscernible] whatever, the Bradley firm is hired as special counsel on the Cronos matter.

MR. ZLUTICKY: Thank you.

MR. KAUFMAN: And I think you heard Russell say that there was a firm on the OCP list in the Cobra matter.

MR. ZLUTICKY: Yes, thank you.

MR. ZLUTICKY: Mr. Lefkowitz, you negotiated the risk management agreement with Sigma on behalf of the Debtor.

MR. KAUFMAN: Sorry, Nick, can you start over, there was buzz in the middle of your question.

MR. ZLUTICKY: Sure. Mr. Lefkowitz, who negotiated the agreement with Sigma Risk Management on behalf of the Debtor?

MR. LEFKOWITZ: I did.

MR. ZLUTICKY: Did you interview any other risk management firms before selecting Sigma?

MR. LEFKOWITZ: Yes.

MR. ZLUTICKY: Which ones?

MR. LEFKOWITZ: I don't have the name in front of me but then there were like 2 firms we reached out to that were far more expensive and inexperienced in [indiscernible].

MR. ZLUTICKY: Did the fact that Zalman Shapiro [phonetic] was at Sigma Risk Management play a factor in selecting Sigma Risk Management?

MR. LEFKOWITZ: I don't think so.

MR. ZLUTICKY: Was Zalman Shapiro at the other firms you looked at?

MR. LEFKOWITZ: No.

MR. ZLUTICKY: And Zalman's also in-house counsel for [indiscernible].

MR. LEFKOWITZ: Correct.

MR. ZLUTICKY: What is Perigrove's relationship to the Debtor?

MR. LEFKOWITZ: Perigrove has no relationship to the Debtor. I believe, Nick, we had a deposition this morning and they were clarified exactly on the org chart and the corporate structure. So you have all the information.

MR. ZLUTICKY: Okay. Mr. Jimenez, those are all the

questions that the Committee has at this time.

MR. JIMENEZ: Thank you.

MR. ZLUTICKY: So we would pass the witness.

MR. JIMENEZ: Thank you.

At this time there is a gentleman, first name Val, please -- I said my apology because I didn't get your last name correctly, the gentleman from Alabama. Are you on the line?

MR. EARLY: Good afternoon. Yes, [indiscernible] I'm Val Early, E-A-R-L-Y.

MR. JIMENEZ: Thank you.

MR. EARLY: Like early in the morning.

MR. JIMENEZ: Thank you, Mr. --

MR. EARLY: Good afternoon, Mr. Lefkowitz.

Thank you, Mr. Jimenez. Shall -- may I proceed?

MR. JIMENEZ: Go ahead.

MR. EARLY: Thank you.

Mr. Lefkowitz, I'm Val Early, I'm a lawyer in Birmingham, and I represent Plaintiffs [indiscernible], Corizon and a host of others. I have just a few questions question for you. If I ask you something that you -- for which you need clarification, I hope you will let me know. If you are unable to understand me, please tell me that, too. Sometimes being from the Deep South I'm accused of speaking too quickly to people, and that could be expected, so that,

ladies and gentlemen, was your piece of humor for the day.

MR. KAUFMAN: I'm also from the -- this is Aaron Kaufman, also from the South.

MR. EARLY: Very well done.

Mr. Lefkowitz, do you know who owns the entity known as Sigma Contracting?

MR. KAUFMAN: Hold up, Mr. Early, just real quick for -- so I can be clear on this. Can you for the Record tell us who your client is?

MR. EARLY: My client is Tracey Grissom.

MR. KAUFMAN: Thank you. Okay. Go ahead.

MR. EARLY: I'll repeat the question. Mr. Lefkowitz, do you know who own the entity known as Sigma Contracting?

MR. LEFKOWITZ: No.

MR. EARLY: Thank you. Do you know who owns the entity known as Sigma Risk Management?

MR. LEFKOWITZ: Yes.

MR. EARLY: Will you please tell me who that is?

MR. LEFKOWITZ: It's a group of lawyers.

MR. EARLY: I see. And do you own any interest in either Sigma Contracting or Sigma Risk Management?

MR. LEFKOWITZ: No.

MR. EARLY: Do you know where either of those entities is physically located?

MR. LEFKOWITZ: They operate all over the country virtually.

MR. EARLY: So they may have --

MR. LEFKOWITZ: I don't nothing -- I don't know -- one minute, one minute, one minute, let me -- let me -- I'm from the South too so let me talk slowly. I know nothing about Sigma -- I know nothing about Sigma contracting, so any questions about Sigma contracting the answer is no, I don't know, I don't even know who you're referring to. Sigma Risk Management --

MR. EARLY: Well, you testified -- you testified earlier this afternoon that Sigma Contracting had something to do with this case and I was just following up on that.

MR. PERRY: Now, Mr. Early, this is Russell Perry. I specifically said earlier the Debtor contracted with Sigma, Sigma Risk Management. So if the words were Sigma Contracting, it was in regards to the Debtor contracting with Sigma. Just so we are clear. And it was my fault if earlier when I was speaking I wasn't clear enough. There is no entity called Sigma Contracting the Debtor deals with. It's Sigma Risk Management, but there is a third party contract between the Debtor and Sigma Risk Management.

MR. EARLY: I'm sorry to have to do this, but will you please tell me your name?

MR. PERRY: My name is Russell Perry.

MR. EARLY: Thank you.

MR. PERRY: I'm the Debtor's --

MR. EARLY: I just wasn't -- yes, I wasn't sure who --

MR. PERRY: Okay.

MR. EARLY: -- was speaking.

Now back to the question, Mr. Lefkowitz. Do you own any real estate from which -- in which Sigma Risk Management keeps any of its records?

MR. LEFKOWITZ: No.

MR. EARLY: Are you the owner or member of a company or partnership which owns real estate which leases to Sigma Risk Management?

MR. LEFKOWITZ: No.

MR. EARLY: Okay. Now we'll switch gears a little bit. I want you to tell me very briefly have you ever been to the physical structure in which the Debtor maintains its office in Brentwood, Tennessee?

MR. LEFKOWITZ: Yes.

MR. EARLY: And are you aware that YesCare maintains an office space in the same suite of offices?

MR. LEFKOWITZ: No, not the same suite.

MR. EARLY: No, the question was are you aware.

MR. LEFKOWITZ: I'm aware that it's not in the same suite.

MR. EARLY: Very well. Do you know where YesCare maintains its offices?

MR. LEFKOWITZ: All over the country.

MR. EARLY: Are you aware that YesCare claims that its office address is the same street and suite number as that listed in the Debtor's petition for the Debtor?

MR. LEFKOWITZ: Yeah, that is an office building that has virtual mail, but that's all it is. The physical offices of YesCare is all over the country.

MR. EARLY: So if I were to tell you for instance that YesCare claims to be located at 205 Powell Place, Suite 104, Brentwood, Tennessee 37027, you cannot confirm or deny that. Is that accurate?

MR. LEFKOWITZ: I can tell you the largest office that YesCare has is right in your backyard in Montgomery, Alabama.

MR. EARLY: Can you answer my question, please?

MR. LEFKOWITZ: I don't know what your question is and I don't know what you're trying to say. Basically YesCare --

MR. EARLY: I'm just trying to ask you a simple direct question, Mr. Lefkowitz --

MR. LEFKOWITZ: And I'm giving you simple direct --

MR. EARLY: -- and I expect you to answer my question at least --

MR. LEFKOWITZ: Okay. Very good. So, YesCare --

MR. EARLY: Can you confirm or deny --

MR. JIMENEZ: Let's take a moment, let's take a moment.

MR. EARLY: Can you confirm --

MR. JIMENEZ: Please let's take a moment. This is Andrew Jimenez. So this proceeding is being recorded, if people speak over each other --

MR. EARLY: Yes.

MR. JIMENEZ: -- we're not going to have a clear record. So, Mr. Lefkowitz, just listen to the question and provide an anser to the question. That's all you're required to do. Let's try to not engage in conversation, just answer the question that is being asked.

Continue, Mr. Early.

MR. EARLY: Thank you, Mr. Jimenez.

Mr. Lefkowitz, can you confirm or deny that the physical location of YesCare is at 205 Powell Place, Suite 104, Brentwood, Tennessee 37027?

MR. LEFKOWITZ: So I'm not going to confirm, I'm not going to deny, I'm going to explain. YesCare is based in Texas, headquartered in Texas and it has a virtual office of mail collection in 205 Powell Street in Brentwood. So if this doesn't answer the question, I don't know what else will.

MR. EARLY: Actually it does, and thank you for

that. I appreciate your candor. I will ask you now to look at the monthly report which was filed today for the Debtor, it is Docket Number 552. I will wait for a minute while you take a look at that. I have a question about it.

MR. LEFKOWITZ: Okay.

MR. EARLY: If you will please --

MS. WEBB: Mr. Early, this is Lydia Webb, counsel for --

MR. EARLY: Yes, ma'am.

MS. WEBB: -- excuse me, we don't have that document printed so I'm going to pull it up electronically for Mr. Lefkowitz.

MR. EARLY: Sure. Take your time. I'll wait for him. I've got it right here.

MS. WEBB: Excuse me, are you --

MR. EARLY: The monthly report.

MS. WEBB: -- for which month?

MR. EARLY: It appears to be for the month ending March 31, it is Docket Number 552. It was filed today. according to the CMECF stamp on its top border.

MR. LEFKOWITZ: Okay. I have it in front of me.

MR. EARLY: Wonderful. I would like for you to look on the second page at Item Part 2E as in echo. It's entitled Total Assets. According to the document at which you're looking are total assets listed as $20,761,254?

MR. LEFKOWITZ: Okay.

MR. EARLY: Does your document have that figure listed on Part 2, letter E?

MR. LEFKOWITZ: Yes. Yes.

MR. EARLY: Thank you. So as of March 31, 2023 according to this document the Debtor has assets totaling $20,761,254. Is that accurate?

MR. LEFKOWITZ: Correct. Correct.

MR. EARLY: Now you testified earlier, or someone testified earlier I'll just put it that way, that post-petition the Debtor opened a bank account at Bank of America. Do I remember that correctly?

MR. LEFKOWITZ: Yes.

MR. EARLY: Did the Debtor open more than 1 bank account?

MR. LEFKOWITZ: The Debtor opened up a bank account at Signature Bank but never utilized it.

MR. EARLY: Did the Debtor open more than 1 bank amount at the Bank of America?

MR. LEFKOWITZ: 2 accounts.

MR. EARLY: Very good. I will ask you to look at Document 552, which you were looking at it should have been just a moment ago. Go to the 17th sheet of that as opposed to Page 17, the 17th sheet appears to be a copy of an attachment to the monthly report. I'll wait while you call that up.

MR. LEFKOWITZ: Yes, sir.

MR. EARLY: Mr. Lefkowitz, do you see that now?

MR. LEFKOWITZ: Yes

MR. EARLY: Thank you.

MR. LEFKOWITZ: Yes, sir.

MR. EARLY: It appears to be -- thank you -- it appears to be a copy of a bank statement for an account ending in 6404 at the Bank of America. Is that -- or the document -- is the document you're looking at the same as the one I'm looking at?

MR. LEFKOWITZ: Correct.

MR. EARLY: And it shows a balance I that bank account of $2 million as of March 31. Right?

MR. LEFKOWITZ: Correct.

MR. EARLY: Thank you. I'll ask you to turn to the 23rd sheet of Docket 552. Again, not the 23rd page, just the 23rd sheet. It's hard sometimes when we have these numbered documents that end up with attachments because you've got to figure out what piece of paper it's on. Page 23 [indiscernible].

MR. LEFKOWITZ: Yes.

MR. EARLY: Thank you. It appears to be for a bank account in the name of the Debtor ending in 6433 with a balance as of March 31 of zero dollars. Is that --

MR. LEFKOWITZ: [Indiscernible].

MR. EARLY: -- accurately describing that?

MR. LEFKOWITZ: Correct.

MR. EARLY: Thank you. Now as of March 31 according to your monthly report you had 20 million -- roughly 20,700,000 plus change in assets, of which, if we did my numbers right, $2 million is in the bank. Where's the other $18 million? What other -- what constitutes the balance of those assets, is it physical property, is it money, is it causes of actions, is it an insurance policy, I'm asking just generally, if you can say.

MR. LEFKOWITZ: Technically insurance related assets as well as assets that's listed on the [indiscernible].

MR. EARLY: Wonderful. Thank you. I'm going to ask you -- let me make sure I'm going to call the right document number, Docket 481. Document 481. Let me know when you're ready.

MR. LEFKOWITZ: Ready.

MR. EARLY: Thank you. According to that document it appears to be the schedules filed in the case. Just recently, April 25 I think it says, or 28 rather. So roughly two weeks ago. And at Page 14 it shows assets of zero dollars into that one. Is that accurate?

MR. LEFKOWITZ: Page 14?

MR. EARLY: Yes.

MR. LEFKOWITZ: Yes, I'm already there, that's

correct.

MR. EARLY: Thank you. Zero dollars. So is it accurate then to say that between the date that document was filed, April 28, and the date your monthly report was filed, which is today, the Debtor has now increased its assets from zero to just a shade under 21 million. Is that accurate?

MR. LEFKOWITZ: No, it's not accurate.

MR. EARLY: Oh. Can you tell me how that number has increased so dramatically since the date of the filing of the petition?

MR. LEFKOWITZ: It's two different classes of assets. Page 14 deals with [indiscernible] and personal property.

MR. EARLY: Oh, I see. All right. Thank you. Let me see if I've got any [indiscernible]. Now you were asked earlier about personal identifying information. That is a term of art, your lawyer was right. It's a term of art used in many respects in connection with HIPAA, the personal privacy laws passed by our Congress to protect people's health information.

And I don't know if I ever really understood from you, Mr. Lefkowitz, if anybody is monitoring and/or protecting any records involving any inmate's and patients that Corizon may have treated while it was in existence? Now if I'm incorrect, please, by all means, tell me. Is anyone

maintaining those records or securing them in any way?

MR. LEFKOWITZ: Records are on a server that's locked up.

MR. EARLY: Okay. And where is that server -- wait a minute, let me back up, let me back up. I'm jumping ahead of myself like a pony at the circus. Sorry about that. This server of which you have spoken is it a physical box that a person could lift or touch or move or -- is it a box or is it something in the cloud as they say?

MR. LEFKOWITZ: No, it's physical hardware.

MR. EARLY: Do you know where that box is located?

MR. LEFKOWITZ: Nashville, Tennessee.

MR. EARLY: Do you know the address at which that box is located?

MR. LEFKOWITZ: I don't have --

MR. EARLY: And you said earlier -- let me, let me -- I'm going to step on my own toes here. I apologize. You said earlier --

MR. LEFKOWITZ: [Indiscernible].

MR. EARLY: -- very, very clumsily you have -- you are [indiscernible].

MR. LEFKOWITZ: And I'm old enough to know how that feels.

MR. EARLY: But I think you said earlier that you aren't exactly sure the name of the company and you would

provide it. Are you thinking about the same thing?

MR. LEFKOWITZ: Correct.

MR. EARLY: And will provide that to your counsel for distribution to those listening who want to know?

MR. LEFKOWITZ: Absolutely.

MR. EARLY: Wonderful. That is just tremendous. Thank you for that. Have you ever -- do you know anything about providing notice to people whose personal HIPAA records have been -- whose data has been breached? Do you know anything --

MR. LEFKOWITZ: Yes. Yes, I do.

MR. EARLY: Do you know whether the Debtor has ever given such a notice to patients in the Debtor's -- the Debtor and its employees have treated. I'm sorry to stumble over my words there, but it's sort of hard to describe. Do you know if the Debtor has ever given a HIPAA notice to anyone?

MR. LEFKOWITZ: Not in the last 3 years.

MR. EARLY: What relationship do you have, Mr. Lefkowitz, with M2Loan Company?

MR. LEFKOWITZ: I'm a director of that company.

MR. EARLY: Oh. And you -- I want to make sure that I understand your role with the Debtor as well. Are you the director of the Debtor, the owner of the Debtor, the present Debtor, tell me what your role is with the Debtor.

MR. LEFKOWITZ: I'm a director of the Debtor.

MR. EARLY: Thank you. So you're a director of the Debtor, and you're a director of M2Loan Company. Now is M2Loan company going to lend money to the Debtor?

MR. LEFKOWITZ: Yes.

MR. EARLY: Ah. Okay. Can you tell me, I think this might be my last question, can you tell me who owns Balitoss [phonetic] Intermediate Holdings?

MR. LEFKOWITZ: M2HoldCo.

MR. EARLY: N as in November or M as in Mike?

MR. LEFKOWITZ: M as in mother.

MR. EARLY: Mother. Oh. Thank you so much for that. M2HoldCo. Is that right?

MR. LEFKOWITZ: Correct.

MR. EARLY: M2HoldCo. Do you own an interest in M2HoldCo?

MR. LEFKOWITZ: No.

MR. EARLY: Are you a director or officer or shareholder with M2HoldCo?

MR. LEFKOWITZ: I'm aa director, not an officer and not a shareholder and not a --

MR. EARLY: Wonderful. Thank you. And does M2HoldCo have any relationship to M2LoanCo?

MR. LEFKOWITZ: Yes.

MR. EARLY: And what is that relationship?

MR. LEFKOWITZ: They own M2LoanCo.

MR. EARLY: Oh. Do you know who founded M2HoldCo and/or M2LoanCo?

MR. LEFKOWITZ: No.

MR. EARLY: Do you know where they were incorporated?

MR. LEFKOWITZ: If they ere I believe in [indiscernible].

MR. EARLY: Okay. That's all I have for right now. Thank you, gentlemen and ladies.

MR. JIMENEZ: Thank you, Mr. Early.

So Ms. Elizabeth Heard, I know you and Ms. Rifkin represent the same client, so I'm just going to ask that only one of you ask questions, whichever one of either side wants to go.

UNIDENTIFIED SPEAKER: [Indiscernible].

MS. HEARD: All right. This is Mary Elizabeth Heard. We're covering different areas, but I'm going to defer to Ms. Rifkin and have her go first, please.

MR. LEFKOWITZ: This is Isaac Lefkowitz, can I take a two-minute bio break?

MS. HEARD: Fine with me.

UNIDENTIFIED SPEAKER: Love the phrase -- love the word, bio break. Excellent.

MS. HEARD: Yeah, that takes --

MR. JIMENEZ: Yes.

MS. HEARD: -- more than two minutes, it takes five.

MR. JIMENEZ: This is -- yes, this is Andrew Jimenez presiding the meeting [indiscernible], and, yes, let's take a five-minute break.

MR. LEFKOWITZ: Thank you.

(Recess taken.)

MR. JIMENEZ: Going back on the Record. This is Andrew Jimenez for the United States Trustee. The time is 3:54 p.m. We did take a short five-minute recess and we are back on the Record.

At this time, Ms. Rifkin, do you have any questions for the Debtor?

MS. RIFKIN: I do have questions. And first I'd like to clarify. I'd like to take some of the time and pass it to our bankruptcy counsel, Ms. Heard, after that.

MR. JIMENEZ: Okay. So I'll accommodate, but please remember, you know, we're trying to, you know, only one -- we're trying to do it only one attorney for each party just to make sure that everyone has an opportunity. I just want to make sure that everyone in the call today gets an opportunity. So please make it brief and then we'll pass to Ms. Elizabeth Heard.

MR. KAUFMAN: Yeah --

MS. RIFKIN: Thank you. And I recognize that --

MR. KAUFMAN: -- Mr. Jimenez -- Mr. Jimenez, I don't have a problem with Ms. Rifkin and Ms. Heard sharing time. I would just suggest -- I would just suggest maybe that if questions have already been asked, if we could just move along, that'll maybe speed some things along.

MS. HEARD: This is Mary Elizabeth. I can confirm that I will not be duplicating any questions that have been asked.

MR. JIMENEZ: Okay. So there's a dog barking in the background. Whoever has the dog could you please make sure you mute your line? Okay.

MR. KAUFMAN: There's no dogs in the -- from the Debtor's [indiscernible].

MS. RIFKIN: That is -- this is Lori Rifkin, that was my dog. I am on a headset. As soon as someone stops passing by I think she'll stop. I'm sorry.

MR. JIMENEZ: Okay. Let's get started, Ms. Rifkind.

MS. RIFKIN: Can --

MR. JIMENEZ: We can hear you.

MS. RIFKIN: Okay. Mr. Lefkowitz, does Corizon, LLC still exist?

MR. LEFKOWITZ: What does that mean?

MS. RIFKIN: Does Corizon, LLC still exist?

MR. LEFKOWITZ: Why don't you give over the questioning to your colleague and go take care of -- and come

back --

MS. RIFKIN: You know what, Mr. Lefkowitz --

MR. LEFKOWITZ: It's very hard to hear you.

MS. RIFKIN: Okay. I'll take a 20 second break and I'll be back.

MR. JIMENEZ: Ms. Heard, do you want to go ahead?

MS. HEARD: Sure. I'm happy to pick up and let her have a minute.

All right. My questions are directed to --

MS. RIFKIN: I'm back. Ms. Heard, Ms. Heard, I'm back.

MS. HEARD: Okay. [Indiscernible].

MS. RIFKIN: Mr. Lefkowitz, can you -- can you hear me now?

MR. LEFKOWITZ: Yes.

MS. RIFKIN: Does Corizon, LLC still exist?

MR. LEFKOWITZ: Corizon, LLC changed its name to Tehum Care Services which is the current Debtor.

MS. RIFKIN: Can you please turn to Document 482, Page 52?

MR. LEFKOWITZ: Yes.

MS. RIFKIN: All right. Do you see the line for business name, Corizon, LLC?

MR. LEFKOWITZ: Correct.

MS. RIFKIN: And you reviewed the Debtor's schedule

of financial affairs that we're looking at before it was submitted you already testified.

MR. LEFKOWITZ: We already testified --

MS. RIFKIN: Is that correct?

MR. LEFKOWITZ: -- and we asked questions not to be repeated for the sake of time management, so, yes --

MR. JIMENEZ: Mr. Lefkowitz --

MR. LEFKOWITZ: -- I testified to that --

MR. JIMENEZ: Mr. Lefkowitz, this is Andrew Jimenez. Just answer the questions, do not engage in conversation with the person asking the questions. Let's move on.

MR. LEFKOWITZ: Okay.

MS. RIFKIN: Mr. Lefkowitz, please explain what it means that it says for Corizon, LLC on Page 52 under dates business existed, 11/8/1982 through May 5, 2022?

MR. LEFKOWITZ: That's the dates that company was existed under the name Corizon, LLC.

MS. RIFKIN: So I'm going to ask again, does Corizon, LLC still exist?

MR. LEFKOWITZ: With a name change. Through a merger.

MS. RIFKIN: Did Corizon, LLC cease to exist as of May 5, 2022?

MR. LEFKOWITZ: Yes, at the merger.

MS. RIFKIN: What entity assumed liability after

May 5, 2022 for the lawsuit with the Plaintiff Adree Edmo as listed on Page 39 of this Document 482?

MR. LEFKOWITZ: [Indiscernible].

MR. KAUFMAN: Sorry. Ms. Rifkin, can you repeat that while we're flipping?

MS. RIFKIN: Sure. Let me know when you've gotten to Page 39.

MR. KAUFMAN: We're there.

MS. RIFKIN: All right. Do you see the lawsuit, Adree Edmo the Idaho Department of Corrections? That is the second line --

MR. LEFKOWITZ: Yes, I do.

MS. RIFKIN: -- on this document. Okay.

MR. LEFKOWITZ: Yes, I do.

MS. RIFKIN: What entity -- what entity assumed liability for this lawsuit after May 5, 2022?

MR. LEFKOWITZ: Tehum Care Services.

MS. RIFKIN: Did Tehum Care Services retain any counsel to represent it in this lawsuit?

MR. LEFKOWITZ: Yes.

MS. RIFKIN: And what is the name of that counsel?

MR. LEFKOWITZ: It's in Sherman, Idaho, you wouldn't know who that is, I don't recall the name.

MS. RIFKIN: Was it Parsons Behle?

MR. LEFKOWITZ: Correct.

MS. RIFKIN: And did Tehum have a retainer with Parsons Behle to represent it in that lawsuit?

MR. LEFKOWITZ: I would assume so.

MS. RIFKIN: What -- turning to Page 35 of this document, let me know when you're there.

MR. LEFKOWITZ: Yeah.

MS. RIFKIN: All right. I'm going to direct your attention to 2 lines where the firm Parsons Behle & Latimer is listed. Do you see that?

MR. LEFKOWITZ: Yes.

MS. RIFKIN: Do you know what the payment listed to Parsons Behle on November 16, 022 was for?

MR. LEFKOWITZ: Legal services.

MS. RIFKIN: And what entity made that payment to Parsons Behle?

MR. LEFKOWITZ: The Debtor.

MS. RIFKIN: Is that Tehum?

MR. LEFKOWITZ: Correct.

MS. RIFKIN: And that payment that came from Tehum's --

MR. LEFKOWITZ: Oh, well --

MS. RIFKIN: -- account --

MR. LEFKOWITZ: -- one second, one second, I misspoke. It wasn't Tehum, it was Corizon, in November Tehum did not exist.

MS. RIFKIN: In November 2022 you just testified --

MR. LEFKOWITZ: No -- I'm sorry, I'm sorry, November 20 -- yeah, I'm sorry, relax, I'm sorry. November '22 is Tehum. Correct.

MS. RIFKIN: And what bank account was that payment made from?

MR. LEFKOWITZ: I don't know.

MS. RIFKIN: Who was responsible for paying -- for making that payment?

MR. LEFKOWITZ: The Debtor.

MS. RIFKIN: And who are the directors of the Debtor as of November 16, 2022?

MR. LEFKOWITZ: I am.

MS. RIFKIN: Any other directors?

MR. LEFKOWITZ: No.

MS. RIFKIN: Were there any -- who were the officers of the Debtor as of November 16, 2022?

MR. LEFKOWITZ: There is no officers.

MS. RIFKIN: Who were the employees of the Debtor as of November 16, 2022?

MR. LEFKOWITZ: There is no employees.

MS. RIFKIN: Other than yourself as the sole director of the Debtor on November 16, 2022 who else worked for or represented the Debtor?

MR. LEFKOWITZ: Quite a few law firms.

MS. RIFKIN: Who controlled access to the Debtor's bank accounts on November 16, 2022?

MR. LEFKOWITZ: I do.

MS. RIFKIN: Did anybody else control access to the Debtor's bank accounts on November 16, 2022?

MR. LEFKOWITZ: Not that I'm aware of.

MS. RIFKIN: Mr. Lefkowitz?

MR. LEFKOWITZ: Yeah, yeah, not that I'm aware of.

MS. RIFKIN: As the sole director of the Debtor on November 16, 2022 would you have been aware whether anybody else had access to the Debtor's bank accounts on that date?

MR. LEFKOWITZ: Correct.

MS. RIFKIN: And your testimony is that you're not aware of anyone other then yourself who had control or access of the Debtor's bank account as of November 16, 2022. Correct?

MR. LEFKOWITZ: Correct.

MS. RIFKIN: Who authorized the payment from the Debtor to Parson Behle & Latimer on November 16, 2022?

MR. LEFKOWITZ: I did.

MS. RIFKIN: And what account was that make out of specifically --

MR. LEFKOWITZ: I don't know.

MS. RIFKIN: -- and I'm not -- okay, what account -- what bank account to clarify did the Debtor have open on

November 26, 2022?

MR. LEFKOWITZ: It's all in the Record.

MS. RIFKIN: I would like you to clarify since you just testified you weren't sure.

MR. LEFKOWITZ: That's just like you don't remember your bank account number so don't I, so if there's anything -- accounts is listed in the record, in the report.

MS. RIFKIN: What bank was the bank account at that was used to pay Parsons Behle & Latimer on November 16, 2022?

MR. LEFKOWITZ: I don't know sitting here today which bank account cut a payment to Parsons in November '22.

MR. KAUFMAN: Lori, this is Aaron Kaufman. Just so we're clear, not every payment in SOFA 3 came from the 2 Signature accounts, some were made by third parties on behalf of the Debtor. That's the reason --

MS. RIFKIN: Okay.

MR. KAUFMAN: -- for the confusion.

MS. RIFKIN: Mr. Lefkowitz, who paid Parson Behle & Latimer on November 16, 2022? You testified previously it was the Debtor. Would you like to change your testimony after comments from your lawyer?

MR. LEFKOWITZ: I don't want to change the testimony, I want to change -- I want to clarify. If there was a payment made, I personally approved it. Exactly from where that payment went I cannot tell you today without having

the bank records in front of me.

MS. RIFKIN: Did a third party pay that -- make that payment on behalf of the Debtor on November 16, 2022?

MR. LEFKOWITZ: Sitting here today I don't know. I would have to go back to the records, and this is a summary, this is not a detailed report, but from the summary I cannot tell. I can go ahead and investigate and come back to you and let you know how it was made.

MS. RIFKIN: Which records -- where are the records located that you would need to review?

MR. LEFKOWITZ: They're all electronic records.

MS. RIFKIN: And so are you testifying that the payments listed in Attachment 3 on the schedule of financial affairs represent payments made not only by the Debtor but by, potentially by third parties on the Debtor's behalf?

MR. LEFKOWITZ: Correct.

MS. RIFKIN: And what third parties made payments that would be encompassed in these -- in this schedule?

MR. LEFKOWITZ: [Indiscernible] --

MS. RIFKIN: Even if you don't remember specific -- uh-huh.

MR. LEFKOWITZ: What does uh-huh mean?

MS. RIFKIN: Anyone else?

MR. LEFKOWITZ: Geneva Consulting made third party payments for the Debtor.

MS. RIFKIN: Did anybody else make third party payments on behalf of the Debtor that's reflected?

MR. LEFKOWITZ: Yeah, there could have been law firms through escrow accounts.

MS. RIFKIN: Who was responsible for reviewing the records of all payments made within 90 days before filing this case to prepare the schedules?

MR. LEFKOWITZ: I did.

MR. JIMENEZ: Ms. Rifkin --

MS. RIFKIN: And do you remember if you looked -- yes?

MR. JIMENEZ: This is Andrew Jimenez. Please start to wrap it up if you want to leave some time for Ms. Heard to ask questions. It's 4:10 p.m. and we still have other creditors waiting to ask questions.

MS. RIFKIN: All right. Mr. Lefkowitz, did Scott King provide legal services ro Corizon, LLC in October 2022?

MR. LEFKOWITZ: No.

MS. RIFKIN: Did Scott King provide legal services to Tehum in October 2022?

MR. LEFKOWITZ: No.

MS. RIFKIN: Did Scott King provide legal counsel for the Debtor from October 2022 to January 2023?

MR. LEFKOWITZ: No.

MS. RIFKIN: Did the Debtor provide notice to its

attorneys in the Edmo lawsuit of the divisional merger that had taken place on May 5, 2022?

MR. LEFKOWITZ: I don't know what the attorneys did.

MS. RIFKIN: You were, as you said, the sole director for the Debtor on May 5, 2022. Correct?

MR. LEFKOWITZ: Correct.

MS. RIFKIN: Did you direct anyone to provide notice to the lawyers in the Edmo case that we talked about of the divisional merger or the change -- entity change to Tehum any time between May 5, 2022 and December 31, 2022?

MR. LEFKOWITZ: I don't recall.

MS. RIFKIN: Those are my questions. Thank you. I'll turn it over to my colleague.

MR. JIMENEZ: Thank you, Ms. Rifkin.

MS. HEARD: Thank you, Ms. Rifkin.

Sorry, this is Mary Elizabeth Heard. I am here on behalf of Adree Edmo. Mr. Lefkowitz, earlier you testified that accounts were zeroed out in January of 2023. Which accounts were zeroed out?

MR. LEFKOWITZ: Those were accounts in Signature Bank.

MS. HEARD: Okay. So bank accounts.

MR. LEFKOWITZ: Correct.

MS. HEARD: And what do -- okay, and what do you mean by zeroed out?

MR. LEFKOWITZ: The accounts were closed.

MS. HEARD: All right. I was under the impression that you testified earlier that those accounts were still open.

