Docket #0854 Date Filed: 08/04/2023

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.	)	

Reply in Support of Various Creditors' Motion to Appoint a Chapter 11 Trustee

I. Introduction

1. The Debtor's response to the Motion largely avoids addressing the central issue in this contested proceeding. That issue is whether "cause" exists under Section 1104(a)(1). The various grounds the Debtor raises for denying the Motion, such as an upcoming mediation session scheduled for late August (Response ¶ 5), a claim that a trustee would increase administrative costs (Response ¶ 4), and the Debtor's assertion that, "the movants have utterly failed to articulate anything a chapter 11 trustee would have done, or would do, differently than the Debtor" (Response ¶ 5), simply are not relevant to the § 1104(a)(1) inquiry.

2. The reason that all of these considerations are irrelevant under § 1104(a)(1) is that appointing a Chapter 11 trustee under § 1104(a)(1) is not a discretionary function. As one court explained:

> The Bankruptcy Code sets forth two avenues for appointment of a chapter 11 trustee—one mandatory and one discretionary. . . .
>
> Under section 1104(a)(1) the court is required to appoint a trustee upon finding cause, including fraud, dishonesty, incompetence or gross mismanagement by the debtor. *In re SunCruz*, 298 B.R. at 828. The use of the word "shall" leaves no discretion in appointment once cause is found. . . .
>
> When determining the appropriateness of a trustee under section 1104(a)(2), that is, whether the appointment of a trustee "is in the interest of creditors, any equity security holders, and other

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.

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> interests of the estate" the court's exercise of its discretion is much broader and takes into consideration a variety of different factors.

In re 942 Penn RR, LLC, 642 B.R. 89, 92 (Bankr. S.D. Fla. 2022) (quoting *In re Sundale, Ltd.*, 400 B.R. 890, 899-901 (Bankr. S.D. Fla. 2009)).

3. Thus, if the Debtor's director engaged in conduct of the type enumerated in § 1104(a)(1), such as "fraud," it simply does not matter whether mediation is scheduled, whether a trustee would be expensive, or whether the Debtor's lawyers are doing a good job. Appointment of a trustee is mandatory once § 1104(a)(1) conduct is shown. *See*, *e.g.*, *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"); *In re Savino Oil & Heating Co.*, 99 B.R. 518, 525 (Bankr. E.D.N.Y. 1989) ("[o]nce the court has found that "cause" exists under § 1104(a)(1); there is no discretion; an independent trustee must be appointed"); *In re Oklahoma Refining Co.*, 838 F.2d 1133, 1136 (10th Cir. 1988) ("[o]nce the court has found that cause exists under § 1104, it has no discretion but must appoint a trustee"); *In re Veblen West Dairy LLP*, 434 B.R. 550, 556 n.7 (Bankr. D. S.D. 2010) ("the appointment of a trustee is mandatory under § 1104(a)(1) if cause is found"); *In re Sillerman*, 605 B.R. 631, 642 (Bankr. S.D.N.Y. 2019) ("[t]he statute is mandatory and dictates that upon a finding of cause, the court is required to appoint a chapter 11 trustee").

4. It also does not matter whether any fraudulent or dishonest conduct occurred before or after the petition date. While the Debtor protests that "[m]ost of the allegations concern prepetition activities," (Response ¶ 4), "prepetition conduct is always relevant in considering whether a trustee should be appointed." *In re 942 Penn RR, LLC*, 642 B.R. at 96. That is because § 1104(a)(1) explicitly defines "cause" to include conduct occurring, "either before or after the commencement of the case." 11 U.S.C. § 1104(a)(1).

5. The Debtor's assertion that, "[a]nother critical flaw in the Motion is the absence of any mention of the Debtor's independent Chief Restructuring Officer," (Response ¶ 4), is objectively untrue. *See* Docket 731, pp. 16-17. As discussed in the Motion, the professionals that Lefkowitz hired have not acted as an effective check on Lefkowitz' self-dealing behavior. Lefkowitz is the person who selected the Debtor's CRO and bankruptcy lawyers, (Docket 731-6, pg. 14, Dep. 14:18-20), Lefkowitz is the person signing the schedules and SOFAs, and Lefkowitz remains the sole director of the Debtor. Per its retention application, the Ankura's Engagement Agreement with the Debtor appears to limit its role to "advising and assisting" the Debtor, not supplanting the Debtor's board of directors and assuming full control. (Docket 188, pg. 5).

6. When "a debtor remains in possession -- that is, if a trustee is not appointed -- the debtor's directors bear essentially the same fiduciary obligation to creditors and shareholders as would the trustee for a debtor out of possession." *Commodities Futures Trading Com. v. Weintraub*, 471 U.S. 343, 355 (1985). That is because "[s]tate corporation laws generally vest management authority in a corporation's board of directors. The authority of officers derives legally from that of the board of directors." *Id*. at 348 n.4 (internal citations omitted). As a one-man majority of the board of directors of a debtor-in-possession, Lefkowitz alone possesses ultimate control over the Debtor. He is the only person with the power to waive the Debtor's attorney-client privilege. *See Milroy v. Hanson*, 875 F.Supp. 646, 649-650 (D. Neb. 1995). Lefkowitz has not been "completely ousted," as would occur if this Motion is granted. *Weintraub*, 471 U.S. at 352-53.

II. The Standard of Proof

7. The primary thrust of the Debtor's objection relates to the standard of proof applicable to a § 1104(a) motion. There is a split of authority regarding this issue. *See, e.g. Woodlawn Cmty. Dev. Corp. v. Official Comm. of Unsecured Creditors (In re Woodlawn Cmty. Dev. Corp.)*, 613 B.R. 671, 681-682

(N.D. Ill. 2020) (discussing split). The Debtor cites *Cajun Elec. Power Coop., Inc. v. Cent. La. Elec. Co. (In re Cajun Elec. Power Coop, Inc.)*, 69 F.3d 746, 749 (5th Cir. 1995), in support of its position that the standard of proof applicable to a contested § 1104(a) motion is clear and convincing evidence. (Response ¶ 2). The language cited by the Debtor is contained in section IV of the *Cajun* opinion. On rehearing en banc, the Fifth Circuit withdrew "all of section IV of the prior opinion" and adopted "the reasoning of the dissent in its place." *Cajun Elec. Power Coop. v. Cent. La. Elec. Coop. (In re Cajun Elec. Power Coop.),* 74 F.3d 599, 600 (5th Cir. 1996). Because the language cited by the Debtor was subsequently withdrawn on rehearing, "the Fifth Circuit has not weighed in on the split." *In re Marioneaux*, 2022 Bankr. LEXIS 178 at *9 (Bankr. W.D. La. 2022).

8. The source of this split of authority is *Grogan v. Garner,* 498 U.S. 279 (1991). Prior to *Grogan*, "clear and convincing evidence was required to warrant appointment of a trustee. Nevertheless, the decisions of some courts, which were subsequent to but did not distinguish *Grogan*, have held that a clear and convincing standard is still applicable to motions for the appointment of a trustee." *In re Altman*, 230 B.R. 6, 17 (Bankr. D. Conn. 1999) (internal citations omitted). Those courts that continue to apply a clear-and-convincing standard to chapter 11 trustee motions "rely largely on a prior decision of the Third Circuit, *In re Sharon Steel Corp.*, and its progeny. Significantly, after *Sharon Steel* was decided, the Supreme Court decided *Grogan*[.]" *Keeley v.Grabanski Land P'ship v. Keeley (In re Keeley & Grabanski Land P'ship)*, 455 B.R. 153, 162 (B.A.P. 8th Cir. 2011).

9. In *Grogan,* the court held that in all civil actions between private litigants where Congress has not explicitly prescribed a standard of proof, the preponderance-of-the-evidence standard applies unless "particularly important individual interests or rights are at stake." *Grogan*, 498 U.S. at 286 (citing *Herman & Maclean v. Huddleston,* 495 U.S. 375 (1983)). Section 1104(a) is one such statute; it "does not specify what standard of proof a bankruptcy court should apply." *Woodlawn Cmty. Dev. Corp. v. Official Comm. of Unsecured Creditors (In re Woodlawn Cmty. Dev. Corp.)*, 613 B.R. 671, 682 (N.D.

Ill. 2020). *Huddleston*, on which *Grogan* relies, provides three examples of "particularly important individual interests or rights" that warrant imposition a heightened standard of proof in civil litigation when the applicable statute does not explicitly specify a standard. They are termination of parental rights, involuntary commitment to a psychiatric hospital, and deportation. *Huddleston*, 495 U.S. 375, 389 (1983). In contrast, "imposition of even severe civil sanctions that do not implicate such interests has been permitted after proof by a preponderance of the evidence." *Id.* at 389-90. Applying this reasoning, the *Grogan* court held that a debtor's interest in a bankruptcy discharge did not qualify as a sufficiently important individual interest to warrant a heightened standard of proof, *Grogan*, 498 U.S. at 286, and thus, "the standard of proof for the dischargeability exceptions in 11 U.S.C. § 523(a) is the ordinary preponderance-of-the-evidence standard." *Grogan* at 291.

10. Although *Grogan* specifically dealt with a denial of discharge under § 523(a) based on fraud, lower courts have found its reasoning to be applicable to other sections of the Bankruptcy Code. *See, e.g. In re Cook,* 126 B.R. 261, 266 (Bankr. E.D. Tex. 1991) ("since the majority of § 727 causes of action deal with upholding the integrity of the bankruptcy process rather than serving as a protective device for wronged creditors[,] this Court is of the opinion that a lower standard of proof may be even more appropriate in the context of § 727"); *Tradex Corp v. Morse*, 339 B.R. 823, 832 (D. Mass. 2006) (holding that *Grogan* mandates application of the preponderance standard in motions to appoint a chapter 11 trustee under 1104(a)); *In re Beaubouef*, 966 F.2d 174, 178 (5th Cir. 1992); *Barclays/Am. Bus. Credit v. Adams (In re Adams)*, 31 F.3d 389, 393-394 (6th Cir. 1994); *In re Serafini*, 938 F.2d 1156, 1157 (10th Cir. 1991) ("[i]t would be incongruous to apply a "preponderance of the evidence" standard to § 523(a) and a "clear and convincing" standard to § 727(a)(2). Such would be clearly at odds with the rationale in Grogan"); *Woodlawn Cmty. Dev. Corp. v. Official Comm. of Unsecured Creditors (In re Woodlawn Cmty. Dev. Corp.)*, 613 B.R. 671, 682 (N.D. Ill. 2020) (holding that under *Grogan,* "[p]reponderance of the evidence is the correct standard" for a motion to appoint a chapter 11

trustee); *In re Altman*, 230 B.R. 6, 17 (D. Conn. 1999) (same); *In re Veblen West Dairy LLP,* 434 B.R. 550, 555 (Bankr. D. S.D. 2010) ("[w]hile several courts have relied on the ruling of the Court of Appeals for the Third Circuit in *G-I Holdings, Inc.*, 385 F.3d 313, to require clear and convincing evidence to support the appointment of a chapter 11 trustee, this Court must acknowledge the Supreme Court's guidance in *Grogan v. Garner*, 498 U.S. 279"); *Keeley & Grabanski Land P'ship v. Keeley (In re Keeley & Grabanski Land P'ship)*, 455 B.R. 153, 162 (B.A.P. 8th Cir. 2011) ("If a preponderance of the evidence standard is a sufficient standard for the denial of discharge based on a debtor's fraud, it should likewise be sufficient for the appointment of a trustee based on allegations of the debtor's fraud or misconduct.")

11. The logic of *In re Cook,* 126 B.R. 261, 266 (Bankr. E.D. Tex. 1991), and *In re Serafini*, 938 F.2d 1156, 1157 &n.2 (10th Cir. 1991), is equally applicable to § 1104(a). The right at issue in *Grogan,* an individual debtor's right to a discharge of a fraud judgment, at least constituted an "individual right," even if it was not a sufficiently-important individual right to warrant application of a heightened standard of proof under *Huddleston.* Yet a corporate debtor's interest in remaining in possession of its business after filing a voluntary chapter 11 petition does not even implicate individual rights at all. As one court put it,

> No one's individual rights are at stake. The only interest at issue is the management of a company or a nonprofit organization—not rights akin to those at stake in deportation, involuntary commitment, or parental termination proceedings.
>
> Woodlawn argues that because appointing a trustee is an extraordinary remedy, the standard of proof should be higher. But whether a remedy is unusual or irregular is a separate question from whether it implicates important individual rights. What's more, the presumption that the debtor should remain in possession is not grounded in the statute; it is judicially created.

Woodlawn Cmty. Dev. Corp. v. Official Comm. of Unsecured Creditors (In re Woodlawn Cmty. Dev. Corp.), 613 B.R. 671, 683 (N.D. Ill. 2020).

III. Regardless of What Standard of Proof the Court Applies, the Evidence of Fraud, Dishonesty, and Conflicts of Interest in this Case is Overwhelming

12. It is also important to note that while the Debtor generally argues that the evidence of 'cause' is insufficient, the Debtor failed to contest any of the specific facts supporting the arguments in in the Various Creditor's motion. There is no explanation of why Lefkowitz' testimony that he is a director of Yescare (Docket 731-4, p. 19, Lefkowitz Dep. 72:22-23) does not suffice to show that he has a conflict of interest with respect to the Debtor's claims against Yescare. Nor is there any explanation why a declaration signed by Lefkowitz and filed in federal court, in a case in which he seeks over $1 million in lost-profits damages from an insider transaction he attempted to broker between the Debtor and Seven Trade LLC in February 2022, (Docket 731-27) is not sufficient evidence that Lefkowitz did, in fact, attempt to extract a $1-million arbitrage profit from the Debtor while it was insolvent. Or why a declaration signed by the Debtor's former CEO is not enough to show that Lefkowitz caused the Debtor to wire $3 million to a newly-formed insider entity in December of 2021, and then failed to disclose that payment on the Debtor's SOFAs, (Adv. Case No. 23-03049, Docket 12-2, p. 5, ¶¶ 22-24), particularly where Lefkowitz himself confirmed at a subsequent 341 meeting that the $3 million payment was made. (Ex. 1, June 13, 2023 Meeting of Creditors, 89:20-90:3).

13. If there was any lingering doubt whether sufficient evidence existed to demonstrate 'cause' under 1104(a), the Debtor erased it on July 19. On that day the Debtor amended its SOFA for the second time, revealing over $48 million in previously-undisclosed transfers to entities controlled by insiders. (Docket 881, pg. 220). These transfers include over $33 million in transfers to M2 LoanCo between December 29, 2021, and March 8, 2022.

14. Not only were these payments not disclosed in the April 28th SOFA or in the June 10th amended SOFA, but Mr. Lefkowitz' previous testimony in this case implied that the Debtor made *no*

payments to M2 LoanCo after Perigrove 1018 acquired the Debtor (and M2 LoanCo) in early December of 2021. On May 12, 2023, Lefkowitz testified as follows in a 30(b)(6) deposition:

> 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.**

(Docket 731-4, pg. 18, Lefkowitz Dep. 67:5-18). Lefkowitz' "[i]f there was any payments made" comment implies that either: a) no payments were made to M2 LoanCo related to the loan, or b) if payments were made, Lefkowitz was not aware of them. At the continued 341 meeting on July 21, 2023, Lefkowitz testified that all the cash transfers to M2 LoanCo listed in response to Question 13 on the Debtor's second amended SOFA were payments of amounts due under the Credit Agreement for this loan. (Ex. 2, July 21, 2023 Continued Meeting of Creditors, 75:3-76:2). Given Lefkowitz' testimony about his contemporaneous positions at these two companies and their record-keeping practices, it is difficult to conceive of how these seven and eight-figure payments from Corizon to M2 LoanCo could have been made without his knowledge.

15. Consider, for example, the two payments made in December of 2021: a $10-million payment on December 29, and a $5-million payment on December 30. Lefkowitz was at the helm of the Debtor in late December of 2021. On December 1, 2021, Lefkowitz met with the CEO of the Debtor and demanded that the pre-existing C-suite officers of the company resign from their positions. (Adv. Case No. 23-03049, Docket 12-2, p. 4, ¶ 16). On December 9, 2021, Lefkowitz sent a letter to the Debtor's former CEO, James Hyman, containing the following orders: "**effective immediately** please refrain from making any material company decisions or issue any orders to any of the company and all its

subsidiaries' staff," and, "**[i]n the interim all matters should come to my office while we operate in an emergency mode.**" (Adv. Case No. 23-03049, Docket 12-2, p. 2) (first emphasis in original). Lefkowitz addressed his letter to Mr. Hyman as "Former CEO," and signed this letter as, "Interim CEO and Member of the Board." *Id*. While Sara Tirschwell was later installed as Interim CEO of the Debtor, she did not assume that office until January of 2022. (Ex. 1, June 13, 2023 Meeting of Creditors, 87:13-17).

16. In addition to being the acting CEO of the Debtor at the time of the December 2021 payments, Lefkowitz was also a director of M2 LoanCo. (Docket 731-4, pg. 5-6, Lefkowitz Dep. 16:23-17:2). M2 LoanCo currently has a second director, Alan Rubenstein. The only people who have been directors of M2 LoanCo since Lefkowitz became a director are Lefkowitz and Rubenstein. (Docket 731-4, pg. 6, Lefkowitz Dep. 18:23-19:2). Lefkowitz was also the director of M2 LoanCo's sole Member, M2 HoldCo. (Docket 731-4, pg. 6, Lefkowitz Dep. 17:9-18:1). As Lefkowitz put it, "I'm the director of both. The buck stops at my desk." (Docket 731-4, pg. 27, Lefkowitz Dep. 101:10-11). From and after December 2021, M2 LoanCo has not had any employees, (Docket 731-4, pg. 6, Lefkowitz Dep. 20:6-8), nor has it had any officers. (Docket 731-4, pg. 6, Lefkowitz Dep. 19:17-20). And in December of 2021, Rubenstein was not yet a director: Lefkowitz did not ask Rubenstein to join M2 LoanCo until sometime in 2022. (Docket 731-4, pg. 14, Lefkowitz Dep. 52:19-25). Thus, according to his own uncontradicted testimony, Lefkowitz was the only natural person who held a position at M2 LoanCo at the time of these transfers.

17. In addition to being the only human being at M2 LoanCo, Lefkowitz was, and is, the primary custodian of M2 LoanCo's business records. M2 LoanCo's business records were kept in Lefkowitz' IL@perigrove.com email account, (Docket 731-4, pg. 16, Lefkowitz Dep. 59:1-61:12), and in a dropbox account that Lefkowitz set up when he first became a director of M2 LoanCo. (Docket 731-4, pg. 28, Lefkowitz Dep. 107:5-108:7). As Lefkowitz explained on May 12, 2023:

> 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.**

(Docket 731-4, pg. 27, Lefkowitz Dep. 104:4-9). The ultimate parent company of both M2 LoanCo and the Debtor, Perigrove 1018 LLC, also maintains its records in the same locations; Lefkowitz' email account and dropbox account. (Docket 731-4, pg. 27, Lefkowitz Dep. 104:12-23).

18. To recap: while the Debtor was, in Lefkowitz' words, on "the brink of bankruptcy," operating in "emergency mode" with all material matters coming directly to Lefkowitz as Interim CEO, (Adv. Case No. 23-03049, Docket 12-2, p. 2), the Debtor transferred $15 million dollars to M2 LoanCo. At the time, M2 LoanCo was a company operated by Lefkowitz alone, with no employees, no officers, and no directors other than Lefkowitz, which kept all of its records in Lefkowitz' email account and/or Lefkowitz' dropbox account. And Lefkowitz would have us believe that he did not know about these payments until now.

19. On April 28, 2023, Lefkowitz signed the Debtor's original SOFA, with the box for "none" checked in response to Question 13. On the morning of May 12, 2023, Lefkowitz proffered the "If there was any payments was made" comment, when he was testifying as M2 LoanCo's corporate representative concerning the Credit Agreement between M2 LoanCo and the Debtor. Lefkowitz also testified at the first 341 meeting later in the day on May 12. In the 341 meeting, when asked by a creditor whether he planned on amending his response to Question 13, Lefkowitz testified, "I don't believe it needs to be amended . . . I believe the SOFAs are 100 percent accurate and I believe my testimony is 100 percent accurate." (Docket 731-6, pg. 78-79). On June 10, 2023, Lefkowitz signed the Debtor's first amended SOFA, again checking the box for "none" in response to Question 13.

20. If that is not sufficiently clear-and-convincing, then consider the newly-disclosed payments to insider entities that occurred after the date of the divisional merger. The Debtor made four post-divisional-merger payments to insider-controlled entities, including a $1 million payment to M2 LoanCo on May 17, 2022, and a $1 million payment to "Perigrove" on June 1, 2022. At that time of these post-merger payments, Lefkowitz (who is a CPA) was the person responsible for maintaining the Debtor's books and records. He testified as follows in the June 13, 2023 continued meeting of creditors:

> MR. MCKAY: So if the Debtor made payments or had financial transactions in, say, June 2022, you were responsible for maintaining the books and records, correct?
>
> MR. LEFKOWITZ: **Correct.**
>
> MR. MCKAY: And those would have been reflected in those books and records, correct?
>
> MR. LEFKOWITZ: **Correct.**

(Ex. 1, June 13, 2023 Meeting of Creditors, 51:25-52:5). According to Lefkowitz, between May 5, 2022 and the petition date, the Debtor had no officers, no employees, (Ex. 1, 68:25-69:21), and no directors other than Lefkowitz. (Docket 731-6, pp. 30-31, Dep. 30:14-31:13). Lefkowitz acknowledged that post-merger, he was "the sole director of the debtor and the only one with access to the account[.]" (Docket 731-6, pg. 76, Dep. 76:13-15). As Lefkowitz was the custodian of the Debtor's books and records, the only person who held any office or position with the Debtor, and the only person with access to the Debtor's bank account, there is simply no way the $1 million payment to M2 LoanCo on May 17, 2022 or the $1 million payment to Perigrove on June 1, 2022 could have occurred if Lefkowitz did not authorize them.

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

FRANK OZMENT ATTORNEY AT LAW, LLC

/s/ Frank Ozment
Alabama Bar ID 7203-N73J
/s/ Valrey W. Early, III
Alabama Bar ID EAR001
Attorneys for Tracey Grissom
501 217 Country Club Park
Mountain Brook, Alabama 35213

t: 205.413.9973
e: FrankOzmentLaw@gmail.com
e: EarlyLawOffice@gmail.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:	§	CASE NO. 23-90086-11
	§	HOUSTON, TEXAS
TEHUM CARE SERVICES, INC.,	§	TUESDAY,
	§	JUNE 13, 2023
DEBTOR.	§	1:03 P.M. to 3:15 P.M.

CONTINUED SECTION 341 MEETING OF CREDITORS (VIA TELEPHONE)

CONDUCTED BY ANDREW JIMENEZ
TRIAL ATTORNEY

APPEARANCES (VIA TELEPHONE): SEE NEXT PAGE

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APPEARANCES (VIA TELEPHONE):

FOR THE US TRUSTEE:	DEPARTMENT OF JUSTICE OFFICE OF THE US TRUSTEE Andrew Jimenez, Esq. 615 E. Houston Street Suite 533 San Antonio, TX 78205 210-472-4640 Fax: 210-472-4649 andrew.jimenez@usdoj.gov
	OFFICE OF THE UNITED STATES TRUSTEE Ha Minh Nguyen, Esq. 515 Rusk Street Suite 3516 Houston, TX 77002 202-590-7962 ha.nguyen@usdoj.gov
FOR THE DEBTOR TEHUM CARE SERVICES, INC.:	GRAY REED & McGRAW, LLP Jason S. Brookner, Esq. 1601 Elm Street Suite 4600 Dallas, TX 75201 469-320-6132 Fax: 214-953-1332 jbrookner@grayreed.com
CORIZON HEALTH SERVICES, INC.	BERGER SINGERMAN LLP James Gassenheimer, Esq. 1450 Brickell Avenue Suite 1900 Miami, FL 33131 305-755-9500 Fax: 305-714-4340 jgassenheimer@bergersingerman.com
	O'CONNOR KIMBALL LLP Martin J. McAndrew, Esq. 51 Haddonfield Road Suite 330

APPEARANCES (CONTINUED):

	O'CONNOR KIMBALL LLP Martin J. McAndrew, Esq 51 Haddonfield Road Suite 330 Cherry Hill, NY 08002-4805 856-663-9292
	Lydia R Webb Gray Reed & McGraw LLP 1601 Elm St Ste 4600 Dallas, TX 75201 469-320-6111 lwebb@grayreed.com
FOR THE OFFICIAL UNSECURED CREDITORS COMMITTEE:	STINSON, LLP Paul Brian Lackey, Esq. 2200 Ross Avenue Suite 2900 Dallas, TX 75201 214-560-2201 Fax: 214-560-2202 Paul.lackey@stinson.com
FOR CREDITOR BILLIE MANCELL:	LAW FIRM OF DANIELA LABINOTI, P.C. Daniela Labinoti, Esq. 707 Myrtle Avenue El Paso, TX 79901 915-581-4600 daniela@labinotilaw.com
FOR THE INTERNAL REVENUE SERVICE:	Dorcas Basaldua 1919 Smith Street Houston, TX 77002

HOUSTON, TEXAS; TUESDAY, JUNE 13, 2023; 1:03 P.M.

MR. NGUYEN: You're on the Record, Andrew.

MS. JIMENEZ: Good afternoon. Today --

Thank you. Thank you, Mr. Nguyen.

Good afternoon. Today is June 13th, 2023. The time is 1:03 p.m. Central Standard Time.

We are here on the continued Section 341 Meeting of creditors in the bankruptcy 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 with the United States Department of Justice, and I represent the United States Trustee.

I am joined by my colleague, Ha Nguyen. I will be presiding -- I will be the presiding officer of this 341 Meeting of Creditors. At about a little -- shortly before 2:30 p.m., I will need to step out of the meeting to attend a court hearing. If the meeting is still going on, Mr. Nguyen will continue presiding the meeting at that -- at that point so that all the creditors that are present can have an opportunity to ask questions.

I know there are several creditors on the phone. This is a Meeting of Creditors, and I will let creditors ask the questions of Tehum's representatives. I ask you to please wait until your turn until you're called to ask

questions.

Creditors are free to ask questions and should be -- should be limited to the Petition, Schedules, and Statement of Financial Affairs, or the general financial condition of the Debtor. If you need additional information, there are other avenues available under the bankruptcy rules. You could take a 2004 Examination should you need additional discovery.

This meeting is being digitally recorded by the United States Trustee, and the United States Trustee recording is the only authorized recording. Nobody else should be recording this meeting.

