



infrastructure to designing departments and establishing high-value service lines. I have led multiple acquisitions of distressed hospitals and transformed them into stable, profitable operations within 12–18 months, delivering sustainable performance and improved patient outcomes. My background also includes developing strengthening compliance frameworks, mitigating organizational risk, and managing large-scale negotiations that have generated multimillion-dollar savings and long-term value driven by a commitment to stabilizing and strengthening community hospitals. I focus on creating systems and structures that support financial health, operational efficiency, and high-quality care.

3. Except as otherwise indicated, the facts in this declaration (this “**Declaration**”) are based upon my personal knowledge, my review of relevant documents, information provided to me by employees working under my supervision, my opinion based upon experience, knowledge and information concerning the Debtors’ operations and financial condition, and my discussions with the Debtors’ other officers, directors, advisors and professionals. I am over the age of 18 and I am authorized to submit this Declaration on the Debtors’ behalf. If called to testify, I would testify competently to the facts set forth in this Declaration.

4. On January 20, 2026 and January 21, 2026 (the “**Petition Date**”) each of the Debtors filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) with the United States Bankruptcy Court for the Southern District of Texas (the “**Court**”). The Debtors filed various motions and pleadings seeking certain “first day” relief (collectively, the “**First Day Motions**”) to minimize the disruption to the Debtors’ businesses caused by the entrance into chapter 11. I submit this Declaration to assist the Court and parties in interest in understanding the circumstances leading to these chapter 11 cases and in support of the Debtors’ chapter 11 petitions and the First Day Motions.

5. This Declaration is organized into five (5) sections
  - a. Section I provides an overview of the Debtors' history and business operations;
  - b. Section II summarizes the Debtors' prepetition capital structure;
  - c. Section III summarizes the circumstances leading to the commencement of the chapter 11 cases;
  - d. Section IV discusses the Debtors' proposed restructuring transaction and prepetition restructuring efforts; and
  - e. Section V provides a summary of the First Day Motions filed in these Chapter 11 Cases.

### **THE DEBTORS' HISTORY AND BUSINESS OPERATIONS**

6. The Debtors are the owner/operators of two hospitals: White Rock Medical Center ("**WRMC**") operating in Dallas, Texas and Heights Hospital operating in Houston Texas.

#### **A. White Rock Medical Center**

7. WRMC has been a vital healthcare institution in East Dallas for over six decades. Originally founded as Doctors Hospital and later affiliated with major regional health systems, the facility has evolved alongside the community for over sixty years. Its physical location, proximity to major arterial roadways, and long-standing presence make it a critical access point for both residents and regional emergency medical services.

8. WRMC was purchased by Debtor Heights Healthcare of Texas, LLC ("**HHT**") in 2023. WRMC is a 218-bed community-based "safety-net" hospital that provides critical healthcare services to the residents of east Dallas and its patients are primarily minority, elderly and indigent person. In 2025 alone, WRMC supported approximately 30,000–35,000 unique patient visits and associated claims across emergency, inpatient, outpatient, and ancillary services, underscoring both the scale of community reliance and the hospital's ongoing operational relevancy.

9. Safety net hospitals serve low-income communities, regardless of patients' insurance coverage, ability to pay or immigration status. In practice, that means they do not turn away patients who cannot pay. Thus, these hospitals usually have high numbers of uninsured and Medicare and Medicaid patients whose treatment costs are not fully covered, which in turn means safety-net hospitals typically depend on public funding and operate on thin profit margins. WRMC undoubtedly qualifies as a safety net hospital as evidenced by fact that nearly 80% of its patient population is either on some form of government insurance plan (e.g. Medicare or Medicaid), is self-pay, or is uninsured.

10. WRMC operates as a full-service acute care hospital. It serves a particularly vulnerable community in a number of ways and provides its community with significant and critical health care services such as: (i) a 24/7 emergency department with on-site emergency physicians and advanced practice providers; (ii) a Level IV Trauma designation supporting regional EMS and emergency response; (iii) an intensive care unit (ICU) providing critical care services to patients; (iv) hospitalist-led inpatient medicine services with dedicated coverage; (v) cardiac and chest pain treatment provision; (vi) comprehensive diagnostic services, including radiology and laboratory services available around the clock; and (vii) on-site emergency physicians and employed ER physician coverage aligned with hospital operations. WRMC also provides bariatrics, cardiology, orthopedics, and wellness services.

