

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re

CarePoint Health Systems Inc. d/b/a Just  
Health Foundation, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-12534 (JKS)

(Jointly Administered)

**Re: D.I. 551, 730**

**OBJECTION OF CAREPOINT HEALTH CAPTIVE ASSURANCE  
COMPANY, LLC TO FINAL APPROVAL AND CONFIRMATION OF THE  
FOURTH AMENDED COMBINED DISCLOSURE STATEMENT AND  
JOINT CHAPTER 11 PLAN OF REORGANIZATION**

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March 4, 2025

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: (i) Bayonne Intermediate Holdco, LLC (7716); (ii) Benego CarePoint, LLC (2199); (iii) Briar Hill CarePoint, LLC (iv) CarePoint Health Management Associates Intermediate Holdco, LLC (none); (v) CarePoint Health Management Associates, LLC d/b/a CarePoint Health (3478); (vi) CarePoint Health Systems, Inc. d/b/a Just Health Foundation (6996); (vii) CH Hudson Holdco, LLC (3376); (viii) Christ Intermediate Holdco, LLC (3376); (ix) Evergreen Community Assets (1726); (x) Garden State Healthcare Associates, LLC (4414); (xi) Hoboken Intermediate Holdco, LLC (2105); (xii) Hudson Hospital Holdco, LLC (3869); (xiii) Hudson Hospital Opco, LLC d/b/a CarePoint Health-Christ Hospital (0608); (xiv) HUMC Holdco, LLC (3488); (xv) HUMCO Opco, LLC d/b/a CarePoint Health-Hoboken University Medical Center (7328); (xvi) IJKG, LLC (7430); (xvii) Just Health MSO, LLC (1593); (xviii) New Jersey Medical and Health Associates d/b/a CarePoint Health Medical Group (0232); (xix) Quality Care Associates, LLC (4710); (xx) Sequoia BMC Holdco, LLC (9812); (xxi) IJKG Opco LLC d/b/a CarePoint Health Bayonne Medical Center (2063). The address for CarePoint Health Systems Inc. is 308 Willow Avenue, Hoboken, NJ 07030.

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## INTRODUCTION

1. Captive Assurance generally supports the Debtors' efforts to reorganize their business so that they can continue to provide critical care for patients in Hudson County, New Jersey. But those efforts must still comply with the substantive and procedural requirements of the Bankruptcy Code, Bankruptcy Rules, and applicable law. Unfortunately, as currently proposed, the Plan is fatally flawed and cannot be confirmed, and the Disclosure Statement lacks adequate information and cannot be approved on a final basis.

2. The Plan is premised on an insider release of HRH and its affiliated entities and persons, but there is a complete lack of evidence to support the release. Neither the Debtors nor the Committee conducted any investigation to support the HRH release. Binding case law makes clear that the Court is required to "apprise [itself] of all facts necessary for an intelligent and objective opinion of the probabilities of ultimate success should the claim be litigated," *see Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968), including by "assess[ing] and balanc[ing] the value of the claim that is being compromised against the value to the estate of the acceptance of the compromise proposal," *see Myers v. Martin (In re Martin)*, 91 F.3d 389, 393 (3d Cir. 1996). With the Debtors and the Committee unable to present any evidence to aid the Court in this determination, the release simply cannot be approved, dooming the Plan from the start. There also is no consideration to support the release.

3. The Plan is likewise flawed for the economic consideration it gives HRH—consideration far in excess of HRH's already inflated claim amount. In addition to providing HRH with a 100 percent return on its \$110 million Allowed Claim in the form of a dollar-for-dollar Exit Facility, the Plan also hands HRH the Bayonne Hospital—worth \$32.7 million according to the

parties' agreement—in a credit bid, but with no corresponding reduction of HRH's claim. HRH also receives exclusive rights under a 10-year Management Services Agreement with a revenue stream of \$210 million and the exclusive option to purchase Christ and Hoboken Hospitals. Again, none of this reduces or offsets HRH's claim. HRH is sharing substantially in the proceeds of litigation claims—again with no offset or deduction against its \$110 million Allowed Claim. HRH's recovery above 100 percent of its claim violates the Bankruptcy Code's absolute priority rule and renders the Plan unconfirmable.

4. The Plan's "deemed" substantive consolidation further precludes confirmation. The Third Circuit has prohibited the "deemed" consolidation the Plan Proponents seek here, finding that it is impermissible even where evidence supports consolidation. And, moreover, the facts of this case do not even support substantive consolidation, including because the Debtors have always maintained appropriate separateness and intend to continue to do so post-confirmation. Similarly, the Plan's consolidation of classes for voting violates the "per debtor" plan confirmation requirement long applied in this district and therefore cannot be approved.

5. The Plan Proponents also cannot meet their burden to satisfy the "best interests" of creditors test because the data on which they rely is incomplete and unreliable and has not been produced or explained in discovery.

6. Even if the Plan could be confirmed (it cannot), creditors are not sufficiently represented and protected by the Litigation Trust established under the Plan. There is no evidence that the Litigation Trust's fiduciaries were properly selected and will be properly overseen. These issues will need to be addressed in any Litigation Trust established under this Plan or a future plan so as to assure active, engaged fiduciaries are both selecting the Litigation Trustee and its oversight committee, as well as conducting the business of the Litigation Trust.

7. For these and other reasons discussed herein, the Plan cannot be found to be proposed in good faith. Though the Debtors' goal to save their hospitals is a noble one, the manner in which the Plan and the Plan Proponents deal with HRH and other creditors does not constitute good faith and should not be endorsed by this or any Court.

8. Finally, as will become clear from reading the many issues with the Plan, the Disclosure Statement that describes the Plan is inadequate, omits material information available to the Debtors, and cannot be approved on a final basis.

### **BACKGROUND**

#### **I. Captive Assurance holds undisputed unsecured claims totaling at least \$19,129,810.**

9. Captive Assurance is a captive insurance company formed by the Debtors' Prior Owners to provide liability insurance to the Debtors' hospitals and physician groups. Captive Assurance holds allowed, undisputed, fixed, and liquidated unsecured claims for unpaid insurance premiums totaling at least \$19,129,810.80.

10. The Debtors scheduled the following claims for Captive Assurance:

<b>Debtor (Schedules Docket Item No.)</b>	<b>Scheduled Claim Amount</b>
Garden State Healthcare Associates, LLC (D.I. 351)	\$14,521,632.56
Hudson Hospital Opco LLC d/b/a CarePoint Health-Christ Hospital (D.I. 354)	\$79,156.01
HUMCO Opco LLC d/b/a CarePoint Health-Hoboken University Medical Center (D.I. 357)	\$34,015.60
IJKG Opco, LLC d/b/a CarePoint Health-Bayonne Medical Center (D.I. 358)	\$81,189.33
New Jersey Medical and Health Associates (D.I. 361)	\$4,413,817.30
<b>TOTAL:</b>	<b>\$19,129,810.80</b>

Each claim is scheduled as undisputed, noncontingent, and in liquidated amount. Accordingly, each claim is an "Allowed Claim" within the meaning of the Bankruptcy Rules and the Plan. *See*

Fed. R. Bankr. P. 3003(b)(1) (“An entry on the schedule of liabilities filed under § 521(a)(1)(B)(i) is prima facie evidence of the validity and the amount of a creditor’s claim—except for a claim scheduled as disputed, contingent, or unliquidated. Filing a proof of claim is unnecessary except as provided in (c)(2) [of this rule].”); Plan § 1.8 (“Allowed Claim” means a Claim or any portion thereof . . . (b) that has been Scheduled as a liquidated, non-contingent, and undisputed Claim in an amount greater than zero in the Schedules, and the Schedules have not been amended with respect to such Claim on or before the Claims Objection Deadline or the expiration of such other applicable period fixed by the Court[.]”).<sup>2</sup>

11. Additional detail regarding Captive Assurance and its claim is found in the *Objection of CarePoint Health Captive Assurance Company, LLC to Motion of the Debtors and the Official Committee of Unsecured Creditors for Entry of an Order (I) Approving the Disclosure Statement on an Interim Basis; (II) Scheduling a Combined Hearing on Final Approval of the Disclosure Statement, Plan Confirmation and Deadlines Related Thereto; (III) Approving the Solicitation, Notice and Tabulation Procedures and Forms Related Thereto; and (IV) Granting Related Relief* (D.I. 466), and incorporated herein by reference.

## **II. HRH has been on a years-long campaign to gain control over the Debtors’ hospitals.**

12. HRH has engaged in a years-long, multi-faceted campaign to gain control over the Debtors’ hospitals, including acquiring the land on which they sit to exert leverage over the Debtors and leave them with no options but to transfer ownership and control to HRH and accede to HRH’s unreasonable terms. HRH’s conduct has been the subject of lawsuits, including a 2022 antitrust

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<sup>2</sup> The bar date for filing proofs of claims in these cases has not yet passed. Captive Assurance reserves the right to file one or more proofs of claim.

lawsuit in which the Debtors accused HRH of engaging in a years-long conspiracy with others to destroy or devalue the Debtors' business.

13. As HRH's President and Chief Executive Officer, Dr. Nizar Kifaieh, testified, HRH made it clear by the end of 2019 or early 2020 that it wanted to acquire Bayonne Hospital from the Debtors' prior owners. Kifaieh Dep. 34:17–25, Dec. 6, 2024 (testifying that HRH “made it very clear” in “the beginning of 2020, end of 2019” that it wished to acquire Bayonne Hospital), **Ex. A**. Consistent with that aim, HRH reached a hand-shake agreement with the prior owners to acquire Bayonne Hospital. *Id.* 35:2–4; 195:4–9. HRH also put in an offer for all three of the Debtors' hospitals in May 2020. *Id.* 197:2–4 (“I remember putting in the offer for all three hospitals. It was on May 22, 2020, because it was my birthday.”). But the Prior Owners ultimately did not sell to HRH, opting instead to enter into an agreement with another party for management rights of Bayonne Hospital. *Id.* at 35:1–5.

14. Unable to purchase Bayonne Hospital, HRH instead shifted to acquiring the land on which Bayonne Hospital sits and then suing to enforce transfer restrictions and alleged latent defaults under the lease in an effort to gain control over Bayonne Hospital and exert leverage over the Debtors. In June 2020, the next month after its offer to acquire Bayonne Hospital was rejected, HRH purchased the land on which Bayonne Hospital sits. *See* Kifaieh Dep. 88:16–21, Feb. 27, 2025, **Ex. B**. HRH purchased the land knowing that there were alleged existing defaults under which it could immediately sue the Debtors. *See id.* at 90:8–22. HRH then immediately commenced a lawsuit against Bayonne Hospital to enforce the terms of the lease, at least as it read them. *Id.* 89:2–11. (“Q. When was that lawsuit commenced? A. As soon as we took over. As soon as we acquired the land, when we closed on the land. I believe maybe June or July of 2020.”).

Even though HRH acknowledge that the Debtors were current on their \$800,000 monthly rent, HRH sued to recover “assessment fees” it alleged were due under the lease. *See id.* 88:2–91:11.

15. The Debtors fought the lawsuit for years, but ultimately faced a default judgment due to the inability to adequately defend the suit in light of the Debtors’ deteriorating financial condition in late 2024. In October 2024, the Debtors consented to entry of an order giving HRH a judgment in the range of \$24,000,000 to \$32,000,000. The judgment was entered on the eve of and in express contemplation of bankruptcy, and during the period to avoid preferential and fraudulent transfers. *See* Consent Order for Foreclosure of Sec. Ints. and Surrender of Prop., Reversion of Operating License, Possession & Entry of Final Judgment ¶ 2, *29 E 29 Street Holdings, LLC v. IJKG Opco, LLC*, C.A. No. 2020-0480-KSJM (Del. Ch. Oct. 18, 2024) ¶ 2 (contemplating that the judgment would be enforced in a bankruptcy proceeding), **Ex. C**. The judgment also contained declaratory relief effectively ceding control of Bayonne Hospital to HRH, including possession of Bayonne Hospital, foreclosure and surrender of Bayonne Hospital’s operating license and related permits and approvals to HRH, and transfer of management of Bayonne Hospital to HRH. *Id.* ¶ 4. HRH’s conduct was not limited to the Bayonne Hospital land and lease. For example, HRH also sued to block the transfer of Bayonne Hospital’s “certificate of need” to another party as part of its efforts to gain control of Bayonne Hospital. Kifaieh Dep. 199:15–201:17, Dec. 6, 2024, **Ex. A**.

16. In response to HRH’s conduct, the Debtors named HRH as a co-conspirator in an antitrust lawsuit brought by the Debtors alleging “a years-long systematic effort” to destroy the Debtors’ business and “monopolize the provision of general acute care hospital services and related health care services in northern New Jersey.” *See* Third Amended Complaint and Jury Demand ¶ 1, *CarePoint Health Systems Inc. v. RWJ Barnabas Health, Inc.*, No. 2:22-cv-05421 (D.N.J.

Feb. 8, 2023), **Ex. D**. As the Debtors allege in their complaint, the defendant in that lawsuit, RWJ Barnabas, was aided by HRH, HRH’s owner, Yan Moshe, and HRH’s President and CEO, Dr. Nizar Kifaieh. *See id.* ¶ 8 (“RWJ’s conspirators have included real estate players Avery Eisenreich (“Eisenreich”) and Yan Moshe (“Moshe”) whose interests are unrelated to those of safety net hospitals and providing accessible healthcare to the community. These conspirators have faced numerous legal challenges including insurance fraud allegations against Moshe’s facilities, and RICO complaints against Moshe and Nizar Kifaieh (“Kifaieh”) and a recent weapons-related federal investigation within Moshe-controlled and Kifaieh-run Hudson Regional Hospital (“HRH”).”).

17. As the complaint explains, “HRH and its principals, while not defendants in this litigation, were intimately involved with Eisenreich and Manigan in efforts to advance RWJ’s goals including controlling the real estate under the Hospitals, decimating CarePoint financially, and poaching CarePoint doctors.” *Id.* at 8, n.2. Consistent with HRH’s efforts to obtain Bayonne Hospital’s land and lease, the Debtors’ complaint alleges that HRH conspired with others to control the real property on which the hospitals sit, and “[t]hrough controlling the land under the hospitals, the property owner was able, at times, to have “veto power” over any hospital operator it did not like – thereby controlling not only the real estate, but also the hospitals themselves.” *Id.* ¶ 11. According to the complaint, HRH allegedly colluded with others “in an effort to close down Bayonne Medical to boost HRH’s same-day surgery practice” and aid other co-conspirators’ businesses, including by eliminating competition from Bayonne. *Id.* ¶ 21. The intent of these efforts, the Debtors alleged, was to “bankrupt CarePoint.” *Id.* at 34–38.

18. The Debtors’ complaint sets forth HRH’s 2020 dealings with the Debtors in respect of acquiring Bayonne Hospital:



HRH's real motivation in making hollow offers to CarePoint that knowingly did not meet CarePoint's requirements, and then to sabotage BMC's acquisition of Bayonne Medical through an 11th hour land transaction with Eisenreich, was pure greed to own the market for same day surgery in Hudson County, preferably at its existing Secaucus facility.

Upon information and belief, the plan was for HRH, in collusion with Eisenreich and RWJ – and now with control of the land – to feign interest in the hospital and delay closing so that Bayonne Medical would become insolvent and be forced to close. Strategically, it was the intention of RWJ, Eisenreich and HRH to cause further financial distress to Bayonne Medical, as the specter of bankruptcy causes staff and doctor defection, a freeze on programmatic growth and expansion of other services and offerings. Further, patients are reluctant to seek care at a facility they believe is “going out of business.”

Eisenreich and Moshe planned that, once the hospital closed, they would repurpose the building as Eisenreich's next skilled nursing facility (“SNF”) and HRH would hire the surgeons then doing cases at Bayonne Medical to further expand HRH's same day surgery programs at HRH's Secaucus facility.

Such a plan served to benefit Eisenreich, Moshe, HRH and RWJ. Eisenreich could expand his SNF empire with Moshe, HRH would eliminate surgery center competition, and RWJ would eliminate Bayonne Medical as a competitor, as SNF does not provide inpatient GAC services.

*Id.* ¶¶ 114–118 (paragraph numbers omitted). The Debtors sought, among other relief, substantial damages and an injunction preventing the defendant and its co-conspirators, including HRH, from continuing their unlawful conduct. *Id.* at 56–57. The lawsuit remains pending.

19. As part of its efforts, HRH also acquired an option to purchase the land on which Christ Hospital sits—an option that belonged to the Debtors until the eve of bankruptcy when the Debtors allowed it to expire, and HRH immediately scooped it up. Christ Hospital sits on a 12-acre parcel of otherwise undeveloped land with unrestricted views of New York City. The Christ Hospital land has been appraised at approximately \$150 million as of 2021, although the Debtors

have heard that the land could be worth over \$200 million if developed. *See* Cushman & Wakefield of Connecticut, Inc., Appraisal of Real Property 4 [HRH Plan042598] (2021), **Ex. E**; Syed Dep. 67:14–68:9, Dec. 5, 2024, **Ex. F**. Under their lease, the Debtors had an option to purchase the land from the landlord for approximately \$52 million. Syed Dep. 64:4–16, Dec. 5, 2024, **Ex. F**. Faced with liquidity constraints, however, the Debtors negotiated with HRH and ultimately reached an agreement that HRH would front the funds to exercise the purchase option and rezone and develop the land into a revenue-generating enterprise, while the Debtors continued to lease the property for the operation of Christ Hospital rent-free. *See id.* at 62:1–66:16. After negotiating a purchase option agreement with the Debtors, HRH abandoned the agreement and instead negotiated a deal directly with the landlord, which effectively eliminated any opportunity for the Debtors to benefit from the purchase option in their lease and the upside value of the land, that could be worth as much as \$150–\$200 million. *See id.* at 73:4–75:19. According to the Debtors, HRH paid just \$67 million for the land option. *See id.* at 75:10–19.

**III. Left with no options, the Debtors are forced to file these chapter 11 cases for the benefit of HRH.**

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20. Weighed down by HRH’s and its alleged co-conspirators’ efforts, the Debtors were forced to seek bankruptcy protection. So complete was HRH’s control over the Debtors by this point, and with the Debtors’ alternatives foreclosed by HRH’s conduct, the Debtors were forced to immediately seek unprecedented first-day relief to hand over control of their properties and operations to HRH.

21. As to Bayonne Hospital, the Debtors sought, among other relief: (i) surrender of the Bayonne Hospital to HRH; (ii) granting HRH exclusive operating rights over Bayonne Hospital; and (iii) approving a private sale of Bayonne Hospital’s assets to HRH. *See* Mot. of Debtors IJKG Opco, LLC and IKJG, LLC for Entry of (A) An Interim Order Approving Collateral

Surrender and Operations Transfer Agreement to Allow *Inter Alia*, Interim Hospital Operations, (B) A Final Order Approving a Private Sale of All or Substantially All Assets of IJKG Opco, LLC and IJKG, LLC and (C) Granting Related Relief ¶ 22, Nov. 4, 2024, D.I. 18. Much of this relief was proposed to be immediate and irreversible, including because HRH sought to bind the Debtors to a complete “no shop” provision, prohibiting the Debtors from entertaining or seeking a competing transaction. *Id.* ¶ 22(d). Likewise, as to Christ and Hoboken Hospitals, the Debtors sought immediate relief to perform under and then assume a management services agreement with HRH to manage those hospitals, without a competitive process for those valuable rights. *See id.* ¶¶ 31–36 (explaining that the property had not been marketed since 2020). Fortunately, given their unprecedented nature, the Court did not approve the motions.

22. The Debtors then subsequently filed a motion in December 2024 to seek approval of another management services agreement with HRH—this time for a four-hospital system comprising the Debtors’ three hospitals and HRH’s existing hospital—effectively conceding that the cases would result in the Debtors’ handing the hospitals to HRH, despite any potential future alternative transaction process. *See* Mot. of the Debtors for an Order (I) Authorizing the Entry into the Hospital Facilities Management Services Agreement, and (II) Granting Related Relief ¶¶ 9–10 (explaining the Debtors’ intention to “surrender” Bayonne Hospital to HRH in order to create a four-hospital healthcare system named “Hudson Health System”). That MSA includes a \$1.75 million monthly management fee over a term of 10 years (totaling \$210 million in management fees) and would grant HRH “exclusive and irrevocable rights and options to purchase” Christ and Hoboken Hospitals from the Debtors (in addition to the collateral surrender and private sale of Hoboken Hospital to HRH). *See id.* ¶ 15(c)–(d). That motion and MSA also has not been approved, and the relief has instead been folded into the Plan.

**IV. The Plan represents the culmination of HRH’s efforts to enrich itself at the expense of the Debtors and their creditors.**

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23. The Plan is the capstone of HRH’s efforts to extract as much value as possible from the Debtors and their other creditors, including by inflating its claim, receiving multiple recoveries in addition to its Allowed Claim, and extracting a release for itself and its affiliates for no additional consideration and without any evidence of an investigation. The Plan also provides no meaningful opportunity for any competing transaction.

**A. The Plan inflates HRH’s claim without basis.**

24. The Plan, as originally filed, set HRH’s Allowed Claim at \$88 million and provided no calculation of the claim. Combined Disclosure Statement and Joint Chapter 11 Plan of Reorganization Art. V.A, Jan. 8, 2025, D.I. 412. As currently proposed, the Plan now sets HRH’s Allowed Claim at an inflated figure of at least \$110 million, again providing no calculation of the claim. *See* Plan at 4; *see also* Plan § 1.190 (“[T]he HRH Claims shall be deemed Allowed in the approximate estimated amount of \$110 million for all purposes under the Plan, subject to final reconciliation as shall be set forth in the HRH Exit Facility Credit Agreement and except as provided in Article IX.C of the Plan.”).

25. HRH’s corporate representative, Dr. Kifaieh, testified that HRH expected the claim to be even higher than \$110 million. Kifaieh Dep. 59:2–14, Feb. 27, 2025 (“I do believe the number is even higher now . . . I don’t know the updated number, but it’s way more than \$110 million”), **Ex. B**. While Dr. Kifaieh stated his belief that the claim now exceeds \$110 million, he was unable to provide details of the calculation of the claim, despite being offered as HRH’s Rule 30(b)(6) corporate representative in a deposition that included the following topic: “HRH’s claims against the Debtors, including their amount, priority, the Debtors against which the claims exist, and the property securing HRH’s claims.” CarePoint Health Captive Assurance Company, LLC’s

Amended Notice of Dep. of Hudson Regional Hospitals, LLC, Pursuant to Fed. R. Civ. P. 30(b)(6) and Fed. R. Bankr. P. 7030, Feb. 27, 2025, D.I. 763 (Topic No. 6); *see also* Kifaieh Dep. 12:7–13:19, Feb. 27, 2025 (Dr. Kifaieh testifying that he did nothing specific to prepare to answer questions about HRH’s claims or financial information despite those issues being within the knowledge of HRH through HRH’s Chief Financial Officer), **Ex. B**; Kifaieh Dep. 59:6–12, Feb. 27, 2025 (Dr. Kifaieh testifying he did not know the exact number of HRH’s claim and referring to the Chief Financial Officer for details of HRH’s claims), **Ex. B**.

26. The parties’ interrogatory responses are similarly lacking. The Debtors, HRH, and the Committee each failed to substantively respond to interrogatories seeking details on HRH’s claims. *See* Debtors’ Answer to CarePoint Health Captive Assurance Company, LLC’s First Set of Interrogatories to Debtors in Connection with Plan Confirmation and Final Approval of the Disclosure Statement, Feb. 13, 2025 (Response Nos. 16–19) (“[T]he Debtors respond that this Interrogatory is properly directed to HRH, not the Debtors.”), **Ex. G**; Responses and Objections of the Official Committee of Unsecured Creditors to CarePoint Health Captive Assurance Company, LLC’s First Set of Interrogatories to the Official Committee of Unsecured Creditors in Connection with Plan Confirmation, Feb. 13, 2025 (Response Nos. 6–7) (directing Captive Assurance to review the First Day Declaration and the DIP Motions), **Ex. H**. The Committee alone provided a mathematical computation of the components of HRH’s claims, without backup, but referred Captive Assurance to HRH for information about the basis for the claims—and HRH failed to substantively answer similar interrogatories. Hudson Regional Hospital’s Objections and Responses to CarePoint Health Captive Assurance Company, LLC’s (I) First Set of Requests for Production of Documents in Connection with Plan Confirmation and (II) First Set of Interrogatories in Connection with Plan Confirmation (Response Nos. 3–7) (directing Captive

Assurance to review the DIP Motions and responding that “non-privileged documents responsive to this Interrogatory, to the extent in the possession of HRH, shall be produced”), **Ex. I**.

27. The Plan also appears to assume that HRH has claims against all the Debtors and that its claims are secured by all the Debtors’ assets, including because the Plan allows HRH to receive those assets or their benefit for no additional consideration. But HRH only has claims and liens against the specific hospital Debtors, and lacks claims and liens against other Debtors, such as the physician group Debtors, Garden State Healthcare Associates, LLC, and New Jersey Medical and Health Associates. Again, Captive Assurance sought clarifying information through interrogatories, but no party substantively answered those interrogatories.

**B. The Plan provides numerous recoveries to HRH over and above its Allowed Claim.**

28. In addition to inflating HRH’s Allowed Claim, the Plan provides additional recoveries to HRH on account of its Allowed Claim on top of the \$110 million Exit Facility.

29. First, the Plan provides that HRH’s \$110 million Allowed Claim is satisfied in full through conversion to an Exit Facility that is to be repaid with interest by the Reorganized Debtors from operations over a five-year term. *See* Plan at 4 (providing for 100 percent recovery in the form of the Exit Facility).

30. Second, the Plan provides that HRH is acquiring Bayonne Hospital as part of a credit bid or collateral surrender in the amount of \$32,741,612. *See* Plan at 88–89. Ordinarily, a credit bid or collateral surrender operates to reduce the amount of the overall Allowed Claim, but that is not the case here. Instead, HRH’s claim remains at approximately \$110 million. *Rosen Dep.* 141:4–142:23, Feb. 28, 2025, **Ex. J**.

31. Third, HRH is acquiring the exclusive rights under the MSA, with monthly payments over 10 years totaling \$210 million, plus the exclusive, irrevocable option to purchase

Christ and Hoboken Hospitals. *See* Plan Art. IX.B (granting HRH all rights under the MSA); Hospital Facilities Management Services Agreement §§ 4.1, 5.1, Dec. 1, 2024, D.I. 212-2 (providing for a \$1.75 million management fee and a term of ten years). Again, there is no reduction or offset of HRH's Allowed Claim on account of these valuable rights. Kifaieh Dep. 83:14–84:24, February 27, 2025, **Ex. B**.

32. Fourth, HRH is given substantial economic interests in the Litigation Trust on account of its claims, including the first \$5 million after general unsecured claimants receive a 10% of recovery (not to exceed \$15 million), and then 35% of all net recoveries thereafter for all claims other than Avoidance Actions. *See* Plan at 86. And, for Avoidance Actions, once general unsecured claimants receive a 40% recovery, HRH will receive 35% of net proceeds of Avoidance Actions as well. *See id.* Yet again, there is no apparent reduction or offset against HRH's other recoveries. Kifaieh Dep. 82:16–83:13, Feb. 27, 2025, **Ex. B**.

**C. HRH is being released under the Plan without any investigation and for no additional consideration.**

33. In addition to its various recoveries, HRH and its affiliates and related persons and entities are receiving releases under the Plan. The Plan defines “Released Parties” to include (collectively referred to herein as the “HRH Released Parties”):

HRH, including its affiliates, subsidiaries and designees, including without limitation 29 E. 29 Street Holdings, LLC, NJMHMC LLC d/b/a Hudson Regional Hospital, the DIP Lender, the newly-formed management services organization who shall administer the four hospital system as contemplated by the MSA, and their respective former, present and future owners, officers, directors, managers, employees, independent contractors, attorneys, agents and representatives)

Plan § 1.160. But HRH is offering no additional consideration for this release, and discovery has made clear that neither the Debtors nor the Committee can offer any evidence that they conducted

any investigation of potential claims or causes of action against the HRH Released Parties—despite the Debtors’ prior allegations against HRH and its affiliates.

34. The Debtors have admitted that they have done no formal investigation of HRH or the HRH Released Parties.<sup>3</sup> Syed Dep. 154:4–155:18, Feb. 27, 2025, **Ex. K**. And the Plan expressly provides that the Committee’s counsel has done no investigation of the Released Parties under the Plan: “Counsel for the UCC has not conducted an investigation of claims against any of the Released Parties . . . including the release of potential Avoidance Actions with respect to the Outstanding Judgment and the termination of the Bayonne Lease.” Plan at 116–17. While the Committee claimed in interrogatory responses to have “conducted both formal and informal discovery concerning potential Claims or Causes of Action against HRH,” it failed to answer any questions about that investigation. *See* Responses and Objections of the Official Committee of Unsecured Creditors to CarePoint Health Captive Assurance Company, LLC’s First Set of Interrogatories to the Official Committee of Unsecured Creditors in Connection with Plan Confirmation, Feb. 13, 2025 (Response No. 2), **Ex. H**. Moreover, on the topic of “[t]he Committee’s investigation into potential claims and causes of action against HRH . . . including any of [its] affiliates, owners, or representatives,” the Committee’s Rule 30(b)(6) designee testified that she could not recall whether the Committee had investigated HRH, had not seen any investigative report, analysis or other document about any investigation of HRH, and was not aware whether any such document existed. White Dep. 45:4–47:11, Feb. 28, 2025, **Ex. M**.

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<sup>3</sup> The Restructuring Committee was not asked to investigate, and did not investigate, claims or causes of action against HRH. *See* Zucker Dep. 27:3–17, Feb. 26, 2025 (“Q: So am I understanding your prior testimony correctly that the Reorg Committee has done no investigation of any of the parties that are included in this list of released parties [in the Plan]? A: Correct. Q: And did I also understand you, that the Restructuring Committee has received no finding that it [] would be expected to review in relation to potential causes of action against any of these released parties? A: That is correct.”). Such investigations are arguably not within the Restructuring Committee’s mandate. *See* Resolutions of the Board of Trustees of CarePoint Health Systems Inc., Dec. 20, 2024 (resolving that “the Restructuring Committee shall supervise and control all restructuring activities in connection with the Bankruptcy Cases”), **Ex. L**.



Accordingly, there is no evidence of any investigation of claims and causes of action against the HRH Released Parties.

**D. The Plan contains insufficient means for pursuing an “Alternative Transaction.”**

35. Though the Plan facially contains a process for the Debtors to pursue an “Alternative Transaction,” that process is deficient and unfairly tilted in HRH’s favor. The Alternative Transaction process provided a 21-day window in which competing bids could be submitted. But this time is unreasonably short, and there was effectively no marketing process, including because neither the Debtors nor the Committee employ an investment banker in this case. A member of the Debtors’ Restructuring Committee with over 30 years of restructuring experience, could not recall a single instance of a case with such a short transaction process. Zucker Dep. 33:22–34:3, Feb. 26, 2025, **Ex. N**. Rightly so, because it is simply unprecedented in this district.

36. The process was further unfairly tilted toward HRH because any Alternative Transaction was required to pay HRH in full on account of its inflated and unsubstantiated \$110 million claim. *See* Plan at 5 (“Notwithstanding anything contained herein, in the event that an Alternative Transaction is consummated, the Allowed HRH Claims shall be paid in full upon the closing of the Alternative Transaction.”). An Alternative Transaction also required a minimum \$1 million overbid to account for an unapproved \$1 million breakup fee to HRH. And the Debtors and the Committee waived their rights to contest HRH’s right to credit bid its inflated claim, and possibly even to contest further inflation of the claim in HRH’s discretion. *See id.* at 89 (“If there is competitive bidding, HRH has the right to seek to augment its credit bid by the Outstanding Judgment, outstanding operations/management fees, all amounts incurred, advanced, assumed or

paid for or on behalf of the Debtors and other amounts or consideration, and neither the Debtors nor the UCC will oppose HRH's augmented credit bid.").

**V. The Plan proposes “deemed” substantive consolidation despite the Debtors at all times maintaining separateness both pre- and post-confirmation.**

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37. The Plan proposes “deemed” substantive consolidation of the Debtors’ estates for voting and distribution purposes, despite the Debtors making clear that they maintain separate corporate existences and are able to distinguish their assets and liabilities from one other. Among other things, the Debtors filed separate Schedules of Assets and Liabilities and Statements of Financial Affairs and have filed separate monthly operating reports. The Debtors’ cash management motion made clear that they “maintain records of all transfers and can ascertain, trace and account for all Intercompany Transfers and will continue to do so during these Chapter 11 Cases.” Mot. of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Continued Use of the Debtors’ Cash Management System and Existing Bank Accounts, (II) Authorizing Continued Intercompany Transfers Among Debtor Entities and (III) Granting Related Relief ¶ 17, Nov. 4, 2024, D.I. 7.

38. The Debtors also have separate secured creditors with separate collateral. *See* Mot. of CarePoint Health Systems, Inc. for Entry of Interim and Final Orders: (I) Authorizing Debtors to Obtain Temporary and Permanent Post-Petition Financing from Bayonne Medical Center Opco, LLC Pursuant to Sections 363 and 364 of the Bankruptcy Code; (II) Granting Administrative Priority Claims to DIP Lender Pursuant to Section 364 of the Bankruptcy Code; (III) Granting Adequate Protection; (IV) Modifying the Automatic Stay to Implement the Terms of the DIP Order; and (V) Authorizing Debtors to Use Cash Collateral, Nov. 4, 2024, D.I. 10 (seeking approval of DIP financing for Debtor CarePoint Health Systems, Inc. only); Mot. of IJKG Opco, LLC and IJKG, LLC for Entry of Interim and Final Orders: (I) Authorizing IJKG Opco, LLC and

IJKG, LLC to Obtain Temporary and Permanent Post-Petition Financing from Bayonne Medical Center Opco, LLC Pursuant to Sections 363 and 364 of the Bankruptcy Code; (II) Granting Administrative Priority Claims to DIP Lender Pursuant to Section 364 of the Bankruptcy Code; (III) Modifying the Automatic Stay to Implement the Terms of the DIP Order; and (IV) Authorizing the Use of Cash Collateral, Nov. 4, 2024, D.I. 11 (seeking approval of DIP financing for Debtors IJKG Opco, LLC and IJKG, LLC only).

39. The Debtors also file separate tax returns. Syed Dep. 166:6–10, Feb. 27, 2025, **Ex. K**. The Debtors even have different organizational and tax structures among themselves, with some Debtors being organized and taxed as for-profit entities and others organized and taxed as nonprofits.

40. Moreover, despite the “deemed” substantive consolidation, the Plan makes clear that the Debtors are in fact separate, distinguishable entities and will maintain their separate corporate existence post-emergence. For example, in the same section announcing deemed substantive consolidation, the Plan states that “each Debtor shall continue to exist as a separate entity, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective formation documents in effect before the Effective Date.” Plan at 53; *see also* Plan at 84 (providing similar language) & 90 (providing for continued, separate corporate existence of each of the Debtors).

**VI. The value of the Debtors’ assets, and the related Liquidation Analyses, are an unreliable moving target.**

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41. The Debtors have restated the value of key estate assets available to satisfy creditor claims in a manner that suggests that the Debtors’ facts and underlying assumptions are unreliable, including through amendments to their schedules of assets and liabilities to reduce available assets at Garden State Health Care Associates, LLC (“Garden State”), and New Jersey Medical and

Health Associates (“New Jersey Medical”), where Captive Assurance holds its largest claims. The Plan Proponents refused to substantively respond to interrogatories inquiring about the value of the Debtors’ accounts receivable and intercompany receivables. *See* Debtors’ Answer to CarePoint Health Captive Assurance Company, LLC’s First Set of Interrogatories to Debtors in Connection with Plan Confirmation and Final Approval of the Disclosure Statement, Feb. 13, 2025 (Response Nos. 1–3), **Ex. G**. And none of the Rule 30(b)(6) witnesses that Captive Assurance deposed for the Debtors, the Committee, or HRH could describe even an estimate of the value of the Debtors’ accounts receivable. Yet Mr. Syed testified that the accounts receivable “is the only true [] valuable asset that these hospitals own.” Syed Dep. 98:5–23, Feb. 27, 2025, **Ex. K**. Accordingly, Captive Assurance and other objecting parties have sought to clarify exactly what value can be attributed to the accounts receivable; without this information it is impossible for the Plan Proponents to perform a true “best interests” analysis. But the more discovery Captive Assurance took on this topic, the murkier the responses became.

42. The Debtors filed their schedules of assets and liabilities on December 23, 2024. Most of Captive Assurance’s Allowed Claims sit at Garden State and New Jersey Medical, which, according to the initial schedules filed by the Debtors, appeared capable of paying their debts in full or in material part (including Captive Assurance’s general unsecured claims). Garden State disclosed approximately \$125 million of assets and approximately \$35 million of liabilities, *see* D.I. 351, while New Jersey Medical disclosed approximately \$42 million of assets and \$21 million of liabilities, *see* D.I. 361. Based on these numbers, Captive Assurance objected to conditional approval of the Disclosure Statement on the basis, among other things, that the proposed substantive consolidation harmed creditors with structurally superior claims like Captive Assurance. *See* Obj. of CarePoint Health Captive Assurance Company, LLC, to Mot. of the

Debtors and the Official Committee of Unsecured Creditors for Entry of an Order (I) Approving the Disclosure Statement on an Interim Basis; (II) Scheduling a Combined Hearing on Final Approval of the Disclosure Statement, Plan Confirmation, and Deadlines Related Thereto; (III) Approving the Solicitation, Notice and Tabulation Procedures and Forms Related Thereto; and (IV) Granting Related Relief, Jan. 15, 2025, D.I. 466.

43. The Court held a preliminary hearing on January 17, where Captive Assurance again argued that substantive consolidation is neither permissible under Third Circuit law nor appropriate in these cases where certain creditors have structural superiority. The Court continued the hearing to January 23. On January 22, in apparent response to Captive Assurance's arguments, the Debtors filed amended schedules reflecting an approximately \$87 million reduction of assets at Garden State and an approximately \$39 million reduction of assets at New Jersey Medical, both based on reducing the amount of available accounts receivable. *See* Amended Schedules of Assets and Liabilities for Garden State Healthcare Associates, LLC, *In re Garden State Healthcare Assocs., LLC*, Case No. 24-12543, Jan. 22, 2025, D.I. 9; Amended Schedules of Assets and Liabilities for New Jersey Medical and Health Assocs., *In re N.J. Med. And Health Assocs.*, Case No. 24-12552, Jan. 22, 2025, D.I. 6. Nearly a month after the Schedules were filed, but immediately after Captive Assurance objected to approval of the Disclosure Statement, the Debtors updated their books as of the Petition Date such that Captive Assurance's claims were no longer in the money.

44. Captive Assurance asked the Debtors directly in interrogatories to identify the accounts receivable owed to certain Debtors and each intercompany receivable owed to certain Debtors. In response, the Debtors directed Captive Assurance to "see Debtors' books and records produced herewith." *See* Debtors' Answer to CarePoint Health Captive Assurance Company,

LLC's First Set of Interrogatories to Debtors in Connection[] with Plan Confirmation and Final Approval of the Disclosure Statement, Feb. 13, 2025 (Response Nos. 2–3), **Ex. G**. Unfortunately, the Debtors did not produce documents “as they are kept in the usual course of business” or “organize and label them according to the categories in the request.” Fed. R. Civ. P. 34(b)(2)(E). As a result, Captive Assurance was required to sift through over 46,000 documents produced in no discernable order and with no direction as to how to find or identify responsive documents. Captive Assurance could not find clear answers to the simple questions posed in its interrogatories.

45. At depositions, Captive Assurance continued to attempt to find a reliable value of the accounts receivable. The Debtors' Rule 30(b)(6) representative testified that, in response to the objections and discovery requests being filed in these cases, the Debtors' counsel hired Ankura to value the Debtors' accounts receivable. Syed Dep. 125:8–22, Feb. 27, 2025, **Ex. K**. However, Ankura did not start the process of valuing the accounts receivable until the week of February 24, and the Debtors do not know when it will be complete. *Id.* at 125:24–126:4. Thus, at this time, the value of the Debtors' accounts receivable—the only real value in the estates according to the Debtors—is unknown. And, in any event, whatever values have been provided in the Debtors' Schedules and the liquidation analyses filed in connection with the Plan may be revised with yet further new information.

46. The Debtors' inability to reliably value key assets renders the Debtors' liquidation analyses unreliable. As a threshold matter, Captive Assurance asked the Debtors and the Committee in interrogatories for a description of the data and underlying assumptions used to prepare the liquidation analyses. The Debtors responded that “the liquidation analyses were completed by the financial advisor for the Unsecured Creditors' Committee with information provided by the Debtors.” Debtors' Answer to CarePoint Health Captive Assurance Company,

LLC's First Set of Interrogatories to Debtors in Connection with Plan Confirmation and Final Approval of the Disclosure Statement, Feb. 13, 2025 (Response No. 4), **Ex. G**. The Committee objected to the interrogatory and declined to respond. In effect, the Debtors told Captive Assurance to look to the Committee, and the Committee refused to respond. Captive Assurance therefore noticed depositions for the Debtors under Rule 30(b)(6) and a representative of Province, LLC, the Committee's financial advisor. Mr. Rosen confirmed in his deposition that Province prepared the liquidation analyses but "relied entirely" on receiving the underlying data and assumptions from the Debtors. Rosen Dep. 57:10–60:9, **Ex. J**. Mr. Rosen has no independent knowledge of the value of assets as set out in the liquidation analyses that he and his team prepared. *Id.* at 75:23–77:1.

47. The Debtors attached a consolidated liquidation analysis to the Plan which reflects \$179,156,914 of accounts receivable on a consolidated basis. *See* D.I. 551-2. In the Plan Supplement, the Debtors attached de-consolidated liquidation analyses for five of twenty-one debtors, which reflect a total accounts receivable line item of \$103,128,854 when summed—a nearly \$76 million difference from the prior liquidation analysis. *See* D.I. 730-8 at 15–19.

48. Mr. Rosen testified that the difference is attributable to two primary updates that were made from the liquidation analysis filed with the Plan to the liquidation analyses filed with the Plan Supplement. Rosen Dep. 77:2–87:24 (walking through the difference between the accounts receivable listed in each of the liquidation analyses), **Ex. J**. First, the liquidation analyses provided in the Plan Supplement were calculated using different data than the Plan's consolidated liquidation analysis. *Id.* at 77:19–81:8 ("[T]he Debtors provided updated accounts receivable numbers. . . . This version that was filed as part of the fourth amended plan used accounts receivable from the Debtors' schedules of assets and liabilities. The accounts receivable in [the

Plan Supplement liquidation analyses] were as of, I believe, November 30th.”). Second, the Debtors listed gross accounts receivable in the Plan’s liquidation analysis (showing recoveries to creditors under the chapter 11 plan), without accounting for whether the accounts receivable are billable or collectible. *Id.* at 81:9–88:3. The de-consolidated liquidation analyses in the Plan Supplement, however, calculate accounts receivable using a two-step netting process for unbillable and uncollectible accounts receivable. *Id.* The two sets of liquidation analyses therefore do not provide creditors with an accurate apples-to-apples comparison.

49. Aside from the obvious accounts receivable issues, the liquidation analyses have other defects, as well. First, the Plan’s liquidation analysis shows no recovery to Classes 13 or 14. *See* D.I. 551-2. However, the Plan indicates that Class 13 claims will receive \$200,000 in five annual installments. *See* Plan at 4. As a result, the waterfall fails to account for a \$200,000 allowed claim. Second, the Plan’s liquidation analysis lists the recovery range on Causes of Action as “TBD” in the chapter 11 scenario and “\$0” in the chapter 7 scenario. *See* D.I. 551-2. Captive Assurance asked Mr. Rosen why Province assumed that estate causes of action would be worthless in the hands of a chapter 7 trustee—who would have a financial incentive to pursue such causes of action. Mr. Rosen did not know. Rosen Dep. 102:12–105:22, Feb. 28, 2025, **Ex. J**. Conversely, in the chapter 11 scenario, the liquidation analysis shows that beneficiaries of the Litigation Trust will receive between \$1.25 and \$2.5 million. *See* D.I. 551-2. When asked what the basis for that projected recovery is, Mr. Rosen did not know. Rosen Dep. 111:19–112:19, Feb. 28, 2025, **Ex. J**.

50. Put simply, the Debtors’ liquidation analyses, appear at best unreliable.

**VII. The Committee’s and the Debtors’ Rule 30(b)(6) representative could not explain the selection process the Litigation Trustee or Litigation Trust Oversight Committee.**

51. For the Committee’s and the Debtor’s Rule 30(b)(6) depositions, noticed topics included “[t]he Litigation Trust and its governance.” But neither the Committee’s nor the Debtor’s



Rule 30(b)(6) deponents could provide any insight into the Litigation Trust or its governance, including how the proposed Litigation Trustee or the Oversight Committee was selected, or even their identities. The Debtor's representative, Mr. Syed, had limited knowledge and information about the process, and could not name the Litigation Trustee or any member of the Oversight Committee. Syed Dep. 155:23–157:14, Feb. 27, 2025, **Ex. K**.

52. The Committees' representative knew even less. Among other things:

- She was unaware that the Plan establishes a Litigation Trust: “Q. Do you understand that the plan proposes to establish a litigation trust? A. I don’t.” White Dep. 34:2–4, Feb. 28, 2025, **Ex. M**.
- She did not know the identity of the Litigation Trustee: “Q. If I represent to you that the plan creates a litigation trust, do you know who has been identified as the trustee of that litigation trust? . . . A. I don’t know.” *Id.* 34:5–13.
- She had no knowledge as to how the Litigation Trustee was selected: “Q. So if you don’t know who the litigation -- the trustee of the litigation trust is, do you have any knowledge as to how the litigation trustee was selected? A. No.” *Id.* 34:15–19.
- She had no knowledge as to who participated in negotiations regarding the selection of the Litigation Trustee: “Q. And so I assume then you don’t have any knowledge about who participated in any negotiations about the identity or selection of the litigation trustee? A. That’s correct.” *Id.* 34:20–24.
- She had never heard of the Litigation Trust Oversight Committee: “Q. Have you ever heard of the concept of an oversight committee for the litigation trustee? A. No.” *Id.* 36:6–9.