Will counsel for the Debtor please identify himself for the Record?

MR. KAUFMAN: For the Record, this is Aaron Kaufman with the law firm of Gray Reed as counsel for the Debtor.

MR. JIMENEZ: And now the Debtor's corporate representative, please identify for the Record.

MR. LEFKOWITZ: Isaac Lefkowitz --

MR. KAUFMAN: Oh, sorry, Mr. Lefkowitz. Just so we're clear, there are -- there are two representatives of Debtor present, but go ahead, Mr. Lefkowitz.

MR. LEFKOWITZ: Isaac Lefkowitz on behalf of the Debtor.

MR. KAUFMAN: And the second one is Mr. Russell Perry, the Chief Restructuring Officer. He's also on the line.

MR. JIMENEZ: Mr. Perry, could you please state your name for the Record?

MR. PERRY: Hi. This is Russell Perry.

MR. JIMENEZ: Okay. So I'm going to swear in the witnesses.

First, I'll start with Mr. Lefkowitz. Could you please raise your right hand and state your full name for the Record?

MR. LEFKOWITZ: Isaac Lefkowitz.

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.

ISAAC LEFKOWITZ, DEBTOR'S WITNESS, AFFIRMED

MR. JIMENEZ: Mr. Perry, could you please raise your right hand and state your full name for the Record?

MR. PERRY: Russell Perry.

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. PERRY: I do.

RUSSELL PERRY, DEBTOR'S WITNESS, SWORN

MR. JIMENEZ: Since this meeting is being conducted telephonically, I cannot do what I normally do in a Chapter 11 case, which is to verify the Government issued identifications of the witnesses.

Mr. Kaufman, as an Officer of the Court, can you please confirm that the individuals on the phone are, indeed, Mr. Perry and Mr. Lefkowitz?

MR. KAUFMAN: I can confirm that, yes.

MR. JIMENEZ: So during this meeting, I will be using the term "Debtor." And when I say, "the Debtor," I am referencing Tehum Care Services, Inc., formerly doing business as Corizon Health Services, Inc.

So, Mr. Lefkowitz, I'll start my questions. I'll start my questions so that you can answer. So on June 10th, 2023, the Debtor filed Amended Schedules in Docket No. 676 and an Amended Statement of Financial Affairs on Docket No. 677.

Did you look over the information on the Amended Schedules and Amended Statement of Financial Affairs before they were filed with the Bankruptcy Court?

MR. LEFKOWITZ: Yes, I did.

MR. JIMENEZ: Is the information on the Debtor's Amended Schedules and Amended Statement of Financial Affairs true and correct to the best of your knowledge and belief?

MR. LEFKOWITZ: Yes, they are.

MR. JIMENEZ: At this time are there any changes or amendments that you wish to make on the Petition, Schedules, or Statement of Financial Affairs?

MR. LEFKOWITZ: No, sir.

MR. JIMENEZ: Do you have document -- Docket No. 676 in front of you?

MR. LEFKOWITZ: Just a second. I'll bring them up.

Yes, I do.

MR. JIMENEZ: Okay. So I'm going to make reference to various pages on the Document 676. I first -- my first question if you could go to page 196 -- and we -- we're getting some feedback on the sound. So if you're not asking questions or if you're not answering questions at this time, please put your lines on mute. And please avoid using speakerphone.

MR. LEFKOWITZ: One second. I'm scrolling to 196.

Yes. I'm there.

MR. JIMENEZ: Okay. So on page 196 of 293, the Debtor disclosed in Question No. 77 its other property -- the M2 LoanCo, LLC Funding Agreement with an undetermined value.

My question is why is the value of the funding agreement undetermined?

MR. LEFKOWITZ: It needs to be reconciled and

analyzed whether the agreement was completely funded or overfunded.

MR. JIMENEZ: So what was the amount stipulated in the agreement?

MR. LEFKOWITZ: 15 million.

MR. JIMENEZ: Since the Petition date, has M2 LoanCo made payments? Let me restate that.

As of today, has the Debtor received funds under the funding agreement?

MR. LEFKOWITZ: No. Only on the specific ground.

MR. PERRY: Mr. Jimenez, did you mean postpetition? I was unclear about that question.

MR. JIMENEZ: Yes, it's postpetition.

MR. PERRY: Okay.

MR. LEFKOWITZ: Post Petition M2 LoanCo.

(Speakers talk at the same time.)

MR. JIMENEZ: I didn't get your answer, Mr. Lefkowitz. Can you please repeat it?

MR. LEFKOWITZ: I said postpetition -- I said postpetition M2 LoanCo only funded under the DIP lending arrangement.

MR. JIMENEZ: Who negotiated the funding agreement on behalf of the Debtor?

MR. LEFKOWITZ: I did.

MR. LEFKOWITZ: And who negotiated the funding

agreement on behalf of M2 LoanCo?

MR. LEFKOWITZ: His name is Alan Rubenstein (phonetic).

MR. JIMENEZ: Can you please repeat the name? Alan?

MR. LEFKOWITZ: Rubenstein.

MR. JIMENEZ: So what happened to me being able to reconcile the amount of this funding agreement? This bankruptcy Petition was filed on February 14th, 2023.

MR. LEFKOWITZ: So --

MR. PERRY: Mr. Jimenez, this is Russel Perry. Can I answer that?

MR. JIMENEZ: Let's -- first, let's let Mr. Lefkowitz answer, and then I'll go --

MR. PERRY: Okay.

MR. JIMENEZ: -- then I'll go to you.

MR. LEFKOWITZ: So since the fundings were not in in large tranches of money, it was basically payments of invoices and creditors on behalf of the Debtor. So that's being reconciled to the facilitator who actually made a payment to make certain that all the monies allocated were allocated towards the arrangement.

MR. JIMENEZ: So who is this facilitator who made the payments?

MR. LEFKOWITZ: Geneva Consulting.

MR. JIMENEZ: Geneva Consulting?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: What is Geneva Consulting?

MR. LEFKOWITZ: Geneva Consulting was a third-party company that facilitated the actual payment and vetted the backup paperwork for payments to be made on behalf of M2 LoanCo.

MR. JIMENEZ: Who is Alan Rubenstein?

MR. LEFKOWITZ: Alan Rubenstein is the director of M2 LoanCo.

MR. JIMENEZ: Does he still work with M2 LoanCo?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: So when you -- when you were negotiating this funding agreement on behalf of the Debtor, did you have counsel?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: When you were negotiating with Mr. Rubinstein, did Mr. Rubinstein have counsel --

MR. LEFKOWITZ: M2 LoanCo had --

(Speakers talk at the same time.)

MR. JIMENEZ: -- under the funding agreement?

MR. LEFKOWITZ: Absolutely.

MR. JIMENEZ: Okay. So under the funding agreement, has M2 LoanCo made disbursements prepetition?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Were those payment disbursements made directly to the Debtor?

MR. LEFKOWITZ: Through Geneva Consulting.

MR. JIMENEZ: So M2 LoanCo would make the payments to Geneva -- to Geneva Consulting, and then Geneva Consulting will transfer the money to the Debtor?

MR. LEFKOWITZ: No. Geneva Consulting would make the payments on behalf of the Debtor.

MR. JIMENEZ: Can you give me examples to -- of to whom would Geneva Consulting make those payments?

MR. LEFKOWITZ: Say Geneva Consulting had an invoice from AT&T. So Geneva Consulting would make that payment on behalf of the Debtor and direction of them, too.

MR. JIMENEZ: Are you in any way associated with Geneva Consulting?

MR. LEFKOWITZ: I'm not an officer. I may have some role in the way that I help them vet the invoices.

MR. JIMENEZ: I didn't -- I didn't understand your answer. You're breaking up. Can you please repeat it?

MR. LEFKOWITZ: I'm not an officer or a principal in Geneva, but I did play a role in helping them vetting those invoices and making those payments.

MR. JIMENEZ: Can you be more specific? What do you mean when you say, "You play a role"?

MR. LEFKOWITZ: Just to help them verify if the

payment is accurate or not.

MR. JIMENEZ: Are you a director of Geneva Consulting?

MR. LEFKOWITZ: Not with the title director, no.

MR. JIMENEZ: What title, if any, do you have?

MR. LEFKOWITZ: I don't have a title. I'm not getting paid from Geneva Consulting. I just help them make sure that it's being processed correctly.

MR. JIMENEZ: Are you an owner of Geneva Consulting?

MR. LEFKOWITZ: No.

MR. JIMENEZ: Were you involved in the formation of Geneva Consulting?

MR. LEFKOWITZ: No.

MR. JIMENEZ: Were you ever an owner of Geneva Consulting?

MR. LEFKOWITZ: No.

MR. JIMENEZ: Prior to the Petition date, has anyone, other than Geneva Consulting, made payments on behalf of the Debtor?

MR. LEFKOWITZ: Not that I'm aware of.

MR. JIMENEZ: So when will you have the information -- the reconciliation information about the disbursements made under in the funding agreement?

MR. LEFKOWITZ: I believe Ankura team is doing it

as we speak.

MR. JIMENEZ: Who's doing that?

MR. LEFKOWITZ: The Ankura team. That's the CRO of Russell Perry's firm that he's working at.

MR. JIMENEZ: Okay. So, Mr. Perry, can you give us more information as to why the disbursements under the funding agreement -- we don't have that information as of today -- as of today?

MR. PERRY: Yeah. We -- well, we do -- we do have the information. I don't -- I don't think we are saying we don't have the information. I think we're saying we're working through the analysis. I believe I testified fairly early on in the case that the information that we have been provided totals roughly -- call it $40 million of payments that were made post divisional merger prior to the Petition date.

The 90-day payments alone include, you know, roughly $6 million of payments. We have that information. We are working through the validation of each and every one of those payments to the extent that they are material.

This would include things like reviewing invoices that were supportive of those payments, reviewing the actual information underpinning the exact nature of those services when those services occurred, things of that nature. So it -- the information has largely been produced. It's just a

matter of being able to process the information, validate the information, Schedule the information, and, you know, at some point being able to provide that information in a way that folks have received from us -- the analysis.

MR. KAUFMAN: Mr. Jimenez, this is Aaron Kaufman. I'm going to just supplement all of that with the Committee is doing a parallel investigation with the same information. So it's kind of a joint effort here.

MR. JIMENEZ: So --

MR. PERRY: This is Russell. The Committee -- we're doing a parallel investigation. I'm not sure that we have the same information. I think we could drill down to that more later.

MR. JIMENEZ: Very well. So going back to Mr. Lefkowitz.

So, Mr. Lefkowitz, you testified that the funding agreement is for $16 million, correct?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Okay. And if $40 million were disbursed prepetition -- so is there anything else left under the funding agreement that could be dispersed to the Debtor to fund the bankruptcy?

MR. LEFKOWITZ: No. The balance of (indiscernible) M2 funded is an unsecured creditor.

MR. JIMENEZ: Can you please expand?

What do you mean by that?

MR. LEFKOWITZ: Again, we'll use the number 40 that Russell used. I don't think it's 40. I think it's shy of 40. But if 15 million was on behalf of the funding agreement, there's another balance that M2 LoanCo made a business decision to fund the Debtor prior to the Petition after the divisional merger so creditors can get settled. We were trying to avoid bankruptcy, by all means, and we kept on funding various creditors until we hit a deadlock.

MR. JIMENEZ: So if I understood your answer, you're saying that those $15 million under the funding agreement are still available for creditors?

MR. LEFKOWITZ: No. Those have been funded already.

MR. JIMENEZ: And that was --

MR. LEFKOWITZ: From May of '22. I'm sorry. I didn't understand.

So from May of 2022 to February of 2023, actually, the 15 million was funded from May of 2022 till end of June of 2022. And then from June 2022, February 2023, the remainder of funding, not under the funding agreement, was funded for the Debtor.

(Pause in the proceedings.)

MR. JIMENEZ: So the funding agreement is listed as an asset, as another -- as another type of property. But

you're saying that it was already -- the $50 million were already exhausted.

MR. LEFKOWITZ: That's correct. Correct.

MR. JIMENEZ: Is that correct?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: They were dispersed. So what is left, then, under this funding agreement that could be used to fund this bankruptcy?

MR. LEFKOWITZ: I don't think there is any.

MR. JIMENEZ: Then why are you listing this agreement as an asset, as a property of the Debtor?

MR. LEFKOWITZ: It's only listed to the potential if anything shy of the 15 million was funded, but the 15 million was funded.

MR. JIMENEZ: So this agreement is no longer a property. It's another liability of the Debtor.

MR. LEFKOWITZ: It's not a liability to the Debtor because the Debtor doesn't owe this 15 million back to M2 LoanCo. M2 LoanCo undertook to fund the divisional merger on behalf of the Debtor without expecting to get it -- to get it paid back. It's the other 25 million that M2 LoanCo funded outside of the funding agreement that M2 LoanCo has a claim to the debt.

MR. JIMENEZ: Did you say 25 million possible claim of M2 LoanCo?

MR. LEFKOWITZ: Approximately that.

MR. JIMENEZ: Okay. I'm going to move now -- I'm going to ask you to please reference page 204 of 239.

MR. LEFKOWITZ: Okay. I've got it.

MR. JIMENEZ: Okay. And here we have -- and in page 204, the letter provides a list of insurance policies. For every insurance policy included in the list, the letter states that the current value of its insurance is undetermined. Why is that? Why is -- why is the value listed as undetermined?

MR. LEFKOWITZ: Again, it needs to be analyzed whether the entire equity of the policy has been exhausted or not.

MR. JIMENEZ: Does it -- does the letter have the information about what is the cap or limit under each of the insurance policies?

MR. LEFKOWITZ: Yes.

MR. KAUFMAN: Mr. Jimenez, this is Aaron Kaufman. As we discussed offline before today, we are working to supplement this chart. We'll provide, to the extent we have the information available, the policy limits, any SIR requirements, that kind of information. We're happy to supplement this chart with that information.

MR. JIMENEZ: Thank you, Mr. Kaufman. The US Trustee requests that the Debtor supplement the information providing the policy limits in the SIR.

So I'm going to move to page 210 out of 239, the Amended Schedules identifying new creditors. On page 210 in line 3.6, it states that Abraham Goldberger is a creditor with an undetermined claim for indemnification.

Do you see what I'm referring to?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: Who is Abraham Goldberger?

MR. LEFKOWITZ: Abraham Goldberger is an equity holder in the parent company. So we just listed him as a potential indemnification claim.

MR. JIMENEZ: When you say parent company, what company are you referring to?

MR. LEFKOWITZ: Perigrove 1018. He was a former officer.

MR. JIMENEZ: Why did you -- go ahead.

MR. LEFKOWITZ: As a former officer, we may have some indemnification claims. He may have some indemnification claims to the Debtor.

MR. JIMENEZ: He was a former officer of -- to whom?

MR. LEFKOWITZ: He was a former officer of the parent company.

MR. JIMENEZ: When you say parent company, who are you referring to?

MR. LEFKOWITZ: So prior to the divisional merger,

he was on the board of the company before the merger; so we listed him onto the bylaws as a potential indemnity claim if there is any. It was just for disclosure.

MR. JIMENEZ: Okay.

MR. LEFKOWITZ: That's why it's undetermined.

MR. JIMENEZ: Is the company before the merger Corizon?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Why is the claim undetermined?

MR. LEFKOWITZ: Because he hasn't made a claim. It's just -- we're just doing it as a disclosure of the contingency claim -- unliquidated claim.

MR. JIMENEZ: Moving on to page 215 out of 239, in 93.260 it states that CHS Texas, Inc. is a creditor with an undetermined claim for indemnification.

Can you see this?

MR. LEFKOWITZ: Correct. Yes.

MR. JIMENEZ: What is CHS TX, Inc.'s relationship with the Debtor?

MR. LEFKOWITZ: CHS Texas was formerly merged with the Debtor, and then they divided. Then there was a divisional merger. So they might have some unliquidated claims arising out of that divisional merger as far as

(Speakers talk at the same time.) --

MR. JIMENEZ: So CHS --

MR. LEFKOWITZ: -- is concerned.

MR. JIMENEZ: CHS TX -- it's still in existence after the divisional merger?

MR. LEFKOWITZ: Right. CHS Texas and Corizon were merged. Then they divided. CHS Texas went left, and the Debtor right, or vice-versa.

MR. JIMENEZ: What does CHF Texas, Inc. does *[sic]* today?

MR. LEFKOWITZ: The same -- the same type of business -- correctional healthcare.

MR. JIMENEZ: And does CHS Texas has operations?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: Are you a director in CHS Texas?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: Are you involved with CHS Texas in any other capacity?

MR. LEFKOWITZ: Other than a director, no

MR. JIMENEZ: Will CHS Texas file a claim in this bankruptcy case?

MR. LEFKOWITZ: They haven't filed as of yet. It all depends whether there is, in my indemnification, contingency claims.

MR. JIMENEZ: I'm going to move on to page 220, and on line 3.562 it states that "Isaac Lefkowitz is a creditor with an undetermined claim for identification."

Are you the same person identified in the -- in the Schedules as Isaac Lefkowitz?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Why is this claim undetermined?

MR. LEFKOWITZ: The same as -- it's the same answer as the Goldberger claim. I was a former officer. So there might be -- under the bylaws, there might be some indemnification contingency claims.

MR. JIMENEZ: Will you file a proof of claim in this bankruptcy case?

MR. LEFKOWITZ: I haven't decided.

MR. JIMENEZ: As of today, do you believe that you have a claim against the Debtor?

MR. LEFKOWITZ: I don't have a claim today. It all depends whether, you know, the new company is going to be litigated and whether there's going to be an indemnification claim.

MR. JIMENEZ: So moving on to page 221 in line 3.585, it states that "Jefferson Dunn (phonetic) is a creditor with an undetermined claim for indemnification." Who is Jefferson Dunn?

MR. LEFKOWITZ: I'm sorry? Which page is that again? Which page number?

MR. JIMENEZ: 221, line 3.585.

MR. LEFKOWITZ: Jefferson Dunn. It could be a

former employee of the Debtor.

MR. JIMENEZ: It's a former employee of the Debtor?

MR. LEFKOWITZ: Correct. Correct.

MR. JIMENEZ: What did -- what did Mr. Dunn do when he was employed by the Debtor?

MR. LEFKOWITZ: I don't know his exact position, but he worked on the Alabama contract out of the DOC contract to the Debtor then.

(Speakers talk at the same time.)

MR. JIMENEZ: And why did he quit?

MR. LEFKOWITZ: Again, this is --

MR. JIMENEZ: Well --

MR. LEFKOWITZ: -- you know --

MR. JIMENEZ: -- let --

MR. LEFKOWITZ: -- these folks --

MR. JIMENEZ: -- me ask --

MR. LEFKOWITZ: -- these folks have --

MR. JIMENEZ: -- let me ask -- let me ask the question before you -- before you answer so that we have a --

MR. LEFKOWITZ: Oh.

MR. JIMENEZ: -- clear record. I'm sorry.

MR. LEFKOWITZ: Okay.

MR. JIMENEZ: So my next question is why is the

claim undetermined?

MR. LEFKOWITZ: Because it's just an indemnification claim. So we don't know yet what the actual dollar amount is. It's just a contingency that I'll liquidate.

MR. JIMENEZ: Moving on to page 224. Let me know when you're there.

MR. LEFKOWITZ: Yeah.

MR. JIMENEZ: On line 3.739, it states that "Mary Cook is a creditor with an undetermined claim for indemnification."

MR. LEFKOWITZ: Who is Mary Cook?

MR. LEFKOWITZ: Right. A former employee, the same scenario as the previous one.

MR. JIMENEZ: What did Ms. Cook did *[sic]* when she was employed by the Debtor?

MR. LEFKOWITZ: I don't recall exactly. She may have been nursing.

MR. JIMENEZ: You got caught up. Could you please repeat that?

MR. LEFKOWITZ: I said, I don't -- I don't recall exactly what her position was. I believe she was in nursing then some sort of a medical provider, that she has an indemnification claim.

MR. JIMENEZ: Do you recall in what facility she

worked or what contract?

MR. LEFKOWITZ: I don't know the facility, but under the Alabama contract.

MR. JIMENEZ: And why is the claim undetermined?

MR. LEFKOWITZ: She's being sued by a former inmate; so I don't think the claim has been quantified yet. I'm not sure that the Debtor is liable or not, but we're listing them as a contingent unliquidated claim under her indemnification.

MR. JIMENEZ: Moving to page 228. Let me know when you're there.

MR. LEFKOWITZ: 228. Okay.

MR. JIMENEZ: Line 3.941 states that "Patricia Schmidt is the creditor with an undetermined claim" --

MR. LEFKOWITZ: Right.

MR. JIMENEZ: -- "for indemnification."

Who is Patricia Schmidt?

MR. LEFKOWITZ: She was a doctor who -- she was a medical provider under a separate agreement, the Michigan contract.

MR. JIMENEZ: Why is the claim undetermined?

MR. LEFKOWITZ: Because the claim is still outstanding, and it's on (indiscernible) that.

MR. JIMENEZ: Ms. Patricia Schmidt is the defendant in a lawsuit?

MR. LEFKOWITZ: Correct. And it has been stayed due to the Chapter 11 filing.

MR. JIMENEZ: Moving to page 230. Let me know when you're there.

MR. LEFKOWITZ: 2-3-0?

MR. JIMENEZ: Yeah. So, like, I'm going to reference line 3.1066. It states that "Louis Naegeli (phonetic) is a" --

MR. LEFKOWITZ: Right.

MR. JIMENEZ: -- "creditor with an undetermined claim for indemnification."

Who is Louis Naegeli?

MR. LEFKOWITZ: A medical provider under the Alabama contract.

MR. JIMENEZ: Why is the claim undetermined?

MR. LEFKOWITZ: I don't know. Because it hasn't been quantified yet, her --

(Speakers talk at the same time.)

MR. JIMENEZ: Is there a lawsuit --

MR. LEFKOWITZ: -- litigation against her.

MR. JIMENEZ: -- involving Ms. --

MR. LEFKOWITZ: I believe so.

MR. JIMENEZ: On the same page a little further down -- further down in line 3.1084, it states that "Sara Tirschwell is a creditor with an undetermined claim for

indemnification."

Who is Sara Tirschwell?

MR. LEFKOWITZ: She was an acting CEO of the -- of the CHS Texas.

MR. JIMENEZ: Does she -- does she continue to be employed with CHS Texas?

MR. LEFKOWITZ: No.

MR. JIMENEZ: Is Ms. Tirschwell employed with any -- with any of the other entities that exist after the divisional merger?

MR. LEFKOWITZ: No.

MR. JIMENEZ: Is Ms. Tirschwell a defendant in any lawsuit that involves the Debtor?

MR. LEFKOWITZ: She is.

MR. JIMENEZ: And why is the claim undetermined?

MR. LEFKOWITZ: The case is stayed and hasn't been quantified.

MR. JIMENEZ: Moving to the next page --

MR. LEFKOWITZ: I have --

MR. JIMENEZ: -- page 2. All right. I didn't hear that, sir.

MR. LEFKOWITZ: I said she may have some identification claims.

MR. JIMENEZ: Moving to the next page, page 231, in line 3.1091, it states that "Scott King is a creditor

with an undetermined claim for indemnification."

Who is Scott King?

MR. LEFKOWITZ: He's the general counsel for CHS Texas.

MR. JIMENEZ: He's currently -- he currently has that position as general counsel?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Why is the claim undetermined?

MR. LEFKOWITZ: It's the indemnification under, you know, directors and officers. It hasn't been quantified.

MR. JIMENEZ: Is Mr. King a defendant in any of the lawsuits involving the Debtor?

MR. LEFKOWITZ: Yes.

MR. PERRY: Mr. Jimenez, it's Russell Perry. Can I just provide a little bit of context on the various parties you've been asking questions about?

MR. JIMENEZ: Sure. Go ahead.

MR. PERRY: Okay. So there is currently an adversary pleading in front of Judge Lopez related to the extension of an automatic stay related to roughly 35 or so potential contingent unliquidated indemnification claims that may arise against the Debtor.

Docket No. 43 in that adversary proceeding lists out the roughly 35 various claims today in which each of the

respective parties that you have asked questions about are listed as a non-Debtor, indemnified party on the Schedule.

So if folks have additional questions, you know, or Mr. Jimenez for -- we can certainly direct you to this -- there's a chart that has each respective state, each respective case, the defendant in the proceeding underlying the case itself, the potential non-Debtor indemnified party, the type of indemnification claim, or other type of claim that may give rise to either an identification or a potential property of the estate.

This was the subject of the initial automatic stay extension hearing in front of Judge Lopez. We had a subsequent hearing that was effectively now being dealt with and will be handled in a mediation session that Judge Lopez asked us or asked the Debtor's representative this morning for an update on.

So each of these respective parties that you've asked about over the last couple of minutes have been Scheduled in Schedule F listed as a indemnification but marked as contingent and unliquidated in order for there to be disclosure as it relates to the extension of the automatic stay adversary proceeding in this chart that was filed.

I don't know that we laid that out perfectly in the notes. But, you know, there is a fairly comprehensive,

again, Docket 43 chart that provides a significant amount of detail on each one -- each one of these.

MR. JIMENEZ: Thank you, Mr. Perry.

Mr. Lefkowitz, moving now to page 237. Let me know when you're there.

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: On line, 3.1420, it states that "YesCare Corp. is a creditor with an undetermined claim for identification."

First, what is YesCare Corp.'s relationship with the Debtor?

MR. LEFKOWITZ: There's no relationship with the Debtor. YesCare Corp. is part of CHS Texas. It's wholly owned by CHS Texas.

MR. JIMENEZ: What does YesCare do?

MR. LEFKOWITZ: The same as CHS Texas, nurse correctional healthcare.

MR. JIMENEZ: Are you a director in YesCare?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: Will YesCare file a claim in this bankruptcy case?

MR. LEFKOWITZ: It's undetermined yet. Only if there is some indemnification claims.

MR. JIMENEZ: So I'm going to direct your attention to page 185 of 239.

MR. PERRY: Sorry. Mr. Jimenez, could you say that page -- can you give me that page again. I didn't hear it.

MR. JIMENEZ: 185.

MR. PERRY: And the docket number? Are we -- I'm sorry. Are we still on 676, or did we move to --

MR. JIMENEZ: No. The same document -- 676, same document.

MR. PERRY: Thank you.

MR. LEFKOWITZ: Got it.

MR. JIMENEZ: Okay. So if you look at part one in this document, it's a summary of assets and liabilities. Part one is a summary of assets. The summary -- the summary of assets states that the value of Debtor's property is zero dollars.