**B. Heights Hospital**

11. Certain of the Debtors are also critical to the operation of a second hospital in Houston Texas "Heights Hospital." Heights Hospital and the real estate upon which it is situated is owned by affiliate Platinum Heights, LP ("**PH**"). PH is currently a debtor in possession before this Court under case number 25-90012. PH itself does not provide hospital or medical services

and instead is a landlord renting out hospital space to healthcare service providing tenants such as PAMS and Debtor Ashland Healthcare LLC (“**Ashland**”). Debtor White Rock also manages the day to day operations at Heights Hospital and interfaces with the tenants.

12. The facts and circumstances surrounding PH’s chapter 11 filing are set forth in *Declaration of Mirza N. Baig in Support of Debtor’s First Day Motions* [Dkt. No. 19] (the “**Baig Declaration**”). Heights Hospital remains active but has had to limit its operations as a result of the Debtors’ financial and operational issues discussed herein.

13. While PH is an affiliate of the Debtors, the Debtors are not seeking to jointly administer these cases with PH’s case. The capital structures of the Debtors and PH vary with different secured lenders and general unsecured creditors. The Debtors believe that jointly administering these cases with PH would also lead to unnecessary complication. PH has been in chapter 11 for nearly a year, and in that time the governmental and non-governmental bar dates have already passed, the 341(a) meeting of creditors has been held, PH filed a disclosure statement for a plan of reorganization that was confirmed but not consummated, and there are outstanding issues with an unaffiliated minority member of PH.

14. Notwithstanding the decision to not jointly administer the cases, the Debtors and PH believe that a joint plan or reorganization to address all of their outstanding liabilities is in the best interest of the Debtors and PH, and likely the only viable path forward after PH’s plan or reorganization was not consummated.

**C. The Debtors’ Operations**

15. The Debtors are affiliates that operate in conjunction with each other to manage and operate WRMC and Heights Hospital. The primary operating entity is lead Debtor White Rock. White Rock is the owner of WRMC and is also the Debtor entity licensed to operate

hospitals in the various jurisdictions in which the Debtors and PH reside. Debtor NCP Management, LLC (“**NCP Management**”) owns 100% of the interests of Debtor North Houston Surgical Hospital LLC (“**North Houston**”). Neither NCP Management nor North Houston have any ongoing business operations, and their day to day operations were assumed by White Rock.<sup>2</sup> Debtor National Payroll Services LLC (“**Payroll**”) performed payroll and benefit services for the Debtors and their affiliates. Payroll is owned entirely by NCP Management. Debtor HHT is a special purpose entity created for the purchase of White Rock and WRMC as discussed herein. HHT is a holding company with no ongoing operations. Debtor Heights Healthcare of Houston, LLC (“**HHH**”) is a special purpose entity created to create joint venture Ashland. HHH has no ongoing operations. Ashland is an operating entity that currently leases space in Heights Hospital and makes rental payments to PH.

### **DEBTORS’ CAPITAL STRUCTURE**

16. The Debtors’ capital structure is relatively simple. The Debtors maintain a single secured credit obligation with Pipeline Health System Holdings, LLC (together with its applicable affiliates “**Pipeline**”) related to the purchase of WRMC and the entities sold along with it.

17. HHT and Pipeline executed that certain Membership Interest Purchase Agreement (the “**MIPA**”) effective as of September 20, 2023 pursuant to which HHT acquired all of the outstanding membership interests of White Rock, which was then named Pipeline East Dallas, LLC (“**Pipeline East**”) for the purchase price of \$9,000,000.00. HHT paid \$3,600,000.00 of the purchase price at the closing of the MIPA in October 2023. The remaining balance was to be paid via an installment payment of \$2,400,000 and in accordance with the terms of a \$3,000,000.00 promissory note. On July 5, 2024 HHT, NCP Management issued a new promissory note in the

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<sup>2</sup>North Houston was the primary tenant of PH during its operational tenure. North Houston’s cessation of operations was a primary driver of PH’s chapter 11 filing as set forth in greater detail in the Baig Declaration.

amount of \$7,064,860.27 in favor of Pipeline (collectively with the initial note and as amended from time to time, the “**Note**”). As part of the initial 2023 transaction, Pipeline and HHT also entered into that certain Transitions Services Agreement (“**TSA**”) pursuant to which HHT was to pay Pipeline for certain IT and management services (collectively, with the obligations arising under the MIPA and Note the “**Pipeline Obligations**”).