Most troubling, the witness had no knowledge of the proposed members of the Litigation Trust Oversight Committee, *despite herself being named as a member of the committee. Compare id.* (“Q. Just to clarify, since you have no knowledge of the concept or the existence of an oversight committee for the litigation trust, I assume you have no knowledge of -- to the members of that oversight committee? A. No.” *with* Form of Litigation Trust Agreement, Schedule 1, Feb. 20, 2025, D.I. 730-1 (identifying Health Professionals & Allied Employees AFT-AFL/CIO and its representative Debbie White among the “Members of the Litigation Trust Oversight Committee”).

### **OBJECTION**

53. The Plan is fatally flawed and cannot be confirmed for at least seven reasons: (a) the Plan Proponents cannot satisfy their burden to approve the release of the HRH Released Parties; (b) the Plan violates the absolute priority rule and unfairly enriches HRH by providing HRH with recoveries exceeding 100 percent of its Allowed Claims; (c) the Plan’s “deemed” substantive consolidation is prohibited as a matter of law and also unsupported by the facts; (d) the Plan Proponents have not proven that the Plan satisfies section 1129(a)(7) of the Bankruptcy Code’s “best interest of creditors” test; (e) the Plan disenfranchises creditors in violation of section 1129(a)(10) of the Bankruptcy Code; (f) the selection process and individuals chosen for the Litigation Trustee and Litigation Trustee Oversight Committee positions violates section 1123(a)(7) of the Bankruptcy Code; and (g) the Plan is not proposed in good faith.

54. The Disclosure Statement also cannot be approved on a final basis because it lacks adequate information, including because it fails to disclose the material facts surrounding HRH and the possible claims against it as discussed herein.

**I. The Plan violates numerous provisions of the Bankruptcy Code and is unconfirmable.**

**A. The Plan Proponents cannot carry their burden to approve the release of the HRH Released Parties.**

55. The Plan proponents cannot carry their burden to approve the release of the HRH Released Parties, including because there is no evidence regarding the claims being released, their potential value, the probability of success in litigation, or any other fact relevant to the claims. Additionally, HRH is providing no consideration for the release.

**1. The Plan Proponents lack any evidence in support of the release.**

56. As this Court recently recognized, under section 1123(b)(3)(A) of the Bankruptcy Code, “a chapter 11 plan may provide for the “settlement or adjustment of any claim or interest belonging to the debtor or to the estate.”” *In re Alecto Healthcare Services, LLC*, 2024 WL 1208355, at \*6 (Bankr. D. Del. Mar. 20, 2024) (Stickles, J.). When reviewing a proposed plan release, the Court must determine “if the released claims fall into the lowest point of reasonableness for a settlement.” *Id.* This requires consideration of the familiar “*Martin* factors.” *See id.* (citing *Myers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996)). In particular, “[w]hen determining whether to approve a settlement, the bankruptcy court should consider: (1) the probability of success in the litigation; (2) the complexity, expense, and delay of the litigation involved; (3) the possible difficulties in collection; and (4) the paramount interests of creditors.” *Id.* (internal citations omitted).

57. As the Supreme Court has long recognized, “[t]here can be no informed and independent judgment as to whether a proposed compromise is fair and equitable until the bankruptcy judge has apprised [herself] of all facts necessary for an intelligent and objective opinion of the probabilities of ultimate success should the claim be litigated.” *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968).

“Further, the judge should form an educated estimate of the complexity, expense, and likely duration of such litigation, the possible difficulties of collecting on any judgment which might be obtained, and all other factors relevant to a full and fair assessment of the wisdom of the proposed compromise.” *Id.* “This particular process of bankruptcy court approval requires a bankruptcy judge to assess and balance the value of the claim that is being compromised against the value to the estate of the acceptance of the compromise proposal.” *Martin*, 91 F.3d at 393. Courts also apply a higher level of scrutiny to insider settlements, like the one proposed in this case. *See, e.g., In re Drexel Burnham Lambert Group, Inc.*, 134 B.R. 493, 497 (Bankr. S.D.N.Y. 1991) (“We subjected the agreement to closer scrutiny because it was negotiated with an insider, and hold that closer scrutiny of insider agreements should be added to the cook book list of factors that Courts use to determine whether a settlement is fair and reasonable.”).

58. The court must decline to approve the settlement when there is a lack of evidence in support of the *Martin* factors, such as a lack of evidence of the value of the claim being settled or released. For example, this Court previously declined to approve a proposed settlement where the debtors “provided little information as to the specifics of the Actions to provide a basis for evaluating the strengths and weaknesses of the litigation.” *In re Spansion, Inc.*, 2009 WL 1531788, at \*7 (Bankr. D. Del. June 2, 2009) (Carey, J.) (declining to approve the settlement because “there is not enough evidence before me to conclude whether the proposed settlement amount is within the ‘range of reasonableness’”). In contrast, in *Alecto*, this Court approved an insider release based on an extensive evidentiary record and testimony presented by the Debtors’ independent director that detailed his investigative findings and valuation of the claims. *See Alecto*, 2024 WL 1208355 at \*6–11.

59. The Plan Proponents have no evidence to support the insider release of the HRH Released Parties. As discussed above, neither the Debtors nor the Committee conducted any investigation of claims and causes of action against the HRH Released Parties. Thus, the Plan Proponents have no evidence to present the Court regarding the specific claims and causes of action being released, including their nature, their merits, their value, the probability of success, their collectability, or any other fact relevant to the Court's consideration. Without any evidence regarding the claims being released, the Plan Proponents cannot meet their burden to support the release, and the release must be denied.

**2. HRH is providing no consideration for the release.**

60. Although unnecessary to consider given the lack of evidence to support the release, it also cannot be approved because there is no consideration given for the release. Though the Plan Proponents appear to assert that the release is part of global settlement with HRH, HRH is providing no consideration for the release. HRH is not reducing its claim in exchange for the release; rather, as discussed further below, HRH is in fact slated to recover in excess of the allowed amount of its claims. And though HRH is providing new money exit funding and seed money for the Litigation Trust, both of those loans are to be repaid in full, with interest.

61. Nor can HRH be said to be contributing claims or causes of action to the Litigation Trust. HRH lacks a lien on Avoidance Actions, so they are not HRH's collateral to contribute. And HRH's claims on any other causes of action are being satisfied in full through the Exit Facility, so it lacks economic interest in those claims and therefore sacrifices nothing to "contribute" them to the Litigation Trust.

62. This stands in contrast to the settlements this Court usually sees where a creditor, in exchange for a release, contributes value either in the form of a material reduction in its claims, new cash consideration (that is not separately being repaid), release of liens on assets (such as

causes of action), or a combination of the foregoing. HRH is contributing nothing for the release, providing another basis to deny it.

**B. The Plan violates the absolute priority rule and unfairly enriches HRH by providing HRH with recoveries exceeding 100% of its allowed claims.**

63. The Debtors' plan is a cramdown plan and therefore must satisfy the requirements of section 1129(b), including the requirement that the plan be "fair and equitable." Section 1129(b)(1)'s "fair and equitable" requirement invokes the "absolute priority rule." *In re Armstrong World Industries, Inc.*, 432 F.3d 507, 512 (3d Cir. 2005) ("The issues in this case require us to examine the "fair and equitable" requirement for a cram down, which invokes the absolute priority rule."). In its most basic invocation, the absolute priority rule mandates that no junior class of creditors can recover on their claims unless all classes of senior creditors either consent or are paid in full. *See id.* at 513. But a "corollary of the absolute priority rule is that a senior class cannot receive more than full compensation for its claims." *In re Genesis Health Ventures, Inc.*, 266 B.R. 591, 612 (Bankr. D. Del. 2001).

64. The corollary to the absolute priority rule is violated in this case. As summarized above, HRH is recovering far more than the amount of its Allowed Claims. The Plan provides that HRH will receive at least the following value on account of its Allowed Claim: (i) an Exit Facility equal to the face amount of its Allowed Claim (*i.e.*, \$110 million) to be repaid over five years with interest; (ii) ownership of Bayonne Hospital through a credit bid of \$32.7 million without offset or reduction against its \$110 million Allowed Claim; (iii) an MSA with a revenue stream of \$210 million over 10 years plus the option to purchase Christ and Hoboken Hospitals; and (iv) significant shares of the Litigation Trust's recoveries, including \$5 million of the first \$20 million of net recoveries, and 35% of net recoveries thereafter.

65. But the first of these distributions—the dollar-for-dollar Exit Facility—represents full payment of HRH’s claim. The Plan explicitly provides that the Exit Facility represents a 100% recovery on HRH’s \$110 million Allowed Claim. Accordingly, the additional value that HRH is permitted to receive in excess of its \$110 million Allowed Claim violates the absolute priority rule.

66. Simple math shows how HRH recovers more than in full. In addition to its \$110 million Exit Facility, HRH receives the Bayonne Hospital, which the parties value at \$32.7 million under the Plan. That places HRH’s recovery at \$142.7 million because there is no offset or reduction of the \$110 million Allowed Claim. HRH’s recovery is further augmented by the rights it receives under the MSA, which should be calculated to at least the net present value of HRH’s expected profit margin on \$210 million of monthly payments over 10 years, plus the value of the purchase option for Christ and Hoboken Hospitals. Likewise, HRH further augments its recovery through the Litigation Trust sharing mechanism, which also must be added to HRH’s recovery at a net present value. However measured, it is clear that the Plan allows HRH to recover value far in excess of its Allowed Claim. This violates the absolute priority rule and requires that confirmation be denied.

**C. The Plan’s “deemed” substantive consolidation fails as a matter of law and is supported by the facts.**

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67. The Plan also fails because it proposes a “deemed” substantive consolidation that is prohibited by binding Third Circuit precedent and, in any event, the substantive consolidation is unsupported by the facts.

**1. “Deemed” substantive consolidation is prohibited in the Third Circuit without consent.**

68. The Third Circuit has described substantive consolidation as an “extreme” and “imprecise” remedy that “should be rare and, in any event, one of last resorts after considering and rejecting other remedies.” *In re Owens Corning*, 419 F.3d 195, 211 (3d Cir. 2005). Substantive

consolidation is a “construct of federal common law [which] emanates from equity” and “treats separate legal entities as if they were merged into a single survivor left with all the cumulative assets and liabilities (save for inter-entity liabilities, which are erased).” *Id.* at 199–200. Because of its extreme nature, the remedy is only available if the proponents of substantive consolidation adduce sufficient evidence “concerning the entities for whom substantive consolidation is sought” to prove “that (i) prepetition they disregarded separateness so significantly their creditors relied on the breakdown of entity borders and treated them as one legal entity or (ii) postpetition their assets and liabilities are so scrambled that separating them is prohibitive and hurts all creditors.” *Id.* at 211. Moreover, the Third Circuit expressly rejected the concept of “deemed” substantive consolidation. *Id.* at 216.

69. In *Owens Corning*, eighteen affiliated debtors proposed a chapter 11 plan that was “predicated on obtaining ‘substantive consolidation’ of the Debtors along with three non-Debtor [] subsidiaries . . . [in] a form of what is known as a ‘deemed consolidation,’ under which a consolidation is deemed to exist for purposes of valuing and satisfying creditor claims, voting for or against the Plan, and making distributions for allowed claims under it . . . [but] ‘not result in the merger of or the transfer or commingling of any assets of any of the Debtors or Non-Debtor Subsidiaries, . . . [which] will continue to be owned by the respective Debtors or Non-Debtors.’” *Id.* at 202 (footnotes omitted for clarity). The Third Circuit described the “deemed” substantive consolidation as the “the flaw most fatal to the Plan Proponents’ proposal.” *Id.* at 216. And it went on to hold that even had the plan proponents presented “meaningful evidence” in support of substantive consolidation (they had not), their plan would still have failed because “deemed” consolidation “fails even to qualify for consideration.” *Id.* As the Third Circuit explained, “deemed” substantive consolidation is impermissible because:



If Debtors' corporate and financial structure was such a sham before the filing of the motion to consolidate, then how is it that post the Plan's effective date this structure stays largely undisturbed, with the Debtors reaping all the liability-limiting, tax and regulatory benefits achieved by forming subsidiaries in the first place? In effect, the Plan Proponents seek to remake substantive consolidation not as a remedy, but rather a stratagem to "deem" separate resources reallocated to [the Debtors] to strip the [objectors] of rights under the Bankruptcy Code, favor other creditors, and yet trump possible Plan objections by the [objectors]. Such "deemed" schemes we deem not Hoyle.

*Id.* Yet this form of prohibited "deemed" substantive consolidation is precisely what is presented by the Plan Proponents in these cases.

70. The Plan Proponents, for the benefit of the Debtors' insider HRH, are looking to preserve "all the liability-limiting, tax and regulatory benefits" of the Debtors' corporate structure while stripping creditors of their rights. While the Debtors argue in the Plan that there is no harm to general unsecured creditors because they are "out of the money," that misses the point completely, because the Third Circuit has prohibited deemed substantive consolidation, *even where* the plan's proponents otherwise satisfy the standards set forth in *Owens Corning*.

71. Moreover, "deemed" substantive consolidation has other deleterious effects, including but not limited to:

- Eliminating each creditor's debtor-by-debtor voting rights as recognized by this Court in *In re Tribune Co.*, 464 B.R. 126 (Bankr. D. Del. 2011).
- Eliminating the rights of creditors with claims against multiple debtors, or structurally superior debtors, as against other, otherwise similarly situated, creditors without such structural superiority or multiple sources of recovery.
- Facilitating a violation of the absolute priority rule embodied in section 1129(b) by permitting a debtor to retain its equity interest in a subsidiary debtor when unsecured creditors are not being paid in full.
- Comingling causes of actions of debtors that are clearly and unambiguously the property of a particular debtor-plaintiff and thereby permitting creditors the ability to participate in a recovery on account of a harm that such creditors

might not have suffered, while diluting the recoveries for creditors that were harmed by the conduct giving rise to the cause of action.

72. The Plan’s “deemed” substantive consolidation without consent is prohibited by binding Third Circuit precedent and requires denying confirmation of the Plan.

**2. The facts do not support any form of substantive consolidation.**

73. Even if substantive consolidation (“deemed” or otherwise) was possible here, the facts presented by the Plan Proponents do not come close to presenting the type of evidence necessary to prove “that (i) prepetition [the Debtors] disregarded separateness so significantly their creditors relied on the breakdown of entity borders and treated them as one legal entity or (ii) postpetition their assets and liabilities are so scrambled that separating them is prohibitive and hurts all creditors.” *Owens Corning*, 419 F.3d at 211.

74. As to the first possible basis—disregarded entity separateness on a prepetition basis—all the objective evidence supports a finding that the Debtors have at all times maintained appropriate levels of entity separateness. Among other things, the Debtors maintained separate books and records, tracked intercompany transactions to the penny, filed separate Schedules and Statements, and filed separate tax returns. The Debtors also had different landlords and different secured creditors with different, non-overlapping collateral packages. The list of contracts attached to the Plan Supplement further evidences that each Debtor maintained dozens or hundreds of separate contracts. All the “evidence” to the contrary cited by Mr. Syed in his declaration is nothing more than a recitation of things like routine centralized management and decision making and shared services common among large enterprises with multiple entities engaged in similar lines of business. If the facts in Mr. Syed’s declaration were sufficient, then virtually every multi-debtor enterprise would be a candidate for substantive consolidation. Moreover, Mr. Syed offers no evidence that creditors actually relied on any “breakdown of entity borders”—nor could he.

75. The second possible basis—postpetition scrambled assets and liabilities—is even less persuasive. Again, the Debtors maintain separate books and records, filed separate Schedules and Statements, file separate monthly operating reports, and maintain meticulous records of intercompany transactions to the penny. They also were able to file separate liquidation analyses when required by the Court. And, perhaps most damning of all to the Plan Proponents’ case, the Debtors in fact will remain as separate entities post-confirmation, belying any argument that it is not practicable or possible to separate them as entities.

76. At bottom, the Plan Proponent’s argument in this case amounts to the same argument that was rejected by the Third Circuit in *Owens Corning*. In that case, as here, the plan proponents asserted difficulties and costs absent consolidation and efficiencies and savings that would be afforded by consolidation. The Third Circuit flatly rejected these costs and benefits as a basis for substantive consolidation, finding that “they are simply not enough to establish that substantive consolidation is warranted.” *Id.* at 214.

77. For these reasons, this Court should not permit any form of substantive consolidation, and confirmation of the Plan as currently presented must be denied.

**D. The Plan Proponents cannot meet their burden to show that the Plan satisfies section 1129(a)(7)’s “best interest of creditors test.”**

78. The Plan Proponents must demonstrate that the Plan satisfies section 1129(a)(7)’s “best interests of creditors test.” Section 1129(a)(7) of the Bankruptcy Code provides that the Plan may not be confirmed unless each holder of a claim or interest that has not accepted the plan “will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of this title on such date.” 11 U.S.C. § 1129(a)(7). “The best interests test focuses on individual dissenting creditors rather than classes

of claims.” *In re G-I Holdings Inc.*, 420 B.R. 216, 265 (D.N.J. 2009). “Under the best interests test, the Court ‘must find that each [non-accepting] creditor will receive or retain value that is not less than the amount he would receive if the debtor were liquidated.’” *Id.* (quoting *Bank of Am. Nat. Tr. & Sav. Ass’n v. 203 N. LaSalle St. P’ship*, 526 U.S. 434, 440 (1999)). “The proponent of the plan bears the burden of showing that the best interest of creditors has been satisfied.” *In re Lason, Inc.*, 300 B.R. 227, 232 (Bankr. D. Del. 2003).

79. The Plan Proponents cannot meet their burden under section 1129(a)(7). The Plan Proponents rely on liquidation analyses that are unsupported by reliable, verifiable data or disclosed assumptions. Throughout Plan discovery, the Plan Proponents were unable or unwilling to identify the data underlying their analyses or the assumptions made in the analyses. They cannot now rely on those analyses to satisfy their burden at confirmation.

**E. The Plan disenfranchises creditors in violation of section 1129(a)(10) of the Bankruptcy Code.**

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80. Section 1129(a)(10) of the Bankruptcy Code requires that “if a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any insider.” Courts in this district, beginning with Judge Carey in *In re Tribune Co.*, 464 B.R. 126, 182 (Bankr. D. Del. 2011), have uniformly interpreted this requirement to be measured on a “per debtor” rather than “per plan” basis, such that a joint chapter 11 plan of multiple related debtors must achieve an impaired accepting class at each debtor to be confirmed. *See also, e.g., In re JER/Jameson Mezz Borrower II, LLC*, 461 B.R. 293 (Bankr. D. Del. 2011) (citing *Tribune* for the proposition that “there must be a consenting class for each individual debtor in a joint plan for it to be confirmed”).

81. The Plan Proponents have violated this principle by collapsing voting across multiple debtors. This disenfranchises and dilutes the voting rights on the Plan or Plans for the

Debtor or Debtors against which they hold claims, while impermissibly allowing creditors that do not hold claims to dilute the vote of creditors who do hold claims against those Debtors. As in *Tribune*, the Plan Proponents efforts to sidestep creditors' voting rights and the requirements of section 1129(a)(10) must be rejected.

**F. The selection of the Litigation Trustee and Litigation Trust Oversight Committee, and the Litigation Trust's governance, violate section 1123(a)(7) of the Bankruptcy Code.**

---

82. Section 1123(a)(7) of the Bankruptcy Code provides, as a mandatory requirement for a plan, that the plan "contain only provisions that are consistent with the interests of creditors and equity security holders and with public policy with respect to the manner of selection of any officer, director, or trustee under the plan and any successor to such officer, director, or trustee." 11 U.S.C. § 1123(a)(7). The manner in which the Litigation Trustee and the Litigation Trust Oversight Committee were selected in these cases is not "consistent with the interests of creditors."

83. The Plan provides that the Litigation Trustee that the "Litigation Trust Oversight Committee shall be selected by the UCC, in consultation with the Debtors and HRH. HRH shall have the right to consent to the selection of the Litigating Trustee, such consent not to be unreasonably withheld." Plan § 1.119. The Plan similarly provides that the Litigation Trust Oversight Committee members will be "designated by the UCC." Plan at 97. But that is not, in fact, what happened here. Instead, the testimony of the Committee's chairperson and Rule 30(b)(6) representative on the topic of the Litigation Trust and its governance reveals that the Committee itself was not involved in the selection of the Litigation Trustee or the Litigation Trust Oversight Committee. Indeed, the Committee's witness could not even name the Litigation Trustee or any member of the Litigation Trust Oversight Committee purportedly selected by the Committee, *despite herself being named as a member of the Litigation Trust Oversight Committee*. The

Debtors' Rule 30(b)(6) representative similarly could not name the Litigation Trustee or any member of the Litigation Trust Oversight Committee.

84. The testimony reveals that the fiduciaries who were tasked with selecting the Litigation Trustee and Litigation Trust Oversight Committee members were apparently not involved in those decisions. If the Plan is to be confirmed (it cannot be in present form), then the selection of the Litigation Trustee and Litigation Trust Oversight Committee needs to be examined and reopened, including for consideration and participation by other creditors. But as currently proposed, the selection is a result of a faulty or nonexistent process in which no fiduciary apparently had any knowledge or say; this requires the selections to be rejected.

**G. The Plan is not proposed in good faith.**

85. Section 1129(a)(3) requires that a plan be “proposed in good faith and not by any means forbidden by law.” Good faith requires that a plan provide a basis for expecting that a reorganization can be affected with results consistent with the objectives and purposes of the Bankruptcy Code. *In re Zenith Electronics Corp.*, 241 B.R. 92, 107 (Bankr. D. Del. 1999) (quoting *In re Sound Radio, Inc.*, 93 B.R. 849, 853 (Bankr. D.N.J. 1988)). In determining whether the good faith requirement has been satisfied, the Court must evaluate whether the plan provides a fundamental fairness in dealing with creditors. *In re Coram Healthcare Corp.*, 271 B.R. 228, 234 (Bankr. D. Del. 2001) (citing *In re American Family Enterprises*, 256 B.R. 377, 401 (D.N.J. 2000)); *see also In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 150 fn. 5 (3d Cir. 1986) (the good faith requirements of the Bankruptcy Code “prevents a debtor-in-possession or trustee from effectively abrogating the creditor protections of Chapter 11”).

86. The cumulative issues with this Plan demonstrate that it does not meet the “good faith” requirement of section 1129(a)(3). The Plan Proponents could have proposed a plan that simply dealt with creditors fairly and even-handedly by preserving claims against parties where

there has been no investigation to support a release, respecting the absolute priority rule, respecting creditors' bargained-for rights to obtain recoveries from the respective Debtors with whom they dealt, providing creditors with at least the recoveries they are entitled to in a liquidation (and providing adequate, reliable information to substantiate the recovery analysis), respecting creditor voting rights, and employing a sound process to select the successive fiduciaries for creditors.

87. The Plan Proponents failed to propose such a plan. Instead, the Plan they proposed releases HRH, an insider, with no investigation and without consideration. The Plan also enriches HRH with an inflated, unsubstantiated claim and distribution entitlements far in excess of even its inflated claim value. The Plan further eliminates creditors' bargained-for rights with an impermissible and unsupported "deemed" substantive consolidation. As proposed, the Plan is fundamentally unfair.

88. Seemingly aware that their unfair Plan would not be well-received by creditors such that they could obtain votes in the requisite majorities, the Plan Proponents also set about gerrymandering additional classes (and disregarding "per debtor" voting rights). The Plan Term Sheet filed on December 30, 2024, had six classes of creditors, including a single class of unsecured claims. But when the Plan was first filed just nine days later on January 8, 2025, the Plan Proponents had increased that number to twelve classes, and eventually fourteen in the Plan as currently proposed. The Plan Proponents have not identified any sound justifications for the additional separate classifications.

89. Rather, the only real evidence that Captive Assurance has seen for the additional separate classifications appears to directly demonstrate improper gerrymandering, rather than legitimate classification efforts. When it became apparent to the Plan Proponents and HRH that they would have difficulty achieving an impaired, accepting class as required by section

1129(a)(10), the Plan Proponents set out to gerrymander a friendly, impaired accepting class, as evidenced by the following January 20, 2025 email produced in discovery by HRH, recounting an entreaty the Plan Proponents made to creditor New Jersey Department of Health to provide it special treatment in exchange for separate classification and an accepting vote:

Under the Bankruptcy Code, a debtor cannot confirm a chapter 11 plan unless, among other things, at least one class of “impaired” claims votes in favor of the plan. What became apparent during the arguments on Friday is that the Debtors will have a hard time finding an impaired class of claims to vote in favor of the Plan. Assuming that is true, the Debtors cannot, as a matter of law, confirm a plan in these cases, which will result in a liquidation of the hospitals.

In light of the foregoing, both HRH and the Committee/Debtors reached out to me this weekend and floated the concept of placing DOH in a separate class with respect to its \$10.6M emergency loan claim and proposing to pay DOH something on account of that claim (HRH suggested \$200K over 5 years). The thought would be that (i) DOH’s claim can be separately classified from other unsecured claims because facially it is a secured claim and (ii) DOH would vote in favor of the Plan.

I have a call with the attorney maybe at 11:00 AM. If you have any concerns about this possible path please let me know. After this morning’s call I will send you an update. Important that we keep the path of keeping these hospitals open moving.

Email from Robert Iannaccone, N.J. Dep’t of Health, to Nizar Kifaieh, President and CEO, Hudson Regional Hospital (Jan. 20, 2025), **Ex. O**. HRH’s principle responded, seemingly confirming that requested classification change would be made, adding that: “This is critical for us.” *Id.*

90. In the second amended version of the Plan filed the next day, January 21, 2025, the class that the Plan Proponents conspired to gerrymander was added as Class 13 – NJDOH Secured Claims. *See* D.I. 522. And, despite the Plan Proponents styling the claim as “secured” (presumably to support separate classification), the Debtors’ Rule 30(b)(6) representative acknowledged that the claim appeared to be unsecured. *See* Syed Dep. 143:24–144:6, Feb. 28, 2025, **Ex. K**. Indeed,



even the email in which the scheme is concocted notes that the claim is only “facially” a secured claim, suggesting that it is in fact unsecured. The Plan Proponents’ gerrymandering precludes a good faith finding.

91. The Plan’s insufficient “Alternative Transaction” process that all but precluded even the prospect of competing bids also precludes a good faith finding. The lack of marketing, the lack of an investment banker to market, the unreasonably short time frame, the artificial barriers to competing bids (including payment in full of HRH’s inflated, unsubstantiated \$110 million claims and an unapproved break-up fee as part of a topping bid), and the evidence that HRH exerted undue influence or pressure in the lead up to the bankruptcy to foreclose alternatives (including through the Consent Judgment and acquisition of the ), all mean that there is simply an insufficient basis on which the Court can conclude that HRH is paying fair value for the Debtors’ assets. *Cf. In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143 (3d Cir. 1986).

92. For all the reasons, the Plan does not meet the “good faith” requirement of section 1129(a)(3), requiring that confirmation be denied.

## **II. The Disclosure Statement lacks adequate information and cannot be approved on a final basis.**

93. The Disclosure Statement in this case should not be approved on a final basis. A disclosure statement must contain adequate information for a court to approve it. 11 U.S.C. § 1125(b). Adequate information includes relevant information to allow “a hypothetical investor of the relevant class to make an informed judgment about the plan.” 11 U.S.C. § 1125(a)(1). Appropriate disclosure by the plan proponent is vital to the plan process, and the Plan Proponents have an affirmative duty to provide a disclosure statement that contains complete and accurate information. *See Krystal Cadillac-Oldsmobile GMC Truck, Inc. v. General Motors Corp.*, 337 F.3d 314, 324 (3d Cir. 2003); *Oneida Motor Freight, Inc. v. United Jersey Bank*, 848 F.2d 414, 417

(3d Cir. 1988) (“The importance of full disclosure is underlaid by the reliance placed upon the disclosure statement by the creditors and the court. Given this reliance, we cannot overemphasize the debtor’s obligation to provide sufficient data to satisfy the Code standard of ‘adequate information.’”); *Momentum Mfg. Corp. v. Emp. Creditors Comm. (In re Momentum Mfg. Corp.)*, 25 F.3d 1132, 1136 (2d Cir. 1994) (“Of prime importance in the reorganization process is the principle of disclosure.”). “In short, a proper disclosure statement must clearly and succinctly inform the average unsecured creditor what it is going to get, when it is going to get it, and what contingencies there are to getting its distribution.” *In re Ferretti*, 128 B.R. 16, 19 (Bankr. D.N.H. 1991).

94. For many of the same reasons that the Plan is unconfirmable, the Disclosure Statement also lacks adequate information. For example, the Disclosure Statement lacks any disclosure about the potential claims or causes of action that exist against HRH and that are being released under the Plan without investigation, despite the Debtors being in possession of substantial information about possible claims against HRH, as evidenced by, among other things, their pending antitrust lawsuit. All that information is wholly absent from the Disclosure Statement, despite it clearly being a material consideration for creditors in whether to support a release of the HRH Release Parties.

95. For these reasons, the Court should also deny approval of the Disclosure Statement on a final basis.

### **RESERVATION OF RIGHTS**

96. Captive Assurance files this objection under compulsion of the expedited schedule in these cases. Captive Assurance’s due process rights and ability to prosecute its objections in these cases have been hampered by the Plan Proponents’ and HRH’s shirking of their discovery

obligations, including by failing to produce adequate privilege logs (or any privilege log in the case of the Debtors and HRH), failing to adequately prepare Rule 30(b)(6) designees for depositions, and failing to timely identify evidence and witnesses they intend to use in support of confirmation. Accordingly, Captive Assurance reserves all rights to supplement or amend this objection, to file additional objections, and to seek to adjourn the confirmation hearing should the circumstances so require.

**CONCLUSION**

97. For foregoing reasons, the Court should deny confirmation of the Plan and final approval of the Disclosure Statement.

Dated: March 4, 2025  
Wilmington, Delaware

**MORRIS, NICHOLS, ARSHT & TUNNELL LLP**

/s/ Matthew B. Harvey

---

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*Counsel to CarePoint Health Captive Assurance  
Company, LLC*

Exhibit A

Kifaieh 2024 Deposition Transcript

NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024

1

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE  
Chapter 11  
Case No. 24-12534(JKS)

IN RE:

CAREPOINT HEALTH SYSTEMS INC.  
d/b/a JUST HEALTH FOUNDATION,  
et al.,

Debtors.

VIDEOTAPED DEPOSITION UNDER ORAL EXAMINATION OF

NIZAR KIFAIEH, MD

DATE: December 6, 2024

REPORTED BY: CHARLENE FRIEDMAN, CCR, RPR, CRR

ESQUIRE DEPOSITION SOLUTIONS, LLC  
1384 Broadway - 22nd Floor  
New York, New York 10018  
(212) 687-2010

JOB #J12103082



NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024

2

TRANSCRIPT of the deposition of the  
witness, called for Oral Examination in the  
above-captioned matter, said deposition being taken by  
and before CHARLENE FRIEDMAN, a Notary Public and  
Certified Court Reporter of the State of New Jersey, a  
Registered Professional Reporter, and a Certified  
Realtime Reporter, at SILLS, CUMMIS & GROSS, PC, One  
Riverfront Plaza, Newark, New Jersey, on December 6,  
2024, commencing at approximately 10:03 in the morning.

NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024

3

A P P E A R A N C E S :

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NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024

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Philadelphia, Pennsylvania 19102  
(215) 575-7000  
BY: CHRISTIE COMERFORD, ESQ.  
Attorneys for CarePoint Health Systems, Inc.

ALSO PRESENT: ERIC LENZ, Video Operator  
ANDREW SHERMAN  
BORIS MANKOVETSKIY  
ADAM ALONSO  
JOHN GRYWALSKI  
JOSEPH WALSH



NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024

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NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024

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NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024

7

1 VIDEO OPERATOR: Good morning.

2 This is video operator speaking,  
3 Eric Lenz of Esquire Deposition Solutions.

4 Today is Friday, December 6, 2024.  
5 The time's approximately 10:03 in the  
6 morning.

7 We're at the offices of Sills,  
8 Cummis, located at One Riverfront, Newark,  
9 New Jersey.

10 This is the videotaped deposition  
11 Nizar Kifaieh, In Re: CarePoint Health  
12 Systems, Inc., doing business as Just Health  
13 Foundations, et al.

14 This is in the U.S. Bankruptcy  
15 Court for the District of Delaware, Chapter  
16 11, Case No. 24-12534(JKS).

17 Attorneys, all appearances will be  
18 noted on the stenographic record.

19 And will our court reporter,  
20 Charlene Friedman, please swear in the  
21 witness.

NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024

8

1 N A Z I R K I F A I E H,

2 called as a witness, having been first duly  
3 sworn according to law, testifies as follows:

4  
5 EXAMINATION BY MR. LIPPERT:

6 Q Could you state your name again,  
7 for the record, please?

8 A Nizar Kifaieh.

9 Q Okay. And Dr. Kifaieh, you are  
10 testifying here as a representative of Hudson  
11 Regional Hospitals?

12 A Correct.

13 Q Okay. And what is your role with  
14 Hudson Regional Hospitals?

15 A I'm the president and CEO.

16 Q How long have you had that  
17 position?

18 A Since May of 2018.

19 Q And prior to that, did you have any  
20 other connection with Hudson Regional  
21 Hospital?

22 A No.

23 Q And you're a -- you're a medical  
24 doctor, sir?

25 A I am.

NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024

9

1 Q Okay. And you -- do you have any  
2 other academic degrees or professional  
3 qualifications?

4 A Yes, I do.

5 Q What are those?

6 A I have two MBAs, one executive and  
7 one straight MBA, like the traditional. I  
8 also have an MPH, two Bachelor degrees.

9 Q You also have a designation that's  
10 referred to as a CPE.

11 Is that correct?

12 A Correct.

13 It's a -- it's a two-year program  
14 with the American College of Physician  
15 Executives. It's equivalent to another MBA  
16 basically or an MMM, Master's of Medical  
17 Management.

18 Q Now, am I correct that there have  
19 been discussions for some time about creating  
20 a four-hospital network that would encompass  
21 Hudson Regional Hospital and the three  
22 hospitals that I will call today the debtor  
23 hospitals, that is, Christ Hospital, Hoboken  
24 and Bayonne Medical Center?

25 A Correct.

NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024  
10

1 Q Okay. And when did those  
2 discussions begin?

3 A I believe they started around the  
4 end of last year, end of 2023, and sort of  
5 materialized in January of 2024.

6 Q Okay. So what do you mean when you  
7 say "materialized"?

8 A It resulted in a binding term sheet  
9 between HRH and CarePoint Health.

10 Q Okay. And can you summarize what  
11 that term sheet envisioned?

12 A Well, the term sheet envisioned  
13 that two hospitals will be for-profit, which  
14 is HRH plus Bayonne managed by us, by an HRH  
15 team, meaning myself and my executive team.  
16 And Christ and Hoboken will be managed, at  
17 the time, by CarePoint and remain  
18 not-for-profit.

19 All four hospitals will -- will  
20 be -- will basically report to a  
21 one-management structure that's governed by a  
22 board.

23 Q The idea of a combination between  
24 Hudson Regional and the debtor hospitals was,  
25 top of mind, let's say ten or eleven months

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1 before the bankruptcy filings in this case?

2 A Correct.

3 Q Okay. And did Hudson Regional do  
4 anything to initiate these bankruptcy  
5 proceedings?

6 A No. I think the -- the bankruptcy  
7 process and the thought about the bankruptcy  
8 process came from the CarePoint team and  
9 their -- the firm that they utilized, I  
10 believe their name is Ancora, their  
11 restructuring team.

12 Q You're aware, sir, that there was  
13 an involuntary bankruptcy petition in these  
14 matters?

15 A Yes, yes.

16 Q And who were the creditors who  
17 commenced that involuntary proceeding?

18 A Well, I mean, obviously, it's in  
19 participation between us and CarePoint,  
20 between HRH and CarePoint.

21 Q Okay. So -- so HRH did have a role  
22 in initiating this bankruptcy?

23 A I guess I misunderstood your prior  
24 question. I thought you were asking, you  
25 know, when was this conceptualized from the

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1 beginning, but yes. Obviously before the  
2 bankruptcy filing, we were participating in  
3 it.

4 Q Okay. And why is it that Hudson  
5 Regional filed this involuntary bankruptcy  
6 petition?

7 A My understanding is it's because  
8 there was no potential consent given by  
9 SurgiCore, who was a 9.9 percent shareholder  
10 in Bayonne Hospital. So obviously we -- we  
11 were told by our legal team at the time --

12 Q Please don't divulge the substance  
13 of any legal advice.

14 You can state your understanding,  
15 but I don't want to know what came from  
16 lawyers.

17 A That is my understanding, yes.

18 Q Okay. And Hudson Regional and its  
19 affiliates have several roles in this  
20 bankruptcy, correct?

21 A Can you clarify?

22 Q Well, for instance, are you  
23 familiar with 29 East 29 Street Holdings,  
24 LLC?

25 A Yes, I am.



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1 Q That's an affiliate of Hudson  
2 Regional?

3 A Yes.

4 Q Okay. And what is the business of  
5 29 East 29 Street Holdings, LLC?

6 A Well, there's the real estate  
7 component of it, which is the ownership of  
8 the real estate for Bayonne Hospital.

9 Q Is there another component?

10 A No.

11 Q Okay. So 29 East 29 Street  
12 Holdings is a creditor in this bankruptcy,  
13 correct?

14 A Yes.

15 Q Okay. And Hudson Regional or one  
16 of its affiliates also proposes to be the DIP  
17 lender, correct?

18 A Correct.

19 Q Hudson Regional or its affiliates,  
20 if the current proposals are adopted, would  
21 also take over the management of at least  
22 some of the debtor hospitals, correct?

23 A Correct.

24 Q And this would represent a  
25 culmination of the plan that materialized in

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1 January?

2 A Correct.

3 Q How was it that 29 East 29 Street  
4 Holdings came to be a creditor?

5 A Well, Yan Moshe owns the real  
6 estate for Bayonne Hospital, which is 29 East  
7 29 Street.

8 Q Okay. And -- and so Bayonne  
9 Hospital leases the land on which it sits?

10 A Correct.

11 Q And was it Hudson's or Mr. Moshe's  
12 position that there were breaches of that  
13 list?

14 A Correct. When we were made aware  
15 of a breach of one of the lease covenants in  
16 actually 2021 at the time. So that's when --  
17 that's when, obviously, the defaults on  
18 the -- on the lease and the rent payments  
19 happened.

20 Q I'm sorry, you -- there were  
21 monetary and non-monetary defaults under this  
22 lease, correct?

23 A Correct.

24 Q All right. They occurred at  
25 different times, correct?

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1 A Correct.

2 Q Okay. So 2021 was the non-monetary  
3 default?

4 A I -- I can't recall which one  
5 started first, but possibly.

6 Q Okay. Well, why don't I show you a  
7 document that was previously marked.

8 This was previously marked as  
9 Committee Exhibit 5.

10 Dr. Kifaieh, do you recognize  
11 Committee Exhibit 5?

12 (Witness reviewing.)

13 A I don't.

14 Q Okay. Were you aware that there  
15 was litigation in Delaware arising out of  
16 this dispute over the 29 East 29 Street  
17 lease?

18 A Yes.

19 Q And that litigation was resolved by  
20 a consent judgment?

21 A Correct.

22 Q I will represent to you that this  
23 is, in fact, that consent judgment.

24 A Okay.

25 Q On the third page, there's a

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1 paragraph numbered 1 --

2 A Yes.

3 Q -- which states, in part, and I'll  
4 quote, "A monetary judgment in a base amount  
5 that is no less than \$24 million nor greater  
6 than \$32 million is entered in favor of  
7 plaintiffs and against defendants," end  
8 quote.

9 First of all, did I read that  
10 correctly?

11 A Correct.

12 Q All right. So what does that \$24  
13 million to \$32 million range represent?

14 A So there's a huge component of this  
15 that's related to rent and -- and defaults on  
16 rent. In 2021, based on the default on  
17 the -- the lease, the rent automatically,  
18 according to the lease -- and again, I'm not  
19 an attorney so I can't remember the details  
20 of this -- would go to 150 percent of the  
21 base rent. So it went from 800 to  
22 \$1.2 million.

23 So if you calculate the difference  
24 between the base rent and the actual rent  
25 from 2021 until now, it will amount to almost

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1 a majority of this.

2 Q All right. So --

3 A That's just one component.

4 Q Okay. So -- so one component is  
5 \$1.2 million a month in rent at this 150  
6 percent default rate?

7 A Correct.

8 Q Okay. What are the other  
9 components?

10 A There -- my understanding, there  
11 are also some improvement dollars that are  
12 supposed to be put in by the -- by the  
13 tenant, equivalent, I believe, about \$500,000  
14 a year. That were not also --

15 (Reporter clarification.)

16 A \$500,000 a year.

17 Q Okay. So how many months' worth of  
18 rent were unpaid or owed at this increased  
19 default rate?

20 A Well, I believe it says October of  
21 2021, so...

22 Q What -- you know what? I should  
23 ask a more specific question.

24 How many months of just unpaid rent  
25 were there that is reflected in this

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1 judgment?

2 A I believe the last rent was paid up  
3 to mid-November, and that's by us using the  
4 credit line that CarePoint had based on their  
5 consent.

6 So every time they didn't make  
7 rent, we would -- we would ask them to draw  
8 on the letter of credit that they had.

9 Q Okay. So the -- so the only time  
10 that there was rent that was unpaid, whether  
11 through credit or cash, was November of this  
12 year?

13 A Correct.

14 Q Okay. So at the time this consent  
15 judgment was signed, which I will represent  
16 to you was October of 2024, rent for all  
17 months under the lease was paid, at least in  
18 part?

19 A Well, I mean, yes, but that's  
20 drawing on the letter of credit. CarePoint  
21 wasn't paying rent.

22 Q And for how many months was the  
23 rent paid through this letter of credit?

24 A You'll have to do the math, but I  
25 believe the letter of credit was for

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1 \$5.5 million. I'm not sure of the exact  
2 number, but I believe it was around that  
3 much.

4 Q And that \$5.5 million was  
5 exhausted?

6 A Yes.

7 Q So then the great majority of this  
8 rent of this 24 to \$32 million relates to  
9 things other than unpaid rent.

10 Do I have that correct?

11 A That's incorrect, because the  
12 majority of it has to be related to rent, and  
13 there's -- like I mentioned before -- those  
14 improvement dollars that were not put in by  
15 CarePoint every year, plus legal fees.

16 Q What portion of this 24 to \$32  
17 million is legal fees?

18 A I don't recall, off the top of my  
19 head, an exact number.

20 Q Well, how many months of unpaid  
21 rent does this actually reflect, then, if you  
22 say the majority of it is related to rent?

23 A No, I was -- I said earlier that  
24 the majority of this is related to the  
25 difference in the rent based from the base to

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1 the enhanced rent, which is 150 percent of  
2 the base.

3 Q So --

4 A And a good chunk of this also is  
5 related to the fees, improvement fees that  
6 CarePoint wasn't putting in every year, plus  
7 legal fees, which we're entitled to as the  
8 landlord according to the lease.

9 Q Okay. So the difference between  
10 base rent and default rent was what, \$400,000  
11 a month?

12 A Correct.

13 Q Okay. So for -- so for how many  
14 months was that difference owed?

15 A From October '21 until now.

16 Q And the \$500,000 in tenant  
17 improvements, that was annually?

18 A Yes.

19 Q And for which years was that owed?

20 A So I -- I don't really know exactly  
21 if this is retro or since we took over as the  
22 owner of the real estate, but we took over as  
23 the owner of the real estate, I believe, in  
24 June of 2020.

25 So even if you do the math from



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1 then, it's \$2 million, but again, I'm not  
2 sure if any of this is also retro as well.

3 Q All right. And then there's -- and  
4 then there's a component of this that's legal  
5 fees?

6 A Correct.

7 Q Okay. So why was this consent  
8 judgment done as a range rather than a fixed  
9 sum?

10 A I'm not really sure.

11 You know, this is a negotiation  
12 between the attorneys at the time, so I'm not  
13 really sure.

14 Q Well, what would -- what was  
15 disputed or uncertain?

16 It seems to me it could be a  
17 straightforward calculation.

18 A You would think so. I mean,  
19 listen, we did our own calculations, and  
20 based on our own calculations, I believe the  
21 number was around \$30 million.

22 We also had a -- an expert that did  
23 the calculations for us, and based on their  
24 own independent assessment, there was a  
25 difference about -- a difference of about

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1 \$500,000 between what we projected and what  
2 they projected.

3 VIDEO OPERATOR: Excuse me, Matt.

4 Can I go off the record for a  
5 technical adjustment?

6 MR. LIPPERT: Sure.

7 VIDEO OPERATOR: Going off the  
8 record at 10:18.

9 (Brief recess taken.)

10 VIDEO OPERATOR: We're back on  
11 record at 10:19.

12 Q Okay. So Dr. Kifaieh, you  
13 explained that Hudson Regional's estimates of  
14 the amounts owed for breaches of this lease  
15 was roughly \$30 million?

16 A Correct.

17 Q All right. And do you know how it  
18 is that the debtors came up with a different  
19 figure?

20 A I don't know.

21 Q That was never discussed in these  
22 negotiations?

23 A I mean, the -- the debtors knew  
24 exactly that there were -- you know, about  
25 this default -- about this rent difference

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1 payment from October of 2021. They also knew  
2 about the legal fees.

3 Every single month our CFO will  
4 send them an invoice for the full rent of  
5 \$1.2 million, but we receive an \$800,000  
6 payment in return, understanding there's a  
7 difference there per the lease.

8 Also, they were aware of all legal  
9 fees and all the improvement dollars that  
10 were not put in. So they shouldn't be  
11 surprised.

12 Q I didn't ask if they were  
13 surprised, sir. I asked if they explained  
14 how or why they believed the figure should be  
15 lower?

16 A No.

17 Q Okay. Are there any fees, other  
18 than legal fees, that are built into this \$24  
19 million to \$32 million range?