Do you believe that valuing in zero dollars the property of the Debtor accurately reflects the financial circumstances of the Debtor?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: Could you please expand?

MR. LEFKOWITZ: We're basically still determining, you know, what value of certain assets the Debtor has. We have a couple of buckets. One of them is insurance claims which we touched upon before; the other one is potential claims that we have against third parties; and then there's

a bucket that relates to tax refunds from the IRS.

MR. JIMENEZ: So the value -- although you are still trying to figure out what is the value, but will it be fair to say that the value is not zero?

MR. LEFKOWITZ: We have them listed under other contingents and unliquidated claims. We definitely hope it's not zero. We believe it's not zero, but we don't have the numbers today. I mean, we definitely -- sure -- we sure do know that monies are due to us from the insurance companies. We know there are monies that are due to us from claims. We know monies are due to us through the employment retention credits under the CARES Act. Exactly what those dollar amounts are has not been quantified yet. It's all in the works.

MR. JIMENEZ: So when will you have the information?

MR. KAUFMAN: Sorry, Mr. Jimenez. I was going to direct you and the witnesses to Schedule AB.

MR. JIMENEZ: First of all, who's speaking?

MR. KAUFMAN: Sorry. Aaron Kaufman. I thought you knew my voice by now. Aaron Kaufman for the Debtor.

I was going to help you see why the numbers in the summary may be zero, but that the Schedules themselves do have some numbers to work off of, and that would be -- you know, goes to question 75, 74, 73. Those questions kind of

show some of the buckets that Mr. Lefkowitz just talked about.

We do have some numbers and, of course, as I told you, we'll be supplementing the chart of the insurance policies so you can see some of the claim limits, the SIR requirements. And even though we don't have a valuation that we -- that we can definitively list here, that should give creditors an idea of some of the -- I guess, a better understanding of the Debtor's financial circumstances.

MR. JIMENEZ: So, Mr. Kaufman, I see the questions that you're referring to, and there appears be some numbers there. But when asked what is the current value of Debtor's interest, it's -- everything is listed as undetermined. And then that carries forward to the summary, and it ends up showing or telling creditors that the value of Debtor's property is zero, and that's a concern because I think we can all agree that the value is not zero.

And while I appreciate the efforts of the Debtor to gather information to present accurate information, it's been four months since the filing of the bankruptcy Petition, and still the Schedules also reflecting that the property has a value of zero, and to Debtor has the duty to disclose, as accurate as possible, what is the value of Debtor's property. And that is my request to the Debtor that the information would be provided in the Schedules.

MR. LEFKOWITZ: We believe the value is zero.

MR. KAUFMAN: So (Speakers talk at the same time.)

MR. LEFKOWITZ: Sorry.

MR. KAUFMAN: Go ahead. Yeah. Go ahead.

MR. LEFKOWITZ: I'm saying we believe the value is zero until you actually have all parties agree to the amount. Until then, it's just a claim, and we're working through that.

MR. JIMENEZ: So the Debtor recently filed a Monthly Operating Report in Docket No. 684. Do you have access to that document?

MR. LEFKOWITZ: Yes.

MR. KAUFMAN: Okay. I'm sorry. 684, you said?

MR. JIMENEZ: Correct.

MR. KAUFMAN: I don't have that in front of me. If you'll just give me a moment.

MR. JIMENEZ: Sure. No problem.

MR. LEFKOWITZ: Okay.

MR. KAUFMAN: Okay.

MR. JIMENEZ: Okay. So -- let me wait for you, Mr. Kaufman.

MR. KAUFMAN: Oh, I'm ready. Go ahead.

MR. JIMENEZ: Okay. So on Document 684 on page No. 2, 2 out of 12, on part 2, letter E --

MR. LEFKOWITZ: Right.

MR. JIMENEZ: -- it states, "total assets

$20,611,264." Could you please explain what these assets are?

MR. LEFKOWITZ: It mainly comes from the balance sheet of the insurance accruals. Again, it's unliquidated contingent. For those accruals, we posted a number.

MR. JIMENEZ: Were these assets acquired post-petition?

MR. LEFKOWITZ: No.

MR. JIMENEZ: Then why is the value of these assets not reflected in the Schedules?

MR. LEFKOWITZ: You know, maybe Russell can explain that more from an accounting -- from an accounting that the -- this unliquidated contingent.

MR. PERRY: Exactly. Mr. Jimenez, it's Russell Perry. I'd like to answer that one.

It's fairly accounting specific. So the Debtor's balance sheet includes accrual-related calculations of what the insurance policies may be worth. Again, it's a accounting calculation only and has been on the Debtor's balance sheet.

The Monthly Operating Report simply provides the Debtor's balance sheet as an exhibit. And on the Debtor's balance sheet, there is a value that is called "other assets, 18.8 million" and therefore, we just carry that forward in the Monthly Operating Report.

Now that value -- again, they -- an accounting reference, and it's an accounting calculation. It's not meant to guide anyone as it relates to what a true liquidated value of the insurance policies are. But if you were to look at Schedule A/B 73, the current value of the Debtor's interest is undetermined in each one of the respective insurance policies, and we discussed offline that we would provide additional disclosure as to the value of the policies, the SIRs remaining and other important and relevant information.

I won't tell you that the amount is going to perfectly agree to what the insurance actuary/accountants would calculate, but we certainly will provide additional disclosure related to the insurance policies that hopefully will help explain why the numbers are what they are. And then, you know, happy to reference them back to the 18 million.

Again, it's an accounting calculation for accounting purposes only. And, again, we'll provide the additional disclosure on the insurance policies.

MR. JIMENEZ: So when can we expect that the value of property disclosed Schedule A/B will be updated?

MR. KAUFMAN: Again, Mr. Jimenez, this is Aaron Kaufman. I don't think we will ever be in a position to update the Schedule A/B to provide a value of the insurance

policies. And if we are able to settle with other parties where we have affirmative claims against the parties, then we will have a 9019 motion on file disclosing what we've been able to settle for.

But in terms of updating the Schedule, I just don't know how we ever do that. I've never -- I've handled dozens of Chapter 11 Debtor cases, and I don't -- I can't think of one where we've amended the Schedules once we've liquidated an affirmative claim.

MR. JIMENEZ: Well, Mr. Kaufman -- and this is not the place to have the debate, but, you know, the Schedules are not -- are not just limited to insurance claims. There's other property that is disclosed in the Schedule, and the value is undetermined.

And in the last Meeting of Creditors, we did discuss the tax refunds. There were two separate tax refunds. In one of those I think the Debtor had a definitive number of what is it going to be and that -- and a timetable of -- as to how long they were expecting that they would get it.

And my point is that there is information that the Debtor has. I understand that there, you know, there can be some challenges with specific types of property, but there is information that a Debtor has and should be used to -- should be reflected in the -- in the Schedules because it's

not accurate when the Schedules state that the value of Debtor's property is zero.

I think everyone participating in this meeting knows that the value is not zero.

(Speakers talk at the same time.)

MR. PERRY: Again, I think we -- as we discussed yesterday, we will supplement the information on the insurance policies. That's one bucket. I don't -- I think we all agree -- and Mr. Lefkowitz said a couple of times -- we don't think the values are zero. We just don't have another number to give you.

MR. JIMENEZ: Mr. Lefkowitz, in the last Meeting of Creditors, you stated that the Debtor keeps and maintains the servers in which the medical records of inmates are stored; is that correct?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Now the Debtor currently does not provide medical services to inmates; is that correct?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: And after the divisional merger, the operating entity that provides the medical services is YesCare; is that correct?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: So why is the Debtor keeping the medical records of inmates?

MR. LEFKOWITZ: There's still close to 500 pending cases out there against the -- against the Debtor which medical records are run.

(Speakers talk at the same time.)

MR. JIMENEZ: I can barely hear you.

MR. LEFKOWITZ: (Indiscernible).

MR. JIMENEZ: I said I can barely hear you.

MR. LEFKOWITZ: I'd say we still have -- I'd say we still have well over 500 cases against the Debtor which involves the medical records. Without the medical records, you can't defend those cases.

MR. JIMENEZ: Is YesCare -- I'm sorry. Is the Debtor keeping records in addition to the -- whatever records are involved in those 500 plus pending cases?

MR. LEFKOWITZ: Whatever former contracts they had, they still have those records.

MR. JIMENEZ: And if YesCare needs access to records, YesCare goes to the Debtor and requests those records?

MR. LEFKOWITZ: YesCare has its own server.

MR. JIMENEZ: Is it different records or the same records?

MR. LEFKOWITZ: Depending if it's old or new. At the divisional merger, you know, records were copied over and handed over to YesCare. So if YesCare is named in a

lawsuit, the same as the Debtor is, they both have duplicative records.

MR. JIMENEZ: Are you familiar with prisoner grievances?

MR. LEFKOWITZ: Yes.

MR. JIMENEZ: How did Corizon or Tehum keep record of grievances made by prisoners?

MR. LEFKOWITZ: The same server.

MR. JIMENEZ: How would Corizon or Tehum receive notice from the prison that a grievance has been filed?

MR. LEFKOWITZ: Usually by mail.

MR. JIMENEZ: Presently, are these records of grievances made by prisoners kept by the Debtor?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Are you aware of the number of grievances that is kept by the Debtor?

MR. LEFKOWITZ: No.

MR. JIMENEZ: Did prisoners that filed grievances, but not lawsuits against the Debtor, receive notice of the bankruptcy filing?

MR. LEFKOWITZ: I don't know.

MR. JIMENEZ: So the US Trustee requests that you find out whether the prisoners that have filed grievances against the Debtor have received notice of the bankruptcy, and if you -- if the Debtor has not sent out notices to

these prisoners, we ask that the Debtor send the notices of the bankruptcy case. So at this --

MR. LEFKOWITZ: Okay.

MR. JIMENEZ: Go ahead.

(Speakers talk at the same time.)

MR. KAUFMAN: Mr. Jimenez, yeah, this is Aaron Kaufman. Since our discussion yesterday, we followed up with Sigma, who manages the claims, the PLI and risk management to get a better understanding of the world of -- well, you're calling them grievances. She explained to us that there is a distinction between, you know, what a grievance might be, which apparently not all -- not all prisons keep electronic records of grievances. Some are the -- some of those are just kept in the prisons themselves and stored in boxes in hard copy and tort claims. Tort claims are not all litigation claims. Some tort claims are asserted that result in litigation.

The tort claims -- we're told we do keep electronic records of those. We have compiled the list of the tort claims, and we're asking our notice agent to go through the claims' matrix to see if we've missed any of the tort claims that we have record of, and we'll make sure that the tort claimants, whether there's litigation or not, receive notice, actual notice of the bankruptcy.

We still need to confer and figure out the best

way to ascertain about those grievances because it doesn't appear that there are electronic records of those grievances on any servers.

MR. JIMENEZ: But Mr. Lefkowitz just said they said that those grievances were received by mail and that they have records of those grievances.

MR. LEFKOWITZ: You asked me, if the Debtor would receive a grievance, how would we get it? And the answer is we wouldn't get it by email. We wouldn't get it by fax. We will get it by mail. But not all grievances actually came through there. Some grievances get just, you know, filed at the facility they're located.

MR. JIMENEZ: But the grievances that the Debtor did receive are kept by the -- are kept -- are kept by the Debtor, correct?

MR. LEFKOWITZ: Correct.

MR. JIMENEZ: Okay. So the time is 2:09 p.m. I'm going to need to step out to attend a court hearing at this -- at this moment. I'm done with my questions, and I'll let Mr. Nguyen continue presiding the meeting to allow the creditors present to ask -- to ask questions to the Debtor.

Thank you all for your patience.

MR. NGUYEN: Thank you, Andrew. This is Ha Nguyen from the US Trustee's Office.

If creditors have questions, we welcome all

questions. This is a Meeting of Creditors. So if you are representing a creditor and you want to either Mr. Perry or Mr. Lefkowitz any question, please state your name and your question.

Remember, the questions do have to relate to the Schedules -- the Petition, Schedules, and Statement of Financial Affairs and/or the general condition of the Debtor. And if you need additional discovery, Rule 2004 is available.

So the floor is open to any creditors that wish to ask any questions. Go ahead.

MR. MCKAY: Hi. This is Zach McKay for the Committee.

MR. NGUYEN: Go ahead.

MR. MCKAY: I have some questions for Mr. Lefkowitz.

So let's start with the Docket 677, if you could put that in front of you. That's the 224-page document.

MR. LEFKOWITZ: Yeah.

MR. MCKAY: And I'd like to have you turn to page 203.

MR. LEFKOWITZ: Okay.

MR. MCKAY: And let me know when you're there Mr. Lefkowitz.

MR. LEFKOWITZ: Yes.

MR. MCKAY: So on 26(c), there were some additional firms and individuals listed who are in possession of the Debtor's books and records when the case was filed.

MR. LEFKOWITZ: Right.

MR. MCKAY: The first one we see there is Sigma Risk Management, LLC. What is Sigma?

MR. LEFKOWITZ: Sort of a contract management company that handles the PLI claims.

MR. MCKAY: And it's located at 1528 56th Street in Brooklyn, New York; is that correct?

MR. LEFKOWITZ: Just for -- as a mailing address where mail comes, but they're virtually remote around the country.

MR. MCKAY: So that's their mailing address, but that's not a business address?

MR. LEFKOWITZ: Correct.

MR. MCKAY: Are you familiar with that address?

MR. LEFKOWITZ: Yes.

MR. MCKAY: Who owns the property located that address, Mr. Lefkowitz?

MR. LEFKOWITZ: 1528 56th Street, LLC.

MR. MCKAY: And are you a member of 1528 56th Street, LLC?

MR. LEFKOWITZ: Correct.

MR. MCKAY: What books of account and records does Sigma Risk Management have that belong to the Debtor?

MR. LEFKOWITZ: They have access to all the medical records.

MR. MCKAY: When you say they have access to it, can you explain to me what you mean by that?

MR. LEFKOWITZ: They have access to the server of all claims relating to litigation against the Debtor.

MR. MCKAY: Is that a server that is managed by Sigma Risk Management or managed by another company?

MR. LEFKOWITZ: Managed by the Debtor.

MR. MCKAY: Okay. So does Sigma have any documents that haven't been turned over to the Debtor?

MR. LEFKOWITZ: Sigma does not have any documents. Sigma has access to documents.

MR. MCKAY: So why is Sigma listed as in possession of the Debtor's books of accounts and records if it simply has access to the documents the Debtor has?

MR. LEFKOWITZ: Because they have access to it.

MR. KAUFMAN: This is Aaron. Just -- that's a -- that's a very vague question, and we're doing our best to just provide as much information about who --

MR. MCKAY: That's fine, Aaron. I think he answered the question. I was trying to make sure I understood why they were listed. So I'm --

(Speakers talk at the same time.)

MR. KAUFMAN: And this is just a matter of full disclosure here.

MR. MCKAY: Yep. So, Mr. Lefkowitz, why is Sigma's mailing address 1528 56th Street?

MR. LEFKOWITZ: Like I said, we -- they are virtual all over the country, and we picked one address where all the litigation comes in, so I can be part of it when litigation pops up against the Debtor.

MR. MCKAY: And what's your role at Sigma?

MR. LEFKOWITZ: I don't have a role in Sigma other than just a director that's monitoring and watching global litigation.

MR. MCKAY: Director of whom, Mr. Lefkowitz?

MR. LEFKOWITZ: You just asked me if I'm a -- if -- what my role is.

MR. MCKAY: No. You said other than as a director. Did you mean a director of Sigma? A director of the Debtor?

MR. LEFKOWITZ: I don't know what words you're putting into my mouth. You asked me what my role in Sigma is. I'm not a principal of Sigma. I'm not an officer in Sigma. I am a director, and I play a role in monitoring the litigation.

MR. MCKAY: And I appreciate you restating that.

My question was just, when you said I am a director, did you mean the director of Sigma?

MR. LEFKOWITZ: Correct.

MR. MCKAY: Thank you.

Going to the next page, the other additional company added as in possession of books and accounts -- books of accounts and records is YesCare Corporation. What books and accounts -- what books of accounts and records did YesCare have of the Debtor when the case was filed?

MR. LEFKOWITZ: So they both share access to the same accounting system where invoices from creditors are stored because some invoices belong to the Debtor, and some invoices belong to YesCare. So in order to differentiate, in order to divide them, they both have access to the same on-base system as appropriate.

MR. MCKAY: Did you say on-base system? Is that the accounting system you're describing?

MR. LEFKOWITZ: Correct.

MR. MCKAY: And so does the Debtor have access to that system to all the invoices of the Debtors on there currently?

MR. LEFKOWITZ: Yes.

MR. MCKAY: And how long has the Debtor had that access?

MR. LEFKOWITZ: The last 40 years.

MR. MCKAY: Okay. And are those the only books of accounts and records belonging to the Debtor that YesCare has or had when the case was filed?

MR. LEFKOWITZ: Correct.

MR. MCKAY: Staying on a topic of books of accounts and records, I'll have you turn back to page 202, so two pages prior to where you were. Let me know when you're there.

MR. LEFKOWITZ: I am.

MR. MCKAY: On 26(a), where the Debtor is listing all accountants and bookkeepers who maintained the Debtor's books and records, it's been amended to add you as the person who maintained the Debtor's books and records from May 5th, 2022, to the present; is that correct?

MR. LEFKOWITZ: Correct.

MR. MCKAY: And why was that change made, Mr. Lefkowitz?

MR. LEFKOWITZ: Just the date.

MR. MCKAY: And was the -- the previous date was in error, then?

MR. LEFKOWITZ: Correct.

MR. MCKAY: Now you were involved in the original Schedule; right?

MR. LEFKOWITZ: Correct.

MR. MCKAY: (Indiscernible). Can you -- can you

tell me how the -- how the need to revise team came about?

MR. LEFKOWITZ: How the new revised what?

MR. MCKAY: Can you explain to me --

MR. KAUFMAN: Are you asking -- are you asking --

MR. MCKAY: Can you explain to me why the Debtor -- yeah.

(Multiple speakers talk at the same time.)

MR. KAUFMAN: State your question.

MR. MCKAY: I'll ask the question again. Yeah. Let me ask the question a different way. Is the date -- is that date meant to relate to when the divisional merger closed?

MR. LEFKOWITZ: Correct.

MR. MCKAY: Thank you.

What's your accounting background, Mr. Lefkowitz?

MR. LEFKOWITZ: I'm a CPA.

MR. MCKAY: And what other companies have you maintained books and records for?

MR. LEFKOWITZ: Throughout my life?

MR. MCKAY: Let's say the last five years.

MR. KAUFMAN: Zach, are you asking if he has experience as an accountant or a bookkeeper?

MR. MCKAY: Sure.

MR. KAUFMAN: Can you just ask that?

MR. MCKAY: I don't think there was an issue with

my question. I think it's the same question, but if that's -- if that -- if that's the question that he'll answer, then I can ask that. That's fine.

Mr. Lefkowitz?

MR. KAUFMAN: I'm just trying to keep --

(Speakers talk at the same time.)

MR. MCKAY: Do you have experience as a --

MR. KAUFMAN: -- (indiscernible) what's in the SOFAs and Schedules.

MR. MCKAY: I asked him what other companies he had maintained the books and records for which is the exact wording that's in the statement. So that was my question.

MR. LEFKOWITZ: I don't think I have to list other companies that I have experience in, but I do have experience in keeping books and records in order.

MR. MCKAY: What other companies have you done that for since 2021?

MR. LEFKOWITZ: That will be --

(Speakers talk at the same time.)

MR. KAUFMAN: We don't need to answer that here.

MR. MCKAY: Okay. What other companies do you maintain books and records for now?

MR. KAUFMAN: Zach, we don't need to answer that now. We can do -- we can do a 2004 for that.

MR. MCKAY: All right. What did you do to

maintain the books and records from May 5th forward?

MR. LEFKOWITZ: Kept it on the server.

MR. MCKAY: Which server?

MR. LEFKOWITZ: (Indiscernible) server.

MR. MCKAY: Is that the Debtor's server or YesCare's server?

MR. LEFKOWITZ: The Debtor's server.

MR. MCKAY: And that's separate from YesCare's server. Is that how I understood your testimony earlier?

MR. LEFKOWITZ: Correct.

MR. MCKAY: And has the Debtor had access to that information throughout this bankruptcy case?

MR. LEFKOWITZ: I believe so.

MR. MCKAY: Do you have any reason to think they haven't?

MR. LEFKOWITZ: There was a -- there was a pause --

MR. MCKAY: I understand.

MR. LEFKOWITZ: -- right after the filings.

MR. MCKAY: And did you rely on anyone else to assist you with maintaining those books and records?

MR. LEFKOWITZ: I don't know what assistance is needed to maintain. As long as they are on the server and as long as there's access, then it's maintained.

MR. MCKAY: So if the Debtor made payments or had

financial transactions in, say, June 2022, you were responsible for maintaining the books and records, correct?

MR. LEFKOWITZ: Correct.

MR. MCKAY: And those would have been reflected in those books and records, correct?

MR. LEFKOWITZ: Correct.

MR. MCKAY: So what did you do to update the information on the server or ensure that those -- that information was included in what was on the server?

MR. LEFKOWITZ: We -- you know, we pulled the records prior to payment, and we posted that we made payment.

MR. MCKAY: And when you say "we," that's yourself and who else?

MR. LEFKOWITZ: I procured some help from YesCare folks.

MR. MCKAY: Who are some of those folks?

MR. LEFKOWITZ: They're various people from financing.

MR. MCKAY: From YesCare's financing group?

MR. LEFKOWITZ: Correct.

MR. MCKAY: And to the extent that those people assisted with the books and records, has their information been provided to the Debtor?

MR. LEFKOWITZ: Which information?

MR. MCKAY: Any documents that they created or had that would be -- constitute the Debtor's books and records?

MR. LEFKOWITZ: They didn't create any documents. No documents were created.

MR. MCKAY: Okay. Let's go to page 209 on the same document, Docket 677.

MR. LEFKOWITZ: Uh-huh.

MR. MCKAY: And at the bottom of the page, there are seven payments removed. Let me know when you're there.

MR. LEFKOWITZ: I'm here.

MR. MCKAY: And they're payments to a JDG.CLG Consulting Group. First of all, what is that entity?

MR. LEFKOWITZ: That's an entity that did work for the predecessor.

MR. MCKAY: It did work for a predecessor to the Debtor?

MR. LEFKOWITZ: Correct.

MR. MCKAY: Which predecessor?

MR. LEFKOWITZ: So 2021, the Debtor was owned by a financial company called the Flex Group, and JDG did consulting work for the Flex Group, and this was part of the payments as a termination agreement. They didn't do any work for the Debtor.

MR. MCKAY: Is JDG.CLG affiliated with Charles Gassenheimer?

MR. LEFKOWITZ: I believe so.

MR. MCKAY: And who is Mr. Gassenheimer?

MR. LEFKOWITZ: Like I said, he was a consultant for our predecessor.

MR. MCKAY: Did he have any role at Flex Group?

MR. LEFKOWITZ: I don't know.

MR. MCKAY: And what type of consulting work was being done by JDG.CLG?

MR. LEFKOWITZ: I believe it was restructuring.

MR. MCKAY: Restructuring work associated with one of the Corizon entities?

MR. LEFKOWITZ: Correct.

MR. MCKAY: Was there any financing or credit agreements involved in that work?

MR. LEFKOWITZ: No.

MR. MCKAY: And why was this removed from the Schedule here?

MR. LEFKOWITZ: Originally, we listed them as an insider, but I think that real obvious he's not an insider. He had nothing to do with the Debtor.

MR. MCKAY: Let's move to page 221, please. Let me know when you're there, Mr. Lefkowitz.

MR. LEFKOWITZ: 2-2-1?

MR. MCKAY: Yes, sir. I'm still on Docket 677.

MR. LEFKOWITZ: Okay.

MR. MCKAY: So these are the closed financial statements changes. There's a number of accounts added for Bank of America. Why were those accounts included now and not before?

MR. LEFKOWITZ: This is just disclosure. These are accounts that were allocated to the divisional merger, so full disclosure, we added those accounts.

MR. MCKAY: What was the last -- I heard you until the last three words there. Full disclosure, you what?

MR. LEFKOWITZ: I say these were accounts that were allocated to the divisional merger. So for full disclosure, we amended it, and we listed it so you folks can be aware of it.

MR. MCKAY: Understood. And there's no date closed listed here. Why is that?

MR. KAUFMAN: Zach, this is Aaron. We had a early call with the US Trustee's Office yesterday, and we agreed, as part of the additional supplements we'll make, that we'll list the allocated -- the divisional merger date in the column, and it'll just be changed at -- the title will be changed to reflect that the date allocated will be May 5th of 2020 --

MR. MCKAY: Understood. The closing date. Okay.

MR. KAUFMAN: Yeah.

MR. MCKAY: Thank you, Aaron.

All right. Then let's move to the last two, the Signature bank accounts that were deleted. Why were those listed then deleted?

MR. KAUFMAN: Those actually -- Zach, this is Aaron again. Those will appear in Schedule A/B in response to Question 3 now because the accounts are still open.

MR. MCKAY: Okay. So my understanding, Mr. Lefkowitz, is those accounts are still open, but there's zero funds in them; is that correct?

MR. LEFKOWITZ: Correct.

MR. MCKAY: And when was the cash taken down to zero on those accounts?

MR. LEFKOWITZ: I don't know the date.

MR. MCKAY: Do you know approximately how much was in those accounts at the time of the divisional merger?

MR. LEFKOWITZ: No.

MR. MCKAY: Was it more than zero?

MR. LEFKOWITZ: I don't have these answers. I don't have the documents in front of me.

MR. MCKAY: Okay. Let's go back to some of -- some of the questions you answered earlier.

You said earlier you negotiated the funding agreement with M2 LoanCo on behalf of the Debtor; is that correct?

MR. LEFKOWITZ: Correct.

MR. MCKAY: And Alan Rubinstein negotiated for M2 LoanCo?

MR. LEFKOWITZ: Correct.

MR. MCKAY: But you're the principal for M2 LoanCo, correct?

MR. LEFKOWITZ: I'm not a principal. I'm involved.

MR. MCKAY: What's your role at M2 LoanCo?

MR. LEFKOWITZ: The director.

MR. MCKAY: And in addition to being the Debtor's corporate representative today, you're M2 LoanCo's corporate representative in this case, too, correct?

MR. LEFKOWITZ: One of them.

MR. MCKAY: I beg your pardon?

MR. LEFKOWITZ: One of them.

MR. MCKAY: Who are the others?

MR. LEFKOWITZ: Alan Rubinstein.

MR. MCKAY: Alan Rubinstein has been M2 LoanCo's corporate representative in this case?