18. The Pipeline Obligations are secured in favor of Pipeline by HHT’s and NCP’s personal property, including managements, accounts, deposit accounts, books and records pertaining to the foregoing and all collections, accessions, receipts and proceeds of any and all of the foregoing. As of the Petition Date, the Debtors estimate that the outstanding Pipeline Obligations are approximately \$5,370,000.00.

19. The Debtors maintain several other secured obligations with a number of vendors, all of which are secured by related medical equipment located in Houston or building equipment such as elevators. The Debtor estimates that these secured obligations total approximately \$7,600,000.00 in the aggregate.

20. The Debtors’ remaining obligations are all unsecured claims from various vendors and creditors. The largest of these claims is the unsecured claim of REILS. REILS entered into a \$15,000,000.00 credit facility with non-Debtor PH SPE LLC. Each of the Debtors are jointly and severally liable for the obligations arising under the REILS facility. As of the Petition Date, the Debtors estimate that that REILS unsecured claim is approximately \$17,000,000.00.

21. Aside from the REILS claims, the Debtors estimate that as of the Petition Date, there are approximately \$16,300,000 in general unsecured claims asserted against them, the majority of which are asserted against North Houston, White Rock and NCP Management.

**CIRCUMSTANCES LEADING TO CHAPTER 11 CASES**

22. Pipeline's malicious behavior is one of the main reasons—perhaps *the* reason—why the Debtors were forced to seek chapter 11 relief.

23. HHT acquired White Rock and WRMC in 2023. At the time of the acquisition, Pipeline made certain representations regarding WRMC's books and records, accounts receivables, balance sheets and tax liabilities. Immediately upon closing the transaction, the Debtors learned that the representations regarding WRMC were incredibly deficient.

24. Pipeline warranted and represented that the MIPA contained complete and accurate copies of the unaudited balance sheets and statements of income of Pipeline East with respect to WRMC's operations for the period ending July 31, 2023 as well as all relevant accounts receivable immediately prior to the closing of the sale transaction. Following the closing of the transaction on October 5, 2023, HHT discovered that Pipeline had significantly overstated the Hospital's accounts receivables while significantly understating WRMC's liabilities, which had resulted in severe impairments to the operations of WRMC. By the Debtors' estimations, those misrepresentation and impairments exceed \$11,000,000.00—more than the purchase amount of WRMC.

25. Further, prior to closing the transaction, Pipeline stopped paying certain vendors and employees—facts not disclosed to the Debtors. Immediately after closing, vendors refused to continue to do business with WRMC while other vendors would only do business with WRMC on a COD basis. Entire departments of WRMC, including the Human Resources and Finance departments, had been gutted and were critically short staffed. The CEO of WRMC had not been paid for months and was now looking to HHT for backpay. These matters were further complicated when Pipeline immediately sent notices to all vendors that HHT was now responsible for all debts

of WRMC, creating a rush-on-the-bank type effect. Notwithstanding the impossible situation created by Pipeline's own actions and non-disclosure, Pipeline threw more fuel on the fire and further compounded the Debtors' issues by threatening the very operational capacity of WRMC and its patients. In December of 2023, two months after closing the MIPA transaction, Pipeline began threatening to cease providing services under the TSA in thirty (30) days if HHT did not immediately become current on outstanding obligations. Pipeline went as far as to threaten to sell all of the Hospital's assets. The cessation of transaction services, which included access to patient medical records would have been catastrophic to the Debtors, their operations and the patients that WRMC serves.

26. While Pipeline was threatening to immediately shut down the transition services, they were also restricting HHT's access to WRMC's servers, which Pipeline had not turned over. These restrictions not only complicated the Debtors' ability to care for patients, but also severely limited their ability to collect on accounts receivables. This led to a significant liquidity crunch that further hampered and complicated the Debtors' ability to serve their patients and operate at full capacity.