20 A I don't recall if there are any  
21 other fees, but I'm not a hundred percent  
22 certain.

23 Q Okay. I took advantage of the --  
24 of the brief interlude to do some arithmetic.

25 So the difference in rent between

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1 base and default is approximately \$400,000 a  
2 month?

3 A Yes.

4 Q Okay. And you think that was  
5 running from October of 2021 through the date  
6 of the consent judgment?

7 A Yes.

8 Q Okay. So October 2021 to October  
9 2024, the date of the consent judgment, is  
10 three years?

11 A Correct. But we're also talking  
12 about November and now the rent for December,  
13 which has not been paid.

14 Q Well -- well, how is -- how is  
15 unpaid rent from after the date of this  
16 judgment built into this judgment?

17 A You're correct.

18 Q I'm sorry, I didn't hear the  
19 answer.

20 A I said you're correct.

21 If we're talking about just the  
22 date of consent in judgment, then yes, it  
23 does not include December.

24 Q Okay. So that -- so that's 36  
25 months at \$400,000 a month is roughly

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1 \$14.4 million?

2 A Okay. I trust your math.

3 Q So -- so nearly half of this 24 to  
4 \$32 million is for items other than rent or  
5 default rent, correct?

6 A Incorrect. Because I said earlier  
7 that there -- you know, there's a \$500,000  
8 improvement fee that I believe was never paid  
9 by CarePoint throughout the entire lease  
10 prior to us taking over and us taking over.

11 And I do believe, but I'm not a  
12 hundred percent sure, that as the -- as the  
13 new landlord, we're entitled to the retro  
14 payment for that, but again, I'm not a  
15 hundred percent sure about this.

16 So you need to do the math from  
17 when CarePoint took over.

18 Q All right. So that's \$500,000 a  
19 year --

20 A Correct.

21 Q -- from the time when CarePoint  
22 took over?

23 A Correct.

24 Q Which was when?

25 A I believe CarePoint took over

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1 Bayonne Hospital in 2008.

2 Q Okay. So 2008 to 2024 is 16 years  
3 times half a million dollars a year is \$8  
4 million?

5 A Yes.

6 Q Okay. So 14 and 8 gets you to \$22  
7 million?

8 A Yes.

9 Q So the Hudson figure of \$30 million  
10 is more than a third added on for items that  
11 do not relate to rent or these tenant  
12 improvement fees?

13 MR. ROLDAN: I'm going to object,  
14 just a moment, just because -- object to  
15 form. You can answer.

16 Ultimately, this -- I've been  
17 letting you go. There's -- the lease will  
18 have a concept of rent. I don't know,  
19 ultimately, if certain fees are built in,  
20 what's called a rent. Sometimes lease has a  
21 concept of rent and additional rent.

22 Ultimately, there is a document  
23 there, there's a lease there, but ultimately,  
24 I wanted to state that objection to form, but  
25 you can answer.

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1 MR. LIPPERT: What's the objection?

2 MR. ROLDAN: To form, just -- or  
3 mischaracterization of the facts, of the  
4 lease. There's a document there. There's a  
5 lease there.

6 And when you make reference to  
7 rent, is it -- I don't know, offhand, if rent  
8 includes fees, for instance. Sometimes a  
9 lease will have additional fees like that.

10 MR. LIPPERT: All right. There's  
11 no need to further educate the witness right  
12 now.

13 MR. ROLDAN: Fine.

14 MR. LIPPERT: He can testify as to  
15 what he knows or doesn't know and his  
16 understanding as corporate representative of  
17 what the lease requires and doesn't require.

18 Q What interest rate is accruing on  
19 the debt embodied in this consent judgment?

20 A I believe it's -- there's a 9  
21 percent interest rate.

22 Q Okay. And Hudson Regional proposes  
23 to roll this debt up into its DIP financing,  
24 correct?

25 A Correct.

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1 Q And the contract rate for that  
2 Bayonne-specific DIP financing is 18 percent?

3 A Correct.

4 Q So the DIP proposal takes debt that  
5 was accruing at 9 percent outside of  
6 bankruptcy and transforms it into debt that  
7 accrues at 18 percent post-bankruptcy?

8 MR. ROLDAN: I'll object as well.  
9 It's not what the document says, but you can  
10 answer.

11 MR. LIPPERT: The witness can say  
12 whether that's true or false. You shouldn't  
13 suggest to him whether it's true or false,  
14 sir.

15 Q Should I repeat the question?

16 A No.

17 My understanding is that the  
18 interest rate for -- for the prior debt is --  
19 stays at the same rate even though it's  
20 rolled up.

21 Q So it would surprise you to hear,  
22 then, that CarePoint's representative sees  
23 that matter differently?

24 A That's his opinion.

25 Q Okay. And you believe his view is



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1 incorrect?

2 A Yes, I do.

3 Q Okay. So the rolled up debt under  
4 the Bayonne DIP financing does not accrue at  
5 the new 18 percent contract rate?

6 A That's my understanding.

7 Q Okay. And what's that  
8 understanding based on?

9 A Based on prior conversations  
10 with -- with my team. That this would -- you  
11 know, the -- the prior interest rate would  
12 stay the same.

13 Q At the time that this consent  
14 judgment was entered into, bankruptcy was  
15 already contemplated, right?

16 A Yes.

17 Q Okay. And I want to be clear.

18 I'm not asking for the substance of  
19 any advice you may or may not have received,  
20 but I'm asking you, did Hudson request or  
21 obtain advice on the issue of whether this  
22 consent judgment, less than a month before  
23 the filing of bankruptcy, might be treated as  
24 avoidable preference?

25 A Not that I recall, no.

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1 Q Okay. You say not that you recall.

2 In your capacity as a corporate  
3 representative, are you aware of whether  
4 Hudson Regional sought or obtained such  
5 advice?

6 A I mean, we have counsel, of course,  
7 that we speak with on a regular basis, but I  
8 don't recall this exact topic being  
9 discussed.

10 Q Are you familiar with something  
11 called the collateral surrender agreement?

12 A Yes, I am.

13 Q And how, if at all, does that  
14 relate to the consent judgment we've been  
15 discussing?

16 A Can you rephrase your question in a  
17 simpler way for me so I can understand it?

18 Q Okay. Does the -- does the  
19 collateral surrender agreement do anything to  
20 address the debt that is embodied in this  
21 consent judgment?

22 A I believe it does, but I don't  
23 recall the content of the collateral  
24 surrender agreement.

25 Q You know what? We'll come back to

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1 that in a moment.

2 When did Hudson Regional first  
3 propose to provide DIP financing?

4 A Can you specify for what entity?

5 Q For any of the CarePoint entities.

6 A When the negotiations started  
7 between -- between us, meaning myself, Mr.  
8 Moshe, Dr. Moulick, who's the CEO of  
9 CarePoint, and Dr. Jawad Shah who --

10 (Reporter clarification.)

11 A CEO of CarePoint, and Dr. Jawad  
12 Shah, who's the CEO of Insight.

13 When the conversation started  
14 earlier and we were informed by Dr. Shah that  
15 he had no intent of keeping Bayonne Hospital  
16 open or supporting Bayonne Hospital,  
17 everybody else was put in a position where we  
18 had to come in as a DIP lender for Bayonne  
19 Hospital.

20 That was the understanding at that  
21 time. His only interest was in Christ and  
22 Hoboken.

23 Q Sir, my question was for a date or  
24 a time period.

25 When did Hudson Regional first

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1 discuss providing DIP financing to any of the  
2 CarePoint debtors?

3 A I believe it was around April of  
4 this year.

5 Q And why was Hudson Regional  
6 interested in providing that DIP financing?

7 A We are the landlord for -- and real  
8 estate owner for Bayonne Hospital.

9 Our interest has always been in  
10 acquiring Bayonne Hospital. You know, it  
11 made a ton of sense for us to be the operator  
12 for the hospital, so of course, we wanted to  
13 save it.

14 Q Were there other parties vying to  
15 provide DIP financing specific to Bayonne?

16 A I don't think there was a line of  
17 people waiting to provide DIP financing for  
18 Bayonne, so I'm not aware of anybody else. I  
19 know Insight wasn't interested in that.

20 Q When you say you're not aware, are  
21 you speaking personally or are you also  
22 speaking as the corporate representative of  
23 Hudson Regional?

24 A As the corporate representative of  
25 Hudson Regional.

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1 Q So the proposal to provide DIP  
2 financing to Bayonne was first made in April,  
3 and was agreed, I suppose, November of this  
4 year.

5 Is that right?

6 A No, the agreement -- well, verbal  
7 agreement back then was happening, I believe,  
8 in April or May of this year, again, when we  
9 found out that Insight was not interested in  
10 supporting Bayonne Hospital.

11 Q Let me be clearer.

12 A signed enforceable agreement to  
13 provide DIP financing was entered when?

14 A In November of -- November, I  
15 believe.

16 Q Okay. So can you describe the  
17 process from April to November, between the  
18 first proposal and a signed enforceable  
19 agreement?

20 A There were -- there was a lot of  
21 back and forth between us, Insight and the  
22 CarePoint regarding what's happening with the  
23 four-hospital system plan. There was a lot  
24 of fluctuation.

25 The presence of Insight was a

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1 surprise to us because we had a binding term  
2 sheet in January. They were introduced in  
3 March without our knowledge, but we worked  
4 with Dr. Moulick and Dr. Shah on creating a  
5 four-hospital system.

6 And again, there were a lot of  
7 changes and fluctuations. Dr. Shah kept  
8 going back and forth regarding his intentions  
9 regarding the hospital, his intentions  
10 regarding working with us. So it took a long  
11 time before we reached an -- before we  
12 reached an agreement about Bayonne.

13 Q Well, how or why does the  
14 four-hospital plan relate to a proposal to  
15 provide DIP financing to Bayonne  
16 specifically?

17 A Our goal was to save Bayonne  
18 Hospital, like I said, because we're the  
19 owners of the real estate and we've always  
20 wanted to operate that hospital.

21 We made that very clear in -- at  
22 the beginning of 2020, end of 2019, with our  
23 negotiations with the previous majority owner  
24 of CarePoint, which was Vivek Garipalli.

25 (Reporter clarification.)

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1 A Vivek Garipalli.

2 So we had an agreement with him at  
3 the time that we would take over Bayonne  
4 Hospital. Later on, just to find out that he  
5 signed an LOI with SurgiCore at the time.

6 So our intention has always been to  
7 take over Bayonne Hospital and run it as an  
8 acute care facility and keep it open. So  
9 that has not changed for four years, four  
10 plus years.

11 Q Okay. It's possible to provide DIP  
12 financing without also creating a  
13 four-hospital system, correct?

14 A Correct. But you have to  
15 understand, these hospitals have been  
16 rundown. They're deprived of resources for  
17 many, many years. And being that I was at  
18 CarePoint in the past and I used to run all  
19 three hospitals, I understand that these  
20 hospitals cannot survive independently to  
21 provide the level of care that's required in  
22 Hudson County.

23 There's a lot of underserved  
24 charity care patients, undocumented patients,  
25 all over Hudson County, specifically Hoboken

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1 and Christ, right.

2 So the idea of having these  
3 hospitals stand alone financially does not  
4 make any sense. And from a patient care  
5 perspective, it just does not make any sense.

6 Q Originally, am I correct that --  
7 strike that, I'll rephrase.

8 Am I correct that Hudson Regional's  
9 original intention was to be the DIP lender  
10 specifically to Bayonne but not to Christ and  
11 Hoboken?

12 A Correct.

13 Q Okay. So why is that agreement to  
14 provide DIP financing to Bayonne specifically  
15 related, if at all, to the creation of a  
16 four-hospital network?

17 A I think I just answered your  
18 question.

19 The -- the -- our interest has  
20 always been to save Bayonne Hospital. So  
21 being that no one else was interested in  
22 providing the DIP financing, including Dr.  
23 Shah and Insight, who are the managers for  
24 all three facilities, it's our obligation to  
25 save that hospital.



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1           The interest has always been in  
2     creating a four-hospital system. That was  
3     the vision of Dr. Moulick. That was -- that  
4     was introduced to us and we agreed with it.  
5     It made a ton of sense from a patient care  
6     perspective. It made a ton of sense from an  
7     inter-dependence perspective between the  
8     hospitals because these are hospitals that  
9     rely on each other, rely on each other's  
10    resources.

11           Q     When were the economic terms of the  
12    Bayonne DIP financing agreed between Hudson  
13    and the Bayonne debtors?

14           A     We had been negotiating this like I  
15    mentioned earlier with Dr. Shah and Dr.  
16    Moulick, I believe, since April.

17                    So there are numerous meetings to  
18    talk about and calls to talk about this, so I  
19    can't recall an exact date of when we reached  
20    an agreement, but it was an ongoing process.  
21    It was back and forth for a long time.

22           Q     Even if you can't put a specific  
23    date on it, can you -- can you narrow it down  
24    to a month?

25           A     I would like to say that the final

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1 agreement was reached sometime in beginning  
2 of October.

3 Q Okay.

4 A And the reason why I know this is  
5 because we actually were invited by Dr. Shah  
6 and Insight to come in and start managing  
7 Bayonne Hospital at the time, even without a  
8 final executed agreement, because he had no  
9 interest in operating or supporting that  
10 hospital. So we had no choice but to come  
11 in.

12 And as a matter of fact, my first  
13 transition meeting at Bayonne was the  
14 beginning of October. I want to say maybe  
15 October 12th or 13th or something like that.

16 Q Okay. Was it part of Hudson's  
17 original proposal to provide DIP financing  
18 for Bayonne that the contract interest rate  
19 would be 18 percent?

20 A Well, I -- you know, Bayonne  
21 Hospital was the most deprived of all  
22 resources. It was the one that was in the  
23 worst financial shape. It's the riskiest  
24 potential proposal for a lender, so it makes  
25 sense that the money would be more expensive

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1 for Bayonne Hospital.

2 Q Sir, I didn't ask whether it made  
3 sense. I asked whether the 18 percent was  
4 part of the original proposal.

5 A Well, it's based on what we looked  
6 for in the market, right?

7 So when -- when we're looking for a  
8 loan for this, we have to evaluate what the  
9 rate in the market is. And based on the risk  
10 of Bayonne Hospital, lenders look at that and  
11 say, this is a hospital that's been damaged  
12 for a very long time, and therefore, here's  
13 what we have to offer you.

14 Q We'll get to all that in a minute.

15 I'm just trying to understand what  
16 was the first number that Hudson proposed for  
17 these DIP financing terms.

18 Was it 18 percent or was it  
19 something different?

20 A 18 percent.

21 Q Okay. So the original Hudson  
22 proposal was 18 percent?

23 A Yes.

24 Q Okay. And that original proposal  
25 of 18 percent was accepted by CarePoint?

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1 A Yes.

2 Q Okay. Now, having set that  
3 background, it is Hudson's view that that 18  
4 percent contract interest rate is  
5 commercially reasonable?

6 A Yes.

7 Q Okay. And what is Hudson's basis  
8 for that view?

9 A Like I mentioned before, you know,  
10 Bayonne Hospital has been in the worst  
11 financial shape. It's been -- it's been  
12 losing more money than any other hospital in  
13 the system, and it's the one that's been  
14 deprived of most of the resources, okay.

15 So obviously, it's the riskiest  
16 proposal for a lender when you're shopping  
17 for a loan for a project like this. Every  
18 time we show someone the financials, they run  
19 in the opposite direction.

20 Q How many people have you shown  
21 these financials to?

22 A I don't know specifically, but the  
23 shopping for loans happened through my CFO  
24 and also through the chairman of the board.

25 Q When you say the "shopping for

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1 loans," what loans are you referring to?

2 A I'm talking about the loan related  
3 to the DIP financing for Bayonne.

4 Q So you're not talking about the DIP  
5 financing itself, you're talking about a  
6 different loan?

7 A What do you mean?

8 Q Well, you say -- you said the loan  
9 related to the DIP financing, so is this  
10 money that Hudson is lending to the Bayonne  
11 debtors or is this a different transaction?

12 A It's the same.

13 Q Okay. So what shopping was Hudson  
14 doing?

15 A I just said to you that my CFO and  
16 the chairman of the board do the shopping for  
17 the -- depending on different lenders that  
18 they have, that they're aware of that we  
19 usually work with. So multiple lenders were  
20 spoken to about this.

21 Q So shopping -- was Hudson shopping  
22 for people to lend to it so that it, in turn,  
23 could lend money to the Bayonne debtors?

24 A We were looking for people.

25 Insight was looking for people, but

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1 we weren't looking for people.

2 We have reputable lenders that we  
3 work with, such as Woori and --

4 (Reporter clarification.)

5 A Woori, W-O-O-R-I, and Popular Bank,  
6 you know. So we worked with reputable  
7 lenders.

8 Q I didn't suggest otherwise.

9 I'm just trying to understand,  
10 there were multiple layers to this  
11 transaction. There was the money that Hudson  
12 intends to lend under the Bayonne DIP  
13 facility, and there was -- in tandem with  
14 that, there was money that Hudson intends to  
15 borrow in order to make that loan, correct?

16 A Correct.

17 Q All right.

18 A I just want to also be clear.

19 Q So what interest rate was Hudson  
20 offered when it asked to borrow money in  
21 order to make this DIP loan?

22 A I don't know the specifics of that.

23 Q Well, what rate was eventually  
24 agreed upon for Hudson to borrow money so  
25 that it could lend it to Bayonne?

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1 A I don't know the rate.

2 I believe it's 18 percent, but I  
3 don't remember the rate a hundred percent.

4 Q So it's your understanding that  
5 Hudson is essentially lending this money at  
6 cost?

7 A Yes. That's my understanding  
8 that's the case.

9 Q And on what do you base your  
10 understanding that Hudson is borrowing this  
11 money at 18 percent?

12 A It's just my educated guess based  
13 on conversation with -- with my CFO, but like  
14 I said earlier, I'm not sure of that number.

15 Q Educated guess?

16 A Yes.

17 Q Okay. What, if anything, did you  
18 do to prepare to testify today as a corporate  
19 representative?

20 A Well, I've been in a lot of these  
21 meetings before, you know, discussing the  
22 transaction with CarePoint and Bayonne  
23 Hospital.

24 Obviously, I speak to my CFO on a  
25 regular basis. I have read some documents in

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1 the past, but I haven't refreshed my memory  
2 about them in the last few days because there  
3 are many, many, many of them.

4 Q So I understand you were personally  
5 involved in many of the things that we're  
6 going to be discussing today.

7 What did you do to inform yourself  
8 about things you did not personally  
9 participate in?

10 A If I had any specific question, I  
11 reached out to my CFO or my chairman of the  
12 board, but that's about it.

13 Do you have a specific question?

14 Q Was the -- was there any systematic  
15 effort to educate you about the topics in the  
16 deposition notices?

17 A No, there was no systematic  
18 process.

19 Q This was previously marked as  
20 Committee Exhibit 4.

21 Do you recognize this document,  
22 sir?

23 A Give me a second to orient myself.

24 Q All right.

25 (Witness reviewing.)



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1 A I am aware of the document, yes.

2 Q Okay. What is this document?

3 A It's a -- it's a collateral  
4 surrender agreement for Bayonne Hospital from  
5 CarePoint Health to HRH.

6 Q Well, it's the -- for the sake of  
7 completeness, this is the motion to approve  
8 the collateral surrender agreement, correct?

9 A Yes.

10 Q Okay. And a copy of the collateral  
11 surrender agreement itself is part of the  
12 submission, right?

13 A It appears so, yes.

14 Q Now, if you look at the first page  
15 of the agreement itself, which is about a  
16 third of the way through the pile there --

17 MR. RABINOWITZ: Did you say third  
18 page?

19 MR. LIPPERT: A third of the way  
20 through.

21 MR. ROLDAN: Do you mind if I  
22 direct him?

23 MR. LIPPERT: Go ahead, if you got  
24 it there.

25 MR. ROLDAN: I believe it's up top.

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1 There will be a signifier doc, 18-2 so we're  
2 all on the same page.

3 MR. LIPPERT: Yes, page 2 of 54.

4 MR. ROLDAN: Page 2 of 54, correct.

5 See it.

6 MR. LIPPERT: All right, good.

7 Q So, sir, I asked you before whether  
8 this agreement related to the Delaware  
9 litigation.

10 Do you recall that?

11 A Yes.

12 Q Okay. So if you look at the fourth  
13 "Whereas" clause on the first page of this  
14 agreement, does that refresh your memory  
15 about the relationship between the collateral  
16 surrender agreement and the Delaware  
17 litigation?

18 A Just so I'm clear, you're talking  
19 about the one that starts on September 23rd?

20 Q Correct.

21 A Yes.

22 Q Okay. So how does the collateral  
23 surrender agreement relate to the Delaware  
24 litigation?

25 A Well, I mean, in the Delaware

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1 litigation, it was -- it was -- we were  
2 granted the -- well, the default from  
3 CarePoint on the lease was, I believe,  
4 solidified, and based on that -- based on  
5 that, we were granted the ability to enforce  
6 all forms -- all terms of the lease agreement  
7 with CarePoint. That -- that's pretty much  
8 it.

9 Q Okay. So -- so this collateral  
10 surrender agreement turns over the -- the  
11 tenant's collateral to the landlord in order  
12 to satisfy the 24 to \$32 million debt?

13 A Correct.

14 Q Okay. Do you know if any effort  
15 was ever made to try to sell the Bayonne  
16 collateral to anyone else in order to satisfy  
17 this debt?

18 A By whom?

19 Q Well, by -- I suppose by anybody.

20 A And I am aware that Dr. Moulick and  
21 the CarePoint executive team have tried --  
22 have spoken to multiple potential suitors in  
23 the past.

24 I am aware, also, that the prior  
25 owners of CarePoint also tried to sell off

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1 the system back in 2018 or 2019 to RWJ and  
2 Atlantic and everybody else. No one was  
3 really interested, and RWJ's proposal to  
4 acquire Christ and Hoboken fell apart because  
5 of some financial reasons.

6 I'm also aware that Dr. Moulick  
7 looked for other suitors outside of these  
8 healthcare systems in New Jersey for  
9 acquisition of three facilities. I mean,  
10 obviously, Insight was brought in in March,  
11 right?

12 Q Can you please look at Section 3.04  
13 of the agreement?

14 A What page is that on?

15 Q That is --

16 MR. ROLDAN: Page 24 of 54, as I'm  
17 looking at it.

18 MR. LIPPERT: Yes.

19 Q Are you with me?

20 A Just give me a second, please.

21 Q Sure.

22 (Witness reviewing.)

23 A Yes.

24 Q Okay. So Section 3.04 is entitled,  
25 "No Competing of Transactions."

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1 Do you see that?

2 A Yes.

3 Q All right. Can you explain what  
4 the purpose of this provision is?

5 A Well, I mean, we wanted to make  
6 sure that while we put in all the efforts  
7 from our side to -- to come into Bayonne  
8 Hospital, be the DIP lender, be providing all  
9 the support, putting our own money to  
10 rebuilding infrastructure and so on, we  
11 wanted to make sure that we weren't doing all  
12 of that while the deal was being shopped  
13 elsewhere.

14 Q Well, the collateral surrounding  
15 agreement is designed to protect rights as a  
16 creditor, correct?

17 A I don't know.

18 Q Okay.

19 A I'm not an attorney. Maybe that's  
20 the case.

21 Q Well, this goes back to the issue  
22 of Hudson having multiple roles here.

23 Hudson wishes to acquire or -- or  
24 combine with the CarePoint system, correct?

25 A Correct.

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1 Q Okay. Separate from that business  
2 objective, Hudson, or its affiliate, 29 East  
3 29 Street, is also owed money as a landlord,  
4 correct?

5 A Correct.

6 Q Okay. So why would Hudson, as a  
7 landlord, particularly care to whom it sold  
8 so long as its debt is paid?

9 A It's very clear, because we are --  
10 like I said, we're the landlord. We put in a  
11 significant amount of money in the real  
12 estate, and we've seen this hospital fall  
13 apart and fail under different managements,  
14 right?

15 So we need to protect our rights as  
16 a real estate owner and the huge investment  
17 that we made in this property to make sure  
18 that it's in the right hands. And from -- to  
19 my knowledge, we are the absolute best suitor  
20 to run that system and run that hospital.

21 I haven't seen anybody else who's  
22 been interested in it, and I've not come  
23 across anybody that's more capable than us in  
24 running that hospital. So it makes sense to  
25 me.

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1 Q Well, that raises another question,  
2 doesn't it?

3 If Hudson is the only conceivable  
4 suitor and the only party expressing any  
5 interest, why is there a need for an  
6 exclusivity provision?

7 A I did not say that at all.

8 I said I believe we are the best  
9 suitor, but I also said that there was a lot  
10 of deal shopping that was happening all  
11 along.

12 Q You said a moment ago, "I haven't  
13 seen anybody else who's been interested in  
14 it."

15 Are you revising that testimony?

16 A No, not at all.

17 I said also earlier that I know  
18 that the deal has been shopped numerous times  
19 and obviously no one else executed on it,  
20 right, aside from us.

21 Q Okay. So nobody else is interested  
22 in acquiring CarePoint?

23 A To -- to my knowledge, no.

24 Q Okay. So I ask again. Why the  
25 exclusivity provision?

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1 A Because the deal was being shopped  
2 over and over and over.

3 Q In -- in Hudson's view, that  
4 shopping was a pointless endeavor, right?

5 A Correct.

6 It was only delaying things,  
7 delaying our intervention in that hospital,  
8 and that hospital was sinking deeper and  
9 deeper in debt, which again, is what Insight  
10 realized when they came into the system, and  
11 that's why they decided to abandon Bayonne  
12 Hospital.

13 Q You know what? Let's -- let's talk  
14 about Insight for a moment. You've mentioned  
15 them several times.

16 You're familiar with an entity you  
17 referred to as Insight, correct?

18 A Correct.

19 Q Okay. Who or what is Insight?

20 A My understanding, it's -- it's a  
21 management entity out of, I believe, Michigan  
22 or Chicago that is owned by -- again, I'm not  
23 a hundred percent sure, owned by Dr. Jawad  
24 Shah. I'm not sure if there are other owners  
25 in that.



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1 My understanding also is that they  
2 own and run and operate one hospital in  
3 Chicago. I'm not aware of any other  
4 hospitals. I know they specialize in 340B  
5 Pharmacy. I'm not sure what else.

6 And they were the entity that was  
7 brought in by CarePoint, I believe in March  
8 of this year, to be the manager for the --  
9 initially we were told the two hospitals, and  
10 then we found out that they were the manager  
11 for the three hospitals.

12 Q Okay. And at some point, Insight  
13 was also interested in -- well, what do you  
14 know about Insight's interest in creating any  
15 other relationships with CarePoint or the  
16 CarePoint hospitals?

17 A Can you specify your question a  
18 little more?

19 Q Are you aware that Insight was ever  
20 interested in acquiring the CarePoint debtor  
21 hospitals?

22 A Yes.

23 As a matter of fact, I remember a  
24 specific conversation where Dr. Shah said  
25 that when we reached an agreement about when

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1 he specifically and explicitly made us aware  
2 that he had zero interest in Bayonne Hospital  
3 and he will not support it.

4 At the same time, he clearly  
5 stressed his interest in Christ and Hoboken,  
6 and he made a statement during that meeting  
7 saying that at some point, he would sell it  
8 to himself.

9 Q When was this meeting or  
10 discussion?

11 A I believe this was in the beginning  
12 of October.

13 Q Okay. When did you first become  
14 aware that Insight was interested in  
15 acquiring some or all of the CarePoint  
16 hospitals?

17 A So I know that Dr. Shah was  
18 shopping for individual physicians and  
19 individual businessmen to fund the operations  
20 of the hospitals, and he was looking for  
21 people to fund the DIP financing for the  
22 hospitals.

23 And it's a small world because some  
24 of these individuals are from our circle.  
25 And the -- my understanding from the

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1 conversation with them is he had every single  
2 intention of being there forever and owning  
3 the hospitals.

4 Q What did you mean when you said,  
5 these individuals are from our circle?

6 A Physicians or business people.

7 Q And what is your understanding of  
8 why Insight never did conclude an agreement  
9 to acquire any or all of the CarePoint  
10 hospitals?

11 A So my understanding is they were  
12 way in over their head in the hospitals.  
13 They're -- they're from outside the state.  
14 They don't really know New Jersey. I know  
15 they tried to establish some connections with  
16 local physicians and groups.

17 But they came into the system  
18 thinking it was going to be a quick  
19 turnaround with introducing 340B, doing  
20 revenue cycle management, but they quickly  
21 realized that these hospitals have been  
22 deprived of resources for many years. These  
23 hospitals barely have any physicians left to  
24 perform services. A lot of the service lines  
25 were already shut down.

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1                   So -- and also, I do believe that  
2                   they had a really hard time getting anybody  
3                   to provide them -- to provide them with loans  
4                   or even to come in in the form of a joint  
5                   venture, to support these hospitals. So they  
6                   quickly realized that this is -- this is a  
7                   bad deal that they came into.

8                   Q       So it's your understanding that  
9                   Insight decided that any acquisition of the  
10                  CarePoint hospitals was just not economically  
11                  viable?

12                  A       I don't know what their thought  
13                  process was, but from -- look, from what I --  
14                  from what I understand, from what I see,  
15                  because I've been managing these hospitals  
16                  now for many weeks, okay, insight came in, I  
17                  believe, in March, and they departed abruptly  
18                  at the beginning of October or mid-October.

19                  From looking at what's happening  
20                  there, there -- there hasn't been any  
21                  improvement in the system whatsoever. I have  
22                  been rebuilding every single service line one  
23                  by one since I took over in -- in this  
24                  transition process for all three hospitals.  
25                  I started at Bayonne at the beginning of

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1 October, like I mentioned earlier. And for  
2 Christ and Hoboken, I believe at the  
3 beginning or mid-November.

4 In just a few weeks, we've done  
5 more than Insight has done since -- from  
6 March of this year times five, to be  
7 conservative.

8 MR. LIPPERT: You know what? This  
9 is -- we've been going an hour. This is a  
10 logical breaking point.

11 Can we take ten minutes?

12 MR. ROLDAN: All right.

13 VIDEO OPERATOR: Off the record at  
14 10:59, ending media 1.

15 (Brief recess taken.)

16 VIDEO OPERATOR: We are back on the  
17 record at 11:11. This is media 2 in the  
18 deposition of Kifaieh.

19 MR. LIPPERT: Okay. I'm going to  
20 mark a new exhibit. So I think this will be  
21 Committee-11.

22 (Above-mentioned document marked  
23 for Identification.)

24 A Are we done with those?

25 Q We may come back to it. You can

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1 set it aside there.

2 MR. LIPPERT: This document was  
3 recently produced, and the version I have  
4 lacks Bates numbers, but we'll identify it  
5 through other means.

6 MR. RABINOWITZ: This is a new  
7 exhibit that has not been produced?

8 MR. LIPPERT: Correct.

9 Q Dr. Kifaieh, do you recognize the  
10 document that's been marked as Committee-11?

11 A I see what it is, yeah.

12 Q Okay. And what do you understand  
13 it to be?

14 A It's -- it looks like a promissory  
15 note for the \$30 million loan.

16 Q When you say "the \$30 million  
17 loan," what loan is that?

18 A For the -- to partially provide for  
19 the DIP financing for Bayonne Hospital.

20 Q So the total amount of DIP  
21 financing for Bayonne Hospital, as currently  
22 proposed, is \$42 million?

23 A Correct.

24 Q Okay. Now -- and \$30 million of  
25 those dollars come from this loan from Woori

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1 Bank?

2 A Correct.

3 Q You testified earlier that Hudson  
4 was borrowing money at 18 percent to lend it  
5 to -- to Bayonne at 18 percent.

6 Do you recall that?

7 A No, no. I actually said I don't  
8 know what the interest rate was. I'm  
9 assuming it was 18, but I didn't know.

10 Q Okay. Why did you assume it was 18  
11 percent?

12 A I don't know, because it was  
13 expensive to borrow money. But again, I  
14 didn't go through this transaction. My CFO  
15 ran through this transaction with Mr. Moshe.

16 Q I see.

17 Can you look at -- the first page  
18 of the exhibit is a document checklist. The  
19 second page is the beginning of the  
20 promissory note.

21 And if -- if you look in the  
22 paragraph that begins with the heading  
23 "Variable Interest Rate," do you see what the  
24 initial interest rate is on this \$30 million  
25 loan?

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1 A 7.75.

2 Q The index is 7.75. The initial  
3 rate is 7.5, correct?

4 A Yes.

5 Q Okay.

6 A This is the first time I'm reading  
7 this, so we're clear.

8 Just give me a second to orient  
9 myself.

10 Q Sure.

11 (Witness reviewing.)

12 A Okay.

13 Q So in fact, Hudson is lending  
14 Bayonne money at more than twice its cost of  
15 borrowing?

16 A Yes.

17 Q Okay. Now, the -- in addition to  
18 providing \$42 million in DIP financing to  
19 Bayonne, Hudson propose to lend an additional  
20 \$25 million in DIP financing to Christ and  
21 Hoboken, correct?

22 A Correct.

23 Q Okay. That's a total of \$67  
24 million?

25 A Correct.



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1 Q Okay. And where is that \$67  
2 million coming from?

3 A Well, \$30 million is the Woori  
4 loan, and the rest is Mr. Moshe's own  
5 personal money.

6 Q Okay. So --

7 A And we did provide proof of funds  
8 for all of them, for every single dollar.

9 Q Well, you anticipated my next move.

10 MR. LIPPERT: This will be  
11 Committee-12.

12 (Above-mentioned document marked  
13 for Identification.)

14 Q Dr. Kifaieh, do you recognize  
15 Committee-12?

16 A Yes.

17 Q What is it?

18 A It is a proof of funds letter  
19 certified from Rina Esterov, with the list of  
20 one, two, three, four, five bank accounts  
21 with variable dollar amounts for Mr. Moshe.

22 Q Who is Rina Esterov?

23 A She's an attorney and a CPA that  
24 manages some of Mr. Moshe's affairs.

25 Q Okay. Are you personally

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1 acquainted with Ms. Esterov?

2 A I am not.

3 Q How is it that you know that she  
4 manages Mr. Moshe's affairs?

5 A Because I've had e-mail  
6 interactions with her, a couple phone call  
7 interactions with her in the past regarding  
8 other matters.

9 Q I see.

10 So Ms. Esterov's letter of December  
11 3rd lists five bank accounts, correct?

12 A Yes.

13 Q All right. And at the risk of  
14 lawyers doing math here, this looks to be  
15 about 14 or \$15 million spread across these  
16 five bank accounts?

17 A Around 15, yes.

18 Q And it's your understanding that  
19 Mr. Moshe is willing to devote all \$15  
20 million of those dollars to these DIP  
21 financing proposals?

22 A Yes.

23 Q Is there anything binding Mr. Moshe  
24 to commit -- is there anything binding Mr.  
25 Moshe to use these \$15 million for the DIP

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1 financing proposals?

2 A Well, I know we have the DIP  
3 agreement, right, plus we already put in a  
4 significant amount of money in the facility.  
5 I believe the commitment is there and is  
6 strong, otherwise, we'll lose the money that  
7 we put in and the effort that's put in.

8 Q Is there any legal impediment, to  
9 your knowledge, to Mr. Moshe deciding to  
10 spend these \$15 million on something else?

11 A No.

12 MR. LIPPERT: This will be  
13 Committee-13.

14 (Above-mentioned document marked  
15 for Identification.)

16 Q You know what? While that's being  
17 marked, let me clear up one other point.

18 Mr. Moshe is personally not a party  
19 to any of the DIP financing agreements, is  
20 he?

21 A No.

22 Q So if Mr. Moshe is not a party to  
23 the DIP financing agreements, how is it that  
24 anybody can count on Mr. Moshe's personal  
25 money being available for the DIP financing?

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1           A       I mean, he's the sole owner or he's  
2   99 percent of the owner of all businesses. I  
3   mean, he is -- he is the same person that  
4   financed every single dollar invested in  
5   Hudson Regional Hospital, over \$55 million in  
6   investment.

7                       So he's -- he's a businessman and  
8   he understands very well the -- the extent to  
9   which this is going to be financially  
10   draining, and we -- we accounted for that.  
11   He accounted for that on his part.

12           Q       Well, there is -- well, you have, I  
13   believe you said, two MBAs, correct?

14           A       Yes.

15           Q       Okay. So you're familiar with the  
16   concept that the owner of a company is not  
17   the same thing as the company?

18           A       Yes.

19           Q       Okay. So if companies or a company  
20   are committing to lend DIP financing, how is  
21   it that Mr. Moshe's personal funds are  
22   relevant to this discussion?

23           A       You asked me where the money is  
24   coming from. The money is coming from his  
25   personal accounts.

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1                   You asked me how do we know that  
2                   he's committed to providing these dollars to  
3                   this, and I'm telling you that that's his own  
4                   commitment. These are his own words.

5                   Is there an actual document that  
6                   says that? I'm not aware of a document that  
7                   says that.

8           Q       Okay. Has any of this -- have any  
9           of Mr. Moshe's personal dollars already been  
10          handed over to some other person or entity in  
11          order to effectuate the DIP financing?

12          A       I don't know.

13          Q       Let's turn to C-13, which should be  
14          in front of you.

15                   MR. RABINOWITZ: So you've marked  
16          another exhibit.

17                   You have limited copies?

18                   MR. LIPPERT: Oh, I apologize.

19                   MR. RABINOWITZ: Thank you.

20                   (Witness reviewing.)

21          A       Okay.

22          Q       Do you recognize C-13?

23          A       Yes.

24          Q       Okay. What is it?

25          A       It's another account verification,

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1 proof of funds for Mr. Moshe for \$20 million  
2 and \$600,000 from Popular Bank.

3 Q Okay. So across these two letters,  
4 that's \$35 million, approximately?

5 A Yes.

6 Q Okay. Plus a \$30 million line of  
7 credit from Woori Bank, right?

8 A Yes.

9 (Reporter clarification.)

10 Q W-O-O-R-I, Woori.

11 So that's a total of \$65 million?

12 A Approximately, yes.

13 Q And the total amount of the DIP  
14 financing proposal was \$67 million?

15 A Yes.

16 Q Where is the other \$2 million  
17 coming from?

18 A The -- so the \$42 million are based  
19 on calculations that were done by our CFO and  
20 CarePoint's CFO in terms of what the  
21 shortfall will look like for -- you know,  
22 for, I believe, six months or something like  
23 that, okay. So it's an approximate number.

24 Our hope is that with all the  
25 intervention that we're doing right now, that

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1 there's not going to be that much need for  
2 cash, but these hospitals are in horrible  
3 shape.

4 Q So the DIP financing proposals take  
5 on faith that not all of the proposed DIP  
6 financing will be necessary?

7 A From the way it looks like right  
8 now, every dollar is going to be necessary.  
9 These hospitals, like I said, are in  
10 absolutely horrific shape.

11 Q Okay. So all \$67 million are going  
12 to be necessary, and there's only \$65 million  
13 accounted for.

14 A I mean, based on the paperwork,  
15 yes.

16 Q As an MBA, does that sound like to  
17 you as a sound business decision?

18 A I know Mr. Moshe and I know if he  
19 needs to come up with money -- additional  
20 money to provide, he will. As a matter of  
21 fact, we are already putting additional money  
22 that's not part of the DIP financing to  
23 revive Bayonne Hospital.

24 Specifically, we provided supplies  
25 that are not part of the DIP funding. We pay

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1 for them, HRH, because the CarePoint  
2 facilities are not able to negotiate with any  
3 of the vendors. And even we are not able to  
4 negotiate with the vendors on behalf of  
5 CarePoint.

6 Also, we reopened the cath lab,  
7 neuro-intervention, the outpatient lab, an  
8 inpatient lab. We -- we reopened the ORs at  
9 Bayonne Hospital. We're also in the process  
10 of remodeling the entire first floor, which  
11 is the lobby, pharmacy, sleep lab. We're  
12 putting in physical therapy. We're  
13 remodeling the ORs.

14 There's a lot of work that we're  
15 doing that's outside of this dollar amount.  
16 This is coming out of Mr. Moshe.

17 Q Okay. So how much money has Hudson  
18 Regional or persons affiliated with Hudson  
19 Regional, spent, to date, on these  
20 improvements at Bayonne Hospital that you  
21 described?

22 A I don't know the dollar amount, but  
23 it's -- it's adding up every single day.

24 Q Do you have an estimate of how much  
25 is being spent per week or per month or



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1 something like that?

2 A I don't know these numbers. The  
3 person to ask was Sham Syed yesterday. He  
4 knows all the dollar amounts.

5 (Reporter clarification.)

6 A Shamiq Syed, who was deposed  
7 yesterday.

8 Q Well, Hudson knows how much it's  
9 paying, right?

10 A A hundred percent.

11 Q Okay. So how much money is Hudson  
12 paying?

13 A For -- I don't know specifically  
14 for Bayonne. I know we've provided more than  
15 \$12 million in DIP funding so far for  
16 CarePoint.

17 The -- the -- the purchasing part  
18 for regarding, you know, the different  
19 vendors for supplies, I don't know the dollar  
20 amounts for that, but it's -- for example, we  
21 had to maintain equipment at the hospitals.

22 Let's talk specifically about  
23 Bayonne, okay?

24 Q Okay.

25 A They haven't had any machine in

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1 that hospital maintained in a very long time.  
2 So almost for each machine, we have to pay  
3 upfront for a lot of these vendors that trust  
4 us, trust Hudson Regional Hospital, \$20,000  
5 here, \$25,000 there. I don't know how many  
6 machines we had to maintain over the last  
7 four weeks, but it adds up, okay?

8 Supplies for the cath lab, every  
9 stent is worth a few thousand dollars, right?  
10 Bayonne cannot afford that. CarePoint can't  
11 afford that. We're buying that on behalf of  
12 them.

13 So, I don't know how many patients  
14 came in since we took over. It's hard for  
15 me, off the top of my head, to give you math,  
16 but I'm sure we can get the numbers. I don't  
17 know how much money was spent on architects,  
18 plans. I don't know.

19 Q So the plan is to spend \$67 million  
20 from the DIP facilities, correct?

21 A Yes.

22 Q Okay. And in addition to that,  
23 Hudson Regional is devoting other millions of  
24 dollars, let's call it, in these other  
25 improvements outside of the DIP facilities,

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1 correct?

2 A Yes.

3 Q Okay. So what documentation is  
4 there to corroborate the notion that Hudson  
5 can sustain this pace of spending?

6 A I mean, again, we have the proof of  
7 funds here. It's a work-in-progress. We're  
8 making some improvements there that hopefully  
9 will start bringing in some additional  
10 revenue.

11 And if Mr. Moshe needs to come up  
12 with additional money for further funding or  
13 for the spending, I'm sure he's more than  
14 capable of doing that.

15 Q Why are you sure he's more than  
16 capable of doing that?

17 A He's a successful businessman and  
18 he has his own resources.

19 Q Do you know the extent of those  
20 resources.

21 A I don't. That's a question for  
22 him.

23 Q So what leads you to conclude that  
24 those resources are sufficient to complete  
25 these grand plans?

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1           A     He's a real estate developer aside  
2     from being a healthcare operator and an  
3     investor. And you know, I know he's -- you  
4     know, he's a -- he's very well-established in  
5     his areas of interest.

6           Q     Okay. And are -- based on your  
7     multiple business degrees, is it your view  
8     that real estate developers always have  
9     liquid assets on hand?

10          A     Without any of my business degrees,  
11     I can tell you that some of them do, some of  
12     them don't. People take different avenues to  
13     secure funding for their -- for their  
14     projects.

15          Q     I see.  
16                 Going back to the \$30 million line  
17     of credit from Woori Bank, that is a -- who's  
18     the borrower on that loan?

19          A     Hudson Regional Hospitals, LLC, and  
20     Hudson Regional, which is NJMH&C.

21                 (Reporter clarification.)

22          A     NJMHC. NJMH&C, LLC.

23          Q     Okay. And is there anything in the  
24     terms of this \$30 million loan that would  
25     prevent Hudson Regional Hospital from

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1 spending some or all of these \$30 million on  
2 things other than DIP financing?

3 A I don't know.

4 Q Okay. Is all \$30 million actually  
5 available under this line of credit?

6 A Yes. We've already spent over 12.

7 Q So the \$12 million that's already  
8 been spent has been taken from the \$30  
9 million from Woori?

10 A Yes.

11 Q And are there any holdbacks or fees  
12 that are kept by Woori out of the draws on  
13 this line of credit?

14 A I don't know.

15 Q Then how is it you know that all  
16 \$30 million are available?

17 A I mean, I don't know if the fees  
18 are taken from -- if there are fees, if  
19 they're taken from the actual balance or is  
20 it something that we pay on top of the \$30  
21 million line.

22 Q So there are \$18 million left  
23 available from Woori?

24 A I would have to double check them  
25 with my CFO. I don't manage the bank

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1 account.

2 Q Well, it's a \$30 million line of  
3 credit, correct?

4 A It's a loan.

5 Q It's a \$30 million loan, correct?

6 A Yes.

7 Q Okay. And of that, \$12 million has  
8 already been spent?

9 A I don't know if it's -- how much  
10 more than that it is by now --

11 Q Okay.

12 A -- but as of last week, it was over  
13 \$12 million.

14 Q So at least \$12 million of that 30  
15 has already been spent?

16 A Yes.

17 Q Okay. Which means that, at most,  
18 there is \$18 million remaining?

19 A Sounds like good math.

20 Q Okay.

21 A I'm not trying to be sarcastic.  
22 It's my personality. I apologize.

23 Q No offense taken.

24 So that means that -- so the \$35  
25 million in Mr. Moshe's personal assets, plus

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1 the \$18 million remaining, is \$53 million  
2 left to devote to DIP financing, correct?

3 A I don't know what the balance in  
4 the bank account is, so I can't -- I can't  
5 agree or disagree with your math. I don't  
6 know. I don't know how else to --

7 Q Well, we --

8 A -- phrase that.

9 Q -- we -- we just established that  
10 in C-13, there is 20 to \$21 million in Mr.  
11 Moshe's name at Popular Investments, and  
12 approximately \$15 million through the other  
13 bank accounts in Committee-12.