MR. LEFKOWITZ: As well, correct.

MR. KAUFMAN: Zach, you're starting to -- you're starting to go afield of the 341 Meeting topics.

MR. MCKAY: I'm asking follow-up questions on questions that were answered earlier.

So tell -- on the funding agreement negotiations,

did you ask for more than 15 million on behalf of the Debtor?

MR. LEFKOWITZ: I don't recall the full negotiations.

MR. MCKAY: What do you recall?

MR. LEFKOWITZ: That we determined (indiscernible).

MR. MCKAY: We -- you and Alan Rubinstein determined that?

MR. LEFKOWITZ: No. It's -- it was Alan Rubinstein with counsel and the Debtor and counsel, whoever was involved in the initial merger. It was a back and forth until we finalized on a number of 15 million.

MR. MCKAY: And what was the back and forth?

MR. LEFKOWITZ: 14-16.

MR. MCKAY: Okay. When we talked about the funding agreement, you mentioned Geneva Consulting, their involvement in that.

Is there a contract between the Debtor and Geneva Consulting, or was there a contract between the Debtor and Geneva Consulting?

MR. LEFKOWITZ: I believe so.

MR. MCKAY: How much did Geneva get paid under that contract?

MR. LEFKOWITZ: I think their debt is the least

amount of money.

MR. MCKAY: Do you know how much they were owed under the contract approximately?

MR. LEFKOWITZ: It was a fraction of a percent, I believe.

MR. MCKAY: More than a $100,000?

MR. LEFKOWITZ: I believe so.

MR. MCKAY: More than $300,000?

MR. LEFKOWITZ: I don't know. It's a fraction of (indiscernible). I don't know exactly, but I know they didn't get paid.

MR. MCKAY: Who negotiated that contract for Geneva?

MR. LEFKOWITZ: It was a multiparty.

MR. MCKAY: What does that mean?

MR. LEFKOWITZ: The Debtor's folks, Geneva's folks, and them two folks.

MR. MCKAY: Yeah. That's what I'm asking. Who were the Debtor's folks?

MR. LEFKOWITZ: Myself.

MR. MCKAY: And who were Geneva's folks?

MR. LEFKOWITZ: It was their general counsel.

MR. MCKAY: Who's that, Mr. Lefkowitz?

MR. LEFKOWITZ: Zalman Shapiro.

MR. MCKAY: Okay. And who were M2's -- M2

LoanCo's folks?

MR. LEFKOWITZ: Alan Rubenstein.

MR. MCKAY: Is Zalman Shapiro M2 LoanCo's counsel, as well?

MR. LEFKOWITZ: I don't believe so.

MR. MCKAY: Okay. And if I understood your testimony earlier, you said that Geneva vetted the backup for payments made on behalf of M2 LoanCo; is that correct?

MR. LEFKOWITZ: Correct.

MR. MCKAY: Did they do it for all the payments made?

(Several speakers at the same time.)

MR. LEFKOWITZ: I beg your pardon?

MR. MCKAY: Did they do that for all the payments?

MR. LEFKOWITZ: I can say for all or most --

MR. MCKAY: Okay.

MR. MCKAY: -- on behalf of the Debtor. Whatever payments were made on behalf of the Debtor, they did it.

MR. MCKAY: On behalf of the Debtor by M2 LoanCo?

MR. LEFKOWITZ: From M2 LoanCo.

MR. MCKAY: And you testified that you played a role in helping Geneva with that process; is that right?

MR. LEFKOWITZ: Correct.

MR. MCKAY: And what was your role? How did you help them?

MR. LEFKOWITZ: To identify, you know, the actual creditor, the amounts and --

MR. MCKAY: Why did they need your help, Mr. Lefkowitz?

MR. LEFKOWITZ: It was a credit of -- a creditor of XYZ Corporation popped up. How would they know who XYZ is?

MR. MCKAY: Well, isn't that what you were paying them for?

MR. LEFKOWITZ: They were -- they were just doing the administrative work, but the actual negotiations of the actual payments they weren't doing. I was doing it. So they could have seen an invoice of $100 and a payment of $99. They got stuck. They needed my help out.

MR. NGUYEN: Hey, Zach, we're sitting at about 95 minutes. Can we -- if you have any more questions on the facilitator funding agreement, can we do that by 2004 and let other questions -- let other creditors ask questions?

MR. MCKAY: I'm just -- I'm just about done.

Do you know who owns Geneva, Mr. Lefkowitz?

MR. KAUFMAN: That's a 2004 topic.

MR. MCKAY: But we were talking about the funding agreement and it being listed on here, and Mr. Lefkowitz testified that M2 LoanCo is claiming 25 million owed from the Debtor.

I'm trying to understand that item on the Schedule.

MR. KAUFMAN: Yeah. I think Mr. Jimenez asked him the question. He answered it. If you have more questions, let's do that by 2004.

MR. MCKAY: I'm not understanding why the question would be appropriate for Mr. Jimenez and not from the Committee. Can you explain that?

MR. KAUFMAN: Well, he already answered it.

MR. MCKAY: You're talking about a topic. I haven't even asked the question.

MR. NGUYEN: Yeah. If you want -- let's keep moving. There are other creditors that have questions. We're already at 95 minutes. Let's keep moving.

MR. MCKAY: All right. You said earlier M2 LoanCo's position is that it's funded $38 million under the funding agreement. Is that right, approximately?

MR. LEFKOWITZ: Approximately is right.

MR. MCKAY: Do you understand the --

(Speakers talk at the same time.)

MR. MCKAY: Oh, go ahead. I'm sorry, Mr. Lefkowitz. Go ahead.

MR. LEFKOWITZ: I said under the funding agreement, M2 15 million. In addition, they funded approximately another 25 mil.

MR. MCKAY: So what was the basis for funding the other 25 million?

MR. LEFKOWITZ: It was a business decision to preserve the secured loan (indiscernible).

MR. MCKAY: Okay.

MR. LEFKOWITZ: And to keep the Debtor out of bankruptcy.

MR. MCKAY: And I believe you testified earlier that, as a result of that, M2 LoanCo is -- has made a claim for approximately $25 million?

MR. LEFKOWITZ: They have not made a claim.

MR. MCKAY: Then can you clarify what you said earlier? You mentioned M2 LoanCo and 25 million.

MR. LEFKOWITZ: They are an unsecured creditor, but they have not made a claim as of yet.

MR. MCKAY: Appreciate it. Thanks for the clarification.

And what has the Debtor done to evaluate that assertion of 25 million as an unsecured creditor by M2 LoanCo?

MR. LEFKOWITZ: Provided all the documents.

MR. MCKAY: And how have you been involved in that process?

MR. LEFKOWITZ: Helping collecting all those documents.

MR. MCKAY: Okay. That's all my questions for him.

MR. NGUYEN: Thank you from the Committee for their questions.

Any other creditors, if you have questions of Mr. Lefkowitz or Mr. Perry, please state your name and who you represent, and you may proceed.

MS. BASALDUA: This is Ms. Basaldua with the Internal Revenue Service. Can you hear me?

MR. NGUYEN: Yes. Go ahead, ma'am.

MR. LEFKOWITZ: Yes.

MS. BASALDUA: Okay. Great. I would like to ask Mr. Lefkowitz what type of services -- okay.

First, let me ask -- Corizon Health Services or Healthcare -- did they merge into Tehum Care Services?

MR. LEFKOWITZ: Corizon Health --

MS. BASALDUA: Yes, sir, Corizon Healthcare.

MR. LEFKOWITZ: Correct. Merged into Corizon, LLC.

MS. BASALDUA: Do you know when they merged?

MR. LEFKOWITZ: No. I don't have that date.

MS. BASALDUA: Is Corizon -- is it out of business, or they merged?

MR. LEFKOWITZ: So Corizon merged with Corizon Health. Then they merged with CHS Texas, and then they

divided. So Corizon does not have operations, but it has liabilities, and it has certain claims of assets.

MS. BASALDUA: And -- okay. So let me ask you. Again, on Document 676, page 2, it says, "The Debtor no longer has operating -- the Debtor is no longer operated. The assets and liability information is therefore derived from the last month's ending period ending prior to the post-petition."

So it's telling me it's no longer operating.

MR. LEFKOWITZ: Correct.

MS. BASALDUA: So is Corizon no longer operating --

MR. LEFKOWITZ: Corizon, which is the Debtor --

MS. BASALDUA: -- even once they merged?

MR. LEFKOWITZ: So let me --

MR. PERRY: Hi. Isaac, maybe let me take a quick shot. Hi, this is Russell Perry. I'm the Debtor Chief Restructuring Officer. I'm sorry. I didn't catch your name, but I did hear you're with the IRS, representing the IRS; is that correct?

MS. BASALDUA: Yes. My name is Ms. Basaldua, and I'm with the Internal Revenue Service here in Houston.

MR. PERRY: Okay. All right. Very nice to hear from you. I'm actually very glad you dialed in.

As the Debtor's CRO, I have been personally

dealing with and engaging with an IRS revenue officer. I'm happy to provide name and contact information on this call or separately offline. This individual has been requesting a substantial amount of information from the Debtor, things that -- and questions that you're asking here related to the name change, related to tax EINs, related to potential IRS tax obligations.

We have provided and continue to provide this officer with a substantial amount of information. I'm happy to and would love to incorporate and include you in those discussions because I certainly -- you know, we're not aware that there was another IRS individual involved. We can share with you again the information that we have already shared and anything in addition to that. Again, information such as, you know, the divisional merger documents, the combination merger documents which describe exactly which entities were merged and therefore dissolved or survived.

All of this information has been provided to this other IRS officer. So I'm just, you know, letting you know that, you know, there has been a substantial amount of work completed to educate at least this other officer. I don't have knowledge as to where that information has gone within the Internal Revenue Service.

But, again, if you wouldn't mind reaching out separately either to counsel or directly with me, I

certainly would love to involve you in those discussions because I don't want, you know, for there to be information lost that's already been shared.

MS. BASALDUA: Okay. Thank you. I'm aware of the revenue officer, but let me give you -- I'm aware of the revenue officer.

Let me give you my fax number. It is --

MR. PERRY: Okay.

MS. BASALDUA: -- 888-279-6228. My email address is Dorcas, D-o-r-c-a-s. the initial "M," as in Mary, .basaldua, B, as in boy, a-s-a-l-d-u-a @irs.gov. My telephone number is area code 346-227-6544.

I still have a couple of questions to ask. Although, I understand you have worked with the revenue officer, but I still -- he's in the -- he's a revenue officer in the collection department, and I am in the bankruptcy department. Okay?

MR. PERRY: Oh, perfect. Okay. We've actually been trying to reach someone in the bankruptcy department. So that's -- that's great. Okay.

MS. BASALDUA: Okay. But just so Mr. Lefkowitz would know that the IRS has filed a proof of claim, and today we will be sending out some letters. Excuse me. My voice is a little hoarse.

We'll be sending out a Letter 982. It informs you

about your plan. A 986, the filing obligations, tax obligations, and a Letter 1714 explains your rights as a taxpayer.

So we'd also enclose in it Publication 1. Well, the Letter 1714 are for unfiled tax returns, and the Publication 1 is for your rights as a taxpayer. So when you get these, if you have any questions, just check with your attorney, and your attorney can give us a call.

Another question that we had -- I was wanting to know -- so -- okay. So the dates are unknown at this time. What type of business is Tehum? Hello?

MR. LEFKOWITZ: So -- yeah. So Tehum is just a name change from Corizon Health Services to Tehum Care Services, but it does not have any operations presently while it's in bankruptcy.

MS. BASALDUA: Okay. So what was Corizon? What type of business?

MR. LEFKOWITZ: Correctional healthcare providing the medical care for incarcerated folks and deals with prisoners.

MS. BASALDUA: Okay. So does your -- does -- I'm going to have to refer it as Tehum because that's the new name.

MR. LEFKOWITZ: Correct.

MS. BASALDUA: So does Tehum have any employees?

MR. LEFKOWITZ: No.

MS. BASALDUA: No employees?

MR. LEFKOWITZ: Correct.

MS. BASALDUA: Does it have -- does it have officers? Corporate officers?

MR. LEFKOWITZ: Presently, it has a Chief Restructuring Officer who is Russell Perry.

MS. BASALDUA: So is there a president? Vice president? Treasurer? Secretary?

MR. LEFKOWITZ: Not necessarily, no.

MS. BASALDUA: So they have no employees?

MR. LEFKOWITZ: No.

MS. BASALDUA: Are they getting -- is anyone getting paid a salary?

MR. LEFKOWITZ: No.

MS. BASALDUA: What happened to the employees?

MR. LEFKOWITZ: No longer operating.

MS. BASALDUA: As of when?

MR. LEFKOWITZ: As of May 5th of 2022.

MS. BASALDUA: May 5th, 2022?

MR. LEFKOWITZ: Uh-huh.

MS. BASALDUA: Okay. Were there any assets of Corizon or of Tehum now? When I say "assets," were there any personal property other than what was discussed earlier? Any type of equipment?

MR. LEFKOWITZ: No.

MS. BASALDUA: Medical supplies?

MR. LEFKOWITZ: No.

MS. BASALDUA: Okay. Are you aware that the IRS audited the claim for some unfiled tax returns?

MR. LEFKOWITZ: No, other than what you just told us.

MS. BASALDUA: Okay. The IRS is looking for some Forms 945s for 2017 to 2022, also for some Forms 1120 for 2021 and 2022, which we need those returns in our office by September the -- excuse me -- by June 27th.

Also -- so if there are no assets, then you're not making any federal tax deposits, correct?

MR. LEFKOWITZ: Correct.

MS. BASALDUA: Okay. Do you -- can you provide us, not over the phone but later, a list of the officers that we -- that you had before?

MR. LEFKOWITZ: Yes.

MS. BASALDUA: A list of the officers and their position and their titles.

(Multiple speakers talk at the same time.)

MR. LEFKOWITZ: (Indiscernible) Schedules --

MS. BASALDUA: Can you provide the Schedule?

MR. LEFKOWITZ: -- but we'll provide them. Can you provide them by June 27th?

MR. KAUFMAN: They are on file in the -- sorry. This is Aaron Kaufman, Counsel for the Debtor.

The list of officers that were with the Debtor before the merger and were allocated as part of the merger -- all of that is on file with the Schedules. We filed the plan of divisional merger with the Schedules this time around. So that's on file, but I'm happy to email you so that it's easier for you to find.

MS. BASALDUA: If you would, I would appreciate that.

What caused the liability? Because we have a liability for 2020. So what caused that liability? Do you know?

MR. LEFKOWITZ: 2020 --

MR. PERRY: Isaac, I'm happy to answer it.

MS. BASALDUA: These are for some -- these are for some 941 liabilities.

MR. PERRY: Yeah. I'm happy to answer it, Isaac, unless you want to take it.

MR. LEFKOWITZ: So just -- no. Go ahead, Russell.

MR. PERRY: Yeah. Okay. So this is a question that I have been, and my team here at Ankura, have been working on validating and verifying.

We received transcripts from the revenue officer I mentioned a few minutes ago that you are aware of.

We actually mailed them to my office; therefore, the fiscal year 2020 and 2021, we have taken those transcripts and we have prepared fairly detailed Schedules of what the information in those transcripts are communicating, and it appears the information that the IRS has provided to us suggests that the taxes from 2020 that are unpaid related to the employer portion of employee taxes provided as a form of relief under the Federal Government's CARES Act in connection with COVID and supporting businesses throughout the country during the COVID period in addition to the employer portion of withholdings.

The transcripts also indicate that there are various liabilities related to penalties, related to interest, and other types of collection fees that have been charged to or recorded on the Debtor's EIN.

I did pull up the proof of claim just while we're on this phone here. It doesn't appear the proof of claim agrees perfectly to the transcripts that we've been provided. However, it does appear that there is reference to those time periods and referencing the FICO-related nature of the taxes, which again, we will now work to reconcile the tax transcripts to these proof of claims to hopefully validate the information I just told you, which is that the liability is, again, mostly made up of what's called a 2302 deferral, which again is the federal tax code

section related to the employer portion of withholding.

MS. BASALDUA: Okay. So I have looked at the proof of claim myself, and it's for the second quarter, third quarter, and fourth quarter of 2020. So there is a large amount of the liability. So what you're telling me is that you've received the account transcripts, and they are not basically what our proof of claim is showing. Is that correct? So you're going to go back and reconcile your files to see what's different from ours?

MR. PERRY: I will. I will. Exactly. Simply because, as I pull up the proof of claim in real time, I also was not aware of it. The revenue officer did not let me know. In fact, he had indicated that the proof of claim wasn't going to be filed until he and I had reconciled the numbers, but that's okay. But now that I have the proof of claim, I'll be able to reconcile the numbers and the proof of claim to the numbers that have been provided to us. That is correct.

MS. BASALDUA: Okay. So, basically, that's fine. You can reconcile your forms, but in the meantime, we're -- our proof of claim will remain as filed. Okay? Once you provide us the documentation, if you feel there was a deposit made that we're not aware of, then we will need a copy of that check front and back so that we can look for that deposit. Otherwise, that claim will remain as filed.

On the unfiled tax returns that are listed on there, either we get the returns filed, or they're just going to stay the way they are as well. And more than likely we will be contacting our counsel as well so that they can be aware of this proof of claim being filed as well. Okay?

MR. PERRY: Oh, that'd be wonderful. Yeah. Thank you.

MS. BASALDUA: Okay. So the deadline for the returns is still going to be June the 27th. I'm sending you out a letter today. If the returns have been filed or if they're not -- you're not liable for them, then you need to indicate that on that particular form. If you're no longer filing those forms, then you need to file a final return. Okay? And let us know. Otherwise, the IRS is going to be requesting them.

As a compliance issue, we will be looking to make sure -- you know, since you're telling me now you have no employees, then has the corporation -- has Tehum filed a final 941 -- 940? You know, corporate tax returns. If not, we need those final returns. If not, we're going to be looking for one as well as part of our compliance.

So you either -- to be in compliance, just file a -- if you're no longer going to have employees or be paying the 940's, then just file a zero return so we'll know that

you no longer have those employees. We also need that by June 27th, a final return. Okay?

MR. LEFKOWITZ: I don't know -- I don't know if June 27th -- I don't know if June 27th is a realistic date. (Indiscernible).

MS. BASALDUA: Okay. Well, you tell me what date is good for you.

MR. LEFKOWITZ: You know, I believe we can definitely, you know, get things done, but we would probably need another month, towards the end of July.

MS. BASALDUA: Okay. That's not a problem. I'll give you till July 27th. Okay? Just so you know what I need --

MR. LEFKOWITZ: Well --

MS. BASALDUA: -- I need a final return. If you no longer have employees, the date the final return --

MR. LEFKOWITZ: 941?

MS. BASALDUA: 941s, a final 940. I need the Forms 1120s that I mentioned that are on the proof of claim --

MR. LEFKOWITZ: Correct.

MS. BASALDUA: -- and the forms 945 that I mentioned earlier that are also on the proof of claim. We're setting the date for July 27th for those returns to be filed.

Also, when you file your claim, just make sure that the IRS proof of claim is provided for. If we do not receive the returns, then the IRS can request your case to be dismissed. Okay?

MR. LEFKOWITZ: Okay.

MS. BASALDUA: (Speakers talk at the same time.) the claim.

MR. LEFKOWITZ: Russell, why don't you give -- go ahead.

Russel, why don't you give the address where all the notices should come from the IRS? I don't know -- what address do you have in your letter that you're sending to us?

MS. BASALDUA: Let me give you my address. Okay? My address is 1919 Smith Street, Houston, Texas, 77002. Under the Houston, Texas, please write the word stop, s-t-o-p, 5024, the initials H-o-u, attention: D. Basaldua, B-a-s-a-l-d-u-a, and that will be to the Internal Revenue Service.

(Speakers talk at the same time.)

MR. LEFKOWITZ: And also what about this -- go ahead.

MS. BASALDUA: This is where you're going to mail me. This is where you're going to mail --

(Speakers talk at the same time.)

MR. PERRY: Yeah. I'll email.

MS. BASALDUA: -- and the final returns.

MR. PERRY: Perfect. We'll -- I -- what I'm going to do is send -- I'm going to prepare an email.

Ms. Basaldua, I'll prepare an email with my contact information and mailing address for these various issues. I do see that on the proof of claim, the address was used under the Petition. So -- but we also have a copy of it filed online.

So what we're going to do is key up an email, prepare an email for you because I also obviously want to share the information that's been shared to the other revenue officer, and we'll engage directly with you with respect to these final forms that need to be filed by the end of July.

MS. BASALDUA: Great. I also will need a list of all corporate officers and their titles.

MR. PERRY: Okay. I provided that to be the other revenue officer, so no problem. Absolutely.

MS. BASALDUA: Okay. Do y'all have any questions for me?

MR. PERRY: I do not.

MS. BASALDUA: Okay.

MR. LEFKOWITZ: But we have -- we have your email address. (Indiscernible).

MS. BASALDUA: Mr. Lefkowitz, do you have any questions?

MR. LEFKOWITZ: No. We don't, no, but should there -- anything come up, we'll send you an email.

MS. BASALDUA: Okay. Thank you. That's all the questions I have. Thank you.

MR. NGUYEN: Okay. Thank you very much. This is Ha Nguyen from the US Trustee's Office.

Is there any other creditor on the line that wish to ask Mr. Lefkowitz or Mr. Perry any questions?

Please state your name, and who you represent, and you may proceed.

MR. MOSELEY: Yes. This is Brian Moseley (phonetic). I represent Mack Lloyd in a civil rights lawsuit. I have some questions about the insurance policies, and this may have been addressed earlier, and there may be a supplement being filed, but just so I'm clear.

MR. NGUYEN: Go ahead.

MR. MOSELEY: We were provided --

Go ahead?

MR. NGUYEN: Yep.

MR. MOSELEY: Go ahead?

MR. NGUYEN: Yep. Go ahead.

MR. MOSELEY: Okay.

We were provided information about two different policies. One is the primary policy of Lone Star Alliance. It's a $21 million policy, total policy limit, with 17 million aggregate self-insured retention.

So my first question: Is the amount of the aggregate self-insured retention -- is that what is going to be supplemented?

MR. PERRY: Yes. We'll supplement the Schedule with both the face value of the policy, as well as the SIR amount to the self-insured retention amount on a either per claim basis or, you know, an aggregate.

I will note that, you know, there are certain policies that are included in some of the divisional merger documentation that was filed in the Schedules. But if you would, just allow us to prepare that supplemental, and in that supplemental, you'll be able to reference the exact insurance policy.

The time period that it applies, obviously -- you know, the -- if applicable, the face value and the SIR. So we absolutely will be preparing that information in supplemental.

MR. MOSELEY: Okay. Fine. I'll wait on that, then.

Okay. Those are my questions. Thank you.

MR. NGUYEN: Thank you, Mr. Moseley.

If any other creditors have questions, please state your name, who you represent, and you may proceed.

MR. KENNEDY: Yes. Yes. My name is Leon Kennedy. I represent Benjamin Oryang. I would like to know what are the indemnifications regarding the claims of the prisoners?

MR. PERRY: Aaron, do you want to talk about mediation and the plan?

MR. KENNEDY: Not --

MR. PERRY: I'll try to answer that.

MR. KENNEDY: -- not the bankruptcy court. Not the bankruptcy court. I'm talking about regarding the inmates' claims.

MR. PERRY: Yeah. Could you clarify that? And, Mr. Kennedy, can you tell -- I didn't hear the name of your client.

MR. KENNEDY: Okay. My client's name is Benjamin Oryang.

MR. PERRY: How do you -- could you spell that for me?

MR. KENNEDY: The court --

Pardon me?

MR. PERRY: Could you spell your client's name for me?

MR. KENNEDY: Benjamin, B-e-n-j-a-m-i-n, Oryang, O-r-y-a-n-g.

MR. PERRY: Okay. And your question is what is the Debtor's intent to -- with respect to the inmates' claims? Could you -- could you, yeah, explain that or clarify that? I don't really understand what you're asking.

MR. KENNEDY: Well, they have -- they have certain claims -- filed their claims against your company, and they're trying to find out -- monetary claims going for damages, et cetera. I'm just wondering what would be you guys' intentions being whatever you're liable for. Are you going to before the bankruptcy clears out all the other supplemental (inaudible).

What are your intentions regarding the inmates' complaints?

MR. PERRY: So we're still in the process of maximizing the available assets that the Debtor has at its disposal to pay creditors. Your client is among a long list of creditors who have rights to assert a claim. Your client should definitely -- if you believe they're entitled to some payment from the Debtor, you should file a proof of claim. I assume you've gotten notice of the proof of claim deadline.

So file your proof of claim. We are working closely with the Committee. There is a mediation that we're trying to get scheduled, and hopefully that is one way that we can bring in some money to pay creditors. We -- if you

were listening for the first hour or so --

MR. KENNEDY: Yeah.

MR. PERRY: -- to Mr. Jimenez's questions, there are insurance assets also available. There may be some tax credits also available, and the Debtor does have some affirmative claims against other third parties that we're still working through to try to monetize to bring in money to pay creditors.

What will ultimately happen, we think, is there will be a plan, a Chapter 11 plan proposed for creditors to review, and that will -- that will tell creditors how they're getting paid. But, of course, for creditors to get paid, they need to have a proof of claim on file. But --

MR. KENNEDY: Yeah. Thank you very much.

MR. NGUYEN: Okay. Thank you, Mr. Kennedy.

Is there any other creditors on the line that wish to ask either Mr. Perry or Mr. Lefkowitz any questions? Please state your name and who you represent, and you may proceed.

MR. CROSS: Hi. This is Ian Cross. I represent Kohchise Jackson and William Kelly.

MR. NGUYEN: Go ahead, Mr. Cross. Thank you. You may proceed.

MR. CROSS: Thank you.

Can -- Mr. Lefkowitz, can you direct your

attention to Document 677, page 223?

So I see there is a list of other businesses in which the Debtor has or has had an interest. Does that list include subsidiaries of the businesses on the list? For example, a subsidiary of Corizon, LLC.

MR. LEFKOWITZ: Correct.

MR. PERRY: Ian, can you repeat that or rephrase that? I didn't follow the question.

MR. CROSS: So we have a list of subsidiaries in which the Debtor had or has had an interest. Does the list include subsidiaries of entities that were subsidiaries of Corizon Health, Incorporated? In other words, companies where Corizon Health, Incorporated was the corporate grandparent.

MR. LEFKOWITZ: I'm not sure what you're referring to, but this is the list of entities that are operated under.

MR. CROSS: Did the Debtor ever own a company called Pharmacorr, LLC?