27. On May 31, 2024, Pipeline abruptly revoked the Debtors' Cerner EHR (electronic health records) access with just twenty four hours' notice, leveraging this disruption to extract a favorable resolution to ongoing contract disputes. This effectively severed WRMC access to all digital clinical records, billing infrastructure, and patient scheduling systems, creating a dangerous and immediate risk to continuity of care and resulting liquidity crunch by again impacting the Debtors' ability to collect on their accounts receivables.

28. Despite these inherited setbacks, HHT remained committed to restoring WRMC's operations with a focus on clinical integrity, sustainable financial management, and responsible

community stewardship. During this chaotic transition, WRMC chose to scale down services where safety could not be guaranteed, including temporarily limiting complex surgical and procedural care.

29. Nonetheless, the damage was done. Pipeline's actions caused the Debtors to limit services offered by North Houston (which as set forth in the Baig Declaration directly led to the chapter 11 proceedings of PH) as well as White Rock and WRMC. The instability created by this transition and abrupt loss of services created a crater the Debtors were barely able to pull themselves out of. The Debtors, however, remain plagued by Pipeline who has attempted to improperly call defaults under the MIPA, Note and TSA and unwind the sale of WRMC to the Debtors. These actions have been stayed following entry of a temporary restraining order against Pipeline.

30. As part of the restructuring transaction with PH, the Debtors attempted to work out a deal by which Pipeline would be paid out so that the Debtors could continue running their businesses and operating WRMC absent dangerous interference. Pipeline did not engage with the Debtors' outreach in a meaningful manner. Instead, Pipeline alleged additional fictitious defaults to inflate the value of its asserted claims in advance of a potential payout. Pipeline's actions and their aggressive stance complicated a value maximizing transaction to the detriment of all parties and was a contributing factor to the PH plan sponsor backing out of the deal in the PH bankruptcy.

31. Given this backdrop, the Debtors reasonably believe that they cannot continue to operate on their razor thin margin while dealing with the interference from Pipeline and its attempts to unwind the WRMC sale. The Debtors believe that a reorganization transaction in chapter 11 will be in the best interest of the Debtors and their estates, the vulnerable community they serve and who rely on the Debtors for medical services, and the Debtors' various creditors.

**PROPOSED RESTRUCTURING TRANSACTIONS**

32. Prior to filing these chapter 11 cases, the Debtors undertook a thorough analysis of their ongoing liabilities, creditor relationships and potential avenues for monetization to determine the most optimal resolution of the Debtors' liabilities. Coupled with the unconsummated plan of reorganization of PH, the Debtors and PH determined it was in the best interest of the Debtors' estates for a joint plan of reorganization that addressed the liabilities of both the Debtors and PH.

33. The Debtors were approached by REILS, a creditor of both the Debtors and PH who expressed interest in a new transaction and an integrated plan for the Debtors and PH. As part of the proposed restructuring transaction, a REILS affiliate will serve as plan sponsor and either it or an entity of its designation will purchase the assets of the Debtors and PH through a plan sale process. This REILS affiliate will also provide the Debtors with a debtor in possession financing facility to allow the Debtors to operate while in chapter 11. This joint plan will provide for a comprehensive resolution of the secured claims, unsecured claims, administrative expenses and operational liabilities of both the Debtors and PH. The Debtors believe that this new plan of reorganization is now the only viable path to resolve their liabilities.

**SUMMARY OF FIRST DAY MOTIONS**

34. Contemporaneously herewith, the Debtors filed several First Day Motions to facilitate a smooth transition into the Chapter 11 Cases and minimize the disruption to the Debtors' operations.

35. I have reviewed each of the First Day Motions and after consulting with the Debtors' advisors I am familiar with the contents of each First Day Motion and the relief sought therein. To the best of my knowledge and belief, the factual statements contained in each First Day Motion are true and accurate and such statements are incorporated herein by reference.

36. **Motion for Joint Administration:** The Debtors are seeking routine relief for entry of an order directing consolidation of these chapter 11 cases for procedural purposes only. Joint administration of the Debtors' chapter 11 cases will save the Debtors and their estates substantial time and expense by removing the need to prepare, replicate, file, and serve duplicative notices, applications, and orders. Further, joint administration would relieve the Court of entering duplicative orders and maintaining duplicative files and dockets.