MR. LEFKOWITZ: Right, that's because when we zeroed out the accounts, we thought the accounts closed. But apparently the accounts are still open and has a zero balance in them.

MS. HEARD: Okay. So let me say this another way. So you drew down the balance to zero. Is that correct?

MR. LEFKOWITZ: I don't know if I drew down or it got drawn down, it became zero balance.

MS. HEARD: Well, you're the sole director of the Debtor and are you the only one with access to the account?

MR. LEFKOWITZ: Right. But if the account has $25 and the bank charges a $25 fee and it turns it into zero, it wasn't me that zeroed out, it was the bank that zeroed out. So the accounts got to zero balance and earlier was thought the accounts were closed. Actually the bank is even closed, there's no longer -- the bank don't even exist. But apparently the FDIC took it over the account is practically -- technically the account number is still open and it has a zero balance in the account.

MS. HEARD: Yes, I understand the concept of receivership. I'm just trying to say -- trying to clarify

when you say zero out did you take money out of those accounts and direct it somewhere else?

MR. LEFKOWITZ: No.

MS. HEARD: All right. So your testimony as you sit here today is that the bank had certain charges and that is what caused the bank account o go down to zero in January of 2023?

MR. LEFKOWITZ: No, I didn't say that, I said zeroing out, not necessarily mean that I personally zeroed it out. The account was diluted down, no longer deposits went in, payments went out in ordinary course of business and automatically the account became dormant. We thought earlier that dormant means the account was closed. Apparently the account is not closed but dormant.

MS. HEARD: I understand that the account is basically empty and has no funds going in and out at this point. My question relates as to January of 2023, and you're telling me as you sit here today that you did not draw down those funds that ere in the account at that time to zero, i.e. zero it out?

MR. LEFKOWITZ: Correct.

MR. KAUFMAN: I'm sorry, this is Aaron Kaufman. We're -- I feel like we're just asking the same question. Let me see if I can help.

MS. HEARD: [Indiscernible] really we can talk

later, but I'm here to get testimony of the Debtor under oath please. Thank you.

MR. KAUFMAN: Oh, I get it, and he's giving it to you, and what I'm trying to direct you to are the SOFAs that list the transfers out so --

MS. HEARD: And I studied them very closely. Thank you, Mr. Kaufman. Okay.

MR. KAUFMAN: Good.

MS. HEARD: I'll move on. So I want to look -- take a look at Docket 482, Page 22, and I'll give you a second to look at it.

MR. LEFKOWITZ: Yeah.

MS. HEARD: So in that -- in the SOFAs, I believe this is the SOFA, yeah, it says, List any transfers of money or other property by sale, anyway would you read it, made by the Debtor or a person acting on behalf of the Debtor. It sounds like maybe you need to amend this because right now it says none and is that something you're planning on amending?

MR. LEFKOWITZ: I don't think so, but if we need to amend it as, you know, information comes in, we'll amend it. But I don't believe it needs to be amended.

MS. HEARD: Well, I mean your lawyer came in and reminded us just a moment ago that third parties made some payments on behalf of the Debtor. And you just told me that the account went down to zero. You're the only one who

controls that account, so I'm just giving you an opportunity to perhaps go back and amend that.

MR. KAUFMAN: All right. Let's move on, I think he answered your question.

MS. HEARD: Mr. Kaufman, again, I am here just like everyone else to get sworn testimony from the Debtor and I don't believe he has answered my question. I think you were just trying to move things along for your own reasons.

MR. LEFKOWITZ: I can answer your question. I believe the SOFAs are 100 percent accurate and I believe my testimony is 100 percent accurate. You may be confused with information and I don't blame you because you hadn't lived through this process, but if we need to amend something, we'll absolutely amend. But [indiscernible] today the SOFAs are 100 percent accurate and my testimony is 100 percent accurate. If you find some --

MS. HEARD: Okay.

MR. LEFKOWITZ: -- inconsistency, you can ask again and we'll clarify both under oath and offline.

MS. HEARD: All right. I really appreciate that. Okay. So were any transfers made on behalf of the Debtor by Perigrove?

MR. LEFKOWITZ: No.

MS. HEARD: Were any transfers made on behalf of the Debtor by Geneva?

MR. LEFKOWITZ: Yes.

MS. HEARD: All right. What transfers were made on behalf of the Debtor by Geneva, please?

MR. LEFKOWITZ: To trade creditors and liabilities.

MS. HEARD: Okay. So trade creditors and liabilities. What do you mean by liabilities?

MR. LEFKOWITZ: Like your client, considered a liability, PLI.

MS. HEARD: Oh, have you made a payment to my client that I've missed?

MR. LEFKOWITZ: No, no, I said -- you asked me what means liability so I responded that your client is not a trade creditor, is considered a liability.

MS. HEARD: All right. So you're saying any liability associated with litigation.

MR. LEFKOWITZ: Correct. Or claims.

MS. HEARD: What is a claim?

MR. LEFKOWITZ: Claim means prior to litigation.

MS. HEARD: Okay. But that's still like, you know, a litigation claim just not a lawsuit hadn't been filed. Is that what you mean?

MR. LEFKOWITZ: You can interpret it whichever way you want. A claim is a claim and litigation is litigation.

MS. HEARD: But I don't want to interpret it, I want you to tell me what the word claim means to you.

MR. LEFKOWITZ: No, I'm telling you a claim is not litigation, litigation is not a claim.

MS. HEARD: Okay. Did Sigma make any transfers on behalf of the Debtor?

MR. LEFKOWITZ: No.

MS. HEARD: So when the Debtor pays $150,000 a month to Sigma Risk Management, LLC, how is that money allocated?

MR. LEFKOWITZ: To Sigma for their services, contracted services. It's a group of 12 lawyers with PLI experience with software and subscriptions and all kinds of tools that they use to manage PLI liabilities and to deal with insurance carriers. It's a monthly fee for these group of 12 lawyers.

MS. HEARD: Okay. And Sigma does this PLI claims handling for the Debtor and YesCare. Correct?

MR. LEFKOWITZ: Under different contracts, different agreements.

MS. HEARD: Oh, sure, but I'm just saying that they -- both YesCare and the Debtor are [indiscernible] Risk Management, LLC. Correct?

MR. LEFKOWITZ: Correct. Correct.

MS. HEARD: Okay. Did Pensa [phonetic] Partners make any transfers on behalf of the Debtor?

MR. LEFKOWITZ: No.

MS. HEARD: Did Veritas Intermediate make any

transfers on behalf of the Debtor?

MR. LEFKOWITZ: Veritas Intermediate is merged into the Debtor, so it's the same as the Debtor.

MS. HEARD: All right. So I'm sorry, the other Veritas entity.

MR. LEFKOWITZ: I don't know what other means.

MR. KAUFMAN: You mean Pelitoss [phonetic]?

MS. HEARD: I'm sorry, Pelitoss is what I meant to say.

MR. LEFKOWITZ: No.

MS. HEARD: Has YesCare made any transfers on behalf of the Debtor?

MR. LEFKOWITZ: No.

MS. HEARD: Did M2LoanCo make any transfers on behalf of the Debtor?

MR. LEFKOWITZ: Yes.

MS. HEARD: Okay. And ballpark approximately how much money?

MR. LEFKOWITZ: Over $30 million.

MS. HEARD: All right. Has Joel Landau [phonetic] made any transfers on behalf of the Debtor?

MR. LEFKOWITZ: Not associated with the Debtor.

MS. HEARD: So your answer is no.

MR. LEFKOWITZ: Correct.

MS. HEARD: Okay. Has David Harrington made any

transfers on behalf of the Debtor?

MR. LEFKOWITZ: Not associated with the Debtor and the answer's no.

MS. HEARD: Okay. Does Corizon have any connection to Genesis Healthcare?

MR. LEFKOWITZ: Does Corizon have any -- not directly to Corizon, no.

MS. HEARD: Okay. Does it have any connection indirectly?

MR. LEFKOWITZ: Yes.

MS. HEARD: Could you please explain?

MR. LEFKOWITZ: There may be a stockholder of the parent company.

MS. HEARD: Who is the stockholder of which company?

MR. LEFKOWITZ: When you identify the company I'll tell you which stockholder is who.

MS. HEARD: Okay. I'm just following up on your answer there, and I believe you said there may be a stockholder in the company, so could you please tell me what you mean by stockholder?

MR. LEFKOWITZ: I said it's possible, I'm not 100 percent certain that Genesis has some principal interest in the parent company.

MS. HEARD: And what is the parent company?

MR. LEFKOWITZ: Perigrove 1018, LLC.

MS. HEARD: And Perigrove 1018C (sic) is the parent company of what?

MR. LEFKOWITZ: M2HoldCo.

MS. HEARD: All right. So did Perigrove 1018, LLC buy M2HoldCo in December of 2021?

MR. LEFKOWITZ: Correct.

MS. HEARD: And how much did Perigrove pay?

MR. LEFKOWITZ: I don't have that information in front of me.

MS. HEARD: Okay. Who would have that information?

MR. LEFKOWITZ: Counsel.

MS. WEBB: Ms. Heard, I think we're getting a little far afield of the Debtor's assets and liabilities.

MS. HEARD: Well, the problem is, and I respect that you're saying that, but the problem is there are so many ownership sort of layovers through all of this, that it's a very complicated web and we're just trying to get some answers. But I will move on.

All right. So I'd like to take a look at Docket 552, Page 2 of 12.

MR. JIMENEZ: Ms. Heard, this is Andrew Jimenez. It's 4:25, I want to be mindful that there are at least 3 other creditors waiting to ask questions. So please start to wrap it up in the next 5 minutes.

MS. HEARD: I understand. This is really -- very

few questions left.

MR. JIMENEZ: Thank you.

MS. HEARD: All right. [Indiscernible]. Sure, I understand.

I think this is the same one that Mr. Early asked questions about. [Indiscernible] Page 2 of 12.

MR. LEFKOWITZ: Uh-huh.

MS. HEARD: Were there -- okay. Great. So I'm looking at letter M, pre-petition unsecured debt, approximately 176 million. Is that correct, Mr. Lefkowitz?

MR. LEFKOWITZ: Correct.

MS. HEARD: All right. I'm going to turn now to Docket 481, Page 14.

MS. WEBB: Give us a minute.

MS. HEARD: Sure. Absolutely.

MS. WEBB: Page 14?

MS. HEARD: 481 [indiscernible].

MS. WEBB: We're there.

MS. HEARD: All right. So I'm looking at Line 3B, total amount of non-priority -- and you have no priority unsecured claims, so I'm just skipping to 3B, 82 million, what account would be more than doubling of the pre-petition unsecured debt from the 28th of April to the 12th of May?

MS. WEBB: Ms. Heard, I'm going to ask Mr. Perry to answer that because I believe it's a technical accounting

question with a presentation.

Mr. Perry, can you answer?

UNIDENTIFIED SPEAKER: He did. He did.

MS. HEARD: Could I ask Mr. [indiscernible] first, please?

MS. WEBB: I mean if he doesn't --

MR. PERRY: Well, here's the problem, here's the issue -- this is Russell Perry -- I prepared --

MS. HEARD: Okay.

MR. PERRY: -- the MOR, I signed the MOR, you're asking about a number in the MOR. So I'm happy to address the number in the MOR and then you can continue to aks -- you can continue to ask your question. But if you're asking about the question in the MOR, I can answer that.

MS. HEARD: Sure.

MR. PERRY: [Indiscernible] myself prepared the MOR.

MS. HEARD: Okay. Okay. I understand that. But I mean we have the sole director of the Debtor here so I'm assuming he approved it.

MS. WEBB: Mr. Perry signed the MOR.

MR. PERRY: It was a monthly operating report signed by myself. He reviewed it, but he didn't need to approve it. So I'm happy --

MS. HEARD: Okay.

MR. PERRY: -- to address the 176 million if you'd

like.

MS. HEARD: Sure. Why don't you tell me what the 176 million of pre-petition unsecured debt includes.

MR. PERRY: Sure. It's just a simple balance sheet estimate for the Debtor's various liabilities across all -- various categories that we've discussed including trading claims, trade creditors, other claims, personal liability claims, special liability claims, all the various things that we've discussed that make up the liabilities. It's a balance sheet estimate and a balance sheet accrual for the Debtor's books and records. It is not meant to be a creditor-by-creditor, claim-by-claim build up. It's simply an accrual based financial statement of liability.

The Debtor's schedules go claim-by-claim, liability-by-liability and to the extent that there's an inability to identify a value distinct from the Debtor's balance sheet accrual liability it'll be undetermined in the schedules. The delta will be anything that's in the unsecureds, list of unsecured claims that have undetermined, the Debtor's accrual books and records and the financial statements may assign a value to that claim, but the schedules do not. That --

MS. HEARD: Okay.

MR. PERRY: It's simply accounting.

MS. HEARD: [Indiscernible]. Okay. It's very helpful. So my understanding from what you've said, and

please correct me if I'm wrong, is that there are -- well, let's see, approximately, what, 90,000 -- or, well, let's just say approximately twice the amount of identified claims are in claims for which you have not yet assigned a number in the schedules. Is that -- probably not the best way of saying it. Maybe let me --

MR. PERRY: Yeah, you just used 90,000. Were you talking about 90 million?

MS. HEARD: Okay. I'm going to [indiscernible] million.

MR. PERRY: Okay.

MS. HEARD: So there's 82 million that is articulated for lack of a better word in the Docket 481 in the schedules. Right? And the difference between the 82 million here and the 176 million in the MOR is what, sir?

MR. PERRY: Yeah, again, it's liabilities and other claims that the Debtor's schedules do not assign a value to. Okay. So for example if you were to go line-by-line in the Debtor's Schedule F, what you'll see in many of the professional liability claims is a value of undetermined. And the reason for that is on the Debtor's balance sheet there may be reserves or accrual related, accounting related values assigned to certain claims. But it does schedule almost the value [indiscernible].

Okay. So any type of value for a potential claim.

But an actuarial report or a reserve were prepared by an actuary or an accounting firm and they assign a value for balance sheet debt purposes. Okay. So one is a GAAP financial statement or at least the values by which the balance sheet was created at one point in time was prepared for GAAP. The schedules will not assign a value to those professional liability claims unless there -- you know, had reached some sort of [indiscernible] that would allow for them to be liquidated.

So the delta that you're asking about, that 90 million, will be what's called actuarial related reserves to each one of those PLIs will probably make up 90 percent is my guess of the difference, and in Schedule F you'll see the word undetermined next to many of those. And that really does explain the difference.

MS. HEARD: No, and I understand that. What I'm trying to get at here is that, and I understand that a lot of claims including our -- my client's claim has been designated as unliquidated, disputed, and undetermined at this point. But, and let me ask my question now, does the 176 million in pre-petition unsecured debt include potential amounts estimated for fraudulent transfer claims?

UNIDENTIFIED SPEAKER: [Indiscernible].

MR. PERRY: No. I wouldn't think so, no. This is exactly the way I described it a second ago. The Debtor's

balance sheet wouldn't likely have valued the type of claims that I referred.

MS. HEARD: All right. I have no further questions. Thank you.

MR. JIMENEZ: Thank you.

MR. KAUFMAN: Mr. Jimenez, how much longer do you think we're going to do this today? Ms. Webb and I need to probably get into an Uber in about 30 or 45 minutes to make our flight.

MR. JIMENEZ: Okay. I'll keep that in mind. Hopefully we can -- we can wrap it up by then. I just want to give everyone that showed up today an opportunity to ask questions. So --

MR. KAUFMAN: Okay.

MR. JIMENEZ: -- Mr. Connor, I don't want to mispronounce your last name, I think I got it wrong, you're representing a group of doctors from Michigan?

MR. McLAUGHLIN: Yes, thank you, Mr. Jimenez. Connor McLaughlin for Dr. Bomber and other Michigan providers. I don't have any questions.

MR. JIMENEZ: Thank you.

Christian Gluck for M2Loan Company.

MR. GLUCK: No questions.

MR. JIMENEZ: Is there anyone on the call that I have not given an opportunity yet to ask questions of the

Debtor?

MR. CROSS: I would like to ask questions of the Debtor. This is Ian Cross, I represent Kohchise Jackson and William Kelly.

MR. JIMENEZ: Yes. Could you please repeat your name?

MR. CROSS: Ian Cross.

MR. JIMENEZ: Go ahead.

MR. CROSS: Mr. Lefkowitz, you I believe previously testified you're a director of YesCare. Do you mean YesCare Holdings, LLC or YesCare Corp?

MR. LEFKOWITZ: YesCare Corp.

MR. CROSS: Do you know who the members of YesCare Holdings, LLC are?

MR. LEFKOWITZ: No.

MR. CROSS: Who are the other directors of YesCare Corp?

MS. WEBB: I think -- excuse me, Mr. Cross, we're here for Tehum Care. If you have questions about YesCare, YesCare has [indiscernible] counsel. I think you can properly address those questions to YesCare's counsel.

MR. CROSS: All right. I'll move on. Mr. Lefkowitz, are you a director of Sigma Risk Management?

MR. LEFKOWITZ: No.

MR. CROSS: You are not.

MR. LEFKOWITZ: Correct.

MR. KAUFMAN: Sigma. That's it.

MR. CROSS: Did you organize --

MR. LEFKOWITZ: Oh, sorry. I'm sorry, I'm sorry, I'm taking it back. I am a director. I thought you meant Sigma Contracting that he mentioned before. Sigma Risk Management I am a director.

MR. CROSS: Okay. What state is Sigma Risk Management organized in?

MR. LEFKOWITZ: I believe in New York.

MR. CROSS: Did you organize Sigma Risk Management?

MR. LEFKOWITZ: Yes.

MR. CROSS: Is the name of the entity Sigma RM, LLC?

MR. LEFKOWITZ: Correct.

MR. CROSS: I want to direct your attention to I think Document 481 -- oh, I'm sorry, 482, Page 35 of 53. Do you see the line there, it lists the address of Sigma Risk Management at 1528 56th Street in Brooklyn, New York?

MR. LEFKOWITZ: Correct.

MR. CROSS: Have you ever been to that address?

MR. LEFKOWITZ: Yes.

MR. CROSS: What's there?

MR. LEFKOWITZ: An office.

MR. CROSS: Is that your office?

MR. LEFKOWITZ: No.

MR. CROSS: Whose office is it?

MR. LEFKOWITZ: Sigma.

MR. CROSS: I believe you testified the owners of Sigma were 12 lawyers. Do you know their names?

MR. LEFKOWITZ: Not all of them, some of them, yeah.

MR. CROSS: What are the ones you remember?

MR. LEFKOWITZ: Jennifer Finger, Steve Brown, Brit Hannen [phonetic], Christian Gilder [phonetic], I don't recall the others.

MR. CROSS: Were any of those individuals previously officers of the Debtor?

MR. LEFKOWITZ: No. Maybe Jennifer Finger was but -- I'm not sure if Jennifer Finger was but Jennifer Finger left the Debtor and she joined the group and this group owns Sigma RM today.

MR. CROSS: Why did you organize Sigma RM?

MR. LEFKOWITZ: For the very same purposes, to hand it over to these lawyers to manage [indiscernible] in the Debtor's affairs.

MR. CROSS: Well, all of the PI cases against the Debtor are stayed. Correct?

MR. LEFKOWITZ: No.

MR. KAUFMAN: And of the Debtor, yes.

MR. CROSS: What PI cases --

MR. JIMENEZ: So I'm sorry --

MR. CROSS: -- are not going to get --

MR. JIMENEZ: -- I'm sorry, before you continue on the Record I'm picking up somebody is like whispering something to witness. I will ask you to --

MR. KAUFMAN: Sorry, that was -- sorry, Aaron Kaufman, I was trying to clarify I guess the Debtor.

MR. JIMENEZ: Okay. So --

MR. KAUFMAN: Just making sure Mr. Lefkowitz heard the question.

MR. JIMENEZ: So Mr. Lefkowitz is the witness. Please don't coach or instruct in any way how to answer the questions, please.

Please continue.

MR. KAUFMAN: Understood.

MR. CROSS: Well, what PI cases against the Debtor are not stayed?

MR. LEFKOWITZ: I guess not at the Debtor but against individual former employees of the Debtor are not stayed.

MR. CROSS: Is the Debtor liable for claims against individual former employees?

MR. KAUFMAN: That's a legal question, Mr. Cross.

MR. CROSS: Your objection is noted.

MR. KAUFMAN: He can't answer about legal questions. He's not a lawyer.

MR. CROSS: Mr. Lefkowitz, did you organize an entity called Corizon Services, LLC in New York in December of 2021?

MR. LEFKOWITZ: Yes.

MR. CROSS: Why did you organize that entity?

MR. LEFKOWITZ: I don't remember, but it's a dormant entity.

MR. CROSS: What is its relationship to the Debtor, if any?

MR. LEFKOWITZ: There's not.

MR. CROSS: So if all the PI cases against the Debtor are -- oh, I'm sorry. Why did Corizon Health change its name to Tehum Care Services?

MR. LEFKOWITZ: I don't know.

MR. CROSS: Who made the decision to change the name?

MR. LEFKOWITZ: I did.

MR. CROSS: And you don't know why you decided to do that?

MR. LEFKOWITZ: Correct.

MR. CROSS: What [indiscernible]?

MR. LEFKOWITZ: I don't know.

MR. CROSS: Is the Debtor's ultimate parent current Perigrove 1018, LLC?

MR. LEFKOWITZ: Correct.

MR. CROSS: And you -- what is your -- do you have an ownership interest in Perigrove 1018, LLC?

MR. LEFKOWITZ: Yes.

MR. CROSS: How did you obtain that ownership interest?

MR. LEFKOWITZ: I was part of the group that formed it.

MR. CROSS: Who else was in that group?

MR. LEFKOWITZ: A large group of investors.

MR. CROSS: Well, tell me all the ones you can remember.

MR. KAUFMAN: Mr. Cross, let's stick to how this relates to the Debtor's financial condition.

MR. CROSS: Oh, it relates to the Debtor's potential causes of action, it's assets.

MR. KAUFMAN: Oh. Can you focus your question, that's too broad a question.

MR. CROSS: Why did -- okay. I have no further questions.

MR. JIMENEZ: Is anyone else on the call that have not yet had the opportunity to ask questions to the Debtor?

(No audible response.)

MR. JIMENEZ: Okay. So the Debtor has announced that it needs to make amendments to the schedules. For that reason I will continue this meeting of creditors. How much

time do you need to make the amendments?

MR. KAUFMAN: Ms. Webb and I are convening by eye contact. We don't really know.

MS. WEBB: I'm not sure.

MR. PERRY: It's Russell Perry. I think we'll need --

MR. KAUFMAN: [Indiscernible] --

MR. PERRY: -- likely --

MR. KAUFMAN: -- just, Mr. Jimenez, just so you're clear, Mr. Perry has had to leave our room, he's in a car and not with us. So we can't confer right now.

But go ahead, Mr. Perry --

MR. PERRY: Yeah.

MR. KAUFMAN: -- if you have an idea.

MR. PERRY: No, I think we'll need a few days to work with counsel and --

MR. JIMENEZ: Okay.

MR. PERRY: -- Mr. Lefkowitz, so I would suggest that we circle back and provide you with a firm date --

MR. JIMENEZ: Well --

MR. PERRY: -- early next week.

MR. JIMENEZ: -- I need a date today to reschedule, so I was looking at June 2 to reschedule the meeting of creditors. It could be in the morning or in the afternoon. I just want to make sure that that will give you enough time to

file the amendments.

MR. KAUFMAN: You said what date, June 2?

MR. JIMENEZ: June 2. Correct, 3 weeks from now.

MR. KAUFMAN: So that would --

MR. PERRY: Yeah, here's the issue, so it would likely give us enough time. Unfortunately I am personally traveling with my family that day. So --

MR. JIMENEZ: Okay.

MR. PERRY: -- can we choose another date?

MR. JIMENEZ: So the --

MR. PERRY: Would the following Monday or Tuesday work?

MR. JIMENEZ: Yes, who is this speaking?

MR. PERRY: Sorry, it's Russell Perry again.

MR. JIMENEZ: Okay. So, yes, let's find a date on the following week -- the following week.

MR. PERRY: Yes, so June --

MR. JIMENEZ: Does June --

MR. PERRY: -- 9 is available.

MR. JIMENEZ: Okay. I was going to suggest June 6, is that available?

MR. KAUFMAN: June 6. No conflicts from Debtor's counsel.

Mr. Perry, will you be back in town?

MR. PERRY: I'll be back, yeah.

MR. JIMENEZ: Okay. So June 6 at 1:00 p.m. Central Standard Time. Does that work?

MR. PERRY: It works for me.

MS. WEBB: I just want to bring this up, I don't know if anyone is going to -- we have a large bankruptcy [indiscernible] that day, just letting you know. But in case anyone didn't have it in their calendar, but I'll let him go ahead and schedule for the day he wants.

MR. KAUFMAN: Yeah, and it's on my calendar but I assumed the continued 341 meeting would be quick based on the amendments that we intend to make.

MS. WEBB: Yeah, I just wanted to remind everyone in case it wasn't on their calendar for that day.

MR. JIMENEZ: Okay. So I understand. So let's do June 6 -- June 9. That way everybody who's attending the seminar --

MR. KAUFMAN: Gotcha.

MR. JIMENEZ: -- can do it without the distraction of the 341.

MR. KAUFMAN: Well, we have a conflict I'm hearing June 9. So let's -- I think we should stick with June 6.

MR. JIMENEZ: Didn't you say a moment ago that June 9 was available?

MR. KAUFMAN: Mr. Lefkowitz, if we need him present, is not available on June 9.

MR. PERRY: Sorry, are we talking about the 9th or the 6th?

MR. JIMENEZ: Well, so my question was about the 9th, if everybody was available on the 9th, because on the 6th some of the attorneys have a conference. So you say the 9th you're not available --

MR. LEFKOWITZ: So, Russell, you can --

MR. JIMENEZ: Go ahead.

MR. LEFKOWITZ: I'm not available, but Russell is.

MR. JIMENEZ: No, but you're -- you are the person who signed the schedules and the SOFA.

MR. LEFKOWITZ: Right.

MR. JIMENEZ: So what about --

MR. KAUFMAN: Either we stick with June 6 or we go to the week --

MR. LEFKOWITZ: So either we do it the 6th or we go to the following week.

MR. JIMENEZ: What about the 8th?

MR. LEFKOWITZ: I'm traveling.

MR. JIMENEZ: And when will you be back?

MR. LEFKOWITZ: I'll be back after that weekend, what is it -- I'll be back on the 12th.

MR. JIMENEZ: You'll be traveling on the 7th?

MR. LEFKOWITZ: Actually that whole week I'm going to be out, from the 7th till the 12th.

MR. JIMENEZ: Okay. Okay. So let's -- it's -- either we do it the 6th or we move to the 12th or the 13th. And I want to take everyone into consideration. We have other attorneys not just Debtor's counsel participating. So a quick, you know, a quick answer, do you want to move to 12th or 13th?

MR. KAUFMAN: That's fine.

MR. JIMENEZ: Okay. Let's do June 13.

MR. KAUFMAN: Still 1:00 p.m. Central?

MR. JIMENEZ: Yes, 1:00 p.m. Central.

MR. KAUFMAN: Got it. All right. Anything else for today?

MR. JIMENEZ: No, thank you all for your appearances.

MR. PERRY: Thank you.

MR. KAUFMAN: Thank you.

(Hearing adjourned 10:36 a.m.)

* * * * *

I certify that the foregoing is a correct transcript to the best of my ability produced from the electronic sound recording of the proceedings in the above-entitled matter.

/S./ MARY D. HENRY

*CERTIFIED BY THE AMERICAN ASSOCIATION OF ELECTRONIC REPORTERS AND TRANSCRIBERS, CET**337*
JUDICIAL TRANSCRIBERS OF TEXAS, LLC
JTT TRANSCRIPT #67356
DATE: JUNE 14, 2023

2023 FLORIDA LIMITED LIABILITY COMPANY ANNUAL REPORT

FILED
Apr 12, 2023
Secretary of State
9893939780CC

DOCUMENT# L20000346009

Entity Name: PHARMACORR HOLDINGS, LLC

Current Principal Place of Business:

7400 PLAZA MAYOR BLVD
100
OKLAHOMA CITY, OK 73149

Current Mailing Address:

7400 PLAZA MAYOR BLVD
100
OKLAHOMA CITY, OK 73149 US

FEI Number: 85-3896570

Certificate of Status Desired: No

Name and Address of Current Registered Agent:

C T CORPORATION SYSTEM
1200 SOUTH PINE ISLAND ROAD
PLANTATION, FL 33324 US

The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.

SIGNATURE:

Electronic Signature of Registered Agent — Date

Authorized Person(s) Detail :

Title	MANAGER
Name	PHARMACORR/M2, LLC
Address	7400 PLAZA MAYOR BLVD 100
City-State-Zip:	OKLAHOMA CITY OK 73149

I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.

SIGNATURE: JASON SIEVERS CONTROLLER 04/12/2023

Electronic Signature of Signing Authorized Person(s) Detail — Date

ARTICLES OF ORGANIZATION
OF
CORIZON SERVICES LLC
Under Section 203 of the Limited Liability Company Law

FIRST: The Name of the limited liability company is: **CORIZON SERVICES LLC**

SECOND: The county, within this state, in which the office of the limited liability company is to be located is **KINGS**

THIRD: The Secretary of State is designated as agent of the limited liability company upon whom process against it may be served. The address within or without this state to which the Secretary of State shall mail a copy of any process against the limited liability company served upon him or her is:

CORIZON CORP SERVICES LLC
1449 57TH STREET
BROOKLYN, NY 11219

I certify that I have read the above statements, I am authorized to sign these Articles of Organization, that the above statements are true and correct to the best of my knowledge and belief and that my signature typed below constitutes my signature.

YITZCHOK LEFKOVITS (Signature)

YITZCHOK LEFKOVITS, ORGANIZER
1449 57TH STREET
BROOKLYN, NY 11219

Filed by:

YITZCHOK LEFKOVITS
1449 57TH STREET
BROOKLYN, NY 11219

Filed with the NYS Department of State on 12/06/2021
Filing Number: 211206002459 DOS ID: 6342774

Portfolio Companies

admin

Portfolio Companiesadmin2023-05-05T16:01:31+00:00

We support our portfolio's unique needs across market cycles.

Perigrove aims to provide tailored solutions to provide value-add services to help our direct investments scale operations, recruit talent and navigate the capital markets. To ensure a strategic approach to portfolio construction, Perigrove leverages our network and expertise to maximize deal flow and perform due diligence.



Eccolab Group is a full-service clinical laboratory that provides clinical tests and services to a wide array of healthcare providers. Eccolab strives to provide accurate, timely results that allows clinicians to detect disease, make diagnoses, prescribe medications and monitor results while putting the patient's best interests first and improving outcomes.

YESCARE CORP has raised the standards for comprehensive healthcare in correctional settings through a recovery model of care and custom-designed healthcare programs. Through a continuum of care based on evidence-informed assessment tools, YesCare and their community partners collaborate across behavioral therapy, physical healthcare, and reentry services to provide whole person care.

PharmaCorr creates strategic partnerships with correctional healthcare providers and medical services to provide integrated pharmacy services. By optimizing operations across verticals, Pharmacorr measures, tracks and distributes medications to correctional facilities in a cost-effective

manner.

Access Therapies is a single source provider of top caliber talent for a full range of certified and skilled allied healthcare professionals. Access Therapies provides services throughout each phase of staffing, from contract award to phase-in management, across government and private sector clients.

Integra is a real estate platform for Senior Nursing Facilities. With over 200 facilities under its portfolio, Integra leverages their expertise, relationships and unique network to maximize partnerships between individual facilities and healthcare operators. specializes in the acquisition and management of assets across a strategic group of healthcare providers.

myLaurel

Delivers in-home care solutions aimed at eliminating preventable acute care utilization, radically improving patient & caregiver experiences, and decreasing medical costs.

LONGEVITY
HEALTH PLAN

Longevity Health Plan is a specialized Medicare Advantage health plan, known as an Institutional Special Needs Plan (ISNP), for people living in skilled nursing facilities.