14 Do you recall that testimony?

15 A Yes.

16 Q Okay. So that's -- 15 plus 20 is  
17 \$30 million in Mr. Moshe's personal assets,  
18 correct?

19 A Yes.

20 Q Okay. And there's \$18 million left  
21 from Woori Bank, at most.

22 A Let's agree that it's  
23 approximately, because I don't know.

24 Q Okay.

25 A Like I said --

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1 Q Okay.

2 A -- multiple times, I don't --

3 Q That's fine.

4 A -- manage the bank account. The  
5 CFO does.

6 Q That's fine.

7 A I would love to give you a hundred  
8 percent --

9 Q All right.

10 A -- accurate answer, but I don't  
11 know.

12 Q All right. But there are  
13 approximately \$18 million remaining from  
14 Woori Bank?

15 A If you insist. I mean, I just said  
16 I don't really know how much is in there.

17 Q Okay.

18 A We could have spent -- we could  
19 have spent another million in  
20 funding since --

21 Q Okay.

22 A -- last week. I don't know.

23 Q But there is, at most, \$18 million  
24 remaining from Woori Bank?

25 A Yes.



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1 Q Okay.

2 A I agreed to that earlier.

3 Q Yes.

4 So that means that, at most, there  
5 is \$53 million remaining accounted for to  
6 cover the DIPs?

7 A Yes.

8 Q Okay. So how is it that that \$53  
9 million that is remaining will be sufficient  
10 to cover the DIP budgets?

11 A It's based on our projections,  
12 right? So we had done projections along with  
13 the cash projections from CarePoint's CFO, as  
14 well as the restructuring entity Ancora that  
15 they -- that they -- does the consulting for  
16 them.

17 Based on their 13-week projections  
18 for -- for Christ and Hoboken, it's going to  
19 be \$25 million. And for Bayonne, for six  
20 months, it's \$42 million.

21 I don't know if you heard what I  
22 said, but...

23 Q Okay.

24 MR. LIPPERT: I apologize.

25 Can we go off the record for just a

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1 minute? I'm looking for a missing document  
2 here.

3 VIDEO OPERATOR: We're going off  
4 the record at 11:34.

5 (Brief recess taken.)

6 VIDEO OPERATOR: We are back on the  
7 record, 11:35.

8 Q This was previously marked as  
9 Committee's 8.

10 Do you recognize Committee's  
11 Exhibit 8?

12 (Witness reviewing.)

13 A Yes.

14 It looks like it's the DIP document  
15 for a motion -- for a DIP document for  
16 Bayonne Hospital.

17 Q Okay. And would you turn to the  
18 last page of that document, please?

19 A Okay.

20 Q Do you recognize what that last  
21 page is?

22 A DIP budget.

23 Q This is the budget for the Bayonne  
24 Medical Center DIP financing?

25 A Yes.

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1 Q Okay. How was this budget  
2 prepared?

3 A One second.  
4 Can I orient myself?

5 Q Certainly.  
6 (Witness reviewing.)

7 A I'm assuming this was prepared by  
8 Ancora and the CarePoint Health CFO and  
9 reviewed by our CFO.

10 Q On what do you base that  
11 assumption?

12 A Because the DIP budget was the  
13 responsibility of CarePoint to provide to us,  
14 right?

15 And their -- I know their -- Shamiq  
16 Syed was the CFO, was an ex-Ancora consultant  
17 who worked with them.

18 (Reporter clarification.)

19 A Ex-consultant for Ancora.

20 Q Well, Hudson Regional would not  
21 have lent money unless it agreed that this  
22 budget was realistic, right?

23 A I did say that it was reviewed and  
24 approved by our CFO.

25 Q Okay. So what did that review and

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1 approval process consist of?

2 A I wasn't involved in the details of  
3 the discussion back and forth between the  
4 finance people.

5 Even with my two business degrees,  
6 it's still a -- it's a complicated  
7 discussion, but I'm assuming -- and you know,  
8 obviously, our CFO is a very capable man and  
9 he did what he needed to do to make sure that  
10 these numbers are as close to accurate as  
11 possible.

12 Q What, if anything, can you tell me  
13 about the steps your CFO took to get  
14 comfortable with this DIP budget?

15 A One of the things that we struggled  
16 with were the patient-related receipts, which  
17 were the collections from the services  
18 provided, right?

19 So we had to trust the numbers that  
20 were given to us just to find out to our  
21 surprise as soon as we came in, that the  
22 collections for the hospitals had been  
23 actually decreasing for many weeks, right.

24 So I know, for example, the  
25 patient-related receipts numbers are --

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1 are -- the projections may not be accurate,  
2 but I'm not a hundred percent sure about  
3 that.

4 So I know that John Grywalski, who  
5 was our CFO, requested --

6 (Reporter clarification.)

7 A G-R-Y-A-L-S-K-I (sic). I hope I  
8 got it right. He'll be upset with me. So  
9 obviously, he -- he had a -- he had a due  
10 diligence list that he requested from  
11 CarePoint's finance team, which I assume most  
12 of it, if not all of it, was provided to him.  
13 And he did his own projections as well, and  
14 they've provided these projections.

15 Q And do I understand correctly that  
16 you've recently come to learn that the  
17 projected patient-related receipts in this  
18 budget are overly optimistic?

19 A Yes.

20 Q So that means that Bayonne Medical  
21 Center will need more money than was  
22 originally anticipated in this budget,  
23 correct?

24 A It initially did, that's why, you  
25 know, we provided more than \$12 million in

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1 funding in a very short period of time, but  
2 based on interventions we're putting in right  
3 now, we're hoping to turn this around.

4 But the biggest issue that we're --  
5 one of the biggest issues that we're finding  
6 at CarePoint right now is the -- is the  
7 revenue cycle management process, which was  
8 changed by Insight. And unfortunately, it  
9 created a major issue for the system and it  
10 caused a lot -- a significant drop in  
11 collections.

12 Yes, it's understood in the first  
13 30 days you will see a drop because you have  
14 to catch up when you change revenue cycle  
15 companies, but I'm discovering in the  
16 transition meetings that some services have  
17 never been billed for, for example.

18 Their revenue cycle management  
19 director, who is a capable guy, is having a  
20 hard time figuring out which services are  
21 being billed for and which ones are not.

22 So there are some gaps there that  
23 we're hoping to cure as quickly as possible  
24 so we can improve the collections from  
25 patient services.

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1 Q I believe you testified earlier,  
2 but correct me if I'm wrong, that the \$42  
3 million was anticipated to be spent over a  
4 period of six months?

5 A Yes.

6 Q Okay. So in order to be able to  
7 meet this budget, then, Hudson Regional has  
8 to turn around operations and improve revenue  
9 collections at Bayonne in fewer than six  
10 months, correct?

11 A That's a hundred percent correct.  
12 That's our goal.

13 Q And what is it that leads Hudson to  
14 conclude that that goal is realistic?

15 A Well, like I said earlier, we've  
16 made more progress in the system literally in  
17 three weeks more than others have made in a  
18 very long time.

19 I can't speak to Dr. Moulick. I  
20 know he was trying his best with the system,  
21 but I can speak to Insight, who came in as  
22 the manager for many months and zero  
23 improvements, to my knowledge, from the  
24 feedback of the team.

25 So I -- I trust our capabilities.

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1 I trust my capability. I trust my team's  
2 capability. We've already made so much  
3 progress in there, and we've already put  
4 certain control steps related to revenue  
5 cycle management to improve collections. My  
6 team is on that.

7 We have a lot of resources embedded  
8 in this because we're invested in this. So  
9 our goal is to turn it around very quickly.

10 Q You -- you referred to progress  
11 that's already been made.

12 What financial progress as opposed  
13 to operational progress has already been  
14 made?

15 A Great question.

16 So we -- the financial progress, I  
17 would say, is more mostly related to the  
18 decreasing of expenses, right? So one of the  
19 things that we've managed to do in about a  
20 week or a week and a half is renegotiate the  
21 rates with the vendors.

22 So for example, some of the  
23 vendors -- you name it -- in every -- in  
24 almost every service -- service line.  
25 We've -- for implants and biologics, which



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1 are different things that are required for  
2 surgery, for example, we managed to decrease  
3 the cost by 60 to 70 percent for a lab. You  
4 know, you need your agents to process lab  
5 tests. We decreased the cost by 60 to 70  
6 percent.

7 In other areas, we've had -- we've  
8 had decreasing costs by 30 percent, right?  
9 So we've made a lot of improvements there in  
10 terms of the expense side of things.

11 In terms of the revenue side of  
12 things, that takes a little bit of time  
13 because initially we have to -- we have to  
14 invest more money. For example, supplies,  
15 right? We have to provide supplies so we can  
16 perform services so we can bill for services  
17 so we can get collections.

18 So there's an initial investment  
19 required before we're able to see the fruit  
20 of our labor.

21 Q But it's Hudson's view that those  
22 initial outlays will result in -- in revenue  
23 well in excess of those outlays within six  
24 months?

25 A Yes.

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1 Q You referred to percentage  
2 reductions and certain expenses. Can you  
3 help put a -- put that in some sort of  
4 context?

5 What sort of -- what sort of  
6 monthly reduction in expenses would result  
7 from these changes?

8 A It's hard to put an actual dollar  
9 amount on it because it's all dependent on  
10 patient usage.

11 I can't tell you how many stents,  
12 for example, right, or how many joint  
13 replacements we're going to do in one month,  
14 right, but, for example, I know, on average,  
15 for -- for -- services, CarePoint was  
16 spending at least 50 percent more than were  
17 achieved right now in terms of cost, right,  
18 but I can't tell you exactly a dollar amount  
19 because again, it's all dependent.

20 It's variable. The patient needs  
21 are variable. Number of patients are  
22 variable. I can't tell you a dollar amount.

23 Q All right. Well, let's stick with  
24 what you just said.

25 You said CarePoint was spending 50

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1 percent more than what you've achieved for  
2 lab services, correct?

3 A Yes.

4 Q So how much was CarePoint spending?

5 A I don't know the dollar amount for  
6 that.

7 Q So on what do you base the 50  
8 percent figure?

9 A Because we did a side-by-side  
10 comparison. My -- my -- the directors of  
11 service lines for my hospital are basically  
12 working with every single counterpart at  
13 CarePoint.

14 One of the first things I asked  
15 them to do was review contracts that exist in  
16 place with different vendors and give me a  
17 side-by-side comparison between the contracts  
18 at CarePoint and the contracts at HRH --

19 Q Umm-hmm.

20 A -- and what the potential for  
21 savings would be if we were to -- to apply  
22 the rates from HRH, right, so I've seen the  
23 percentages. I don't know the exact dollar  
24 amounts.

25 And the dollar amounts that we --

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1 that we would have would be based on  
2 historical usage, not on what we have right  
3 now. We have managed to already increase  
4 patient volume in -- in the hospital,  
5 specifically Bayonne, but also Christ  
6 Hospital and Hoboken.

7 So again, the number changed, so I  
8 can't really give you an exact number.

9 Q There are a number of fees to be  
10 paid by the debtors to Hudson in connection  
11 with the -- the DIP facilities or the  
12 collateral surrender agreement or the  
13 management agreement, correct?

14 A Yes.

15 Q Okay. Can you summarize those fees  
16 for me?

17 A There is a management fee from  
18 Bayonne Hospital for \$1.3 million, and a  
19 management fee from Christ and Hoboken for  
20 1.7, I believe, million dollars.

21 Q All right. So let's stick with  
22 Bayonne for a moment, then.

23 That \$1.3 million is a monthly fee?

24 A Yes.

25 Q Okay.

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1 A Which has not been collected.

2 Q Why has it not been collected?

3 A There's no money. There's no  
4 profit in the system, and our goal is not to  
5 deprive it more of its resources. Our goal  
6 is to add to its resources.

7 Q Okay. Is that \$1.3 million a month  
8 accounted for in the Bayonne DIP budget?

9 A I believe so. I'm not sure,  
10 actually.

11 Q Okay. What -- what would you do to  
12 ascertain that?

13 A I would have to review the proper  
14 documents to make sure that that's the case  
15 but I don't know the document, offhand.

16 Q What is the proper document?

17 A The DIP agreement.

18 Q Okay. Could you please look at it?

19 A If you can point me instead of --

20 Q The -- the budget is on the very  
21 last page.

22 A Okay. I don't see that here unless  
23 I'm missing it.

24 Do you want to point it out?

25 Q I don't think it is, so I was

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1 asking if you know differently.

2 A I don't know differently.

3 Q What is -- so how does Hudson  
4 intend to eventually recoup these fees that  
5 are not accounted for in the DIP budget in a  
6 hospital that has been starved of resources  
7 and has no money to pay it?

8 A Once the hospital has the  
9 capability to do so, then yes, we would  
10 collect those fees.

11 Q So that means that in addition to  
12 the money under the DIP facility and the  
13 additional resources that Hudson is providing  
14 to improve hospital facilities and patient  
15 care outside of the DIP budget, Hudson is  
16 also advancing \$1.3 million a month?

17 A That's correct.

18 Q And all of this has to be covered  
19 by the \$65 million documented dollars from  
20 Woori Bank and Mr. Moshe?

21 A Explain your question.

22 I'm sorry. Rephrase it.

23 Q Well, it -- it -- it seems to me  
24 that there is more money that Hudson is  
25 expecting to spend or required to spend than

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1 there is documentation to support the  
2 existence and availability of those funds.

3 A So we -- we are -- we're putting a  
4 lot of our own resources in -- into the  
5 management of these facilities, whether it's  
6 in the form of, you know, my management team,  
7 my own time, which I'm spending almost, most  
8 all of my time dedicated to these facilities,  
9 whether it's consultants that we're using,  
10 whether it's the revenue cycles billed out.

11 There -- there are a tremendous  
12 amount of resources that we're putting in  
13 right now, and my entire team is dedicating a  
14 lot of their time to this. And we hired a VP  
15 of finance dedicated to this.

16 So there's -- there's a lot that  
17 we're doing on a regular basis. So it may  
18 not be a direct dollar amount, but it's --  
19 there's a lot of direct -- direct resources  
20 resulting in a direct dollar amount.

21 Q So why is it that Hudson believed  
22 that this overall expenditure of resources  
23 from the DIP, from other things, from the  
24 advancing of the management fee is  
25 sustainable for Hudson?

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1           A       Well, when we took over Hudson  
2       Regional Hospital, it was an extremely  
3       deprived hospital. I remember when I first  
4       walked in there and my first day, there were  
5       only three patients on the floor.

6                       So from a lot of people's  
7       perspective back then, they would have said,  
8       what the hell are you doing here, but -- and  
9       there's no way you're going to be able to  
10      turn this around. And within two years, we  
11      were looking for additional hospitals to  
12      purchase, right, so we -- we -- we reached  
13      capacity at the hospital.

14                    We trust our abilities and our  
15      resources to be able to turn this hospital  
16      around. That's why we're doing what we're  
17      doing.

18           Q       Okay. Beyond trust, is there any  
19      calculation, financial modeling, projection  
20      corroborating the notion that this  
21      expenditure of resources is sustainable for  
22      Hudson?

23           A       So there's a reason why we looked  
24      at the six months. We do believe within six  
25      months we're going to turn around a lot of



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1 the services, the most important of which is  
2 revenue cycle management.

3 So we -- we do believe that, based  
4 on our intense business development efforts,  
5 you know, we're already bringing a lot of  
6 physicians back to these hospitals.

7 We're already bringing a lot of  
8 patients back to these hospitals because of  
9 the services that we restarted and the  
10 supplies that we provided and the support we  
11 provided, right, so there's a lot that we're  
12 doing to make sure that we're successful in  
13 this -- in this process.

14 We're dedicating a lot of time to  
15 this, whether it's on the expense side, you  
16 know, negotiating really good rates with the  
17 vendors or the rate negotiations with the  
18 insurance companies that we've already  
19 started on behalf of CarePoint, or it's on  
20 the business development side, on the  
21 marketing side.

22 The -- the efficiency side, making  
23 sure the departments are efficient, they're  
24 not duplicating resources or just utilizing  
25 unnecessary resources. There's a lot that

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1 goes into hospital management that we're  
2 experts at.

3 Q Okay. Has anyone performed any  
4 analysis to corroborate or validate the  
5 belief you referred to in your answer that  
6 Hudson can manage this turnaround?

7 A I mentioned the six-month budget  
8 that we put together internally that reflects  
9 our efforts to turnaround the hospital.

10 Q That's -- that's different from the  
11 DIP budget that's attached to the DIP motion?

12 A Yes.

13 Q Where is that document?

14 A It's just an internal document that  
15 we reviewed in our -- in our meetings at  
16 Hudson Regional Hospital.

17 Q Has that document been produced in  
18 this case?

19 A It's not an official document.  
20 It's just us, as a team, sitting down  
21 together, talking about our resources, our  
22 ability to add business and so on, but I -- I  
23 will have to double check with my team if  
24 it's something we can produce, check with our  
25 attorneys.

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1 Q What do you mean when you say it's  
2 not an official document?

3 A It's not something we submitted to  
4 CarePoint. It's something internal for HRH.

5 Q But it exists.  
6 It is written down somewhere?

7 A Yes.

8 Q Okay. And it is within Hudson's  
9 possession?

10 A Yes.

11 Q Okay.

12 MR. LIPPERT: To the extent it's  
13 not been produced, I formally request at this  
14 point that that document be produced.

15 MR. ROLDAN: That's fine.

16 Just make a list and then I'm happy  
17 to follow up.

18 (Whereupon, the above-mentioned  
19 request was noted.)

20 Q Other than this six-month budget,  
21 has Hudson done any other calculations or  
22 analyses about his ability to turnaround  
23 Bayonne or any of the CarePoint hospitals?

24 A Yes.

25 On the expense side, I discussed

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1 that earlier, we knew that there was  
2 tremendous room for negotiations. We know  
3 that CarePoint was overpaying for almost --  
4 almost everything.

5 Since the days when SurgiCore was  
6 there, for example, they were paying a  
7 significant amount for biologics, a  
8 significant amount for implants. They paid  
9 almost \$2 million for a robot that at HRH we  
10 didn't have to pay for.

11 Some of the negotiations back then,  
12 I believe, were -- were driven by a secondary  
13 agenda from the people that were running  
14 Bayonne Hospital, so we know there's room  
15 there for us for improvement.

16 Again, the expense side is one of  
17 it. We did evaluate their AR. We understand  
18 what's happening there. So my -- my team did  
19 that evaluation, my revenue cycle team.

20 We understand the opportunity in  
21 terms of being able to turn the hospital  
22 around by doing a better job on the revenue  
23 cycle side.

24 So there's -- there's been a  
25 significant amount of work that was done.

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1 Q And are there any documents  
2 reflecting an estimate or quantification of  
3 the effects of these different efforts?

4 A I don't know if there are specific  
5 documents, but I can definitely check, and if  
6 we have them...

7 Q All right.

8 MR. LIPPERT: It's difficult to  
9 make a specific request on that one, but I  
10 formally request the documents that the  
11 witness just described, to the extent they  
12 exist.

13 MR. ROLDAN: Same thing. Just  
14 follow up in a list.

15 (Whereupon, the above-mentioned  
16 request was noted.)

17 MR. LIPPERT: I -- I can't put it  
18 on a list because it's -- he didn't say a  
19 particular document exists.

20 MR. ROLDAN: Well, you and I will  
21 go over the transcript and figure out what he  
22 has to produce.

23 Q You referred in your prior answer  
24 to -- and I want to use your exact terms  
25 here, "a secondary agenda from the people

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1 that were running the hospital."

2 What did you mean by that?

3 A In 2020, I don't remember the exact  
4 date, SurgiCore was put in as a manager at  
5 Bayonne Hospital.

6 Again, I don't remember the exact  
7 detail of their title, but we -- they were a  
8 manager at Bayonne Hospital. And there were  
9 a lot of misguidance that took place for  
10 the -- for the administration for CarePoint,  
11 and specifically Bayonne Hospital at the  
12 time.

13 (Reporter clarification.)

14 A Implants, for example, you know,  
15 vendors for implants were brought in and  
16 overpaid. Everybody knew that there was an  
17 overpayment. Biologics, overpayment.

18 The -- the machines that CarePoint  
19 had to pay for, whether it's the Globus robot  
20 or the Mako robot, were completely overpaid  
21 for, and we believe that was -- that was  
22 intention.

23 (Reporter clarification.)

24 A Mako, M-A-C-O or K-O.

25 Q What leads you to believe those

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1 overpayments were intentional?

2 A Because, you know, SurgiCore is  
3 experienced in the market. And just like we  
4 are experienced in terms of understanding  
5 what the implant cost is and biologics is,  
6 we -- we know that they know that this is not  
7 what the true cost of the product is.

8 Q So who -- who then stood to gain  
9 from this overpayment?

10 A They did.

11 Q How so?

12 A Because that's how they -- that --  
13 that was redacted for redirecting business  
14 from other places.

15 So some of these vendors -- so, for  
16 example, if you're a biologics vendor, you  
17 have relationships with surgeons. And you  
18 know, some of these vendors have a certain  
19 amount of sway on the surgeons.

20 And if they have a benefit, a  
21 financial benefit in dealing with a  
22 particular organization, they're going to  
23 convince the surgeon to switch their work  
24 from that organization.

25 Make sense?

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1 Q Well, how is it that -- put it this  
2 way. Whom was SurgiCore overpaying, in your  
3 view?

4 A It wasn't SurgiCore. It was  
5 CarePoint that was overpaying, but SurgiCore  
6 was the manager who was negotiating --

7 Q Okay.

8 A -- these things.

9 Q So it -- so who was receiving these  
10 overpayments?

11 A The vendors.

12 Q Okay. So why was it in SurgiCore's  
13 interest to enrich the vendors?

14 A I just told you, because they  
15 have -- the vendors have a certain amount of  
16 sway on surgeons.

17 So if I'm your vendor and you're my  
18 surgeon and you're a spine surgeon, and --  
19 you know, I know that it takes about 3 CCs of  
20 a certain biologic for you. That's  
21 equivalent to \$1,000. If I give you the same  
22 3 CCs or I give you a syringe of 12 CCs,  
23 meanwhile, you need to only use 3 CCs, you're  
24 overpaying me and that's intentional.

25 That's something that we scrutinize



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1 at my hospital, right, so that's why we know  
2 this stuff very, very well.

3 So if -- if I'm -- if I'm getting  
4 overpaid as a vendor to bring the surgeries  
5 to you because you're overpaying me, I'm  
6 going to convince my surgeons to bring the  
7 surgeries to you.

8 Q And do you -- do you have any  
9 evidence tending to suggest there actually  
10 was an arrangement to drive business to  
11 certain hospitals because of overpayments?

12 A Yes.

13 Q What's that?

14 A You know, the pricing was very  
15 obvious, and, you know, all of a sudden some  
16 of the surgeons started moving their work to  
17 Bayonne Hospital just to find out later on  
18 that, you know, the -- the process was not --  
19 was not correct, and then they decided to  
20 leave that endeavor.

21 Q Anything else?

22 A No.

23 MR. LIPPERT: It's noon and with  
24 any luck, lunch has arrived.

25 Do people want to break now?

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1 MR. FLYNN: We can go off the  
2 record.

3 MR. ROLDAN: Also, my  
4 parent/teacher conference is at 1:20.

5 MR. FLYNN: Right.

6 MR. ROLDAN: So if we can -- if we  
7 can press forward a little bit and --

8 THE WITNESS: Can we do that, break  
9 at 1:20 then?

10 MR. LIPPERT: Well, you know what?  
11 Let's --

12 MR. FLYNN: We can do the break at  
13 1:00.

14 MR. LIPPERT: Yeah, I was going to  
15 say.

16 MR. FLYNN: And then at the end of  
17 that break, we can --

18 THE WITNESS: So it's an hour  
19 break?

20 MR. LIPPERT: Is 45 minutes enough?

21 MR. ROLDAN: Yeah. Even 30, right?

22 THE WITNESS: 30 would be fine. I  
23 don't need a --

24 MR. ROLDAN: Keep it tight.

25 MR. LIPPERT: All right.

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(Brief pause in proceedings.)

VIDEO OPERATOR: We're going off  
the record at 12:01.

(Brief recess taken.)

VIDEO OPERATOR: We're back on the  
record at 12:14.

Q All right. Dr. -- excuse me, Dr.  
Kifaieh, has Hudson received any budget to  
actual comparison reports from any of the  
debtors?

A Not that I'm aware of.

Q Okay. The debtors are committed to  
providing such reports, right?

A Yes.

Q Okay. If you -- if Hudson has not  
received budget to actual comparison reports,  
on what did you base your earlier assessment  
that expenses were being reduced and revenues  
would likely be increasing?

A Yes, I think when I said that,  
actually, I was wrong about that. We did  
receive budget to actual reports from the CFO  
of CarePoint.

He works together with our VP of  
finance, Angela Murdock, and that's why we

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1 know where we're off on certain things.

2 Q When did CarePoint -- excuse me.

3 When did Hudson receive these  
4 reports?

5 A I don't know if they're weekly or  
6 every couple of weeks. I'm not sure of the  
7 frequency with which we receive the reports,  
8 but I know they're happening.

9 Q And they're currently in Hudson's  
10 possession?

11 A Yes.

12 Q Okay.

13 MR. LIPPERT: Let's add that to the  
14 list of documents we're requesting.

15 (Whereupon, the above-mentioned  
16 request was noted.)

17 Q All right. If you could return to  
18 the collateral surrender agreement for a  
19 moment.

20 MR. ROLDAN: The motion itself or  
21 the agreement itself?

22 MR. LIPPERT: The -- the agreement  
23 itself that's Committee-4.

24 A Okay.

25 Q Can you describe the collateral

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1 that is being surrounded pursuant to this  
2 agreement to Hudson?

3 A From my recollection, you know,  
4 it's the license and the operations and the  
5 assets.

6 Q All assets?

7 A From my understanding, yes.

8 Q So that includes causes of action  
9 that the Bayonne debtors might have?

10 A Potentially, yeah.

11 Q Okay. Has Hudson done anything to  
12 identify or value those causes of action?

13 A I don't know. I have to check in  
14 with my team.

15 Q Who would know the answer to that  
16 question?

17 A My CFO, potentially.

18 Q Anyone else?

19 A Potentially, the CarePoint team,  
20 CFO and finance team.

21 Q We were discussing earlier the  
22 monthly management fee for Bayonne, which is  
23 \$1.3 million?

24 A Yes.

25 Q Do you recall that?

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1                   What is -- what is Bayonne  
2                   receiving in exchange for that \$1.3 million?

3           A       Well, they're not receiving.

4                   We're managing the day-to-day  
5                   operations of the entire organization.

6                   So my entire team is dedicated to  
7                   that, directors, VPs, executives, finance  
8                   team, revenue cycle team, where we have to  
9                   hire a significant number of people. We're  
10                  slotted to hire 50 people for that alone.

11                  We have a marketing contract with a  
12                  third party to provide marketing services  
13                  for -- for -- specifically for Bayonne  
14                  hospital and CarePoint.

15                  We have hired about six or seven  
16                  business development managers, members to --  
17                  as part of the BD team to provide services  
18                  for Bayonne Hospital. We hired a VP of  
19                  finance specifically for Bayonne Hospital.

20                  I provide a lot of my time in  
21                  Bayonne. I'm there on a regular basis,  
22                  meetings with everybody. As a matter of  
23                  fact, during the break, I was taking calls to  
24                  address clinical issues at Bayonne.

25                  So there's a lot. Plus the

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1 supplies that we purchase on our dime that,  
2 you know, are not -- CarePoint is not paying  
3 for.

4 Q Well, to be clear, are those  
5 supplies part of the agreement and part of  
6 the \$1.3 million fee?

7 A They're not.

8 Q Okay.

9 A But we -- we are providing all  
10 these services, right.

11 Q Okay. But I ask you to limit your  
12 answer to what is being given over in  
13 exchange for the \$1.3 million, not other  
14 things that may be given ex gratia.

15 A Okay. I mentioned a bunch of  
16 things.

17 Q In addition to the \$1.3 million to  
18 Bayonne, there was \$1.7 million a month for  
19 Christ and Hoboken?

20 A Yes.

21 Q Wasn't Insight being paid 1.7 or  
22 \$1.75 million to manage all three hospitals?

23 A Yes, but they were only managing  
24 two, barely, actually.

25 Q What do you mean by that?

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1           A     Like I said earlier, they were  
2 completely abandoning Bayonne Hospital.

3                     Bayonne Hospital was ignored by  
4 them. It's very evident and they wanted  
5 nothing to do with it.

6                     So they were trying to manage the  
7 other two hospitals and failed miserably.  
8 That's why they abruptly left.

9           Q     So you are aware of their motives  
10 for leaving?

11          A     I have no idea what their motives  
12 were.

13          Q     Okay.

14          A     I can speculate, but I don't really  
15 know.

16          Q     Okay. So your prior answer about  
17 why they left is speculation?

18          A     Which answer was that?

19          Q     When you said "they failed  
20 miserably, that's why they abruptly left."

21          A     Yeah, I believe that's a big factor  
22 of it.

23          Q     And that is your speculation?

24          A     Look, they had a management  
25 agreement, okay? They were a hundred percent



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1 in there. At a board meeting where multiple  
2 conversations happened with Dr. Shah, myself  
3 and Yan Moshe, and I believe Dr. Moulick at  
4 some point, you know, there's the assertion  
5 from them that they're the managers. And  
6 then -- and there's a lot of talk about DIP  
7 funding and DIP financing and they were  
8 struggling to provide DIP financing for the  
9 other two hospitals.

10 They had to go and do side deals  
11 with Unity. They had to go and do side deals  
12 with J2 and others, right?

13 It's not rocket science to figure  
14 out that they were not able to provide these  
15 resources, right? They found themselves way  
16 in over their head, and it makes sense to me  
17 why they decided to just abruptly to leave.

18 I mean, it doesn't make sense for  
19 anybody to abandon a hospital system when  
20 it's already deprived of resources, when you  
21 gave them a lot of hope for many months that  
22 you were going to turn it around, but my  
23 conclusion is based on all these different  
24 things.

25 Yeah, they fled the scene because

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1 they were going to drown.

2 Q That's -- just to be clear, though,  
3 that's your inference, you don't have any  
4 direct knowledge of their thinking?

5 A Correct.

6 Q Okay, good.

7 There are a series of releases  
8 under the DIP agreements of prior lenders,  
9 correct?

10 A Can you point me to a document  
11 where I can look at what you're talking  
12 about?

13 There's a lot of documents and I  
14 don't know all of them by heart. Actually,  
15 none of them by heart.

16 Q That's fair.

17 You know what? Let's -- for  
18 example, let's look at the --

19 MR. LIPPERT: What are we up to,  
20 Committee-14?

21 (Above-mentioned document marked  
22 for Identification.)

23 Q Sir, do you recognize Committee-14?

24 A No, I don't, actually.

25 Q You're aware that there was a --

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1 there were motions to approve DIP financing  
2 both the Bayonne DIP and the Christ/Hoboken  
3 DIP?

4 A Yes.

5 Q Okay. And do you agree with me  
6 that this is one of those motions?

7 A It looks like it.

8 Q Okay. This is the one for Bayonne?

9 A Yes.

10 Q Okay. Now, the motion contains a  
11 summary of the some of the pertinent  
12 provisions here.

13 So if you look at page -- if you  
14 look at what is marked as page 7 of 27 at the  
15 top there, you'll see a paragraph letter R,  
16 as in Robert, entitled, "Releases"?

17 A "Releases," yes.

18 Q Okay. So then under this DIP  
19 agreement, there is a release of claims  
20 against the DIP lenders and pre-petition  
21 secured parties, right?

22 A Okay.

23 Q All right. What, if anything, did  
24 Hudson do to determine what those claims  
25 were?

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1 A I would have to refer back to my  
2 attorneys and ask the legal team for it. I  
3 don't recall.

4 Q Did Hudson do anything to ascribe a  
5 value to those released claims?

6 A I don't know.

7 Q Who would know the answer to that?

8 A I would have to check back with our  
9 legal team and find out what -- you know,  
10 the -- the due diligence behind this and who  
11 they communicated with in our team and so on.

12 Q But you agree that these releases  
13 were part of the value that was being given  
14 to Hudson in this transaction, correct?

15 A Yes.

16 Again, I don't know what their  
17 releases are. I haven't seen this document  
18 before.

19 Q You haven't seen the DIP motion  
20 before?

21 A I haven't seen this, yes. So  
22 that's why when you asked me if I recognized  
23 it, I said no.

24 Q So your review of documents, in  
25 order to prepare to testify as a corporate

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1 representative, did not include review of the  
2 DIP motions?

3 A Look, do you know what I do every  
4 single day? I actually am trying to run all  
5 four hospitals, okay, while I'm also  
6 supervising patient care and doing all the  
7 things that I need to do and taking a million  
8 calls from physicians every single day.

9 So no, I didn't have a chance to  
10 review every single document, and I haven't  
11 seen this before like I told you earlier.

12 Q A simple no would have sufficed,  
13 sir.

14 A I said no. I said it twice, three  
15 times.

16 Q Let's focus on Christ and Hoboken  
17 as opposed to Bayonne now.

18 There was an option for Christ  
19 hospital to purchase some land in Jersey City  
20 next to the hospital building itself, right?

21 A Yes.

22 Q Okay. What do you know about that  
23 option?

24 A I believe -- well, the landowner  
25 for -- for Christ is Avery Eisenreich, and I

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1 know he's -- there was an option for  
2 CarePoint to purchase back the 16 acres at a  
3 value of 50 plus million dollars, and my  
4 understanding is that they lost their right  
5 to purchase that land through certain  
6 defaults that happened.

7 I'm not sure if the defaults are  
8 related to not paying rent or -- but I assume  
9 so, and I'm not sure if there are other  
10 reasons for default.

11 Q And do you know when they lost that  
12 option?

13 A I want to say in October, but I  
14 can't recall exactly.

15 Q When you say October, you mean this  
16 year?

17 A This year.

18 Q And has Hudson or an affiliate of  
19 Hudson separately obtained an option to  
20 purchase that same land?

21 A Yes.

22 Q When did that happen?

23 A That happened, I believe, some time  
24 in November.

25 Q Of this year?

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1 A Yes.

2 Q What are the terms of Hudson's  
3 option?

4 A Well, when -- when CarePoint lost  
5 its option to purchase, the price went up  
6 significantly.

7 I believe the -- the dollar amount  
8 that Mr. Moshe agreed with Mr. Eisenreich is  
9 around \$68 million for those eight acres.

10 Q All right. And why did Hudson  
11 procure this option for itself?

12 A Mr. Moshe is a real estate  
13 developer, okay, and we put a significant  
14 amount of money in upgrading Hudson Regional  
15 Hospital, which he also owns the real estate  
16 under, significant amount of money. I know  
17 we put over \$55 million in that hospital,  
18 okay?

19 His -- his approach to things is --  
20 and it's the logical thing, is you always  
21 want to pair the real estate with the  
22 operations. It makes a ton of sense to  
23 provide for stability. That's what the state  
24 always calls for. That's what everybody  
25 calls for.

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1 We did not want to lose that  
2 opportunity to acquire the land because, you  
3 know, it's always going to provide for a  
4 certain amount of instability if someone else  
5 owns it and has certain rights, right?

6 So -- and also, if we're going to  
7 provide and put in a significant amount of  
8 buildout and improvements and updates, you  
9 want to own the real estate.

10 You know, CarePoint had the  
11 CarePoint facility since 2008 and they didn't  
12 do any improvements. They didn't own the  
13 real estate. We're not like that. We built  
14 a beautiful facility at Hudson Regional  
15 Hospital.

16 Our plans for Bayonne -- I don't  
17 know if any of you have seen the renderings  
18 for Bayonne Hospital. It's going to look  
19 gorgeous. And we're going to do the same  
20 things for the other hospitals.

21 Why would you do that as an  
22 investor if you don't own the real estate?  
23 It makes a ton of sense.

24 Q Are you aware that at one time  
25 there was a plan for CarePoint to benefit



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1 from the value that would be unlocked from  
2 the exercise of its option?

3 A Yes.

4 Q Okay. What do you know about that  
5 plan?

6 A It was a discussion between Mr.  
7 Moshe, Dr. Moulick, Dr. Shah, I was present,  
8 Larry and Michael was present, our attorney,  
9 Mohamed Nabulsi, was also present.

10 The idea there was for CarePoint,  
11 potentially with the help of Mr. Moshe, to  
12 obtain a loan to buy out the interest in the  
13 real estate and then potentially --  
14 potentially build a substitute hospital in  
15 the same area and use the rest of the land  
16 for real estate development, changing and  
17 zoning for real estate development.

18 And with the end conclusion for  
19 Christ hospital basically to be rent-free and  
20 owned by the operators who operate it.  
21 That's the gist of it.

22 Q Okay. And you referred to a  
23 discussion among certain individuals.

24 When did that take place?

25 A I believe that was in October of

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1 this year.

2 Q So in October of this year, Christ  
3 lost its option and Hudson acquired a similar  
4 option for itself?

5 A Yes.

6 Q Now, am I correct that the land,  
7 which is the subject of this option, is  
8 currently zoned for hospital use only?

9 A I don't know for sure, but I think  
10 so, yes.

11 Q And so unlocking the value of this  
12 land, then, would require rezoning it?

13 A Yes.

14 Q Okay. And it's Hudson's intention  
15 to accomplish that?

16 A It's up to Mr. Moshe, whenever  
17 he -- if he decides to do it or when he  
18 decides to do it, but yeah.

19 Q Has Hudson or any of its affiliates  
20 or principals made political contributions to  
21 figures in Jersey City who might influence  
22 that zoning?

23 A I mean, we -- yes, we did  
24 contribute to a PAC for Mayor Phillip, but  
25 that had nothing to do with any zoning. It

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1 had nothing to do with anything else.

2 Q How much was contributed to that  
3 PAC?

4 A I don't know the exact dollar  
5 amount, but I believe it's close to \$300,000  
6 over -- over a year and a half or something  
7 like that.

8 Q And you say that had nothing to do  
9 with any zoning?

10 A Correct.

11 Q What did that contribution have to  
12 do with, then?

13 A I think Mayor Phillip is a  
14 phenomenal mayor. He's a very smart guy.  
15 He's very close to his constituents. He  
16 understands healthcare very, very well. He  
17 understands hospitals. He understands  
18 physicians. He speaks to the healthcare  
19 issues in New Jersey, and he's ambitious and  
20 wants to be a governor. And it would be  
21 great to have a governor who actually  
22 understands healthcare and sympathizes with  
23 physicians and their needs.

24 So it -- it made sense for us to  
25 support a candidate who met all these

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1 different types of criteria.

2 Q This may have been inadvertent, but  
3 I think you switched a little bit between  
4 saying "I" and "we" in your answer.

5 This is the assessment of Hudson,  
6 as a company?

7 A I speak -- as you said earlier, I'm  
8 the corporate representative.

9 Q All right. Have there been any  
10 discussions about any payments or other forms  
11 of consideration that might be given to  
12 insiders at CarePoint upon the -- upon the  
13 completion of the four-hospital integration?

14 A I don't understand what you're  
15 asking me.

16 Q Okay. If this four-hospital system  
17 is created --

18 A Yes.

19 Q -- have there been discussions  
20 about giving bonuses or equity or other forms  
21 of compensation to insiders at CarePoint?

22 A No, not that I'm aware of.

23 Q Is there anyone else who would be  
24 aware of such discussions?

25 A If I'm not aware, then there's no

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1 such thing, unless you have a specific name  
2 or person or thing you want to ask me, you  
3 know.

4 You need to be more specific maybe.

5 Q All right. Well, for -- for  
6 example, have there been discussions with Dr.  
7 Moulick about his role and his compensation  
8 in a combined four-hospital system?

9 A Okay. Got it, okay.

10 So the part of the management of  
11 the four-hospital system is creating that  
12 MSO, Hudson Hospital System, HHS, and the --  
13 the managers for that entity are Dr. Moulick  
14 and Mr. Moshe, with Mr. Moshe being the  
15 chairman of that board, okay?

16 The idea there is Dr. Moulick will  
17 still maintain his salary in managing the  
18 four-hospital system as the CEO, as well as  
19 CarePoint obtaining the benefit of, you know,  
20 having 50 percent ownership in that MSO.

21 Q Would Dr. Moulick have any personal  
22 ownership interest in the MSO?

23 A It's CarePoint. CarePoint and  
24 Hudson Regional Hospital.

25 Q So the answer to my question is no?

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1 A No.

2 Q And under this arrangement, Dr.  
3 Moulick would keep his current salary?

4 A My understanding is whatever his  
5 salary is at CarePoint would carry over to  
6 the MSO, yes.

7 Q Okay. And there are no other  
8 bonuses or incentives or other forms of  
9 compensation aside from salary?

10 A No.

11 Q This morning, you referred to  
12 Insight as -- I believe you said something  
13 like, they don't know New Jersey.

14 Do you recall that?

15 A Yes.

16 Q What did you mean by that?

17 A When you're coming into a  
18 healthcare system that's deprived -- deprived  
19 of resources and one of the most significant  
20 resources is physicians, right? Because  
21 these are the ones that bring surgeries,  
22 bring patients, refer patients, utilize your  
23 ancillary services.

24 The first thing you do is try to --  
25 try to build relationships with those

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1 physicians so you can provide them -- promise  
2 them great services in the hospital for their  
3 patients and themselves so that you can start  
4 utilizing your facility.

5 The nature of Hudson County is they  
6 don't -- you know, obviously, if you don't  
7 know them, you don't know them. If you're  
8 coming from outside, they will consider you  
9 an outsider. They don't really warm up to  
10 people very, very quickly. It took a long  
11 time for me to build relationships with the  
12 physicians.

13 So it's something that requires a  
14 lot of time, and Insight did not have the  
15 knowledge of Hudson County or the Hudson  
16 County physicians. They may have had contact  
17 with some physicians in South Jersey, but not  
18 in -- in Hudson County.

19 Q Whereas, Hudson does have  
20 relationships with Hudson County physicians?

21 A I've been in Hudson County since  
22 2008. I know the physicians, yes. Yes, the  
23 answer is yes.

24 Q And Hudson also has relationships  
25 with Hudson County business figures more

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1 generally, correct?

2 A Specify.

3 What do you mean by "business  
4 figures"?

5 Q Well, we've -- we've talked about a  
6 few different people in the real estate  
7 industry today, for example.

8 A Like who?

9 I didn't mention anybody in the  
10 real estate.

11 Q Well, you -- nevermind.

12 Hudson has relationships with  
13 Hudson County political figures as well,  
14 correct?

15 A It's not relationships. It's  
16 the -- you know, we're a hospital in Hudson  
17 County, right?

18 So we have a great relationship  
19 with our mayor. We have great relationships  
20 with other mayors.

21 These -- these are -- these  
22 relationships are based on, you know, knowing  
23 who the politicians are and, you know,  
24 understanding what's happening in the -- in  
25 the county and specifically, obviously, in



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1 your town, to the extent that we see them at,  
2 you know, public events and things like that,  
3 we always say hello to each other.

4 If we have a ribbon cutting of some  
5 sort, we're proud of something that we're  
6 doing at the hospital, we invite as many of  
7 them as possible. That's it.

8 Q I just want to clarify one point on  
9 that.

10 At the beginning of your answer,  
11 you said it's not relationships and then you  
12 said, so we have a great relationship with  
13 our mayor.

14 So just to be clear --

15 A I don't know how you would phrase  
16 it. We have good acquaintances. I mean,  
17 politicians are politicians. They're you're  
18 friend or they're not your friend. You have  
19 a relationship today, a relationship  
20 tomorrow.

21 I don't know how to phrase this.  
22 If you know a better way, please tell me.

23 Q All right. And then it's -- it's  
24 Hudson's view that Insight did not have those  
25 kinds of political relationships, either,

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1 correct?

2 A I didn't say that.

3 Q Oh, so you believe that Insight did  
4 have similar political relationships?

5 A I don't know that.

6 Q You don't know, one way or the  
7 other?

8 A Yeah.

9 Q Okay. Let's go back to the  
10 management services agreement motion,  
11 Committee-10.

12 MR. ROLDAN: I don't think we have  
13 that.

14 MR. LIPPERT: Is that one not  
15 already in front of you?

16 MR. ROLDAN: That's correct.

17 MR. LIPPERT: Let me see if it's  
18 still in my stack here.

19 (Brief pause in proceedings.)

20 MR. LIPPERT: Here we go.

21 This was previously marked as  
22 Committee-10.

23 MR. ROLDAN: I'm sorry, what number  
24 was this?

25 MR. LIPPERT: This was

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1 Committee-10.

2 Q Dr. Kifaieh, are you familiar with  
3 this document?

4 A Yes.

5 Q This is the motion to approve a  
6 management services agreement?

7 A Yes.

8 Q Attached to that motion is a copy  
9 of the management services agreement?

10 A Yes.

11 Q Okay. Am I correct that pursuant  
12 to this management services agreement, each  
13 of the hospitals in the envisioned  
14 four-hospital system will pay between 100 and  
15 \$150,000 a month to the MSO?

16 A Yes.

17 Q How was that figure derived?

18 A I wasn't involved in the  
19 calculations of this, but I know it was based  
20 on the different services that will sit under  
21 the MSO, such as systemwide IT, system legal  
22 counsel, system risk management, system CFO,  
23 obviously system CEO and administrative  
24 assistants, potentially a system purchasing  
25 director, you know, those high-level system

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1 roles would live under the MSO.

2 Q All right. And that 100 to  
3 \$150,000 figure, I believe, is described as a  
4 reasonable markup.

5 Is that correct?

6 A Yes.

7 Q Okay. So in other words, the MSO  
8 will incur costs for managing the system and  
9 it will bill the hospitals those costs plus a  
10 certain additional margin?

11 A I don't remember that part.

12 Can you point out here?

13 Q Well, if it's -- if this is  
14 described as a reasonable markup, what is it  
15 that's being marked up?

16 A It's based on the things that I  
17 just mentioned to you, but again, I didn't  
18 see the calculations, right?

19 Q And so these -- these services,  
20 then, are not being provided at cost, they're  
21 being provided at cost plus this markup?