MR. LEFKOWITZ: No.

MR. CROSS: In the divisional merger was a meeting held by M2 LoanCo against the assets of Pharmacorr (indiscernible) as part of that transaction?

MR. LEFKOWITZ: You're going to have to refer to the divisional merger documents, whatever the documents

called for.

MR. CROSS: Do you -- are you familiar with the entity Pharmacorr, LLC?

MR. LEFKOWITZ: Yes, I am.

MR. CROSS: How are you familiar with it?

MR. LEFKOWITZ: They used to be a provider of pharmacy for the Debtor.

MR. CROSS: Was it under -- was it ever owned by Valitas Healthcare Services, Incorporated?

MR. LEFKOWITZ: No.

MR. CROSS: Was it ever owned by Corizon, LLC?

MR. LEFKOWITZ: No.

MR. CROSS: Okay. Is the Debtor -- I'm sorry. I believe you testified M2 LoanCo paid 25 million to the Debtor on an unsecured basis in excess of the amount owed under the of the funding agreement in order to preserve the secured loan that M2 LoanCo has; is that correct?

MR. LEFKOWITZ: Correct.

MR. CROSS: How did those payments preserve a secured loan that M2 LoanCo has?

MR. LEFKOWITZ: Prevents from the Debtor to go into bankruptcy.

MR. CROSS: And why would the Debtor going into bankruptcy interfere with M2 LoanCo's security interest?

MR. LEFKOWITZ: They were service providers to CHS

Texas. They wouldn't have gotten paid. Those service providers would have been interrupted; so CHS Texas would have tanked, and therefore, the bank alone would secure that.

MR. CROSS: Well, the Debtor is in bankruptcy now, and has CHS Texas tanked?

MR. LEFKOWITZ: No. That's post 25 million of settlement.

MR. CROSS: Well, I'm just trying to understand why 25 million of settlement affected CHS Texas's operations at all.

MR. LEFKOWITZ: I didn't say it affected. I said we made a business decision and to fund the Debtor prior to bankruptcy to settle out those creditors to avoid a bankruptcy. We felt it's business-wise not to file for Chapter 11.

MR. CROSS: We is Tehum, correct?

MR. LEFKOWITZ: What's that?

MR. CROSS: You were trying to avoid filing a Chapter 11 with Tehum --

MR. LEFKOWITZ: Correct.

MR. CROSS: -- not a Chapter 11 with CHS, right?

MR. LEFKOWITZ: Correct.

MR. CROSS: So why does whether or not you file a Chapter 11 with Tehum have any effect on CHS or its

operations?

MR. LEFKOWITZ: I think -- I think I said it once. I don't mind repeating it as many times until you'll understand it.

There were contract providers that did service for the Debtor prior to filing for bankruptcy. These same medical providers were also medical providers after the divisional merger to CHS Texas. If they would have interrupted service, CHS Texas would have tanked. If CHS Texas would have tanked, the M2 loan -- secured loan would have been in jeopardy.

So there's a $100 million in secured loan.

MR. CROSS: These are providers -- these are individual medical providers associated with contracts where CHS Texas was continuing to service the contract, right?

MR. LEFKOWITZ: Correct.

MR. CROSS: And then there were another bucket of medical providers associated with expired contracts, correct?

MR. LEFKOWITZ: Correct.

MR. CROSS: And the expired contracts were allocated to the Debtor in the divisional merger, correct?

MR. LEFKOWITZ: Correct.

MR. CROSS: And the active contracts were allocated to CHS.

MR. LEFKOWITZ: Correct.

MR. CROSS: So wouldn't the providers that are associated with the active contracts not be subject to any kind of indemnity or suit against the Debtor?

MR. PERRY: Sorry. Ian, can you rephrase that? I don't understand that.

MR. CROSS: All right. I'll --

(Speakers talk at the same time.)

MR. LEFKOWITZ: I think -- I think -- I think you're asking a legal question. You don't need to rephrase it. If it's a legal question, I don't know the answer to that.

MR. CROSS: Was Ms. Tirschwell ever a CEO of the Debtor?

MR. LEFKOWITZ: Prior to the original merger.

MR. CROSS: When did she assume that office?

MR. LEFKOWITZ: I believe in January of '22.

MR. CROSS: Okay. I'm going to direct your attention to 677, page 209 of 224.

MR. NGUYEN: Hey, Ian. This is Ha Nguyen in the US Trustee's Office.

Can you get a little bit closer to the phone? The recording is picking it up, but it's very light.

MR. CROSS: Sure. How's that?

MR. NGUYEN: Yeah. That's better. Thank you.

MR. CROSS: Okay. So I see on page 209 there are a number of payments to officers of the Debtor. For example, Mr. Ladell (phonetic), Mr. Shirley, and Mr. King.

MR. LEFKOWITZ: Correct.

MR. CROSS: But I don't see any payments to a Sarah Tirschwell. So --

MR. LEFKOWITZ: Correct. She was never paid.

MR. CROSS: Why was she serving as the CEO if she wasn't compensated?

MR. LEFKOWITZ: She was installed by the principals as a CEO -- as an interim CEO, but she didn't get compensated from the company itself.

MR. CROSS: How was she compensated?

MR. LEFKOWITZ: Like I said, the principal companies compensated her.

MR. CROSS: So was she an employee of a company other than the Debtor?

MR. LEFKOWITZ: Correct.

MR. CROSS: And what company is that?

MR. LEFKOWITZ: I don't know. I don't have it in front of me, but she was under a consulting agreement. She just was given the title of CEO.

MR. CROSS: Was she associated with Geneva Consulting?

MR. LEFKOWITZ: Like I said, I don't know. I

would have to refer back to her consulting agreement, who was the actual employer. It could have been a number of companies that employed her.

MR. CROSS: Did the Debtor enter into a consulting agreement with Geneva Consulting?

MR. LEFKOWITZ: Yes.

MR. CROSS: When did it enter into that agreement?

MR. LEFKOWITZ: Not a -- not a consulting agreement. It was an MSA agreement.

MR. CROSS: What does MSA stand for?

MR. LEFKOWITZ: Management Service Agreement.

MR. CROSS: You entered into the Management Service Agreement.

MR. LEFKOWITZ: We provided all the agreements. I don't have the actual dates in front me.

UNIDENTIFIED SPEAKER: Ian, could you kind of keep those closer to what's in the Schedules and Statements. If you have questions beyond that, we'll take those up separately.

MR. CROSS: Did the Debtor make a pre-petition payment to Geneva's Consulting?

MR. LEFKOWITZ: Yes.

MR. CROSS: And when did it make those payments?

MR. LEFKOWITZ: A few months prior while Geneva was doing consulting work for the Debtor.

MR. CROSS: Was there a $3 million payment in December of 2021?

MR. LEFKOWITZ: Yes.

MR. CROSS: Who are the principles of Geneva Consulting?

MR. LEFKOWITZ: I don't know.

UNIDENTIFIED SPEAKER: Ian, you can (indiscernible) that up separately. We're now way outside the scope of the 341 Meeting.

MR. CROSS: All right. We'll bring it up in a 2004.

MR. CROSS: I don't have further questions.

MR. NGUYEN: Thank you, Mr. Cross.

Is there any other creditor on the phone that would like to ask any questions? Please state your name, who you represent, and you may proceed.

(No audible response.)

MR. NGUYEN: All right. I don't hear anyone else.

Mr. Kaufman, what I'm going to do is I'm going to continue this 341 meeting for 30 days and no need to appear. This is for documents only so we can get those amendments on file.

If we need to recall Mr. Lefkowitz or Mr. Perry, we'll let you know. I just want to have that date on --

MR. KAUFMAN: Okay.

MR. NGUYEN: -- noted on the -- on the docket so we can just track the amendments. And if everything -- we take a look at the amendments, and we have no further questions, then we'll just conclude it then.

So I'm going to kick this out for 30 days. I'm going to put it on -- let me pull up my calendar real quickly. I apologize.

So I'm going to continue this out to -- we'll do July 21st, at 1:00 p.m., but that's just the date and time I'm just reserving right now. I -- it's for documents only right now.

So we'll work with Mr. Lefkowitz and Mr. Perry and the Debtors if we need them to return to testify. Okay?

Does that make sense?

MR. KAUFMAN: Makes sense. Thank you very much, Mr. Nguyen.

MR. NGUYEN: Okay. I appreciate everyone's time. Thank you, and the meeting is continued to July 21st.

Thank you.

(Meeting adjourned.)

* * * * *

I certify that the foregoing is a correct transcript to the best of my ability from the electronic sound recording of the telephonic 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 #67485

DATE: JULY 26, 2023

CONTINUED SECTION 341 MEETING OF CREDITORS

BANKRUPTCY CASE OF TEHUM CARE SERVICES, INC.

CASE NO. 23-90086

JULY 21, 2023

APPEARANCES:

Andrew Jimenez, Trustee
Aaron Kaufman, Attorney (Counsel for Debtor)
Isaac Lefkowitz, (for Debtor)
Russell Perry, Chief Restructuring Officer, (for Ankura)
Ian Cross, Attorney (for William Kelly and Kochise Jackson)
Nick Zluticky, Attorney (Official Committee of Unsecured Creditors)
Parrish Collins, Attorney (for the Estate of April Trugillo, personal Rep. for Eugenio Mathis)
Val Early, Attorney (for Tracey Gissom)

ANDREW JIMENEZ, TRUSTEE: Good afternoon, today is July 21st, 2023, the time is 1 p.m. Central Standard Time. Ah, we are here on the Continued Section 341 Meeting of Creditors in the bankruptcy 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.

Ah, for the record this meeting is being digitally recorded, the U.S. Trustee's recording is the only authorized recording; nobody else should be recording this meeting.

Um, will counsel for the debtor identify himself, please?

AARON KAUFMAN: Yes. Ah, for the record, Aaron Kaufman of Gray Reed for the debtor. And do you want me to

introduce the debtor representatives here on the line?

ANDREW JIMENEZ, TRUSTEE: Yes, go ahead, please.

AARON KAUFMAN: Okay. Ah, on the line for the debtor is ah, the debtor's director, Isaac Lefkowitz, and the debtor's Chief Restructuring Officer, Russell Perry of Ankura.

ANDREW JIMENEZ, TRUSTEE: Okay. So, at this -- at this time, we're gonna take um, we're gonna swear ah -- ah, the witnesses. We'll start with Mr. ah, Lefkowitz. Mr. Lefkowitz, could you please raise your right hand?

ISAAC LEFKOWITZ: Yes.

ANDREW JIMENEZ, TRUSTEE: Could you -- could you please state your full name for the record.

ISAAC LEFKOWITZ: Isaac Lefkowitz.

ANDREW JIMENEZ, TRUSTEE: Do you swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth?

ISAAC LEFKOWITZ: I affirm.

ANDREW JIMENEZ, TRUSTEE: Ah, Mr. Perry, could you please raise your right hand and tell me when you're ready.

RUSSELL PERRY: Ah, I'm ready.

ANDREW JIMENEZ, TRUSTEE: 'Kay. Could you please state your full name for the record?

RUSSELL PERRY: Ah, Russell Perry.

ANDREW JIMENEZ, TRUSTEE: Do you swear or affirm that the testimony you're about to give is the truth, the whole truth, and nothing but the truth?

RUSSELL PERRY: I do.

ANDREW JIMENEZ, TRUSTEE: So, since this meeting of creditors is being conducted telephonically, um, I can't do what I would normally do, which is to check the ah, identifications of the witnesses. So, Mr. Kaufman, as an Officer of the Court, can you please confirm that the individuals on -- on the phone are indeed who they claim to be.

AARON KAUFMAN: I can confirm that, yes.

ANDREW JIMENEZ, TRUSTEE: Thank you, Mr. Kaufman. Um, we have ah -- a several ah, ah,

creditors ah, on the call. Ah, I will give all the creditors present the opportunity to ask questions. I just ask you to please ah, wait until - - until I call you ah, to ask your questions. So, anyone, who is not um, answering questions at this point, ah, would you please ah, mute your phone that way ah, you will help us reduce background noise.

So, during this call, are we -- ah, I will be using the term "debtor" and when I say, debtor, I am referencing Tehum Care Services, Inc. formerly doing business as Corizon ah, Healthcare Services, Inc.

Um, so Mr. Lefkowitz, on July 19, 2023, the debtor filed a second amended Schedule A/B in Docket No. 810. And a second amended Statement of Financial Affairs ah, Docket No. 811.

Mr. Lefkowitz, did you review the second amended Schedule A/B of Docket No. 810?

ISAAC LEFKOWITZ: Yes, I did.

ANDREW JIMENEZ, TRUSTEE: Are the changes to the second amended Schedule A/B true and correct to the best of your knowledge and belief?

ISAAC LEFKOWITZ: Yes, it is.

ANDREW JIMENEZ, TRUSTEE: Did you review the amended Statement -- the second amended Statement of Financial Affairs of Docket No. 811?

ISAAC LEFKOWITZ: Yes, I did.

ANDREW JIMENEZ, TRUSTEE: Are the changes to the second amended Statement of Financial Affairs true and correct to the best of your knowledge and belief?

ISAAC LEFKOWITZ: Yes, it is.

ANDREW JIMENEZ, TRUSTEE: At this time, are there any changes or amendments that you wish to make on the petition schedules or Statement of Financial Affairs?

ISAAC LEFKOWITZ: Not at this time.

ANDREW JIMENEZ, TRUSTEE: Okay. And I just wanna confirm that the signature that appears on the ah, -- on the second amended Schedule A/B of Docket No. 810 is your signature; correct?

ISAAC LEFKOWITZ: Yes.

ANDREW JIMENEZ, TRUSTEE: And -- the signature on the second amended Statement of Financial Affairs on Docket No. 811 that is your signature; correct?

ISAAC LEFKOWITZ: Correct.

ANDREW JIMENEZ, TRUSTEE: Okay. So, I'm -- I'm -- I wanna ask some questions regarding notice and ah, for these questions, if -- if -- ah, I'm gonna start with Mr. Lefkowitz, but Mr. Russell, if you think you have something to add, just let me know and I will give you the opportunity to ah, to an -- to answer, as well.

Um, for the Notice of the Bar Date, ah, can you walk us through what records or how the debtor ascertained information ah,

		specifically for prisoners ah, to notice those parties?
ISAAC LEFKOWITZ:		This question ah, address to me or to Counsel?
ANDREW JIMENEZ, TRUSTEE:		No. It's -- it's for you, Mr. Lefkowitz.
ISAAC LEFKOWITZ:		Um, it's -- pulled from the records off the server.
ANDREW JIMENEZ, TRUSTEE:		What -- what server are you referring to?
ISAAC LEFKOWITZ:		The server of the debtor.
ANDREW JIMENEZ, TRUSTEE:		So, to -- to date, ah, is it your understanding that prisoners that filed grievances to the extent that the debtor can obtain the -- their mailing information ah, was served with notice of the claims Bar Date?
ISAAC LEFKOWITZ:		(STAMMERS) -- we basically instructed Counsel to comply with the law on how to notice creditors that's incarcerated.
ANDREW JIMENEZ, TRUSTEE:		I'm -- I'm -- I'm not sure that answers my question. So, let me -- let me repeat it. Is it your

understanding --

ISAAC LEFKOWITZ: Okay.

ANDREW JIMENEZ, TRUSTEE: -- that prisoners that file grievances were served with --

ISAAC LEFKOWITZ: (CROSSTALK) -- grievances.

ANDREW JIMENEZ, TRUSTEE: -- notice of the claims Bar Date?

ISAAC LEFKOWITZ: Um, (INAUDIBLE), I don't know exactly the process, but we -- you know, we have a servicing company we provided all the information of the clients (INAUDIBLE) the debtor, and whatever the service company, you know, did according to the rules.

ANDREW JIMENEZ, TRUSTEE: Do you know if, the -- notices were sent out to prisoners that may have filed grievances, but not filed lawsuits against the debtor?

ISAAC LEFKOWITZ: I'm not sure if the notices were actually mailed to, you know, the addresses, but what I do know is we -- we publicized it in the major publications nationwide and The New York Times and The Wall Street Journal, so ah, notices has

	been given.
AARON KAUFMAN:	Mr. -- Mr. Jimenez, this Aaron Kaufman. I sent you and Mr. Wynn, the -- the list of ah, claimants to (INAUDIBLE) notified, ah, at least the one that's on the docket. I can -- I'm happy to send you the unredacted version, if that's what you're looking for. And I think what Mr. Lefkowitz is trying to say is, now, he -- he instructed counsel to ah, comply with the, you know, the (INAUDIBLE) Standards to give notice, actual notice to creditors so the debtor can reasonably ascertain their -- their addresses and -- that's what we did working with KCC.
ANDREW JIMENEZ, TRUSTEE:	So, Mr. Lefkowitz, um, did -- does the debtor have the addresses of ah, prisoners that -- that have filed grievances against the debtor?
ISAAC LEFKOWITZ:	Um, (INAUDIBLE) pending --

depending of the age and the date of the grievance. Ah, some folks file grievances while their still an inmate, and then now, they're discharged. So, we no longer have their address, we only have the clients of the debtor, which is certain states and or certain cities, and they probably have the further, you know, locations and addresses of, you know, the released inmate. Ah, but I'm not certain that, you know, all addresses that we have is the perfect, up-to-date address.

ANDREW JIMENEZ, TRUSTEE: Okay. But can you confirm if the debtor has sent Notice of the Bar Date to the addresses that you -- you do have on file?

ISAAC LEFKOWITZ: Um, the ones that we reasonably ascertain, yes. And that was all done through KCC.

ANDREW JIMENEZ, TRUSTEE: So, that would be -- that would be -- that would be found on the various Certificates of Service

that the claims agent filed?

ISAAC LEFKOWITZ: Correct.

ANDREW JIMENEZ, TRUSTEE: Okay. Can you identify what are um, in the -- in the docket where those certificates of services -- of service were filed?

AARON KAUFMAN: Ah, Mr. Jimenez, there -- there's a handful of them and I'm happy to that. I don't -- I doubt Mr. Lefkowitz --

ANDREW JIMENEZ, TRUSTEE: So -- this -- this is Mr. Kaufman?

AARON KAUFMAN: -- you know, the docket numbers.

ANDREW JIMENEZ, TRUSTEE: This is Mr. Kaufman?

AARON KAUFMAN: Yes, sorry.

ANDREW JIMENEZ, TRUSTEE: Okay. So, Mr. Kaufman, just -- just ah, please remember that we're trying -- this is being con -- conducted telephonically, so whenever you speak or someone speak, please state your name for the record. That way ah, we can -- -

AARON KAUFMAN: Understand.

ANDREW JIMENEZ, TRUSTEE: -- have a clear record of -- of who is speaking. Ah, so, I

understand. Mr. Kaufman, if -- if you know the answer can you please share it with us? If -- if you don't know it, just -- just -- just tell me -- just tell me so.

AARON KAUFMAN: Sure. So, this is Aaron Kaufman, I'll -- I'll pause and let Mr. Lefkowitz answer, if he knows.

ISAAC LEFKOWITZ: So again um, I don't -- I don't follow the actual docket or the docket numbers. We instructed counsel to do exactly, you know, what the -- what the law requires to notice the creditors and -- and far as I know, it all has been accomplished ah, through the services of KCC.

ANDREW JIMENEZ, TRUSTEE: Okay. So -- have -- have you -- have you -- have you verified ah, or some of your professionals, have they verified that for you?

ISAAC LEFKOWITZ: Um -- it was confirmed --

AARON KAUFMAN: This is Aaron Kaufman, I --I verified it and I think I've sent it to you, Mr. Jimenez.

ANDREW JIMENEZ, TRUSTEE: Okay. Mr. -- Mr. Kaufman, I -- I appreciate your trying to help, but please let the -- the witness answer -- answer the questions. If -- if I need any further information from you, I will make sure to reach out to you.

So, Mr. -- Mr. -- Mr. Lefkowitz, you just said a moment ago, that you -- you were certain that K -- KCC had complied with that. So, my question is, have you had someone verified that for you?

ISAAC LEFKOWITZ: It was -- it was confirmed to me by counsel that it has been verified.

ANDREW JIMENEZ, TRUSTEE: Can you confirm that there is no subset of creditors including prisoners that the debtor has ascertained mailing -- mailing information, but service of the Bar Date Notice was withheld?

ISAAC LEFKOWITZ: (INAUDIBLE)that is confirmed.

ANDREW JIMENEZ, TRUSTEE: Are you -- are you not aware of any other groups that needed to be

served of the Bar Date Notice at this time?

ISAAC LEFKOWITZ: Correct.

ANDREW JIMENEZ, TRUSTEE: Have you reviewed the Proof of Claims in this case?

ISAAC LEFKOWITZ: Yes.

ANDREW JIMENEZ, TRUSTEE: Did the debtor receive proof -- Proof of Claims from inmates that initiated grievances, but not lawsuits?

ISAAC LEFKOWITZ: Correct.

ANDREW JIMENEZ, TRUSTEE: So, it's -- what is -- what is your answer?

ISAAC LEFKOWITZ: The answer is yes, we -- we receive all kinds of letters, you know, call it a claim, call it a Notice to a Claim. But we do have what we call a claim, but not a lawsuit from (CUTOUT) (INAUDIBLE).

ANDREW JIMENEZ, TRUSTEE: Okay. And -- and my question was specifically about folks that are incarcerated, but haven't filed a lawsuit have they filed a Proof of Claim in this bankruptcy case?

ISAAC LEFKOWITZ: I'm not aware of any.

ANDREW JIMENEZ, TRUSTEE: Okay. So, Mr. Lefkowitz, I'm going to ask you some questions regarding the amended ah, Schedule A, A/B, ah, in Docket No. 810. Ah, let me know when you have the document in front of you.

ISAAC LEFKOWITZ: Okay. What page number?

ANDREW JIMENEZ, TRUSTEE: Okay. Um, so, first let's (INAUDIBLE) the debtor made changes to the answer to question No. ah, 73 in Schedule A/B, which is about -- which asks about interests and insurance policies and annuities. Ah, so the answer is in page 194 out of um, 202.

ISAAC LEFKOWITZ: 194?

ANDREW JIMENEZ, TRUSTEE: 194 of 202.

ISAAC LEFKOWITZ: Hang on a second.

ANDREW JIMENEZ, TRUSTEE: Okay. So, you see that the answer of -- in question 73 makes reference to a Schedule A/B, 73 attachment. Do you see that?

ISAAC LEFKOWITZ: One second, my -- my computer froze, (MUMBLES). Just one second. (PAUSES). Okay, I got

it.

ANDREW JIMENEZ, TRUSTEE: Okay. So, you see that the answer to question 73 makes reference to an attachment, a Schedule A/B, 73 attachment. Um --

ISAAC LEFKOWITZ: Correct.

ANDREW JIMENEZ, TRUSTEE: -- so that attachment um, I believe starts in page 198. And let me know when you there.

ISAAC LEFKOWITZ: (CUTOUT) there.

ANDREW JIMENEZ, TRUSTEE: Okay. So, we have a spreadsheet here and ah, it has ah, various columns um, can you please explain what is represented in -- under the column titled, Per Claim SIR?

ISAAC LEFKOWITZ: SIR?

ANDREW JIMENEZ, TRUSTEE: Correct.

ISAAC LEFKOWITZ: Um, SIR is ah, is an insurance lingo of Self-Insured Retention.

ANDREW JIMENEZ, TRUSTEE: Okay. So, what -- what -- what is it -- what is represented under that column?

ISAAC LEFKOWITZ: Um, --

RUSSELL PERRY: (STAMMERS) -- yeah, I'm sorry. Mr. Jimenez, this is Russell

Perry. I ah, took a um, f -- fairly ah, lead role in preparing this schedule. Um, if -- you know, if you allow -- I'm happy to answer your question that relates to this schedule.

ANDREW JIMENEZ, TRUSTEE: Sure. Let -- let's -- let's wait -- let's -- let Mr. Lefkowitz ah, answer that question, and then I'll move -- I'll -- I'll give you the opportunity.

RUSSELL PERRY: Sure.

ANDREW JIMENEZ, TRUSTEE: Okay.

RUSSELL PERRY: Sure.

ISAAC LEFKOWITZ: Mr. Jimenez, which column you're referring to?

ANDREW JIMENEZ, TRUSTEE: Um, the column titled --

ISAAC LEFKOWITZ: Third Claim SIR?

ANDREW JIMENEZ, TRUSTEE: -- Third Claim SIR.

ISAAC LEFKOWITZ: Right. So, these are -- these are numbers that come off the policy. These are policy information.

ANDREW JIMENEZ, TRUSTEE: Okay. So, what -- what -- what does that mean, the Per Claim SIR? Well, what does that mean? Help

me understand that.

ISAAC LEFKOWITZ: Um, -- so for instance on the first one, it says American Fidelity.

ANDREW JIMENEZ, TRUSTEE: Okay.

ISAAC LEFKOWITZ: -- 375,000.

ANDREW JIMENEZ, TRUSTEE: Yes.

ISAAC LEFKOWITZ: So, the Self-Insured Retention under that policy is 375,000. So the, so, per claim, the exposure is $375,000. But there's a per claim and then there's an aggregate of the next column, which is total per year.

ANDREW JIMENEZ, TRUSTEE: And -- and what is the aggregate SIR represent?

ISAAC LEFKOWITZ: Total -- total on the annual policy.

ANDREW JIMENEZ, TRUSTEE: Okay. Mr. --

ISAAC LEFKOWITZ: So --

ANDREW JIMENEZ, TRUSTEE: -- yeah, go ahead. Sorry, to interrupt you.

ISAAC LEFKOWITZ: -- so, let's say on -- on -- on the second line item, it says aggregate and SIR 15 million, of

	the first 15 million is from the policyholder. Every dollar above 15, the insurance company (INAUDIBLE).
ANDREW JIMENEZ, TRUSTEE:	Mr. Perry, is there anything you -- - ah, you wish to add?
RUSSELL PERRY:	No, no, that's ah, that's perfect. He ah, Mr. Lefkowitz explained the per claim SIR and the aggregate SIR correctly.
ANDREW JIMENEZ, TRUSTEE:	Okay. So, if -- if I understood correctly, um, from that per claim SIR and I'm -- I'm going to use as an example um, applied Medical Legal Solutions Risk Retention Group ah, because that -- that policy has numbers under both columns, the per claim SIR and the aggregate SIR. So, if I understood correctly, if you get a claim under that policy for per claim SIR, the first million dollars comes out of the pocket of the debtor, and anything above 1 million is paid by the insurance?

ISAAC LEFKOWITZ: That's correct.