Gentell®
We make it better

Provides efficient, affordable, patient-specific wound treatments to patients across healthcare settings, including nursing homes, hospices, and hospitals.

secondwave
DELIVERY SYSTEMS

A value-based primary care delivery network that promotes regular patient-provider interactions and the proactive management of the patient's true clinical picture.



A network that leverages innovative software, PBM partnerships, and best-in-class eligibility review to help clients obtain rebates for drugs dispensed by their facilities.

ARTICLES OF ORGANIZATION
OF
PERIGROVE LLC

Under Section 203 of the Limited Liability Company Law

FIRST: The name of the limited liability company is:

PERIGROVE LLC

SECOND: The county, within this state, in which the office of the limited liability company is to be located is ROCKLAND.

THIRD: The Secretary of State is designated as agent of the limited liability company upon whom process against it may be served. The address within or without this state to which the Secretary of State shall mail a copy of any process against the limited liability company served upon him or her is:

PERIGROVE LLC
351 SPOOK ROCK ROAD STE 200
SUFFERN, NY 10901

I certify that I have read the above statements, I am authorized to sign these Articles of Organization, that the above statements are true and correct to the best of my knowledge and belief and that my signature typed below constitutes my signature.

DAVID GEFNER, ORGANIZER (signature)

DAVID GEFNER , ORGANIZER

Filed by:
USACORP INC
325 DIVISION AVE.
SUITE 201
BROOKLYN, NY 11211

USACORP INC. (CS)

DRAWDOWN

CUSTOMER REF# PELL

FILED WITH THE NYS DEPARTMENT OF STATE ON: 01/17/2017
FILE NUMBER: 170117010496; DOS ID: 5069100

170404000167

CERTIFICATE OF PUBLICATION
OF
Perigrove LLC

Under Section 206 of the Limited Liability Company Law

The undersigned is the authorized person of **Perigrove LLC.**

If the name of the limited liability company has changed, the name under which it was organized is:

The articles of organization were filed by the Department of State on: **1/17/2017.**

The published notices described in the annexed affidavits of publication contain all of the Information required by Section 206 of the Limited Liability Company Law.

The newspapers described in such affidavits of publication satisfy the requirements set forth in the Limited Liability Company Law and the designation made by the county clerk.

I certify the foregoing statements to be true under penalties of perjury.

3/16/2017
(Date)

/s/ *Joseph Strauss*
(Signature)

Joseph Strauss
(Type or Print Name)

AFFIDAVIT OF PUBLICATION

Under section 206 of the Limited Liability Company Law

Hamodia Newspaper

State of New York
County of Rockland

The undersigned is the publisher of Hamodia, a daily newspaper published in the county of Kings, New York. A notice regarding Perigrove LLC was published in said newspaper once a week for six successive weeks, commencing on 1/27/2017 and ending 3/3/2017. The text of the notice as published in said newspaper is as set forth in the annexed exhibit.This newspaper has been designated by the Clerk of Rockland County for this purpose.

By: Peri Waldner
Peri Waldner

Authorized Designee of Ruth Lichtenstein, publisher of Hamodia

Affirmed and Subscribed to Before me this 6th Day of Mar 20 17

Notary Public

ABRAHAM J. HESCHEL
Notary Public, State of New York
No. 01HE6076299
Qualified in Kings County
Commission Expires June 19, 2018

Perigrove LLC. Filed 1/17/17. Office: Rockland Co. SSNY designated as agent for process & shall mail to: 351 Spook Rock Rd Ste 200, Suffern, NY 10901. Purpose: General.

HA# 8040
1/27, 2/3, 2/10, 2/17
2/24, 3/3/17

Affidavit of Publication
Under Section 206 of the
Limited Liability Company Law

State of New York
County of New York, ss.:

The undersigned is the publisher of The Jewish Press, a weekly newspaper published in Brooklyn, New York. A notice regarding Perigrove LLC was published in said newspaper once in each week for six successive weeks, commencing on January 27, 2017 and ending March 3, 2017. The text of the notice as published in said newspaper is set forth below. This newspaper has been designated by the Clerk of Rockland County for this purpose.

Naomi Klass Mauer, Publisher

By: _____

Rose Gluckman, Authorized Designee of the Publisher

Sworn to before me this 3 day of May, 2017

_____

Notary Public

Arthur Klass
Notary Public State of NY
No. 01KL4922689
Qualified in Kings County
Comm. Expires 3/7/2018

Perigrove LLC. Filed 1/17/17. Office: Rockland Co. SSNY designated as agent for process & shall mail to: 351 Spook Rock Rd Ste 200, Suffern, NY 10901. Purpose: General. JP# 9132 1/27,2/3,10,17,24,3/3/17

CERTIFICATE OF PUBLICATION
OF
Perigrove LLC

Under Section 206 of the Limited Liability Company Law

Filed by:

USACORP INC

325 DIVISION AVE. SUITE 201

BROOKLYN, NY 11211

CUST. REF.
MAR1651

For DOS Use Only

DRAWDOWN ACCOUNT: CS
USACORP INC

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED APR 04 2017
TAX $
BY:

Biennial Statement

NYS Department of State
Division of Corporations, State Records &
Uniform Commercial Code
http://www.dos.ny.gov

BUSINESS NAME: **PERIGROVE LLC**

FILING PERIOD: **01/2019**

Part 1 - Service of Process Address (Address must be within the United States or its territories)

Name **PERIGROVE LLC**		
Address Line 1 **351 SPOOK ROCK ROAD STE 200**		
Address Line 2		
City **SUFFERN**	**State** **NY**	**Zip Code** **10901**

Signer Information

I affirm that the statements contained herein are true to the best of my knowledge, that I am authorized to sign this Biennial Statement and that my signature typed below constitutes my electronic signature.

Electronic Signature **DAVID GEFNER**
Capacity of Signer **MANAGER**

FILED WITH THE NYS DEPARTMENT OF STATE ON: 01/08/2019
FILING NUMBER: 190108060644 - 5069100

Biennial Statement

NYS Department of State
Division of Corporations, State Records &
Uniform Commercial Code
http://www.dos.ny.gov

BUSINESS NAME: PERIGROVE LLC
FILING PERIOD: 1/1/2021 12:00:00 AM

Part 1 - Service of Process Address (Address must be within the United States or its territories)

Name
PERIGROVE LLC
Address Line 1
351 SPOOK ROCK ROAD
Address Line 2

City	State	Zip Code
SUFFERN	NY	10901

Signer Information

I affirm that the statements contained herein are true to the best of my knowledge, that I am authorized to sign this Biennial Statement and that my signature typed below constitutes my electronic signature.

Electronic Signature
DAVID GEFNER
Capacity of Signer
MANAGER

Filed with the NYS Department of State on 06/07/2022
Filing Number: 220607001889 DOS ID: 5069100

Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

IAN CROSS
402 W LIBERTY ST
ANN ARBOR, MI 48103

Request Date: 06/12/2023 12:00 PM
Info Request Doc #: 438620369
DLN #: B1411-6060
Contact Name:

UCC Lien Certified Search Report

Search Results Include Documents Processed Through 6/2/2023 4:30 PM

Pursuant to the request that you submitted, a search was conducted based on the search criteria listed below. I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that the information outlined below along with the copies which are attached to this cover sheet constitute the certified copies of all UCC filings based on the search criteria.

Search Criteria:

Organization: YESCARE
All Records on File (lapsed and unlapsed), List and ALL Copies

Tre Hargett
Secretary of State

Enclosures: Original Documents

Document Receipt

Receipt # : 008170003	Filing Fee:	$31.00
Payment-Credit Card Ref #: 3852791120		$31.00

UCC Listing

IAN CROSS
402 W LIBERTY ST
ANN ARBOR, MI 48103

Request Date: 06/12/2023 12:00 PM
Info Request Doc #: 438620369
DLN #: B1411-6060
Contact Name:
Filer Reference:

UCC Lien Certified Search Report

Search Results Include Documents Processed Through 6/2/2023 4:30 PM

UCC1 Doc #: 437856513 DLN #: B1314-9419 Filed: 01/09/2023 10:13 AM Lapse: 01/09/2028 11:59 PM

Debtor(s): CORIZON HEALTH OF NEW MEXICO, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS CARE NY, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS CARE TX, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS TN, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
YESCARE AR, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS IL, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS MN, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS VA, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
YESCARE CORP. , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS FL, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS GA, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS IN, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS MO, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS KS, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS NH, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS NEW JERSEY, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS AL, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS AZ, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS EMPLOYEE GROUP, LLC , 205 POWELL PLACE, BRENTWOOD, TN 37027
CHS TX, INC. , 205 POWELL PLACE, BRENTWOOD, TN 37027

Secured Party(s): SUNZ INSURANCE SOLUTIONS, LLC , 1301 6TH AVE WEST, BRADENTON, FL 34205

Q849823

FINANCING STATEMENT

This is a representation of a document created electronically at the Tennessee Secretary of State's web site.

A. NAME & PHONE OF CONTACT AT FILER (Optional)
JON WEIS (941) 306-3077

B. EMAIL OF CONTACT AT FILER (Optional)
jweis@sunzinsurance.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)
SUNZ INSURANCE SOLUTIONS, LLC
1301 6TH AVE WEST
BRADENTON, FL 34205

UCC Pending Doc #: Q849823
SUBMISSION PENDING

Amount Due: $300.00
Pending Filing Expires: 02/03/2023

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

DEBTORS

1. DEBTOR'S NAME
OR a. ORGANIZATION'S NAME: CHS EMPLOYEE GROUP, LLC
b. INDIVIDUAL'S SURNAME | FIRST PERSONAL NAME | ADDITIONAL NAME(S) INITIAL(S) | SUFFIX
c. MAILING ADDRESS: 205 POWELL PLACE
d. CITY: BRENTWOOD | STATE: TN | POSTAL CODE: 37027 | COUNTRY: USA

2. DEBTOR'S NAME
OR a. ORGANIZATION'S NAME: CHS TX, INC.
b. INDIVIDUAL'S SURNAME | FIRST PERSONAL NAME | ADDITIONAL NAME(S) INITIAL(S) | SUFFIX
c. MAILING ADDRESS: 205 POWELL PLACE
d. CITY: BRENTWOOD | STATE: TN | POSTAL CODE: 37027 | COUNTRY: USA

3. DEBTOR'S NAME
OR a. ORGANIZATION'S NAME: CHS AL, LLC
b. INDIVIDUAL'S SURNAME | FIRST PERSONAL NAME | ADDITIONAL NAME(S) INITIAL(S) | SUFFIX
c. MAILING ADDRESS: 205 POWELL PLACE
d. CITY: BRENTWOOD | STATE: TN | POSTAL CODE: 37027 | COUNTRY: USA

4. DEBTOR'S NAME
OR a. ORGANIZATION'S NAME: CHS AZ, LLC
b. INDIVIDUAL'S SURNAME | FIRST PERSONAL NAME | ADDITIONAL NAME(S) INITIAL(S) | SUFFIX
c. MAILING ADDRESS: 205 POWELL PLACE
d. CITY: BRENTWOOD | STATE: TN | POSTAL CODE: 37027 | COUNTRY: USA

B1314-9419 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

FINANCING STATEMENT

This is a representation of a document created electronically at the Tennessee Secretary of State's web site.

A. NAME & PHONE OF CONTACT AT FILER (Optional)
JON WEIS (941) 306-3077

B. EMAIL OF CONTACT AT FILER (Optional)
jweis@sunzinsurance.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)
SUNZ INSURANCE SOLUTIONS, LLC
1301 6TH AVE WEST
BRADENTON, FL 34205

UCC Pending Doc #: Q849823
SUBMISSION PENDING

Pending Filing Expires: 02/03/2023

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

DEBTORS

5. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS FL, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

6. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS GA, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

7. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS IN, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

8. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS MO, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

B1314-9420 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

B1314-9421 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

FINANCING STATEMENT

This is a representation of a document created electronically at the Tennessee Secretary of State's web site.

A. NAME & PHONE OF CONTACT AT FILER (Optional)
JON WEIS (941) 306-3077

B. EMAIL OF CONTACT AT FILER (Optional)
jweis@sunzinsurance.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)
SUNZ INSURANCE SOLUTIONS, LLC
1301 6TH AVE WEST
BRADENTON, FL 34205

UCC Pending Doc #: Q849823
SUBMISSION PENDING

Pending Filing Expires: 02/03/2023

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

DEBTORS

9. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS KS, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

10. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS NH, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

11. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS NEW JERSEY, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

12. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CORIZON HEALTH OF NEW MEXICO, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

B1314-9422 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

FINANCING STATEMENT

This is a representation of a document created electronically at the Tennessee Secretary of State's web site.

A. NAME & PHONE OF CONTACT AT FILER (Optional)
JON WEIS (941) 306-3077

B. EMAIL OF CONTACT AT FILER (Optional)
jweis@sunzinsurance.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)
SUNZ INSURANCE SOLUTIONS, LLC
1301 6TH AVE WEST
BRADENTON, FL 34205

UCC Pending Doc #: Q849823
SUBMISSION PENDING

Pending Filing Expires: 02/03/2023

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

DEBTORS

13. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS CARE NY, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

14. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS CARE TX, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

15. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS TN, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

16. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: YESCARE AR, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

B1314-9423 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

FINANCING STATEMENT

This is a representation of a document created electronically at the Tennessee Secretary of State's web site.

A. NAME & PHONE OF CONTACT AT FILER (Optional)
JON WEIS (941) 306-3077

B. EMAIL OF CONTACT AT FILER (Optional)
jweis@sunzinsurance.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)
SUNZ INSURANCE SOLUTIONS, LLC
1301 6TH AVE WEST
BRADENTON, FL 34205

UCC Pending Doc #: Q849823
SUBMISSION PENDING

Pending Filing Expires: 02/03/2023

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

DEBTORS

17. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS IL, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

18. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS MN, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

19. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: CHS VA, LLC			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

20. DEBTOR'S NAME

OR	a. ORGANIZATION'S NAME: YESCARE CORP.			
	b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 205 POWELL PLACE

d. CITY	STATE	POSTAL CODE	COUNTRY
BRENTWOOD	TN	37027	USA

SECURED PARTIES

B1314-9424 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

FINANCING STATEMENT

This is a representation of a document created electronically at the Tennessee Secretary of State's web site.

A. NAME & PHONE OF CONTACT AT FILER (Optional)
JON WEIS (941) 306-3077

B. EMAIL OF CONTACT AT FILER (Optional)
jweis@sunzinsurance.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)
SUNZ INSURANCE SOLUTIONS, LLC
1301 6TH AVE WEST
BRADENTON, FL 34205

UCC Pending Doc #: Q849823
SUBMISSION PENDING

Pending Filing Expires: 02/03/2023

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

SECURED PARTIES

1. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY)

OR
a. ORGANIZATION'S NAME: SUNZ INSURANCE SOLUTIONS, LLC

b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

c. MAILING ADDRESS: 1301 6TH AVE WEST

d. CITY	STATE	POSTAL CODE	COUNTRY
BRADENTON	FL	34205	USA

COLLATERAL: This financing statement covers the following collateral:

See attached.

Maximum principal indebtedness for Tennessee recording tax purposes is: $0.00

Check only if applicable and check only one box: Collateral is
☐ held in a Trust
☐ being administered by a Decedent's Personal Representative

Check only if applicable and check only one box:
☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

Check only if applicable and check only one box:
☐ Agricultural Lien ☐ Non-UCC Filing

ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

OPTIONAL FILER REFERENCE DATA:

NOTE: All information on this form is public record.

DocuSign Envelope ID: EF01E4D4-4B15-42CB-B0DE-E8EB646B9C2A

B1314-9425 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

SECURITY AGREEMENT FOR THE INSURANCE PROGRAM

Program Owners & Insureds[1]	CHS Employee Group, LLC; CHS TX, Inc.; CHS AL, LLC; CHS AZ, LLC; CHS FL, LLC; CHS GA, LLC; CHS IN, LLC; CHS MO, LLC; CHS KS, LLC; CHS NH, LLC; CHS New Jersey, LLC; Corizon Heath of New Mexico, LLC; CHS Care NY, LLC; CHS Care TX, LLC; CHS, TN, LLC; YesCare AR, LLC; CHS IL, LLC; CHS MN, LLC; CHS VA, LLC; YesCare Corp.
Program Owner Address	205 Powell Place, Brentwood, TN 37027
Program Effective Date	December 31, 2022

This Security Agreement, dated as of the Effective Date, is given by the Program Owners, as identified above and in the Loss Fund Management Agreement, hereinafter referred to as "Pledgor," with its principal place of business address set forth above, and

In favor of **Sunz Insurance Solutions, LLC**, hereinafter referred to as "Secured Party", with an office address of 1301 Sixth Avenue West, Bradenton, Florida 34205. All capitalized terms used herein (including the preamble, recitals, exhibits and schedules hereto) and not otherwise defined herein shall have the meanings ascribed thereto in the Loss Fund Management Agreement or, if not defined therein, in the UCC. The following terms used herein (including the preamble) shall have the following meanings:

"Accounts" means all "accounts" as defined in Article 9 of the UCC.

"Assigned Agreements" means all contracts and other agreements to which any Pledgor is a party as of the date hereof, or to which any Pledgor becomes a party after the date hereof, including each Material Contract, as amended, restated, supplemented or otherwise modified from time to time.

"Chattel Paper" means all "chattel paper" as defined in Article 9 of the UCC, including "electronic chattel paper" and "tangible chattel paper", in each case, as defined in Article 9 of the UCC.

"Collateral" as defined in Section 1.

"Collateral Records" means all books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, software, computer printouts, tapes, disks and related data processing software and similar items that at any time evidence or contain information relating to any Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon.

"Collateral Support" means all property (whether real, personal or mixed) assigned, hypothecated, pledged or otherwise securing any Collateral, including any security agreement or other agreement granting a Lien in such real or personal property.

"Commercial Tort Claims" means all "commercial tort claims" as defined in Article 9 of the UCC.

"Commodities Accounts" means all "commodity accounts" as defined in Article 9 of the UCC.

[1] Included as a "Program Owner" shall be any subsequent entity endorsed as an additional named insured to any insurance policy(ies) where such subsequent entity, under NCCI's experience rating plan or the experience rating plan of the applicable rating bureau, may be deemed combinable with the listed Program Owners set forth herein.

DocuSign Envelope ID: EF01E4D4-4B15-42CB-B0DE-E8EB646B9C2A

"Copyright Licenses" means any and all agreements providing for the granting of any right in or to any Copyrights (whether any Pledgor is licensee or licensor thereunder).

"Copyrights" means all U.S. and foreign copyrights (including community designs), including copyrights in software and databases, and all "mask works" (as defined under 17 U.S.C. 901 of the U.S. Copyright Act), whether registered or unregistered, and, with respect to any and all of the foregoing, (i) all registrations and applications therefor, including the registrations and applications listed on Schedule 4.7(A), (ii) all extensions and renewals thereof, (iii) all rights corresponding thereto throughout the world, (iv) all rights to sue for past, present and future infringements thereof, and (v) all Proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

"Deposit Accounts" means all "deposit accounts" as defined in Article 9 of the UCC.

"Documents" means all "documents" as defined in Article 9 of the UCC.

"Equipment" means (i) all "equipment" as defined in Article 9 of the UCC, (ii) all machinery, manufacturing equipment, data processing equipment, computers, office equipment, furnishings, furniture, appliances, fixtures and tools (in each case, regardless of whether classified as equipment under the UCC), and (iii) all accessions or additions thereto, all parts thereof, whether or not at any time of determination incorporated or installed therein or attached thereto, and all replacements therefor, wherever located, now or hereafter existing, including any fixtures.

"General Intangibles" means (i) all "general intangibles" as defined in Article 9 of the UCC, including "payment intangibles" as defined in Article 9 of the UCC, and (ii) all interest rate or currency protection or hedging arrangements and all other Hedge Agreements, all tax refunds, all licenses, permits, concessions and authorizations, all Assigned Agreements and all Intellectual Property (in each case, regardless of whether classified as general intangibles under the UCC).

"Goods" means (i) all "goods" as defined in Article 9 of the UCC and (ii) all Inventory and Equipment, in each case, regardless of whether classified as goods under the UCC.

"Instruments" means all "instruments" as defined in Article 9 of the UCC.

"Insurance" means all insurance policies covering any or all of the Collateral (regardless of whether Secured Party is a loss payee or a lender's loss payee thereof).

"Intellectual Property" means, collectively, (i) the Copyrights, (ii) the Copyright Licenses, (iii) the Patents, (iv) the Patent Licenses, (v) the Trademarks, (vi) the Trademark Licenses, (vii) the Trade Secrets, and (viii) the Trade Secret Licenses.

"Inventory" means (i) all "inventory" as defined in Article 9 of the UCC, (ii) all goods held for sale or lease or to be furnished under contracts of service or so leased or furnished, all raw materials, work in process, finished goods and materials used or consumed in the manufacture, packing, shipping, advertising, selling, leasing, furnishing or production of such inventory or otherwise used or consumed in any Pledgor's business, (iii) all goods in which any Pledgor has an interest in mass or a joint or other interest or right of any kind, and (iv) all goods which are returned to or repossessed by any Pledgor, all computer programs or software embedded in any goods and all accessions thereto and products thereof (in each case, regardless of whether classified as inventory under the UCC).

"Investment Accounts" means, collectively, (i) the Securities Accounts, (ii) the Commodities Accounts, and (iii) the Deposit Accounts.

"Investment Related Property" means (i) all "investment property" as defined in Article 9 of the UCC, (ii) all Pledged Equity Interests, (iii) all Pledged Debt, (iv) all Investment Accounts, and (v) all certificates of deposit (in each case, regardless of whether classified as investment property under the UCC).

"Letter of Credit Rights" means all "letter-of-credit rights" as defined in Article 9 of the UCC.

"Money" means "money" as defined in Article 1 of the UCC.

B1314-9426 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

DocuSign Envelope ID: EF01E4D4-4B15-42CB-B0DE-E8EB646B9C2A

"Patent Licenses" means any and all agreements providing for the granting of any right in or to any Patents (whether any Pledgor is licensee or licensor thereunder).

"Patents" means all U.S. and foreign patents and certificates of invention, or similar industrial property rights, and, with respect to any and all of the foregoing, (i) all patents and applications therefor, (ii) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations thereof, (iii) all rights corresponding thereto throughout the world, (iv) all inventions and improvements described therein, (v) all rights to sue for past, present and future infringements thereof, and (vi) all Proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

"Pledged Debt" means all Indebtedness owed to any Pledgor, issued by the obligors named therein, the instruments evidencing such Indebtedness and all interest, Cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Indebtedness.

"Pledged Equity Interests" means all (i) Pledged Stock, (ii) Pledged LLC Interests, (iii) Pledged Partnership Interests, and (iv) Pledged Trust Interests.

"Pledged LLC Interests" means (i) all interests in any limited liability company owned by any Pledgor, (ii) the certificates, if any, representing such limited liability company interests, (iii) any interest of any Pledgor on the books and records of such limited liability company or on the books and records of any securities intermediary pertaining to such interest, and (iv) all dividends, distributions, Cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such limited liability company interests.

"Pledged Partnership Interests" means (i) all interests in any general partnership, limited partnership, limited liability partnership or other partnership, in each case, owned by any Pledgor, (ii) the certificates, if any, representing such partnership interests, (iii) any interest of any Pledgor on the books and records of such partnership or on the books and records of any securities intermediary pertaining to such interest, and (iv) all dividends, distributions, Cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such partnership interests.

"Pledged Stock" means (i) all Capital Stock in any corporation owned by any Pledgor, (ii) the certificates, if any, representing such Capital Stock, (iii) any interest of any Pledgor on the books and records of such corporation or on the books and records of any securities intermediary pertaining to such Capital Stock, and (iv) all dividends, distributions, Cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Capital Stock.

"Pledged Trust Interests" means (i) all interests in any Delaware business trust or other trust owned by any Pledgor, (ii) the certificates, if any, representing such trust interests, (iii) any interest of any Pledgor on the books and records of such trust or on the books and records of any securities intermediary pertaining to such interest, and (iv) all dividends, distributions, Cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such trust interests.

"Proceeds" means (i) all "proceeds" as defined in Article 9 of the UCC, (ii) all payments or distributions made with respect to any Investment Related Property, and (iii) whatever is receivable or received when Collateral or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

"Receivables" means all rights to payment, whether or not earned by performance, for goods or other property sold, leased, licensed, assigned or otherwise disposed of, or services rendered or to be rendered, including all such rights constituting or evidenced by any Account, Chattel Paper, Instrument, General Intangible or Investment Related Property, together with all of the applicable Pledgor's rights, if any, in any goods or other property giving

B1314-9427 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

DocuSign Envelope ID: EF01E4D4-4B15-42CB-B0DE-E8EB646B9C2A

rise to such right to payment and all Collateral Support and Supporting Obligations related thereto and all Receivables Records.

"Receivables Records" means (i) all original copies of all documents, instruments or other writings or electronic records or other Records evidencing any Receivables, (ii) all books, correspondence, credit or other files, Records, ledger sheets or cards, invoices and other papers relating to any Receivables, including all tapes, cards, computer tapes, computer discs, computer runs, record keeping systems and other papers and documents relating to any Receivables, whether in the possession or under the control of any Pledgor or any computer bureau or agent from time to time acting for any Pledgor or otherwise, (iii) all evidences of the filing of financing statements and the registration of other instruments in connection therewith, and amendments, supplements and other modifications thereto, notices to other creditors or secured parties, and certificates, acknowledgments and other writings, including lien search reports, from filing or other registration offices, (iv) all credit information, reports and memoranda relating thereto, and (v) all other written or non-written forms of information related in any way to the foregoing or any Receivables.

"Records" means all "records" as defined in Article 9 of the UCC.

"Securities Accounts" means all "securities accounts" as defined in Article 8 of the UCC.

"Supporting Obligations" means all "supporting obligations" as defined in Article 9 of the UCC.

"Trademark Licenses" means any and all agreements providing for the granting of any right in or to any Trademarks (whether any Pledgor is licensee or licensor thereunder).

"Trademarks" means all U.S., state, territorial, provincial and foreign trademarks, trade names, corporate names, company names, business names, fictitious business names, internet domain names, trade styles, service marks, certification marks, collective marks, logos, other source or business identifiers, designs and general intangibles of a like nature and, with respect to any and all of the foregoing, (i) all registrations and applications therefor, (ii) all extensions or renewals thereof, (iii) all of the goodwill of the business connected with the use thereof and symbolized thereby, (iv) all rights to sue for past, present and future infringements or dilutions thereof or for any injury to goodwill, and (v) all Proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

"Trade Secret Licenses" means any and all agreements providing for the granting of any right in or to any Trade Secrets (whether a Pledgor is licensee or licensor thereunder).

"Trade Secrets" means all trade secrets and all other confidential or proprietary information and know-how now or hereafter owned or used in, or contemplated at any time for use in, the business of any Pledgor, whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such Trade Secret, including (i) all rights to sue for past, present and future misappropriations or other violations of such Trade Secret and (ii) all Proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of Florida or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction.

"United States" or **"U.S."** means the United States of America.

1. **Grant of Security Interest**. Each Pledgor hereby grants to Secured Party a security interest in and continuing lien on all of such Pledgor's right, title and interest in, to and under all of the following types of personal property of such Pledgor, in each case, whether now owned or existing or hereafter acquired or arising and wherever located (collectively, the **"Collateral"**):

   A. Accounts;

   B. Chattel Paper;

   C. Commercial Tort Claims;

B1314-9428 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

DocuSign Envelope ID: EF01E4D4-4B15-42CB-B0DE-E8EB646B9C2A

D. Documents;

E. General Intangibles;

F. Goods;

G. Instruments;

H. Insurance;

I. Intellectual Property;

J. Investment Related Property;

K. Letter of Credit Rights;

L. Money;

M. Receivables and Receivables Records;

N. to the extent not otherwise included above, all Collateral Records, Collateral Support and Supporting Obligations relating to any of the foregoing; and

O. to the extent not otherwise included above, all Proceeds, products, accessions, rents and profits of or in respect of any of the foregoing.

2. **Termination of Agreement and Security Interest**. This Agreement, including the security interest granted herein by Pledgors, may terminate by mutual written agreement of the Parties upon Pledgor's satisfaction of all Obligations arising under or otherwise related to (a) any issued Insurance Policy(ies) and all endorsements thereto, (b) the Quotation, and (c) the Loss Fund Management Agreement(s) plus Pledgors' compliance with the Security Requirements, all of which, in addition to any renewals thereof, is referred to collectively as the Insurance Program. Upon satisfaction of all obligations, Secured Party may, if requested by Pledgors, confirm in writing the termination of this Agreement and the security interest granted herein.

3. **Description of Obligation**. The following Obligation is secured by this Agreement:

   A. All debts, obligations, liabilities, and agreements of Pledgors to Secured Party arising out of or related to the Insurance Program and any Insurance Policy(ies) issued thereunder including any renewal; and

   B. All costs and expenses incurred by Secured Party, including attorney's fees (whether or not suit is filed), to obtain, preserve, perfect, enforce, and defend this Security Agreement and maintain, preserve, collect, and realize upon the Collateral.

4. **Pledgor's Warranties**. Pledgor hereby represents and warrants to Secured Party as follows:

   A. **Financing Statements**. No financing statement covering the Collateral is or will be on file in any public office, except the financing statements relating to this security interest, and no security interest, other than the one herein created, has attached or been perfected in the Collateral or any part thereof.

   B. **Title to and Transfer of Collateral**. Pledgor has rights in or the power to transfer the Collateral and its title to the Collateral is free of all adverse claims, liens, security interests and restrictions on transfer or pledge except as created by this Security Agreement.

   C. **Location, State of Incorporation and Name of Pledgor**. Pledgor's chief executive office is located at the address set forth above, and Pledgor's exact legal name is as set forth on the first page of this Security Agreement.

   D. **Power and Authority**. Pledgor has full power and authority to make this Agreement, and all necessary consents and approvals have been obtained to effectuate the validity of this Agreement. Pledgor authorizes Secured Party to file a financing statement describing the Collateral with any appropriate filing office or officer and to take any action Secured Party deems necessary to perfect its interest in the Collateral including, but not limited to, obtaining control agreements with third parties in possession of any Collateral.

B1314-9429 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

DocuSign Envelope ID: EF01E4D4-4B15-42CB-B0DE-E8EB646B9C2A

In addition to Secured Party's rights herein, including but not limited to paragraph 5.M., at Secured Party's request, Pledgor agrees to take such actions as are necessary to properly perfect Secured Party's rights to the Collateral.

5. **Pledgor's Covenants**. Until full payment and performance of every Obligation and termination or expiration of any obligation or commitment of Secured Party:

   A. **Obligation and This Agreement**. Pledgor shall perform all its agreements herein and in any other agreements between it and Secured Party.

   B. **Ownership and Maintenance of the Collateral**. Pledgor shall keep all tangible Collateral in good condition. Pledgor shall defend the Collateral against all claims and demands of all persons at any time claiming any interest therein adverse to Secured Party. Pledgor shall keep the Collateral free from all liens and security interests except those for taxes not yet due and the security interest hereby created.

   C. **Insurance**. Pledgor shall insure the Collateral with companies acceptable to any lender with an interest in the Collateral ("Lender"). Such insurance shall be in an amount not less than the fair market value of the Collateral and shall be against such casualties, with such deductible amounts as Lender shall approve. All insurance policies shall be written for the benefit of Pledgor and Lender as their interests may appear, payable to Lender as loss payee, or in other form satisfactory to Lender, and such policies or certificates evidencing the same shall be furnished to Lender. All policies of insurance shall provide for written notice to Lender at least thirty (30) days prior to cancellation. Risk of loss or damage is Pledgor's to the extent of any deficiency in any effective insurance coverage.

   D. **Risk of Loss**. Pledgor has all risk of loss of the Collateral.

   E. **Secured Party's Costs**. Pledgor shall pay all costs, expenses and fees necessary to obtain, preserve, perfect, defend and enforce the security interest created by this Agreement, including attorney's fees (whether or not suit is filed) and other fees or expenses for which Pledgor is obligated to reimburse Secured Party in accordance with the terms of the Obligation Documents.