22 A They're being provided at cost.  
23 That's the idea here.

24 Q Then -- then what is being marked  
25 up?

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1 A You said that. I didn't say that.  
2 I didn't say anything being marked up.

3 Q You -- you agreed that this 100 to  
4 \$150,000 was described as a reasonable  
5 markup.

6 A Well, it's a reasonable fee.

7 Q Okay.

8 A I don't know what you mean by  
9 "markup." Markup to me means additional fee  
10 on top of the -- what's described.

11 Q Okay. So there are -- there are  
12 direct costs and there is this fee and those  
13 are separate, correct?

14 A Again, I said I don't remember  
15 there being an additional fee.

16 I remember -- oh, you're talking  
17 about the actual services? There is no  
18 markup for other services. The services are  
19 the services.

20 Q Well, what does this 100 to  
21 \$150,000 represent?

22 A Well, it's little almost a  
23 pass-through. I just mentioned a lot of  
24 positions to you. I don't know.

25 I can give you, you know, a fair

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1 market value of what the salaries look like  
2 and you can do the math. You did the math  
3 earlier.

4 Maybe you can clarify the question  
5 better.

6 Q Maybe we can come at this through a  
7 more general question.

8 A Okay.

9 Q What are the -- what is each  
10 hospital receiving in exchange for its 100 to  
11 \$150,000 a month?

12 A Do you want me to repeat the things  
13 I said earlier?

14 Q I don't know --

15 A I'll do that.

16 Q I don't know if the answer to my  
17 question is the same answer to a previous  
18 question.

19 A Same answer.

20 I'm happy to repeat it, if you want  
21 me to.

22 Q Briefly, please.

23 A Okay. So system-level positions  
24 such as the purchasing director, IT director  
25 with their -- with multiple positions that

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1 sit under that. Same thing with the  
2 purchasing director, potentially one or two  
3 sitting under that, risk management, one or  
4 two people, legal counsel, chief operating  
5 officer for the system, chief medical officer  
6 for the system, chief financial officer for  
7 the system, chief executive officer for the  
8 system.

9 Q Okay.

10 A I'm sure I forgot one or two.

11 Q Okay. Pause there for a moment.

12 So the 100 to \$150,000 represents  
13 the direct cost of employing these additional  
14 executives?

15 A Yes.

16 Q Okay. And so there is -- so there  
17 is no profit for the MSO in this transaction?

18 A Based on those -- the pass-through  
19 of services, the direct cost of services, no.

20 Q The management services agreement  
21 also provides for the manager to receive 25  
22 percent of the profits from pharmacy programs  
23 instituted by the manager, correct?

24 A So now you're talking about  
25 something else, right?

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1                   If the management entity starts  
2 bringing in a different type of business,  
3 such as, you know, 340B Pharmacy or other  
4 types of ventures that end up in the profit,  
5 then yes, it will become profitable.

6           Q     Okay. And 25 percent of that will  
7 go to the -- will be paid to the manager,  
8 correct?

9           A     To the MSO.

10          Q     Yes, okay.

11                   And how was that 25 percent figure  
12 derived?

13          A     That's a great question for Dr.  
14 Shah.

15                   He determined that because he was  
16 the manager for the hospitals.

17          Q     Well, this was negotiated, right?

18          A     No.

19                   Actually, it was what was offered  
20 and we -- well, not me, but Dr. Moulick and  
21 Dr. Moshe agreed to it.

22          Q     Okay. So this 25 percent figure  
23 was first proposed by CarePoint?

24          A     There was -- there was a figure  
25 that was proposed by CarePoint initially. I



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1 believe it was somewhere in the range of 25  
2 and 35 or 40, something like that.

3 I can't remember. I just remember  
4 the final number being 25 percent. I  
5 probably was just not involved in that  
6 conversation. Like I said, Dr. Shah  
7 determined the number.

8 Q Section 8.03 of the management  
9 services agreement concerns things that are  
10 described as the captive practices.

11 Are you familiar with that?

12 A 8. --

13 Q 03?

14 A -- 03, yes.

15 Q Okay. What are the captive  
16 practices?

17 A There are two practices.

18 One is called Garden State Medical  
19 Associates and -- or another one is called  
20 CarePoint Health Medical Group. And I  
21 believe there is another entity that provides  
22 support for those two practices called  
23 Quality something or another. And you know,  
24 separate from that is the -- the McCabe  
25 ambulances.

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1 Q And under Section 8.03 of the MSA,  
2 the captive practices and McCabe ambulance  
3 are given to HRH appointees, right?

4 A Yes.

5 Q And that's for no additional  
6 consideration, right?

7 A Correct.

8 Q What was the rationale behind this  
9 provision?

10 A They're losing a significant amount  
11 of money. They're relying on the hospitals  
12 to make the shortfall. They're not a  
13 money-making venture.

14 Q Why was it that Hudson Regional was  
15 interested in acquiring these money-losing  
16 ventures?

17 A It's not really Hudson Regional's  
18 appointee, right? Which in case would be  
19 myself.

20 Q Umm-hmm.

21 A I would become the owner of  
22 these -- of those practices, right? And  
23 those practices are essential.

24 For example, Garden State Medical  
25 Associates is the entity that houses the

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1 hospital-based clinical services, such as  
2 emergency medicine, hospitalists, which is  
3 24-hour service inside the hospital,  
4 intensivists, radiologists, in some cases  
5 anesthesia and other essential -- OB, right?

6           These are -- these are essential  
7 services for the hospital that don't  
8 typically make any money. And for those of  
9 you who are experienced in this area, all  
10 these national companies like MCare or  
11 others, when they come in and they give you a  
12 proposal to run these services for you, it  
13 runs at a huge stipend, right?

14           So rather than us relying on a  
15 third party that has a huge management fee  
16 and other types of fees associated with it,  
17 we would rather run it ourselves.

18           I'm experienced in this. I was one  
19 of the first people to create those two  
20 entities, actually, or manage these two  
21 entities when I was at CarePoint. I was the  
22 owner of those entities when I was at  
23 CarePoint. I managed them, right?

24           So we -- we saw a lot of cost  
25 savings by managing our own services

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1 internally.

2 Q So the captive practices represent  
3 an economic opportunity for you personally?

4 A No, you lose money.

5 Q Then why do you want to own them?

6 A Well, it's New Jersey, right? Who  
7 can own them besides the physician and the  
8 physician that, you know, owns them must have  
9 the most vested interest in managing them  
10 properly to decrease the cost that's carried  
11 over to the hospital. The hospital has to  
12 cover the shortfall for this.

13 Q So if these entities continue to  
14 lose money, you don't personally stand to  
15 suffer the consequences?

16 A These entities always lose money.  
17 No, I don't personally stand to suffer the  
18 consequences.

19 Q So in what sense are the owner --  
20 are you the owner if you don't participate in  
21 profits and losses?

22 A What do you mean?

23 Q Well, typically, if you own a  
24 company --

25 A Yeah.

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1 Q -- and the company is losing  
2 money --

3 A Yeah.

4 Q -- this is a negative consequence  
5 to the owner.

6 A Look, there's no profits in these  
7 entities. Like I said before, right, I -- I  
8 managed these entities for many years when I  
9 was at CarePoint.

10 The hospital is responsible for  
11 covering the shortfall for those practices  
12 because they're essential clinical services,  
13 right, so obviously, they need to make sure,  
14 from a -- from a financial perspective, I'm  
15 not going to suffer at the end of the day.  
16 They don't make money. They lose money.

17 Q Okay. So Section 8.05 of the same  
18 agreement, is a restrictive covenant.

19 Are you familiar with that term?

20 A Yes.

21 Q Okay. And am I correct that this  
22 is a restrictive covenant that lasts five  
23 years post-termination?

24 A Yes.

25 Q What was the reasoning behind

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1 including this provision?

2 A Well, we're putting a lot of work,  
3 a lot of money, a lot of effort into managing  
4 these hospitals, providing DIP financing,  
5 supplies, personnel, my time, everybody's  
6 time.

7 We want to make sure that, you  
8 know, it's -- once we build this and it's  
9 very successful, if this were to happen, you  
10 know, parting ways, that we're not in -- that  
11 our direct competition is not being invited  
12 to the scene.

13 It's standard, right, for you to  
14 secure your business and make sure your  
15 competition doesn't come into your backyard  
16 and take over things that you've  
17 accomplished.

18 Q Is it your -- is it Hudson's view  
19 that a five-year post-termination restrictive  
20 covenant is standard?

21 A I think based on the -- the  
22 significance and the scope of what we're  
23 providing here, yes, I feel it's very fair.

24 As a matter of fact, I'll probably  
25 ask for more, a longer period of time. These

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1 are hospitals we're talking about, not  
2 restaurants or, you know, simple job in a  
3 doctor's office. These are hospitals. A lot  
4 of resources go into this.

5 Q All right. Section 12.06 of the  
6 MSA provides -- and I'll read the portion I'm  
7 talking about aloud into the record here.

8 This is at the top of the page  
9 that's numbered 27 of 43.

10 Quote, "The CarePoint service  
11 recipients shall" --

12 MR. ROLDAN: Just one second.

13 On the top of 27 to 43, the next  
14 page then?

15 MR. LIPPERT: Yes.

16 THE WITNESS: Where are we now?

17 MR. ROLDAN: I'm not sure where  
18 he's referencing.

19 MR. FLYNN: Middle of first full  
20 paragraph.

21 MR. ROLDAN: The paragraph starts  
22 "In recognition."

23 MR. RABINOWITZ: Yes.

24 A "In recognition," okay.

25 Q Okay.

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1                   So quote, "The CarePoint service  
2     recipient shall, immediately upon such  
3     termination, jointly and severally pay  
4     manager liquidated damages equal to the  
5     management fee that would have been payable  
6     to manager hereunder had this agreement  
7     remained in effect for a period of ten years  
8     beyond such date of termination," end quote.

9                   Do you see that?

10           A     Yes.

11           Q     Okay. What was the rationale  
12     behind the inclusion of this provision?

13           A     Just give me a minute to read it.

14                   (Witness reviewing.)

15           A     Well, I mean, our intention here is  
16     to keep the management service agreement in  
17     place, right?

18                   So -- and again, like I mentioned  
19     earlier, we're putting a lot of effort, money  
20     and everything into this. So if -- if this  
21     were to happen, there has to be some sort of  
22     consequence to it. Termination.

23           Q     And that consequence is ten years  
24     of continued pay as though Hudson were  
25     performing?



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1 A Yes.

2 Q Is that a commercially reasonable  
3 term in Hudson's view?

4 A I don't know what is commercially  
5 reasonable or isn't, but I can -- like I  
6 mentioned earlier, we're talking -- looking  
7 for enforcement.

8 There -- it's a lot of work trying  
9 to turn hospitals around. It's not going to  
10 happen, you know, in a very quick period of  
11 time. So we're investing a lot of time in  
12 this and money and effort.

13 So, you know, it's -- it's -- I  
14 think it's reasonable somewhat. I don't know  
15 if it's ten years is reasonable, eight years.  
16 I don't really know.

17 Q Okay.

18 A But this was suggested by our legal  
19 counsel and it was agreed upon by CarePoint.

20 Q Okay. I think that takes us back  
21 to something we were discussing earlier; it  
22 takes a lot of work and a lot of time to turn  
23 a hospital around.

24 So Hudson, nevertheless, thinks it  
25 can generate increased revenues and decreased

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1 costs within six months of the DIP budgets?

2 A My answer is still yes.

3 MR. LIPPERT: Okay. I think, on  
4 that note, we can break for lunch.

5 VIDEO OPERATOR: Going off the  
6 record at 1:03, ending media 2.

7 (Luncheon recess taken.)

8 VIDEO OPERATOR: We are back on the  
9 record at 1:47. This is video -- sorry --  
10 media number 3 in the deposition of Kifaieh.

11 MR. LIPPERT: On behalf of the  
12 Creditors Committee, I'm just noting, for the  
13 record, that there was a production from  
14 Hudson of approximately 10,000 pages on  
15 Wednesday, which we have not had adequate  
16 time to review.

17 There may also be other  
18 supplemental productions, and for those  
19 reasons, we reserve our rights to recall this  
20 witness to testify at a later date.

21 Having said that for now, I am  
22 passing the witness to counsel for the other  
23 parties.

24 EXAMINATION BY MR. JARECK:

25 Q Good afternoon, Doctor.

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1 My name is Ryan Jareck. I'm with  
2 the law firm of Cole Schotz, and I represent  
3 Insight.

4 A Good afternoon.

5 Q So Doctor, what I'd like to do is  
6 just ask you some questions about your  
7 testimony from this morning.

8 What I'd like to do is to sort of  
9 work backwards so that what we talked about  
10 later in the morning I'll begin with so that  
11 it's fresher in your mind.

12 And then I'll have some separate  
13 questions that I've developed prior to  
14 hearing your testimony this morning, if  
15 that's acceptable.

16 A Sure.

17 Q So earlier in your testimony, you  
18 were discussing the management fee under the  
19 Hudson management -- managing services  
20 agreement.

21 Do you recall that testimony?

22 A Yes.

23 Q Can I ask you to please take a look  
24 at what's been marked as Committee-10?

25 It's the motion to approve the

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1 assumption of the management services  
2 agreement with Hudson.

3 MR. ROLDAN: Is that number 19 at  
4 the top?

5 MR. JARECK: Yes.

6 Q And if I can ask you to, please, in  
7 the agreement itself, turn to page 14 of 43,  
8 Section 6.01.

9 Just please let me know when you  
10 get there.

11 A 6.01?

12 Q Yes, 6.01.

13 Do you recall your testimony  
14 earlier about this concept of a markup?

15 A Yes.

16 Q Okay. Can I ask you to please read  
17 6.01A?

18 (Witness reviewing.)

19 A Yes.

20 Q So does that refresh your  
21 recollection that the management fee is the  
22 direct cost of the managers plus a 20 percent  
23 markup?

24 A I wasn't involved in negotiating  
25 this agreement, but I see what you're talking

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1 about here.

2 Q So now, after having read it, you  
3 do understand that it's a direct cost plus 20  
4 percent markup arrangement, correct?

5 A Correct.

6 Q Okay. I want to talk about 6.01B,  
7 which is related to your testimony earlier  
8 about the part of the management fee that  
9 relates to the 25 percent in profits derived  
10 from the CarePoint hospital pharmacy  
11 system -- pharmacy program, excuse me.

12 Do you recall that testimony?

13 A Yes.

14 Q Okay. I think, when asked, you had  
15 stated something -- and I want to understand  
16 what you're stating -- that Dr. Shah  
17 negotiated this fee.

18 Is that your testimony?

19 A What I said earlier is Dr. Shah  
20 determined this fee, but there was  
21 negotiation between him, Dr. Moulick and Yan  
22 Moshe at the time.

23 Q Okay. And is Insight a party to  
24 this management services agreement?

25 A Insight -- I mean, I don't know if

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1 they're a direct party in the contract, but  
2 they're the managers for -- for Christ and  
3 for Hoboken. They were the managers,  
4 actually, for all three.

5 Q Okay.

6 A But Dr. Shah directly negotiated  
7 the terms of this contract.

8 Q Is Insight currently the manager  
9 for Christ and Hoboken?

10 A No, they're not.

11 Q Okay. And you understand that this  
12 agreement is being presented to the court for  
13 approval, correct?

14 A Yes.

15 Q And it's meant to create an MSO for  
16 the go-forward operation of this  
17 four-hospital system, correct?

18 A Correct.

19 Q So why is Insight, who is,  
20 according to your testimony, no longer the  
21 manager and not a party to this agreement,  
22 negotiating the fee that's due to the MSO?

23 A They were negotiating this before,  
24 you know, the change and the abrupt change  
25 from their departure.

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1                   The negotiations, like I mentioned  
2 earlier, happened way before that, so yes,  
3 they're a party to it.

4           Q       So it's your testimony that  
5 originally, Insight was a party to this MSO?

6           A       As the manager for Christ and  
7 Hoboken, yes.

8           Q       Okay. Let me just try to dial in  
9 on this 25 percent, right?

10                   Because it's your testimony that it  
11 was negotiated, among some -- many parties,  
12 but you had mentioned Dr. Shah?

13           A       Yes.

14           Q       Do you have an understanding of  
15 what that 25 percent translates to in  
16 dollars?

17           A       I don't.

18           Q       And has HRH done any independent  
19 analysis as to what that 25 percent means  
20 going forward?

21           A       No, we did not.

22           Q       Okay. Do you know whether or not  
23 CarePoint has analyzed what that 25 percent  
24 profit generation means by way of dollars?

25           A       I don't know.

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1 Q So if you don't know whether  
2 CarePoint analyzed it and HRH did not, how  
3 are you agreeing to this term in this  
4 agreement?

5 A Like I said, this was a negotiation  
6 between the three direct parties; Dr. Shah,  
7 Mr. Moshe and Dr. Moulick. And the final  
8 result that was brought to us by Dr. Moulick  
9 from Dr. Shah was that he offered 25 percent.

10 Q Just to clarify your testimony,  
11 when you say "he offered 25 percent," who is  
12 he?

13 A Dr. Shah.

14 Q Dr. Shah is not a party to this  
15 agreement, correct?

16 A Correct.  
17 I was there in one of the meetings  
18 where Dr. Shah proposed 20 to 25 percent, but  
19 I wasn't part of the final negotiations later  
20 on. So I heard from my own two ears.

21 Q Related to this, I believe earlier  
22 in your testimony you talked about this 340B  
23 program, correct?

24 A Yes. I was asked about it, yes.

25 Q I think your testimony earlier was



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1 that Insight -- I think your words were  
2 "specialized in 340B programs"?

3 A That's what they told all the  
4 physicians in the system, that's what they  
5 told Dr. Moulick, and that's what they told  
6 Mr. Moshe and myself.

7 Q And based on your experience as a  
8 hospital executive, can you -- can you just  
9 describe to me what the 340B program is?

10 A I actually have zero experience in  
11 the 340B Pharmacy program, except the general  
12 knowledge that it's -- it's the ability for a  
13 not-for-profit organization to be able to  
14 access expensive medications at a discounted  
15 price with the purpose of providing those  
16 medications to -- specifically for patients  
17 that are, you know, obviously in need like  
18 patients -- patients who need chemotherapy,  
19 other types of very expensive exotic infusion  
20 medications and things like that.

21 Q Okay, thank you for that.

22 So -- so based on that general  
23 description and your general knowledge, I  
24 just want to zero in on one part of your  
25 answer, and that was, the 340B program is for

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1 not-for-profit hospitals.

2 Did I say that correctly?

3 A For not-for-profit entities, I  
4 should say.

5 Q Okay.

6 A It's not just hospitals.

7 Q Okay, understood.

8 And so is HRH entitled to  
9 participate in the 340B program?

10 A My understanding -- and again, I'm  
11 not -- I don't have experience in running  
12 340B. I never started one, but I did a  
13 little of reading.

14 My understanding, even for-profit  
15 organizations can achieve that status, but  
16 there is a specific criteria that has to be  
17 met in order for you to get the status of  
18 340B designation.

19 Q Okay. And do you know whether or  
20 not HRH meets that criteria?

21 A I honestly didn't delve into the  
22 details of the criteria because it wasn't a  
23 priority for me. Then I was just trying to  
24 do some general reading about 340B.

25 Q Okay. Do you know if it's

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1 anticipated that HRH will ever try to be  
2 qualified under the 340B program?

3 A Potentially, maybe.

4 Q Okay. Does Bayonne Hospital  
5 qualify under the 340B program?

6 A Bayonne Hospital is for-profit, so  
7 you have to apply it to that specific  
8 criteria, which I can't recall, off the top  
9 of my head, what it was.

10 Q Does -- and I'm going to group them  
11 together.

12 Does Christ and Hoboken qualify  
13 under the 340B program?

14 A They would, obviously, once they  
15 put in the application and answer the proper  
16 questions, yes.

17 Q Okay. So am I correct in  
18 summarizing that the structure of the MSO  
19 allows for potential non-qualified entities  
20 to participate in the benefit of the 340B  
21 program, through this 25 percent fee payable  
22 to the management company?

23 A First of all, the program never  
24 took off, and I don't know if there was any  
25 intention for it to take off with Insight or

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1 not. And again, I didn't negotiate the terms  
2 of this agreement.

3 I was sitting in a meeting when Dr.  
4 Shah offered that on his own, by the way,  
5 with no request from anybody, about the  
6 benefit of the 340B to the management  
7 company. And the management company's plan,  
8 at that point, would be to take the money  
9 that's generated and provide support for the  
10 system, whether it's in the form of  
11 management or in the form of adding  
12 additional resources or in the form of -- in  
13 creating new services like cancer program,  
14 for example. These things require a lot of  
15 resources.

16 Q Earlier in your testimony this  
17 morning, when you were talking about Insight,  
18 my client, I think the questioning related to  
19 the hospitals that it was managing.

20 And I believe your testimony, and  
21 I'm trying to summarize and I'm just going to  
22 ask that you confirm that it's accurate, that  
23 they were essentially only managing two  
24 hospitals, and they -- and this is your  
25 words, they ignored Bayonne Hospital.

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1 Is that correct?

2 A You're asking specifically about  
3 CarePoint?

4 Q I'm asking about Insight and your  
5 testimony earlier today related to Insight.

6 And I think you said -- and I'm  
7 going to ask for your confirmation -- that  
8 Insight was really only managing two of the  
9 hospitals, and that with respect to Bayonne,  
10 they essentially ignored that hospital.

11 A That's not what I said.

12 Q Okay.

13 A So what I said earlier, that my  
14 understanding is that Insight owns and/or  
15 manages a hospital in Chicago, maybe one in  
16 Michigan. I'm not really sure what other  
17 hospitals they manage, but regarding the  
18 CarePoint facilities, they're supposed to be  
19 the manager for all three hospitals. But  
20 based on the discoveries that I've been  
21 making over the past number of weeks that  
22 I've been there supporting and helping, they  
23 didn't really do much.

24 And Dr. Shah explicitly said in the  
25 meetings that he wants nothing to do with

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1 Bayonne Hospital. He wants it completely off  
2 his shoulders. He has zero interest in it.  
3 He said these words in front of me, Dr.  
4 Moulick, Yan Moshe. I believe Larry was  
5 there and our attorney was also there,  
6 Mohamed Nabulsi.

7 Q Okay. And do you know whether or  
8 not CarePoint ever served Insight with a  
9 notice of default under the Insight  
10 management services agreement?

11 A I don't know if they did or didn't.

12 Q And do you know whether or not  
13 CarePoint ever moved to terminate the Insight  
14 management services agreement prior to the  
15 commencement of these Chapter 11 cases?

16 A I don't know.

17 Q If a manager is failing to manage a  
18 particular hospital like Bayonne, would it be  
19 your expectation that the hospital would move  
20 to terminate the management agreement?

21 A I would agree so, yes.

22 Q So earlier in your testimony, you  
23 were talking about over the last -- let's  
24 call it three to four weeks, maybe five  
25 weeks, the resources that HRH has dedicated

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1 to the three CarePoint hospitals, you went  
2 into some testimony about resources that were  
3 committed, capital committed to these  
4 hospitals, and so I just want to ask you a  
5 bit about that.

6 A Sure.

7 Q When did HRH first start managing  
8 the CarePoint hospitals; do you recall the  
9 time?

10 A Yes.

11 So Bayonne Hospital, we were  
12 invited by Dr. Shah at the time because he  
13 couldn't even meet the payroll at the time,  
14 the expenses, and again, he prioritized  
15 Christ Hospital and Hoboken rather than  
16 Bayonne.

17 So we had no choice but to jump in  
18 there, upon his request and Dr. Moulick's  
19 request. I believe that was in the first  
20 week of October.

21 Q And what about Christ and Hoboken,  
22 is that a different time period?

23 A Yes.

24 So when we were notified that Dr.  
25 Shah abruptly resigned from the -- his

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1 position as CEO of CarePoint at the last  
2 board meeting, where the same night we had  
3 agreed that he was going to file for  
4 bankruptcy and he decided not to.

5 And also, my understanding is that  
6 at the same board meeting, he announced that  
7 his management contract was not in place  
8 anymore. There was a lot of panic in  
9 CarePoint, you know, in terms of what's going  
10 to happen to the hospitals.

11 We were asked by Dr. Moulick if we  
12 would be willing to be the DIP lender for  
13 Christ and Hoboken, and we said absolutely.  
14 And we started the transition meetings, the  
15 management meetings for the other hospitals,  
16 too.

17 Q So I can represent to you that the  
18 board meeting that you were referencing and  
19 the resignation, although I don't agree with  
20 your characterization, but the resignation  
21 that you were referring to was on October  
22 27th and it was a Sunday.

23 A Okay.

24 Q Would you say that your,  
25 quote-unquote -- when I say "you," I mean



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1 HRH's -- management of Christ and Hoboken  
2 started shortly thereafter that resignation?

3 A Yes.

4 Q Are we talking days or weeks?

5 A The beginning of November.

6 Q The beginning of November, thank  
7 you.

8 A We started dialogue literally the  
9 next day with the CarePoint Health team,  
10 whether it's the CFO or the CHEs or the CMO,  
11 which the discussions had already been  
12 happening from prior, because obviously  
13 Bayonne doesn't exist in silo.

14 But maybe in the next day after  
15 this entire process, when we were asked if we  
16 wanted to be a DIP lender and we agreed, I  
17 started the communication with the team about  
18 Christ and Hoboken. It took a couple of days  
19 to get the first meeting on the calendar and  
20 I started.

21 Q Okay, understood. Thank you for  
22 that.

23 So with respect to Bayonne being  
24 the first week of October 2024 and Christ and  
25 Hoboken the beginning of November 2024, what

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1 agreement governs HRH's management of  
2 CarePoint's hospitals?

3 A There was no specific fully  
4 executed agreement in place. We were -- we  
5 were obviously in negotiations phases. We  
6 had already reached an agreement with Dr.  
7 Shah, who was the CEO at the time, and Dr.  
8 Moulick, also, that we would start managing  
9 Bayonne Hospital. So that was based on that  
10 agreement with them. I don't know when  
11 certain contracts were signed, to be honest  
12 with you, off the top of my head, but that's  
13 when we were invited to come into Bayonne  
14 Hospital.

15 Now, Christ and Hoboken was based  
16 on whatever happened at that board meeting  
17 and the decision from the board and from Dr.  
18 Moulick, the chairman of the board, that we  
19 come in and start managing the other three  
20 hospitals and be the DIP lender for those  
21 three hospitals.

22 Q I just want to make sure I'm clear  
23 with respect to your answer.

24 Can you point me to a specific  
25 document that governs HRH's management rights

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1 with respect to, for example, Christ and  
2 Hoboken?

3 A I mean, there is a management  
4 services agreement, which was approved by the  
5 board, CarePoint's board, they approved us as  
6 the manager for the hospitals.

7 Q Okay.

8 A I --

9 Q Okay. And was that management  
10 services agreement approved by the bankruptcy  
11 court?

12 A No.

13 Q And let's say, for example, the  
14 management services agreement is not approved  
15 by the bankruptcy court. Is HRH going to  
16 continue to manage Christ and Hoboken?

17 A Well, your client walked away,  
18 okay? He abandoned the scene. He resigned  
19 abruptly, left the hospitals stranded at the  
20 verge of closing and walked away. Someone  
21 had to jump in and save these hospitals.  
22 That's the way we were looking at it.

23 Q Okay. I'm going to repeat my  
24 question.

25 MR. JARECK: In fact, can you

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1 repeat my question, please?

2 (Whereupon, the record was read  
3 back by the reporter.)

4 A Our intention is to continue to  
5 manage because if we don't, these hospitals  
6 will shut down.

7 Q And does the same carry true for  
8 Bayonne as well?

9 A Yes.

10 Q Earlier in your testimony, you were  
11 talking about the roll-up at Bayonne.

12 Do you recall that testimony?

13 A Yes.

14 Q Okay. And I think there may have  
15 been either some confusion or perhaps maybe I  
16 misunderstood, but I just want to get your  
17 understanding of the differences between a  
18 roll-up and the new money that's being  
19 advanced by HRH.

20 Do you understand the difference?

21 A Yes.

22 Q Okay. And I think the line of  
23 questioning was about the interest rate being  
24 applied to the two different pieces.

25 And when I say the two different

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1 pieces, I mean the roll-up piece and the new  
2 money piece.

3 A Yes.

4 Q What is your understanding of the  
5 interest rate that's being applied to each of  
6 those?

7 A My understanding, like I mentioned  
8 earlier, that the roll-up piece stays as is  
9 at 9 percent and the roll-up -- and the new  
10 monies are 18 percent.

11 Q Okay.

12 MR. JARECK: We can mark this as  
13 Insight-3 to carry this forward from  
14 yesterday.

15 (Above-mentioned document marked  
16 for Identification.)

17 Q So Doctor, while you're reviewing  
18 it or scanning it, I want to identify what's  
19 been marked as Insight-3, which starts with  
20 Bates label CP007252.

21 It's an e-mail exchange between Mr.  
22 Syed, the CFO of CarePoint, and your counsel,  
23 Mr. Roldan, dated November 2, 2024.

24 I'm just going to ask you to please  
25 turn to page 2, which is Bates 7253, starting

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1 with the e-mail from Mr. Syed to Mr. Hughes  
2 and others. And I'm just going to read the  
3 relevant part that I want to discuss with  
4 you.

5 It states, "All, this Bayonne DIP  
6 motion makes no sense. It's a \$42 million  
7 DIP facility, but they are rolling up \$7  
8 million they bought from Capitala and 24 to  
9 \$32 million in unpaid preposition rent."

10 And then skipping forward, Mr. Syed  
11 asks, "Can they roll up non-funded  
12 liabilities," open paren, "unpaid rent,"  
13 closed paren, "into the DIP?"

14 And so I want to ask you, what is  
15 your understanding of the amount that is  
16 being rolled up into the Bayonne DIP as  
17 compared to the amount of new money that's  
18 being advanced by HRH post-position?

19 A The money that's rolled up is the  
20 range, the 24 to \$32 million, and the new  
21 money is the \$42 million DIP.

22 Q Okay. Is there any other component  
23 of the roll-up?

24 A Honestly, not that I can recall.

25 Q Okay. If you look at the first

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1 line of the e-mail, there's reference to a \$7  
2 million piece that was bought from Capitala.

3 A Okay.

4 Q Do you recall HRH acquiring a \$7  
5 million loan from Capitala prior to the  
6 petition date?

7 A I don't know what -- which one he's  
8 referring to here. Is he referring here --  
9 this is his e-mail, not mine.

10 Is he referring to the Capitala  
11 portion regarding Bayonne only?

12 Q I can represent to you -- also, I  
13 wasn't the drafter of this e-mail.

14 A Yes.

15 Q I can represent to you -- the  
16 reason why I'm asking is to discuss with you  
17 the \$7 million loan that was acquired by HRH  
18 prior to the petition date from Capitala as  
19 it relates to Bayonne.

20 A Okay. We -- we did buy Capitala's  
21 interest in Bayonne. I think the dollar  
22 amount was \$5.9 million, what we paid them  
23 for the \$7 million or the 6 plus whatever it  
24 was. Yeah, that -- that I recall.

25 Q Okay. And do you know whether or

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1 not that piece of the loan is being rolled up  
2 into the debt?

3 A I don't know specifically. It  
4 makes sense that it would be, but I don't --  
5 don't really know.

6 Q Okay.

7 A That's -- my CFO would know that.

8 Q Okay. And you just mentioned that  
9 the acquisition price for the \$7 million loan  
10 or approximately \$7 million loan was  
11 \$5.9 million?

12 A I believe that was the number.

13 Q Okay.

14 A I have to double check that.

15 Q Okay. So let's just assume for the  
16 purposes of this questioning that it's  
17 \$5.9 million.

18 There's also a provision -- and I  
19 can cite it to you if you need to review the  
20 documents to answer.

21 There's a provision in the Hudson  
22 management services agreement that relates to  
23 an obligation of CarePoint to pay HRH  
24 \$1.7 million associated with the Capitala  
25 debt.



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1 Are you aware of that provision?

2 A No.

3 Q Okay. If you could then pull out  
4 C-10, which is the motion to approve the  
5 Hudson MSA, and if you could go to page 16 of  
6 43, subparagraph B, as in boy.

7 MR. JARECK: And Vince, feel free  
8 to, if you...

9 A Okay.

10 Q So the provision -- and I'll just  
11 read the relevant part for the questioning --  
12 states that, "CarePoint agrees and  
13 acknowledges that as of the date hereof,  
14 CarePoint owes the Bayonne DIP lender  
15 \$1.7 million representing the amounts the  
16 Bayonne DIP lender has paid to Capitala on  
17 behalf of CarePoint in order to facilitate  
18 Capitala's consent to the pari passu first  
19 lien required by a debt."

20 First, did I accurately read that  
21 provision?

22 A You did.

23 It's a confusing paragraph. Give  
24 me a minute to take a look at it, please.

25 (Witness reviewing.)

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1 A Okay.

2 Q Does that refresh your  
3 recollection -- excuse me -- as to an amount  
4 paid by HRH on CarePoint's behalf to  
5 Capitala?

6 A I don't remember the 1.7. I don't  
7 remember the details of this. I wasn't  
8 involved at this level of the details. It  
9 was my CFO. It was Mr. Moshe and our  
10 attorneys, obviously, and Capitala's  
11 attorneys and CarePoint's attorneys.

12 So I don't know what this exactly  
13 references. Is this the -- is this the -- I  
14 guess this is related to Bayonne only or the  
15 other two hospitals?

16 I mean, I would have to read  
17 through this whole thing unless you know the  
18 answer.

19 Q I do, but I'm not testifying.

20 So let me just ask you this. Is it  
21 your recollection that HRH paid Capitala  
22 \$5.9 million to acquire the \$7 million piece  
23 on Bayonne?

24 A Yes.

25 Q I want to go back to what was

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1 marked as Insight No. 2, which was the e-mail  
2 that I previously put in front of you.

3 At the top -- on the top of the  
4 page with Bates ending in 7352, there's an  
5 e-mail from your counsel and Mr. Roldan, and  
6 I want to point you to the last paragraph of  
7 the e-mail.

8 And it reads, and I quote, "On the  
9 roll-up, we're aware that there may be  
10 pushback, but our motion has case law  
11 approving the roll-up, plus Maple is  
12 consenting. At the end of the day, it's part  
13 of the terms of which willing to lend. Also,  
14 end of the day, if there is some other  
15 competing bidder, whether there is a roll-up  
16 or not, that bidder needs to cure the \$30  
17 million consent judgment."

18 Do you see that?

19 A Yes.

20 Q Do you know what Mr. Roldan meant  
21 by that statement?

22 A Well, most of the \$30 million is  
23 related to the rent that was due on Bayonne  
24 Hospital plus the different things that we  
25 mentioned earlier. So he's referring to

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1 that.

2 Q Okay. And I believe -- I'm sorry.  
3 Finish.

4 A It's money that's due to HRH from  
5 CarePoint.

6 Q Okay. And you recall earlier you  
7 were presented with a copy of the consent  
8 judgment related to the Delaware action,  
9 correct?

10 A Yes.

11 Q Okay. And as part of that consent  
12 judgment, there's a provision in there that  
13 terminates the lease, correct?

14 A Yes.

15 Q Okay. And so why would there ever  
16 need to be a cure of obligations for a lease  
17 that was terminated?

18 A I don't know. That's a question  
19 for our legal team.

20 Q Okay.

21 A Their advice.

22 Q Earlier in your testimony, you were  
23 being asked questions about the various  
24 different fees under the three or four  
25 agreements, the service fees, the management

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1 fees, DIP fees.

2 Do you recall that testimony?

3 A Yes.

4 Q Okay. And I believe you had  
5 confirmed that there is no line item in the  
6 budget for the payment of those fees,  
7 correct?

8 A Correct.

9 Q Okay. And I think you had  
10 testified earlier that if the hospitals do  
11 better, then eventually those fees will need  
12 to be paid.

13 Is that sort of an accurate  
14 description of your prior testimony?

15 A Yes.

16 Q In the meantime, as HRH provides  
17 services. And under these agreements,  
18 there's management fees that are due. Are  
19 they being capitalized into the DIP  
20 obligations?

21 A I believe so.

22 Q Okay. Can you point me to any  
23 document that you're aware of that says that?

24 A I don't know. I would have to  
25 consult my legal team to show you that.

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1 Q Do you know whether or not that's  
2 been disclosed to the court?

3 A I don't know.

4 Q Under the collateral surrender  
5 agreement, there's a monthly fee that you had  
6 previously testified of \$1.3 million,  
7 correct?

8 A Yes.

9 Q Okay. There's also --

10 A For Bayonne.

11 Q I'm sorry?

12 A For Bayonne.

13 Q For Bayonne, correct.

14 Sorry to cut you off.

15 There's also this concept of  
16 escrowing six months of service fees at  
17 \$7.8 million.

18 Are you aware of that?

19 A I don't remember seeing that.

20 Q Okay.

21 MR. JARECK: Now, do you know what  
22 the Committee marked the collateral surrender  
23 agreement as?

24 MR. LIPPERT: Yes. The collateral  
25 surrender agreement, that was Committee-4.

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1 MR. JARECK: Can we go off the  
2 record for two minutes?

3 VIDEO OPERATOR: Going off the  
4 record, 2:20.

5 (Brief recess taken.)

6 VIDEO OPERATOR: And we are back on  
7 the record, 2:23.

8 Q Good afternoon again, Doctor.

9 So Doctor, what I'm presenting to  
10 you is what was previously marked as  
11 Committee-4. It's the collateral surrender  
12 agreement.

13 And I would ask you to draw your  
14 attention to page 19 of 54, using the  
15 pagination on the top.

16 A Okay.

17 Q And focusing in on subparagraph E,  
18 I would ask that you review that provision.

19 (Witness reviewing.)

20 A Okay.

21 Q Do you see in there, there's a  
22 requirement that HRH be paid \$7.8 million,  
23 which represents six months advanced payment  
24 of service fees?

25 A Yes.

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1 Q And is the payment of \$7.8 million,  
2 by the Bayonne debtors, contemplated in the  
3 DIP budget?

4 A I don't know. I have to look at  
5 the DIP budget.

6 Q Okay. Can you please pull out the  
7 DIP budget that was previously marked?

8 It's the last page of the DIP  
9 motion.

10 MR. FLYNN: It should be the last  
11 page of Committee-10.

12 MR. ROLDAN: Committee-14, doc 10.

13 MR. RABINOWITZ: What about the DIP  
14 budget for Bayonne?

15 MR. FLYNN: I'm sorry, Committee-8.

16 A I don't see it in the DIP budget.

17 Q Okay. So how is this advanced  
18 service fee of \$7.8 million going to be  
19 funded by the debtor?

20 A I'm not -- if I recall correctly,  
21 at some point during the discussion, it was  
22 realized that this was not going to happen  
23 because of the state in which these hospitals  
24 were found, right?

25 The -- the hospitals were found to



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1 be in a much, much, much worse condition --  
2 worse condition than -- worse condition than  
3 we had anticipated. So while it's there, I  
4 don't think this was something that was  
5 contemplated as a real thing that was going  
6 to happen in advance.

7 We all realized that they -- those  
8 fees were going to be delayed until such time  
9 that the hospital is capable of paying those  
10 fees.

11 Q So is it your testimony that HRH  
12 will be waiving the requirement for Bayonne  
13 to advance six months of service fees?

14 A I didn't say that. That's  
15 something that has to be discussed with the  
16 chairman of the board and our legal team in  
17 terms of how something like this would be  
18 handled in the agreement.

19 Q Just bear with me. I'm trying not  
20 to be repetitive of earlier questions.

21 A Appreciate that.

22 Q Do you require your -- do you  
23 remember your earlier testimony regarding the  
24 Hudson MSO?

25 A We talked a lot about it earlier.

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1 Q Okay. I just want to make sure,  
2 obviously, are you familiar with the  
3 Hudson -- the four-hospital system everyone  
4 is referring to?

5 A Yes.

6 Q Okay. So in that four-hospital  
7 agreement, there's reference to a defined  
8 termed called MSO operating agreement.

9 Are you familiar with that term?

10 A I remember that term being thrown  
11 around, yes.

12 Q Are you familiar with the MSO  
13 operating agreement?

14 A I don't think I've ever seen one,  
15 but I'm not sure. There's so many flowing  
16 documents.

17 Q Okay. So again, just so I want to  
18 be clear, is it your testimony that you don't  
19 even know if one exists?

20 A Correct. I haven't seen one.

21 Q Okay. And you've never been  
22 presented with a draft or anything like that?

23 A Honestly, I haven't seen one.

24 Q Okay. And so earlier in your  
25 testimony, you were talking about the

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1 compensation that is going to be due and  
2 payable to Dr. Moulick under the MSO  
3 arrangement.

4 Do you recall that testimony?

5 A Yes.

6 Q And I believe your testimony was  
7 that Dr. Moulick was going to be entitled to  
8 the same compensation that he currently has  
9 with the hospitals.

10 Is that correct?

11 A That's my understanding, from his  
12 agreement with Mr. Moshe, yes.

13 Q Okay.

14 A And Dr. Shah.

15 Q And so, I'm going to mark an  
16 agreement. Just bear with me.

17 (Brief pause in proceedings.)

18 MR. JARECK: Can we please have  
19 this marked as Insight-4.

20 (Above-mentioned document marked  
21 for Identification.)

22 Q So Doctor, I can represent to you  
23 that the document that was just marked as  
24 Insight-4 is the hospital facility's  
25 management services agreement, dated November

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1 27, 2024.

2 Sir, are you familiar with this  
3 document?

4 (Witness reviewing.)

5 A Vaguely, to be honest.

6 Q Let me start more basic.

7 Have you ever seen that document  
8 before?

9 A Yes, I've seen some version of the  
10 document. I don't know if I've seen this  
11 draft.

12 Q Okay. Do you recall roughly around  
13 what, like, time, November, October, that you  
14 maybe saw this document?

15 A I don't recall.

16 Q Okay. So I'm going to ask you to  
17 turn to page 13 of 33 using the top  
18 pagination, Section 3.5.

19 A Okay.

20 Q This concerns the board of trustees  
21 and officers of the MSO. And I'm just going  
22 to read the relevant provision that I'm going  
23 to ask you a question about.

24 In the middle -- in the middle of  
25 the paragraph, it states, "Dr. Moulick and

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1 Yan Moshe shall be co-chairs of the new MSO  
2 formed under the management services  
3 agreement pursuant to a ten-year contract,  
4 with compensation at least equal to the  
5 annual compensation arrangements presently in  
6 effect."

7 Do you see that provision?

8 A Yes.

9 Can you give me one second, please?

10 Q Yes, absolutely.

11 (Witness reviewing.)

12 A Okay.

13 Q So notice how the verbiage is "at  
14 least equal to the annual compensation  
15 arrangement."

16 A Okay.

17 Q Do you notice that?

18 So could it be more than the  
19 current compensation arrangement?

20 A I mean, our attorney drafted this.  
21 I'm not sure, but it could be interpreted as  
22 such.

23 Q Okay. But it's your understanding  
24 that it is to be equal to the current  
25 compensation arrangement?

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1           A       My understanding is whatever terms  
2       Dr. Moulick has under his current agreement,  
3       he will continue to have those terms.

4                   I don't know what bonus structure  
5       he has. I don't know if he and Mr. Moshe and  
6       Dr. Shah discussed some sort of bonus  
7       structure in the MSO, as they serve in their  
8       capacity. I don't really know.

9           Q       And is the idea that Dr. Moulick is  
10      going to have a new employment contract with  
11      this MSO?

12          A       That's my understanding, yes.

13          Q       Do you know whether or not that has  
14      been prepared?

15          A       No, none was prepared.

16          Q       And -- strike that.

17          A       Are we done with this one?

18          Q       Yes.

19                   As part of the DIP financing that  
20      is being proposed, is it your understanding  
21      that HRH is to receive three board seats on  
22      the CarePoint board?

23          A       That is my understanding, yes.

24          Q       And does HRH currently have such  
25      representatives on the CarePoint board?

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1 A Yes, we do.

2 Q Who are those representatives?

3 A Mr. Moshe, myself and John

4 Grywalski, our CFO.

5 (Reporter clarification.)

6 A G-R-Y -- no. G-R-E-A -- I'm sorry.

7 MR. ROLDAN: G-R-Y-W-A-L-S-K-I, I

8 think, Grywalski.

9 Q Dr. Kifaieh, when were the three --

10 A I'm sorry, can I give the correct  
11 spelling?

12 Q Oh, I'm sorry. I didn't mean to  
13 cut you off.

14 A G-R-E -- no, G-R-Y-W-A-L-S-K-I.

15 MR. ROLDAN: That's what I said.

16 All right.

17 THE WITNESS: I wasn't paying  
18 attention. I'm sorry.

19 A I'm ready.

20 Q Dr. Kifaieh, can you tell me when  
21 those three individuals joined the board?

22 A I don't remember the specific date,  
23 but it was probably two board meetings after  
24 the resignation of Dr. Shah.

25 I can't recall, honestly.

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1 Q Okay. So am I correct that it  
2 occurred in the month of November?

3 A Yes.

4 Q Approximately, how often does the  
5 CarePoint board meet?

6 A Not too often. The CarePoint board  
7 met -- it's -- I don't think it's --  
8 initially, it was -- it was as needed, so the  
9 board will decide to call a meeting as  
10 needed, but I believe the intention now is to  
11 have it once a month, maybe a little more  
12 frequently because of the status of how the  
13 system is for updates to the board members.

14 It's not my decision. It's Dr.  
15 Moulick's decision in the board.

16 Q Since your appointment to the  
17 board, have you attended, personally, any  
18 board meetings of CarePoint?

19 A Not in person, but virtually.  
20 Most -- actually, almost all the members  
21 attend virtually.

22 Q How many, approximately, meetings  
23 have you attended post your appointment?

24 A I don't want to give you a wrong  
25 answer, but I think two or one. Actually,



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1 maybe one.

2 Q Okay.

3 A Yes, one.

4 Q And there's been some previous  
5 testimony about a recusal process associated  
6 with decisions that relate to HRH.