ANDREW JIMENEZ, TRUSTEE: Okay. And then aggregate SIR ah, is the same concept only on the aggregate. So, it will be fifth -- anything above 15 million -- the first 15 million dollars are paid by the debtor and anything above that is paid by the insurance company; is that correct?

ISAAC LEFKOWITZ: Correct; perfect.

ANDREW JIMENEZ, TRUSTEE: Okay. Um, so are -- are you aware that the debtor recently filed a motion on Docket No. 802 for an Order Establishing Procedures for the resolution of certain claims that involve insurance policies of ah, Lone Star Alliance, Inc. ah, in Arizona? Um, are you aware of that motion?

ISAAC LEFKOWITZ: Right.

ANDREW JIMENEZ, TRUSTEE: Okay. So, if you -- if -- if -- I'm still in Docket No. 810. If you go to page 200 and we're still in the same attachment for A/B 73. Ah, towards the second half of the

1		-- the bottom half of the -- of
2		the page, there is a bunch of ah,
3		insurance policies for Lone Star
4		Alliance. So, my question is --
5	ISAAC LEFKOWITZ:	Right.
6	ANDREW JIMENEZ, TRUSTEE:	-- are this insurance policies
7		that are related to the motion in
8		Docket No. 802 for the procedures
9		for the resolution of certain
10		claims?
11	ISAAC LEFKOWITZ:	Yes, sir.
12	ANDREW JIMENEZ, TRUSTEE:	Okay. So, if -- if we go to the
13		first -- the -- the first
14		insurance -- insurance policy for
15		Lone Star Alliance. Um, and just
16		-- just -- just to make sure that
17		we're on the same page, ah, page
18		200 and I'm referring to account
19		No. 4-100092.
20	ISAAC LEFKOWITZ:	Ah, Mr. Hernandez [SIC], I'm not
21		sure that I'm fully ah,
22		knowledgeable in all the details
23		of these policies. What I do know
24		is that we're in active mediation
25		with these carriers from a

(INAUDIBLE), which is happening as we speak. So, I'm not sure that I can drill down on actual details of the schedule.

ANDREW JIMENEZ, TRUSTEE: Okay. But just -- just wait for my questions and then you can give me your answer.

ISAAC LEFKOWITZ: Sure.

ANDREW JIMENEZ, TRUSTEE: Okay. So, can you tell me -- and -- and, you know, let's use for example that first Lone Star Alliance ah, ah, policy. Ah, it -- - under the column of Per Claim Limit, it states 1 million dollars. Um, what -- what does that mean?

ISAAC LEFKOWITZ: Pretty much what I said before. That under that policy, the per-claim limit is one million. So, Jane Doe files a claim or gets vindicated in trial on appeal (INAUDIBLE) 1.1 million, the first million is the debtor's responsibility and $100,000 is Lone Star's (MUMBLES).

ANDREW JIMENEZ, TRUSTEE: Okay. And then, the aggregate limit is -- can you explain what is the aggregate limit? In this case, it's 22 million dollars.

ISAAC LEFKOWITZ: Total -- total aggregate per policy period. So, if we exhausted the 22 million dollars, um, I mean, (CUTTING OUT)kicks in by the insurance company.

ANDREW JIMENEZ, TRUSTEE: Okay. So, what would be the difference between the aggregate SIR and the -- and the aggregate limit? Under this policy ah, it's -- it's two different numbers. The aggregate SIR is 18 million and the aggregate limit is 22 million. What is the difference between those two numbers?

ISAAC LEFKOWITZ: Um, I'm not certain, maybe Russell can jump in on that. It's -- (CUTTING OUT)(MUMBLES).

ANDREW JIMENEZ, TRUSTEE: Okay. Mr. Perry? Do you know the answer?

RUSSELL PERRY: Sure, sure. Yeah. So, Mr. Jimenez, your question is -- so I

make sure I understand -- what's the difference between aggregate SIR and aggregate limit?

ANDREW JIMENEZ, TRUSTEE: Correct.

RUSSELL PERRY: To make sure I understand that -- that's your question.

ANDREW JIMENEZ, TRUSTEE: Yes, correct.

RUSSELL PERRY: Okay. So, an aggregate SIR, okay, is the total Self-Insured Retention amount required to be paid before, okay, the policy reaches any type of -- a -- ability to -- to make a payment, okay? Or to reach any of the insurance proceeds. If the SIR, the aggregate SIR, is otherwise satisfied for that specific policy and I don't know if you're -- referencing, you know, one policy or just in general, but if an aggregate SIR is satisfied, then the aggregate limit comes into play, which means that is the total amount that the insurance carrier or the policy would

provide for on the payment of claims. So, it's a step-one, step-two type process. Step one, the aggregate SIR has to be satisfied, step two, the insurance proceeds are now available, and the total amount of proceeds are governed by the aggregate limit.

ANDREW JIMENEZ, TRUSTEE: Okay. So, and -- and following as an example that -- that Lone Star Alliance policy, it says that the aggregate limit is 22 million. So, that's -- that's the --

RUSSELL PERRY: Uh-huh.

ANDREW JIMENEZ, TRUSTEE: -- total amount that the insurance policy will pay after the 18 million aggregate SIR is satisfied.

RUSSELL PERRY: Ah, that is what the policy calls for, that is correct. That's not a reflection of what may be remaining or what the policy is today, but is what the face numbers on the policy represent; that is correct.

ANDREW JIMENEZ, TRUSTEE: Okay. Um, and how does -- I'm trying to understand, how does that play in the -- the procedures for the resolution of certain claims, as -- as filed in Docket No. 802?

AARON KAUFMAN: So -- ah, Mr. Jimenez, this is Aaron Kaufman. I -- I want to avoid at this 341 Meeting getting into the -- the rush now behind this settlement motion that's pending. Ah, that's -- that's ah, a contested hearing that's ongoing before the Court. Ah, I'm not aware of any open objections. Still a lot of time for parties to reach out to us and we're hoping, we can resolve any objections.

ANDREW JIMENEZ, TRUSTEE: Yeah, but that's -- that's --

AARON KAUFMAN: Ah, but ah, Mr. Lefkowitz at this point that this was actively negotiated in a -- in a confidential mediation. So, I wanna keep those discussions confidential.

ANDREW JIMENEZ, TRUSTEE: No. I understand that, but that's not -- that's not my question, Mr. Kaufman. So, what I'm trying to understand --

AARON KAUFMAN: Ah, -- a -- apologies. If -- if you wouldn't mind clarifying.

ANDREW JIMENEZ, TRUSTEE: -- sure. Ah, my question is how does -- how does these policies limits, you know, are going to -- for example, okay? Let's -- let's take a step back. What is the limit that ah, is going to be available under that -- under those procedures? Should -- can -- - can --

AARON KAUFMAN: Can you clarify which procedures you're talking about (INAUDIBLE)?

ANDREW JIMENEZ, TRUSTEE: Dock -- ah, for the motion on the Docket 802, which relates to the -- - to the Lone Star Alliance ah, insurance policy.

AARON KAUFMAN: I -- I would -- I'm gonna ask that we move along and -- and focus on what's in the schedules and statements here, not in the

	procedures --
ANDREW JIMENEZ, TRUSTEE:	But --
AARON KAUFMAN:	-- that are a separate motion.
ANDREW JIMENEZ, TRUSTEE:	-- the -- my question is about the schedules. We have here on the schedules ah, the -- the Lone Star Alliance and I'm trying to understand what are the limits and how -- how is this going to ah, be used under those procedures.
RUSSELL PERRY:	Yeah -- yeah, um, Mr. Jimenez, this -- this is um, Russell Perry. The policies in the -- the underlying insurance policies aren't being altered, aren't being otherwise modified, they aren't being otherwise divorced from the numbers that were -- that we provided for in the schedules, 'kay. The SIRs on a per claim basis, on an aggregate basis, the per claim limit or the aggregate limits will all -- apply to the procedures that are ah, you know, filed within the motion that will

be in front of Judge Lopez in -- in due time. So, there is no modification of the policy. The only thing that will be important for the procedures will be whether or not the SIRs have already been exhausted or there is a potential exhaustion that could occur and whether or not there is remaining amounts under the policy that would, of course, you know, ah, you know, max out at the aggregate limit. These are just numbers of the policies, which is what we were asked to schedule. We have substantially, you know, ah, you -- you know, a very comprehensive analysis that we've shared with, you know, most if not all the creditors that have requested it that provide for more substantial information with respect to what SIRs are remaining to be satisfied what are satisfied, and what limits are remaining under the

policies. So, you know, I don't -- I'm not telling you it's apples and oranges, but what was scheduled in here are the face value, the numbers on the policies what the -- ah, motion relates to is the current state of the insurance policy, and the procedures in which could be um, you know, implemented in order to potentially um, ah -- you know, ah, receive any recoveries under those policies. So, I -- I'm also not sure exactly what your question is, but the procedures are very clear, they lay out the claim's resolution procedures in paragraph nine of the motion that you're referring to. What's here in the schedules is just the face amount of those policies. So, there are certain policies that the motion relates to in this schedule by which these SIRs and aggregate limits, and per-claim

limits will continue to relate to. It's just a matter of what the value of the policy is and what are the procedures in order to get to those.

ANDREW JIMENEZ, TRUSTEE: Okay. To the extent that the debtor is required to ah, come up with a payment for the SIR, how will the -- how will the debtor pay for that?

RUSSELL PERRY: That hasn't been determined.

ANDREW JIMENEZ, TRUSTEE: Have you explored possibilities of how -- how to fund those SIRs?

AARON KAUFMAN: Mr. Jimenez, you're going beyond what's in the schedules here. Can you just focus on what's in the schedules?

ANDREW JIMENEZ, TRUSTEE: Mr. Lefkowitz, ah, -- Mr. Russell, ah, Mr. Perry, do you have an answer?

RUSSELL PERRY: Yeah. I -- there -- there have been discussions around potential ways in which to satisfy SIRs. Most of those discussions occurred under a confidential manner with

Judge Jones in mediation. So, I -- I'm not sure I have the liberty to answer that. But if you're asking if we have had any conversations amongst the debtor team and the mediator with respect to a potential path to satisfy SIRs, yes, discussions have certainly occurred.

ANDREW JIMENEZ, TRUSTEE: Okay. Mr. Lefkowitz, I'm going to ask you questions about the amended state -- Statement of Financial Affairs on Docket No. 811. Um, let me know when you have the document in front of you.

ISAAC LEFKOWITZ: Yes.

ANDREW JIMENEZ, TRUSTEE: Okay. So, I'm going to if you -- if you go to page 191 of two -- of 225.

ISAAC LEFKOWITZ: Say that again, one what?

ANDREW JIMENEZ, TRUSTEE: 191 of 225.

ISAAC LEFKOWITZ: (MUMBLES). Yes.

ANDREW JIMENEZ, TRUSTEE: Okay. So here, you -- ah, the debtor changed the answer to the question on -- on question No. 13.

1		And the answer provides makes a
2		reference to a SOFA 13 attachment.
3	ISAAC LEFKOWITZ:	Right.
4	ANDREW JIMENEZ, TRUSTEE:	Okay. So, let's go to that
5		attachment, I think that
6		attachment starts at page 220 of
7		225.
8	ISAAC LEFKOWITZ:	Yeah, I got it.
9	ANDREW JIMENEZ, TRUSTEE:	Okay. So ah -- question 13 ask
10		about transfers not already listed
11		on -- on -- on this statement.
12		And here we have a list of -- of
13		transfers. So, let's start with
14		ah, can you please tell me what is
15		ah, AmerisourceBergen?
16	ISAAC LEFKOWITZ:	AmerisourceBergen.
17		AmerisourceBergen is ah, one of
18		the largest, ah, pharmaceutical
19		wholesalers in the country.
20	ANDREW JIMENEZ, TRUSTEE:	What -- those transfers, what was
21		the purpose of those transfers to
22		AmerisourceBergen?
23	ISAAC LEFKOWITZ:	Those were ah, invoices that the
24		debtor incurred or -- out the a,
25		Michigan contract for

pharmaceuticals for inmates.

ANDREW JIMENEZ, TRUSTEE: And the relationship with ah, AmerisourceBergen is -- is ah, identified as a vendor. Um, that's the only connection or relationship ah, ah, with the debtor?

ISAAC LEFKOWITZ: Correct.

ANDREW JIMENEZ, TRUSTEE: Do -- do you ah, individually, do you have any connection with or relationship with AmerisourceBergen?

ISAAC LEFKOWITZ: No.

AARON KAUFMAN: Mr. Jimenez, this Aaron Kaufman. Can -- you just clarify what you mean by relationship with AmerisourceBergen --

ANDREW JIMENEZ, TRUSTEE: Yes. And then --

AARON KAUFMAN: -- then we might --

ANDREW JIMENEZ, TRUSTEE: -- for example --

AARON KAUFMAN: -- um, an ownership interest or --

ANDREW JIMENEZ, TRUSTEE: -- have -- have -- have you been an officer or director or shareholder or an employee of AmerisourceBergen?

ISAAC LEFKOWITZ: No.

ANDREW JIMENEZ, TRUSTEE: And have you had any --

ISAAC LEFKOWITZ: AmerisourceBer --

ANDREW JIMENEZ, TRUSTEE: Go ahead; I'm sorry.

ISAAC LEFKOWITZ: Amerisource -- AmerisourceBergen is a public company known as ABC.

ANDREW JIMENEZ, TRUSTEE: And of those connections that, you know, those --- those examples that I -- ex -- just described to you of officer, director, shareholder, employee, manager, have you -- have you had any of those connections with Amerisource in the past?

ISAAC LEFKOWITZ: None.

ANDREW JIMENEZ, TRUSTEE: Okay. Um, can you tell us um, what is DG Realty?

ISAAC LEFKOWITZ: DG Realty is ah, a company ah, that is related same principals (INAUDIBLE) DG Realty are principals of grandfather companies of the debtor.

ANDREW JIMENEZ, TRUSTEE: Okay. So, I guess, that -- that answer -- my next question was um, DG Realty is identified as an

affiliate of the debtor and I wanted you to explain what is the connection between DG Realty and the debtor.

ISAAC LEFKOWITZ: So, the prince -- principals, who own DG Realty also are equity owners of entities that are equity holders of the debtor.

ANDREW JIMENEZ, TRUSTEE: Can you ah -- what are those -- what are those entities that DG Realty has an equity interest that in turn are equity owners of the debtor?

ISAAC LEFKOWITZ: Oh, you misunderstand -- stood me, ah, Mr. Hernandez [SIC]. So, DG Realty is not an equity owner of any entity of the debtor. I'm saying we call it affiliate because some of the same principals are members of the same entity.

ANDREW JIMENEZ, TRUSTEE: Okay. Um, -- okay. I thought you said a moment ago that DG Realty had equity interest in other entities that in turn were -

-- had equity interest on the debtor.

ISAAC LEFKOWITZ: That's not correct.

ANDREW JIMENEZ, TRUSTEE: What were um, this transfer to DG Realty; what was the purpose of those transfers?

ISAAC LEFKOWITZ: So, DG Realty made a 7 1/2 million dollar loan to the debtor, and the debtor paid it back.

ANDREW JIMENEZ, TRUSTEE: When was that loan made to the debtor?

ISAAC LEFKOWITZ: On the same day.

ANDREW JIMENEZ, TRUSTEE: On -- what -- what same date are you referring to?

ISAAC LEFKOWITZ: 12-27-21.

ANDREW JIMENEZ, TRUSTEE: So, you're saying that DG Realty loan on -- on -- on December 27, 20 -- 2021 loaned 7 -- $7,500,000 to the debtor and the debtor repaid on the same date?

ISAAC LEFKOWITZ: Correct.

ANDREW JIMENEZ, TRUSTEE: And what was the purpose of that loan?

ISAAC LEFKOWITZ: (INAUDIBLE) -- the debtor at that point was named Corizon um, they

were gonna use it as a bond collateral for some contracting. But then it all got (INAUDIBLE) and they sent the money back.

ANDREW JIMENEZ, TRUSTEE: Mr. Lefkowitz, are you an officer, director, manager, shareholder, or shareholder of DG Realty?

ISAAC LEFKOWITZ: No.

ANDREW JIMENEZ, TRUSTEE: Have you had any of those connections in the past?

ISAAC LEFKOWITZ: No.

ANDREW JIMENEZ, TRUSTEE: Do you have any -- any other kind of connection or relationship with DG Realty?

ISAAC LEFKOWITZ: I know the folks from DG Realty.

ANDREW JIMENEZ, TRUSTEE: And do you have any relationship with the folks from DG Realty?

ISAAC LEFKOWITZ: (INAUDIBLE) enough that ah, we needed $7,500,000 for collateral to pick up a phone and get the loan done. But then once we decided we don't need it, we returned the money.

ANDREW JIMENEZ, TRUSTEE: In the -- in the -- in this list, you also, the debtor also

		disclosed ah, transfers to Perigrove. What is Perigrove?
ISAAC LEFKOWITZ:		Perigrove is the same -- same case, the principals of Perigrove have an equity interest in entities that ultimately own the debtor. And this too, was a loan to the debtor; this is a payment back.
ANDREW JIMENEZ, TRUSTEE:		What was -- what was that loan used for?
ISAAC LEFKOWITZ:		Ah, cash operations. To float their cash.
ANDREW JIMENEZ, TRUSTEE:		Can you please repeat that?
ISAAC LEFKOWITZ:		The debtor needed cash to float their cash flow. The Perigrove loaned them money and the Per -- and the debtor paid it back. Twice, once for 5 million and once for 1 million.
ANDREW JIMENEZ, TRUSTEE:		Do you have any relationship or connection with Perigrove?
ISAAC LEFKOWITZ:		I'm a director of Perigrove.
ANDREW JIMENEZ, TRUSTEE:		Since when?
ISAAC LEFKOWITZ:		I don't know the exact date, but -

- the last few years.

ANDREW JIMENEZ, TRUSTEE: When you say last few years, what -- what does that mean? 2020? 2021?

ISAAC LEFKOWITZ: Mm -- right about 2019, 2020; correct.

ANDREW JIMENEZ, TRUSTEE: In this -- in this attachment um, the debtor also list Pharmacorr as an affiliate. What is Pharmacorr, LLC?

ISAAC LEFKOWITZ: Pharmacorr is ah, (INAUDIBLE) pharmacy that provides pharmaceuticals, prescription pharmaceuticals to incarcerated inmates.

ANDREW JIMENEZ, TRUSTEE: And can you explain the relationship with the debtor of Pharmacorr with the debtor?

ISAAC LEFKOWITZ: It's a vendor. Pharmacorr is a vendor to the debtor.

ANDREW JIMENEZ, TRUSTEE: Pharmacorr is not an affiliate of the debtor?

ISAAC LEFKOWITZ: It is an affiliate, but also a vendor.

ANDREW JIMENEZ, TRUSTEE: Okay.

ISAAC LEFKOWITZ: Pharmacorr sells to the debtor, pharmaceuticals.

ANDREW JIMENEZ, TRUSTEE: Okay. Explain to me how Pharmacorr is an affiliate of the debtor.

ISAAC LEFKOWITZ: Principals and the Pharmacorr may also have an equity position in the entities that ultimately are equity holders in the debtor.

ANDREW JIMENEZ, TRUSTEE: Can you please name the principals that have an equity ah, interest on the debtor?

ISAAC LEFKOWITZ: The principals in which entity?

ANDREW JIMENEZ, TRUSTEE: Pharmacorr.

ISAAC LEFKOWITZ: Ah, Abraham Goldberger and David Gefner.

ANDREW JIMENEZ, TRUSTEE: Abraham, what is -- Abraham's last name?

ISAAC LEFKOWITZ: Gold -- Goldberger.

ANDREW JIMENEZ, TRUSTEE: And then the other individual you name was David?

ISAAC LEFKOWITZ: David Gefner.

ANDREW JIMENEZ, TRUSTEE: What are the names of the principals in Perigrove that have an equity interest on the debtor?

ISAAC LEFKOWITZ: Same individuals.

ANDREW JIMENEZ, TRUSTEE: Abraham Goldberger and David Gefner?

ISAAC LEFKOWITZ: Correct. They don't have equity in the debtor, they have equity in -- entities, which ultimately these entities are equity holders in the debtor.

ANDREW JIMENEZ, TRUSTEE: 'Kay. What are the name of the principals of the DG Realty that have equity interest on entities that own the debtor?

ISAAC LEFKOWITZ: Same individuals.

ANDREW JIMENEZ, TRUSTEE: Abraham Goldberger and David Gefner?

ISAAC LEFKOWITZ: Right.

ANDREW JIMENEZ, TRUSTEE: And then you also list ah, M2 LoanCo ah, and buyers transfers to M2 LoanCo. Ah, what was -- what were the -- the -- what was the purpose of those transfers to M2 LoanCo?

ISAAC LEFKOWITZ: M2 LoanCo is a secured lender to the debtor. Or was a secured lender to the debtor.

ANDREW JIMENEZ, TRUSTEE: Um, before -- let me go back ah, one moment. Are you -- we're going back to Pharmacorr. Are you an officer, director, manager, shareholder of Pharmacorr?

ISAAC LEFKOWITZ: I'm a director.

ANDREW JIMENEZ, TRUSTEE: Since when?

ISAAC LEFKOWITZ: Since ah, December of '21.

ANDREW JIMENEZ, TRUSTEE: So, going back to M2 LoanCo, um, those transfers -- so -- those transfers, what was the purpose of those transfers? Was it to ah, repay a loan?

ISAAC LEFKOWITZ: Some of it was repayment, some of it was -- was interest payments, some of it were fees. I don't have the details in front of me. But it was all related to the loan.

ANDREW JIMENEZ, TRUSTEE: And what were those loans used for?

ISAAC LEFKOWITZ: For the cash operations for the debtor.

ANDREW JIMENEZ, TRUSTEE: And you are a director of M2 LoanCo; correct?

ISAAC LEFKOWITZ: Correct.

ANDREW JIMENEZ, TRUSTEE: Since when?

ISAAC LEFKOWITZ: Since um, (INAUDIBLE) '21.

ANDREW JIMENEZ, TRUSTEE: I didn't hear you, could you please repeat that?

ISAAC LEFKOWITZ: December of 2021.

ANDREW JIMENEZ, TRUSTEE: Mr. Lefkowitz, why -- why didn't debtor disclose these transfers -- earlier?

ISAAC LEFKOWITZ: I don't know the answer, you know. We're -- we were pumping information from all different directions. And, you know, as the information came in, we amended the schedules.

ANDREW JIMENEZ, TRUSTEE: In a previous 341 Meeting, you were asked about Perigrove relationship with the debtor, and you answered that there was no relationship with the debtor.

ISAAC LEFKOWITZ: There is no relationship with the debtor.

ANDREW JIMENEZ, TRUSTEE: Both (CROSSTALK) --

ISAAC LEFKOWITZ: The only relationship there is --

ANDREW JIMENEZ, TRUSTEE: -- didn't we just discuss that ah,

Perigrove is an affiliate of the debtor?

ISAAC LEFKOWITZ: We call it an affiliate, but it's not an --- you're not a real affiliate because Perigrove doesn't own anything -- (INAUDIBLE) debtor owns, it's just ultimately that a principals are ah, some of them are same principals and they made a loan to the debtor, and that's why we amended the schedule and we disclosed it now. But they're really not an ongoing affiliate.

ANDREW JIMENEZ, TRUSTEE: In a previous meeting of creditors, you were asked if ah, there were any transfers, ah, to Perigrove. And you answered that there were none. Why did you give that answer then?

ISAAC LEFKOWITZ: (CROSSTALK) -- because there is two different Perigroves. There is a Perigrove that owns the equity in the debtor, and there is a Perigrove that just was a

lender. There's two different entities. So, in the previous meeting, we were discussing the entity that owns the equity whether there were any transfers. And the answer was none. But then there's another Perigrove that acted as a lender, so we amended the schedule right now.

ANDREW JIMENEZ, TRUSTEE: So, how do you distinguish the two Perigroves?

ISAAC LEFKOWITZ: Beg your pardon?

ANDREW JIMENEZ, TRUSTEE: How do you distinguish one --

ISAAC LEFKOWITZ: (CROSSTALK) --

ANDREW JIMENEZ, TRUSTEE: -- how do you distinguish one Perigrove from the other Perigrove?

ISAAC LEFKOWITZ: Ah, the other Perigrove in the previous meeting was called Perigrove 1018 and this is called just Perigrove.

ANDREW JIMENEZ, TRUSTEE: At this time, I'm going to um, allow creditors ah, to ask questions. I'll start with Mr. ah, Ian Cross. Do you have any

		questions for the debtor?
IAN CROSS:		(NO VERBAL RESPONSE HEARD).
ANDREW JIMENEZ, TRUSTEE:		Mr. Cross are you on the call?
IAN CROSS:		Yes, I am. Sorry, I was muted.
ANDREW JIMENEZ, TRUSTEE:		Go ahead, Mr. Cross. Do you have any questions for the debtor?
IAN CROSS:		So, ah, (CROSSTALK) -- did DG Realty refer to DG Realty Management, LLC under the limited liability company?
ISAAC LEFKOWITZ:		Right.
IAN CROSS:		And that entity has two members, who are --
ANDREW JIMENEZ, TRUSTEE:		Mr. -- Mr. -- Mr. Cross?
IAN CROSS:		-- David Gefner and Abraham Goldberger?
ANDREW JIMENEZ, TRUSTEE:		Mr. Cross? I'm sorry to interrupt. Ah, I -- I -- I think -- I -- I hear you ah, very far. I don't know if -- if you have a -- you're using the speaker phone, but to the extent that you could bring the phone closer to you or use a headset, that might help, ah, improve the -- the quality of

1		the sound.
2	IAN CROSS:	Okay. How's that?
3	ANDREW JIMENEZ, TRUSTEE:	Okay, a little better. Go ahead.
4		Thank you.
5	IAN CROSS:	Okay. Um, so, I see at the bottom
6		of the Attachment 13, there's a
7		note that says, "During the time
8		period, these affiliate transfers
9		were made. Debtor also received
10		$23,800,000 from these parties".
11		Does that figure include the 7.5
12		million loan that DG Realty
13		Management, LLC made to the debtor
14		on 12/27/21?
15	ISAAC LEFKOWITZ:	Yes.
16	IAN CROSS:	Does that figure include --
17	AARON KAUFMAN:	Hold -- hold -- hold on, hold on.
18		This -- this is Aaron Kaufman. I
19		-- I wanna clarify something, Mr.
20		Cross. When you say "include",
21		are you -- are you -- can you
22		clarify that, 'cause I -- I'm not
23		sure the question or the answer is
24		clear.
25	IAN CROSS:	So, we have a note that says

during the time period, these affiliate's transfers were made, the debtor also received $23,800,000 from these parties. And I'm asking if that $23,800,000 figure include the 7.5 million loan that Mr. Lefkowitz testified DG Reality made to the debtor on 12/27/21.