37. **Motion Authorizing a Consolidated List of Creditors:** The Debtors are seeking routine relief and entry of an order permitting the Debtors to file a consolidated list of creditors and a single creditor matrix. Permitting the Debtors to file a consolidated list of creditors will benefit the Debtors' estates and maximize judicial economy while the Debtors transition into chapter 11.

38. **Motion for Procedures for the Protection of Patient Information:** As hospital service providers, the Debtors may have claims against or be subject to claims of current and former patients. Permitting the Debtors to create and maintain procedures for the protection of patient information will benefit the Debtors' estates by ensuring compliance with relevant local, state and federal statutes and regulations regarding patient information, and benefit the Debtors' patients by ensuring sensitive information remains confidential.

39. **Motion to Extend the Deadline for Filing the Debtors' Schedules and SOFAs:** The Debtors are seeking routine relief to extend the deadline by which they must file their financial schedules and statements of financial affairs. The transition into chapter 11 is a critical time for the Debtors' operations. Extending the deadline by which the Debtors must file their schedules and statements of financial affairs and providing the Debtors with additional time to focus on stabilizing their businesses is in the best interest of all parties.

40. **Motion to Maintain the Debtors' Cash Management and Bank Accounts:** The Debtors' cash management system is complex and necessary given the Debtors' corporate structure and operations. The Debtors maintain their bank accounts primarily at approved financial institutions and will be creating new accounts for any postpetition financing facility. Permitting the Debtors to maintain their current cash management system in lieu of modifying their entire operation will permit the Debtors to focus on stabilizing their businesses during the transition to chapter 11 and ensuring that critical payments to employees and vendors are still made and no harm to patient care occurs as a result.

41. **Motion for Payment of Employee Wages:** The Debtors' employees are critical to their operations and ensuring that the critical healthcare services provided by the Debtors to their community continue. The Debtors are seeking authorization to pay their employees, including physicians, nurses, sanitation services, administrators and the myriads of other positions necessary to keep WRMC functioning. Paying these employees and ensuring they remain with the Debtors through the chapter 11 process is in the best interest of all parties and will ensure that quality care and service is provided to the Debtors' patients.

42. **Motion for Authorization to Pay Certain Critical Vendors:** The Debtors' operations are critically dependent on the services and specialized medical goods and supplies provided by certain vendors. The Debtors are seeking authority to pay certain vendors that are critical to the Debtors' operations to ensure that these parties continue to provide the Debtors with timely and quality service. Disruption of these services can have a catastrophic impact on the Debtors' operations and put patient lives in jeopardy. As set forth in the critical vendors motion, the list of critical vendors is limited and the Debtors' reasonably believe that without the relief sought therein, these parties may cease doing business with the Debtors.

43. **Motion for Authorization to Pay Utility Service Providers:** The Debtors' operations are critically dependent on utility services from utility providers. Absent electrical, HVAC, sewage, sanitation and other utility services, the Debtors could not operate and continue to care for their patients. Ensuring continued and uninterrupted utility service during the chapter 11 process is critically important to the Debtors' operations and patient safety.

44. **Motion for Authorization to Pay the Debtors' Taxes:** The Debtors pay taxes to local, state and federal authorities in the ordinary course of their business and existence. The Debtors are seeking authority to pay their taxes and remain compliant with all relevant taxing authorities to avoid incurring additional tax penalties and costs to the estate and to avoid any enforcement actions by any taxing authorities.

45. **Motion for Authorization to Pay the Debtors' Insurance Obligations:** The Debtors maintain several customary forms of insurance including, director and officer liability insurance, malpractice insurance, liability insurance, and property insurance. The Debtors must maintain these various forms of insurance in the ordinary course to ensure that they are able to continue operating, remain compliant with applicable local, state and federal requirements.

### **CONCLUSION**

46. The above describes the Debtors' businesses and capital structure, the factors that precipitated the commencement of these chapter 11 cases, and the critical need for the Debtors to commence these chapter 11 cases. The Debtors' ultimate goal in these chapter 11 cases is to stabilize its operations to ensure the continued medical care to its patients and effectuate a sale process to maximize value for stakeholders.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: January 23, 2026

*/s/ Rashid Syed*

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Rashid Syed  
Chief Operating Officer