7 Are you familiar with that process?

8 A Yes.

9 Q Can you describe it to me, please?

10 A Yes.

11 If there's any decision -- or  
12 anything to be discussed where we have a  
13 conflict of interest that might compromise  
14 our vote as part of the board members, then  
15 we will be recused.

16 We're not allowed to participate in  
17 the discussion unless we're presenting or the  
18 voting process.

19 Q And is it your testimony that to  
20 the extent a conflict exists, are you  
21 permitted to vote or no?

22 A Absolutely not.

23 Q And who makes the determination as  
24 to whether a conflict exists?

25 A So there's legal representation on

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1 the board, actually. I believe it's someone  
2 from Dilworth. It's been -- Hughes? I  
3 forgot his full name. Mr. Hughes. He  
4 participates in the board meetings. He  
5 decides -- and he advises. And Larry also  
6 attends a lot of the meetings.

7 So they decide when to basically  
8 kick us off the call. So we're not even in a  
9 room next door. It's virtual. So we're out  
10 until they invite us back in.

11 Q Okay. And since your appointment  
12 and attendance at one or two meetings, has  
13 that process ever occurred where you were  
14 recused from consideration?

15 A Yes. I do believe, but I don't  
16 want to get this wrong. I do believe that  
17 the --

18 Q I just want to stop you.  
19 I don't want you to tell me  
20 anything that could potentially be privileged  
21 communications. I just want you to tell me  
22 whether or not that process was, in fact,  
23 implemented.

24 A I think it was one time when they  
25 voted us in -- voted us in as the manager.

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1 We were completely removed from the meeting  
2 and they voted.

3 Q Okay. And that -- that was the  
4 only time that that occurred, to your  
5 recollection?

6 A There hasn't been any significant  
7 decisions of any type at that following  
8 meeting.

9 The following meeting was just me  
10 presenting what's going on or the process of  
11 the system.

12 Q Okay.

13 MR. JARECK: That's all that I have  
14 for now.

15 Similar to the Committee, we're  
16 also going to reserve rights. We received a  
17 significant production on -- I believe it was  
18 Tuesday evening. It wasn't fully downloaded  
19 until Wednesday, including thousands of  
20 e-mails, which unfortunately we have not gone  
21 through.

22 So Insight's going to reserve the  
23 right to the extent it's necessary to recall  
24 you, but for today, I'm done with my  
25 questioning.

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1 Thank you.

2 THE WITNESS: Thank you.

3 VIDEO OPERATOR: We'll go off the  
4 record at 2:39.

5 (Brief recess taken.)

6 VIDEO OPERATOR: Back on the  
7 record, 2:47.

8 EXAMINATION BY MR. FLYNN:

9 Q Good afternoon, Dr. Kifaieh.

10 My name is Jim Flynn, and I  
11 represent BMC Hospital, LLC, which you may  
12 sometimes refer to as SurgiCore, because  
13 there's some overlapping ownership interest  
14 there, but my representation is for BMC.

15 So like Mr. Jareck, I'm going to  
16 try to not repeat areas that were addressed  
17 earlier, but I may revisit some of them to  
18 get further clarification.

19 I'll run through that, then I'll  
20 ask you about some documents, and then  
21 perhaps, as Mr. Jareck said, get to some  
22 preplanned questions --

23 A Sure.

24 Q -- that I had.

25 In terms of some follow-up, you

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1 said that you began at HRH in 2018, and then  
2 a little bit later on, you said before that  
3 you had -- before that 2018 time, you had  
4 been at CarePoint.

5 Is that right?

6 A Correct.

7 Q And what roles did you have at  
8 CarePoint prior to 2018?

9 A I started as the associate -- I  
10 started as the chief medical officer at  
11 Christ Hospital in 2012 -- I'm sorry, let me  
12 go back a little bit.

13 I started at Bayonne Hospital  
14 working in the emergency department in 2009,  
15 2008. I was providing coverage there for a  
16 couple of years.

17 In 2012, I was recruited to come in  
18 as the chief medical officer for Christ  
19 Hospital to become the CEO right after. That  
20 was the plan. So I became the CEO within a  
21 few months.

22 After that, I started overseeing  
23 the integration of all three hospitals and  
24 systemizing them.

25 Q When was that, roughly?

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1           A       I would say within a year of being  
2       the CEO of Christ hospital.

3                   So I would say maybe in 2013, the  
4       end of 2013. Yeah, in 2013. Then I became  
5       the system chief clinical integration  
6       officer, system chief medical officer.

7                   I've held other roles as well in  
8       the system, including the CEO for Bayonne  
9       Hospital for about a year.

10                  I also held the role as the interim  
11       COO for the system for some time. Whenever  
12       an executive left or was terminated, I jumped  
13       into that seat to support, basically.

14           Q       Now, you had testified earlier, I  
15       think, in response to some of the questions  
16       from the Creditors Committee counsel, that  
17       you were the owner of CarePoint Medical Group  
18       and Garden State Medical Associates.

19                  Do you recall that set of questions  
20       and your answers?

21           A       Yes.

22                  I was the record owner for --  
23       co-owner actually. Dr. Mark Spector was the  
24       original owner, and then I became his partner  
25       in the two entities.

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1 Q Okay. So when you say "the record  
2 owner," are you trying to distinguish that  
3 from some other type of ownership?

4 A These were captive PCs. They were  
5 managed by the managed organization, which  
6 was the CarePoint Health mother ship.

7 Q But in -- in terms of that, you  
8 were the listed owner and you had certainly  
9 the corporate responsibility to manage that,  
10 those entities.

11 Is that right?

12 A In fact, I was managing them.

13 Q Okay. And in terms of your own  
14 personal financial interest, did you own  
15 stock in them?

16 A No.

17 Q Did you get any enhancement in your  
18 compensation for taking on those roles?

19 A Yes.

20 I received a \$50,000 salary from  
21 CHMG, and a \$50,000 salary from Garden State  
22 a year.

23 Q And was there any bonus structure  
24 in place to reward you further for those two  
25 roles?

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1 A Yes. I was going to say that.

2 Later on, I had asked for a change  
3 in my compensation, and it was increased to  
4 \$100,000 per entity with the potential of  
5 potentially 100 percent in bonus.

6 Q Did you ever receive any bonus  
7 during your tenure in those positions prior  
8 to 2018?

9 A Which positions?

10 Q The -- well, let's go back.  
11 I had been asking you some  
12 questions about your role as the owner of  
13 CarePoint Medical Group and Garden State  
14 Medical Associates.

15 A Yes.

16 Q And I understood your testimony to  
17 be that you got basically \$50,000 for the  
18 work you did for CarePoint Medical Group and  
19 then another \$50,000 for Garden State Medical  
20 Associates.

21 Is that right?

22 A Yes.

23 Q You then said there came a later  
24 point where you renegotiated things and you  
25 got \$100,000 per entity. I understood you to



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1 be referring to those same two entities.

2 Is that right?

3 A Yes, yes.

4 Q Okay. Now, the bonus that you were  
5 potentially going to get, another 100 percent  
6 of that, I again was understanding you to be  
7 testifying only about those two entities.

8 Is that what you were testifying  
9 about?

10 A Yes.

11 Q Okay. Did there come a time, prior  
12 to you leaving CarePoint and going to HRH,  
13 where you got a bonus for your work in  
14 connection with CarePoint Medical Group?

15 A Yes, in my last year there. The  
16 change in salary from 50 to \$100,000 I  
17 believe took place in my last year at  
18 CarePoint.

19 Q Okay. And what was the bonus you  
20 received on top of that \$100,000 for the work  
21 with CarePoint Medical Group?

22 A So I parted ways with CarePoint in  
23 the end of August, August 31st of 2017. So I  
24 received my prorated bonus for those eight  
25 months from CarePoint.

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1 Q Okay.

2 A And it was based on some  
3 calculations that the CFO at the time made,  
4 so it wasn't a hundred percent of the bonus.  
5 I believe it was 91 or 92 percent of the  
6 bonus.

7 Q And then prorated for eight months?

8 A Correct.

9 Q Okay. Same question then with  
10 regard to Garden State Medical Associates.

11 Did there come a time --

12 A Same.

13 Q Same?

14 A Yes.

15 Q So it was all part of the same  
16 bonus?

17 A Yes.

18 Q So you got some percentage prorated  
19 of the \$100,000 on the CarePoint Medical side  
20 and then the equivalent parallel from Garden  
21 State Medical Associates?

22 A I can't remember, Mr. Flynn, if it  
23 was -- if Garden State also gave me a bonus.  
24 I can't remember that, but I know CarePoint  
25 Health Medical Group did.

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1 I'm just trying to remember. It  
2 was a long time ago.

3 Q Why did you leave CarePoint?

4 A So prior -- prior to departure, I  
5 was already interviewing in other systems. I  
6 actually had advanced in my interview process  
7 with Barnabas to take over Community Hospital  
8 and had also some advanced discussions about  
9 another facility for Barnabas. I also was  
10 interviewing in Florida to take over a  
11 regional CEO position with ACA.

12 So I was already looking elsewhere,  
13 and at some point, we had a difference in  
14 opinion in terms of how things were being  
15 managed and expectations of how things should  
16 be managed that I ethically disagreed with  
17 and I expressed my desire not to continue or  
18 to be part of the system.

19 And I took a vacation for about a  
20 month. When I came back, I -- myself and the  
21 CEO at the time, who was Mr. Mendler, met  
22 with their attorney and we parted ways.

23 Q Okay. And that was roughly in  
24 August of 2017?

25 A August 31, 2017.

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1 Q And then what did you do between  
2 that time and when you started at HRH?

3 A So I was entertaining the other  
4 offers. I was continuing with my  
5 negotiations with ACA in Florida. My wife  
6 and I were considering the potential of  
7 moving.

8 My wife is from Canada, so she  
9 barely got adjusted to being in New York. I  
10 we lived in New Jersey and then from New  
11 Jersey, we went to Florida. So it was tough  
12 for us.

13 During that time, I was working  
14 doing two things. One, part of my passion is  
15 to -- is health informatics. So I became the  
16 chief strategy officer for a company at the  
17 time that was a startup that looked at  
18 three-dimensional solutions for physician  
19 training and surgeries and so on.

20 And I also did some emergency  
21 medicine shifts. I did a lot of shifts  
22 because I missed it and I wanted to go back  
23 and do it.

24 Q So when did you start at HRH?

25 A I started HRH February 1st of 2018.

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1 Q So that was roughly a five-month  
2 period from August until February?

3 A Yes.

4 Q Did you get any kind of severance  
5 when you left CarePoint?

6 A Yes, I did.

7 Q And what was that?

8 A So I received my -- my prorated  
9 bonus for the year for my job as the chief  
10 clinical integration officer and chief  
11 medical officer.

12 I received my prorated bonuses for  
13 the entities that I owned, and I received  
14 what I was entitled to, which was a year's  
15 severance per the long-term -- long-term  
16 executive incentive plan that they had just  
17 put in the year prior.

18 Q Did you threaten to sue CarePoint?

19 A Absolutely not. Never. Not my  
20 style.

21 Q You mentioned that in your  
22 testimony -- and sorry if this is just  
23 jumping around, but I, again, don't want to  
24 repeat other areas. But now I'm moving to  
25 your testimony concerning -- concerning the

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1 fact that the goal of HRH, since 2020 or even  
2 2019, was to take over Bayonne Hospital.

3 Do you recall that testimony?

4 A Yes.

5 We were interested in expanding.  
6 We had reached capacity at HRH. When we  
7 looked in the market at what was available,  
8 the only thing that was available was Bayonne  
9 Hospital.

10 So I personally contacted Mr.  
11 Garipalli at the time, who was the owner of  
12 the system, and expressed our interests in  
13 having discussions about Bayonne. He was  
14 extremely welcoming. Mr. Moshe and I went  
15 and visited the hospital, toured it. We also  
16 met with the mayor of Bayonne, who was also  
17 very welcoming and excited about a new  
18 solution.

19 Then we had a follow-up meeting  
20 with Garipalli, Lou Modugno's attorney and  
21 and Bill Pelino, who was the --

22 (Reporter clarification.)

23 A Lou Modugno. Don't ask me to spell  
24 it, please.

25 MR. FLYNN: M-O-D-U-G-N-O.

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1 A And Bill Pelino, who was the CFO at  
2 the time. They came to HRH.

3 Q HRH?

4 A Yes. They came to HRH. We met.  
5 We reached a conclusion. We reached an  
6 agreement. We had a handshake. The  
7 following few days, Mr. Moshe met with Vivek  
8 Garipalli at -- I believe at -- somewhere  
9 around his home, and they finalized the deal.

10 A few days later -- you know, and  
11 obviously during that time, both the mayor of  
12 Bayonne as well as Vivek Garipalli asked us  
13 to reach out to the landlord and  
14 negotiated --

15 Q Who was the landlord at that time?

16 A Avery Eisenreich. Reached out to  
17 the landlord and see if we could reach a deal  
18 with them, because that was the biggest  
19 stumbling block for them. And --

20 Q Why was that a stumbling block?

21 A Because they -- they wanted to take  
22 control over the land. Vivek Garipalli  
23 doesn't like to lose, and he lost the land to  
24 Avery and he wanted that back. So he was  
25 trying to do that through eminent domain.

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1 Q Do you know when it was that the  
2 management of Bayonne Hospital was separated  
3 from ownership of the land that Bayonne  
4 Hospital sat on?

5 A I don't know.

6 Q Okay. So you think you have a deal  
7 in principle. You start -- you, meaning HRH,  
8 begins to talk with the landlord. And I  
9 think your testimony earlier today was at  
10 that point, you learned that an LOI had been  
11 signed with my clients.

12 Is that right?

13 A So -- yes. So Vivek Garipalli  
14 called Mr. Moshe, I think, a week after or  
15 some number of days after and said someone  
16 else put more money in the deal and he signed  
17 an LOI with them. And he asked us to make an  
18 offer for one or the -- or any of the  
19 hospitals or all the hospitals.

20 So we advanced our discussions with  
21 Avery Eisenreich at the time. They were very  
22 advanced. Yan Moshe had negotiated with him  
23 acquisition of the land, because again, he's  
24 a real estate developer and he likes to own  
25 the same place that he operates.



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1 And then after that, we put in an  
2 offer. I remember putting in the offer for  
3 all three hospitals. It was on May 22, 2020,  
4 because it was my birthday. And we were  
5 served with a tortious interference claim on  
6 the same day from CarePoint pushed by, I  
7 believe, SurgiCore at the time.

8 Q So at the time, in May of -- of  
9 what year, of 2020?

10 A 2020.

11 Q Okay. Had SurgiCore and CarePoint,  
12 on this date in May of 2020, gone beyond a  
13 signed letter of intent?

14 A SurgiCore and CarePoint, I don't  
15 know. I have no idea.

16 Q So when you say your belief that  
17 the tortious interference claim initiated by  
18 CarePoint was at the urging of SurgiCore,  
19 what is that belief based on?

20 A You know, just the assumption at  
21 the time and some things that we heard from  
22 different people.

23 Q Okay. So I'll leave the assumption  
24 as an assumption.

25 What things did you hear from what

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1 people?

2 A That Felix Kogan and his partners  
3 found out about us touring Bayonne Hospital.  
4 Yan is a trailblazer and Felix always follows  
5 him everywhere. Every sort of venture Yan  
6 wants to acquire and/or going to, he finds  
7 Felix at his doorstep trying to get the same  
8 thing. So he came in, naturally, and tried  
9 to get the -- the opportunity from underneath  
10 us.

11 Q So when did you first become aware  
12 that beyond the LOI that my clients had  
13 signed, that CarePoint had actually signed a  
14 full asset purchase agreement with  
15 SurgiCore's related entity BMC, LLC?

16 A I don't know. I don't recall.

17 Q Did you find out in 2020?

18 A It was a long time ago. I can't  
19 remember when and how I found out.

20 Q Okay. Did there come a point --  
21 you said there was a lawsuit for tortious  
22 interference.

23 Did there come a point in 2020  
24 where Mr. Moshe was successful in negotiating  
25 a land deal with Avery Eisenreich who

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1 acquired the real estate under Bayonne  
2 Hospital?

3 A There are two steps.

4 Step number one is, we received a  
5 letter from Avery Eisenreich giving us the  
6 opportunity to -- or approving us as the  
7 tenant for his real estate. So he gave us  
8 that approval. That was the initial step.

9 And that was a day or two from Mr.  
10 Moshe meeting with him, which was in  
11 preparation for the final thing, which was  
12 negotiating the acquisition of the real  
13 estate, which happened also very quickly  
14 right after that.

15 Q Did there come a time when HRH had  
16 its counsel oppose the CN application that  
17 was filed on behalf of CarePoint and BMC  
18 Hospital, LLC looking for a transfer of the  
19 certificate of need?

20 A You're asking me about  
21 technicalities from many years ago. I --  
22 there probably was. I don't remember when or  
23 how or at what point. I can't recall that.

24 Q Well, is it fair to say that at  
25 some point in 2020, HRH, as an entity, was

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1 aware that my clients had a signed APA with  
2 CarePoint?

3 A We -- again, I can't recall how we  
4 found out, but we found out at some point. I  
5 don't recall if it was from some sort of OPRA  
6 request or something like that. I can't  
7 recall.

8 Q Okay. But again, you best  
9 recollection is you knew at some point in  
10 2020 while my client's CN application was  
11 pending.

12 Is that fair?

13 A I don't know if it was in 2020, Mr.  
14 Flynn. I don't remember that, but yes, there  
15 was a point in time where we knew that  
16 SurgiCore was applying to -- for some sort of  
17 CN application.

18 So yes, we knew at some point that  
19 SurgiCore signed the APA, and yes, we had a  
20 legal opinion at the time that was -- that  
21 was in connection with our lease agreement  
22 with CarePoint, but I just remember the  
23 timelines and how I got this information.

24 Q And at some point, HRH decided to  
25 actively oppose the CN application, correct?

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1 A I mean in court, I guess.

2 Q Well, first at the -- at the  
3 agency, at the Department of Health, HRH's  
4 counsel submitted correspondence challenging  
5 the transfer, correct?

6 A Correct. I mean, we --

7 Q And you yourself and your CFO  
8 eventually appears before the state health  
9 planning board to oppose the transfer of the  
10 CN, correct?

11 A Yes.

12 Q Did you also appear at the Bayonne  
13 public meeting --

14 A Yes.

15 Q -- that was held at Bayonne Public  
16 Library?

17 A Yes, we were there.

18 Q Now, before moving on to another  
19 topic, I asked you whether you had ever  
20 threatened to sue CarePoint over your  
21 departure in 2017.

22 Did CarePoint ever threaten to sue  
23 you?

24 A CarePoint has zero reason to sue  
25 me, so the answer is no.

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1 Q Okay. Did anyone else that was  
2 employed at Bayonne Hospital ever sue you for  
3 any activity related to your conduct as a  
4 CarePoint employee?

5 A Absolutely not. I had perfect  
6 conduct at CarePoint.

7 Q Did anyone ever threaten to sue you  
8 for your conduct at CarePoint prior to 20 --

9 A From my perfect conduct at  
10 CarePoint, no. Nobody ever threatened me.

11 Q How about in your present position,  
12 have you ever been threatened with a lawsuit  
13 in your role at HRH?

14 A Yes.

15 Q And what was the nature of those  
16 allegations?

17 A Well, there's a lawsuit out there  
18 from a disgruntled ex-employee that she was  
19 wrongfully terminated.

20 Q And what are the nature of her  
21 allegations against you?

22 A She's claiming that she was  
23 wrongfully terminated because there was some  
24 sort of relationship between us that ended.  
25 All false allegations, just to be clear.

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1 Q You were shown certain documents  
2 regarding the accounts that -- the personal  
3 accounts that Mr. Moshe has access to,  
4 correct, here today?

5 A Yes.

6 Q Are you aware of whether all of  
7 those accounts are simply in his name?

8 A I don't know. These are his  
9 personal accounts. I don't know.

10 Q So they could be joint accounts  
11 with a spouse or other persons, correct?

12 A I don't know.

13 Q Okay. So you don't know whether  
14 any other person besides Yan Moshe has the  
15 ability to take money out of that, correct?

16 A I don't know what someone's  
17 personal account -- personal accounts look  
18 like. It's his personal accounts. Don't  
19 know.

20 Q In terms of any confirmation that  
21 has been sought to assure that those funds  
22 will be there, proof of funds, what steps has  
23 HRH taken to confirm that Mr. Moshe, as well  
24 as anyone else with access to those accounts,  
25 won't dissipate them before that money is

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1 needed?

2 A It's his personal accounts, and you  
3 know, obviously, at any point in time anyone  
4 can ask for updates as to what's happening in  
5 there.

6 I don't understand your question,  
7 Mr. Flynn. How can someone put  
8 restrictions --

9 Q There's no question.

10 A -- on someone's personal accounts?

11 Q Someone could sign an agreement  
12 that says I won't take anything out of this  
13 account until X date. I won't take anything  
14 out of this account without your approval.

15 My question is, has HRH sought any  
16 such written confirmations by way of contract  
17 or anything else?

18 A Mr. Moshe is the owner of HRH. You  
19 want Mr. Moshe, the owner of HRH, to request  
20 from himself such an agreement with himself  
21 for his personal accounts?

22 Q Do you think that would be --

23 A How does that make any sense?

24 Q Do you think that would be a  
25 conflict of interest?



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1           A     It's not a conflict of interest.  
2     He's the owner of everything. He has the  
3     final decision making. He -- it's his  
4     personal accounts. He doesn't need to get  
5     guarantees -- get guarantees for himself for  
6     his own accounts.

7           Q     Let's talk about the DIP and the  
8     approximately \$67 million you testified about  
9     being necessary.

10                   I know you went over this before,  
11     but there's a certain amount that is needed  
12     new money and there's a certain amount of  
13     roll-up, correct?

14           A     Yes.

15           Q     And --

16           A     You promised not to repeat  
17     questions, but...

18           Q     Understood. That was purely for  
19     context.

20           A     Okay.

21           Q     Based on your understanding of how  
22     that roll-up and new money is working, with  
23     the amount of new money that seems devoted to  
24     shoring up the rolled-up debt, why isn't  
25     there double counting?

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1 A Double counting? I don't  
2 understand your question.

3 Q You're taking from the new money  
4 certain elements, correct?

5 A Yeah.

6 Q To, among other things, work  
7 through and yet compensated for the rolled-up  
8 debt, right?

9 A You need to explain to me what  
10 you're talking about.

11 Q All right. Well, because I don't  
12 want to go back, I'll leave that. I'll come  
13 back to it perhaps later.

14 You testified about my client's  
15 involvement in some of the things revolving  
16 around implants or biologics or robots.

17 Do you recall that testimony?

18 A Yes.

19 Q And you made several references to  
20 my clients managing Bayonne Hospital.

21 On what basis do you make the  
22 statement that my clients had a management  
23 role at Bayonne Hospital?

24 A You mean all the publications and  
25 the media and everything that Felix and --

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1 and Wayne and others said in public is not  
2 enough? Plus --

3 Q What did they -- when did they ever  
4 say in public that --

5 A They always --

6 Q -- they were managing the hospital?

7 A They always said that they actually  
8 bought the hospital, not just managing the  
9 hospital. And then we found out at some  
10 point later on that they had a management  
11 agreement with CarePoint to manage the OR  
12 services, and that they were responsible for  
13 negotiating pricing with the vendors and the  
14 biologics reps, like I mentioned earlier.

15 And just to answer another comment  
16 from earlier this morning, part of the reason  
17 why these vendors had a big incentive is  
18 because they're bonus-driven. Obviously,  
19 they get a percentage of -- they get a  
20 certain bonus based on their sales.

21 So if they -- if I sell you  
22 something for \$10,000, meanwhile it's worth  
23 \$2,000, I get more money out of that, aside  
24 from the fact that they helped SurgiCore by  
25 redirecting traffic of physicians to the

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1 hospitals.

2 Q So BMC Hospital, LLC had an asset  
3 purchase agreement that was signed with  
4 CarePoint to purchase the hospital.

5 Is that right?

6 A That's my understanding.

7 Q Okay. Now, what public statements,  
8 specifically, can you point to where there  
9 was any statement by any BMC Hospital, LLC  
10 representative to the effect that they had a  
11 management agreement with CarePoint?

12 A We know there was one. When we had  
13 the OPRA request, we saw it and when we  
14 obviously --

15 Q And was that not, in fact, called a  
16 consulting agreement that made clear --

17 A I don't know what it was called  
18 exactly, but they were managing the  
19 peri-operative services and managing other  
20 areas of the hospital as well.

21 Q Have you read that document?

22 A I've heard them say it and --

23 Q No, I'm asking you a specific  
24 question.

25 Have you read the document --

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1 A I have not read the document.

2 Q -- that you --

3 (Reporter clarification.)

4 THE WITNESS: He keeps interrupting  
5 me, so I don't know when to answer.

6 Q Have you read the document that you  
7 just referred to?

8 A I don't recall reading the  
9 document.

10 Q And so when you referred earlier to  
11 a secondary agenda, it was the one you just  
12 described.

13 Is that right?

14 A Yes. Very clearly I described it.

15 Q And it's based on the assumptions  
16 you made without reading the document that  
17 actually structured the relationship?

18 A No, zero assumptions.

19 This is -- this is verbatim from  
20 the mouths of lots of vendors and others, and  
21 this is --

22 Q What vendors and what did they tell  
23 you?

24 A Can I finish before interrupting me  
25 so I can answer you?

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1 Q No, I'm asking you a question.

2 What vendors and what did they say?

3 A Well, Royal Biologics is one of  
4 them.

5 Q And what did they say?

6 A They said that they were paying --  
7 that CarePoint was paying a lot of money for  
8 the certain products, okay, a lot more than  
9 we were paying. And they knew they were  
10 having a killer deal.

11 Q Who at that entity made those  
12 statements?

13 A The owner of the entity.

14 Q Okay. So do you know the owner's  
15 name?

16 A I can't remember, off the top of my  
17 head.

18 Q And when you said the owner said  
19 was that CarePoint was paying a lot of money  
20 for them, how do you connect that statement  
21 to my clients?

22 A Later on we found out also from  
23 CarePoint themselves about what was going on  
24 and -- at Bayonne Hospital and those --

25 Q Who told you what --

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1 A -- and those -- and those  
2 inflated --

3 Q -- and when?

4 A You're not going to let me speak.  
5 How are you going to hear my answer?

6 Q Proceed.

7 A Okay. So we found out later on  
8 from CarePoint themselves, from Dr. Moulick  
9 and his team, about the practices of  
10 SurgiCore at Bayonne Hospital --

11 Q What did they tell you?

12 A -- including -- let me finish.  
13 -- including inflating prices  
14 for -- for all the vendors, whether it's  
15 implants or biologics, including the  
16 purchases of the robots and other equipment  
17 at the hospital, okay?

18 And also, something that I'm not an  
19 expert in, but related to the funded cases  
20 that -- that had consumed policies, that they  
21 were bringing in LOP cases that were being  
22 brought to Bayonne Hospital that had no money  
23 left, that later on CarePoint couldn't  
24 collect on.

25 That's a lot of money that it cost

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1 CarePoint, millions and millions of dollars,  
2 because of their mismanagement and their  
3 secondary agenda. And they were also  
4 redirecting good business from CarePoint to  
5 their own surgical center.

6 Q Okay. Now, did Dr. Moulick and you  
7 ever discuss that under the consulting  
8 agreement between my client and CarePoint,  
9 that all they had the power to do was  
10 recommend and that all final decisions  
11 remained with Dr. Moulick and CarePoint?

12 A I don't remember that conversation.

13 Q Separate from the APA with my  
14 client and CarePoint, did you become aware at  
15 some point that my client owned 9.9 percent  
16 of the Bayonne CarePoint entity?

17 A Yes.

18 Q When did you become aware of it?

19 A I don't recall.

20 Q Did you become aware that my client  
21 also had struck an agreement with the  
22 CarePoint Bayonne entity to come into  
23 ownership of an additional 39.1 percent of  
24 Bayonne Hospital?

25 A Yes.



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1 Q And when did you become aware of  
2 that?

3 A I don't recall.

4 Q Was it in relation to the 39.1  
5 percent additional acquisition that you  
6 actually appeared at the public meetings to  
7 object to my client's ownership interest?

8 A I don't recall the specifics  
9 surrounding that time, but I objected to  
10 their existence.

11 I think it's also worth mentioning  
12 that SurgiCore, as a 9.9 percent owner, never  
13 contributed to the capital expenses. Never  
14 put up any money for capital --

15 Q There's no question pending.

16 A I just felt like I should add it,  
17 for the record.

18 Q Did you ever read any of the  
19 agreements through which my client got that  
20 9.9 percent ownership interest?

21 A No.

22 Q Going to Committee-10, which was in  
23 front of you --

24 MR. ROLDAN: Which document?

25 MR. FLYNN: Committee-10.

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1 MR. ROLDAN: They're all out of  
2 order.

3 MR. RABINOWITZ: It's the  
4 management services agreement.

5 MR. FLYNN: Correct.

6 MR. ROLDAN: There's a stack of  
7 documents here. Document 19?

8 MR. FLYNN: Document 19, but I'm  
9 going to go to the management services  
10 agreement itself, so it's the sort of the  
11 later half of that.

12 Q And I'm looking at page 21 of 43.  
13 It's the top of the page, which says 19-3.

14 A Yes.

15 MR. ROLDAN: Sorry, which page?

16 MR. FLYNN: Page 21 of 43.

17 MR. ROLDAN: Thanks. Got it.

18 Q So there's -- you were asked some  
19 questions about the restrictive covenant  
20 earlier.

21 Within the restrictive covenant,  
22 there's a defined term of "restricted  
23 parties."

24 Do you see that?

25 A We're talking about -- now you're

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1 talking about the bottom, not the top?

2 Q The bottom, Section 8.05,  
3 "Restrictive covenant."

4 A I see the title of the paragraph,  
5 yes.

6 Q Okay. So that says, "Restrictive  
7 covenant," and then within that paragraph,  
8 about halfway through the paragraph out at  
9 the left-hand margin, there's a reference to  
10 "restricted parties."

11 Do you see that?

12 A Do you want to start reading it so  
13 I know what we're talking about?

14 Because there's "restricted  
15 parties" in three lines here.

16 Q Right.

17 But I'm just focusing on that term,  
18 "restricted parties."

19 A Okay.

20 Q As you sit here today, do you know  
21 who the restricted parties are?

22 A I would have to read through this.  
23 Is that okay with you if I read  
24 through this?

25 Q You can read through this, but I'm

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1 asking you a question about your memory or  
2 knowledge, not what you can read.

3 A I can't remember every single  
4 document. There are thousands and thousands  
5 of documents. So if you want me to answer,  
6 let me read this through --

7 Q No.

8 The question -- my first question  
9 is, do you know --

10 A I don't --

11 Q -- as you sit here today --

12 A -- remember. If you want me to  
13 read this, I'll read this and answer your  
14 question.

15 Am I clear?

16 Q Listen, I asked you a question  
17 about your memory and knowledge.

18 A You're being hostile towards me for  
19 no reason.

20 Q I am not.

21 A Nobody else had this reaction from  
22 me earlier.

23 So, if you would like this to  
24 continue smoothly, please be respectful and  
25 I'll be respectful to you.

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1 Q I'm just asking you to answer the  
2 question that I --

3 A I answered your question, I don't  
4 know. If you want me to read here, I can  
5 answer you.

6 Q I don't want you to read.

7 A Then my answer is no.

8 Q Okay. That's all I was trying to  
9 establish.

10 A Okay.

11 Q Now, can you go to page 31 of 43.  
12 At the bottom of the page, there's  
13 a reference to restricted parties.

14 Do you see that?

15 A Yes.

16 Q Now, there's a reference to Felix  
17 Kogan and Wayne Hatemi.

18 Do you see that?

19 A Do you want me to read this? Do  
20 you want me to read it?

21 Q No.

22 I want you to answer my question,  
23 which is, I'm pointing you to a specific  
24 phrase --

25 A Okay.

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1 Q -- and asking you if you see it.

2 Do you see the words --

3 A Yes.

4 Q -- Felix Kogan?

5 A Yes.

6 (Reporter clarification.)

7 Q Kogan, K-O-G-A-N.

8 And do you see the name Wayne

9 Hatemi?

10 A Yes.

11 Q Okay. Do you know how these names  
12 got into the definition of restricted  
13 parties?

14 A They're our competition who were  
15 trying to acquire Bayonne Hospital.

16 So legal suggested that we put  
17 their names in here and they're in here.

18 Q In fact, at the time they were put  
19 into this document, they were already owners  
20 of Bayonne Hospital to 9.9 percent, correct?

21 A In theory, yes.

22 Q Do you have an understanding of how  
23 this provision could be applied to CarePoint  
24 and they could respect my client's ownership  
25 interests and yet abide by this paragraph?

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1 A You'll have to ask CarePoint, but  
2 my understanding is your client abandoned the  
3 hospital a long time before with all of their  
4 bad deeds that they left behind.

5 Q And what is the basis of that  
6 understanding?

7 A They weren't there. They weren't  
8 managing. They weren't doing anything.

9 Q And that goes back to your previous  
10 testimony as to what you believed the nature  
11 of the relationship was.

12 Is that right?

13 A I don't know how you're relating  
14 this to that.

15 What do you mean? Explain it.

16 Q When you said they weren't  
17 managing, that's based on an assumption that  
18 they ever had an obligation to manage,  
19 correct?

20 A I'm saying -- you asked me a  
21 question at the time, at this time, why would  
22 their name be here. Because they weren't --  
23 they weren't doing anything at Bayonne  
24 Hospital. They weren't managing any services  
25 at Bayonne Hospital at that time.

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1 Q But they were 9.9 percent owners,  
2 correct?

3 A In theory, yes.

4 Q Okay. Why do you say "in theory"?

5 A Because they never -- they weren't  
6 true partners. They never contributed to  
7 capital expenses or capital calls. They  
8 never contributed to anything.

9 This is a hospital that was  
10 drowning, and all they did was try to get the  
11 upside. They didn't participate on the  
12 downside. So that means it's not a true  
13 partnership, in my opinion.

14 Q What evidence do you have that they  
15 were ever subject of a capital call?

16 A I don't have any evidence of  
17 anything, but when my partner is drowning, I  
18 jump in and help out. I don't walk away.

19 Q Did you ever receive -- well, let  
20 me ask you this.

21 There was marked yesterday a term  
22 sheet. So this would be Committee-3.

23 Do you have a copy of of  
24 Committee-3?

25 (Brief pause in proceedings.)



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1 MR. ROLDAN: Before you start your  
2 question, do you want to take a break?

3 THE WITNESS: Sure.

4 MR. ROLDAN: Do you want to take a  
5 break?

6 MR. FLYNN: Okay.

7 VIDEO OPERATOR: We're going to go  
8 off the record at 3:26, ending media 3.

9 (Brief recess taken.)

10 VIDEO OPERATOR: We're back on the  
11 record, 3:35.

12 This is media 4 in the deposition  
13 of Kifaieh.

14 Q So Dr. Kifaieh, I think before the  
15 break, we had organized to put in front of  
16 you a document previously marked called  
17 Committee-3, and it has the title at the top  
18 of it, "Binding Term Sheet."

19 Do you have that in front of you?

20 A Yes.

21 Q Is that a document that you're  
22 familiar with?

23 A Yes.

24 Q Okay. So if you can just turn to  
25 the last page of that document, there's --

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1 there's two signatures on that page and a  
2 date.

3 Do you see that?

4 A Yes.

5 Q And who signed the agreement on  
6 behalf of Hudson Regional Hospital?

7 A Yan Moshe.

8 Q And what was the date of that  
9 agreement?

10 A January 11, 2024.

11 Q Do you know -- strike that.

12 Did you participate in the  
13 negotiations that led to this binding term  
14 sheet being signed?

15 A Unfortunately, no.

16 Q As the corporate representative,  
17 did you do anything to educate yourself for  
18 this deposition in terms of how this binding  
19 term sheet came together as of January 11,  
20 2024?

21 A I mean, I read the document later  
22 on after the -- Mr. Moshe and Dr. Moulick had  
23 reached an agreement.

24 Q Okay. So if you did read the  
25 agreement later, let me turn your attention

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1 to page 3, but to orient yourself, you may  
2 want to start at the bottom of page 2, which  
3 says, you know, number 4, Bayonne.

4 Do you see that?

5 A Yes.

6 Q Okay. So that Section 4, then, is  
7 part of page 2, all of page 3, and the top of  
8 page 4.

9 I'm going to ask you some specific  
10 questions about what's on page 3, but if you  
11 want to read the whole paragraph first for  
12 context, why don't you go ahead and do that,  
13 tell me when you're finished.

14 A Yes.

15 (Witness reviewing.)

16 Okay.

17 Q So with regard to the references in  
18 this paragraph that are on page 3 to Bayonne  
19 Newco.

20 Do you see those?

21 A Yes.

22 Q Are the concepts that are expressed  
23 here as to the role Bayonne Newco will play  
24 incorporated in any way into the -- the new  
25 structure that HRH is planning as part of the

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1 four-hospital system?

2 A Can you just focus your question  
3 more for me so I understand?

4 Q Sure.

5 So, for instance, is there a plan  
6 to have a new company in Bayonne that will  
7 hire all the doctors that had been -- and  
8 other employees of IJKG Opco?

9 A There are no documents in IJKG  
10 Opco.

11 Q So if you're about midway down that  
12 paragraph, there's a sentence that begins,  
13 "On the effective date."

14 Do you see that?

15 A One second.

16 Yes.

17 Q So that sentence says, "On the  
18 effective date, IJKG Opco will terminate and  
19 Bayonne Newco will hire those doctors and  
20 employees of Bayonne Medical Center based on  
21 an assessment of the optimal staffing," so on  
22 and so forth.

23 Do you see that?

24 A Yes.

25 (Reporter clarification.)

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1 A N-E-W-C-O.

2 Q So under the new plan you were  
3 going to try to put into place, who would  
4 employ the doctors?

5 A So again, there's no -- I'm not  
6 aware of any employed physicians under the  
7 actual hospital.

8 This would be referencing  
9 physicians like the physician advisor or the  
10 medical director.

11 Again, I didn't negotiate this, so  
12 I really don't know what they meant by that.

13 Q Down closer to the bottom of that  
14 page, there's another sentence that begins,  
15 "On the effective date," it's about five  
16 lines from the bottom.

17 Do you see that?

18 A As of the effect date?

19 Q It says, "On the effective date,  
20 Bayonne shall enter into a new lease."

21 A Yes.

22 Q Are you aware of any draft lease  
23 that would have been part of these terms  
24 under this term sheet?

25 A You mean a lease agreement between

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1 Newco and HRH?

2 Q Correct.

3 A I am not aware of one.

4 Q And is there any element of the  
5 present plan that would involve a new lease  
6 for the Bayonne Medical Center land?

7 A Yes.

8 Q And is there a document, a drafted  
9 lease document that would be executed by the  
10 current landlord, which is that 29 East 29  
11 Street and the tenant who will come into  
12 ownership out of the bankruptcy?

13 A So I haven't seen a draft, but I  
14 think part of this entire process is Newco  
15 assumes the lease that's already in place  
16 until a new one is negotiated. I don't know.  
17 I haven't seen -- I haven't seen a draft.

18 Q So your understanding is that they  
19 would assume a lease -- they would assume the  
20 existing lease.

21 Is that right?

22 A We wouldn't have the transfer of  
23 CN, so we haven't gotten to that point yet.  
24 I haven't seen a draft.

25 Q Okay. But your understanding of

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1 the intent is that the current lease would be  
2 assumed by the new owner of the hospital  
3 options?

4 A I'm saying if there wasn't one at  
5 the point of transfer of -- of CN, then  
6 obviously we'll adopt the pre-existing one  
7 until one is completed, but I think by then,  
8 we'll have one. We'll have a new one.

9 Q You'll have one, meaning you'll  
10 have a new lease?

11 A Yes. I don't know how -- if  
12 there's a draft out there, I haven't seen  
13 one.

14 Q So turning over, then, to the next  
15 page.

16 A Page 4 or 5?

17 Q Page 4.

18 Four lines up from the bottom --  
19 five lines up from the bottom of that  
20 paragraph, there's a sentence that reads,  
21 "CarePoint and IJKG Opco will be solely  
22 responsible for any issues with or claims by  
23 SurgiCore and CarePoint's secured lenders."

24 Do you see that?

25 A Yes.

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1 Q Do you know, as you sit here today  
2 as the corporate representative, what issues  
3 existed or claims were being made by  
4 SurgiCore as to CarePoint and IJKG Opco?

5 A I don't know of any claims.

6 Q Were you aware that later there was  
7 a signed -- there was a filed lawsuit by my  
8 clients against CarePoint and Dr. Moulick in  
9 the Superior Court of Hudson County that was  
10 filed in June -- in late June or early July  
11 of 2024?

12 A I heard about it in passing during  
13 one of the meetings. I can't remember from  
14 who. Maybe last week.

15 Q And that's your own awareness of  
16 the claims?

17 A Yes.

18 Q Were you aware that shortly after  
19 this term sheet was signed and made public,  
20 that my client registered complaints with  
21 CarePoint?

22 A No, I was not aware.

23 Q So Dr. Moulick never told you that  
24 those complaints had been made?

25 A Me personally, no.



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1 I don't know if he mentioned it to  
2 Yan, but I'm not aware of the complaints.

3 Q Were you aware of any communication  
4 to CarePoint's counsel, Larry McMichael,  
5 concerning those claims?

6 A I'm not aware of any.

7 Q Are you aware of any communications  
8 to board members at the Bayonne Hospital  
9 concerning the nature of SurgiCore's BMC  
10 Hospital, LLC's claims against CarePoint?

11 A I recall Dr. Moulick mentioning  
12 something about the board discussing  
13 SurgiCore's interest, but I don't have any  
14 details about it.

15 Q When you say "SurgiCore's  
16 interest," do you mean its 9.9 percent  
17 ownership interest or something else?

18 A Yes.

19 Q You mean the --

20 A The 9.9 percent.

21 Q Are you aware of whether CarePoint  
22 ever suggested to HRH terms for settlement  
23 prior to the binding term sheet that would  
24 have included a continuing role for SurgiCore  
25 and/or BMC Hospital, LLC?

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1 A Can you repeat that again?

2 Q Sure.

3 This -- this agreement was signed  
4 January 11th --

5 A Okay.

6 Q -- 2024.

7 Are you aware of, in the  
8 negotiations running up to this, whether  
9 CarePoint ever made suggestions to HRH of an  
10 agreement that would continue my client's  
11 participation in the operations that they  
12 own?

13 A I'm not.

14 MR. FLYNN: So if we can mark this  
15 as BMC-2.

16 (Above-mentioned document marked  
17 for Identification.)

18 Q Okay. So you should have in front  
19 of you, documents we marked as BMC No. 2, and  
20 at least at the top of the first page, it's  
21 an e-mail from Larry McMichael to Tom Abbate.

22 Do you see that?

23 (Witness reviewing.)

24 A Yes.

25 Q And Mr. Abbate is an attorney that

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1 represents HRH.

2 Is that right?

3 A Yes.

4 Q And in the middle of the page,  
5 there's an e-mail from Mr. Abbate to Larry  
6 McMichael, correct?

7 A Yes.

8 Q And that e-mail, Mr. Abbate says,  
9 "Larry, thanks for getting a jump on  
10 committing the issues we spoke about last  
11 Wednesday into writing," and then he  
12 continues the e-mail.

13 Do you see that?

14 A Yes.

15 Q And then Mr. Abbate, in that same  
16 e-mail, says that, you know, it's holiday  
17 time but he's going to confer with clients  
18 about dates and times to get back to Mr.  
19 McMichael.

20 Is that right?

21 A Yes.

22 Q Now, at the bottom of the page is  
23 the e-mail from Mr. McMichael to Mr. Abbate.

24 That's a settlement communication,  
25 right?

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1 A I would have to read through this,  
2 but --

3 Q Well, just looking at the  
4 subheading --

5 A Yes, I see the subject, yes.

6 Q Okay. So if you turn over to the  
7 next page -- well, let me ask you this.

8 Looking at these terms that are  
9 part of that e-mail that continues on to the  
10 next page, have you ever seen those before?

11 A Can I look through them?

12 Q Sure.

13 A Yes.

14 Q So have you seen those before?

15 A I honestly don't recall if I've  
16 read through those before.

17 I can't recall.

18 Q Okay. Did you ever have a  
19 conversation with Mr. Moshe about the subject  
20 of my client's interest in Bayonne Hospital  
21 going beyond 9.9 percent?

22 A What do you mean, like ever?

23 Q Ever.

24 Did you ever have a conversation  
25 with -- with Mr. Moshe about my client's

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1 interest going beyond 9.9 percent?

2 A Yes.

3 Q On how many occasions?

4 A I can't recall. More than one  
5 occasion.

6 Q Did you ever have such discussions  
7 outside the presence of counsel?

8 A I can't recall.

9 Q What's your understanding from all  
10 those conversations with Mr. Moshe on what  
11 Mr. Moshe's directions to you were with  
12 regard to allowing CarePoint to sell the 39.1  
13 percent to my client?

14 A Directions to me?

15 Q Yeah.

16 Did he give you any directions?

17 A No. I didn't negotiate this.

18 Q Did Mr. Moshe ever tell you how he  
19 was going to negotiate it?

20 A No.

21 Q Did you take any steps as the  
22 corporate representative of HRH to find out  
23 the answer to those questions before this  
24 deposition?

25 A I mean, I looked up a lot of things

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1 and I've read a lot of things, but I haven't  
2 seen this, so...

3 Q And -- but you didn't have any --  
4 did you have any conversation with Mr. Moshe  
5 to prepare for this deposition?

6 A I have not.

7 Q You said earlier, Dr. Kifaieh, when  
8 I showed you the term sheet, I think my  
9 question was, were you involved in the  
10 negotiation and drafting of this, and you  
11 said, unfortunately not.

12 Why was that unfortunate?

13 A I would have liked to have some  
14 input in it so I could understand it a little  
15 better.

16 Q Was there anything in it, when you  
17 read it eventually, that you objected to?

18 A No.

19 Q After the binding term sheet was  
20 signed, what happened?

21 Why wasn't there an agreement with  
22 CarePoint?

23 A We were moving very nicely, moving  
24 forward very nicely, but then we were  
25 surprised with the presence of Insight just

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1 popped up out of nowhere.