AARON KAUFMAN: Right. So, you're -- you're question -- just if I'm understanding what you're asking is are you asking if the 7 1/2 million is on top of the 23.8 million that was received by the debtor or ah, or are you asking what -- what exactly are you asking? (STAMMERS) -- I -- I can kind of tell you --

IAN CROSS: I'm asking --

AARON KAUFMAN: -- the -- the creditors --

IAN CROSS: -- if in the 23. --

AARON KAUFMAN: -- (CROSSTALK) the debits or (INAUDIBLE).

ANDREW JIMENEZ, TRUSTEE: Miss -- m -- Mr. Kaufman, this is

Andrew Jimenez. I think the question was clear was whether the 7.5 is included in the 23,800,000. And please --

AARON KAUFMAN: Well, it's not clear. Because -- what -- what's above the line are transfers out transfers in are not (CROSSTALK) --

ANDREW JIMENEZ, TRUSTEE: Mr. -- Mr. Kaufman, then do -- you need to let the witness answer the question. Because those are the notes in this schedules. And he --

AARON KAUFMAN: (CROSSTALK) --

ANDREW JIMENEZ, TRUSTEE: -- and -- and the question is being asked to clarify what -- what does that note mean; let the witness answer, please.

ISAAC LEFKOWITZ: So, we have a schedule here of outgoing money from the debtor to various affiliates with no total. Then there is a note that these affiliates also transferred in to the debtor a total of 23,800,000 dollars.

IAN CROSS: I understand that. I'm asking if

the $23,800,000 figure includes the 7.5-million-dollar loan that you testified DG Realty made to the debtor on 12/27/21.

ISAAC LEFKOWITZ: I believe so.

IAN CROSS: Okay. Does the $23,800,000 figure includes amounts funded to the debtor by M2 LoanCo under the funding agreement?

ISAAC LEFKOWITZ: Believe so. Oh, under the funding agreement?

IAN CROSS: Yeah.

ISAAC LEFKOWITZ: No.

IAN CROSS: Does it include amounts --

ISAAC LEFKOWITZ: Under the fund --

IAN CROSS: -- advanced to the debtor a unsecured creditor in excess of funding agreement after the date of the divisional merger?

ISAAC LEFKOWITZ: I don't have that information in front of me, I don't have the schedule of the 23,800 in front of me with the date and sources. So, I can't respond to it.

IAN CROSS: Well -- when the debtor made these

payments to M2 LoanCo, did the payments go through Cortland Capital Market Services?

ISAAC LEFKOWITZ: Don’t know.

IAN CROSS: You don't know?

ISAAC LEFKOWITZ: I don't know sitting here to see how the funds went.

IAN CROSS: Did the debtor receive credits for this loan balance with M2 LoanCo when it made these payments?

ISAAC LEFKOWITZ: If it was made as a loan payment. But not all of it is loan payment.

IAN CROSS: Oh -- which ones are loan payments?

ISAAC LEFKOWITZ: I don't know. I don't have the details --

IAN CROSS: What other kinds of payments would the debtor be making to M2 LoanCo?

ISAAC LEFKOWITZ: Interest payments, penalty payments, extension fee payments. Renewal payments. Could be many different things.

IAN CROSS: All right. Let's take for example the 1-million-dollar payment from 05/17/22. What was that for?

ISAAC LEFKOWITZ: (CROSSTALK) -- I don't know the detail behind it.

IAN CROSS: Do you know the detail behind the 03/08/22 payment for 10 million dollars?

ISAAC LEFKOWITZ: I don't know the detail of any on this list to M2 LoanCo to be able to tell you here. I don't have the -- the backup details here.

IAN CROSS: Now -- in the divisional merger, was the debtor relieved of some secured debt owed to M2 LoanCo?

ISAAC LEFKOWITZ: (INAUDIBLE) when?

IAN CROSS: Was the debtor relieved of some secured debt to M2 LoanCo in the divisional merger?

ISAAC LEFKOWITZ: Yes.

IAN CROSS: What was the balance of the secured debt that the debtor was relieved of on that date?

ISAAC LEFKOWITZ: I don't know the exact number (NOSIEY BACKGROUND) but it was approximately (INAUDIBLE).

IAN CROSS: Were you on the board of the debtor in February of 2022?

ISAAC LEFKOWITZ: Yes.

IAN CROSS: And was there a presentation made to the board of the debtor on February 23rd, 2022 by FTI?

ISAAC LEFKOWITZ: By who?

IAN CROSS: FTI Consultants. (CROSSTALK) --

ISAAC LEFKOWITZ: I know FTI --

AARON KAUFMAN: Mr. Cross, this is Aaron Kaufman. Ah, this is Aaron Kaufman. I'm interjecting just because you're going well beyond what's in the schedules, beyond the schedules and surface (INAUDIBLE). Yeah, if you have additional questions here about these transfers, go ahead and ask 'em, I think they mostly been asked. But if you wanna ask --

IAN CROSS: I agree. This relates to the --

AARON KAUFMAN: -- if you take discovery --

IAN CROSS: -- 03/08/22 (CROSSTALK).

AARON KAUFMAN: -- see the (CROSSTALK) separately. Hold on, I think we talked over each other. If you wanna take additional discovery beyond the

scope of what's in this list, let's -- let's discuss that off -- off -- offline and ah, and if you wanna (INAUDIBLE) some additional discovery we can do that. I know you have a pending trust in motion, and -- and so this isn't the appropriate venue for taking discovery for that motion, we can do that separately.

IAN CROSS: Well, this -- this line of questioning relates to the 3-8-22 transfer and I'm trying to understand whether that transfer reduced the loan balance.

AARON KAUFMAN: Well, ask that question.

IAN CROSS: So, I understand Mr. Lefkowitz that there was a presentation made to the Corizon board of directors on 02/23/22 of which FTI represented that the loan balance owed to M2 LoanCo was 97.8 million dollars. Did that occur?

ISAAC LEFKOWITZ: Where is this ah, presentation mentioned in those documents?

IAN CROSS: I'm asking you if it happened. 'Cause you said you are on the board at that time.

ISAAC LEFKOWITZ: But I thought we're dealing with the document here? So, if you're referring to something, show me to which page number, so I can refer to it -- you're giving me dates and places and times and people; what are you referring to?

IAN CROSS: I'm trying to figure out if the loan balance went down by 10 million, as a result of the (NOISY BACKGROUND) 03/08/22 payment from the debtor to M2 LoanCo.

ISAAC LEFKOWITZ: I told you that I don't have the underlying details in front of me behind it. This is a schedule, an amended schedule with a list of affiliate payments. Anything that's -- in the detail of it, I don't have in front of me, unless you can show me in the document where it says.

IAN CROSS: The members of -- Perigrove, LLC,

were they ah, -- directed of the debtor on 04/12/22?

AARON KAUFMAN: Ah, again, Mr. Cross, Mr. Jimenez has already explored a lot of this and -- and I -- I gave him a lot of leeway. You have a trustee motion that's pending. There's a contested matter that's pending. This is not the appropriate venue to take discovery on that motion. This is the appropriate time to ask questions about what's on the schedule in SOFA. If you have questions beyond that, let's talk offline and we can discuss some ah, some separate deposition dates.

IAN CROSS: All right. We'll talk (INAUDIBLE).

ANDREW JIMENEZ, TRUSTEE: Mr. Cross do you have additional --

IAN CROSS: Okay. I don't have further.

ANDREW JIMENEZ, TRUSTEE: -- do -- do you have additional questions?

IAN CROSS: I don't have none at this time.

ANDREW JIMENEZ, TRUSTEE: Thank you, Mr. Cross. Ah, Mr. Zluticky for the Unsecure ah, Creditors Committee, do you have any questions for the debtor?

NICK ZLUTICKY: I do, thank you. Ah, Mr. Lefkowitz, my name is Nick Zluticky, I represent the Official Committee of Unsecured Creditors um, in this bankruptcy case. Um, I have some questions on Attachment 13. So, I think that's the -- the page that Mr. Cross is focusing on, as well. It's page 220 of 225, for the Amended Statement of Financial Affairs. Can you please let me know when you arrived at that page?

ISAAC LEFKOWITZ: I am.

NICK ZLUTICKY: So -- DG Realty Management, LLC loaned the debtor 7 1/2 million dollars on 12/27/2021; is that right?

ISAAC LEFKOWITZ: Right.

NICK ZLUTICKY: And into what bank account was that money deposited?

ISAAC LEFKOWITZ: I don't have the details in front of me.

NICK ZLUTICKY: Okay. Well, I'm gonna ask you to get them and produce them. Um, --

ISAAC LEFKOWITZ: Okay.

NICK ZLUTICKY: -- so, the debtor um, -- so, this was pre-combination merger. What entity received the money for DG Realty Management, LLC?

ISAAC LEFKOWITZ: The debtor.

NICK ZLUTICKY: Okay. So, just so we understand each other, when we say -- when you say the "debtor", are you referring to Tehum Care Services, Inc. formally known as Corizon Health, Inc.?

ISAAC LEFKOWITZ: Corizon. At that time, it was not Tehum; at that time, it was Corizon.

NICK ZLUTICKY: But you're aware that in 2022, there was a divisional merger that created two separate entities: Corizon Health, Inc. and CHSTX, Inc.; is that correct?

ISAAC LEFKOWITZ: It is.

NICK ZLUTICKY: Okay. And you're aware that prior to the divisional merger, there was a combination merger under which several Corizon entities were -- combined and merged into a single entity that was known as Corizon Health, Inc.; correct?

ISAAC LEFKOWITZ: Correct. But I believe we went through this in the previous meeting, so, we're basically repeating ourselves from the previous meeting, but go ahead.

NICK ZLUTICKY: And so, which entity did DG Realty Management, LLC loan the 7 1/2 million dollars to on December 27, 2021?

ISAAC LEFKOWITZ: You'll get the same answer Nick. We have a schedule here that we compiled based on underlying information. I don't have information in front of me of which entity sent to which entity. We know that DG Realty, and we have the backup paperwork sent money 7 1/2 million dollars on

December 27th, to the debtor and they received it back.

NICK ZLUTICKY: Well, I -- I think my confusion is that um, the purpose of the 341 Meeting is to um, address the amendments to the schedules of Statement of Financial Affairs. But what it sounds like I'm hearing is you don't have any additional information for the, (INAUDIBLE) 16 transfers on Attachment 13; is that right?

ISAAC LEFKOWITZ: No, that's not right.

NICK ZLUTICKY: Okay.

ISAAC LEFKOWITZ: Because we provided -- we provided you the information amongst the hundreds of thousands of documents that you received, you also received the bank statements. So, you probably information on your desk, I don't. I just have the schedules here. And I know what it's about. But I don't have the underlying details. But you have all that information and you know

the ends and outs and where it came from and where it went. So, I'm not trying to say that I don't have the information, I don't have the information in front of me. But the information was given to you and you have it.

NICK ZLUTICKY: Was there a written loan agreement between DG Realty Management, LLC and whichever Corizon entity borrowed the money?

ISAAC LEFKOWITZ: I'm not aware of it.

NICK ZLUTICKY: Were there any other times that you can recall where DG Realty Management, LLC loaned money to Corizon entity?

ISAAC LEFKOWITZ: Whatever is on the schedule.

NICK ZLUTICKY: I'm asking other than what's in the Statement of Financial Affairs Attachment 13. Is there any other transfer --

ISAAC LEFKOWITZ: I was (CROSSTALK) --

NICK ZLUTICKY: -- DG Realty, LLC? DG Realty Management -- I think the best way to do this --

ISAAC LEFKOWITZ: (CROSSTALK) --

NICK ZLUTICKY: -- is for me to finish my question and then I will be quiet, and you can answer.

ISAAC LEFKOWITZ: Well, I think -- I think -- I think the best way to do it is, is to not to repeat the same questions that the Trustee asked me.

ANDREW JIMENEZ, TRUSTEE: Mr. -- Mr. Lefkowitz --

ISAAC LEFKOWITZ: (CROSSTALK) --. Mr. -- Mr. Jimenez asked me --

ANDREW JIMENEZ, TRUSTEE: -- Mr. Lefkowitz --

ISAAC LEFKOWITZ: -- Mr. Hernandez [SIC] asked me --

ANDREW JIMENEZ, TRUSTEE: -- hold on -- hold on a moment --

ISAAC LEFKOWITZ: -- let me -- let me -- let me finished.

ANDREW JIMENEZ, TRUSTEE: -- Mr. Lefkowitz. No, hold on -- hold on --

ISAAC LEFKOWITZ: -- Just one second, one second --

ANDREW JIMENEZ, TRUSTEE: Because this -- this is a proceeding. That the debtor is required to participate and cooperate. So, I'm gonna ask you to please cooperate. Just answer

1		the questions as you're being
2		asked, don't argue with the person
3		are asking you questions. Even if
4		you think it's being repetitive,
5		you know, the creditors have a
6		right to ask you questions.
7		They're asking you questions that
8		are relevant to the amendments
9		that you recently filed, and that
10		you signed under oath. So, please
11		cooperate so that these --
12	AARON KAUFMAN:	All right. So --
13	ANDREW JIMENEZ, TRUSTEE:	- - proceedings can move forward.
14		And just answer the questions and
15		avoid engaging --
16	AARON KAUFMAN:	-- Mr. -- Mr. --
17	ANDREW JIMENEZ, TRUSTEE:	-- in conversation, avoid arguing
18		--
19	ISAAC LEFKOWITZ:	(CROSSTALK) --
20	ANDREW JIMENEZ, TRUSTEE:	-- with the people asking you
21		questions.
22	ISAAC LEFKOWITZ:	-- all I was gonna say, Mr.
23		Hernandez [SIC] --
24	AARON KAUFMAN:	Let me -- let me -- hold on
25		everyone. This is Aaron Kaufman.

Let me just interject real quick. At -- at Mr. Jimenez, it's unfair to suggest that the debtor is not cooperating, this is the third continued 341 Meeting. We've probably going on 8 or 9 hours with questioning. I understand cred -- creditors have a right to ask these questions. We're doing our best to answer within the permission we have. Um, we -- you just asked about an hour's worth of questions, and I did my best not to get in the way. These are repetitive and it gets to the point of feeling like Mr. Lefkowitz is being harassed. Let's try not to repeat questions and Mr. Lefkowitz won't feel like he's being harassed, and this will go a lot smoother. So, Mr. -- with that, ah, Mr. Zluticky, go ahead and ask your question, let's -- let's try to get through this.

NICK ZLUTICKY: Did DG Realty Management, LLC loan

money to any other Corizon entity other than the singular 7 1/2-million-dollar loan where the repayment is listed on December 27, 2021 on Attachment 13?

ISAAC LEFKOWITZ: Attachment 13 is -- the detail of what loans DG Realty was -- paid and received from the debtor and at this time, there is no amendments to this exhibit. It is what it is in front of you.

NICK ZLUTICKY: 'Kay. So, I'm going to repeat my question, but not because it's been asked before by anyone else, it's because it's been asked before by me and not answered. Did DG Realty Management, LLC make any other loans to any Corizon entities other than the 7 1/2 million-dollar loan that were payments for which is listed on Attachment 13?

ISAAC LEFKOWITZ: I only have Attachment 13 in front of me; I only know about Attachment 13; at this time, there

		is no amendments to Attachment 13; and Attachment 13 speaks for itself. A single transaction.
NICK ZLUTICKY:		Are you aware of any other transactions other than what's listed on Attachment 13?
ISAAC LEFKOWITZ:		Question's been asked and answered numerous times, if um, if at this point, I wanna make an amendment or is this a true amendment. This is a true amendment, there's a single transaction with DG Realty, and there is no other transactions.
NICK ZLUTICKY:		What's the business of DG Realty?
ISAAC LEFKOWITZ:		You need to ask DG Realty.
NICK ZLUTICKY:		Do you know?
ISAAC LEFKOWITZ:		I'm not in a deposition, here. I'm here to answer about the 341 Production Reports.
NICK ZLUTICKY:		So, you're saying, you're not going to answer?
ISAAC LEFKOWITZ:		I'm not gonna answer anything outside the scope of the -- these reports; correct. I'm not a

director of DG Realty, I'm not an officer, I'm not an employee -- which questions were asked by the Trustee whether I am and I answered, no. So, if you have any questions about DG Realty, you can go ahead and get the -- answers from DG Realty. You can ask me about this transaction, and I can give you the answer to this transaction.

NICK ZLUTICKY: Okay. So, I understand that I'm gonna need to go to DG Realty to get some additional information, I'll do that. So, let's move to -- Perigrove is listed as just one word, Perigrove. So, what entities represented in those two transactions listed on Attachment 13?

ISAAC LEFKOWITZ: It says in English, Perigrove.

NICK ZLUTICKY: Is Perigrove a trademark? Is it a corporation? Is it an LLC? Is it a trust?

ISAAC LEFKOWITZ: An LLC.

NICK ZLUTICKY: Perigrove, LLC; is that correct?

ISAAC LEFKOWITZ: Correct.

NICK ZLUTICKY: In what state is it incorporated?

ISAAC LEFKOWITZ: I -- don't have that information in front of me.

NICK ZLUTICKY: Are you a member of Perigrove, LLC?

ISAAC LEFKOWITZ: No.

NICK ZLUTICKY: Who are the members of Perigrove, LLC?

ISAAC LEFKOWITZ: That question has been asked and answered, and I'll answer it again. It's Mr. David Gefner and Abraham Goldberger.

NICK ZLUTICKY: Are there any members of Perigrove, LLC other than Mr. -- David Gefner and Mr. Abe Goldberger?

ISAAC LEFKOWITZ: I don't know.

NICK ZLUTICKY: I'm sorry, Mr. Lefkowitz, I believe that the end of your answer was cutoff; could you please repeat that answer?

ISAAC LEFKOWITZ: I don't -- know.

NICK ZLUTICKY: Thank you. What is Perigrove,

LLC's relationship to Perigrove 1018, LLC?

ISAAC LEFKOWITZ: Question's been asked, by Mr. Hernandez [SIC} and I answered that it has the same principals, as members.

NICK ZLUTICKY: Perigrove 1018, LLC's members are Mr. David Gefner and Mr. Abe Goldberger; is that what you're saying?

ISAAC LEFKOWITZ: (MUMBLES).

NICK ZLUTICKY: Are there any other members of Perigrove 1018, LLC other than David Gefner and Abe Goldberger?

ISAAC LEFKOWITZ: You will need to ask Perigrove 1018 that question.

NICK ZLUTICKY: What is your relationship to Perigrove 1018, LLC?

ISAAC LEFKOWITZ: I'm a director.

NICK ZLUTICKY: 'Kay, so it sounds like I am asking them. Who are the other members of Perigrove 1018, LLC?

AARON KAUFMAN: Hold -- hold -- hold on. Yeah, Mr. Zluticky, this is Aaron Kaufman for the record. Ah, I --

I'm here on behalf of the debtor, Mr. Lefkowitz is here on behalf of the debtor. I can't represent him in his capacity as the director of Perigrove, you know that. I'm -- I'm going to instruct him in his capacity as the debtors representative here that at -- just because Perigrove counsels is not here that ah, it's probably best to not answer that. Ah, I mean, he's welcome to, but from a debtors perspective, he -- he shouldn't be answer questions without Perigrove's counsel.

NICK ZLUTICKY: About -- so, -- trying to --

AARON KAUFMAN: Your -- your -- your quest -- your -- yeah. Your question just now was it sounds like I am asking Perigrove; you're not. You're asking the debtor.

NICK ZLUTICKY: 'Kay.

AARON KAUFMAN: Um, and so and --

NICK ZLUTICKY: So --

AARON KAUFMAN: -- we know Perigrove's counsel is

not here.

NICK ZLUTICKY: Correct. So, Mr. Lefkowitz do you know whether Perigrove 1018, LLC has other members besides Mr. David Gefner and Mr. Abe Goldberger?

ISAAC LEFKOWITZ: I'm not gonna answer without Perigrove 1018's counsel (INAUDIBLE). And you know who she is, Melissa Hayworth, so call Melissa and organize either a deposition or a meeting and we'll confer.

NICK ZLUTICKY: You had testified earlier that Perigrove was a -- I think you referred to it as a grandfather company of the entities that owned the debtor. Do you describe what you mean by that?

ISAAC LEFKOWITZ: I did not say that Perigrove was a grandfather; you said it, I didn't say it.

NICK ZLUTICKY: Ah, I'm going back to your testimony earlier, you said the principals or the principal of

grandfather companies of the debtor.

ISAAC LEFKOWITZ: That is correct.

NICK ZLUTICKY: What do you mean by grandfather companies?

ISAAC LEFKOWITZ: But that's not what your question was. Your question was Perigrove being a grandfather. Perigrove is not a grandfather.

NICK ZLUTICKY: What do you mean by grandfather companies of the debtor?

ISAAC LEFKOWITZ: (INAUDIBLE) there is many levels of entities going up.

NICK ZLUTICKY: And so -- are you saying further than what level up the chain you had referred to is a grandfather company?

ISAAC LEFKOWITZ: I mean, anything one above is a father and then two above is a grandfather, three above -- grandfather, great grandfather, and on and on.

NICK ZLUTICKY: 'Kay. Is Perigrove, LLC lent money to the debtor any other times than the one listed when two

payments that was repaid in 2022?

ISAAC LEFKOWITZ: I'm only aware of this schedule.

NICK ZLUTICKY: There's several transfers where M2 LoanCo is listed as the um, recipient of the transfer on Attachment 13; do you see that?

ISAAC LEFKOWITZ: Yes.

NICK ZLUTICKY: Were -- all of the transfers listed made pursuant to the loan -- - the credit agreement between M2 LoanCo and the debtor?

ISAAC LEFKOWITZ: Right.

NICK ZLUTICKY: And none of these transfers were made for any purpose other than repayment of the (INAUDIBLE) under the credit agreement?

ISAAC LEFKOWITZ: Whatever -- whatever other agreements they have with M2 LoanCo same question that Mr. Cross asked. And payment -- in a loan relationship, it's not just a payment of a loan. It's payment of interest, payment of penalties, payment of fees, payment --

NICK ZLUTICKY: The payment of amounts due under

1		the loan documents; right?
2	ISAAC LEFKOWITZ:	That's correct.
3	NICK ZLUTICKY:	In the loan documents, there were
4		form notices um, attached to the
5		third amended in (INAUDIBLE)
6		credit agreement to make payments
7		of interest and prepayments of
8		principal. Do you have -- does
9		the debtor have a records of those
10		notices being sent along with
11		these payments?
12	ISAAC LEFKOWITZ:	(INAUDIBLE).
13	NICK ZLUTICKY:	Um, who instructed the debtor to
14		make these payments?
15	ISAAC LEFKOWITZ:	(INAUDIBLE).
16	NICK ZLUTICKY:	I'm -- I'm sorry, Mr. Lefkowitz, I
17		didn't hear that answer.
18	ISAAC LEFKOWITZ:	You're asking a general question,
19		I don't have a general answer.
20	NICK ZLUTICKY:	Did you instruct the debtor to
21		make any of these payments to M2
22		LoanCo?
23	ISAAC LEFKOWITZ:	I don't recall the underlying
24		details of these transfers.
25	NICK ZLUTICKY:	Were these -- payments that were

made monthly?

ISAAC LEFKOWITZ: Ah, -- Nick, you can ask the question in many different ways and you're gonna get the same answer. These were transfers from the debtor to M2 LoanCo; M2 LoanCo was the secured lender. This is a list and an exhibit all the -- monies that went from the dent -- debtor to M2 LoanCo going out.

(LOUD MUISC PLAYING) --

ANDREW JIMENEZ, TRUSTEE: Okay. So --

ISAAC LEFKOWITZ: (INAUDIBLE)hear that?

(LOUD MUSIC PLAYING)

UNKNOWN: I think someone put us hold --

(LOUD MUSIC)

ISAAC LEFKOWITZ: Yeah, I think --

(LOUD MUSIC)

ANDREW JIMENEZ, TRUSTEE: Okay. This is Andrew Jimenez. I'm gonna asked if -- if you're not asking questions or answering questions at this moment, please mute your phones, so that we can avoid background noise and interruptions to the meeting.

		Continue Mr. ah, Zluticky.
NICK ZLUTICKY:		Um, Mr. Lefkowitz, you don't need to put me on hold ah, if you don't wanna -- answer (LAUGHS).
ISAAC LEFKOWITZ:		Ah, you can accuse me of anything you wish, but I didn't touch the phone. So --
NICK ZLUTICKY:		I'm just joking --
AARON KAUFMAN:		I think that -- that was (CROSSTALK) --
ISAAC LEFKOWITZ:		(CROSSTALK) --
AARON KAUFMAN:		Let's -- let's go.
ISAAC LEFKOWITZ:		I'm -- I'm -- I'm not ready to joke with you.
NICK ZLUTICKY:		Understood. All right. So -- um, -- M2 LoanCo, LLC those transfers the backup information for these transfers is -- what is the source information?
ISAAC LEFKOWITZ:		Um, we have given you hundreds of thousands of documents um, you are in communication with M2 LoanCo's counsel. Um, you are in communication with the debtor's counsel. You are in communication

with the equity holder's counsel. You probably -- by now, have more information than I do. Ah, I'm here today to explain you the amended 341 Exhibit. This was not listed on the previous one, and we amended it to add and to explain to you what they are. I don't have the drill down of the details. I can tell you who ABC is AmerisourceBergen, I can tell you D -- who DG is, I can tell you M2 LoanCo is. I can tell you who Perigrove is, and I can tell you who Pharmacorr is, and I can tell you the nature of these transactions. But anything further than that, I don't have the answers here today.

NICK ZLUTICKY: And all I'm asking is -- the source of the information for what's listed only on the amended Attachment 13.

ISAAC LEFKOWITZ: And the source of the information is of the books and records that

	we have provided to Ankura that are doing all the analysis and of the books and records, and to our counsel of the debtor of Gray Reed. They have compiled the information, they've concluded that an amend -- amended schedule is required and that's why we did it.
NICK ZLUTICKY:	And what did you do to review the books and records to make sure that the amended Attachment 13 was true and correct?
ISAAC LEFKOWITZ:	In consultation with Ankura and counsel.
NICK ZLUTICKY:	Mr. Jimenez, those are all the questions that I have at this time; thank you.
ANDREW JIMENEZ, TRUSTEE:	Thank you. Um, Mr. Collins, could you please ah, if you have any questions, please state your name for the record and who you represent.
PARRISH COLLINS:	Ah, yes. This is Parrish Collins for the Estate of April Trugillo,

ah, personal representative Eugenio Mathison [SIC] (INAUDIBLE).