   F. **Information and Inspection**. Pledgor shall (i) promptly furnish Secured Party any information with respect to the Collateral requested by Secured Party; (ii) allow Secured Party or its representatives to inspect the Collateral, at any time and wherever located, and to inspect and copy or furnish Secured Party or its representatives with copies of, all records relating to the Collateral and the Obligation; and (iii) promptly furnish Secured Party or its representatives such information as Secured Party may request to identify the Collateral, at the time and in the form requested by Secured Party.

   G. **Additional Documents**. Pledgor shall sign and deliver any papers deemed necessary or desirable in the judgment of Secured Party to obtain, maintain, and perfect the security interest hereunder and to enable Secured Party to comply with any federal or state law in order to obtain or perfect Secured Party's interest in the Collateral or to obtain proceeds of the Collateral.

   H. **Records of the Collateral**. Pledgor at all times shall maintain accurate books and records covering the Collateral. Secured Party is hereby given the right to audit the books and records of Pledgor relating to the Collateral at any time and from time to time. The amounts shown as owed to Pledgor on Pledgor's books and on any assignment schedule will be the undisputed amounts owing and unpaid.

   I. **Disposition of the Collateral**. No Collateral may be sold, leased, made use of by a third party, or otherwise disposed of by Pledgor in any manner without the prior written consent of Secured Party.

   J. **Accounts**. Each account held as Collateral will represent the valid and legally enforceable obligation of third parties and shall not be evidenced by any instrument or Chattel Paper.

   K. **Change of Name/Status and Notice of Changes**. Without the written consent of Secured Party, Pledgor shall not change its name, identity, corporate structure (e.g., by merger, consolidation, change in corporate form or otherwise), chief executive office, type of organization or jurisdiction of organization or establish

B1314-9430 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

DocuSign Envelope ID: EF01E4D4-4B15-42CB-B0DE-E8EB646B9C2A

any trade names, in each case, without providing Secured Party with thirty (30) days prior written notice, change its corporate status, corporate structure (e.g., by merger, consolidation, change in corporate form or otherwise), chief executive office, type of organization or jurisdiction of organization, use any trade name, or engage in any business not reasonably related to its business as presently conducted. Pledgor shall notify Secured Party immediately of (i) any material change in the Collateral or the location of the Collateral, (ii) a change in Pledgor's location, (iii) a change in any matter warranted or represented by Pledgor in this Agreement, or in any of the Obligation Documents or furnished to Secured Party pursuant to this Agreement, and (iv) the occurrence of an Event of Default (hereinafter defined).

L. **Possession of the Collateral**. Pledgor waives presentment, notice of acceleration, demand, notice of dishonor, protest, and all other notices with respect thereto. Where Collateral is in the possession of a third party, Pledgor will join with Secured Party in notifying the third party of Secured Party's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of the Secured Party.

M. **Power of Attorney**. Pledgor appoints Secured Party and any officer thereof as Pledgor's attorney-in-fact with full power in Pledgor's name and behalf to do every act which Pledgor is obligated to do or may be required to do hereunder; however, nothing in this paragraph shall be construed to obligate Secured Party to take any action hereunder nor shall Secured Party be liable to Pledgor for failure to take any action hereunder. This appointment shall be deemed a power coupled with an interest and shall not be terminable as long as the Obligation is outstanding and shall not terminate on the disability or incompetence of Pledgor.

N. **Other Parties and Other Collateral**. No renewal or extension of or any other indulgence with respect to the Obligation or any part thereof, no release of any security, no release of any person (including any maker, endorser, guarantor or surety) liable on the Obligation, no delay in enforcement of payment, and no delay or omission or lack of diligence or care in exercising any right or power with respect to the Obligation or any security therefor or guaranty thereof or under this Agreement shall in any manner impair or affect the rights of Secured Party under the law, hereunder, or under any other agreement pertaining to the Collateral. Secured Party need not file suit or assert a claim for personal judgment against any person for any part of the Obligation or seek to realize upon any other security for the Obligation, before foreclosing or otherwise realizing upon the Collateral. Pledgor waives any right to the benefit of or to require or control application of any other security or proceeds thereof, and agrees that Secured Party shall have no duty or obligation to Pledgor to apply to the Obligation any such other security or proceeds thereof.

O. **Compliance with State and Federal Laws**. Pledgor will maintain its existence, good standing and qualification to do business, where required, and comply with all laws, regulations and governmental requirements, including without limitation, environmental laws applicable to it or any of its property, business operations and transactions.

6. **Rights and Powers of Secured Party**. Secured Party, after the occurrence of a Default, without liability to Pledgors may take control of the Collateral including, but not limited to, the customer lists; may take control of funds held as collateral held for paid loss, and may exercise all other rights which an owner of such Collateral may exercise; and at any time thereafter transfer any of the Collateral or evidence thereof into its own name or that of its nominee. Secured Party shall not be liable for failure to collect any account or instruments, or any act or omission on the part of Secured Party, its officers, agents or employees, except for its or their own willful misconduct or gross negligence. The foregoing rights and powers of Secured Party will be in addition to, and not a limitation upon, any rights and powers of Secured Party given by law, elsewhere in this Agreement, or otherwise.

7. **Default.**

A. **Event of Default**. An event of default ("Event of Default") shall occur if: (i) Pledgor or any other obligor on all or part of the Obligation shall fail to timely and properly pay or observe, keep or perform any term, covenant, agreement or condition in this Agreement or in any other agreement between Pledgor and

B1314-9431 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Harget

DocuSign Envelope ID: EF01E4D4-4B15-42CB-B0DE-E8EB646B9C2A

Secured Party, including any agreements comprising the Insurance Program or otherwise related to the Obligation (collectively, the "Obligation Documents"); or (ii) Pledgor becoming subject to any proceeding under the Bankruptcy Code or any similar remedy under the state statutory or common law.

B. **Rights and Remedies**. If any Event of Default shall occur, then, in each and every such case, Secured Party may, without presentment, demand, or protest; notice of default, dishonor, demand, non-payment, or protest; notice of intent to accelerate all or any part of the Obligation; notice of acceleration of all or any part of the Obligation; or notice of any other kind, all of which Pledgor hereby expressly waives, (except for any notice required under this Agreement, any other Loan Document or applicable law), at any time thereafter exercise and/or enforce any of the following rights and remedies at Secured Party's option:

i. **Acceleration**. The Obligation shall, at Secured Party's option, become immediately due and payable, and the obligation, if any, of Secured Party to permit further borrowings under the Obligation shall at Secured Party's option immediately cease and terminate.

ii. **Possession and Collection of the Collateral**. At its option: (a) take possession or control of, store, lease, operate, manage, sell or instruct any agent or broker to sell or otherwise dispose of all or any part of the Collateral; (b) notify all parties under any account or contract right forming all or any part of the Collateral to make any payments otherwise due to Pledgor directly to Secured Party; (c) in Secured Party's own name, or in the name of Pledgor, demand, collect, receive, sue for, and give receipts and releases for, any and all amounts due under such accounts and contract rights; (d) endorse as the agent of Pledgor any check, note, Chattel Paper, documents, or instruments forming all or any part of the Collateral; (e) make formal application for transfer to Secured Party (or to any assignee of Secured Party or to any purchaser of any of the Collateral) of all of Pledgor's permits, licenses, approvals, agreements, and the like relating to the Collateral; (f) take any other action which Secured Party deems necessary or desirable to protect and realize upon its security interest in the Collateral; and (g) in addition to the foregoing, and not in substitution therefor, exercise any one or more of the rights and remedies exercisable by Secured Party under any other provision of this Agreement, under any of the other Obligation Documents, or as provided by applicable law (including, without limitation, the Uniform Commercial Code as in effect in Florida (hereinafter referred to as the "UCC")). Pledgor shall, upon Secured Party's demand, promptly make the Collateral available to Secured Party at a place designated by Secured Party, which place shall be reasonably convenient to both parties.

iii. **Receiver**. Obtain the appointment of a receiver for all or any of the Collateral, Pledgor hereby consenting to the appointment of such a receiver and agreeing not to oppose any such appointment.

iv. **Right of Set Off**. Without notice or demand to Pledgor, set off and apply against any and all of the Obligation any other indebtedness, at any time held or owing by Secured Party or any of Secured Party's agents or affiliates to Pledgor.

8. **General.**

A. **Parties Bound**. Secured Party's rights hereunder shall inure to the benefit of its successors and assigns. In the event of any assignment or transfer by Secured Party of any of the Obligation or the Collateral, Secured Party thereafter shall be fully discharged from any responsibility with respect to the Collateral so assigned or transferred, but Secured Party shall retain all rights and powers hereby given with respect to any of the Obligation or the Collateral not so assigned or transferred.

B. **Waiver.** No delay of Secured Party in exercising any power or right shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right. Each right, power and remedy of Secured Party as provided for herein or in any of the Obligation Documents, or which shall now or hereafter exist at law or in equity or by statute or otherwise, shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy. The exercise or beginning of the exercise by Secured Party of any one or more of such rights,

B1314-9432 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

DocuSign Envelope ID: EF01E4D4-4B15-42CB-B0DE-E8EB646B9C2A

powers or remedies shall not preclude the simultaneous or later exercise by Secured Party of any or all other such rights, powers or remedies.

C. **Agreement Continuing**. This Agreement shall constitute a continuing agreement, applying to all future as well as existing transactions, whether or not of the character contemplated at the date of this Agreement, and if all transactions between Secured Party and Pledgor shall be closed at any time, shall be equally applicable to any new transactions thereafter. Provisions of this Agreement, unless by their terms exclusive, shall be in addition to other agreements between the parties.

D. **Definitions**. Unless the context indicates otherwise, definitions in the UCC apply to words and phrases in this Agreement; if UCC definitions conflict, Article 9 definitions apply.

E. **Waiver of Trial by Jury**. To the extent permitted by law, Pledgor and Secured Party hereby waive trial by jury and any litigation brought by either of the parties hereto against the other on any manner arising out of or in any way connected with this Security Agreement.

F. GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER (INCLUDING ANY CLAIMS SOUNDING IN CONTRACT LAW OR TORT LAW ARISING OUT OF THE SUBJECT MATTER HEREOF AND ANY DETERMINATIONS WITH RESPECT TO POST-JUDGMENT INTEREST) SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD RESULT IN THE APPLICATION OF ANY LAW OTHER THAN THE LAW OF THE STATE OF FLORIDA.

G. NOTICE OF FINAL AGREEMENT. THIS WRITTEN SECURITY AGREEMENT AND THE OTHER OBLIGATION DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

H. <u>Confirmation of Arbitration and Confirmation of Choice of Law Pursuant to California Insurance Code section 11658.5</u>

1. The Parties have negotiated and agreed that Your Insurance Program is deemed made in the State of Florida and involves interstate commerce. The choice of arbitration law negotiated pursuant to California Insurance Code section 11658.5 is the laws of the State of Florida.

2. Any arbitration shall take place in Florida unless the Parties mutually agree in writing to an alternative site. The choice of arbitration venue negotiated pursuant to California Insurance Code section 11658.5 is Bradenton, Florida.

3. Program Owner acknowledges Sunz provided it with a "NOTICE OF DISPUTE RESOLUTION TERMS TO BE INCLUDED IN CERTAIN AGREEMENTS PURSUANT TO CALIFORNIA INSURANCE CODE SECTION 11658.5" and the terms of this Agreement reflect the final agreement of Program Owner and Sunz relating to the resolution of disputes under this Agreement.

4. For purposes of California, no claim coming within the authority of the Insurance Commissioner shall be subject to arbitration.

[Signature Page Follows]

B1314-9433 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

DocuSign Envelope ID: EF01E4D4-4B15-42CB-B0DE-E8EB646B9C2A

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed by their duly authorized representatives as of the Effective Date.

December 31, 2022 ("Effective Date")

PLEDGOR – PROGRAM OWNER

CHS EMPLOYEE GROUP, LLC; CHS TX, INC.; CHS AL, LLC; CHS AZ, LLC; CHS FL, LLC; CHS GA, LLC; CHS IN, LLC; CHS MO, LLC; CHS KS, LLC; CHS NH, LLC; CHS NEW JERSEY, LLC; CORIZON HEATH OF NEW MEXICO, LLC; CHS CARE NY, LLC; CHS CARE TX, LLC; CHS, TN, LLC; YESCARE AR, LLC; CHS IL, LLC; CHS MN, LLC; CHS VA, LLC; YESCARE CORP.

DocuSigned by:

Sign _____
A8E279C36CDB446...

By: David Gefner

Title: President

SECURED PARTY:

Sunz Insurance Solutions, LLC

DocuSigned by:

Sign Rick Leonard
AF395F242B28447...

[Printed Name: Rick Leonard

[Title: President

Attachment Clause on Following Page

B1314-9434 01/09/2023 10:13 AM Received by Tennessee Secretary of State Tre Hargett

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy for YESCARE HOLDINGS LLC, File Number 220511001122 has been compared with the original document in the custody of the Secretary of State and that the same is true copy of said original.

WITNESS my hand and official seal of the Department of State, at the City of Albany, on May 11, 2023.

Brendan C. Hughes
Executive Deputy Secretary of State

Authentication Number: 100003484480 To Verify the authenticity of this document you may access the Division of Corporation's Document Authentication Website at http://ecorp.dos.ny.gov

ARTICLES OF ORGANIZATION
OF
YESCARE HOLDINGS LLC
Under Section 203 of the Limited Liability Company Law

FIRST: The Name of the limited liability company is: **YESCARE HOLDINGS LLC**

SECOND: The county, within this state, in which the office of the limited liability company is to be located is **ALBANY**

THIRD: The Secretary of State is designated as agent of the limited liability company upon whom process against it may be served. The address within or without this state to which the Secretary of State shall mail a copy of any process against the limited liability company served upon him or her is:

YESCARE HOLDINGS LLC
7 WORLD TRADE CENTER 46TH FL.
NEW YORK, NY 10007

I certify that I have read the above statements, I am authorized to sign these Articles of Organization, that the above statements are true and correct to the best of my knowledge and belief and that my signature typed below constitutes my signature.

DAVID GEFNER (Signature)

DAVID GEFNER, ORGANIZER

Filed by:

USACORP INC
325 DIVISION AVE
STE 201
BROOKLYN, NY 11211

Filed with the NYS Department of State on 05/11/2022
Filing Number: 220511001122 DOS ID: 6481961

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy for YESCARE HOLDINGS LLC, File Number 230109001359 has been compared with the original document in the custody of the Secretary of State and that the same is true copy of said original.

WITNESS my hand and official seal of the Department of State, at the City of Albany, on May 11, 2023.

Brendan C. Hughes
Executive Deputy Secretary of State

Authentication Number: 100003484483 To Verify the authenticity of this document you may access the Division of Corporation's Document Authentication Website at http://ecorp.dos.ny.gov

CERTIFICATE OF PUBLICATION
OF
YesCare Holdings LLC

Under Section 206 of the Limited Liability Company Law

The undersigned is the authorized person of **YesCare Holdings LLC.**

If the name of the limited liability company has changed, the name under which it was organized is:

The articles of organization were filed by the Department of State on: **5/11/2022.**

The published notices described in the annexed affidavits of publication contain all of the Information required by Section 206 of the Limited Liability Company Law.

The newspapers described in such affidavits of publication satisfy the requirements set forth in the Limited Liability Company Law and the designation made by the county clerk.

I certify the foregoing statements to be true under penalties of perjury.

7/28/2022
(Date)

/s/ *Joseph Strauss*
(Signature)

Joseph Strauss
(Type or Print Name)

Filed with the NYS Department of State on 10/18/2022
Filing Number: 230109001359 DOS ID: 6481961

ALBANY TIMES UNION
NEWS PLAZA
BOX 15000
ALBANY, NEW YORK 12212

Affidavit of Publication under Section 206 of the Limited Liability Company Law
State of New York

ss.:

County of Albany

The undersigned is the Publisher of the Times Union, a daily newspaper published in Albany, New York. A notice regarding YesCare Holdings LLC was published in said newspaper once each week for six successive weeks, commencing on 6/2/2022 and ending on 7/7/2022. The text of the notice as published in said newspaper is as set forth below, or in the annexed exhibit. This newspaper has been designated by the Clerk of Albany County for this purpose.

George Hearst, Publisher

By: Denise R. LaCoppola 07/07/2022 (Signature and Date)

Denise R. LaCoppola (Printed Name)

Authorized Designee of George Hearst, Publisher of the Times Union

Subscribed and sworn to before me, this 7 day of July 2022

Notary Public Signature

Name of Notary

SUSAN QUINE
NOTARY PUBLIC-STATE OF NEW YORK
No. 01QU6396414
Qualified in Rensselaer County
My Commission Expires 08-19-2023

0004209162

Filed with the NYS Department of State on 10/18/2022
Filing Number: 230109001359 DOS ID: 6481961

YesCare Holdings LLC. Filed 5/11/22. Office: Albany Co. SSNY desig. as agent for process & shall mail to: 7 World Trade Ctr 46th Fl, NY NY 10007. Purpose: General.

Filed with the NYS Department of State on 10/18/2022
Filing Number: 230109001359 DOS ID: 6481961

Affidavit of Publication
Under Section 206 of the
Limited Liability Company Law

State of New York
County of Kings, ss.:

The Undersigned is the publisher of The Jewish Press, a weekly newspaper published in Brooklyn, New York. A notice regarding YesCare Holdings LLC was published in said newspaper once each week for six successive weeks, commencing on May 27, 2022 and ending July 1, 2022. The text of the notice as published in said newspaper is set forth below. This newspaper has been designated by the Clerk of Albany for this purpose.

Naomi Klass Mauer, Publisher

By _____
Jerry Greenwald, Authorized Designee of the Publisher

Sworn to before me this 1 day of July , 2022

Notary Public

Arthur Klass
Notary Public State of New York
No. 01KL4922689
Qualified in Kings County
Commission Expires 3/7/2026

YesCare Holdings LLC. Filed 5/11/22. Office: Albany Co. SSNY desig. as agent for process & shall mail to: 7 World Trade Ctr 46th Fl, NY, NY 10007. Purpose: General.

JP#24117 05/27/22,06/03/22,06/10/22,06/17/22,06/24/22,07/01/22

Filed with the NYS Department of State on 10/18/2022
Filing Number: 230109001359 DOS ID: 6481961

CERTIFICATE OF PUBLICATION
OF
YesCare Holdings LLC

Under Section 206 of the Limited Liability Company Law

Filed by:

USACORP

325 DIVISION AVE. SUITE 201

BROOKLYN, NY 11211

CUST. REF.
August25477

For DOS Use Only

DRAWDOWN ACCOUNT: RW
USACORP

Filed with the NYS Department of State on 10/18/2022
Filing Number: 230109001359 DOS ID: 6481961

Control Number : 22165198

STATE OF GEORGIA

Secretary of State

Corporations Division
313 West Tower
2 Martin Luther King, Jr. Dr.
Atlanta, Georgia 30334-1530

CERTIFICATE OF ORGANIZATION

I, **Brad Raffensperger**, the Secretary of State and the Corporation Commissioner of the State of Georgia, hereby certify under the seal of my office that

Yescare Holdings LLC
a **Domestic Limited Liability Company**

has been duly organized under the laws of the State of Georgia on **08/01/2022** by the filing of articles of organization in the Office of the Secretary of State and by the paying of fees as provided by Title 14 of the Official Code of Georgia Annotated.

WITNESS my hand and official seal in the City of Atlanta and the State of Georgia on **08/03/2022**.

Brad Raffensperger

Brad Raffensperger
Secretary of State

ARTICLES OF ORGANIZATION

Electronically Filed
Secretary of State
Filing Date: 8/1/2022 12:52:15 PM

BUSINESS INFORMATION

CONTROL NUMBER	22165198
BUSINESS NAME	Yescare Holdings LLC
BUSINESS TYPE	Domestic Limited Liability Company
EFFECTIVE DATE	08/01/2022

PRINCIPAL OFFICE ADDRESS

ADDRESS	7 World Trade CTR FL 46th, NEW YORK, NY, 10007, USA

REGISTERED AGENT

NAME	ADDRESS	COUNTY
Yosef Lew	632 Dogwood Trail, Tyrone, GA, 30290, USA	Fayette

ORGANIZER(S)

NAME	TITLE	ADDRESS
David Gefner	ORGANIZER	7 World Trade CTR FL 46th, NEW YORK, NY, 10007, USA

OPTIONAL PROVISIONS

N/A

AUTHORIZER INFORMATION

AUTHORIZER SIGNATURE	David Gefner
AUTHORIZER TITLE	Member

Form 201
(Revised 12/21)

Submit in duplicate to:
Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
512 463-5555

Filing Fee: $300

This space reserved for office use.

Certificate of Formation
For-Profit Corporation

Article 1 – Entity Name and Type

The filing entity being formed is a for-profit corporation. The name of the entity is:

YesCare Corp.

The name must contain the word "corporation," "company," "incorporated," "limited" or an abbreviation of one of these terms.

Article 2 – Registered Agent and Registered Office

(See instructions. Select and complete either A or B and complete C.)

☐ A. The initial registered agent is an organization (cannot be entity named above) by the name of:

OR

☑ B. The initial registered agent is an individual resident of the state whose name is set forth below:

First Name	M.I.	Last Name	Suffix
Sara		Tirschwell	

C. The business address of the registered agent and the registered office address is:

Street Address	City	State	Zip Code
3411 Yoakum Blvd. #2901	Houston,	TX	77006

Article 3 – Directors

(A minimum of 1 director is required.)

The number of directors constituting the initial board of directors and the names and addresses of the person or persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and qualified are as follows:

Director 1

First Name	M.I.	Last Name	Suffix
Sara		Tirschwell	

Street or Mailing Address	City	State	Zip Code	Country
3411 Yoakum Blvd. #2901	Houston,	TX	77006	USA

Director 2					
First Name	*M.I.*	*Last Name*			*Suffix*
Street or Mailing Address	*City*		*State*	*Zip Code*	*Country*

Director 3					
First Name	*M.I.*	*Last Name*			*Suffix*
Street or Mailing Address	*City*		*State*	*Zip Code*	*Country*

Article 4 – Authorized Shares

(Provide the number of shares in the space below, then select option A or option B, do not select both.)

The total number of shares the corporation is authorized to issue is: 1,000

☑ A. The par value of each of the authorized shares is: $0.001

OR

☐ B. The shares shall have no par value.

If the shares are to be divided into classes, you must set forth the designation of each class, the number of shares of each class, the par value (or statement of no par value), and the preferences, limitations, and relative rights of each class in the space provided for supplemental information on this form.

Article 5 – Purpose

The purpose for which the corporation is formed is for the transaction of any and all lawful business for which a for-profit corporation may be organized under the Texas Business Organizations Code.

Initial Mailing Address

(Provide the mailing address to which state franchise tax correspondence should be sent.)

3411 Yoakum Blvd. #2901	Houston,		TX	77006	USA
Mailing Address	*City*		*State*	*Zip Code*	*Country*

Supplemental Provisions/Information

Text Area: [The attached addendum, if any, is incorporated herein by reference.]

Organizer

The name and address of the organizer:

Sara Tirschwell
Name

3411 Yoakum Blvd. #2901	Houston,	TX	77006
Street or Mailing Address	*City*	*State*	*Zip Code*

Effectiveness of Filing (Select either A, B, or C.)

A. ☑ This document becomes effective when the document is filed by the secretary of state.

B. ☐ This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is: _____

C. ☐ This document takes effect upon the occurrence of a future event or fact, other than the passage of time. The 90th day after the date of signing is: _____

The following event or fact will cause the document to take effect in the manner described below:

Execution

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned also affirms that, to the best knowledge of the undersigned, the name provided as the name of the filing entity does not falsely imply an affiliation with a governmental entity. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized to execute the filing instrument.

Date: January 26, 2022

/s/ Sara Tirschwell
Signature of organizer

Sara Tirschwell
Printed or typed name of organizer

State of Delaware
Secretary of State
Division of Corporations
Delivered 03:05 PM 11/16/2021
FILED 03:05 PM 11/16/2021
SR 20213812358 - File Number 6399441

STATE *of* DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE *of* FORMATION

FIRST: The name of the limited liability company is:

Geneva Consulting LLC

SECOND: The address of its registered office in the State of Delaware is 1811 Silverside Road, Wilmington, DE 19810. The name of its registered agent at such address is USACORP DE INC.

In Witness Whereof, the undersigned have executed this Certificate of Formation this 16th day of November, 2021.

By: /s/ David Gefner

Authorized Person (s)

Name: David Gefner

New Jersey Business Gateway
Business Entity Information and Records Service
Business Id : 0450878483

Status Report For:	GENEVA CONSULTING LLC
Report Date:	3/25/2023
Confirmation Number:	230842951860

IDENTIFICATION NUMBER, ENTITY TYPE AND STATUS INFORMATION

Business ID Number:	0450878483
Business Type:	FOREIGN LIMITED LIABILITY COMPANY
Status:	ACTIVE
Original Filing Date:	10/24/2022
Stock Amount:	N/A
Home Jurisdiction:	DE
Status Change Date:	NOT APPLICABLE

REVOCATION/SUSPENSION INFORMATION

DOR Suspension Start Date:	N/A
DOR Suspension End Date:	N/A
Tax Suspension Start Date:	N/A
Tax Suspension End Date:	N/A

ANNUAL REPORT INFORMATION

Annual Report Month:	OCTOBER
Last Annual Report Filed:	N/A
Year:	N/A

AGENT/SERVICE OF PROCESS (SOP)INFORMATION

Agent:	USACORP NJ LLC
Agent/SOP Address:	1 JULIUS WAY ,LAKEWOOD,NJ,08701
Address Status:	DELIVERABLE
Main Business Address:	7 WTC 46TH FLOOR ,NEW YORK,NY,10007
Principal Business Address:	N/A

ASSOCIATED NAMES

Associated Name:	CHS TX
Type:	FC

New Jersey Business Gateway
Business Entity Information and Records Service
Business Id : 0450878483

Associated Name:	CHS FL
Type:	FC
Associated Name:	YESCARE
Type:	FC
Associated Name:	CORIZON HEALTH OF NEW MEXICO
Type:	FC
Associated Name:	CHS AL
Type:	FC

PRINCIPALS

Following are the most recently reported officers/directors (corporations), managers/members/managing members (LLCs), general partners (LPs), trustees/officers (non-profits).

Title:	N/A
Name:	N/A
Address:	N/A

FILING HISTORY -- CORPORATIONS, LIMITED LIABILITY COMPANIES, LIMITED PARTNERSHIPS AND LIMITED LIABILITY PARTNERSHIPS

To order copies of any of the filings below, return to the service page, https://www.njportal.com/dor/businessRecords/ and follow the instructions for obtaining copies. Please note that trade names are filed initially with the County Clerk(s) and are not available through this service. Contact the Division for instructions on how to order Trade Mark documents.

Charter Documents for Corporations, LLCs, LPs and LLPs

Original Filing (Certificate)Date:	2022

Changes and Amendments to the Original Certificate:

Filing Type	Year Filed
ALTERNATE NAME FILING	2022
ALTERNATE NAME FILING	2022

New Jersey Business Gateway
Business Entity Information and Records Service
Business Id : 0450878483

ALTERNATE NAME FILING 2022
ALTERNATE NAME FILING 2022
ALTERNATE NAME FILING 2022

Note:
Copies of some of the charter documents above, particularly those filed before August 1988 and recently filed documents (filed less than 20 work days from the current date), may not be available for online download.

- For older filings, contact the Division for instructions on how to order.
- For recent filings, allow 20 work days from the estimated filing date, revisit the service center at https://www.njportal.com/dor/businessRecords/ periodically, search for the business again and build a current list of its filings. Repeat this procedure until the document shows on the list of documents available for download.

The Division cannot provide information on filing requests that are in process. Only officially filed documents are available for download.

NEW JERSEY DEPARTMENT OF THE TREASURY
DIVISION OF REVENUE AND ENTERPRISE SERVICES
CERTIFICATE OF ALTERNATE NAME

GENEVA CONSULTING LLC
0450878483

I, the Treasurer of the State of New Jersey, do hereby certify that the above-name did on the 25th of October, 2022, file and record in this department a Certificate of Alternate Name.

1. **Business Name:** GENEVA CONSULTING LLC

2. **New Jersey Business Entity ID:** 0450878483

3. **Alternate Names:**

Name: YESCARE

Activity To Be Conducted Using Alternate Name
INVESTMENT

Alternate Name is Valid Until: 10/25/2027

Name: CHS TX

Activity To Be Conducted Using Alternate Name
INVESTMENT

Alternate Name is Valid Until: 10/25/2027

Name: CHS FL

Activity To Be Conducted Using Alternate Name
INVESTMENT

Alternate Name is Valid Until: 10/25/2027

Name: CHS AL

Activity To Be Conducted Using Alternate Name
INVESTMENT

Alternate Name is Valid Until: 10/25/2027

Name: CORIZON HEALTH OF NEW MEXICO

Activity To Be Conducted Using Alternate Name
INVESTMENT

Alternate Name is Valid Until: 10/25/2027

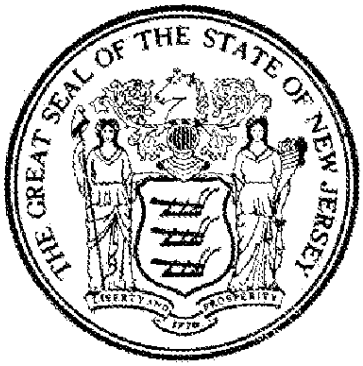
Signature and Title

DAVID GEFNER, MEMBER

Continued on next page...

NEW JERSEY DEPARTMENT OF THE TREASURY
DIVISION OF REVENUE AND ENTERPRISE SERVICES
CERTIFICATE OF ALTERNATE NAME

GENEVA CONSULTING LLC
0450878483



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal at Trenton, this 25th day of October, 2022

Elizabeth M. Muoio
State Treasurer

Certificate Number : 4187872054

Verify this certificate online at

https://www1.state.nj.us/TYTR_StandingCert/JSP/Verify_Cert.jsp

NEW JERSEY DEPARTMENT OF THE TREASURY
DIVISION OF REVENUE AND ENTERPRISE SERVICES

CERTIFICATE OF REGISTRATION

GENEVA CONSULTING LLC
0450878483

The above-named FOREIGN LIMITED LIABILITY COMPANY was duly filed in accordance with New Jersey State Law on 10/24/2022 and was assigned identification number 0450878483. Following are the articles that constitute its original certificate.

1. **Name:**
   GENEVA CONSULTING LLC
2. **Registered Agent:**
   USACORP NJ LLC
3. **Registered Office:**
   1 JULIUS WAY
   LAKEWOOD, NEW JERSEY 08701
4. **Business Purpose:**
   INVESTMENT
5. **Incorporated Under the Laws of:**
   DELAWARE ON 11/16/2021
6. **Effective Date of this filing is:**
   10/24/2022
7. **Main Business Address:**
   7 WTC 46TH FLOOR
   NEW YORK, NEW YORK 10007

Signatures:

DAVID GEFNER
GENERAL PARTNER

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal 24th day of October, 2022

Elizabeth Maher Muoio
State Treasurer

Certificate Number : 4187740887
Verify this certificate online at
https://www1.state.nj.us/TYTR_StandingCert/JSP/Verify_Cert.jsp

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy for SIGMA RM, LLC, File Number 221026001838 has been compared with the original document in the custody of the Secretary of State and that the same is true copy of said original.

WITNESS my hand and official seal of the Department of State, at the City of Albany, on May 11, 2023.

Brendan C. Hughes
Executive Deputy Secretary of State

Authentication Number: 100003484348 To Verify the authenticity of this document you may access the Division of Corporation's Document Authentication Website at http://ecorp.dos.ny.gov

ARTICLES OF ORGANIZATION
OF
SIGMA RM, LLC
Under Section 203 of the Limited Liability Company Law

THE UNDERSIGNED, being a natural person of at least eighteen (18) years of age, and acting as the organizer of the limited liability company hereby being formed under Section 203 of the Limited Liability Company Law of the State of New York certifies that:

FIRST: The Name of the limited liability company is: **SIGMA RM, LLC**

SECOND: The county, within this state, in which the office of the limited liability company is to be located is **KINGS**

THIRD: The Secretary of State is designated as agent of the limited liability company upon whom process against it may be served. The address within or without this state to which the Secretary of State shall mail a copy of any process against the limited liability company served upon him or her is:

SIGMA RM
1528 56TH STREET
BROOKLYN, NY 11219

I certify that I have read the above statements, I am authorized to sign these Articles of Organization, that the above statements are true and correct to the best of my knowledge and belief and that my signature typed below constitutes my signature.