2 Q And when, roughly, did that occur,  
3 in your best recollection?

4 A We were made aware of their  
5 presence some time, I think, at the end of  
6 February, and I think they started at the  
7 beginning of March.

8 Q Just so I understand your role, you  
9 were not part of the negotiation and drafting  
10 and signing of the binding term sheet.

11 Were you given the opportunity to  
12 review it before it was signed?

13 A I don't recall if I did or didn't.  
14 I possibly did, but I can't recall,  
15 specifically.

16 Q After it was signed, what was your  
17 role in driving from that term sheet towards  
18 an ultimate agreement, if any?

19 A I mean, there was nothing, because,  
20 again we were surprised with the presence  
21 of -- what do you call them -- Insight.

22 I believe we might have had a  
23 couple of meetings with Dr. Moulick and Larry  
24 to talk about some of the details, but again,  
25 we were surprised soon after with Insight's

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1 presence.

2 Q And do you recall how you learned  
3 about Insight?

4 A From many physicians that called  
5 and started asking me who's Dr. Shah, what's  
6 he doing here, there are rumors that he's an  
7 owner of the system, what's going on with you  
8 guys.

9 It was just in the papers about the  
10 term sheet. Now there's something new.  
11 What's happening.

12 Q And these are doctors from Bayonne?

13 A From CarePoint.

14 Q Well, from CarePoint, but who  
15 worked or were associated with Bayonne in  
16 some way?

17 A I mean, they're from Hudson County.  
18 Some of them are CarePoint Health Medical  
19 employees and some are independent  
20 physicians.

21 Q Got it, okay.

22 Did there come a time during that  
23 period, as you were -- when I say "you," when  
24 HRH and CarePoint were continuing to  
25 negotiate that Dr. Moulick's demands as to



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1 what would be part of the new arrangement  
2 became the subject of discussions between HRH  
3 and CarePoint?

4 A Can you specify what you mean by  
5 that? What demands?

6 Q Was he making demands as to his own  
7 personal role and his own personal  
8 compensation that became the subject of  
9 discussions between HRH and CarePoint?

10 A Not that I'm aware of.  
11 I mean, my understanding is that he  
12 would carry over the current compensation  
13 structure into the MSO.

14 MR. FLYNN: Let's make this the  
15 next exhibit, BMC-3.

16 (Above-mentioned document marked  
17 for Identification.)

18 THE WITNESS: So -- do you mind if  
19 I just grab something to drink? Just one  
20 second.

21 MR. FLYNN: Sure.

22 (Brief pause in proceedings.)

23 Q So Dr. Kifaieh, I put in front of  
24 you a document that's been marked as BMC No.  
25 3.

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1 And you'll see that there is some  
2 yellow highlighting on the document. I'm  
3 representing to you, I don't know the source  
4 of that, whether that's something that  
5 happened before it was produced or after it  
6 was produced.

7 And I'm not going to ask you who  
8 highlighted it or anything like that. I just  
9 wanted you to be aware of that.

10 But this, again, is an e-mail from  
11 your counsel to debtor's counsel in March of  
12 2024.

13 Do you see that by reviewing the  
14 header of the page?

15 A Yes.

16 Q And in the first few lines,  
17 including the portion that's highlighted in  
18 yellow, there's a reference to CarePoint  
19 claiming that HRH was the source of false  
20 rumors about Dr. Moulick.

21 Do you see that?

22 A Yes.

23 Q Okay. So does that refresh your  
24 recollection with regard to your previous  
25 testimony that you were unaware of any

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1 discussions about Dr. Moulick and -- and his  
2 demands being the subject of discussions  
3 between HRH and CarePoint?

4 A This was a rumor. You know, it's  
5 not new. People claim they heard things from  
6 me or things from him.

7 My understanding was that Larry  
8 McMichael's firm conducted some sort of  
9 investigation, and result of the  
10 investigation was that nobody has heard  
11 anything from me or anything from HRH's side  
12 about Dr. Moulick that's disparaging or  
13 negative.

14 Q So leaving that aside, do you have  
15 any recollection of what demands Dr. Moulick  
16 was making, whether somebody at HRH commented  
17 about them or not, as to the role he would  
18 play and how he would be compensated?

19 A I'm not aware of any demands on Dr.  
20 Moulick's side that were subject for  
21 discussion.

22 Q So how is it that Dr. Moulick -- if  
23 HRH was going to take over this system, why  
24 was Dr. Moulick going to have a role from  
25 HRH's perspective?

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1           A       I mean, Dr. Moulick is the CEO of  
2   CarePoint, and the way the four-hospital  
3   situation was structured was that two  
4   hospitals will remain not-for-profit run by  
5   him, and the other two hospitals would be for  
6   profit run by us.

7                   MR. FLYNN:   So we'll do this one as  
8   BMC-4.

9                   (Above-mentioned document marked  
10  for Identification.)

11           Q       So this is an e-mail from Mohamed  
12  Nabulsi to Larry McMichael, and it's in  
13  February, so a little bit before the last  
14  e-mail that we looked at.

15                   And the top e-mail says, "Larry,  
16  please review the attached draft instead of  
17  the one that I sent you."

18                   Do you see that?

19           A       Yes.

20           Q       Underneath that, there's an earlier  
21  e-mail from your counsel to Larry McMichael,  
22  saying that, "There's an attached agreement,  
23  but it's still subject to review and approval  
24  by Mr. Moshe and Dr. Kifaieh."

25                   Do you see that?

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1 A Yes.

2 Q Okay. So turning over to the next  
3 page, there's a settlement agreement and  
4 release.

5 Do you recall reviewing this for  
6 the purpose of it being provided to  
7 CarePoint?

8 A I'm not sure if I reviewed this or  
9 there was a more recent draft of this, to be  
10 honest with you.

11 Q Okay. So there's both production  
12 numbers on the bottom, but there's also just  
13 regular page numbers.

14 Do you see that?

15 A Yes.

16 Q Okay. So going to page 30, and  
17 Section 4.3 --

18 A Okay.

19 Q -- there's a suggestion -- or  
20 there's a title, rather, that says, "Absence  
21 of Conflicting Agreements for Required  
22 Consents."

23 Do you see that?

24 A Yes.

25 Q Was it your understanding that in

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1 the proposed settlement, the -- CarePoint was  
2 supposed to represent that there were no  
3 conflicting agreements and that it had  
4 acquired all required consents?

5 A Yes.

6 Q Were you aware, at the time of this  
7 draft in February of 2024, that my client had  
8 a 9.9 percent ownership interest?

9 A I wasn't sure what the status of  
10 that was at that time.

11 Q Had you learned earlier that they  
12 at least, at one point, had had such an  
13 interest?

14 A Yes.

15 Q Were you aware of any of the terms  
16 on which their consent would have been  
17 required under the agreements between my  
18 clients and CarePoint?

19 A I was not aware that a consent was  
20 required.

21 Q Can you go to page 47?

22 I'm looking at Section 4.25.

23 A Okay.

24 Q And the title of that is, "No  
25 Agreements With Any Third Parties."

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1 Do you see that?

2 A Yes.

3 Q And the first sentence says,  
4 "Neither defendant nor defendant's principal  
5 is currently subject to any non-competition  
6 or other similar restrictions that in any way  
7 affect the business."

8 Do you see that?

9 A Yes.

10 Q Were you aware of any restrictions  
11 that CarePoint had signed related to its  
12 ability to transfer assets to HRH?

13 A No.

14 Q Did there come a later time when  
15 HRH and CarePoint signed a second term sheet  
16 that replaced the January 11th one we had  
17 looked at earlier?

18 A I'm not sure if there was a second  
19 one that was signed.

20 MR. FLYNN: BMC-5.

21 (Above-mentioned document marked  
22 for Identification.)

23 Q So I placed in front of you what's  
24 been marked as BMC-5, which again is  
25 correspondence between your counsel at the

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1 DeCotiis firm and Larry McMichael, and this  
2 is Subject, "Restructuring Plan Term Sheet."

3 Do you see that?

4 (Witness reviewing.)

5 A Yes.

6 Q Turning over to the next page,  
7 which has a production number beginning at  
8 2615, there's a term sheet.

9 Do you recall ever reviewing this  
10 at any time?

11 A I have in the past. I can't recall  
12 the details of it, but yes.

13 Q So you do now recall that you, at  
14 some point, reviewed this term sheet?

15 A Yes.

16 Q So turning over to -- and this also  
17 has regular page numbers on it, and I'm  
18 looking at page 8, and specifically paragraph  
19 18.

20 That paragraph says, "Dr. Moulick  
21 and Mr. Moshe shall be equally compensated by  
22 the new MSO, and the amount of compensation  
23 shall be determined based on comparable  
24 executives working under comparable  
25 circumstances. The amount of this



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1 compensation shall initially be established  
2 by a qualified third party."

3 Do you see that?

4 A Yes.

5 Q Do you have any knowledge as to the  
6 approximate level of compensation that was  
7 being considered under this term 18?

8 A That didn't really go far, because  
9 Dr. Moulick requested -- from my  
10 understanding, he requested that his current  
11 compensation structure gets carried over to  
12 the MSO.

13 Q And as we saw in some of the  
14 earlier testimony, the language that was  
15 adopted was that it would be at least as high  
16 as what he had been compensated at CarePoint,  
17 correct?

18 A Yes.

19 Q There's references here relating to  
20 a third party establishing a level of  
21 compensation.

22 Were any steps taken in that regard  
23 in order to determine the amount of  
24 compensation that these two gentlemen would  
25 receive?

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1 A Not that I'm aware of.

2 Q And certainly in what's been filed  
3 with the bankruptcy court, there's an  
4 understanding of the role that Dr. Moulick  
5 would play, and we've heard in discovery the  
6 notion that it would be at least equal to  
7 what he was being compensated at CarePoint.

8 Does Mr. Moshe continue to have an  
9 expectation in compensation for performing  
10 his leadership role with the new MSO?

11 A That was the understanding, yes.

12 Q That was the understanding?

13 A Yes.

14 Q And that remains the understanding?

15 A That he would be compensated for  
16 his participation in the MSO and leadership  
17 and being chairman of the board.

18 Q And would he still be equal to Dr.  
19 Moulick's as outlined in this proposal?

20 A Now, I don't know which one is the  
21 most recent one because I've seen so many  
22 documents already.

23 Q So you just don't know?

24 A I don't -- yeah, I don't know.

25 Q Prior to the consent judgment that

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1 we looked at earlier, which was dated in  
2 October of 2024, I think you mentioned that  
3 there was a default judgment.

4 What do you recall about that?

5 A A default judgment, for what?

6 Q A default judgment where CarePoint  
7 default is under the lease.

8 A Which lease?

9 Q I'm sorry?

10 A Which lease?

11 Q The lease at Bayonne.

12 A CarePoint had been defaulting on  
13 the lease --

14 Q Right.

15 A -- at Bayonne since 2021.

16 Q That there was a -- I'm talking  
17 about the consent judgment in the Delaware  
18 action.

19 A Yes.

20 Q Was there an earlier ruling in that  
21 case that was -- that constituted a  
22 confirmation of that default?

23 A Yes.

24 Q And do you recall when that  
25 occurred?

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1           A       I don't remember which month. I  
2       don't remember if it was in September or --  
3       probably September. I don't recall. I don't  
4       recall.

5           Q       No, I think that's right.

6           A       Okay.

7           Q       And so shortly after that, the  
8       consent judgment was negotiated and provided  
9       by the court and they adopted it.

10                   Is that right?

11           A       Yes.

12                   MR. FLYNN: Subject to the same  
13       source of reservations that were made by the  
14       other parties concerning the production of  
15       documents and other things and still need to  
16       be reviewed, I'll tender the witness back to  
17       Mr. Rabinowitz for any follow-up questions  
18       that people want to ask.

19                   MR. RABINOWITZ: I have a few  
20       questions, if I might.

21                   Thank you.

22       EXAMINATION BY MR. RABINOWITZ:

23           Q       Dr. Kifaieh, it's been a long  
24       afternoon.

25                   How are you?

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1 A Very good.

2 Thank you.

3 Q Good.

4 I am John Rabinowitz. I represent  
5 J2 Funding, LLC in the Chapter 11 cases.

6 I'm just going to ask you a few  
7 questions, recognizing that --

8 A No problem.

9 Q -- you've been patient for a full  
10 day.

11 I wanted to follow up in two areas.  
12 One of them is with regard to the 340B  
13 agreement that Mr. Jareck asked you about  
14 earlier today.

15 Do you remember that question that  
16 he asked you?

17 A There is no 340B agreement.

18 Q Well, he made reference.

19 Do you have in front of you --

20 A He made reference to 340B in the  
21 MSO, I believe.

22 Q Right.

23 In C-10, in paragraph 6.01, there  
24 is a reference to pharmacy programs, and I  
25 think you had mentioned, when he was asking

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1 you about that, that that meant it included a  
2 340B program or 340B agreement.

3 Is that correct?

4 A Yes.

5 Q And you briefly described it, but  
6 if you could again, what is a 340B agreement?

7 A It's a -- it's a status under which  
8 an entity or an organization can obtain  
9 discounted pricing for essential medications  
10 for the purpose of providing those  
11 medications to patients in documented need  
12 for medications, such as HIV patients, you  
13 know, chemotherapeutic patients, cancer  
14 patients or other types of infusions and  
15 medications.

16 Q And is it a government-run program?

17 A It's a government-sponsored and  
18 monitored program, yes.

19 Q Do any of the hospitals have a  
20 signed 340B agreement as of today?

21 A What do you mean by "signed 340  
22 agreement"?

23 Q Well, is there a written document  
24 that has been signed by one or more of the  
25 hospitals in third-party provides?

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1 A I don't think there is one. I'm  
2 not aware of one.

3 Q Okay. Would the existence of a  
4 340B be helpful to any of these hospitals?

5 A Helpful for everybody. I mean,  
6 everybody wants that designation of course.

7 Q But particularly would it be  
8 helpful to these hospitals hospital?

9 A Absolutely.

10 Q Why is that?

11 A It would be essential for --  
12 especially for Christ in Hoboken based on the  
13 population. The -- the population of -- of  
14 Hoboken and Jersey City, that goes to Christ  
15 and Hoboken Hospital is a majority of  
16 underinsured and/or Medicaid patients, for  
17 which the insurance companies don't really  
18 reimburse very well for these medications.

19 So the hospitals constantly end up  
20 being high prices for medications that  
21 they're not reimbursed for by Medicaid.  
22 Obviously, if it's charity care, there's not  
23 much money coming there. So yes, it would be  
24 very helpful.

25 Q And do I understand your testimony

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1 to be that it would be helpful in terms of  
2 serving patients in the community, correct?

3 A Yes.

4 Q And would it be helpful to the  
5 hospitals in terms of generating revenue as  
6 well?

7 A Well, the hospitals don't directly  
8 generate revenue because if you get the  
9 medication for 50 cents, you can't charge the  
10 government on a thousand. That's my  
11 understanding.

12 Again, like I said earlier, I'm not  
13 an expert on 340B. I never started a 340B  
14 program. I never ran a 340B program, so --  
15 you know.

16 Q Understood.

17 A I'm just explaining to you the  
18 things that I read.

19 Q I appreciate that.

20 But at a minimum, it would be a  
21 service that would be provided to patients in  
22 the community and that would be helpful to  
23 the hospital, correct?

24 A Yes.

25 Q And it would be helpful to the



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1 community?

2 A Yes.

3 Q And I think you reaffirmed or  
4 answered the question, my follow-up question,  
5 you don't have any direct experience with  
6 regard to 340B programs.

7 Is that correct?

8 A Correct.

9 Q Does HRH have any experience with  
10 340B programs?

11 A I don't know if anybody in the  
12 pharmacy department has experience. I  
13 personally don't have experience.

14 Q And are you aware of any  
15 negotiations at any point in time between  
16 CarePoint or any of these hospitals and  
17 third-party providers with regard to  
18 implementing a 340B program?

19 A My understanding is Dr. Moulick has  
20 had multiple conversations with multiple  
21 entities about 340B program, including  
22 Insight.

23 Q Okay. Anybody else? Can you  
24 remember anybody else other than Insight?

25 A I remember something being

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1 mentioned about Dr. Rastogi.

2 (Reporter clarification.)

3 A Rastogi, R-A-S-T-O-G-I.

4 And who else, I don't know who  
5 else, but I remember Insight specifically. I  
6 remember Dr. Rastogi being another.

7 Q Okay. And is it fair to say that  
8 no agreement was ever executed between  
9 CarePoint or the hospitals and Dr. Rastogi or  
10 Insight?

11 A I wouldn't know. I wasn't there.

12 Q So one other area I wanted to ask  
13 you about.

14 Do you have in front of you  
15 Committee-8 and Committee-14?

16 MR. ROLDAN: Tell me the name of  
17 the pleading.

18 MR. RABINOWITZ: Committee-8 is the  
19 Bayonne DIP motion.

20 MR. ROLDAN: So here's -- this is  
21 marked C-14, but it's doc 10 up at the top.

22 MR. RABINOWITZ: Well, that's --

23 MR. ROLDAN: That's not Bayonne.

24 MR. RABINOWITZ: That's not  
25 Bayonne. 10 is Hoboken and -- and Christ

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1 Hospital.

2 MR. ROLDAN: Sorry.

3 MR. RABINOWITZ: And 11 -- 11 is  
4 Bayonne.

5 MR. ROLDAN: I don't think we have  
6 11 in front of us. We have 10 in front of  
7 us.

8 Oh, here we go. We have 11 and 10,  
9 so what is he looking at?

10 MR. RABINOWITZ: Give him both.

11 MR. ROLDAN: Okay.

12 MR. RABINOWITZ: Just to keep it  
13 moving quickly, the last page of both those  
14 documents are the budgets. Just to make sure  
15 we got the right documents.

16 THE WITNESS: You want us to open  
17 both at the same time?

18 MR. RABINOWITZ: Yes, if you could,  
19 that would be helpful.

20 THE WITNESS: Okay.

21 Q Now, is it fair to say that the  
22 last pages of both those documents represents  
23 the DIP budget.

24 Is that a fair statement?

25 A Yes.

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1 Q And I recognize that you did not  
2 prepare this.

3 I think your prior testimony was  
4 that this was prepared by CarePoint's CFO.

5 Is that correct?

6 A Yes, and Ancora.

7 Q And did you ever have an  
8 opportunity to review them?

9 A I've had, unfortunately, listened  
10 to my CFO discuss the DIP budget, but I  
11 haven't personally reviewed it.

12 Q Do you believe, to the best of your  
13 knowledge, these are accurate budgets?

14 A If my CFO signed off on them, then  
15 they probably are.

16 I wouldn't know. Like I said, I  
17 didn't really review them.

18 Q What do they cover? Do they cover  
19 operating expenses?

20 A I'm not seeing operating expenses.

21 Q Which one are you looking at?

22 A Which one do you want me to look  
23 at?

24 Q You can look at C-8, if you would.

25 I'm sorry, look at C-14, if you

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1 would, please.

2 Do you see line 5?

3 A Payroll and benefits?

4 Q That would be an operating expense,  
5 wouldn't it?

6 A It's payroll.

7 Q Payroll is an operating expense.

8 A Okay.

9 Q Supplies, would that be an  
10 operating expense?

11 A Yes, yes.

12 Q So is it fair to say that there are  
13 some operating expenses --

14 A Yes.

15 Q -- on this budget?

16 A Yes.

17 Q Does the budget cover any other  
18 item besides operating expenses?

19 A Yes.

20 Q Can you give me some examples?

21 A Well, it has also the DIP fees. It  
22 has the patient-related receipts, the revenue  
23 from collections, disbursement.

24 There's a lot of items here.

25 Is there anything specific?

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1 Q Other than revenues, which are  
2 obviously not expenses, I think the example  
3 you gave is that there are bankruptcy  
4 expenses reflected on this budget.

5 Is that correct?

6 A Yes.

7 Q Okay. But besides receipts,  
8 operating expenses and bankruptcy expenses,  
9 is there any other category of expenses that  
10 are reflected on this budget?

11 A No. I mean, is there anything  
12 specific?

13 Q No, you answered the question.

14 And I appreciate the answer. I  
15 think your answer is no.

16 So have you been -- I know you have  
17 a lot on your plate, but have you been  
18 following the various actions and activities  
19 that have occurred in the bankruptcy court?

20 A As much as I could.

21 Q Okay. And are you aware that when  
22 these bankruptcy cases were filed, there were  
23 motions called first day pleadings that were  
24 filed with the court?

25 A Yes.

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1 Q And were you familiar with those  
2 first day pleadings?

3 A This was my first exposure to  
4 bankruptcy proceeding, so it was a little  
5 overwhelming with all the different  
6 presentations on the first day.

7 Q Well, did you ever become aware  
8 that an application to pay pre-petition wages  
9 was filed with the court?

10 A I don't know. I mean...

11 Q Did you ever become aware that an  
12 application to pay pre-petition insurance  
13 premiums was filed with the court?

14 A I don't know.

15 Q Okay. Did you ever become aware  
16 that certain claims by patient care vendors  
17 representing periods of time prior to file  
18 the bankruptcy was filed with the court?

19 A Again, I'm not aware of the  
20 specific things. I'm aware of a lot of  
21 things being filed, but no line items.

22 Q Did you ever become aware that a  
23 motion or an application to pay physician --  
24 pre-petition physician compensation was filed  
25 with the court?

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1 A Don't know.

2 Q Did you ever become aware that an  
3 application to pay certain pre-petition taxes  
4 was filed with the court?

5 A Not this far, but I take back what  
6 I said about the pre-petition wages for  
7 physicians. That I was aware of.

8 Q Okay. And did you ever become  
9 aware that an application to post security  
10 deposits with utilities was filed with the  
11 court?

12 A I don't remember for the filing,  
13 but I remember this being discussed.

14 Q And what was the nature of that  
15 discussion?

16 A Well, the CFO of CarePoint had  
17 mentioned that there were certain demands  
18 from -- I believe it's the electricity  
19 company, I forget which one, and he mentioned  
20 something about a petition being filed.

21 But again, I'm not really privy to  
22 all the details of what was filed and what  
23 wasn't.

24 Q Let's go back -- I'm sorry, I  
25 didn't mean to cut you off.



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1 Please finish.

2 A I'm done.

3 Q Okay. Let's go back to the  
4 application to pay pre-petition physician  
5 compensation.

6 Do you know how much compensation  
7 was sought?

8 A I don't.

9 Q Can you tell me if in either of the  
10 budgets there was a line item for the payment  
11 of pre-petition physician compensation?

12 A I don't see one.

13 Q And have you looked at both  
14 budgets, Bayonne and the budget for Hoboken  
15 and Christ Hospital?

16 A I don't know what they mean by  
17 professional fee trust account roll forward,  
18 but I don't see any specific line item for  
19 that.

20 Q I'm just going to represent to you  
21 that there have been a series of motions  
22 reflecting the categories of obligations that  
23 I've described, and that the court has acted  
24 on some and will act on some in the future.

25 To the extent that these items are

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1 not reflected in the budget, is HRH prepared  
2 to fund under the DIP facilities sufficient  
3 funds to satisfy these categories of  
4 expenses?

5 A I mean, this is something that,  
6 again, I'll have to take back to my team and  
7 the chairman of the board, our legal counsel,  
8 discuss with them, discuss with the CarePoint  
9 finance team.

10 I can't give you an answer here. I  
11 don't know to what extent this is and what  
12 the dollar amount is, what was filed, what  
13 was -- I don't know. I don't know.

14 Q Are you aware of any of these  
15 expenses to the extent they were approved by  
16 the court having been paid?

17 A Whatever we've been asked to pay so  
18 far by CarePoint, we have paid.

19 Q If I were to represent to you -- to  
20 you that the aggregate amount of all these  
21 expenses could be many millions of dollars,  
22 would that affect HRH's willingness or  
23 ability to fund?

24 A No.

25 Q So at the end of the day,

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1 regardless of the size of these expenses, HRH  
2 under the DIP facility, is committed --

3 (Reporter clarification.)

4 Q -- is committed to fund an amount  
5 necessary to satisfy these expenses?

6 A I mean, this is a process of  
7 negotiation, right?

8 So we would have to agree to things  
9 that we would agree to. It's not a blank  
10 check.

11 Q Understood.

12 Recognizing the DIP facilities are  
13 discretionary --

14 A Yes.

15 Q -- does the fact that the debtors  
16 have applied and obtained the authorization  
17 to pay these expenses in any way affect your  
18 analysis as to the ability or willingness to  
19 fund?

20 A We review the vendor payments every  
21 single day. My team, with the CarePoint  
22 team, review that every day. They let me  
23 know and they let Mr. Moshe know what's been  
24 approved, whether it's something that was  
25 approved through the court or not.

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1                   If it's presented to us as approved  
2                   and within the budget, it's paid.

3           Q       And would it affect your decision  
4                   to fund or ability to fund these expenses if  
5                   the total amount well exceeded the  
6                   limitations on the DIP facility, \$25 million  
7                   for Hoboken and Christ Hospital and \$42  
8                   million for Bayonne?

9           A       It's hard to answer your question.

10                   I don't know what you mean by  
11                   "exceed." Is it like \$100 million instead of  
12                   \$25 million or is it \$26 million instead of  
13                   \$25 million?

14                   We have to look at this and -- and  
15                   make a decision at the end of the day. It's  
16                   not a blank check. We have a process of  
17                   balances and checks every single day to make  
18                   sure these hospitals stay afloat.

19           Q       Would it affect your  
20                   decision-making process to fund or ability to  
21                   fund if the total of these expenses was \$10  
22                   million?

23           A       It probably wouldn't.

24           Q       How about if it was \$20 million?

25           A       Are we going to go to 30 and 40 and

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1 50 next?

2 Q No, no.

3 A I don't know. I already answered  
4 you.

5 I said we were going to have to  
6 obviously go through our process and assess  
7 everything and make sure that these things  
8 are reasonable, these expenses are  
9 reasonable, and it's within our budget and  
10 within our planned timeline for the budget  
11 for payment.

12 MR. RABINOWITZ: I have no further  
13 questions.

14 Same reservation of rights.

15 Thank you.

16 THE WITNESS: Thank you.

17 VIDEO OPERATOR: Anything further  
18 anyone? No?

19 All right. That will conclude  
20 today's deposition at 4:30.

21 (Whereupon, the deposition was  
22 concluded at 4:30 p.m.)

23 (Witness was excused.)  
24  
25

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1 MR. LIPPERT: Realtime, next day  
2 and rough.

3 MR. JARECK: Realtime, next day and  
4 rough.

5 MR. ROLDAN: Regular and rough.

6 MR. FLYNN: Realtime, 3-day and  
7 rough.

8 MR. RABINOWITZ: Realtime, 5-day  
9 and rough.

10 MS. COMERFORD: Next day and rough.

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NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024  
267

C E R T I F I C A T E

I, CHARLENE FRIEDMAN, a Certified Court Reporter and Notary Public, qualified in and for the State of New Jersey do hereby certify that prior to the commencement of the examination NIZAR KIFAIEH, M.D. was duly sworn by me to testify to the truth the whole truth and nothing but the truth.

I DO FURTHER CERTIFY that the foregoing is a true and accurate transcript of the testimony as taken stenographically by and before me at the time, place and on the date hereinbefore set forth.

I DO FURTHER certify that I am neither a relative of nor employee nor attorney nor counsel for any of the parties to this action, and that I am neither a relative nor employee of such attorney or counsel, and that I am not financially interested in the action.



CHARLENE FRIEDMAN, RPR, CRR, CCR of the  
State of New Jersey

License No: 30XI00204900

Date: December 6, 2024





NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024  
269

DEPOSITION ERRATA SHEET

Assignment No. J12103082

Case Caption: In Re. Carepoint Health

DECLARATION UNDER PENALTY OF PERJURY

I declare under penalty of perjury  
that I have read the entire transcript of  
my Deposition taken in the captioned matter  
or the same has been read to me, and  
the same is true and accurate, save and  
except for changes and/or corrections, if  
any, as indicated by me on the DEPOSITION  
ERRATA SHEET hereof, with the understanding  
that I offer these changes as if still under  
oath.

Signed on the \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
NIZAR KIFAIEH, M.D.

NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024  
270

DEPOSITION ERRATA SHEET

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NIZAR KIFAIEH, M.D.

NIZAR KIFAIEH, MD  
In re: CarePoint Health Systems, Inc.

December 06, 2024  
271

DEPOSITION ERRATA SHEET

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NIZAR KIFAIEH, M.D.

Exhibit B

Kifaieh 2025 Deposition Transcript [Excerpt]

IN RE: CarePoint Health Systems Inc. d/b/a Just Health Foundation, et al.

NIZAR KIFAIEH, M.D.

UNITED STATES BANKRUPTCY COURT

DISTRICT OF DELAWARE

-----  
IN RE: : Chapter 11  
: Case No. 24-12534 (JKS)  
CarePoint Health Systems : (Jointly Administered)  
Inc. d/b/a Just Health :  
Foundation, et al. :  
: Debtors. :  
: -----

T R A N S C R I P T of the  
Deposition of NIZAR KIFAIEH, M.D., at  
the offices of SILLS CUMMIS & GROSS,  
P.C., The Legal Center, One Riverfront  
Plaza, 1037 Raymond Boulevard, Newark,  
New Jersey, before MARGARET M. REIHL,  
RPR, CRR, CCR-NJ, on February 27, 2025,  
commencing at 9:58 a.m.

— — —

**ORIGINAL**

IN RE: CarePoint Health Systems Inc. d/b/a Just Health Foundation, et al.

NIZAR KIFAIEH, M.D.

Page 2

1 A P P E A R A N C E S:

2

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25 and Dr. Nizar Kifaieh

IN RE: CarePoint Health Systems Inc. d/b/a Just Health Foundation, et al.

NIZAR KIFAIEH, M.D.

Page 3

1 A P P E A R A N C E S: (cont'd)

2

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21

22

23

24

25

IN RE: CarePoint Health Systems Inc. d/b/a Just Health Foundation, et al.

NIZAR KIFAIEH, M.D.

Page 4

1

## I N D E X

2

WITNESS

PAGE

3

NIZAR KIFAIEH, M.D.

4

By Ms. Harvey

5

By Mr. Spathis

101

5

By Mr. Angelo

102

6

## E X H I B I T S

7

NO.

DESCRIPTION

MARKED

8

1

CarePoint Health Captive  
Assurance Company, LLC's  
Notice of Deposition of  
Hudson Regional Hospitals,  
LLC, Pursuant to Fed. R.  
Civ. P. 30(b)(6) and Fed.  
R. Bankr. P. 7030

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Fourth Amended Combined  
Disclosure Statement and  
Joint Chapter 11 Plan of  
Reorganization

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Notice of Filing of Plan  
Supplement To The Combined  
Disclosure Statement and  
Joint Chapter 11 Plan Proposed  
By The Debtors And The  
Official Committee of  
Unsecured Creditors

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IN RE: CarePoint Health Systems Inc. d/b/a Just Health Foundation, et al.

NIZAR KIFAIEH, M.D.

Page 5

1 NIZAR KIFAIEH, having been duly  
2 sworn as a witness, was examined and  
3 testified as follows:

4 DIRECT EXAMINATION

5 BY MR. HARVEY

6 Q. Good morning. And Mr. Kifaieh,  
7 is that how you say your name?

8 A. It's Dr. Kifaieh, yes.

9 Q. Dr. Kifaieh, good morning. Nice  
10 to meet you. My name is Matt Harvey. I'm from  
11 a firm called Morris, Nichols, Arsht & Tunnell.  
12 I represent CarePoint Health Captive Assurance  
13 Company, which I'm going to refer to today as  
14 Captive or Captive Assurance.

15 Is that clear for you?

16 A. Yes.

17 Q. Okay, great. And I'm sure you're  
18 aware of this, but we're here today in the  
19 bankruptcy cases of CarePoint Health Systems and  
20 its affiliated debtors. I'll refer to those  
21 affiliated debtors and CarePoint collectively as  
22 either CarePoint or "the debtors."

23 Is that clear for you?

24 A. Sure.

25 Q. Okay, great. And we're joined

1 today also by representatives of the Official  
2 Committee of Unsecured Creditors. I'm going to  
3 refer to them as "the committee."

4 Is that also clear?

5 **A. Okay.**

6 Q. Okay, great. And if I refer to  
7 the term "the plan proponents," by that I mean  
8 both the debtors, as in CarePoint, and the  
9 committee.

10 Is that also clear?

11 **A. Sure.**

12 Q. Okay, great. A couple other  
13 housekeeping things. The debtors and the  
14 committee have proposed or co-proposed as plan  
15 proponents a joint plan of reorganization.

16 So when I say "plan" in this  
17 deposition, I mean the Fourth Amended -- let me  
18 try to get this right -- the Fourth Amended  
19 Combined Disclosure Statement and Joint Chapter  
20 11 Plan of Reorganization that was filed with  
21 the Bankruptcy Court in January, including prior  
22 or future versions of that plan.

23 Is that also clear for you?

24 **A. Sure.**

25 Q. Okay, great. If at any point you

1 don't understand who or what I'm referring to,  
2 please ask me, and I'll try to clarify.

3 **A. No problem.**

4 Q. You've been deposed in this case  
5 before, right?

6 **A. Correct.**

7 Q. How many times?

8 **A. One time.**

9 Q. Okay. And that was on December 6  
10 if I remember correctly?

11 **A. I don't recall the date.**

12 Q. That approximate timeframe sound  
13 right to you, early December?

14 **A. Possibly. I can't recall the**  
15 **date.**

16 Q. No one from my client was there  
17 to question you that day, but I've read that  
18 deposition transcript. And I'm going to try to  
19 be respectful of your time and not be repetitive  
20 if anything was asked of you, but I do have  
21 clarifying questions on some of the things you  
22 asked, and I do have variations --

23 **A. That I asked?**

24 Q. Sorry, that I asked -- that were  
25 asked of you in that questioning. I do have

1 clarifying questions.

2 **A. Sure.**

3 Q. So I may retread some of those  
4 topics, but I'll do my best to try to reduce  
5 that.

6 **A. No problem.**

7 Q. Okay. A couple other ground  
8 rules, and you probably heard this in your last  
9 deposition. I'm going to ask questions today,  
10 and your job is just to answer them as  
11 truthfully and to the best of your knowledge if  
12 you can; is that fair?

13 **A. Yes.**

14 Q. Okay. And the court reporter  
15 over here to my left is going to take everything  
16 down in real time, so we should both do our best  
17 to not speak over each other. So I'll try to  
18 ask a question and pause and allow you to  
19 answer, and would ask you to do the same, to try  
20 to not talk over my questions so she can have a  
21 clear record.

22 **A. Sounds good.**

23 Q. Great, thank you. And similar to  
24 what I mentioned, if there's a term I use or a  
25 name I use and it's not clear who I'm talking

1 about, if I ask a question and it's not clear  
2 what I'm asking, feel free to ask me to clarify  
3 the question. I'll do the best I can.

4 As I ask questions, your attorney  
5 may object from time to time. Unless your  
6 attorney instructs you not to answer, the  
7 objection will come in for the record, and then  
8 I would ask that you answer. The only exception  
9 to that being is if your attorney makes an  
10 instruction on the basis of a privilege for you  
11 not to answer, okay?

12 **A. Sounds good.**

13 Q. Okay, great. If you need a break  
14 at any time, please let me know, and I'll do the  
15 same.

16 **A. Sure.**

17 Q. So is there any reason that you  
18 can't testify today?

19 **A. No, there isn't.**

20 Q. You're not on any medication or  
21 any substance that would affect your ability to  
22 testify?

23 **A. No.**

24 Q. And you believe you're able to  
25 answer truthfully today?

1                   **A.       100%.**

2                   Q.       And you do understand you're  
3 under oath, correct?

4                   **A.       Yes.**

5                   Q.       Okay. Let me start by asking, is  
6 there anything you testified to in your prior  
7 deposition in this case that you feel like you  
8 need to correct?

9                   **A.       No.**

10                  Q.       And do you reaffirm the testimony  
11 you gave in your prior deposition?

12                  **A.       Yes.**

13                  Q.       Okay, great. That eliminates a  
14 lot of the background questions I have for you.

15                           Sir, are you aware that you're  
16 being deposed as the representative -- or,  
17 sorry, the corporate representative of Hudson  
18 Regional Hospitals today under Rule 30(b)(6)?

19                  **A.       Yes.**

20                  Q.       Okay. And I'll refer to Hudson  
21 Regional Hospitals today as HRH.

22                           Is that all right?

23                  **A.       Sounds good.**

24                  Q.       Okay, great.

25                           (Document marked for

1 identification as Kifaieh Deposition  
2 Exhibit No. 1)

3 BY MR. HARVEY

4 Q. Mr. Kifaieh, am I saying that  
5 correct?

6 A. Dr. Kifaieh, yes.

7 Q. Dr. Kifaieh, I apologize. I  
8 don't mean any offense by that if I say that. I  
9 apologize.

10 A. No problem.

11 Q. I've handed you what's been  
12 marked as Exhibit 1, and it's the -- it's Docket  
13 No. 728 filed with the Bankruptcy Court at the  
14 top. And it's titled CarePoint Health Captive  
15 Assurance Company's LLC's Notice of Deposition  
16 of Hudson Regional Hospitals pursuant to Federal  
17 Rule of Civil Procedure 30(b)(6) and Federal  
18 Rule of Bankruptcy Procedure 7030.

19 Do you recognize this document?

20 A. Yes.

21 Q. Okay. And did you review this  
22 document in preparing for your deposition?

23 A. I've seen it one time, yes.

24 Q. Okay. If I could direct your  
25 attention to about halfway through the document,

1 there's an Exhibit A. And on the second page of  
2 that document, the second numbered page that  
3 says number two at the bottom, it's Page 3 of 4  
4 at the top in Docket Item 728-1.

5 Are you there? You see a list of  
6 "Examination Topics" there?

7 **A. Yes.**

8 Q. And as the corporate  
9 representative of HRH, are you prepared to  
10 testify as to HRH's knowledge with respect to  
11 each of these topics today?

12 **A. To the best of my ability, I**  
13 **will, but there are some specific detailed**  
14 **financial questions here that our CFO is being**  
15 **deposed for today.**

16 Q. Your CFO, the CFO of HRH?

17 **A. CarePoint.**

18 Q. So to the extent that something  
19 is in HRH's knowledge, you believe you've been  
20 prepared to testify for it?

21 **A. Sure.**

22 Q. And to the extent that there's  
23 detailed financial information that HRH is aware  
24 of, you're prepared to testify?

25 **A. To the best of my ability, I**



1 will, yes.

2 Q. And when you say "the best of  
3 your ability," you mean anything within the  
4 knowledge of HRH, or just anything within your  
5 own personal knowledge?

6 A. Within my own knowledge as a CEO  
7 and not as a CFO.

8 Q. Okay. So is there anything in  
9 particular you did to prepare to testify about  
10 financial information within the knowledge of  
11 anyone at HRH?

12 A. Not really. I mean, I'm involved  
13 in the day-to-day transactions of the hospital,  
14 so to the best of my ability, I'll answer the  
15 questions.

16 Q. Okay. But you didn't do anything  
17 specific to prepare to answer those questions  
18 today?

19 A. No.

20 Q. All right. Are there any other  
21 topics where you did not do anything in  
22 particular to prepare for?

23 A. There are a lot of topics here,  
24 so like I said, I'll do my best to answer the  
25 questions.

1 Q. Well, do you want to take a  
2 minute and look through them and let me know if  
3 there's any of them that you feel that you've  
4 not taken steps to prepare for?

5 A. No, you can proceed.

6 Q. I'm asking if you could please  
7 look through them.

8 A. Okay, that's a different  
9 question.

10 Q. I apologize. I should have been  
11 clearer.

12 A. I would say probably seven,  
13 eight, and nine. And like I said, I'll do my  
14 best to answer questions if there are questions  
15 related to them.

16 Q. So Topics 7, 8, and 9, you didn't  
17 do anything in particular to prepare for today  
18 in connection with your testimony?

19 A. I don't mean -- I don't  
20 understand what you mean by "do anything." I  
21 mean, obviously, I'm the CEO of the hospital.  
22 I'm involved in the daily process of almost  
23 every single thing. This deposition was set up  
24 very quickly, and I have a very busy day, 14  
25 hours a day working. So like I said, I did my

1 best to try to prepare for this, but there's  
2 nothing specific that I read for today.

3 Q. Okay. Understood. Well, let me  
4 ask you.

5 What did you do to prepare for  
6 today's deposition?

7 A. I think I just answered that.

8 Q. Well, you told me what you didn't  
9 do.

10 A. Yeah.

11 Q. Did you meet with anyone to  
12 prepare for the deposition?

13 A. Just with my attorneys.

14 Q. For how long?

15 A. An hour.

16 Q. Okay. Did you meet with anyone  
17 else at HRH?

18 A. No, I did not.

19 Q. Did you meet with Mr. Syed at  
20 CarePoint?

21 A. Like I said, only with my  
22 attorneys.

23 Q. Only with your attorneys.

24 A. Yes.

25 Q. Okay. Did you review any

1 documents to prepare?

2 **A. Just this document here in front**  
3 **of me.**

4 Q. Okay. I want to shift gears a  
5 little bit and talk about HRH's valuation or  
6 evaluation of the debtors' assets, and  
7 specifically I want to talk about accounts  
8 receivable that the debtors may own. Let's  
9 start with talking about them in the aggregate.

10 Sitting here today, do you have  
11 an understanding of the face value of the  
12 debtors' accounts receivable?

13 **A. Not really. Simply because we**  
14 **find a lot of issues with the revenue cycle**  
15 **process, lots of claims that were worthless. So**  
16 **we're systematically going through the entire**  
17 **process there, evaluating their outstanding AR**  
18 **or the outstanding claims. So it's hard to**  
19 **pinpoint what the value is for the accounts**  
20 **receivable. It's an ongoing process.**

21 Q. Are you able to give a ballpark  
22 range today?

23 **A. No, I can't. Actually, we just**  
24 **changed the revenue cycle management company to**  
25 **a different company, Star Solutions, that's**

1 right now going through the entire process and  
2 putting proper valuation of the accounts  
3 receivable.

4 Q. And you said the name of that  
5 company is Star Solutions?

6 A. Yes.

7 Q. What was the prior company  
8 handling that?

9 A. I believe it was called Kandra.

10 Q. Is that with a C or K?

11 A. K.

12 Q. K-O-N-D-R --

13 A. K-A-N-D-R-A.

14 Q. So I asked you about if you had  
15 an understanding of the value of the debtors'  
16 receivables in the aggregate, and I heard your  
17 answer to be that you don't and you're unable to  
18 give a ballpark.

19 Am I mischaracterizing that at  
20 all?

21 A. That's correct.

22 Q. So if I asked you the same  
23 question about any particular debtor, and I'll  
24 give you an example, Garden State Healthcare  
25 Professionals, would your answer be the same?

1                   A.           It will be exactly the same  
2   because the same thing is happening over there.  
3   We're finding a lot of claims that weren't  
4   filed, a lot of claims that timed out because  
5   they're too old, a lot of bad claims, and a lot  
6   of missing claims. So we also are changing the  
7   revenue cycle management company there from ECW  
8   to a new company called Digital -- something or  
9   another. I forgot the remainder of the name.  
10   That's going to happen as of April 1st.

11                  Q.           As of April 1st?

12                  A.           Yes.

13                  Q.           Okay. I wanted to go back and  
14   unpack your answer a little bit to try to help  
15   me understand some of this stuff.

16                                You said that there were claims  
17   that timed out because they were too old. What  
18   do you mean by that?

19                  A.           There are claims that get denied  
20   by the payers, and if you don't respond timely  
21   to the payers and correct the issues that they  
22   list as outstanding, then, obviously, they time  
23   out.

24                                Also, there are claims that  
25   require arbitration that were not taken care of

1 as well, and those -- a lot of those also timed  
2 out. There are some no-fault claims that if you  
3 don't proactively try to sort of see to a  
4 resolution, they get consumed. The policy gets  
5 used up basically, and there's no money left for  
6 CarePoint to collect on.

7 Q. So that would be in the case of  
8 something like a wasting insurance policy. If  
9 you're not first in line or prompt in line,  
10 someone else uses up the available coverage  
11 before you get there?

12 A. Correct.

13 Q. Do I have that generally right?

14 A. Correct.

15 Q. Okay, that's helpful. Thank you.

16 A. No problem.

17 Q. I'm going to go back to a couple  
18 other points in your original answer.

19 You also said there were bad  
20 claims. Is there -- can you explain what you  
21 mean by that?

22 A. It's a general term, but it  
23 refers to, for example, if you didn't do a  
24 proper job with collecting up-front information  
25 about a patient, you know, accurate demographic

1 information or insurance coverage and things  
2 like that, when you submit the claim, it's  
3 considered a bad claim.

4 Also, if it's missing any  
5 specific documentation from a physician or  
6 something like that, or, you know, there was a  
7 mismatch between the case and the patient's name  
8 and things like that, these are all called bad  
9 claims.

10 Q. Is that the type of thing that if  
11 you catch it early you can go back and follow up  
12 on, whether it's following up with the physician  
13 or following up with the patient to gather more  
14 information in order to resubmit the claim?

15 A. Yes. So typically when you have  
16 a really good revenue cycle management company,  
17 there's what's called revenue integrity process.  
18 We have specific people that are dedicated to  
19 that, and they review the claims on a regular  
20 basis to make sure these claims are correct.  
21 And they review the claims before they're  
22 actually submitted to the insurance carriers.

23 Q. And tying back to what you said  
24 about the two old claims, if things come back  
25 because they've missed arbitration or they



1 missed information or they need to be  
2 resubmitted or arbitration needs to be  
3 commenced, that would be part of that process  
4 too. One, correcting information on the front  
5 end to submit it, and then I assume promptly  
6 correcting deficiencies in the claim to follow  
7 up with them on the back end as the deficiencies  
8 are identified by the payer?