ANDREW JIMENEZ, TRUSTEE: Go ahead, sir.

PARRISH COLLINS: Um, may I -- proceed?

AARON KAUFMAN: I'm -- I'm sorry, Mr. --

PARRISH COLLINS: Um --

AARON KAUFMAN: -- this is Aaron Kaufman. Can you repeat your client's names again, I didn't catch those two?

PARRISH COLLINS: The -- the personal representative is Eugenio Mathis. Eugenio is spelled: E-u-g-e-n-i-o. Mathis: M-a-t-h-i-s for the Estate of April Trugillo, who passed away at the -- Bernalillo County Metropolitan Detention Center.

AARON KAUFMAN: Okay, thank you.

PARRISH COLLINS: So -- I just wanted to ask about what, a couple questions about insurance and then service of these notices of, you know, the deadlines.

Um, Mr. Lefkowitz, were -- were you aware that the notices are

being sent to individuals and -- and -- in this case, law firms that sent courtesy notices of claims to protect the prisoners' rights to file a claim under the Tort Claims Act, even though -- in -- in my case for instance, I assume this is true of many others even though I don't represent these clients or represent those inmates?

ISAAC LEFKOWITZ: I'm not sure I'm following your question. You're asking the question on behalf of people you don't represent or you do represent?

PARRISH COLLINS: I do not represent them, yet I received notices of claims for them and I did not agree to accept service for these -- these inmates.

ISAAC LEFKOWITZ: Why did you -- so, why don't you return them to sender?

PARRISH COLLINS: I'm just asking if that's the practice is to send the notices to

the people that sent courtesy notices of claims rather than sending them to the inmates thereby passing the burden?

ISAAC LEFKOWITZ: Who (CROSSTALK) --

AARON KAUFMAN: Mr. Collins, this is -- this --

ISAAC LEFKOWITZ: -- (CROSSTALK) --

AARON KAUFMAN: -- hold -- hold on, Mr. Lefkowitz. This is Aaron Kaufman for the record. Mr. Collins, I just wanna to understand your question. Are -- are you -- well -- are you saying that ah, you're receiving notice for claimants that you don't represent?

PARRISH COLLINS: I have a -- thick stack of notices here for people that we sent courtesy notices of claims to the county, I cc'd Corizon, and ah, I do not represent them. They were courtesy notices to protect their claims understand the Tort Claims Act. And ah --

AARON KAUFMAN: Okay.

PARRISH COLLINS: -- I don't know how to re -- I

1		don't know how to -- locate them
2		nor do I feel that's my
3		responsibility.
4	AARON KAUFMAN:	Understood. So, you -- you're
5		saying that you're receiving
6		notices in this bankruptcy case
7		for claimants, who you wrote to
8		Corizon ah, to provide courtesy
9		notices and -- and you don't have
10		the addresses of those claimants
11		either; am I understanding you?
12	PARRISH COLLINS:	Right. I -- I ah, sent notices to
13		the county of Bernalillo, you
14		know, to protect the claims under
15		the Tort Claims Act in the -- you
16		know -- New Mexico Civil Rights
17		Act. Yeah, we cc'd Corizon as a
18		courtesy and I have no contact
19		with most of these people. Yet,
20		you know, I have all these notices
21		and -- and, you know, without, you
22		know -- in --any contact or legal
23		relationship with the vast
24		majority of them.
25	AARON KAUFMAN:	And -- and you're assuming that

Corizon should have their addresses or you don't know?

PARRISH COLLINS: I think -- I am saying that Corizon should be sending these notices as ah, Mr. Jimenez asked earlier to the actual inmates not to -- to individuals that, you know, file courtesy notices of claims, those are not, the notices of claims do not constitute legal representation, they're simply courtesy notices to protect the statute.

AARON KAUFMAN: And -- and you don't have those addresses, is that what you're saying?

PARRISH COLLINS: I don't have those addresses, that would be a very large burden to track these people down, nor do I have a obligation to track them down. They are not my clients.

AARON KAUFMAN: Let -- let -- let me just ask Mr. Lefkowitz a question real quick. Mr. Lefkowitz, it's -- you heard what Mr. Collins said. Do you

agree it would be a burden to track down those addresses?

ISAAC LEFKOWITZ: Ah, -- I think what happened here is he filed, you know, courtesies, so he got the courtesy back, and he was just cc'd by KCC. Um, so, don't worry about his notices. We -- we are sending notices all over the place and sometimes inadvertently, some people, who were -- do not supposed to get notices are getting duplicates. So, don't worry about the postage.

ANDREW JIMENEZ, TRUSTEE: So, this is Andrew Jimenez.

ISAAC LEFKOWITZ: Okay. Well, what I'm saying --

ANDREW JIMENEZ, TRUSTEE: Hold -- what --

ISAAC LEFKOWITZ: -- what I'm saying --

ANDREW JIMENEZ, TRUSTEE: -- yes, one moment. This is --

ISAAC LEFKOWITZ: -- can I follow up?

ANDREW JIMENEZ, TRUSTEE: -- yes -- yes, you can. Ah, let -- let me just state this for the record and then I'll let you ah, continue if you have any questions. Ah, I'm -- I'm going to encourage ah, ah, Mr. Kaufman

and Mr. -- Zluticky ah, and Mr. Collins, I think it would be appropriate if ah, at -- after the conclusion of this meeting um, you can have a -- a conversation about this and perhaps ah, (STAMMERS) -- this -- this, you know, this -- I know this is just an example of -- of -- of -- of a situation, but perhaps it could -- it could be informative ah, for the debtor and for the committee, as to how to improve the process of sending notice -- actual notice to -- to the claimants ah, in -- in -- in this case. And ah, I -- I think it would be very helpful if -- if -- ah, the three of you could get together and just discuss this a little more, ah, so that perhaps you can exchange ideas as to how to address this going forward. Ah, because I think what is most -- -- what's most important is that all the claimants ah, get a fair

opportunity receive notice. Ah, and we don't want anything to be -- anyone to miss the opportunity ah, simply because the -- the -- the notice is being sent to -- to someone else, an attorney that is no longer involved with the claimant. So, it -- it's another challenge for this case --

AARON KAUFMAN: Under -- under --

ANDREW JIMENEZ, TRUSTEE: -- I recognize that. But I -- I think it would be good too --

AARON KAUFMAN: -- no, and -- Mr. -- Mr. --

ANDREW JIMENEZ, TRUSTEE: -- to discuss that ah, --

AARON KAUFMAN: -- Mr. Jimenez, well --

ANDREW JIMENEZ, TRUSTEE: -- off the record.

AARON KAUFMAN: -- Mr. Zluticky and I will confer again. We -- we certainly did extensively when we worked out the Bar Date Notice, ah, procedures and got that court (INAUDIBLE) order and if its -- I'll confer with him again. We certainly have a lot of discussions to do over the course(INAUDIBLE)for the next

	several months. So, we -- we'll add this to the list of things we discuss.
ANDREW JIMENEZ, TRUSTEE:	I appreciate it. I appreciate that. Mr. Collins, -- ah, do you have any other questions for the debtor?
PARRISH COLLINS:	Bottom of the schedule is any -- can insurance reserve for New Mexico for the Bernalillo County Detention Center? And I'm trying to -- I don't understand exactly the 15 million -- you know, the 1 million paid by Corizon, the next 15 million, I think (INAUDIBLE)-- it was stated that that's paid by the insurer, and ah, anything above the 16 million, I guess, (INAUDIBLE) one is paid again by Corizon. And I don't see, you know, where, you know, what reserves -- insurance reserves -- there are for New Mexico and I would like to, (INAUDIBLE), know are there reserves in New Mexico,

and if so, you know, -- what are they exactly? And (STAMMERS) --

ISAAC LEFKOWITZ: Do you see -- do you see any other states?

PARRISH COLLINS: I'm seeing -- yeah, there's a list of various companies, you know, ah, Arizona, and they're -- a couple other states, but I guess, yeah -- what I'm getting at is this 15 million global nationally or is this -- is this per state?

ISAAC LEFKOWITZ: I don't know. The -- I don't know the -- I don't what the answer is, but you asked -- you don't see Bernalillo. And I'm telling you, you don't see Philadelphia, either. You don't see Baltimore, either. So, why you hung up on Berna (CROSSTALK) --

PARRISH COLLINS: Are -- are they --

ISAAC LEFKOWITZ: -- these are a list of (CROSSTALK) --

PARRISH COLLINS: -- that's -- that's where our -- that's where our lawsuit is filed and we received a (INAUDIBLE)of

litigation based upon this bankruptcy. So, that's why (CROSSTALK) --

ISAAC LEFKOWITZ: I --

PARRISH COLLINS: -- I'm here to --

ISAAC LEFKOWITZ: -- I under -- I -- I understand that. So, you -- you need to file a claim and we're in the midst of mediation with all these insurance carriers to deal with all the claim holders. And you're one of them. But ah, you asked the question, how come you don't see Bernalillo listed here, this is not listed by city or state. These are just names --

PARRISH COLLINS: And --

ISAAC LEFKOWITZ: -- of insurance carriers and policy numbers.

PARRISH COLLINS: -- right. And that wasn't my question. My question was is the 15 million policy -- is -- is that global nationally or is that -- by -- is that 15 million per state and per entity -- or per

correctional facility?

AARON KAUFMAN: Ah -- let me -- let me just interject; this is Aaron Kaufman for the record. Ah, Mr. -- Mr. Collins, I'm gonna just ask you to reach out to us off -- offline 'cause this is a very, very complicated ah, question that you're raising. It really depends --

PARRISH COLLINS: Okay.

AARON KAUFMAN: -- on --

PARRISH COLLINS: All right.

AARON KAUFMAN: -- which policy covers when -- when your claim arose, ah, which policy might be implicated or policies might be implicated. Ah, as -- as Mr. -- I think, Mr. Lefkowitz is trying to explain to you, these policies aren't necessarily um, listed by state or county, um, and it -- it's something that counsel, we have a pretty good handle on, we think, and we're happy to work with you

on it. I just don't think Mr. Lefkowitz --

PARRISH COLLINS: Okay.

AARON KAUFMAN: -- in a position to answer your question sitting here today, at this time.

PARRISH COLLINS: Okay.

AARON KAUFMAN: (CROSSTALK) -- schedules in front of him.

PARRISH COLLINS: So -- is this Mr. Kaufman speaking?

AARON KAUFMAN: Yes. You can reach out to me and actually, I would encourage you to reach out to my partner, Amber Carson, here at Gray Reed 'cause she's kind of running point on this.

PARRISH COLLINS: (STAMMERS) -- what -- now that's ah -- which one? Amber -- is that Amber Carson, is that what you said?

AARON KAUFMAN: (INAUDIBLE).

PARRISH COLLINS: Okay. And then, I assume -- yeah, one more question. I'm looking at your LinkedIn page Mr. Lefkowitz.

And ah, you're of the executive board member of Genesis. Is that -- does that have any legal relationship to Corizon or Yescare?

ISAAC LEFKOWITZ: You see LinkedIn on the schedule here?

PARRISH COLLINS: I'm asking you about Genesis and your -- your -- you're an executive board member for Genesis. I'm wondering if that's legally related to Corizon or Yescare or Tehum, and if so, why it's not on the schedule.

ISAAC LEFKOWITZ: You can reach out to the in-house counsel of Genesis and we'll gladly provide you all (MUMBLES).

PARRISH COLLINS: But I'm asking you is Genesis have a legal relationship --

ISAAC LEFKOWITZ: I'm -- I'm here to respond to information that's on this schedule, and this schedule is what I signed for and this schedule doesn't need to be amended. So, the list all the

affiliates --

PARRISH COLLINS: But --

ISAAC LEFKOWITZ: -- and any -- any other affiliates that you find on social media is not listed here, you gotta go out and reach out to that -- that company and see what relationship they have, if any.

PARRISH COLLINS: Okay. So, your testimony is that Genesis has no legal relationship to Corizon since it's not on the schedule?

ISAAC LEFKOWITZ: I didn't say anything about Genesis. And don't put any words into my mouth. All I'm saying --

PARRISH COLLINS: Well, that's why I'm asking you is -- was Genesis --

ISAAC LEFKOWITZ: -- and I'm (CROSSTALK) --

PARRISH COLLINS: -- omitted --

ISAAC LEFKOWITZ: -- and I'm here to respond to you. Whatever affiliate financial transfers that were done to affiliates is listed on this schedule. Anything outside this schedule you gotta take it

elsewhere; it doesn't belong in this meeting.

ANDREW JIMENEZ, TRUSTEE: Mr. -- Mr. Lefkowitz --

PARRISH COLLINS: Okay. So, -- in that -- and --

ANDREW JIMENEZ, TRUSTEE: -- this is -- hold on a second.

PARRISH COLLINS: -- there's also --

ANDREW JIMENEZ, TRUSTEE: Hold on a second. This is Andrew Jimenez. Mr. Lefkowitz, -- you can answer the questions. You are -- you are required to answer the questions. I don't think it's appropriate for you to tell a cred -- someone participating in the -- in the meeting what questions they ask you or not. I think that -- at -- that question is actually relevant --

ISAAC LEFKOWITZ: (CROSSTALK) --

ANDREW JIMENEZ, TRUSTEE: -- they're trying to see if there is an affiliate or not. You're giving him an answer. You're saying that if it's not in the schedules, the schedules don't need to be amended. But guess what? And we have -- we -- we --

this is the -- the third time -- the second time that you amend schedules. So, I think the question is relevant. Please be respectful to the questions, try to answer it. If you don't have -- if you don't know the answer, just -- just state that and move on. But let's be cordial with people participating in this -- in this meeting.

ISAAC LEFKOWITZ: So, I'm --

ANDREW JIMENEZ, TRUSTEE: Mr. --

ISAAC LEFKOWITZ: -- cordial. But all I'm -- all I'm saying is Mr. Hernandez [SIC} --

ANDREW JIMENEZ, TRUSTEE: It's Mr. Jimenez.

ISAAC LEFKOWITZ: -- you know. The guy is asking a question about -- about LinkedIn. He's not asking me a question about a documents. He's not asking me question about a schedule. He's not asking a question about a report. (CROSSTALK) --

ANDREW JIMENEZ, TRUSTEE: He asked you a question --

ISAAC LEFKOWITZ: -- he's asking a question that he Googled --

ANDREW JIMENEZ, TRUSTEE: -- I'm not here -- I'm not here to have a -- a -- a -- discussion with you. Okay? And neither are -- neither are the -- the -- the people participating in this -- in this meeting. Just answer the questions and avoid entering into the discussions; okay? Let's just move forward.

PARRISH COLLINS: Okay. Can I -- ask it this way, are you an executive board member of Genesis as it indicates on your LinkedIn page?

ISAAC LEFKOWITZ: And I decline to answer the question.

PARRISH COLLINS: Ah, Mr. Jimenez, ah, can you direct him to answer the question, please?

ANDREW JIMENEZ, TRUSTEE: That's his answer. Ah, you stated the record, you can -- you can ask your follow up question, if you have one.

PARRISH COLLINS: Okay. So, I guess, since you're assuming to answer whether or not you're an executive board member of Genesis, are you also refusing to answer whether or not Genesis has a legal relationship to Corizon, Yescare, or Tehum?

AARON KAUFMAN: Mr. -- Mr. Collins, this is Aaron Kaufman. I -- just want you to clarify what legal relationship means, if you could. And that way --

PARRISH COLLINS: Do they -- is there an (CROSSTALK) --

AARON KAUFMAN: (MUMBLES) --

PARRISH COLLINS: -- equity -- an equity relation -- okay. Sorry. Yeah, is there an -- - any kind of ownership interest between (INAUDIBLE)direction between Genesis and Corizon, Tehum, Yescare, or any, you know, other entities setup under Corizon?

AARON KAUFMAN: That's, well -- that -- that -- that question is ah, (STAMMERS) --

has assumptions in there that I don't think are correct. Why don't you break up a little bit, and just about Tehum.

PARRISH COLLINS: Okay. Well, I'm asking about Corizon, (INAUDIBLE) because the (INAUDIBLE) and now (INAUDIBLE) (CROSSTALK) --

AARON KAUFMAN: (CROSSTALK) -- ask about Corizon - -

PARRISH COLLINS: -- Genesis (CROSSTALK) --

AARON KAUFMAN: -- I don't -- I don't represent Yescare and I don't know anything about Yescare that ah, -- that I can guide Mr. Lefkowitz to answer.

PARRISH COLLINS: Okay. Ah, does Genesis have any kind of equity or any kind of other ownership interest in Corizon, Tehum, or Yescare, since you are on the board of Yescare?

AARON KAUFMAN: Let's -- again, let's limit it to the debtor and (INAUDIBLE) Tehum, Corizon. I don't represent Yescare, and I can't -- I can't guide Mr. Lefkowitz to answer

about Yescare.

PARRISH COLLINS: Okay. So again, we gotta stay here in New Mexico related to Corizon New Mexico and Tehum. So does Genesis have any equity or ownership interest in Corizon or Tehum?

ISAAC LEFKOWITZ: I'm not aware of any.

PARRISH COLLINS: Okay. And then does ah, Corizon or Tehum have any ownership interest in Genesis?

ISAAC LEFKOWITZ: I'm not aware of any.

PARRISH COLLINS: Okay. And then, I have the same question for Synergy Health Care Services. It looks like you're executive board member there, as well. So, does Synergy Health Care Services have any ownership interest in Corizon or Tehum?

ISAAC LEFKOWITZ: I'm a board member of a dozen companies. Are you gonna go through all these companies? Whatever -- whoever owns the debtor has been disclosed. It's been disclosed on the ah,

(INAUDIBLE) bankruptcy and the merger, it's been disclosed in --

ANDREW JIMENEZ, TRUSTEE: Mr. Lefkowitz, --

ISAAC LEFKOWITZ: -- the bankruptcy --

ANDREW JIMENEZ, TRUSTEE: -- please answer the question.

ISAAC LEFKOWITZ: -- I don't think -- I don't think -- what's that?

ANDREW JIMENEZ, TRUSTEE: Please provide an answer.

PARRISH COLLINS: (CROSSTALK) -- it sounds like he's amended several times, I'm just wondering if it needs to be amended again to add either Syn -- Synergy or Genesis.

ISAAC LEFKOWITZ: I'm -- and I'm -- and I'm -- and I'm telling you at this point, we don't need to amend anything.

PARRISH COLLINS: Okay. All right. That's all my questions.

ANDREW JIMENEZ, TRUSTEE: Thank you, Mr. Collins. Is there any other creditor or people, person participating in the call that wishes to ask questions to the debtor?

VAL EARLY: Yes.

ANDREW JIMENEZ, TRUSTEE: Please -- please state your name

for the record and who you represent.

VAL EARLY: I'm Val Early and I represent Tracey Gissom. Good afternoon, Mr. Lefkowitz, Mr. Kaufman. I have a couple of follow up questions for you. Um, in the initial 341, and this is a Continued 341, so this is a topic which can be discussed here. I ask you about the ah, ah, ah, privacy concerns with respect to the medical records and personal -- - personally identifiable information of the prisoners under the care of Corizon or Tehum or -- whichever entity -- handled that for those individuals. As I recall, and please by all means correct me if I'm wrong, but as I recall, you said that that those records were maintained on the debtor's servers and that they were secure. If -- if -- am I recalling that accurately?

ISAAC LEFKOWITZ: I don't know what records you're referring you're referring to. I think we -- discuss what record -- the last meeting we discussed what records we had. We have names, inmate names, inmate numbers, inmate date of births, and inmate locations, that's all we have.

VAL EARLY: Okay. Thank you. And -- and am I correct in recalling your testimony to be that that information is maintained on the debtor's servers and that it is secure; am I correct in remembering that?

ISAAC LEFKOWITZ: Correct.

VAL EARLY: Okay. Very well. Um, -- we also discussed in the earlier ah, iteration of this particular creditor's meeting ah, the need to -- to provide protection under HIPAA the federal privacy law. And -- and I'll ask you if you're familiar with ah, an entity known as Royal Ransomware or Red Packet

Security?

ISAAC LEFKOWITZ: Yes.

VAL EARLY: And -- and tell me how it is that you became familiar with -- with -- first tell me which of those entities are you familiar with, Royal Ransomware or ah, Red Packet Security?

ISAAC LEFKOWITZ: We have a (CROSSTALK) --

AARON KAUFMAN: Mr. -- Mr. Early, this is Aaron Kaufman. Can -- can I just a -- ask where you're going and what this has to do with the schedules?

VAL EARLY: You -- you -- yeah, it has to do with this 341 Meeting. And Mr. Kaufman, I'll just tell you if you want to protective order, then I'm gonna suggest to you that you ask for a continuance of this 341 Meeting and file your motion.

AARON KAUFMAN: Well, I, you know, I'm happy to --

VAL EARLY: And we proceed --

AARON KAUFMAN: -- ah, do this offline, if you have specific questions --

VAL EARLY: Well, I'm -- I'm happy to do it

online.

AARON KAUFMAN: (CROSSTALK) --

VAL EARLY: We're gonna do it in an open forum. That's the purpose of this meeting.

AARON KAUFMAN: All right. Well, --

VAL EARLY: And the debtor --

AARON KAUFMAN: -- I just instruct the -- I'm gonna have to instruct my client not to answer if you wanna do this.

VAL EARLY: -- okay. Mr. Jimenez, will you please record that fact?

AARON KAUFMAN: You haven't asked a question, yet. I just ask you are you --

VAL EARLY: I did ask a question. I did ask a question.

ANDREW JIMENEZ, TRUSTEE: Okay. So, --

VAL EARLY: It has not been answered.

ANDREW JIMENEZ, TRUSTEE: -- did you --

VAL EARLY: I asked him if he -- which entity with which he is familiar.

ANDREW JIMENEZ, TRUSTEE: Okay. Yes, and --

AARON KAUFMAN: Answer, if you can.

ANDREW JIMENEZ, TRUSTEE: -- Mr. -- okay. Mr. -- Mr.

Kaufman, you've already made your ah, your objection ah, Mr. -- Mr. Early ah, ask your questions and then the debtor can provide an answer. And -- and ah --

VAL EARLY: Thank you.

ANDREW JIMENEZ, TRUSTEE: -- and I -- I -- I -- everyone to know, so this meeting is being recorded. And if anyone wants a copy of the recording, please send me an email, ah, at the conclusion of the ah, of -- of the meeting and then ah, we can process that for you. Mr. Early, go -- go ahead, continue.

VAL EARLY: Thank you. Mr. Lefkowitz, are you familiar with Royal Ransomware and if so, how?

ISAAC LEFKOWITZ: So, I believe we have a ah, protective order from the bankruptcy court on the subject and I will not (INAUDIBLE) (INAUDIBLE) and I will not get into any discussion on this topic.

VAL EARLY: All right. Let me ask the same

	question about Red Packet Security. Are you familiar with Red Packet and if so, how?
ISAAC LEFKOWITZ:	Same answer.
VAL EARLY:	Mr. Kaufman, would you please provide to me by email a copy of your protective order?
AARON KAUFMAN:	It's under seal um, you're welcome to take this up with the bankruptcy judge.
VAL EARLY:	I will be delighted to do that. Other follow along questions, at the last iteration of this 341 Meeting, Mr. Lefkowitz, you answered that ah, the debtor had made pre-petition payments to Geneva, and I do not see that listed on the attachment, which ah, you've been referring to this afternoon. Ah was -- was -- was that already listed elsewhere or -- or should it be on this one or I -- I'm really just asking for clarification.
ISAAC LEFKOWITZ:	(NO VERBAL RESPONSE HEARD).

AARON KAUFMAN: Ask your question again, I'm not sure, I may misunderstood.

VAL EARLY: Is -- is -- is the transfer (INAUDIBLE) million-dollar payment to Geneva to which Mr. Lefkowitz testified at an earlier ah, ah convening of this 341 Meeting, is that reflected anywhere in -- in these amended and restated schedules? I do not see it on Attachment 13. Is it provided elsewhere? It's a yes or no question.

AARON KAUFMAN: I'm -- I'm looking myself, I thought it was on here.

VAL EARLY: And it may be on there. I ah -- (STAMEMRS) -- I don't know. I don't see it. But that's fine. I'm a --

AARON KAUFMAN: Well, yeah. I don't think it's in 13, but I thought it was on -- in one of the other schedules, maybe -- four. (MUMBLES).

ANDREW JIMENEZ, TRUSTEE: A -- again, the --

AARON KAUFMAN: Maybe not --

ANDREW JIMENEZ, TRUSTEE: -- quest -- the question is for the witness --

AARON KAUFMAN: -- I'm not sure.

ANDREW JIMENEZ, TRUSTEE: -- to answer.

VAL EARLY: Mr. Lefkowitz, if you don't know, that's okay. Just say, I don't know.

ISAAC LEFKOWITZ: Ah, I don't have it -- I don't have it in front of me, I'm -- I'm sure -- if you know about it, you -- must have gotten it from this report.

VAL EARLY: No, sir. I know about it from your personal -- prior testimony and I'm asking you where it is on the report. But that's okay. If you don't know, I'm happy to accept that answer.

ISAAC LEFKOWITZ: I don't know.

VAL EARLY: Thank you. All right. Do these newly amended schedules -- and -- and I think I know the answer to this. I think the answer is yes, but if not, tell me. Does it now provide a completed list of the

persons and/or entities to who the debtor believes it owes indemnification? Is that -- is that list now complete?

ISAAC LEFKOWITZ: I'm not aware of (INAUDIBLE). Is there an indemnification schedule there?

UNKNOWN: (STAMMERS) -- yeah, Isaac, this is what we covered in (INAUDIBLE).

ISAAC LEFKOWITZ: Oh. So then the last -- last hearing it's been complete; (INAUDIBLE).

UNKNOWN: That's correct.

ISAAC LEFKOWITZ: To the best of my knowledge.

VAL EARLY: So it's -- it is complete to the best of your knowledge. Okay. Thank you. That's all the questions I had.

ISAAC LEFKOWITZ: Thank you.

ANDREW JIMENEZ, TRUSTEE: Thank you, Mr. Early. Anyone -- is there anyone else on the call that wishes to ask questions?

(NO VERBAL RESPONSE HEARD).

ANDREW JIMENEZ, TRUSTEE: Okay. It appears that everyone present today had an opportunity

to ask questions. Thank you all for your appearances. This meeting is concluded.

VAL EARLY: Thank -- thank you, Mr. Jimenez. Thank you, gentleman.