YITZCHOK LEFKOWITZ (Signature)

YITZCHOK LEFKOWITZ, ORGANIZER
1528 56TH STREET
BROOKLYN, NY 11219

Filed by:

YITZCHOK LEFKOWITZ
1528 56TH STREET
BROOKLYN, NY 11219

Filed with the NYS Department of State on 10/26/2022
Filing Number: 221026001838 DOS ID: 6624439

STATE *of* DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE *of* FORMATION

FIRST: The name of the limited liability company is:

Seven Trade LLC

SECOND: The address of its registered office in the State of Delaware is 1811 Silverside Road, Wilmington, DE 19810. The name of its registered agent at such address is USACORP DE INC.

In Witness Whereof, the undersigned have executed this Certificate of Formation this 5th day of February, 2021.

By: /s/ David Gefner

Authorized Person (s)

Name: David Gefner

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:33 PM 02/05/2021
FILED 02:33 PM 02/05/2021
SR 20210353576 - File Number 5012021

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy for 1528 56TH STREET, LLC, File Number 211114000003 has been compared with the original document in the custody of the Secretary of State and that the same is true copy of said original.

WITNESS my hand and official seal of the Department of State, at the City of Albany, on May 11, 2023.

Brendan C. Hughes
Executive Deputy Secretary of State

Authentication Number: 100003484589 To Verify the authenticity of this document you may access the Division of Corporation's Document Authentication Website at http://ecorp.dos.ny.gov

ARTICLES OF ORGANIZATION
OF
1528 56TH STREET, LLC
Under Section 203 of the Limited Liability Company Law

FIRST: The Name of the limited liability company is: **1528 56TH STREET, LLC**

SECOND: The county, within this state, in which the office of the limited liability company is to be located is **KINGS**

THIRD: The Secretary of State is designated as agent of the limited liability company upon whom process against it may be served. The address within or without this state to which the Secretary of State shall mail a copy of any process against the limited liability company served upon him or her is:

1528 56TH STREET LLC
1528 56TH STREET
BROOKLYN, NY 11219

I certify that I have read the above statements, I am authorized to sign these Articles of Organization, that the above statements are true and correct to the best of my knowledge and belief and that my signature typed below constitutes my signature.

YITZCHOK LEFKOWITZ (Signature)

YITZCHOK LEFKOWITZ, ORGANIZER
1528 56TH STREET
BROOKLYN, NY 11219

Filed by:

YITZCHOK LEFKOWITZ
1528 56TH STREET
BROOKLYN, NY 11219

Filed with the NYS Department of State on 11/14/2021
Filing Number: 211114000003 DOS ID: 6327111

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

JAMES E. HYMAN, **Plaintiff,** **v.** **YESCARE CORP.; VALITAS INTERMEDIATE HOLDINGS, INC.; CHS TX, INC.; PERIGROVE, LLC; SARA TIRSCHWELL; SCOTT KING; ABRAHAM GOLDBERGER; YITZCHOK "ISAAC" LEFKOWITZ; and DAVID GEFNER,** **Defendants.**	**Case No. 3:22-cv-1081** **District Judge William L. Campbell, Jr.** **Magistrate Judge Barbara D. Holmes**

ANSWER OF DEFENDANTS
SCOTT KING; CHS TX, INC.; AND YESCARE CORP.

Defendants Scott King ("Mr. King"); CHS TX, Inc. ("CHS TX"); and YesCare Corp. ("YesCare") (collectively, "Defendants"), by and through undersigned counsel, hereby answer the Complaint filed in the above-referenced action as follows:

FIRST DEFENSE

The Complaint should be dismissed to the extent that it fails to state a claim upon which relief may be granted.

SECOND DEFENSE
(Responses to Numbered Paragraphs)

1. Defendants admit the allegation in Paragraph 1.

2. Defendants deny the allegations in Paragraph 2.

3. Defendants admit that Corizon Health, Inc. ("Corizon") underwent a divisional merger to become Corizon n/k/a Tehum Care Services, Inc. and CHS TX, and Defendants admit that Plaintiff Mr. Hyman's employment agreement is a liability held by Corizon. Defendants deny the remaining allegations in Paragraph 3.

4. Defendants admit that Corizon filed for bankruptcy, but Defendants deny the remaining allegations in Paragraph 4 as stated.

5. The allegation in Paragraph 5 regarding representations made "on numerous occasions" is vague and imprecise such that Defendants lack knowledge or information sufficient to admit or deny the averment, and the allegation is therefore denied.

6. Defendants deny that the wire transfer referenced in Paragraph 6 was "suspect." Further, any correspondence on which the allegations in Paragraph 6 are based speaks for itself. To the extent the allegations in Paragraph 6 seek to paraphrase or characterize the contents of the correspondence, Defendants deny the allegations to the extent that they are inconsistent with said correspondence.

7. Defendants deny the allegations in Paragraph 7. Current litigation counsel is the undersigned.

8. Defendants deny the allegations in Paragraph 8.

9. Defendants deny the allegations in Paragraph 9.

10. Defendants deny the allegations in Paragraph 10.

11. Defendants object to the assumptive nature of the allegations in Paragraph 11 and deny engaging in any bankruptcy "schemes."

12. Defendants deny the allegations in Paragraph 12.

13. Defendants deny the allegations in Paragraph 13.

14. Defendants admit that certain named Defendants provide healthcare services in the correctional care industry, but Defendants deny that their ability to provide said services has been negatively affected by the divisional merger. Defendants deny the remaining allegations in Paragraph 14.

PARTIES

15. Defendants lack knowledge or information sufficient to form a belief as to the averment regarding Mr. Hyman's residency. Defendants admit that Mr. Hyman is a former employee of Valitas Health Services, Inc. Defendants deny that Mr. Hyman is a current stockholder in CHS TX, Inc. or Corizon Health, Inc. n/k/a Tehum Care Services, Inc.

16. Defendants admit that CHS TX, Inc. is a Texas corporation with its principal place of business in Brentwood, Tennessee. Defendants also admit that pursuant to a divisional merger, Valitas Health Services, Inc. was merged into Corizon Health, Inc., which then split into two entities: CHS TX, Inc. and Corizon Health, Inc. n/k/a Tehum Care Services, Inc. Defendants deny that both CHS TX and Tehum Care Services, Inc. are part of the YesCare family of companies. Defendants also deny that both CHS TX, Inc. and Tehum Care Services, Inc. are owned by Valitas Intermediate Holdings, Inc.

17. Defendants admit that YesCare is a Texas corporation with its principal place of business in Brentwood, Tennessee. Further, to the extent the allegations of Paragraph 17 seek to paraphrase or characterize the contents of YesCare's website, the website speaks for itself, and Defendants deny the allegations to the extent that they are inconsistent with the website. Otherwise, the remaining allegations in Paragraph 17 are legal conclusions to which no response is required. However, to the extent a response is required, Defendants deny the remaining allegations in Paragraph 17.

18. Defendants admit that Mr. Hyman refers to YesCare, CHS TX, Valitas Health Services, Inc., and Tehum Care Services, Inc. collectively as "YesCare," but Defendants deny this reference as inappropriate and inaccurate.

19. Upon information and belief, Defendants admit the allegation in Paragraph 19.

20. Defendants lack knowledge or information sufficient to form a belief as to the averment regarding Perigrove, LLC and the way it holds itself out to the public. Upon information and belief, Defendants admit the remaining allegations in Paragraph 20.

JURISDICTION AND VENUE

21. Defendants lack knowledge or information sufficient to admit or deny the statements in Paragraph 21 regarding subject matter jurisdiction because Defendants do not know the state of Plaintiff's citizenship and the state of citizenship of Defendants Perigrove, LLC, Sara Tirschwell, Abraham Goldberger, David Gefner, and Yitzchok "Isaac" Lefkowitz. Further, while denying that Plaintiff is entitled to any damages from Defendants, Defendants lack knowledge or information regarding the amount that is legitimately in controversy in this matter.

22. Defendants admit the allegations in Paragraph 22.

23. Defendants admit the allegations in Paragraph 23.

FACTS

24. Defendants admit the allegations in Paragraph 24.

25. Defendants lack knowledge or information sufficient to form a belief as to the averments in Paragraph 25, and therefore the allegations in this Paragraph are denied.

26. Defendants lack knowledge or information sufficient to form a belief as to the averments in Paragraph 26, and therefore the allegations in this Paragraph are denied.

27. Defendants admit the allegations in Paragraph 27.

28. Defendants admit the first sentence in Paragraph 28. Defendants deny the second sentence in Paragraph 28.

29. Mr. Hyman's employment agreement, including the subsequent amendment, speaks for itself. Defendants deny the allegations in Paragraph 29 to the extent that they are inconsistent with the agreement.

30. Upon information and belief, the allegations in Paragraph 30 are admitted.

31. Upon information and belief, the allegations in Paragraph 31 are admitted.

32. Upon information and belief, the allegations in Paragraph 32 are admitted.

33. Upon information and belief, the allegations in Paragraph 33 are admitted.

34. Defendants deny the allegations in Paragraph 34.

35. Upon information and belief, the allegations in Paragraph 35 are denied.

36. The allegations in Paragraph 36 are denied as stated.

37. Upon information and belief, the allegations in Paragraph 37 are admitted.

38. The allegations in Paragraph 38 do not relate to Defendants. Thus, these are not allegations Defendants are required to admit or deny. However, Defendants deny said allegations to the extent they may be construed to allege Defendants were involved with the alleged actions or that the actions provide Plaintiff with any avenue of relief from Defendants.

39. The allegations in Paragraph 39 do not relate to Defendants. Thus, these are not allegations Defendants are required to admit or deny. However, Defendants deny said allegations to the extent they may be construed to allege Defendants were involved with the alleged actions. Further, the correspondence on which the allegations in Paragraph 39 are based speaks for itself, and Defendants further deny the allegations in Paragraph 39 to the extent that they are inconsistent with said correspondence.

40. Defendants deny the allegations in Paragraph 40. Further, any correspondence on which the allegations in Paragraph 40 are based speaks for itself, and Defendants further deny the allegations to the extent that they are inconsistent with said correspondence.

41. The allegations in Paragraph 41 are denied.

42. The allegations in Paragraph 42 are denied.

43. The allegations in Paragraph 43 are denied.

44. The allegations in Paragraph 44 do not relate to Defendants. Thus, these are not allegations Defendants are required to admit or deny. However, Defendants deny said allegations to the extent they may be construed to allege Defendants were involved with the alleged actions or that the actions provide Plaintiff with any avenue of relief from Defendants.

45. The allegations in Paragraph 45 do not relate to Defendants. Thus, these allegations are not allegations which Defendants are required to admit or deny. However, to the extent they may be construed to allege Defendants were involved with the alleged actions, Defendants lack knowledge or information sufficient to form a belief as to the averments in Paragraph 45, and therefore the allegations are denied.

46. The allegations in Paragraph 46 do not relate to Defendants. Thus, these allegations are not allegations which Defendants are required to admit or deny. However, to the extent they may be construed to allege Defendants were involved with the alleged actions, Defendants lack knowledge or information sufficient to form a belief as to the averments in Paragraph 46, and therefore the allegations are denied. Further, the correspondence cited in Paragraph 46 speaks for itself. To the extent the allegations of Paragraph 46 seek to paraphrase or characterize the contents of the written e-mail, Defendants deny the allegations to the extent that they are inconsistent with that document.

47. Defendants admit that Corizon is a separate and distinct entity, and they admit that Mr. Lefkowitz's alleged statement concerning Corizon's "multiple litigation matters" refers to litigation to which Corizon was or is a party. The remaining allegations in Paragraph 47 do not relate to Defendants. Thus, these allegations are not allegations which Defendants are required to admit or deny. However, to the extent they may be construed to allege Defendants were involved with the alleged actions, the allegations are denied. Further, the correspondence cited in Paragraph 47 speaks for itself. To the extent the allegations of Paragraph 47 seek to paraphrase or characterize the contents of the written e-mail, Defendants deny the allegations to the extent that they are inconsistent with that document.

48. The allegations in Paragraph 48 do not relate to Defendants. Thus, these allegations are not allegations Defendants are required to admit or deny. However, to the extent they may be construed to allege Defendants were involved with the alleged actions, the allegations are denied. Further, the correspondence cited in Paragraph 48 speaks for itself. To the extent the allegations of Paragraph 48 seek to paraphrase or characterize the contents of the written correspondence, Defendants deny the allegations to the extent that they are inconsistent with that document.

49. The allegations in Paragraph 49 are denied.

50. The allegations in Paragraph 50 do not relate to Defendants. Thus, these allegations are not allegations which Defendants are required to admit or deny. However, to the extent they may be construed to allege Defendants were involved with the alleged actions, the allegations are denied. Further, the correspondence cited in Paragraph 50 speaks for itself. To the extent the allegations of Paragraph 50 seek to paraphrase or characterize the contents of the written e-mail, Defendants deny the allegations to the extent that they are inconsistent with that document.

51. The allegations in Paragraph 51 do not relate to Defendants. Thus, these allegations are not allegations which Defendants are required to admit or deny. However, to the extent they may be construed to allege Defendants were involved with the alleged actions, Defendants lack knowledge or information sufficient to form a belief as to the averments in Paragraph 51, and therefore the allegations are denied. Further, the correspondence cited in Paragraph 51 speaks for itself. To the extent the allegations of Paragraph 51 seek to paraphrase or characterize the contents of the written e-mail, Defendants deny the allegations to the extent that they are inconsistent with that document.

52. The allegations in Paragraph 52 do not relate to Defendants. Thus, these allegations are not allegations which Defendants are required to admit or deny. However, to the extent they may be construed to allege Defendants were involved with the alleged actions, Defendants lack knowledge or information sufficient to form a belief as to the averments in Paragraph 52, and therefore the allegations are denied. Further, the correspondence cited in Paragraph 52 speaks for itself. To the extent the allegations seek to paraphrase or characterize the contents of the letter, Defendants deny the allegations to the extent that they are inconsistent with that document.

53. The correspondence cited in Paragraph 53 speaks for itself. To the extent the allegations of Paragraph 53 seek to paraphrase or characterize the contents of the written correspondence, Defendants deny the allegations to the extent that they are inconsistent with that document.

54. The allegations in Paragraph 54 do not relate to Defendants. Thus, these allegations are not allegations which Defendants are required to admit or deny. However, to the extent they may be construed to allege Defendants were involved with the alleged actions, Defendants lack knowledge or information sufficient to form a belief as to the averments in Paragraph 54, and

therefore the allegations are denied. Further, Paragraph 54 contains a legal conclusion to which no response is required. However, to the extent a response is required, the allegations in Paragraph 54 are further denied.

55. Defendants object to the legal conclusion in Paragraph 55 regarding documentation required by the Second Valitas Contract. However, to the extent a response is required, upon information and belief, Defendants admit that Plaintiff Mr. Hyman submitted the specified documents on January 14, 2022.

56. The allegations in Paragraph 56 do not relate to Defendants. Thus, these allegations are not allegations which Defendants are required to admit or deny. However, to the extent they may be construed to allege Defendants were involved with the alleged actions, Defendants lack knowledge or information sufficient to form a belief as to the averments in Paragraph 56, and therefore the allegations are denied. Further, the agreement cited in Paragraph 56 speaks for itself. To the extent the allegations of Paragraph 56 seek to paraphrase or characterize the contents of the agreement, Defendants deny the allegations to the extent that they are inconsistent with that document.

57. The allegations in Paragraph 57 are denied.

58. Defendants are without knowledge of the truth of this allegation, and therefore it is denied.

59. Defendants are without knowledge of the truth of this allegation, and therefore it is denied.

60. The allegations in Paragraph 60 are denied.

61. The allegations in Paragraph 61 are denied as stated. Texas's decades-old divisional merger statute, which is the controlling statute, is not "novel."

62. Defendants do not know what Plaintiff means by the phrase "handful" in this context, and therefore the allegation in Paragraph 62 is denied.

63. Paragraph 63 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants deny Plaintiff's one-sentence summary as insufficient to describe the process of a divisional merger.

64. Paragraph 64 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants deny Plaintiff's one-sentence summary as insufficient to describe the process of a divisional merger.

65. Defendants deny the allegations in Paragraph 65.

66. Defendants lack knowledge or information sufficient to form a belief as to the averments in Paragraph 66, and therefore the allegations are denied.

67. The source cited in Paragraph 67 speaks for itself. To the extent the allegations of Paragraph 67 seek to paraphrase or characterize the contents of the cited source, Defendants deny the allegations to the extent that they are inconsistent with the source.

68. Paragraph 68 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants lack knowledge or information sufficient to form a belief as to the averments in Paragraph 68, and therefore the allegations are denied. Further, the sources cited in Paragraph 68 speak for themselves. To the extent the allegations of Paragraph 68 seek to paraphrase or characterize the contents of the cited sources, Defendants deny the allegations to the extent that they are inconsistent with the sources.

69. Defendants deny that Corizon's divisional merger took place on April 28, 2022. The Plan of Divisional Merger merger is dated May 1, 2022, and was filed with the Texas Secretary of State on May 3, 2022.

70. The Plan of Divisional Merger cited in Paragraph 70 speaks for itself. To the extent the allegations of Paragraph 70 seek to paraphrase or characterize the contents of the Plan, Defendants deny the allegations to the extent that they are inconsistent with the Plan.

71. The Plan of Divisional Merger cited in Paragraph 71 speaks for itself. To the extent the allegations of Paragraph 71 seek to paraphrase or characterize the contents of the Plan, Defendants deny the allegations to the extent that they are inconsistent with the Plan.

72. Defendants deny the allegation in Paragraph 72.

73. Defendants admit that the intention was for Corizon employees to have jobs at YesCare following the divisional merger. Otherwise, the Plan of Divisional Merger cited in Paragraph 73 speaks for itself, and Defendants deny the allegations to the extent that they are inconsistent with the Plan.

74. The Plan of Divisional Merger cited in Paragraph 74 speaks for itself. To the extent the allegations of Paragraph 74 seek to paraphrase or characterize the contents of the Plan, Defendants deny the allegations to the extent that they are inconsistent with the Plan.

75. The Plan of Divisional Merger cited in Paragraph 75 speaks for itself. To the extent the allegations of Paragraph 75 seek to paraphrase or characterize the contents of the Plan, Defendants deny the allegations to the extent that they are inconsistent with the Plan.

76. Defendants deny the allegations in Paragraph 76 as stated and characterized.

77. Defendants admit Corizon has filed for bankruptcy, but Defendants deny the remaining allegations in Paragraph 77 as stated and characterized.

78. Defendants deny the allegations in Paragraph 78.

79. Defendants deny the allegations in Paragraph 79.

80. Paragraph 80 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants state that the cited statute speaks for itself, and Defendants deny the allegations to the extent that they are inconsistent with the statute.

81. Paragraph 81 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants state that the referenced statute speaks for itself, and Defendants deny the allegations to the extent that they are inconsistent with the statute.

82. Paragraph 82 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants state that the cited statute speaks for itself, and Defendants deny the allegations to the extent that they are inconsistent with the statute.

83. Paragraph 83 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants state that the cited statute speaks for itself, and Defendants deny the allegations to the extent that they are inconsistent with the statute.

84. Defendants deny the allegations regarding consideration in Paragraph 84. Further, the Plan of Divisional Merger cited in Paragraph 84 speaks for itself. To the extent the allegations of Paragraph 84 seek to paraphrase or characterize the contents of the Plan, Defendants deny the allegations to the extent that they are inconsistent with the Plan.

85. Defendants deny the allegations in Paragraph 85.

86. Defendants deny the allegations in Paragraph 86.

87. Defendants deny the allegations in Paragraph 87. Further, the cases cited in Paragraph 87 speak for themselves. To the extent the allegations of Paragraph 87 seek to paraphrase or characterize the contents of the cited source, Defendants deny the allegations to the extent that they are inconsistent with the cases.

88. Defendants deny the allegations in Paragraph 88.

89. Paragraph 89 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants deny the allegations. Further, the cited statute speaks for itself. To the extent the allegations of Paragraph 89 seek to paraphrase or characterize the statute, Defendants deny the allegations to the extent that they are inconsistent with the statute.

90. Paragraph 90 contains legal conclusions to which no response is required. However, to the extent a response is required, the case cited in Paragraph 90 speaks for itself. To the extent the allegations of Paragraph 90 seek to paraphrase or characterize the contents of the cited source, Defendants deny the allegations to the extent that they are inconsistent with the case.

91. Paragraph 91 contains legal conclusions to which no response is required. However, to the extent a response is required, the legal authority cited in Paragraph 91 speaks for itself, and Defendants deny the allegations to the extent that they are inconsistent with the legal authority.

92. Paragraph 92 contains legal conclusions to which no response is required. However, to the extent a response is required, the legal authority cited in Paragraph 92 speaks for itself, and Defendants deny the allegations to the extent that they are inconsistent with the legal authority.

93. Paragraph 93 contains legal conclusions to which no response is required. However, to the extent a response is required, the cases cited in Paragraph 93 speak for themselves. To the extent the allegations of Paragraph 93 seek to paraphrase or characterize the contents of the cited source, Defendants deny the allegations to the extent that they are inconsistent with the cases.

94. Defendants admit that Mr. Hyman is seeking the relief stated in Paragraph 94, but Defendants deny he is entitled to the requested relief.

95. Paragraph 95 contains legal conclusions to which no response is required. However, to the extent a response is required, the cited statute speaks for itself, and Defendants deny the allegations to the extent that they are inconsistent with the statute. Defendants also deny that Plaintiff is entitled to the requested relief.

96. Defendants deny the allegations in Paragraph 96.

97. Defendants deny the allegations in Paragraph 97.

98. Defendants admit the allegations in the first sentence of Paragraph 98. Defendants deny the allegations in the second sentence of Paragraph 98.

99. Defendants deny the allegations in Paragraph 99.

100. Defendants object to Plaintiff's vague usage of the phrase "significant overlap," and therefore the allegation in Paragraph 100 is denied.

101. Defendants admit that the allegations in Paragraph 101 were accurate as of the effective date of the divisional merger.

102. As of the effective date of the divisional merger, Sara Tirschwell was not a director of Valitas Health Services, Inc. Defendants are without knowledge of the truth of the remainder of the allegations in Paragraph 102, and therefore they are denied.

103. Defendants deny the allegations of Paragraph 103.

104. Defendants admit that the ownership percentages listed in Paragraph 104 are correct as of May 5, 2022. Prior to May 5, 2022, Sara Tirschwell owned 100% of YesCare.

105. Defendants deny the allegations in Paragraph 105.

106. Defendants deny the allegations in Paragraph 106.

107. Defendants deny the allegations in Paragraph 107.

108. Defendants deny the allegations in Paragraph 108.

109. Defendants deny the allegations in Paragraph 109.

110. Paragraph 110 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants deny the allegations to the extent they misstate the legal doctrine of fiduciary duty.

111. Paragraph 111 contains legal conclusions to which no response is required. To the extent a response would be required, the allegation is denied.

112. Defendants deny the factual allegations in Paragraph 112. Further, Paragraph 112 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants further deny the allegations to the extent they misstate the legal doctrine of fiduciary duty.

113. Defendants deny the factual allegations in Paragraph 113. Further, Paragraph 113 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants deny the allegations to the extent they misstate the legal doctrine of fiduciary duty.

114. Defendants deny the factual allegations in Paragraph 114. Further, Paragraph 114 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants deny the allegations to the extent they misstate the legal doctrine of fiduciary duty.

115. Defendants deny the factual allegations in Paragraph 115. Further, Paragraph 115 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants deny the allegations to the extent they misstate the legal doctrine concerning fiduciary duties.

116. Defendants deny the factual allegations in Paragraph 116. Further, Paragraph 116 contains legal conclusions to which no response is required. However, to the extent a response is required, Defendants deny the allegations to the extent they misstate the legal doctrine of fiduciary duty.

117. Defendants do not know what Plaintiff means by "similar positions," and therefore the allegations in Paragraph 117 are denied.

118. Defendants deny the allegations in Paragraph 118.

119. Defendants deny the allegations in Paragraph 119.

120. Defendants deny the allegations in Paragraph 120.

121. Defendants deny the allegations in Paragraph 121.

122. Defendants deny the allegations in Paragraph 122

123. Defendants deny the allegations in Paragraph 123.

124. Defendants deny the allegations in Paragraph 124.

125. Defendants deny the allegations in Paragraph 125.

126. Defendants deny the allegations in Paragraph 126.

127. Defendants deny the allegations in Paragraph 127.

128. Defendants deny the allegations in Paragraph 128.

129. Defendants deny the allegations in Paragraph 129.

130. Defendants deny the allegations in Paragraph 130.

131. Defendants deny the allegations in Paragraph 131.

132. Defendants deny the allegations in Paragraph 132.

133. Defendants deny the allegations in Paragraph 133.

134. Defendants deny the allegations in Paragraph 134.

135. Defendants deny the allegations in Paragraph 135.

136. Defendants deny the allegations in Paragraph 136.

137. Defendants deny the allegations in Paragraph 137.

138. Defendants deny the allegations in Paragraph 138.

139. The allegations in Paragraphs 139-148 are not directed at Defendants, and thus no response is required. To the extent the allegations make any claim from Defendants, or would be used to claim any liability by Defendants, the allegations are denied.

149. Defendants admit that Plaintiff Hyman is suing Mr. Lefkowitz, Perigrove, and Mr. King for promissory fraud, but Defendants deny that he is able to state a claim for promissory fraud.

150. The allegations in Paragraph 150 do not relate to Defendants. Thus, these allegations are not allegations which Defendants are required to admit or deny. However, to the extent they may be construed to allege that Defendants were involved with the alleged actions, Defendants state that the communication cited in Paragraph 150 speaks for itself, and Defendants deny the allegations to the extent that they are inconsistent with that document.

151. The communication cited in Paragraph 151 speaks for itself. To the extent the allegations seek to paraphrase or characterize the contents of the correspondence, Defendants deny the allegations to the extent that they are inconsistent with that document.

152. The allegations in Paragraph 152 are denied as to Defendants.

153. Defendants deny the allegations in Paragraph 153.

154. Defendants deny the allegations in Paragraph 154.

155. The allegations in Paragraph 155 are denied as to Defendants.

156. Defendants deny the allegations in Paragraph 156.

157. Defendants deny the allegations in Paragraph 157.

158. Defendants deny the allegations in Paragraph 158.

RELIEF REQUESTED

159. The statements in Plaintiff's Prayer for Relief do not contain any allegations which Defendants are required to admit or deny. However, to the extent any section of Plaintiff's Prayer for Relief may be deemed to require admission or denial, Defendants deny said allegations and deny that Plaintiff is entitled to any of the relief Plaintiff requests in this lawsuit.

GENERAL DENIAL

160. Answering further, and by way of defense, Defendants state that any allegations contained in Paragraphs 1 through 158 of Plaintiff's Complaint (including the footnotes) that are not expressly admitted or modified herein are hereby denied. Any general allegations not specific to Defendants are also denied.

RESPONSE TO FOOTNOTES

161. Defendants generally object to the extensive use of argumentative footnotes in the Complaint as inconsistent with the "short and plain" statement required by Fed. R. Civ. P. 8. Not waiving that objection, Defendants respond to the footnotes as follows:

a. Footnote 1: Defendants admit that Plaintiff initiated an arbitration against YesCare. Defendants deny the remaining allegations as insufficient to summarize the course of proceedings in the arbitration.

b. Footnote 2: Defendants do not know who "they" refers to and deny anything was "rebranded" as YesCare. To the extent Footnote 2 constitutes an allegation, it is denied.

c. Footnote 3: To the extent the argumentative statements in that footnote constitute an allegation, they are denied.

d. Footnotes 4-7: These footnotes cite to materials which speak for themselves. Defendants deny any representation inconsistent with the text of the material cited.

e. Footnote 8: Defendants admit the principal place of business for Tecum, YesCare, and CHS is in Brentwood, Tennessee; otherwise the allegations are denied.

f. Footnote 9: Defendants object to the legal conclusions in the footnote and deny any allegations inconsistent with the Plan of Divisional Merger.

g. Footnote 10: Defendants deny the argumentative allegations in Footnote 10.

h. Footnote 11: This footnote cites to materials which speak for themselves. Defendants deny any representation inconsistent with the text of the material cited.

i. Footnote 12: Defendants are without knowledge of the truth of this allegation, and therefore it is denied.

j. Footnote 13: Defendants deny there was anything "suspect" about the transaction at issue, and therefore the allegation is denied.

AFFIRMATIVE DEFENSES

First Defense

162. Subject to and without waiving any prior objections, answers or defenses and without altering the burden of proof in this matter, Defendants' conduct with respect to Plaintiff did not in any way violate any applicable laws, whether willfully or otherwise.

Second Defense

163. Subject to and without waiving any prior objections, answers or defenses and without altering the burden of proof in this matter, Defendant Mr. King did not breach any duty owed to Plaintiff.

Third Defense

164. Subject to and without waiving any prior objections, answers or defenses and without altering the burden of proof in this matter, if Plaintiff sustained any damages due to the actions of any of the Defendants, which Defendants deny, Plaintiff failed, refused, and/or neglected to mitigate or avoid any such damages that were incurred.

Fourth Defense

165. Subject to and without waiving any prior objections, answers or defenses and without altering the burden of proof in this matter, Plaintiff's claims fail because all decisions made by Plaintiff which are at issue in this lawsuit were made knowingly and intelligently as they related to any information provided to Plaintiff by Defendants.

Fifth Defense

166. Subject to and without waiving any prior objections, answers or defenses and without altering the burden of proof in this matter, Plaintiff's claims are barred, in whole or in part, by estoppel and/or waiver.

Additional Defense

167. Defendants may have other affirmative defenses not currently known to them, which may become known through investigation, discovery, and/or any other proceedings in this lawsuit. Defendants reserve the right to modify, amend or supplement this Answer and assert additional affirmative defenses as they become known, if applicable.

HOLLAND & KNIGHT LLP

s/ W. Travis Parham
W. Travis Parham (TN BPR #016846)
Andrew A. Warth (TN BPR #027606)
Karolyn G. Perry (TN BPR #036900)
511 Union Street, Suite 2700
Nashville, Tennessee 37219
Tel. 615.244.6380
Travis.Parham@hklaw.com
Drew.Warth@hklaw.com
Karolyn.Perry@hklaw.com

Counsel for Defendants YesCare Corp., CHS TX, Inc., and Scott King

CERTIFICATE OF SERVICE

I hereby certify that, on March 24, 2023, a copy of the foregoing document was filed electronically via the court's CM/ECF system, which will serve counsel below as indicated on the court's notice of electronic filing.

Michael A. Johnson
Casey R. Malloy
KAY GRIFFIN PLLC
222 Second Ave North, Suite 340-M
Nashville, TN 37201
mjohnson@kaygriffin.com
cmalloy@kaygriffin.com

Attorneys for the Plaintiff

s/ W. Travis Parham

State of Delaware

Annual Franchise Tax Report

CORPORATION NAME	TAX YR.
VALITAS INTERMEDIATE HOLDINGS, INC.	2021

FILE NUMBER	INCORPORATION DATE	RENEWAL/REVOCATION DATE
6376341	2017/04/11	

PRINCIPAL PLACE OF BUSINESS
103 POWELL COURT
BRENTWOOD, TN 37027

PHONE NUMBER
(615)376-0643

REGISTERED AGENT
THE CORPORATION TRUST COMPANY
CORPORATION TRUST CENTER
1209 ORANGE ST
WILMINGTON DE 19801

AGENT NUMBER
9000010

AUTHORIZED STOCK

BEGIN DATE	END DATE	DESIGNATION/ STOCK CLASS	NO. OF SHARES	PAR VALUE/ SHARE
2017/04/11		COMMON	1,000	.0010000000

OFFICER	NAME	STREET/CITY/STATE/ZIP	TITLE
ABE GOLDBERGER		103 POWELL COURT BRENTWOOD, TN 37027	CEO

DIRECTORS	NAME	STREET/CITY/STATE/ZIP
		AN EXTERNAL DOCUMENT OF DIRECTORS FOLLOWS

NOTICE: Pursuant to 8 Del. C. 502(b), If any officer or director of a corporation required to make an annual franchise tax report to the Secretary of State shall knowingly make any false statement in the report, such officer or director shall be guilty of perjury.

AUTHORIZED BY (OFFICER, DIRECTOR OR INCORPORATOR)
ABE GOLDBERGER
103 POWELL COURT
BRENTWOOD, TN 37027 US

DATE 2022/02/22

TITLE CEO

VALITAS INTERMEDIATE HOLDINGS, INC.
BOARD OF DIRECTORS

Abe Goldberger
Director, Chairman
103 Powell Court
Brentwood, TN 37027

David Gefner
Director
103 Powell Court
Brentwood, TN 37027

Isaac Lefkowitz
Director
103 Powell Court
Brentwood, TN 37027

Jay Leitner
Director
103 Powell Court
Brentwood, TN 37027

VALITAS INTERMEDIATE HOLDINGS, INC.
OFFICERS

Abe Goldberger
President & Chief Executive Officer
103 Powell Court
Brentwood, TN 37027

David Gefner
Senior Vice President
103 Powell Court
Brentwood, TN 37027

Isaac Lefkowitz
Senior Vice President
103 Powell Court
Brentwood, TN 37027

State of Delaware

Annual Franchise Tax Report

CORPORATION NAME	TAX YR.
VALITAS INTERMEDIATE HOLDINGS, INC.	2022

FILE NUMBER	INCORPORATION DATE	RENEWAL/REVOCATION DATE
6376341	2017/04/11	

PRINCIPAL PLACE OF BUSINESS
205 POWELL PLACE, SUITE 104
BRENTWOOD, TN 37027

PHONE NUMBER
(615)376-0643

REGISTERED AGENT
THE CORPORATION TRUST COMPANY
CORPORATION TRUST CENTER
1209 ORANGE ST
WILMINGTON DE 19801

AGENT NUMBER
9000010

AUTHORIZED STOCK

BEGIN DATE	END DATE	DESIGNATION/ STOCK CLASS	NO. OF SHARES	PAR VALUE/ SHARE
2017/04/11		COMMON	1,000	.0010000000

OFFICER	NAME	STREET/CITY/STATE/ZIP	TITLE
ABE GOLDBERGER		205 POWELL PLACE, SUITE 104 BRENTWOOD, TN 37027	PRES & CEO

DIRECTORS	NAME	STREET/CITY/STATE/ZIP
		AN EXTERNAL DOCUMENT OF DIRECTORS FOLLOWS

NOTICE: Pursuant to 8 Del. C. 502(b), If any officer or director of a corporation required to make an annual franchise tax report to the Secretary of State shall knowingly make any false statement in the report, such officer or director shall be guilty of perjury.

AUTHORIZED BY (OFFICER, DIRECTOR OR INCORPORATOR)
ABE GOLDBERGER
205 POWELL PLACE, SUITE 104
BRENTWOOD, TN 37027 US

DATE
2023/03/21

TITLE
PRES & CEO

VALITAS INTERMEDIATE HOLDINGS, INC.
BOARD OF DIRECTORS

Abe Goldberger
Director, Chairman
205 Powell Place, Suite 104
Brentwood, TN 37027

David Gefner
Director
205 Powell Place, Suite 104
Brentwood, TN 37027

Isaac Lefkowitz
Director
205 Powell Place, Suite 104
Brentwood, TN 37027

VALITAS INTERMEDIATE HOLDINGS, INC.
OFFICERS

Abe Goldberger
President & Chief Executive Officer
205 Powell Place, Suite 104
Brentwood, TN 37027

David Gefner
Senior Vice President
205 Powell Place, Suite 104
Brentwood, TN 37027

Isaac Lefkowitz
Senior Vice President
205 Powell Place, Suite 104
Brentwood, TN 37027

Paul Piperato, County Clerk
1 South Main St., Ste. 100
New City, NY 10956
(845) 638-5070

Rockland County Clerk Recording Cover Sheet

Received From :
RIVERSIDE ABSTRACT,LLC
3839 FLATLANDS AVE
SUITE 208
BROOKLYN, NY 11234

Return To :
RIVERSIDE ABSTRACT,LLC
3839 FLATLANDS AVE
SUITE 208
BROOKLYN, NY 11234

Method Returned : ERECORDING

First GRANTOR
PROSCIA, FRANK

First GRANTEE
LEITNER, YERMIAH

Index Type : Land Records

Instr Number : 2018-00014595

Book : **Page :**

Type of Instrument : Deed
Type of Transaction : Deed
Recording Fee: $191.00

Recording Pages : 5

Real Estate Transfer Tax

RETT # :	5565
Deed Amount :	$430,000.00
RETT Amount :	$1,720.00
Total Fees :	$1,911.00

State of New York

County of Rockland

I hereby certify that the within and foregoing was recorded in the Clerk's office for Rockland County, New York

On (Recorded Date) : 05/17/2018

At (Recorded Time) : 2:29:00 PM

Paul Piperato, County Clerk

This sheet constitutes the Clerks endorsement required by Section 319 of Real Property Law of the State of New York

Entered By: NYROCKLANDUSER8 Printed On : 05/17/2018 At : 2:31:26PM

— Bargain and Sale Deed, with Covenant against Grantor's Acts — Individual or Corporation (Single Sheet)

CONSULT YOUR LAWYER BEFORE SIGNING THIS INSTRUMENT—THIS INSTRUMENT SHOULD BE USED BY LAWYERS ONLY.

THIS INDENTURE, made the 14 th day of May, in the year 2018

BETWEEN

Frank Proscia and Patrizia Proscia, residing at 13 Cherry Lane, Pomona, New York, 10970

party of the first part, and

Yermiah Leitner, residing at 47 Francis Place, Monsey, New York, 10952
party of the second part,

WITNESSETH, that the party of the first part, in consideration of Ten dollars and other valuable consideration paid by the party of the second part, does hereby grant and release unto the party of the second part, the heirs or successors and assigns of the party of the second part forever,

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the ~~Village of Pomona~~ Town of Haverstraw, County of Rockland and State of New York, and more particularly bounded and described on the attached Schedule "A".

Property being known by address as 13 Cherry Lane, Pomona, New York, 10970

Sec. 24.20 Block 4 lot 39

BEING AND INTENDED TO BE the same premises conveyed to Frank Proscia and Patrizia Proscia, husband and wife by deed from Bertram W. Rosen and Adell Rosen, his wife, dated June 20, 1999 and recorded July 26, 1999 in the Rockland County Clerk's Office in Deed Instrument Number 1999-40111.

TOGETHER with all right, title and interest, if any, of the party of the first part in and to any streets and roads abutting the above described premises to the center lines thereof; TOGETHER with the appurtenances and all the estate and rights of the party of the first part in and to said premises; TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

AND the party of the first part covenants that the party of the first part has not done or suffered anything whereby the said premises have been encumbered in any way whatever, except as aforesaid.

AND the party of the first part, in compliance with Section 13 of the Lien Law, covenants that the party of the first part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose. The word "party" shall be construed as if it read "parties" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed the day and year first above written.

IN PRESENCE OF:

_____

Frank Proscia

Patrizia Proscia

Patrizia Proscia

ACKNOWLEDGEMENT TAKEN IN NEW YORK STATE

State of New York, County of Rockland ss:

On the 14th day of May in the year 2018, before me, the undersigned, personally appeared

Frank Proscia and Patrizia Proscia

, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

SUSAN SYTNER
Notary Public, State of New York
No. 02SY6320394
Qualified in Rockland County
Commission Expires March 2, 2019

ACKNOWLEDGEMENT BY SUBSCRIBING WITNESS TAKEN IN NEW YORK STATE

State of New York, County of , ss:

On the day of in the year , before me, the undersigned, a Notary Public in and for said State, personally appeared

, the subscribing witness to the foregoing instrument, with whom I am personally acquainted, who, being by me duly sworn, did depose and say that he/she/they reside(s) in

(if the place of residence is in a city, include the street and street number if any, thereof); that he/she/they know(s)

to be the individual described in and who executed the foregoing instrument; that said subscribing witness was present and saw said

execute the same; and that said witness at the same time subscribed his/her/their name(s) as a witness thereto

ACKNOWLEDGEMENT TAKEN IN NEW YORK STATE

State of New York, County of , ss:

On the day of May in the year , before me, the undersigned, personally appeared

, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

ACKNOWLEDGEMENT TAKEN OUTSIDE NEW YORK STATE

* State of , County of , ss:

*(Or insert District of Columbia, Territory, Possession or Foreign County)

On the day of in the year , , before me the undersigned personally appeared

Personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), that by his/her/their signature(s) on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual make such appearance before the undersigned in the

(add the city or political subdivision and the state or country or other place the acknowledgement was taken).

Bargain and Sale Deed with covenant against Grantors Acts

SECTION 24.20

BLOCK 4

LOT 39

COUNTY Rockland

Proscia to Leitner

RETURN BY MAIL TO:

Marc Wohlgemuth, Esq.
21 Remsen Avenue, Suite 301
Monsey, New York, 10952

DISTRIBUTED BY

RIVERSIDE ABSTRACT, LLC
As Agent for
FIDELITY NATIONAL TITLE INSURANCE COMPANY

LEGAL DESCRIPTION

Title No.: **RANY-32723**

All that certain plot, piece or parcel of land, situate, lying and being in the Town of Haverstraw, County of Rockland and State of New York, shown and designated on a certain subdivision map entitled "SECTION NO. 1, QUAKER HOLLOW ESTATES, located in Ladentown, Town of Haverstraw, Rockland County, New York, filed in the Rockland County Clerk's Office in Book 74 of Maps at Page 24 as Map No. 3644 as Lot 17.

Note: Address, Block & Lot shown for informational purposes only

Designated as Section 24.20 Block 4, Lot 39, Rockland County and also known as 13 Cherry Lane, Pomona, NY 10970.

INSTRUCTIONS(RP-5217-PDF-INS): www.orps.state.ny.us

FOR COUNTY USE ONLY

C1. SWIS Code: 392289

C2. Date Deed Recorded: 5/17/2018 (Month / Day / Year)

C3. Book: 2018 C4. Page: 14595

New York State Department of **Taxation and Finance**

Office of Real Property Tax Services

RP- 5217-PDF

Real Property Transfer Report (8/10)

PROPERTY INFORMATION

1. Property Location: 13 (* STREET NUMBER) Cherry Lane (* STREET NAME)
~~Pomona~~ Haverstraw (* CITY OR TOWN) ~~New York~~ (VILLAGE) 10970 (* ZIP CODE)

2. Buyer Name: Leitner (* LAST NAME/COMPANY) Yermiah (FIRST NAME)
(LAST NAME/COMPANY) (FIRST NAME)

3. Tax Billing Address: Indicate where future Tax Bills are to be sent if other than buyer address(at bottom of form) (LAST NAME/COMPANY) (FIRST NAME)
(STREET NUMBER AND NAME) (CITY OR TOWN) (STATE) (ZIP CODE)

4. Indicate the number of Assessment Roll parcels transferred on the deed: 1 # of Parcels OR ☐ Part of a Parcel

(Only if Part of a Parcel) Check as they apply:
- 4A. Planning Board with Subdivision Authority Exists ☐
- 4B. Subdivision Approval was Required for Transfer ☐
- 4C. Parcel Approved for Subdivision with Map Provided ☐

5. Deed Property Size: ____ (* FRONT FEET) X ____ (* DEPTH) OR 0.58 (*ACRES)

6. Seller Name: Proscia (* LAST NAME/COMPANY) Patrizia (FIRST NAME)
Proscia (LAST NAME/COMPANY) Frank (FIRST NAME)

*7. Select the description which most accurately describes the use of the property at the time of sale:
A. One Family Residential

Check the boxes below as they apply:
- 8. Ownership Type is Condominium ☐
- 9. New Construction on a Vacant Land ☐
- 10A. Property Located within an Agricultural District ☐
- 10B. Buyer received a disclosure notice indicating that the property is in an Agricultural District ☐

SALE INFORMATION

11. Sale Contract Date: 04/03/2018

* 12. Date of Sale/Transfer: 05/14/2018

*13. Full Sale Price: 430,000.00

(Full Sale Price is the total amount paid for the property including personal property. This payment may be in the form of cash, other property or goods, or the assumption of mortgages or other obligations.) *Please round to the nearest whole dollar amount.*

14. Indicate the value of personal property included in the sale: .00

15. Check one or more of these conditions as applicable to transfer:
- ☐ A. Sale Between Relatives or Former Relatives
- ☐ B. Sale between Related Companies or Partners in Business.
- ☐ C. One of the Buyers is also a Seller
- ☐ D. Buyer or Seller is Government Agency or Lending Institution
- ☐ E. Deed Type **not** Warranty or Bargain and Sale (Specify Below)
- ☐ F. Sale of Fractional or Less than Fee Interest (Specify Below)
- ☐ G. Significant Change in Property Between Taxable Status and Sale Dates
- ☐ H. Sale of Business is Included in Sale Price
- ☐ I. Other Unusual Factors Affecting Sale Price (Specify Below)
- ☒ J. None

Comment(s) on Condition:

ASSESSMENT INFORMATION - Data should reflect the latest Final Assessment Roll and Tax Bill

16. Year of Assessment Roll from which information taken(YY): 17

*17. Total Assessed Value: 305,500

*18. Property Class: 210

*19. School District Name: East Ramapo CSD

*20. Tax Map Identifier(s)/Roll Identifier(s) (If more than four, attach sheet with additional identifier(s))

24.20-4-39

CERTIFICATION

I Certify that all of the items of information entered on this form are true and correct (to the best of my knowledge and belief) and I understand that the making of any willful false statement of material fact herein subject me to the provisions of the penal law relative to the making and filing of false instruments.

SELLER SIGNATURE

Patrizia Proscia 5/14/18
SELLER SIGNATURE DATE

BUYER SIGNATURE

5/14/18
BUYER SIGNATURE DATE

BUYER CONTACT INFORMATION

(Enter information for the buyer. Note: If buyer is LLC,society, association, corporation, joint stock company, estate or entity that is not an individual agent or fiduciary, then a name and contact information of an individual/responsible party who can answer questions regarding the transfer must be entered. **Type or print clearly.**)

Leitner (* LAST NAME) Yermiah (FIRST NAME)

(845) (*AREA CODE) 746-2703 (*TELEPHONE NUMBER (Ex: 9999999))

13 (* STREET NUMBER) Cherry Road (* STREET NAME)

Pomona (*CITY OR TOWN) NY (*STATE) 10970 (*ZIP CODE)

BUYER'S ATTORNEY

Sytner (LAST NAME) Susan (FIRST NAME)

(845) (AREA CODE) 746-2703 (TELEPHONE NUMBER (Ex: 9999999))

Paul Piperato, County Clerk
1 South Main St., Ste. 100
New City, NY 10956
(845) 638-5070

Rockland County Clerk Recording Cover Sheet

Received From :
RIVERSIDE ABSTRACT,LLC
3839 FLATLANDS AVE
SUITE 208
BROOKLYN, NY 11234

Return To :
RIVERSIDE ABSTRACT,LLC
3839 FLATLANDS AVE
SUITE 208
BROOKLYN, NY 11234

Method Returned : ERECORDING

First GRANTOR
LEITNER, YERMIAH

First GRANTEE
LOANDEPOT.COM LLC

Index Type : Land Records

Instr Number : 2018-00014596

Book : **Page :**

Type of Instrument : Mortgage
Type of Transaction : Mtg Type B

Recording Fee:	$135.00
Recording Pages :	19

Mortgage Taxes

Property Located :	Haverstraw
Serial Number :	DJ839
Mortgage Amount :	$408,500.00

Basic Tax :	$2,042.50
Local Tax :	$0.00
Additional Tax :	$1,195.50
Transportation Auth Tax :	$1,021.25
SONYMA :	$0.00
County Tax :	$1,021.25
Total :	$5,280.50

Total Fees : $5,415.50

The Property affected by this instrument is situated in Haverstraw, in the County of Rockland, New York

State of New York

County of Rockland

I hereby certify that the within and foregoing was recorded in the Clerk's office for Rockland County, New York

On (Recorded Date) : 05/17/2018

At (Recorded Time) : 2:31:00 PM

Paul Piperato, County Clerk

This sheet constitutes the Clerks endorsement required by Section 319 of Real Property Law of the State of New York

Entered By: NYROCKLANDUSER8 Printed On : 05/17/2018 At : 2:31:27PM

Mortgage Recording Tax:

After Recording Return To:
LOANDEPOT.COM, LLC
ATTN: DOC CONTROL
25500 COMMERCENTRE DR, SUITE 100
LAKE FOREST, CALIFORNIA 92630
Loan Number: 600097192

[Space Above This Line For Recording Data]

MORTGAGE

MIN: 100853706000971927 **MERS Phone: 888-679-6377**

WORDS USED OFTEN IN THIS DOCUMENT

(A) "Security Instrument." This document, which is dated MAY 14, 2018 , together with all Riders to this document, will be called the "Security Instrument."
(B) "Borrower." YERMIAH LEITNER
AND DAVID GEFNER

whose address is 13 CHERRY LANE, POMONA, NEW YORK 10970

sometimes will be called "Borrower" and sometimes simply "I" or "me."
(C) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is organized and existing under the laws of Delaware, and has a mailing address of P.O. Box 2026, Flint, MI 48501-2026 and a street address of 1901 E. Voorhees Street, Suite C, Danville, IL 61834. MERS telephone number is (888) 679-MERS. **FOR PURPOSES OF RECORDING THIS MORTGAGE, MERS IS THE MORTGAGEE OF RECORD.**
(D) "Lender." LOANDEPOT.COM, LLC

will be called "Lender." Lender is a corporation or association which exists under the laws of DELAWARE
Lender's address is 26642 TOWNE CENTRE DRIVE, FOOTHILL RANCH, CALIFORNIA 92610

(E) "Note." The note signed by Borrower and dated MAY 14, 2018 , will be called the "Note." The Note shows that I owe Lender FOUR HUNDRED EIGHT THOUSAND FIVE HUNDRED AND 00/100 Dollars (U.S. $ 408,500.00) plus interest and other amounts that may be payable. I have promised to pay this debt in Periodic Payments and to pay the debt in full by JUNE 1, 2048 .

Section: 24.80 Block: 4 Lot(s)/Unit No(s).: 39

(F) "Property." The property that is described below in the section titled "Description of the Property," will be called the "Property."
(G) "Loan." The "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.
(H) "Sums Secured." The amounts described below in the section titled "Borrower's Transfer to Lender of Rights in the Property" sometimes will be called the "Sums Secured."
(I) "Riders." All Riders attached to this Security Instrument that are signed by Borrower will be called "Riders." The following Riders are to be signed by Borrower [check box as applicable]:

- ☐ Adjustable Rate Rider
- ☐ Balloon Rider
- ☐ 1-4 Family Rider
- ☐ Condominium Rider
- ☐ Planned Unit Development Rider
- ☐ Biweekly Payment Rider
- ☐ Second Home Rider
- ☐ Other(s) [specify]

(J) "Applicable Law." All controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable, judicial opinions will be called "Applicable Law."
(K) "Community Association Dues, Fees, and Assessments." All dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization will be called "Community Association Dues, Fees, and Assessments."
(L) "Electronic Funds Transfer." "Electronic Funds Transfer" means any transfer of money, other than by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Some common examples of an Electronic Funds Transfer are point-of-sale transfers (where a card such as an asset or debit card is used at a merchant), automated teller machine (or ATM) transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.
(M) "Escrow Items." Those items that are described in Section 3 will be called "Escrow Items."
(N) "Miscellaneous Proceeds." "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than Insurance Proceeds, as defined in, and paid under the coverage described in, Section 5) for: (i) damage to, or destruction of, the Property; (ii) Condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of Condemnation or sale to avoid Condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property. A taking of the Property by any governmental authority by eminent domain is known as "Condemnation."
(O) "Mortgage Insurance." "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.
(P) "Periodic Payment." The regularly scheduled amount due for (i) principal and interest under the Note, and (ii) any amounts under Section 3 will be called "Periodic Payment."
(Q) "RESPA." "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. §2601 et seq.) and its implementing regulation, Regulation X (12 C.F.R. Part 1024), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

BORROWER'S TRANSFER TO LENDER OF RIGHTS IN THE PROPERTY

I mortgage, grant and convey the Property to MERS (solely as nominee for Lender and Lender's successors in interest) and its successors in interest subject to the terms of this Security Instrument. This means that, by signing this Security Instrument, I am giving Lender those rights that are stated in this Security Instrument and also those rights that Applicable Law gives to lenders who hold mortgages on real property. I am giving Lender these rights to protect Lender from possible losses that might result if I fail to:

(A) Pay all the amounts that I owe Lender as stated in the Note including, but not limited to, all renewals, extensions and modifications of the Note;

(B) Pay, with interest, any amounts that Lender spends under this Security Instrument to protect the value of the Property and Lender's rights in the Property; and

(C) Keep all of my other promises and agreements under this Security Instrument and the Note.

I understand and agree that MERS holds only legal title to the rights granted by me in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right:

(A) To exercise any or all of those rights, including, but not limited to, the right to foreclose and sell the Property; and

(B) To take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

DESCRIPTION OF THE PROPERTY

I give MERS (solely as nominee for Lender and Lender's successors in interest) rights in the Property described in (A) through (G) below:

(A) The Property which is located at 13 CHERRY LANE [Street], POMONA [City, Town or Village], New York 10970 [Zip Code].

This Property is in ROCKLAND County. It has the following legal description:
SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "A".
A.P.N.: 24.20-4-39

(B) All buildings and other improvements that are located on the Property described in subsection (A) of this section;

(C) All rights in other property that I have as owner of the Property described in subsection (A) of this section. These rights are known as "easements and appurtenances attached to the Property;"

(D) All rights that I have in the land which lies in the streets or roads in front of, or next to, the Property described in subsection (A) of this section;

(E) All fixtures that are now or in the future will be on the Property described in subsections (A) and (B) of this section;

(F) All of the rights and property described in subsections (B) through (E) of this section that I acquire in the future; and

(G) All replacements of or additions to the Property described in subsections (B) through (F) of this section and all Insurance Proceeds for loss or damage to, and all Miscellaneous Proceeds of the Property described in subsections (A) through (F) of this section.

BORROWER'S RIGHT TO MORTGAGE THE PROPERTY AND BORROWER'S OBLIGATION TO DEFEND OWNERSHIP OF THE PROPERTY

I promise that: (A) I lawfully own the Property; (B) I have the right to mortgage, grant and convey the Property to Lender; and (C) there are no outstanding claims or charges against the Property, except for those which are of public record.

I give a general warranty of title to Lender. This means that I will be fully responsible for any losses which Lender suffers because someone other than myself has some of the rights in the Property which I promise that I have. I promise that I will defend my ownership of the Property against any claims of such rights.

PLAIN LANGUAGE SECURITY INSTRUMENT

This Security Instrument contains promises and agreements that are used in real property security instruments all over the country. It also contains other promises and agreements that vary in different parts of the country. My promises and agreements are stated in "plain language."

COVENANTS

I promise and I agree with Lender as follows:

1. Borrower's Promise to Pay. I will pay to Lender on time principal and interest due under the Note and any prepayment, late charges and other amounts due under the Note. I will also pay all amounts for Escrow Items under Section 3 of this Security Instrument.

Payments due under the Note and this Security Instrument shall be made in U.S. currency. If any of my payments by check or other payment instrument is returned to Lender unpaid, Lender may require my payment be made by: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location required in the Note, or at another location designated by Lender under Section 15 of this Security Instrument. Lender may return or accept any payment or partial payment if it is for an amount that is less than the amount that is then due. If Lender accepts a lesser payment, Lender may refuse to accept a lesser payment that I may make in the future and does not waive any of its rights. Lender is not obligated to apply such lesser payments when it accepts such payments. If interest on principal accrues as if all Periodic Payments had been paid when due, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until I make payments to bring the Loan current. If I do not do so within a reasonable period of time, Lender will either apply such funds or return them to me. In the event of foreclosure, any unapplied funds will be applied to the outstanding principal balance immediately prior to foreclosure. No offset or claim which I might have now or in the future against Lender will relieve me from making payments due under the Note and this Security Instrument or keeping all of my other promises and agreements secured by this Security Instrument.

2. Application of Borrower's Payments and Insurance Proceeds. Unless Applicable Law or this Section 2 requires otherwise, Lender will apply each of my payments that Lender accepts in the following order:

First, to pay interest due under the Note;
Next, to pay principal due under the Note; and
Next, to pay the amounts due Lender under Section 3 of this Security Instrument.
Such payments will be applied to each Periodic Payment in the order in which it became due.
Any remaining amounts will be applied as follows:
First, to pay any late charges;
Next, to pay any other amounts due under this Security Instrument; and
Next, to reduce the principal balance of the Note.

If Lender receives a payment from me for a late Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the late Periodic Payment and the late charge. If more than one Periodic Payment is due, Lender may apply any payment received from me: First, to the repayment of the Periodic Payments that are due if, and to the extent that, each payment can be paid in full; Next, to the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due.

Voluntary prepayments will be applied as follows: First, to any prepayment charges; and Next, as described in the Note.

Any application of payments, Insurance Proceeds, or Miscellaneous Proceeds to principal due under the Note will not extend or postpone the due date of the Periodic Payments or change the amount of those payments.

3. Monthly Payments For Taxes And Insurance.

(a) Borrower's Obligations.

I will pay to Lender all amounts necessary to pay for taxes, assessments, water charges, sewer rents and other similar charges, ground leasehold payments or rents (if any), hazard or property insurance covering the Property, flood insurance (if any), and any required Mortgage Insurance, or a Loss Reserve as described in Section 10 in the place of Mortgage Insurance. Each Periodic Payment will include an amount to be applied toward payment of the following items which are called "Escrow Items:"

(1) The taxes, assessments, water charges, sewer rents and other similar charges, on the Property which under Applicable Law may be superior to this Security Instrument as a Lien on the Property. Any claim, demand or charge that is made against property because an obligation has not been fulfilled is known as a "Lien;"

(2) The leasehold payments or ground rents on the Property (if any);

(3) The premium for any and all insurance required by Lender under Section 5 of this Security Instrument;

(4) The premium for Mortgage Insurance (if any);

(5) The amount I may be required to pay Lender under Section 10 of this Security Instrument instead of the payment of the premium for Mortgage Insurance (if any); and

(6) If required by Lender, the amount for any Community Association Dues, Fees, and Assessments.

After signing the Note, or at any time during its term, Lender may include these amounts as Escrow Items. The monthly payment I will make for Escrow Items will be based on Lender's estimate of the annual amount required.

I will pay all of these amounts to Lender unless Lender tells me, in writing, that I do not have to do so, or unless Applicable Law requires otherwise. I will make these payments on the same day that my Periodic Payments of principal and interest are due under the Note.

The amounts that I pay to Lender for Escrow Items under this Section 3 will be called "Escrow Funds." I will pay Lender the Escrow Funds for Escrow Items unless Lender waives my obligation to pay the Escrow Funds for any or all Escrow Items. Lender may waive my obligation to pay to Lender Escrow Funds for any or all Escrow Items at any time. Any such waiver must be in writing. In the event of such waiver, I will pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Escrow Funds has been waived by Lender and, if Lender requires, will promptly send to Lender receipts showing such payment within such time period as Lender may require. My obligation to make such payments and to provide receipts will be considered to be a promise and agreement contained in this Security Instrument, as the phrase "promises and agreements" is used in Section 9 of this Security Instrument. If I am obligated to pay Escrow Items directly, pursuant to a waiver, and I fail to pay the amount due for an Escrow Item, Lender may pay that amount and I will then be obligated under Section 9 of this Security Instrument to repay to Lender. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 of this Security Instrument and, upon the revocation, I will pay to Lender all Escrow Funds, and in amounts, that are then required under this Section 3.

I promise to promptly send to Lender any notices that I receive of Escrow Item amounts to be paid. Lender will estimate from time to time the amount of Escrow Funds I will have to pay by using existing assessments and bills and reasonable estimates of the amount I will have to pay for Escrow Items in the future, unless Applicable Law requires Lender to use another method for determining the amount I am to pay.

Lender may, at any time, collect and hold Escrow Funds in an amount sufficient to permit Lender to apply the Escrow Funds at the time specified under RESPA. Applicable Law puts limits on the total amount of Escrow Funds Lender can at any time collect and hold. This total amount cannot be more than the maximum amount a lender could

require under RESPA. If there is another Applicable Law that imposes a lower limit on the total amount of Escrow Funds Lender can collect and hold, Lender will be limited to the lower amount.

(b) Lender's Obligations.

Lender will keep the Escrow Funds in a savings or banking institution which has its deposits insured by a federal agency, instrumentality, or entity, or in any Federal Home Loan Bank. If Lender is such a savings or banking institution, Lender may hold the Escrow Funds. Lender will use the Escrow Funds to pay the Escrow Items no later than the time allowed under RESPA or other Applicable Law. Lender will give to me, without charge, an annual accounting of the Escrow Funds. That accounting will show all additions to and deductions from the Escrow Funds and the reason for each deduction.

Lender may not charge me for holding or keeping the Escrow Funds, for using the Escrow Funds to pay Escrow Items, for making a yearly analysis of my payment of Escrow Funds or for receiving, or for verifying and totaling assessments and bills. However, Lender may charge me for these services if Lender pays me interest on the Escrow Funds and if Applicable Law permits Lender to make such a charge. Lender will not be required to pay me any interest or earnings on the Escrow Funds unless either (1) Lender and I agree in writing that Lender will pay interest on the Escrow Funds, or (2) Applicable Law requires Lender to pay interest on the Escrow Funds.

(c) Adjustments to the Escrow Funds.

Under Applicable Law, there is a limit on the amount of Escrow Funds Lender may hold. If the amount of Escrow Funds held by Lender exceeds this limit, then there will be an excess amount and RESPA requires Lender to account to me in a special manner for the excess amount of Escrow Funds.

If, at any time, Lender has not received enough Escrow Funds to make the payments of Escrow Items when the payments are due, Lender may tell me in writing that an additional amount is necessary. I will pay to Lender whatever additional amount is necessary to pay the Escrow Items when the payments are due, but the number of payments will not be more than 12.

When I have paid all of the Sums Secured, Lender will promptly refund to me any Escrow Funds that are then being held by Lender.

4. Borrower's Obligation to Pay Charges, Assessments And Claims. I will pay all taxes, assessments, water charges, sewer rents and other similar charges, and any other charges and fines that may be imposed on the Property and that may be superior to this Security Instrument. I will also make ground rents or payments due under my lease if I am a tenant on the Property and Community Association Dues, Fees, and Assessments (if any) due on the Property. If these items are Escrow Items, I will do this by making the payments as described in Section 3 of this Security Instrument. In this Security Instrument, the word "Person" means any individual, organization, governmental authority or other party.

I will promptly pay or satisfy all Liens against the Property that may be superior to this Security Instrument. However, this Security Instrument does not require me to satisfy a superior Lien if: (a) I agree, in writing, to pay the obligation which gave rise to the superior Lien and Lender approves the way in which I agree to pay that obligation, but only so long as I am performing such agreement; (b) in good faith, I argue or defend against the superior Lien in a lawsuit so that in Lender's opinion, during the lawsuit, the superior Lien may not be enforced, but only until the lawsuit ends; or (c) I secure from the holder of that other Lien an agreement, approved in writing by Lender, that the Lien of this Security Instrument is superior to the Lien held by that Person. If Lender determines that any part of the Property is subject to a superior Lien, Lender may give Borrower a notice identifying the superior Lien. Within 10 days of the date on which the notice is given, Borrower shall pay or satisfy the superior Lien or take one or more of the actions mentioned in this Section 4.

Lender also may require me to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with the Loan, unless Applicable Law does not permit Lender to make such a charge.

5. Borrower's Obligation to Maintain Hazard Insurance or Property Insurance. I will obtain hazard or property insurance to cover all buildings and other improvements that now are, or in the future will be, located on the Property. The insurance will cover loss or damage caused by fire, hazards normally covered by "Extended Coverage" hazard insurance policies, and any other hazards for which Lender requires coverage, including, but not limited to earthquakes and floods. The insurance will be in the amounts (including, but not limited to, deductible levels) and for the periods of time required by Lender. What Lender requires under the last sentence can change during the term of the Loan. I may choose the insurance company, but my choice is subject to Lender's right to

disapprove. Lender may not disapprove my choice unless the disapproval is reasonable. Lender may require me to pay either (a) a one-time charge for flood zone determination, certification and tracking services, or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect the flood zone determination or certification. If I disagree with the flood zone determination, I may request the Federal Emergency Management Agency to review the flood zone determination and I promise to pay any fees charged by the Federal Emergency Management Agency for its review.

If I fail to maintain any of the insurance coverages described above, Lender may obtain insurance coverage, at Lender's option and my expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage will cover Lender, but might or might not protect me, my equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. I acknowledge that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that I could have obtained. Any amounts disbursed by Lender under this Section 5 will become my additional debt secured by this Security Instrument. These amounts will bear interest at the interest rate set forth in the Note from the date of disbursement and will be payable with such interest, upon notice from Lender to me requesting payment.

All of the insurance policies and renewals of those policies will include what is known as a "Standard Mortgage Clause" to protect Lender and will name Lender as mortgagee and/or as an additional loss payee. The form of all policies and renewals will be acceptable to Lender. Lender will have the right to hold the policies and renewal certificates. If Lender requires, I will promptly give Lender all receipts of paid premiums and renewal notices that I receive.

If I obtain any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy will include a Standard Mortgage Clause and will name Lender as mortgagee and/or as an additional loss payee.

If there is a loss or damage to the Property, I will promptly notify the insurance company and Lender. If I do not promptly prove to the insurance company that the loss or damage occurred, then Lender may do so.

The amount paid by the insurance company for loss or damage to the Property is called "Insurance Proceeds." Unless Lender and I otherwise agree in writing, any Insurance Proceeds, whether or not the underlying insurance was required by Lender, will be used to repair or to restore the damaged Property unless: (a) it is not economically feasible to make the repairs or restoration; (b) the use of the Insurance Proceeds for that purpose would lessen the protection given to Lender by this Security Instrument; or (c) Lender and I have agreed in writing not to use the Insurance Proceeds for that purpose. During the period that any repairs or restorations are being made, Lender may hold any Insurance Proceeds until it has had an opportunity to inspect the Property to verify that the repair work has been completed to Lender's satisfaction. However, this inspection will be done promptly. Lender may make payments for the repairs and restorations in a single payment or in a series of progress payments as the work is completed. Unless Lender and I agree otherwise in writing or unless Applicable Law requires otherwise, Lender is not required to pay me any interest or earnings on the Insurance Proceeds. I will pay for any public adjusters or other third parties that I hire, and their fees will not be paid out of the Insurance Proceeds. If the repair or restoration is not economically feasible or if it would lessen Lender's protection under this Security Instrument, then the Insurance Proceeds will be used to reduce the amount that I owe to Lender under this Security Instrument. Such Insurance Proceeds will be applied in the order provided for in Section 2. If any of the Insurance Proceeds remain after the amount that I owe to Lender has been paid in full, the remaining Insurance Proceeds will be paid to me.

If I abandon the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If I do not answer, within 30 days, a notice from Lender stating that the insurance company has offered to settle a claim, Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 of this Security Instrument or otherwise, I give Lender my rights to any Insurance Proceeds in an amount not greater than the amounts unpaid under the Note and this Security Instrument. I also give Lender any other of my rights (other than the right to any refund of unearned premiums that I paid) under all insurance policies covering the Property, if the rights are applicable to the coverage of the Property. Lender may use the Insurance Proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Borrower's Obligations to Occupy The Property. I will occupy the Property and use the Property as my principal residence within 60 days after I sign this Security Instrument. I will continue to occupy the Property and to use the Property as my principal residence for at least one year. The one-year period will begin when I first occupy the Property. However, I will not have to occupy the Property and use the Property as my principal residence within the time frames set forth above if Lender agrees in writing that I do not have to do so. Lender may not refuse to agree unless the refusal is reasonable. I also will not have to occupy the Property and use the Property as my principal residence within the time frames set forth above if extenuating circumstances exist which are beyond my control.

7. Borrower's Obligations to Maintain And Protect The Property And to Fulfill Any Lease Obligations.

(a) Maintenance and Protection of the Property.

I will not destroy, damage or harm the Property, and I will not allow the Property to deteriorate. Whether or not I am residing in the Property, I will keep the Property in good repair so that it will not deteriorate or decrease in value due to its condition. Unless it is determined under Section 5 of this Security Instrument that repair is not economically feasible, I will promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or Condemnation (as defined in the definition of Miscellaneous Proceeds) proceeds are paid because of loss or damage to, or Condemnation of, the Property, I will repair or restore the Property only if Lender has released those proceeds for such purposes. Lender may pay for the repairs and restoration out of proceeds in a single payment or in a series of progress payments as the work is completed. If the insurance or Condemnation proceeds are not sufficient to repair or restore the Property, I promise to pay for the completion of such repair or restoration.

(b) Lender's Inspection of Property.

Lender, and others authorized by Lender, may enter on and inspect the Property. They will do so in a reasonable manner and at reasonable times. If it has a reasonable purpose, Lender may inspect the inside of the home or other improvements on the Property. Before or at the time an inspection is made, Lender will give me notice stating a reasonable purpose for such interior inspection.

8. Borrower's Loan Application. If, during the application process for the Loan, I, or any Person or entity acting at my direction or with my knowledge or consent, made false, misleading, or inaccurate statements to Lender about information important to Lender in determining my eligibility for the Loan (or did not provide Lender with such information), Lender will treat my actions as a default under this Security Instrument. False, misleading, or inaccurate statements about information important to Lender would include a misrepresentation of my intention to occupy the Property as a principal residence. This is just one example of a false, misleading, or inaccurate statement of important information.

9. Lender's Right to Protect Its Rights in The Property. If: (a) I do not keep my promises and agreements made in this Security Instrument; (b) someone, including me, begins a legal proceeding that may significantly affect Lender's interest in the Property or rights under this Security Instrument (such as a legal proceeding in bankruptcy, in probate, for Condemnation or Forfeiture (as defined in Section 11), proceedings which could give a Person rights which could equal or exceed Lender's interest in the Property or under this Security Instrument, proceedings for enforcement of a Lien which may become superior to this Security Instrument, or to enforce laws or regulations); or (c) I have abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and Lender's rights under this Security Instrument.

Lender's actions may include, but are not limited to: (a) protecting and/or assessing the value of the Property; (b) securing and/or repairing the Property; (c) paying sums to eliminate any Lien against the Property that may be equal or superior to this Security Instrument; (d) appearing in court; and (e) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Lender can also enter the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, have utilities turned on or off, and take any other action to secure the Property. Although Lender may take action under this Section 9, Lender does not have to do so and is under no duty to do so. I agree that Lender will not be liable for not taking any or all actions under this Section 9.

I will pay to Lender any amounts, with interest, which Lender spends under this Section 9. I will pay those amounts to Lender when Lender sends me a notice requesting that I do so. I will pay interest on those amounts at the interest rate set forth in the Note. Interest on each amount will begin on the date that the amount is spent by Lender. This Security Instrument will protect Lender in case I do not keep this promise to pay those amounts with interest.

If I do not own, but am a tenant on the Property, I will fulfill all my obligations under my lease. I will not give up the rights that I have as a tenant on the Property. I will not cancel or terminate my lease and I will not change or alter that lease unless Lender agrees in writing to the change or amendment. I also agree that, if I acquire the full title (sometimes called "Fee Title") to the Property, my lease interest and the Fee Title will not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, I will pay the premiums for the Mortgage Insurance. If, for any reason, the Mortgage Insurance coverage ceases to be available from the mortgage insurer that previously provided such insurance and Lender required me to make separate payments toward the premiums for Mortgage Insurance, I will pay the premiums for substantially equivalent Mortgage Insurance coverage from an alternate mortgage insurer. However, the cost of this Mortgage Insurance coverage will be substantially equivalent to the cost to me of the previous Mortgage Insurance coverage, and the alternate mortgage insurer will be selected by Lender.

If substantially equivalent Mortgage Insurance coverage is not available, Lender will establish a non-refundable "Loss Reserve" as a substitute for the Mortgage Insurance coverage. I will continue to pay to Lender each month an amount equal to one-twelfth of the yearly Mortgage Insurance premium (as of the time the coverage lapsed or ceased to be in effect). Lender will retain these payments, and will use these payments to pay for losses that the Mortgage Insurance would have covered. The Loss Reserve is non-refundable even if the Loan is ultimately paid in full and Lender is not required to pay me any interest on the Loss Reserve. Lender can no longer require Loss Reserve payments if: (a) Mortgage Insurance coverage again becomes available through an insurer selected by Lender; (b) such Mortgage Insurance is obtained; (c) Lender requires separately designated payments toward the premiums for Mortgage Insurance; and (d) the Mortgage Insurance coverage is in the amount and for the period of time required by Lender.

If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separate payments toward the premiums for Mortgage Insurance, I will pay the Mortgage Insurance premiums, or the Loss Reserve payments, until the requirement for Mortgage Insurance ends according to any written agreement between Lender and me providing for such termination or until termination of Mortgage Insurance is required by Applicable Law. Lender may require me to pay the premiums, or the Loss Reserve payments, in the manner described in Section 3 of this Security Instrument. Nothing in this Section 10 will affect my obligation to pay interest at the rate provided in the Note.

A Mortgage Insurance policy pays Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance policy.

Mortgage insurers assess their total risk on all Mortgage Insurance from time to time. Mortgage insurers may enter into agreements with other parties to share or change their risk, or to reduce losses. These agreements are based on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include Mortgage Insurance premiums).

As a result of these agreements, Lender, any owner of the Note, another insurer, any reinsurer, or any other entity may receive (directly or indirectly) amounts that come from a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or changing the mortgage insurer's risk, or reducing losses. If these agreements provide that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance."

It also should be understood that: (a) any of these agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. These agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund; and (b) any of these agreements will not affect the rights Borrower has - if any - regarding the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right (a) to receive certain disclosures, (b) to request and obtain cancellation of the Mortgage Insurance, (c) to have the Mortgage Insurance terminated automatically, and/or (d) to receive a refund of any Mortgage Insurance premiums that were not earned at the time of such cancellation or termination.

11. Agreements About Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are assigned to and will be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds will be applied to restoration or repair of the Property, if (a) the restoration or repair is economically feasible, and (b) Lender's security given in this Security Instrument is not lessened. During such repair and restoration period, Lender will have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect the Property to verify that the work has been completed to Lender's satisfaction. However, the inspection will be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless Lender and I agree otherwise in writing or unless Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender will not be required to pay Borrower any interest or earnings on the Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security given in this Security Instrument would be lessened, the Miscellaneous Proceeds will be applied to the Sums Secured, whether or not then due. The excess, if any, will be paid to me. Such Miscellaneous Proceeds will be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds will be applied to the Sums Secured, whether or not then due. The excess, if any, will be paid to me.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the Sums Secured immediately before the partial taking, destruction, or loss in value, the Sums Secured will be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the Sums Secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to me.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the Sums Secured immediately before the partial taking, destruction, or loss in value, the Miscellaneous Proceeds will be applied to the Sums Secured whether or not the sums are then due.

If I abandon the Property, or if, after Lender sends me notice that the Opposing Party (as defined in the next sentence) offered to make an award to settle a claim for damages, I fail to respond to Lender within 30 days after the date Lender gives notice, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the Sums Secured, whether or not then due. "Opposing Party" means the third party that owes me Miscellaneous Proceeds or the party against whom I have a right of action in regard to Miscellaneous Proceeds.

I will be in default under this Security Instrument if any civil or criminal action or proceeding that Lender determines could result in a court ruling (a) that would require Forfeiture of the Property, or (b) that could damage Lender's interest in the Property or rights under this Security Instrument. "Forfeiture" is a court action to require the Property, or any part of the Property, to be given up. I may correct the default by obtaining a court ruling that dismisses the court action, if Lender determines that this court ruling prevents Forfeiture of the Property and also prevents any damage to Lender's interest in the Property or rights under this Security Instrument. If I correct the default, I will have the right to have enforcement of this Security Instrument discontinued, as provided in Section 19 of this Security Instrument, even if Lender has required Immediate Payment in Full (as defined in Section 22). The proceeds of any award or claim for damages that are attributable to the damage or reduction of Lender's interest in the Property are assigned, and will be paid, to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property will be applied in the order provided for in Section 2.

12. Continuation of Borrower's Obligations And of Lender's Rights.

(a) Borrower's Obligations.

Lender may allow me, or a Person who takes over my rights and obligations, to delay or to change the amount of the Periodic Payments. Even if Lender does this, however, I will still be fully obligated under the Note and under this Security Instrument unless Lender agrees to release me, in writing, from my obligations.

Lender may allow those delays or changes for me or a Person who takes over my rights and obligations, even if Lender is requested not to do so. Even if Lender is requested to do so, Lender will not be required to (1) bring a lawsuit against me or such a Person for not fulfilling obligations under the Note or under this Security Instrument or (2) refuse to extend time for payment or otherwise modify amortization of the Sums Secured.

(b) Lender's Rights

Even if Lender does not exercise or enforce any right of Lender under this Security Instrument or under Applicable Law, Lender will still have all of those rights and may exercise and enforce them in the future. Even if: (1) Lender obtains insurance, pays taxes, or pays other claims, charges or Liens against the Property; (2) Lender accepts payments from third Persons; or (3) Lender accepts payments in amounts less than the amount then due, Lender will have the right under Section 22 below to demand that I make Immediate Payment in Full of any amounts remaining due and payable to Lender under the Note and under this Security Instrument.

13. Obligations of Borrower And of Persons Taking Over Borrower's Rights or Obligations. If more than one Person signs this Security Instrument as Borrower, each of us is fully obligated to keep all of Borrower's promises and obligations contained in this Security Instrument. Lender may enforce Lender's rights under this Security Instrument against each of us individually or against all of us together. This means that any one of us may be required to pay all of the Sums Secured. However, if one of us does not sign the Note: (a) that Person is signing this Security Instrument only to give that Person's rights in the Property to Lender under the terms of this Security Instrument; (b) that Person is not personally obligated to pay the Sums Secured; and (c) that Person agrees that Lender may agree with the other Borrowers to delay enforcing any of Lender's rights, to modify, or make any accommodations with regard to the terms of this Security Instrument or the Note without that Person's consent.

Subject to the provisions of Section 18 of this Security Instrument, any Person who takes over my rights or obligations under this Security Instrument in writing, and is approved by Lender in writing, will have all of my rights and will be obligated to keep all of my promises and agreements made in this Security Instrument. Borrower will not be released from Borrower's obligations and liabilities under this Security Instrument unless Lender agrees to such release in writing. Any Person who takes over Lender's rights or obligations under this Security Instrument will have all of Lender's rights and will be obligated to keep all of Lender's promises and agreements made in this Security Instrument except as provided under Section 20.

14. Loan Charges. Lender may charge me fees for services performed in connection with my default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. With regard to other fees, the fact that this Security Instrument does not expressly indicate that Lender may charge a certain fee does not mean that Lender cannot charge that fee. Lender may not charge fees that are prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to Applicable Law which sets maximum loan charges, and that Applicable Law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed permitted limits: (a) any such loan charge will be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (even if a prepayment charge is provided for under the Note). If I accept such a refund that is paid directly to me, I will waive any right to bring a lawsuit against Lender because of the overcharge.

15. Notices Required under this Security Instrument. All notices given by me or Lender in connection with this Security Instrument will be in writing. Any notice to me in connection with this Security Instrument is considered given to me when mailed by first class mail or when actually delivered to my notice address if sent by other means. Notice to any one Borrower will be notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address is the address of the Property unless I give notice to Lender of a different address. I will promptly notify Lender of my change of address. If Lender specifies a procedure for reporting my change of address, then I will only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender will be given by delivering it or by mailing it by first class mail to Lender's address stated on the first page of this Security Instrument unless Lender has given me notice of another address. Any notice in connection with this Security Instrument is given to Lender when it is actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

16. Law That Governs this Security Instrument; Word Usage. This Security Instrument is governed by federal law and the law of New York State. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might allow the parties to agree by

contract or it might be silent, but such silence does not mean that Lender and I cannot agree by contract. If any term of this Security Instrument or of the Note conflicts with Applicable Law, the conflict will not affect other provisions of this Security Instrument or the Note which can operate, or be given effect, without the conflicting provision. This means that the Security Instrument or the Note will remain as if the conflicting provision did not exist.

As used in this Security Instrument: (a) words of the masculine gender mean and include corresponding words of the feminine and neuter genders; (b) words in the singular mean and include the plural, and words in the plural mean and include the singular; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. I will be given one copy of the Note and of this Security Instrument.

18. Agreements about Lender's Rights If the Property Is Sold or Transferred. Lender may require Immediate Payment in Full of all Sums Secured by this Security Instrument if all or any part of the Property, or if any right in the Property, is sold or transferred without Lender's prior written permission. If Borrower is not a natural Person and a beneficial interest in Borrower is sold or transferred without Lender's prior written permission, Lender also may require Immediate Payment in Full. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender requires Immediate Payment in Full under this Section 18, Lender will give me a notice which states this requirement. The notice will give me at least 30 days to make the required payment. The 30-day period will begin on the date the notice is given to me in the manner required by Section 15 of this Security Instrument. If I do not make the required payment during that period, Lender may act to enforce its rights under this Security Instrument without giving me any further notice or demand for payment.

19. Borrower's Right to Have Lender's Enforcement of this Security Instrument Discontinued. Even if Lender has required Immediate Payment in Full, I may have the right to have enforcement of this Security Instrument stopped. I will have this right at any time before the earliest of: (a) five days before sale of the Property under any power of sale granted by this Security Instrument; (b) another period as Applicable Law might specify for the termination of my right to have enforcement of the Loan stopped; or (c) a judgment has been entered enforcing this Security Instrument. In order to have this right, I will meet the following conditions:

(a) I pay to Lender the full amount that then would be due under this Security Instrument and the Note as if Immediate Payment in Full had never been required;

(b) I correct my failure to keep any of my other promises or agreements made in this Security Instrument;

(c) I pay all of Lender's reasonable expenses in enforcing this Security Instrument including, for example, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and

(d) I do whatever Lender reasonably requires to assure that Lender's interest in the Property and rights under this Security Instrument and my obligations under the Note and under this Security Instrument continue unchanged.

Lender may require that I pay the sums and expenses mentioned in (a) through (d) in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer.

If I fulfill all of the conditions in this Section 19, then this Security Instrument will remain in full effect as if Immediate Payment in Full had never been required. However, I will not have the right to have Lender's enforcement of this Security Instrument discontinued if Lender has required Immediate Payment in Full under Section 18 of this Security Instrument.

20. Note Holder's Right to Sell the Note or an Interest in the Note; Borrower's Right to Notice of Change of Loan Servicer; Lender's and Borrower's Right to Notice of Grievance. The Note, or an interest in the Note, together with this Security Instrument, may be sold one or more times. I might not receive any prior notice of these sales.

The entity that collects the Periodic Payments and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law is called the "Loan Servicer." There may be a change of the Loan Servicer as a result of the sale of the Note. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. Applicable Law requires that I be given written notice of any change of the Loan Servicer. The notice will state the name and address of the new Loan Servicer, and also tell me the address to which I should make

my payments. The notice also will contain any other information required by RESPA or Applicable Law. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to me will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither I nor Lender may commence, join or be joined to any court action (as either an individual party or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other has not fulfilled any of its obligations under this Security Instrument, unless the other is notified (in the manner required under Section 15 of this Security Instrument) of the unfulfilled obligation and given a reasonable time period to take corrective action. If Applicable Law provides a time period which will elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to me under Section 22 and the notice of the demand for payment in full given to me under Section 22 will be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20. All rights under this paragraph are subject to Applicable Law.

21. Continuation of Borrower's Obligations to Maintain and Protect the Property. The federal laws and the laws of New York State that relate to health, safety or environmental protection are called "Environmental Law." Environmental Law classifies certain substances as toxic or hazardous. There are other substances that are considered hazardous for purposes of this Section 21. These substances are gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. The substances defined as toxic or hazardous by Environmental Law and the substances considered hazardous for purposes of this Section 21 are called "Hazardous Substances." "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law. An "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

I will not do anything affecting the Property that violates Environmental Law, and I will not allow anyone else to do so. I will not cause or permit Hazardous Substances to be present on the Property. I will not use or store Hazardous Substances on the Property. I also will not dispose of Hazardous Substances on the Property, or release any Hazardous Substance on the Property, and I will not allow anyone else to do so. I also will not do, nor allow anyone else to do, anything affecting the Property that: (a) is in violation of any Environmental Law; (b) creates an Environmental Condition; or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The promises in this paragraph do not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized as appropriate for normal residential use and maintenance of the Property (including, but not limited to, Hazardous Substances in consumer products). I may use or store these small quantities on the Property. In addition, unless Environmental Law requires removal or other action, the buildings, the improvements and the fixtures on the Property are permitted to contain asbestos and asbestos-containing materials if the asbestos and asbestos-containing materials are undisturbed and "non-friable" (that is, not easily crumbled by hand pressure).

I will promptly give Lender written notice of: (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which I have actual knowledge; (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance; and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If I learn, or any governmental or regulatory authority, or any private party, notifies me that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, I will promptly take all necessary remedial actions in accordance with Environmental Law.

Nothing in this Security Instrument creates an obligation on Lender for an Environmental Cleanup.

NON-UNIFORM COVENANTS

I also promise and agree with Lender as follows:

22. Lender's Rights If Borrower Fails to Keep Promises and Agreements. Except as provided in Section 18 of this Security Instrument, if all of the conditions stated in subsections (a), (b) and (c) of this Section 22 are met, Lender may require that I pay immediately the entire amount then remaining unpaid under the Note and

under this Security Instrument. Lender may do this without making any further demand for payment. This requirement is called "Immediate Payment in Full."

If Lender requires Immediate Payment in Full, Lender may bring a lawsuit to take away all of my remaining rights in the Property and have the Property sold. At this sale Lender or another Person may acquire the Property. This is known as "Foreclosure and Sale." In any lawsuit for Foreclosure and Sale, Lender will have the right to collect all costs and disbursements and additional allowances allowed by Applicable Law and will have the right to add all reasonable attorneys' fees to the amount I owe Lender, which fees shall become part of the Sums Secured.

Lender may require Immediate Payment in Full under this Section 22 only if all of the following conditions are met:

(a) I fail to keep any promise or agreement made in this Security Instrument or the Note, including, but not limited to, the promises to pay the Sums Secured when due, or if another default occurs under this Security Instrument;

(b) Lender sends to me, in the manner described in Section 15 of this Security Instrument, a notice that states:

(1) The promise or agreement that I failed to keep or the default that has occurred;

(2) The action that I must take to correct that default;

(3) A date by which I must correct the default. That date will be at least 30 days from the date on which the notice is given;

(4) That if I do not correct the default by the date stated in the notice, Lender may require Immediate Payment in Full, and Lender or another Person may acquire the Property by means of Foreclosure and Sale;

(5) That if I meet the conditions stated in Section 19 of this Security Instrument, I will have the right to have Lender's enforcement of this Security Instrument stopped and to have the Note and this Security Instrument remain fully effective as if Immediate Payment in Full had never been required; and

(6) That I have the right in any lawsuit for Foreclosure and Sale to argue that I did keep my promises and agreements under the Note and under this Security Instrument, and to present any other defenses that I may have; and

(c) I do not correct the default stated in the notice from Lender by the date stated in that notice.

23. Lender's Obligation to Discharge this Security Instrument. When Lender has been paid all amounts due under the Note and under this Security Instrument, Lender will discharge this Security Instrument by delivering a certificate stating that this Security Instrument has been satisfied. I will pay all costs of recording the discharge in the proper official records. I agree to pay a fee for the discharge of this Security Instrument, if Lender so requires. Lender may require that I pay such a fee, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted by Applicable Law.

24. Agreements about New York Lien Law. I will receive all amounts lent to me by Lender subject to the trust fund provisions of Section 13 of the New York Lien Law. This means that I will: (a) hold all amounts which I receive and which I have a right to receive from Lender under the Note as a trust fund; and (b) use those amounts to pay for "Cost of Improvement" (as defined in Section 13 of the New York Lien Law) before I use them for any other purpose. The fact that I am holding those amounts as a trust fund means that for any building or other improvement located on the Property I have a special responsibility under the law to use the amount in the manner described in this Section 24.

25. Borrower's Statement Regarding the Property [check box as applicable].

☒ This Security Instrument covers real property improved, or to be improved, by a one or two family dwelling only.

☐ This Security Instrument covers real property principally improved, or to be improved, by one or more structures containing, in the aggregate, not more than six residential dwelling units with each dwelling unit having its own separate cooking facilities.

☐ This Security Instrument does not cover real property improved as described above.

BY SIGNING BELOW, I accept and agree to the promises and agreements contained in pages 1 through 15 of this Security Instrument and in any Rider signed by me and recorded with it.

YERMIAH LEITNER (Seal) -Borrower

DAVID GEFNER (Seal) -Borrower

(Seal) -Borrower

(Seal) -Borrower

(Seal) -Borrower

(Seal) -Borrower

Witness:

Witness:

[Space Below This Line For Acknowledgment]

State of NEW YORK)
) ss.
County of ROCKLAND)

On the 14th day of May, in the year 2018, before me,

the undersigned, personally appeared YERMIAH LEITNER AND DAVID GEFNER

,

personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Signature and Office of Person Taking Acknowledgment

Susan Sytner
Print or Type Name

(Seal, if any)

SUSAN SYTNER
Notary Public, State of New York
No. 02SY6320394
Qualified in Rockland County
Commission Expires March 2, 2019

Tax Map Information No.: 24.20-4-39

Loan Originator: BROOKE JACOB, NMLSR ID 49558
Loan Originator Organization: THE EVEREST EQUITY COMPANY, INC., NMLSR ID 12484

Loan Number: 600097192

Date: MAY 14, 2018

Property Address: 13 CHERRY LANE
POMONA, NEW YORK 10970

EXHIBIT "A"

LEGAL DESCRIPTION

A.P.N. # : 24.20-4-39

RIVERSIDE ABSTRACT, LLC
As Agent for
FIDELITY NATIONAL TITLE INSURANCE COMPANY

LEGAL DESCRIPTION

Title No.: **RANY-32723**

All that certain plot, piece or parcel of land, situate, lying and being in the Town of Haverstraw, County of Rockland and State of New York, shown and designated on a certain subdivision map entitled "SECTION NO. 1, QUAKER HOLLOW ESTATES, located in Ladentown, Town of Haverstraw, Rockland County, New York, filed in the Rockland County Clerk's Office in Book 74 of Maps at Page 24 as Map No. 3644 as Lot 17.

Note: Address, Block & Lot shown for informational purposes only

Designated as Section 24.20 Block 4, Lot 39, Rockland County and also known as 13 Cherry Lane, Pomona, NY 10970.

Instagram

Search

Log In Sign Up



yiddishesimchas • Follow

yiddishesimchas More Of The Tenoiam Of Yermie Leitner {Monsey} To Avigail Elitzur {Elad, Israel} #Tenoiam #MazelTov #YiddisheSimchas

274w

life_and_you_soul_ Sweet mazal tov 🎶🥂

274w Reply

vincent_ldf מזל טוב

274w Reply

ylowingere מזל טוב לחתן ולכלה

274w Reply

geeruchy Mazel tov! @avigailelitzur

213 likes

MARCH 19, 2018

Log in to like or comment.



Jay Leitner

EVP, Operations

Jay Leitner serves as the Executive Vice President of Operations at Perigrove, a family office focusing on healthcare investing. Located in New York, he leads a team of financial analysts that apply their industry knowledge and c-suite management experience to develop actionable, high-impact growth initiatives across a diverse portfolio. Jay is responsible for the teams executing international projects across three continents.

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN

CHAPMAN & ASSOCIATES, P.C.
d/b/a CHAPMAN LAW GROUP,

Plaintiff,

v.

Case No.: 2:23-cv-11210
Hon.

YESCARE, ISAAC LEFKOWITZ,
(individually and corporate capacity), and
SCOTT KING, (corporate capacity only),

Defendants.

_____/

COMPLAINT AND JURY DEMAND

NOW COMES the above-named Plaintiff, Chapman & Associates, P.C. d/b/a Chapman Law Group (hereinafter "CLG"), by and through its counsel, Ronald W. Chapman, Sr., and brings this cause of action seeking legal and equitable relief against defendants for violation of section 15 U.S.C. § 45 et seg. and other listed causes of action.

Introduction

1. This lawsuit involves causes of action against two defendants who were never clients of CLG. Bringing this lawsuit does require CLG to address and discuss aspects of its representation of clients who are not Defendants/parties in this litigation. CLG went to great lengths in this Complaint to limit any reference to client

information to the bare minimum reasonably necessary to state a claim for relief. After this Complaint is filed, and assigned to a Judge, CLG plans to seek the issuance of an appropriate protective order that will permit it, in the future, to provide more detailed information, if necessary, in further filings under seal in whole or in part.

Jurisdiction and Venue

2. This action is brought under 15 U.S.C. § 45 et seg. referred to as the Unfair and Deceptive Practice Act (UDPA), and for Fraudulent Inducement, Intentional Misrepresentation, Negligent Misrepresentation, Unjust Enrichment, Conversion, and Promissory Estoppel, and Breach of Contract.

3. Jurisdiction is founded upon 28 U.S.C.§§ 1331, 1343, and 1267.

4. Plaintiff is a legitimate business enterprise under UDPA.

5. Plaintiff is a person/consumer for purposes of UDPA.

6. Defendants are engaged in trade or commerce as those terms are defined by UDPA.

The Parties

7. The Plaintiff, Chapman & Associates, P.C. d/b/a Chapman Law Group, is a Michigan professional corporation doing business in Michigan.

8. The Defendant Yescare Corp is a Texas limited liability company, doing business in multiple states, including the State of Michigan.

9. The Defendant, Isaac Lefkowitz (hereinafter “Lefkowitz”), is believed

to be a resident of the State of New York. He is the president of Yescare. He is also an officer of Perigrove Inc., (hereinafter "Perigrove") private equity entity with a "focus on healthcare investing." Defendant Lefkowitz transacted business in Michigan (via ZOOM) with CLG on multiple occasions.

10. At all times herein Defendant Lefkowitz's actions were on behalf of himself, Yescare and Perigrove.

11. The Defendant, Scott King, Esquire, (hereinafter "King") is the corporation counsel for Yescare. This action is brought in his corporate capacity only.

Common Allegations

12. Chapman Law Group (hereinafter "CLG") has a long history of representing companies engaged in the delivery of health care services in correctional facilities dating as far back as 1987.

13. From approximately 2011 until earlier this year, CLG had represented a client entity that was created as a result of the merger of two entities previously also represented by CLG.

14. CLG's representation of this client ("The Client") involved more than 100 pending litigation matters, some of which involved direct representation of The Client and some of which involved representing physicians/nurses/mid-level providers who were working for or with The Client.

15. On September 22, 2021, CLG notified The Client that accounts receivable were extremely high approximating One Million Dollars ($1,000,000) and that CLG intended to withdraw if not paid. A payment plan was started.

16. From April 28th to May 3rd of 2022, The Client changed its state of incorporation from Delaware to Texas and underwent a merger with its parent company and two of its subsidiaries. Immediately following the merger, the combined entity underwent a Texas divisional merger, splitting itself into two Texas entities. One entity "acquired all of the active business" and was assigned all of the employees of the prior entity; the other entity was assigned "all liabilities related to terminated contracts."

17. The entity assigned all the liabilities continued to be CLG's client, but the other entity with the active business became a wholly owned subsidiary of Yescare Corp., (hereinafter "Yescare") a Texas corporation formed in January of 2022. Yescare thus "acquired all the active business" that previously belonged to CLG's Client, but Yescare did not become a client of CLG.

18. The apparent purpose and effect of the corporate restructuring was to separate corporate assets from corporate liabilities, placing the corporate assets with Yescare beyond the reach of CLG's client's (unsecured creditors), former employees to whom The Client owed duties of defense and indemnification.

19. Throughout all of this, CLG continued representing The Client to the

best of its abilities. Problems continued to persist in terms of The Client not being able, or not being willing, to pay attorney fees and expenses owed to CLG.

20. On information and belief Defendant Lefkowitz is the person that controls Yescare among other entities, and is employed by the beneficial owners, Perigrove, and at all relevant times has been simultaneously acting for himself, Yescare, Perigrove, and other entities.

21. At all times Defendant Lefkowitz represented himself, Yescare, and Perigrove at the same time.

22. After months of not paying fees, The Client, through Defendant Lefkowitz and Defendant King, agreed to make substantial payments of $260,000 per month for three (3) months and to begin paying all invoices no later than sixty (60) days from date of the invoice.

23. On June 24, 2022, CLG sent The Client a letter demanding payment again and expressing frustration with The Client's refusal to pay its attorney fees.

24. On June 27, 2022, following receipt of the June 27, 2022, letter Defendant Lefkowitz called and assured CLG that Yescare and Lefkowitz personally would guarantee/pay all invoices for legal fees and expenses, as well as indemnify all current and former employees and independent contractor's consistent with normal business operations. Lefkowitz also agreed to begin making catch-up payments as consideration for CLG to not withdraw from its representations of The

Client.

25. Defendant Lefkowitz stated CLG withdrawal as counsel in the approximately 100+ open claims would cause catastrophic consequences to Yescare and the progress they were making in developing new business.

26. Yescare counsel Defendant King, knew that Defendant Lefkowitz was making these promises and supported/ratified them on behalf of Yescare.

27. On August 17, 2022, Defendant King was notified that payments were not being made as promised and that CLG was going to withdraw.

28. On August 18, 2022, a termination letter was drafted and delivered to Defendant King.

29. On August 19, 2022, Defendant King (employed by Yescare now) stated:

> "Ron, Prior to meeting with our PL team on the separation, I would like to schedule a call for us to talk and make sure we fully understand your position with respect to the individual defendants. Also, while I respect your decision to withdraw, there may be ways *to provide you with sufficient assurances* (emphasis added) on The Client being capable of continuing to pay for defense and indemnity costs associated with these cases. Let me know if you have availability today for a call. Thanks. Scott".

30. Thereafter a ZOOM meeting took place at 2:30 PM on August 19, 2022. Attendees included multiple members of CLG and Defendants King, and Defendant Lefkowitz.

31. During that ZOOM meeting, CLG was provided with a number of promises and assurances that were intended to keep CLG representing The Client rather than withdrawing from approximately one hundred litigation matters. Those promises and assurances included:

a. All clients of CLG (including employees, former employees, and independent contractors of The Client) would be indemnified and all past present and future CLG attorney fees and expenses would be paid and guaranteed by Defendants Yescare and Lefkowitz.

b. Defendant Lefkowitz stated he would personally guarantee payment of all indemnity payments and attorney fees and expenses.

c. Defendant Lefkowitz and Defendant King expressed deep concern if CLG withdrew that the ability of defendant Yescare to continue business would be significantly damaged, causing contracting counties and state correctional institutions to cancel existing contracts and causing pending negotiations with various states to be discontinued.

d. Defendant Lefkowitz stated Defendant Yescare was about to land some significant contracts and needed CLG to stay on as counsel and not notify CLG clients of the potential financial instability of The Client

e. Defendant Lefkowitz told a story to explain what the Texas two-step was and how the process was used to force plaintiffs into accepting lower settlements and why CLG should have no concerns for its fees/expenses or the indemnification of its clients.

i. A person (Lefkowitz/Yescare) had a friend (The Client) that could not pay his creditors and needed money to continue business. The person (Lefkowitz/Yescare) loaned him some money to get him on his feet. The person (Lefkowitz/Yescare) told him that in the future every time a creditor called start babbling like a fool and the creditor will go away and you will save money. A

year later the person (Lefkowitz/Yescare) called the friend (The Client) and said he wanted his money back and the friend (The Client) started babbling. The person (Lefkowitz/Yescare) then said you fool I taught you that trick now pay up.

ii. Defendant Lefkowitz told this story to assure CLG that Yescare or him personally, had the money to pay all attorney fees and indemnity payments as needed.

f. CLG accepted the promise/agreement to pay all attorney fees past, present, and future and indemnity payments as needed assurance. CLG to its detriment relied on these assurances and continued working.

g. Without the promise/agreement/guarantee, CLG would not have continued as counsel and incur additional fees and expenses totaling Nine Hundred Fifty Thousand Dollars ($950,000) and growing.

h. Defendant Lefkowitz also stated, "The Client could have filed for bankruptcy three times over. Rest assured that we are not and will not file for bankruptcy."

32. On Feb. 14, 2023, The Client filed for bankruptcy.

33. CLG sought advice of ethics counsel and filed motions to withdraw in all cases. Several of the motions remain pending.

34. Counsel also sought the advice of ethics counsel prior to filing this complaint.

35. Defendant Lefkowitz did not deny that he intentionally lied when he guaranteed that Defendant Yescare and Defendant Lefkowitz would indemnify all former employees and pay the CLG past present and future attorney fees and costs.

36. Further Defendant Lefkowitz did not deny that he intentionally refused

to accept a negotiated settlement of $700,000 in a pending federal lawsuit and forced the case to trial, causing CLG to incur over $128,000 in attorney fees and an excessively high verdict. The failure to pay the judgement caused and is causing significant harm to the defendant employees found liable.

Count I
Unfair Deceptive Practice
15 U.S.C. § 45 et seg

37. Allegations 1 through 36 are re-alleged as though fully set out word for word herein.

38. This a cause of action for damages under the Unfair Deceptive Practices Act 15 U.S.C. § 45 et seg.

39. Plaintiff is a business enterprise under the UDPA.

40. Plaintiff is a person under the UDPA.

41. Defendants are engaged in trade or commerce.

42. Defendants had evil and intentional motives to be deceptive and misleading to cause CLG to rely on their deception and to continue to work for The Client, which significantly benefited Yescare, Lefkowitz and Perigrove.

43. Defendants were/are engaged in deceptive unfair trade practices, by concealing the true financial health of The Client from CLG and fraudulently misrepresenting that Defendants Yescare and Lefkowitz would guarantee payment of past present and future attorney fees and expenses incurred by CLG.

44. Defendants Yescare/Lefkowitz/King committed the following additional acts:

- failed to reveal a material fact, the omission of which tends to mislead or deceive a person, and which fact could not reasonably be known by the person. Financial records of The Client, a private company, were not obtainable by CLG and could not have been obtainable under any reasonable means.
- misrepresented a benefit to CLG, continued payment of attorney fees and client indemnity payments if CLG did not withdraw and did not inform clients to seek counsel.
- failed to reveal facts material to the transaction in lieu of the misrepresented and untrue facts/statements made to cause CLG to act to its detriment.

45. As a result of the actions plaintiff CLG suffered financial loss in excess of $950,000 dollars.

46. Plaintiff, CLG, is entitled to recover actual damages, treble damages, attorney fees, and punitive damages.

WHEREFORE, your Plaintiff, CLG, prays this Court award all allowable damages under the UDPA including actual, treble, punitive and attorney fees.

Count II
Michigan Unfair Deceptive Trade Practices
MCL § 445.901 et seg.

47. Allegations 1 through 36 are realleged as though fully set out word for word herein.

48. This is a cause of action for damages under the Michigan Deceptive Unfair Trade Practices Act MCL § 445.901 et seg.

49. Plaintiff is a business enterprise under the deceptive Unfair trade Practices Act.

50. Plaintiff is a person under the Deceptive Unfair Trade Practices Act.

51. Defendants are engaged in trade or commerce.

52. Defendants had evil and intentional motives to be deceptive and misleading and to cause CLG to rely on their deception and to continue to work for The Client, which significantly benefited Yescare, Lefkowitz and Perigrove.

53. Defendants were/are engaged in deceptive unfair trade practices, by concealing the true financial health of The Client from CLG and fraudulently misrepresenting that Defendants Yescare and Lefkowitz would guarantee payment of past present and future attorney fees and expenses incurred by CLG.

54. At minimum, Defendants Yescare/Lefkowitz/King committed the following acts:

- failed to reveal a material fact, the omission of which tends to

mislead or deceive a person, and which fact could not reasonably be known by the person. Financial records of The Client, a private company, were not obtainable by CLG and could not have been obtainable under any reasonable means.

- misrepresented a benefit to CLG, continued payment of attorney fees and client indemnity payments, if CLG did not withdraw and did not inform clients to seek counsel.
- failed to reveal facts material to the transaction in lieu of the misrepresented and untrue facts/statements made to cause CLG to act to its detriment.

55. As a result of the actions plaintiff CLG has suffered financial loss in excess of $950,000 dollars.

56. Plaintiff CLG is entitled to recover actual damages, treble damages, attorney fees, and punitive damages.

WHEREFORE, your Plaintiff, CLG, prays this Court award all allowable damages under the Michigan UDPA including actual, punitive, treble and attorney fees.

Count II
Promissory Estoppel

57. Allegations 1 through 36 are realleged as though fully set out word for word herein.

58. Defendants Yescare/Lefkowitz/King made a clear promise to pay all attorney fees and expenses past present and future by stating Yescare would pay and guaranteed by defendant Lefkowitz.

59. All parties were aware of the attorney's fees owed by virtue of receiving multiple emails and accounts receivable statements from CLG and monthly statements uploaded to its attorney billing platform.

60. CLG relied on the promises to its detriment.

WHEREFORE, your Plaintiff, CLG, prays this Court award all allowable damages under the Michigan law including actual damages and attorney fees.

Count III
Fraudulent Inducement and Negligent Misrepresentation

61. Allegations 1 through 36 are realleged as though fully set out word for word herein.

62. Defendants Yescare/Lefkowitz/King intentionally misrepresented and/or intentionally or negligently omitted material facts of financial insolvency or reasonable potential insolvency or intent to file bankruptcy that influenced the judgment of CLG and their acceptance of the assurance of payment.

63. The false representation related to a past and existing fact.

64. The Defendants Yescare/Lefkowitz/King made the representation knowing it was false and with the intent to induce/deceive CLG to continue to provide legal services.

65. CLG agreed to provide legal services by justifiably relying on the misrepresentations and deceitful statements made by Defendants Yescare/Lefkowitz/King.

WHEREFORE, your Plaintiff, CLG, prays this Court award all allowable damages under the Michigan law including actual damages and attorney fees.

Count IV
Unjust Enrichment

66. Allegations 1 through 36 are realleged as though fully set out word for word herein.

67. Defendants Yescare/Lefkowitz/King promised to pay all past present and future legal fees incurred defending The Client and its employees.

68. CLG relied on the promises.

69. Defendants Yescare/Lefkowitz/King knew their statements would induce CLG to accept the assurances and continue working to its detriment.

70. CLG conferred a benefit on Yescare and Lefkowitz by not withdrawing which in Defendants Yescare/Lefkowitz/King own words would have caused significant damage to Yescare current and future business ventures. Several times Lefkowitz made statements to CLG president Ronald W. Chapman, Sr. that CLG services were necessary without which his plan to grow Yescare would fail.

71. CLG relied on the promises to its detriment.

72. Defendants Yescare/Lefkowitz/King were aware that CLG was

incurring significant attorney fees and expenses on a monthly basis. They also knew that CLG was required to advance tens of thousands of dollars in expert and other fees all while knowing that CLG would not be reimbursed.

73. It would be unjust and inequitable to allow Defendants Yescare/Lefkowitz/King to not be required to pay the full fees/expenses and other damages. Yescare, having a market capitalization exceeding $350,000,000 took advantage of a medium size law firm knowing that under attorney ethical rules it could not simply stop working.

WHEREFORE, your Plaintiff, CLG, prays this Court award all allowable damages under the Michigan law including actual damages and attorney fees.

Count V
Conversion
MCL 600.2919a(1)(a)
And Common Law

74. Allegations 1 through 36 are realleged as though fully set out word for word herein.

75. CLG has a right to possession of over $845,000 fees and expenses.

76. Defendants Yescare/Lefkowitz/King intentionally interfered with the possession of attorney fees and expenses by promising and guaranteeing to pay CLG fees in exchange for continued engagement as counsel; allowing Defendants to continue to market and obtain new business misappropriating CLG labor and investment to their benefit.

77. CLG was deprived of the possession of said property.

78. Defendants Yescare/Lefkowitz/King took the attorney fees ($950,000) and used the unpaid fees for the benefit of Yescare to continue other business and avoid any financial harm to Yescare.

WHEREFORE, your Plaintiff, CLG, prays this Court award all allowable damages under the Michigan law including actual damages and attorney fees.

DEMAND FOR JURY TRIAL

Your plaintiff, CLG, demands a trial by jury.

WHEREFORE, your Plaintiff, CLG, prays this Honorable Court find Defendants liable for all allegations (Counts I through V) and award compensatory damages in the amount of Eight Hundred Forty-Five Thousand Dollars ($845,000), treble damages, attorney fees, prejudgment and post judgment interest, pain and suffering caused by the intentional financial strain knowingly and callously placed on CLG and punitive damages.

Respectfully submitted,
CHAPMAN LAW GROUP

Dated: May 22, 2023

/s/Ronald W. Chapman Sr.
Ronald W. Chapman Sr., M.P.A., LL.M. (P37603)
Jonathan C. Lanesky (P59740)
Devlin K. Scarber (P64532)
Attorneys for Plaintiff
1441 West Long Lake Rd., Suite 310
Troy, MI 48098
(248) 644-6326
rchapman@chapmanlawgroup.com
jlanesky@chapmanlawgroup.com
dscarber@chapmanlawgroup.com

Alabama Dept of Corrections

Alabama Department of Corrections Selects Health Care Service Provider

December 27, 2022

Alabama Department of Corrections Selects Health Care Service Provider

MONTGOMERY, AL – The Alabama Department of Corrections (ADOC) announced that YesCare, Corp. has been selected to enter negotiations for the department's comprehensive healthcare services contract that will provide services to inmates in each of the state's 27 correctional facilities.

YesCare was among four healthcare companies that responded to the ADOC's request for proposals (RFP), which was issued on September 26, 2022. In addition to YesCare's proposal, the ADOC received proposals from Centurion, VitalCore, and Wexford.

"The RFP evaluation committee conducted a thorough and extensive examination of each vendor's proposal. After careful consideration of the evaluation committee's recommendations, the ADOC decide to enter into contract negotiations with YesCare based on a combination of quality care and overall cost," said Commissioner John Hamm.

In its recommendation, the RFP review committee considered the company's experience and qualifications, delivery of care, program management, support services, staffing requirements, and compensation. The four-year and six-month contract will go into effect at 12:01 a.m. CDT, on April 1, 2023. Facility healthcare staff employed by the current service provider, Wexford Health, will be offered employment under the new contract.

YesCare, headquartered in Brentwood, Tenn., has more than 40 years of correctional healthcare experience, having served clients and patients at more than 475 facilities across the country.

The ADOC expects the contract negotiations to take several weeks to complete. Once the contract is final, all proposals and the results from the RFP review committee will be public record.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

SEVEN TRADE LLC,

Plaintiff,

-against-

MEDICAL ENGINEERING LLC, LONNIE BANKS, VIKING SALES GROUP LLC, AND SHLOMO E. SUISSA,

Defendants.

----------X

No. 7:22-cv-01673 (PMH)

DECLARATION OF ISAAC LEFKOWITZ IN SUPPORT OF PROPOSED ORDER TO SHOW CAUSE FOR A DEFAULT JUDGMENT

ISAAC LEFKOWITZ, hereby declares under penalty of perjury:

1. I am a director of the Plaintiff, Seven Trade LLC ("Plaintiff"), in this action. As such, I have personal knowledge of the facts and circumstances herein.

2. I submit this declaration in support of Plaintiff's motion pursuant to Fed. R. Civ. P. 55(b)(2) for an order entering a default judgment against Defendants Medical Engineering LLC ("Medical Engineering"), Lonnie Banks ("Banks"), Viking Sales Group LLC ("Viking"), and Shlomo E. Suissa ("Suissa") (collectively, "Defendants").

A. The Allegations in the Complaint

3. As the fourth wave of the COVID-19 pandemic swept through the country in January 2022, Plaintiff agreed to provide COVID-19 self-test kits to its customer Corizon Health, Inc. ("Corizon Health"), a large healthcare company.

4. On January 18, 2022, on behalf of Plaintiff, I was introduced to Suissa, a purported COVID-19 self-test kit broker. During a telephone call that day between Suissa and me, Suissa represented to me that he was the head of Viking, and through Viking, had extensive experience in procuring large quantities of personal protective equipment and at-home COVID-19 test kits. I

advised Suissa that Plaintiff needed certain COVID-19 self-test kits to provide to Corizon Health and that time was of the essence to fulfill Corizon Health's order. Accordingly, Defendants were well aware that Plaintiff was purchasing the self-test kits for resale to a customer and that the only reason Plaintiff was purchasing the kits was to earn a profit on their resale. Suissa responded that he understood and represented to me that one of his industry contacts, Medical Engineering, had secured a large supply of COVID-19 self-test kits.

5. Later that day, Suissa set up a telephone call among me, Suissa, and Banks, who held himself out as the principal of Medical Engineering. During that call, Banks and Suissa each represented that Medical Engineering owned millions of Clinitest Rapid COVID-19 Self-Test kits manufactured by Siemens (the "Test Kits"), and that the Test Kits were available for sale and delivery to Plaintiff in New York within two weeks from the date of Plaintiff's payment. Defendants explained that Viking would broker the transaction, with Medical Engineering paying Viking a commission after the completion of the transaction.

6. Plaintiff was aware that, at the time, the market for COVID-19 self-test kits was exceptionally tight, and Plaintiff was only willing to deal with a supplier that could provide the Test Kits in the short timeframe it required. Thus, Defendants' representations of Medical Engineering's outright ownership and possession of the Test Kits, coupled with the representation that Plaintiff would receive delivery of the Test Kits within two weeks of payment, were material in inducing Plaintiff to enter into the transaction.

7. Relying on Defendants' representations, Plaintiff agreed to purchase the Test Kits from Medical Engineering through Viking. On January 18, 2022, Plaintiff issued a purchase order to Medical Engineering for 350,000 Test Kits at a per-unit price of $5.90, for a total purchase price of $2,065,000, with $1.8 million paid upfront and the remaining $265,000 balance to be paid upon

Plaintiff's receipt of the Test Kits (the foregoing is hereinafter referred to as the "Agreement"). A copy of that purchase order is attached hereto as **Exhibit A**.

8. On January 20, 2022, Plaintiff wired $1.8 million from its New York bank account to Medical Engineering and, pursuant to the Agreement, Defendants were required to deliver the Test Kits to Plaintiff on or before February 3, 2022. A copy of the wire confirmation is annexed hereto as **Exhibit B**.

9. Unknown to Plaintiff at the time, Defendants did not intend to provide Plaintiff with the Test Kits, and Defendants' representations of having outright ownership of the Test Kits were false when made.

10. Indeed, despite Defendants' representations, Medical Engineering did not own any Test Kits and, therefore, could not possibly supply them to Plaintiff.

11. Rather, Defendants, at all times, intended to enrich themselves at Plaintiff's expense by fraudulently inducing Plaintiff to pay them and then absconding with Plaintiff's funds, while never providing the Test Kits to Plaintiff.

12. In accordance with Defendants' representations and the Agreement, Plaintiff awaited receipt of the Test Kits by February 3, 2022 – two weeks after Plaintiff paid the deposit. As the day progressed and the Test Kits did not arrive, Plaintiff called Suissa and Banks to inquire as to the status of their delivery.

13. During a February 3, 2022 telephone call between me, Suissa, and Banks, Banks falsely claimed that the Test Kits were "stuck" at one of Defendants' warehouses in Frankfurt, Germany, and could not be released due to "FDA regulations." While bewildered as to how regulations implemented by the United States Food and Drug Administration could prevent a warehouse in Germany from releasing the Test Kits, Plaintiff, in an attempt to avoid further delay

in receiving the Test Kits, offered to directly take possession of the Test Kits from Defendants' German warehouse at its own cost and expense.

14. Confronted with this offer, Banks continued weaving his false tale by advising Plaintiff that "FDA regulations" prohibited Defendants from releasing the Test Kits to Plaintiff. When pressed by Plaintiff, Banks could not identify what supposed FDA regulations he was referring to and, ultimately, failed to provide anything resembling a coherent explanation as to Defendants' inability to provide the Test Kits.

15. Plaintiff now suspected that Defendants had defrauded it and demanded that Defendants immediately refund the entire $1.8 million. Banks and Suissa troublingly represented to Plaintiff that not all of Plaintiff's funds were immediately available for refund, but that Suissa would wire a partial refund of $600,000 from Viking to Plaintiff with the balance to come shortly.

16. Beyond not being able to provide the Test Kits, the fact that Defendants claimed to be unable to immediately refund all of Plaintiff's $1.8 million deposit was further cause for alarm. The fact that Suissa appeared to be in possession of Plaintiff's funds was additionally worrisome because Plaintiff wired the $1.8 million deposit to Medical Engineering. Viking and Suissa were not supposed to receive any commission compensation until after Plaintiff received the Test Kits, which did not occur.

17. On the verge of losing Corizon Health as its customer, the $1.8 million it wired to Defendants, and its associated profits, Plaintiff threatened legal action and demanded that Defendants immediately initiate a $600,000 wire transfer and provide Plaintiff with confirmation of such wire transfer to Plaintiff as proof.

18. To buy time and forestall Plaintiff's threats of immediate legal action and, apparently, to allow Defendants to complete distributing Plaintiff's $1.8 million among

themselves, Defendants provided Plaintiff with two fraudulent wire confirmations of Plaintiff's purported partial refund.

19. Specifically, on February 3, 2022, Suissa provided Plaintiff with a purported outgoing wire request stamped "customer copy" from Wells Fargo in the amount of $600,000 from Viking to Plaintiff (the "First Fraudulent Wire Confirmation"), a copy of which is attached hereto as **Exhibit C**.

20. By February 4, 2022, Plaintiff had not received the funds purportedly evinced by Defendants' First Fraudulent Wire Confirmation and Plaintiff called Suissa and Banks to inquire about the first $600,000 tranche of the refund. Suissa feigned shock and surprise that the $600,000 had not arrived and represented to Plaintiff that he would inquire with the bank. Later that same day, Suissa and Banks called Plaintiff and represented that the wire was pending and Plaintiff should receive the $600,000 imminently.

21. The following week, between February 7-9, 2022, Plaintiff placed numerous phone calls to Defendants regarding the status of its refunds and the Test Kits, all of which went unanswered.

22. Then, on February 10, 2022, Suissa provided Plaintiff with a screenshot of a purported wire transfer of $900,000 from a Chase bank account (the "Second Fraudulent Wire Confirmation") to Plaintiff's bank account and assured Plaintiff over the phone that Plaintiff would receive the partial refund shortly; however, the wire has never arrived. A copy of the Second Fraudulent Wire Confirmation attached hereto as **Exhibit D**,

23. Despite providing purported proof of a $900,000 wire transfer to Plaintiff, later that same day, on February 10, 2022, Suissa incongruously sent Plaintiff a video of the Test Kits supposedly earmarked for Plaintiff (the "Video"). In the Video, purportedly filmed at a California

warehouse, an unidentified person taking the Video stated that it was "February 9, 2022," and proceeded to describe the Video's depiction of 26 pallets of "iHealth" COVID-19 test kits, which the speaker identified as earmarked "for" Plaintiff's principal.

24. Notably, Plaintiff did not order iHealth brand COVID-19 self-test kits, but rather Siemens Clinitest Rapid COVID-19 Self-Test kits.

25. After Plaintiff questioned Suissa and Banks regarding the iHealth tests and Defendants' prior representations that Medical Engineering owned Siemens test kits (defined above as the Test Kits) that were supposedly available for immediate delivery to Plaintiff, Defendants admitted that their representations were false.

26. Suissa revealed that Medical Engineering did not actually possess or own the Test Kits at the time the parties entered into the Agreement, but rather, Defendants claimed that they tried to order them from Siemens to fulfill Plaintiff's order. In other words, Defendants expressly admitted to Plaintiff that they defrauded Plaintiff.

27. Nonetheless, still eager to provide its customer with some form of COVID-19 self-test kits and avoid defaulting on its commitments, Plaintiff agreed to accept the iHealth test kits and would arrange for them to be picked up at the California warehouse where the Video was purportedly filmed.

28. A few hours later, on February 10, 2022, Plaintiff's trucking company arrived at the California warehouse to pick up the iHealth test kits. Upon arrival, however, the warehouse advised that there were no COVID-19 tests available for, or allocated to, Plaintiff or its principal. As such, there was nothing for the trucking company to pick up and deliver, and Plaintiff incurred cancellation charges from the trucking company in the amount of $12,500. A copy of the trucking

company's cancellation invoice is annexed hereto as **Exhibit E**. Moreover, the $900,000 supposedly sent through Defendants' Second Fraudulent Wire Confirmation had still not arrived.

29. Plaintiff immediately confronted Defendants about its inability to pick up the goods from the California warehouse. Defendants acted surprised and blamed the warehouse for a supposed miscommunication, while pushing Plaintiff to again send a truck to the warehouse to pick up the test kits. On February 17, 2022, Plaintiff again sent a truck to the California warehouse and, again, was advised that there were no COVID-19 tests available for, or allocated to, Plaintiff or its principal. As a result, Plaintiff again incurred cancellation charges in the amount of $12,500. A copy of the trucking company's cancellation invoice is annexed hereto as **Exhibit F**.

30. Plaintiff again immediately confronted Defendants and Defendants apparently realized that their scheme had been irreparably exposed. Now seeking to ward off litigation, Suissa caused Viking to transfer a small, partial refund of $200,000 to Plaintiff, while falsely promising the $1.6 million balance would be refunded shortly.

31. In the weeks following, Plaintiff continued to follow up with Defendants regarding the promised $1.6 million refund. Despite offering more excuses and making more false promises, Defendants failed to either pay any further refunds or deliver any COVID-19 self-test kits to Plaintiff.

32. Stated simply, each and every aspect of Plaintiff's interactions with Defendants was marred by Defendants' fraud. Defendants, admittedly, lied about Medical Engineering's ownership of the Test Kits. Thereafter, Defendants used the fabricated First Fraudulent Wire Confirmation, the Second Fraudulent Wire Confirmation, and the Video to aid and advance their fraudulent scheme to steal Plaintiff's funds and delay Plaintiff's discovery of their brazen theft to frustrate Plaintiff's ability to recover the funds and finalize dividing and secreting same.

33. As a result of Defendants' fraudulent scheme, breaches, and other misconduct, Plaintiff has been unable to meet its commitments to Corizon Health, of which Defendants were fully aware, and, in addition to the $1.6 million stolen by Defendants, has lost profits in the amount of at least $1,186,500 and incurred out-of-pocket expenses of $25,000 in connection with hiring a trucking company to go to the California warehouse.

34. On February 28, 2022, Plaintiff filed the Summons and Complaint seeking the remaining balance of $1.6 million plus its out-of-pocket expenses and its lost profit damages, set forth in greater detail below, which resulted from Defendants' fraudulent conduct and Medical Engineering's breaches.

B. Plaintiff's Damages

35. Plaintiff has suffered out of pocket damages in the total amount of $1,625,000 as a result of Defendants' misconduct. This sum is arrived at by subtracting the $200,000 refund Defendants paid Plaintiff from the $1,800,000 deposit that Plaintiff paid to Defendants and adding the $25,000 in cancellation fees that Plaintiff incurred from the trucking company arising from Defendants' knowingly false representations that the California warehouse had test kits allocated for delivery to Plaintiff and available for pick up.

36. Plaintiff has also suffered lost profit damages. As set forth above, Plaintiff agreed to supply 350,000 Test Kits it was supposed to receive from Defendants to Corizon Health at a per-unit price of $9.29 for a total purchase price of $3,251,500. A copy of the purchase order to Plaintiff from Corizon Health is annexed hereto as **Exhibit G**.

37. According to my conversations with Plaintiff's trucking company, Plaintiff would have incurred costs in shipping the Test Kits to Corizon Health in the amount of $25,000.

38. However, as a result of Medical Engineering's breach, Plaintiff was unable to perform its obligations and did not receive the $3,251,500 payment from Corizon Health.

39. Consequently, because of Medical Engineering's breach, Plaintiff lost $1,161,500 in profits. This sum is arrived at by subtracting Plaintiff's estimated shipping costs ($25,000) and the costs of the undelivered Test Kits from Medical Engineering ($2,065,000) from the amount Corizon Health agreed to pay for the Test Kits ($3,251,500).

40. Accordingly, Plaintiff is entitled to a judgment in the amount of $2,786,500 (out of pocket damages of $1,625,000 plus lost profits of $1,161,500) plus pre-judgment interest from February 3, 2022, and post-judgment interest at the rate of 9% per year as provided for by New York statute.

41. I declare under penalty of perjury pursuant to 28 U.S.C. § 1746, that the foregoing is true and correct.

WHEREFORE, Plaintiff requests that the Court enter a judgment by default in the amount of $2,786,500 plus pre- and post-judgment interest, and any other relief the Court may deem appropriate.

Dated: New York, New York
June 27, 2022

Isaac Lefkowitz

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA

MARGARET "MEG" M. MOORE, Plaintiff, vs. PHARMACORR, LLC, and CORIZON HEALTH, INC., Defendants.	Case No.: 5:20-cv-00866-SLP Jury Trial Demanded

DEFENDANT PHARMACORR, LLC'S
DISCLOSURE STATEMENT IDENTIFYING CONSTITUENTS OF LLC

In accordance with Local Civil Rule 7.1.1, Plaintiff PharmaCorr, LLC ("PharmaCorr") hereby submits its Disclosure Statement Identifying Constituents of LLC and states as follows:

1. In relevant part, Local Civil Rule 7.1.1 provides that "[a] party formed as a limited liability company ("LLC") or partnership shall . . . file a separate 'Disclosure Statement Identifying Constituents of LLC or Partnership,' identifying the LLC's members or the partnerships partners, as applicable."

2. PharmaCorr's member is Corizon LLC, a Missouri limited liability company; which is owned by Corizon Health, Inc., a Delaware corporation; which is wholly owned by Valitás Health Services, Inc., a Delaware corporation; which is wholly owned by Valitás Intermediate Holdings, Inc.; which is wholly owned by M2 EquityCo. LLC, a Florida limited liability company; which is wholly owned by M2 HoldCo., LLC, a Florida limited liability company.

/s/ Justin P. Grose
Samuel R. Fulkerson, OBA #14370
Justin P. Grose, OBA #31073
OGLETREE, DEAKINS, NASH,
SMOAK & STEWART, P.C.
The Heritage Building
621 N. Robinson Ave., Suite 400
Oklahoma City, OK 73102
Telephone: (405) 546-3774
Facsimile: (405)546-3775
sam.fulkerson@ogletree.com
justin.grose@ogletree.com

ATTORNEYS FOR DEFENDANTS PHARMACORR, LLC and CORIZON HEALTH, INC.

CERTIFICATE OF SERVICE

I hereby certify that on October 1, 2020, I electronically transmitted the attached document to the Clerk of the Court using the ECF System for filing. The Clerk of Court will transmit a Notice of Electronic Filing to the following ECF registrants:

Jana B. Leonard
Shannon C. Haupt
Leonard & Associates, P.L.L.C.
8265 S. Walker
Oklahoma City, OK 73139
Attorneys for Plaintiff

/s/ Justin P. Grose
Justin P. Grose

44418388.1