9           **A.       Correct. And also, there are**  
10 **situations where the insurance company,**  
11 **specifically when it comes to hospital**  
12 **admissions, they might just deny that admission,**  
13 **right. And therefore you need what's called the**  
14 **physician advisor working very closely with the**  
15 **revenue cycle people to make sure they contact**  
16 **the insurance company, answer any questions they**  
17 **may have about the validity of the admission to**  
18 **the hospital, and make sure that all the**  
19 **information they need is submitted with the**  
20 **claim.**

21           **Q.       And you mentioned also missing**  
22 **claims, to the extent that that wasn't covered**  
23 **in your description of old claims and bad**  
24 **claims.**

25                           What do you mean by missing

1 claims?

2 A. Very simply put, there are some  
3 claims that were not filed with the carriers.

4 Q. So these would be claims where,  
5 at least facially, it seems like there's  
6 sufficient information to file it, and someone  
7 just never pressed the button to push it through  
8 to the carrier?

9 A. It could be a combination of  
10 someone not doing their job, or it could be that  
11 there might have been some missing essential  
12 information before you submit a claim. And no  
13 one bothered following up on it, or it got lost  
14 in the process.

15 Q. Now, I know you said you guys are  
16 early days in evaluating all of this, but do you  
17 have a sense of the magnitude of the issue?

18 For example, at Garden State,  
19 relative to the total mix of receivables, how  
20 many receivables suffer from any of these sorts  
21 of issues?

22 A. Yeah, I mean, there are  
23 significant issues. That's why we're changing  
24 the revenue cycle companies.

25 For example, on Garden State's

1 side, we discovered that almost 6,000 claims  
2 were not submitted to the carriers.

3 Q. Do you know what the aggregate  
4 dollar of those claims is?

5 A. I have no idea. Because, like I  
6 said, a lot of them would have probably timed  
7 out, right. So they're past -- some carriers  
8 will give you 30 days to submit. So if you're  
9 past 30 days, it's a dead claim. I know  
10 Medicare allows 90 days, so some carriers allow  
11 a Medicare timeframe. So it all depends,  
12 honestly. But what we did is we did a catch-up  
13 on it, so the company that -- Star Solutions,  
14 actually, was helping out to try to catch up on  
15 all of those claims that were not submitted.

16 Q. So there will be some ability, it  
17 sounds like, to recapture some of that lost  
18 revenue through follow-up with Star Solutions?

19 A. The only way to know if is  
20 obviously if the carriers decide to pay us,  
21 right, if there are any collections made. But  
22 all we can do is submit the claims and make sure  
23 they're in.

24 Q. At least the process, in your  
25 mind, is underway now to try to capture that

1 revenue?

2 A. Yes, yes.

3 Q. Okay.

4 A. But I do think that we were  
5 already caught up on the Garden State side.

6 Q. I know I asked you if you had a  
7 view of the magnitude of the problem, and you  
8 said you don't. Other than it being  
9 approximately six thousand claims, you don't  
10 know dollar-wise.

11 Do you have a view on -- and tell  
12 me if you don't understand the question. I'm  
13 going to try to phrase it as best I can.

14 But do you have a view on what  
15 the effect was on the collection rate at Garden  
16 State, or maybe put differently, what's the  
17 uptake you're going to get in terms of increased  
18 revenue through the new revenue management that  
19 you have, revenue cycle management that you  
20 have?

21 A. Okay. So there are a few things  
22 specifically related to Garden State, okay.  
23 Just to be clear, these are professional bills,  
24 right, and professional bills for Garden State  
25 can vary from emergency medicine to hospitalists

1 to intensivists, so there's a wide range of  
2 different types of services.

3 Assuming -- let's assume they're  
4 all hospitalist claims. Hospitalist claims in  
5 general will probably reimburse somewhere  
6 between \$50 to \$90 a claim, right.

7 Q. \$50 to \$90?

8 A. \$50 to \$90 a claim.

9 Q. \$50 to \$90 a claim, or 50 to 90  
10 cents on the dollar?

11 A. No, \$50 to \$90 per claim  
12 typically is what the reimbursement is. It  
13 could also be zero. The carrier can deny the  
14 claim for lack of medical necessity or whatever  
15 the situation. Or, like I said earlier, if the  
16 carrier denies the entire admission, no one gets  
17 paid, whether it's the hospital or the  
18 physician. That's why it's hard to give you any  
19 sort of ballpark in terms of this.

20 But let's assume they all get  
21 paid, all 6,000, which is impossible. I do  
22 believe at least 50% of them are bad claims that  
23 aren't going to get reimbursed, either because  
24 they timed out or other issues. Some of the  
25 documentation may be missing for those claims,

1 and as you may know, you know, some of the  
2 physicians may not still be in the system. So  
3 it's impossible to contact them, get them to  
4 complete the record, and resubmit the record.  
5 But, again, assuming they all get paid at \$50,  
6 let's say, average per -- you can do the math.

7 Q. Yeah, okay. Do you know what's  
8 happening to the AR under the plan, under the  
9 bankruptcy plan?

10 A. To the AR?

11 Q. Yeah, where is it going?

12 Is it staying with the companies,  
13 the debtors, or is it going to the litigation  
14 trust? What's happening to the AR?

15 A. It's being used to run the  
16 operations of the hospitals.

17 Q. Right.

18 A. Yeah, so you're asking about the  
19 hospitals, or are we still on Garden State?

20 Q. Both. Let's start with the  
21 hospitals. The hospital's AR, right.

22 So assume there was some  
23 quantity -- some quantum of AR that existed as  
24 of the filing of the bankruptcy in November.  
25 And I took your answer to mean that to the

1 extent that AR is being collected, it's being  
2 used to fund, along with whatever your client is  
3 funding in terms of financing, it's being used  
4 to fund the Chapter 11 cases and the operation  
5 of the business; is that right?

6 **A. That's correct.**

7 Q. Okay. What about any AR  
8 collections at Garden State or -- I'm going to  
9 get the name wrong of the other one, but it  
10 begins with New Jersey, and I'll get you the  
11 exact name -- but what about any AR collections  
12 at those entities?

13 **A. So Garden State is a big loser.**  
14 **It's constantly in the hole significantly, and**  
15 **every dollar that's collected goes towards**  
16 **supporting the company itself. It requires a**  
17 **significant amount of funding on a regular**  
18 **basis.**

19 Q. But I understand under the plan  
20 for Garden State, HRH is acquiring that entity,  
21 right?

22 **A. Well, Garden State is -- I'm not**  
23 **sure if you know, and I'll just clarify --**

24 Q. No, I understand it's owned by a  
25 physician, but go ahead and explain it to me.

1                   A.           So aside from that, Garden State  
2   is hospital-based services. Like I said,  
3   emergency medicine, hospitalists, intensivists,  
4   anesthesia, and radiology, okay. So these  
5   services, obviously, no matter who takes over,  
6   those physicians stay in the hospital.

7                               So, yes, we would have to take  
8   over those physicians. Because otherwise, you  
9   know, we have to go hire new physicians, and  
10   these physicians will be out of a job, assuming  
11   that the current owner of the group decides to  
12   just terminate them and terminate the contract  
13   with us and take them elsewhere.

14                  Q.           Okay. So HRH's intention is not  
15   to do that. It's not to terminate the contract  
16   and sever those relationships. It's to, in  
17   fact, take the relationships with those  
18   physicians that support the hospitals?

19                  A.           Correct. I mean, some of these  
20   physicians have been working at these hospitals  
21   for 20-plus years, right, so of course we're not  
22   going to ask them to look for a different job.  
23   Plus, it's going to be a huge task to try to  
24   recruit for their replacement.

25                  Q.           Okay. What I'm trying to get at



1 is I'm trying to understand why HRH should be  
2 interested in acquiring an interest in a  
3 loss-making entity?

4           A.       So hospital-based services  
5 typically lose money. It's a standard around  
6 the entire country. If you try to get an  
7 anesthesia group, for example, to come in and  
8 service your hospital right now, they'll ask for  
9 a huge stipend that might start with \$3 million  
10 a year, for example.

11                   And their simple reason for that  
12 is hospital-based physicians have to provide  
13 services for every comer, right. You can't say,  
14 "I'm not taking care of the charity care  
15 patient. I'm not giving the medication to the  
16 Medicaid patient." You take care of everybody.  
17 And unfortunately in the area where CarePoint  
18 is, there's a tremendous number of undocumented,  
19 underinsured, and uninsured patients in that  
20 area.

21                   So it's impossible for a service,  
22 a hospital-based service, to be profitable.  
23 They're always going to be depending on the  
24 hospital for funding, and that's standard in  
25 almost every place around the country, with very

1     **few exceptions.**

2                   Q.       So is it fair to maybe analogize  
3     it to another industry like retail?  It's  
4     considered a loss leader as part of the broader  
5     enterprise?

6                   MR. NEWMAN:  Objection as to  
7     form.

8                   **THE WITNESS:  I don't know**  
9     **anything about retail.**

10    BY MR. HARVEY:

11                  Q.       Okay.  Have you heard the term  
12    "loss leader" before?

13                  **A.       I have not.**

14                  Q.       Okay.  We can move on then.  
15                            Do you know if HRH has a lien on  
16    the receivables that belong to Garden State?

17                  **A.       I think so, yeah.**

18                  Q.       And was it pre-petition lien?

19                  **A.       I don't know.  I don't know the**  
20    **nature of the lien.**

21                  Q.       Okay.  So your understanding  
22    sitting here today is that HRH has a lien on  
23    Garden State's receivables?

24                  **A.       I think so.  I don't know for**  
25    **certain if there is one.**

1 Q. I'll represent to you that my  
2 understanding is that they do not.

3 A. Okay, there isn't.

4 Q. And we can pull out a bunch of  
5 legal documents and go through them, but I  
6 understand they're not, so let's just operate  
7 with an assumption. And I'm not pinning you  
8 down to an answer one way or the other. I  
9 understand you're not a lawyer, but operating  
10 under the assumption that -- I'll just ask you  
11 to assume for the sake of the next question that  
12 they don't have a lien on the receivables.

13 Do you know what, if any, value  
14 HRH is paying to acquire those receivables or  
15 Garden State under the bankruptcy plan?

16 MR. NEWMAN: Objection as to  
17 form.

18 THE WITNESS: So I do agree. I  
19 don't think there is a lien on Garden  
20 State, but there's no value for it  
21 because Garden State is losing a  
22 tremendous amount of money every single  
23 day and requires funding every single  
24 day. And, like I said, with a lot of  
25 the -- with the previous revenue cycle

1           company and what's been happening there  
2           with the bad claims and the missing  
3           claims and so on, it's really hard to  
4           even put a number on what the AR looks  
5           like, let alone assess its value.

6       BY MR. HARVEY:

7           Q.       Well, I want to unpack that a  
8       little bit. Because you said, "With the money  
9       Garden State is losing, there's no value there."  
10               Do you mean Garden State as an  
11       entity, like if you were the equity owner of  
12       Garden State, you have no net equity value  
13       because Garden State is a loss-making  
14       enterprise?

15           A.       Yes, if I'm the owner of Garden  
16       State and I want to sell it today, there's going  
17       to be no buyers for it.

18           Q.       But separate and apart from that  
19       -- obviously, I'm sure you're familiar in  
20       bankruptcy -- you can do an asset sale, and you  
21       can sell assets free of liabilities. So if you  
22       were to just buy, from any business, assets and  
23       you could acquire them free of liabilities, and  
24       those assets have a value, whether it's a dollar  
25       or a million dollars, that's what I'm asking.

1 To the extent there are assets,  
2 there's AR that has value, what is HRH paying to  
3 acquire that, those value?

4 And I know sitting here today you  
5 don't know what the value of those Garden State  
6 receivables are, but to the extent there's  
7 value, is HRH paying any separate sum to acquire  
8 those receivables?

9 MR. NEWMAN: Objection as to  
10 form.

11 BY MR. HARVEY:

12 Q. You can answer.

13 A. I don't think so. I mean, like I  
14 said, we had two options. Option number one is  
15 we save all these people's jobs, and we take  
16 over this company. Option number two is we just  
17 sever ties with them and bring our own people  
18 in, which we can do.

19 Q. Okay. But to understand the  
20 first part -- to understand the answer to the  
21 first part of the question, and I appreciate the  
22 color, is that you don't believe that there's  
23 any separate value being paid for the Garden  
24 State receivables to the extent those  
25 receivables have value?

1                   **A.       Correct.**

2                   Q.       Okay, thank you. Shift gears a  
3 little bit here.

4                               There was a mediation in this  
5 case in December, if I understand it correctly;  
6 is that right?

7                   **A.       Correct.**

8                   Q.       Did HRH participate in that  
9 mediation?

10                  **A.       Yes.**

11                  Q.       And did you personally attend the  
12 mediation?

13                  **A.       Yes.**

14                  Q.       Did anyone else on behalf of HRH  
15 attend?

16                  **A.       Mr. Moshe, Yan Moshe, the**  
17 **chairman of the board.**

18                  Q.       And I assume your attorneys  
19 attended as well?

20                  **A.       Yes.**

21                  Q.       Okay. How did -- separate and  
22 apart from the mediation, has HRH been involved  
23 in negotiating or communicating with parties,  
24 such as the debtors and the committee, regarding  
25 the terms of the plan?

1                   **A.       Yes.**

2                   Q.       And would that have been prior to  
3                   the mediation, after the mediation, or both?

4                   **A.       I mean, the discussions were**  
5                   **taking place all the time.**

6                   Q.       Other than with your own counsel  
7                   and with the debtors and the committee, have you  
8                   discussed the terms of the bankruptcy plan with  
9                   anyone else?

10                  **A.       No.**

11                  Q.       So if you had any discussions --

12                           MR. NEWMAN: Can you hold on one  
13                   second, please.

14                                   (Pause.)

15                   MR. ABBATE: Okay. Thank you.

16                   Go ahead.

17                   MR. HARVEY: Thank you.

18 BY MR. HARVEY:

19                  Q.       Mr. Kifaieh, I saw you on your  
20                  phone just a moment ago. I just want to confirm  
21                  you weren't communicating with anybody about the  
22                  substance of your testimony?

23                  **A.       No, I'm just trying to make sure**  
24                  **that my hospitals are fine. There's patient**  
25                  **issues, patient care issues.**

1 Q. I apologize. I know you have a  
2 day job.

3 A. No problem.

4 Q. What was your -- what was HRH's  
5 main priority in negotiating the plan?

6 A. The main priority is to make sure  
7 that, whatever the end resolution of this plan,  
8 it ends with us saving these hospitals and  
9 coming up with a plan that gives us a  
10 sustainable path to get there.

11 Q. Was it also important for HRH to  
12 obtain a release in connection with the plan?

13 A. Yes.

14 Q. Why was that important?

15 A. We're not responsible for any,  
16 you know, prior actions, you know, in managing  
17 CarePoint or any of its affiliates.

18 Q. Okay.

19 A. We're new on the scene. We're  
20 managers, and our goal, like I said, is to save  
21 these hospitals and not deal with the -- any  
22 potential wrongdoings or issues prior to us  
23 coming in.

24 Q. Okay. So you said "prior to you  
25 coming in."



1 Does the release that HRH -- is  
2 the release that HRH is obtaining under the  
3 plan, does that cover HRH's own conduct?

4 A. I don't know the specifics of the  
5 release right now, but possibly. I don't recall  
6 the exact terms of the release.

7 Q. Would HRH be okay with the plan  
8 if it covered -- a release if it covered only  
9 the acts before HRH came on to the scene, but  
10 once HRH became involved, anything related to  
11 HRH was not released?

12 MR. NEWMAN: Objection to the  
13 form.

14 THE WITNESS: I mean, look, it  
15 makes sense to me that we would be  
16 responsible for our own actions. If we  
17 made certain decisions for these  
18 hospitals, then yes. But you also have  
19 to remember that there is a current CEO  
20 for CarePoint, there's a current CFO,  
21 there's an entire administrative team,  
22 and nothing gets done without obviously  
23 discussing with them, making sure  
24 they're comfortable with the decisions  
25 that are being made, and so on. A

1 long-winded answer to your question. I  
2 don't know if it answers your question  
3 or not.

4 BY MR. HARVEY:

5 Q. Well, I want to clarify it a  
6 little bit.

7 So was your answer yes or no to  
8 the question of whether, if the plan were  
9 amended to make clear that the release didn't  
10 cover any of HRH's own conduct, would HRH be  
11 okay with that?

12 MR. ABBATE: Objection.

13 MR. NEWMAN: Object to form.

14 BY MR. HARVEY:

15 Q. Let me try to clarify the  
16 question.

17 A. Yes.

18 Q. As I read the plan currently, HRH  
19 is receiving a release, including for things  
20 that it did on its own, for its own conduct, and  
21 with all of its various hats. And we can -- you  
22 know, in terms of being a landlord or a lender,  
23 it's receiving a release.

24 If the plan were to be changed to  
25 say that HRH, in its own capacities in relation

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1 to the debtor, is not receiving a release, would  
2 HRH be okay with that?

3 MR. NEWMAN: Objection as to  
4 form.

5 THE WITNESS: No, we already have  
6 the release the way it is, right. Why  
7 would I want to change it to anything  
8 else?

9 BY MR. HARVEY:

10 Q. Well, your original answer was  
11 you were focused mostly on not, you know,  
12 getting these assets free of, you know, the  
13 issues of past management, and obviously free  
14 and clear, I assume, of the claims of creditors.

15 And so I was just trying to  
16 figure out whether HRH itself expects and wants  
17 a release under this plan in its own right?

18 MR. NEWMAN: Objection as to  
19 form.

20 THE WITNESS: Yes.

21 BY MR. HARVEY:

22 Q. HRH does, so the answer is yes?

23 A. Yes.

24 Q. Okay, thank you.

25 Do you know who -- excuse me.

1 So you understand that HRH,  
2 Hudson Regional Hospitals LLC, is receiving a  
3 release under the plan, right?

4 **A. Yes.**

5 Q. And you understand that there are  
6 entities and persons affiliated with HRH that  
7 are also receiving releases, right?

8 **A. Again, I didn't read the release,**  
9 **so it's possible.**

10 Q. Okay.

11 MR. HARVEY: Kafaieh-2.

12 MR. NEWMAN: We already marked  
13 this yesterday if you want to use it.  
14 It's already been marked. It's killing  
15 more trees.

16 MR. HARVEY: That's what we do as  
17 lawyers.

18 MR. ABBATE: Not all of us.

19 (Document marked for  
20 identification as Kafaieh Deposition  
21 Exhibit No. 2.)

22 MR. HARVEY: It looks like we've  
23 already marked this again, so it's No.  
24 2. Is it No. 2?

25

1 BY MR. HARVEY

2 Q. I've handed you, Doctor, a  
3 document at the top that's Docket No. 551 in the  
4 bankruptcy cases, and it's the plan that I  
5 referenced at the top of the deposition.

6 Do you recognize this document?

7 A. Yes.

8 Q. Have you reviewed this document  
9 previously?

10 A. I have not.

11 Q. So I'll direct your attention to  
12 specific parts of it then.

13 If you could look at Page 26,  
14 it's 26 at the bottom, and at the top it says  
15 Page 33 of 133.

16 A. Yes.

17 Q. Let me know when you're there.

18 A. Yeah.

19 Q. Okay. At the bottom of that  
20 page, Section 1.160, there's a definition  
21 "Released Parties." And there's Subsection A of  
22 that definition that begins with "HRH."

23 Could you take a moment and read  
24 that Subsection A?

25 A. (Witness reviews document.)

1                                   **Okay.**

2                   Q.       Okay. I want to ask you a few  
3 questions about it. Let me start with:

4                               You said you hadn't had a chance  
5 to read -- you hadn't read this document yet  
6 before?

7                   **A.       Correct.**

8                   Q.       Okay. Have you read this  
9 specific provision anywhere before?

10                  **A.       I have not.**

11                  Q.       Okay. So I'm going to ask you  
12 some questions, and you'll either know or you  
13 won't know the answer.

14                              The very first line of Subsection  
15 **A says, "HRH, including its affiliates,**  
16 **subsidiaries, and designees."**

17                              **Sitting here today, do you know**  
18 **what entities or persons are covered by**  
19 **affiliates, subsidiaries, and designees?**

20                  **A.       The following line talks about**  
21 **the real estate holding company for Bayonne**  
22 **Hospital and Hudson Regional Hospital. That's**  
23 **it.**

24                  Q.       That's it? Okay.

25                              So I see here it says "including

1 without limitation," and it says "29 East 29th  
2 Street Holdings LLC."

3 That's the real estate holding  
4 company associated with Bayonne Hospital?

5 **A. Yes.**

6 Q. Okay. And then it says "NJMHMC  
7 LLC d/b/a Hudson Regional Hospital."

8 That's Hudson Regional Hospital  
9 itself?

10 **A. Yes.**

11 Q. Okay. So that's two, I presume,  
12 two of the affiliates or subsidiaries of HRH,  
13 and then there's a third entity listed after  
14 that. It says the DIP lender, which I'll  
15 represent to you is an entity called -- and you  
16 can tell me if I'm wrong about this -- the DIP  
17 lender is Bayonne Medical Center Opco LLC.

18 Does that sound right to you?

19 **A. Yes.**

20 Q. It's an affiliate of HRH. Okay,  
21 so that's a third affiliate that's covered by  
22 this.

23 **A. Yes.**

24 Q. And then there's a newly formed  
25 management services organization that will

1 administer a four-hospital system as  
2 contemplated by the MSA?

3 **A. Correct.**

4 Q. So that's number four.

5 Are there any other affiliates,  
6 subsidiaries, or designees of HRH that you are  
7 aware of that are intended to be released under  
8 this provision?

9 **A. Not that I'm aware of, no.**

10 Q. What about yourself and Mr. -- is  
11 Moshe or Moshe?

12 **A. Moshe.**

13 Q. Would they be considered  
14 affiliates that would be released under this  
15 provision?

16 **A. I don't know. I mean, that**  
17 **sounds like a legal question. But yeah, I would**  
18 **think that Mr. Moshe and I would be released**  
19 **under this, yes.**

20 Q. In fact, if you read on here, it  
21 says, and for each of these entities, it says,  
22 the very last line of this page, "and their  
23 respective former, present, and future" -- it's  
24 cutoff a little bit here, hold on a second --  
25 "present and future owners, officers, directors,



1 managers, employees, independent contractors,  
2 attorneys, agents, and representatives."

3 **A. Yes.**

4 Q. And remind me, I'm sorry, what's  
5 your title again with HRH?

6 **A. I'm the President and CEO.**

7 Q. Okay. So you would be an officer  
8 of HRH?

9 **A. Correct.**

10 Q. And then covered under this  
11 release?

12 **A. Correct.**

13 Q. Okay. Who are the other officers  
14 of HRH?

15 **A. I can't list everybody to you. I**  
16 **mean, this is a hospital. We have a lot of team**  
17 **members on the executive team, such as CFO, VP**  
18 **of finance, and different directors that are**  
19 **helping with the management of CarePoint right**  
20 **now. So it's a -- it's a long list of people.**

21 Q. Okay. I understand that.

22 So sitting here today, you  
23 couldn't give me a list of everyone who is  
24 covered in these lists of categories of people?

25 **A. If you want, I'll do that if you**

1 would like. You want me to give you a list?

2 Q. Right now, you could list for me  
3 everyone --

4 A. Yeah, I could list for you the  
5 ones at HRH right now.

6 Q. Okay. Let's go through that.

7 A. Okay. So on the finance side,  
8 John Grewalski is our CFO. Polina Korn is our  
9 VP of finance. Angela Murdock is also another  
10 VP of finance. Prateesh is one of the finance  
11 people as well. He's on the finance side.

12 On the clinical side, we have our  
13 Chief Nursing Officer, Felicia Karsos. We have  
14 our Chief Clinical Officer, Dr. Vijant Singh,  
15 and you have me as well. And also on the  
16 clinical side, for example, for pharmacy, there  
17 is Chris Elias, our Director of Pharmacy.  
18 Radiology, we have Eda Kasalla.

19 For laboratory, we have Ibrahim  
20 Tadros. On the IT side, we have Simon Farrous,  
21 F-A-R-R-O-U-S. On the revenue cycle side, we  
22 have Christopher Dalton. Who else? On the  
23 legal side, we have Harry Kapralos and Brian  
24 Foley. These are the main people.

25 Q. Okay. Those are folks who are

1 officers, managers, or high-level employees of  
2 HRH?

3 **A. Correct.**

4 Q. Okay. Who are HRH's owners?

5 **A. The main owner is Mr. Yan Moshe.**  
6 **He owns 99%, and his wife, Margarita Moshe, owns**  
7 **1%.**

8 Q. There are no other direct or  
9 indirect owners of HRH?

10 **A. No.**

11 Q. What about for these other  
12 entities?

13 For 29 East Street Holdings, who  
14 is the owner of that entity?

15 **A. Mr. Moshe.**

16 Q. And the sole owner?

17 **A. I believe he is 99% and his wife**  
18 **is 1% also.**

19 Q. I think you were just talking  
20 specifically about the hospital itself, so that  
21 would be the NJMHMC entities.

22 The folks you were listing there  
23 was NJMHMC, the various clinical positions?

24 **A. Yes.**

25 Q. Okay. So the ownership structure

1 there is the same 99% and 1% as the hospitals?

2 **A. Yes.**

3 Q. Okay. I just want to make sure.

4 Is it -- what about the DIP  
5 lender? Who is the owner of the DIP lender  
6 entity?

7 **A. It's Mr. Moshe.**

8 Q. Again, 99 and 1%?

9 **A. I don't know if it's 99 and 1%,  
10 but he's pretty much the owner.**

11 Q. Is there any investor in it  
12 outside of himself and his wife?

13 **A. No.**

14 Q. What about for the new MSO?

15 **A. The new MSO is supposed to be  
16 50/50% owned by HRH and the CarePoint  
17 facilities.**

18 Q. Okay. It says here for each of  
19 them their respective present -- former,  
20 present, and future, and then it lists those  
21 various capacities, including owners.

22 Are there talks to bring in  
23 additional investors or owners in any of these  
24 entities?

25 **MR. NEWMAN: Objection as to**

1 form.

2 **THE WITNESS: No talks about**  
3 **bringing additional investors or owners,**  
4 **no.**

5 BY MR. HARVEY:

6 Q. Have you ever heard of an entity  
7 called CH750 Park LLC?

8 A. CH750 Park LLC, I do believe that  
9 that's an entity that's owned by Mr. Avery  
10 Eisenreich.

11 Q. Okay. Does HRH have any  
12 affiliation with Mr. Eisenreich or CH750?

13 A. Explain to me what you mean by  
14 "affiliation."

15 Q. Let's start with: Is he an  
16 investor or owner in any of HRH or its  
17 affiliates?

18 A. No. Like I said before, there's  
19 no investors or owners other than Mr. Moshe and  
20 his wife.

21 Q. Okay. So CH750 LLC, CH750 Park  
22 LLC, is in your view then not covered in this  
23 release?

24 A. I don't think so. I mean,  
25 they're not -- they're not owners or operators

1     **or managers.**

2                   Q.       Okay. Did anyone -- sorry.

3                             And there's no intent to make  
4     them an owner, operator, or manager in the  
5     future?

6                   MR. NEWMAN: Objection as to  
7     form.

8                   **THE WITNESS: There is no intent**  
9                   **to do that, no. There's no**  
10                   **negotiations, discussions, or anything**  
11                   **like that.**

12     BY MR. HARVEY:

13                   Q.       Okay. Did anyone on behalf of  
14     HRH ever ask that CH750 Park LLC be included in  
15     the release that's in this plan?

16                   A.       **I don't know. Not to my**  
17     **knowledge.**

18                   Q.       Okay. What about Mr. Eisenreich?  
19                             Do you know if anyone ever asked  
20     whether he or any of his other affiliates would  
21     be included as released parties under this plan?

22                   A.       **Same answer. I'm not aware of**  
23     **that being a request or anything.**

24                   Q.       So as far as you're aware, no one  
25     from HRH ever asked that or contemplated that

1 CH750 would be a released party?

2 A. No. I mean, during the mediation  
3 that we had here, that was not a request.

4 Q. I know you said that you had seen  
5 this plan before but hadn't read it.

6 Do you know, was HRH asked to  
7 sign off on the plan before it was filed?

8 A. I mean, our attorneys were  
9 negotiating with the creditors committee. Yeah,  
10 of course.

11 Q. Okay. So your attorneys on  
12 behalf of HRH would have been asked to sign off  
13 on it, is that your understanding?

14 A. Yes, yes.

15 Q. Okay.

16 A. And if they had questions for us,  
17 they would ask us, and we'd opine.

18 Q. I'm going to shift gears a little  
19 bit here and talk about HRH's claims in the  
20 bankruptcy case.

21 A. So we're done with this?

22 Q. We're going to come back to it in  
23 a minute, but you can put it aside for now.

24 What's the total amount of HRH's  
25 claims against the CarePoint debtors?

1                   **A.       I believe that it was in the**  
2   **ballpark of \$35 million.**

3                   Q.       And sitting here today, that's  
4   the total amount of the claims against the  
5   CarePoint debtors, or is that at some other  
6   point in time?

7                   **A.       I mean, this is as of whatever**  
8   **date that was. I don't know the exact date when**  
9   **that number was determined. I would probably**  
10   **say maybe in -- this is as of October.**

11                  Q.       As of October?

12                  **A.       '24.**

13                  Q.       "About 24," you said?

14                  **A.       No, of '24. October of '24.**

15                  Q.       Oh, October of '24.

16                             And I think you said \$35 million?

17                  **A.       Yes.**

18                  Q.       Okay. What about -- today is  
19   February 27th. What about as of February 27th?  
20   What's the total of HRH's claims against  
21   CarePoint?

22                  **A.       I don't know the number.**

23                  Q.       Do you have a ballpark for it?

24                  **A.       No, I don't.**

25                  Q.       Who, on behalf of HRH, would have



1 that calculation or have that total?

2 A. Well, the CarePoint CFO has great  
3 knowledge of it, plus our CFO has great  
4 knowledge of it. But obviously, we've been  
5 funding significantly every single day since we  
6 took over the management of these entities, so.

7 Q. So if you could flip back to the  
8 first document, the smaller one.

9 A. Yes.

10 Q. Exhibit 1. And the page we  
11 looked at that had the examination topics, I  
12 think you're still on it. Topic No. 6, I'm  
13 going to read it to you.

14 It says -- as one of the Topics  
15 of Examination, it says, "HRH's claims against  
16 the Debtors, including their amount, priority,  
17 the Debtors against which the claims exist, and  
18 the property securing HRH's claims."

19 You see that as one of the topics  
20 for the deposition?

21 A. Yes.

22 Q. Okay. And so your testimony is  
23 that the extent of the information you have to  
24 testify to today is that there was a \$35 million  
25 claim that CarePoint had some time in October of

1 2024?

2 A. Yes.

3 Q. But as of today, you don't know  
4 what that claim number is?

5 A. I would say probably an  
6 additional at least \$50 million.

7 Q. And what's the basis for that?

8 A. Based on the funding that we're  
9 providing on an almost daily basis.

10 Q. What type of funding is that?

11 A. For the operations of the  
12 hospitals, for your clients, Garden State, for  
13 CHMG, which is the CarePoint Health Medical  
14 Group, as well as the entire infrastructure  
15 behind managing both Garden State and CarePoint  
16 Health Medical Group. I think the company is  
17 called Quality Partners or something like that.

18 Q. Quality Care Associates?

19 A. Quality Care Associates, yeah.

20 Q. So approximately \$50 million. Is  
21 that all in the form of debtor-in-possession  
22 financing?

23 A. Yes.

24 Q. I'm going to flip you -- draw  
25 your attention to another document here, and

1 hopefully this will help put some parameters  
2 around what we're talking about. Actually,  
3 before we do that, let me just ask a couple  
4 clarifying questions.

5 So the \$35 million CarePoint had  
6 in claims in October of 2024, do you know if  
7 those claims were secured or unsecured?

8 **A. I'm sorry, you said "CarePoint**  
9 **had in claims"?**

10 Q. I'm sorry, I misspoke. Thanks  
11 for correcting me.

12 You mentioned that HRH had  
13 approximately \$35 million of claims against  
14 CarePoint in October of 2024.

15 I have that right?

16 **A. Yes.**

17 Q. Do you know if that \$35 million  
18 of claims was secured or unsecured?

19 **A. I believe it was secured.**

20 Q. Do you know what the collateral  
21 was for those claims?

22 **A. I'm not really sure.**

23 Q. Do you know which CarePoint  
24 entity the claims were asserted against?

25 **A. It was against Bayonne Hospital**

1     **and the corporate entity of CarePoint.**

2             Q.       And the \$50 million of claims  
3     that you mentioned a minute ago that came in  
4     post-petition, do you know if those claims are  
5     secured or unsecured?

6             A.       **I believe they're secured.**

7             Q.       Do you know by -- against which  
8     debtors' property they're secured?

9             A.       **Well, I mean, I believe against**  
10    **the operations they are, and -- yeah.**

11            Q.       I understand that's the  
12    collateral they may be securing, but do you know  
13    which -- let me put it differently.

14                    Do you know which debtors are  
15    either borrowers or guarantors or obligors on  
16    the \$50 million of post-petition debt?

17            A.       **It's all CarePoint facilities**  
18    **plus their corporate entity.**

19            Q.       And when you say "CarePoint  
20    facilities," you mean the three hospitals?

21            A.       **Correct.**

22            Q.       Okay. So is Garden State a  
23    borrower, guarantor, or obligor on that loan?

24            A.       **The funding for Garden State goes**  
25    **through the corporate infrastructure for**

1     **CarePoint, so CarePoint borrows on behalf of**  
2     **Garden State and the medical group.**

3             Q.       I was asking a different  
4     question. My question was:

5                     Is Garden State a borrower,  
6     obligor, or guarantor on the DIP financing loan?

7             A.       **No. I think I answered that**  
8     **already by saying, no, everything goes through**  
9     **the corporate infrastructure of CarePoint.**

10            Q.       Okay. So your answer is no, but  
11   the clarification you're giving me is that you  
12   think some of the funds may ultimately flow down  
13   to Garden State?

14                   MR. NEWMAN: Objection as to  
15   form.

16                   **THE WITNESS: They absolutely**  
17                   **flow down to Garden State, yes. Not**  
18                   **presumably, absolutely.**

19   BY MR. HARVEY:

20            Q.       Other than the \$35 million of the  
21   pre-petition claim that HRH had against  
22   CarePoint and the approximate \$50 million you  
23   testified that you believe HRH has against  
24   CarePoint post-petition, are there any other  
25   claims you believe HRH has against CarePoint as

1 of today?

2 **A. Not that I can think of.**

3 Q. So if I total those two dollars,  
4 that's \$85 million, correct?

5 **A. Correct.**

6 Q. If we could flip to the larger  
7 document here, the plan, Exhibit 2. If you have  
8 that in front you, I'll direct your attention to  
9 a page. Just one second. I apologize. It's  
10 near the front of the document. It's Page 4 at  
11 the bottom. It's Page 11 of 133 at the top.

12 **A. Okay.**

13 Q. You see that? You're there?

14 **A. Yes.**

15 Q. What I'm looking at here shows a  
16 chart, or a table, I should say, and the first  
17 row after the title of the table is a row that  
18 begins with Class 1 and then "Claims/Interest,  
19 HRH Claims."

20 Do you see that?

21 **A. Yes.**

22 Q. And looking over to the far  
23 right-hand column, it says, "Estimated amount:  
24 \$110 million."

25 And do you see that?

1                   **A.       Yes.**

2                   Q.       I read that as saying that HRH  
3       has total claims of \$110 million.

4                               Do you disagree with that  
5       characterization?

6                   **A.       I don't disagree, and I do**  
7       **believe the number is even higher now. But like**  
8       **I said, my recollection, obviously, there is**  
9       **that \$35 million, and I said there's at least**  
10      **another \$50 million that could be. Obviously,**  
11      **I'm not the CFO, so I don't really know the**  
12      **exact number. And that number is as of at least**  
13      **a month ago, so I don't know the updated number,**  
14      **but it's way more than \$110 million.**

15                  Q.       So a minute ago you told me you  
16      thought it was \$85 million, but now you think  
17      it's actually in excess of \$110 million?

18                               MR. NEWMAN: You're arguing with  
19      the witness. Objection.

20                               **THE WITNESS: No, a minute ago I**  
21      **told you it was over \$50 million. And I**  
22      **also told you before that that I wasn't**  
23      **sure of the number.**

24      **BY MR. HARVEY**

25                  Q.       Okay. Yeah, and I'm not --

1                   **A.**       But then you took me back to  
2 Point 6, saying I should answer the question,  
3 and I answered the question to the best of my  
4 ability.

5                   Q.       Okay. I appreciate it.

6                   **A.**       No problem.

7                   Q.       If you could take a moment and  
8 read the section here entitled "Treatment."  
9 It's the third column. And if you want to read  
10 that to yourself or out loud, I'm indifferent,  
11 but just let me know when you're done reading it  
12 if you're reading it to yourself.

13                  **A.**       (Witness reviews document.)

14                   Okay.

15                  Q.       All finished?

16                  **A.**       Yes.

17                  Q.       Thank you. Okay. So to try to  
18 speed this up, I'm going to tell you what I read  
19 this to be saying, and you tell me if you  
20 disagree with me.

21                           I read this to say that HRH has a  
22 \$110 million estimated claim amount. I  
23 understand you say it may be higher, but do you  
24 disagree with my reading that says that HRH's  
25 claims, at least as of the date this document



1 was filed, was estimated to be \$110 million?

2 MR. NEWMAN: Objection. You  
3 already asked him that.

4 **THE WITNESS: Yes.**

5 BY MR. HARVEY:

6 Q. Okay. And then in the  
7 "Treatment" section, what I understand is  
8 happening to HRH's \$110 million lab claim is  
9 it's going to roll over into an exit facility  
10 and be paid out of the reorganized debtors'  
11 future operations.

12 Do I have that right?

13 MR. NEWMAN: Objection. Are you  
14 asking is your understanding correct or  
15 if it's written there correct?

16 MR. HARVEY: I'm asking if he  
17 agrees with my understanding.

18 **THE WITNESS: That's what I'm**  
19 **reading here, yeah.**

20 BY MR. HARVEY:

21 Q. Okay. Do you have any reason to  
22 disagree with what's written here?

23 **A. I don't have a reason to**  
24 **disagree.**

25 Q. Okay.

1 (Document marked for  
2 identification as Kifaieh Deposition  
3 Exhibit No. 3)

4 BY MR. HARVEY:

5 Q. Mr. Kifaieh, I've handed you --  
6 MR. NEWMAN: Doctor.

7 BY MR. HARVEY:

8 Q. Dr. Kifaieh, I apologize.

9 **A. Thank you, everybody, for having**  
10 **my back.**

11 Q. I mean no disrespect. That's  
12 just my name and title blindness as I struggle  
13 with those things. I apologize.

14 **A. No problem.**

15 Q. And I'll probably mispronounce  
16 your name at least three more times today too.

17 **A. I'll allow you one time. That's**  
18 **it.**

19 Q. Okay. For me, it's usually  
20 people call me Harvey because that's my last  
21 name, and so I get e-mails addressed to Harvey.

22 MR. NEWMAN: Okay, Harvey, let's  
23 move on.

24 MR. HARVEY: All right. Right  
25 back at you, Newman.

1 MR. NEWMAN: I'm used to being  
2 called that.

3 MR. HARVEY: Just one second  
4 here. I need to get my bearings here,  
5 Doctor.

6 BY MR. HARVEY:

7 Q. So, Doctor, if you could flip to  
8 about halfway through this document. And if you  
9 want to hand it to me, I'm happy to help you try  
10 to get there. But if you look, it's roughly  
11 about halfway through.

12 MR. NEWMAN: What page number?

13 MR. HARVEY: Oh, sorry. There's  
14 page numbers at the top, so that's  
15 easier. Thank you.

16 **THE WITNESS: And bottom.**

17 BY MR. HARVEY:

18 Q. And bottom. At the top, the  
19 docket title is 730-5, and then it's page number  
20 2 --

21 **A. Can you just give me the bottom**  
22 **page number?**

23 Q. The bottom page number is 1 if  
24 you're in the exit facility already.

25 **A. Page 1?**

1 Q. There's many different documents  
2 here that have different pagination.

3 A. Here, you can, if you don't mind.

4 Q. Yeah, sure.

5 So I'm going to represent to you  
6 and for the record, the document I've handed  
7 you, the larger document I've handed you, is a  
8 document that was filed in the bankruptcy cases  
9 last week at Docket Item 730. And then we'll  
10 give the full title, but it's what all the  
11 bankruptcy attorneys in the room will call the  
12 plan supplement.

13 And the page I've directed you to  
14 in this is Exhibit E, which, if you flip to the  
15 prior page, is titled "Form of HRH Exit Facility  
16 Credit Agreement."

17 So directing -- you see that  
18 there on that exhibit page?

19 A. Yes.

20 Q. Okay. So flipping to the  
21 following page, Page 1 of the Exit Facility  
22 Credit and Security Agreement; do you have that  
23 in front of you now?

24 A. Yes.

25 Q. Do you recognize this document?

1                   **A.       I haven't read it, but yeah, I**  
2   **know it exists.**

3                   Q.       What do you understand it to be?

4                   **A.       It's the Credit and Security**  
5   **Agreement, the Exit Facility Credit and Security**  
6   **Agreement.**

7                   Q.       And this is between HRH and the  
8   debtors?

9                   **A.       Yes.**

10                  Q.       Okay. And if I could direct your  
11   attention to the last whereas clause on the  
12   first page, bottom of the page. And I'm going  
13   to read it to you and then ask a question about  
14   it.

15                             In the third line it says "The  
16   borrowers and lenders have agreed" -- fourth  
17   line, sorry.

18                             "The borrowers and lenders have  
19   agreed that, (1) all Allowed HRH Claims  
20   (including, without limitation, the DIP Loans  
21   and other loans, debts, obligations, and  
22   liabilities owed by the Borrowers or their  
23   Affiliates to the Lender and its Affiliates, as  
24   set forth in the Plan of Reorganization, in the  
25   principal amount of" -- and then there's a

1 blank -- "dollars" -- and then another blank --  
2 "will be converted hereby into a term loan owned  
3 by the Borrowers to the Lender hereunder." And  
4 then it's defined, it looks like, as the roll-up  
5 loan.

6 Am I correct in understanding  
7 that the reference here to allowed HRH claims is  
8 to the same reference in the prior document we  
9 looked at, the approximately \$110 million claims  
10 that we looked at in the plan a moment ago?

11 **A. Yes, that's my understanding, but**  
12 **I'm not an attorney.**

13 Q. Okay. So the intent here then is  
14 to take 100% of those claims, whether they're  
15 \$110 million or some larger amount, and roll  
16 them into an exit loan with the debtors being  
17 obligors under that loan?

18 **A. Yes.**

19 Q. Okay. And then it looks like if  
20 we read on here, there's a romanette two.  
21 Sorry, if you read on the next page, there's a  
22 romanette three, and there's what looks like a  
23 contemplated to-be-determined new money  
24 component of the loan.

25 Do you see where that is?

1                   **A.       No, where are you exactly?**

2                   Q.       I'm on the next page at the top.

3       It's Page 2 at the top, and it's romanette --  
4       little Roman three. And it reads, "The Lender  
5       will provide a new money" -- quote/unquote, "new  
6       money term loan to the Borrowers in the  
7       aggregate amount." And then again, there's a  
8       blank, and it's defined as the new money loan.

9                   **A.       Yes.**

10                  Q.       Okay. So there will also be, if  
11       I'm reading this document correctly, a new money  
12       component of this exit facility?

13                  **A.       Yes.**

14                  Q.       Has that new money component been  
15       determined yet?

16                  **A.       I don't know the exact dollar**  
17       **amount, no.**

18                  Q.       Do you have a ballpark for it?

19                  **A.       I think it's somewhere around**  
20       **maybe \$70 to \$80 million.**

21                  Q.       So an additional \$70 to  
22       \$80 million of new capital will be contributed?

23                  **A.       Yes.**

24                  Q.       Okay. And then I just want to  
25       get the definitions right here.

1 So that says that's the new money  
2 loan, and then in parentheses, the last  
3 parentheses here, and it says, "And together  
4 with the roll-up loan," which was the allowed  
5 HRH claim we talked about on the prior page.  
6 Those would be defined as the exit loans. And  
7 then there will be an aggregate dollar amount to  
8 be filled in here. It looks like the sum of  
9 those two numbers.

10 Am I understanding that  
11 correctly?

12 **A. It sounds like you understand**  
13 **this very well, yeah.**

14 Q. Okay, great. Those three years  
15 of law school paid off.

16 Can I direct your attention  
17 then -- oh, sorry, one more definition I want to  
18 cover. I apologize. If you could flip to Page  
19 12 of this document. It's Page 13 at the top,  
20 12 at the bottom.

21 **A. Yes.**

22 Q. And there's a defined term,  
23 "Obligations," and it's quite lengthy. But as I  
24 track it all the way down to the fourth-to-last  
25 line, it says, "This term, obligations, includes



1 without limitation the aggregate principal  
2 amount of the exit loans together with accrued  
3 and unpaid interest, applicable fees, charges,  
4 and expenses."

5 Am I characterizing that  
6 correctly?

7 **A. Yes.**

8 Q. Okay. So to your understanding,  
9 the obligations that exist under this exit  
10 facility will be the exit loans, correct?

11 **A. Correct.**

12 Q. And the exit loans are the sum of  
13 the allowed HRH claim that's rolling over plus  
14 the new money that's coming in at exit?

15 **A. Correct.**

16 Q. Okay, thank you. So now I want  
17 to flip your attention to or direct your  
18 attention to Page 16.

19 **A. 16 bottom?**

20 Q. Yep. And it's Section 2.2,  
21 "Evidence of Obligations; Maturity," and I'm  
22 looking at Subsection C.

23 And there it says, "All  
24 obligations outstanding hereunder shall be  
25 unconditionally due and payable in full in

1 immediately available funds by borrowers on a  
2 joint and several basis if not earlier in  
3 accordance with this agreement, the plan of  
4 reorganization of the confirmation order, on the  
5 maturity date."

6 So as I read this, all  
7 obligations, which again include those loan  
8 amounts and allowed claim amounts we just talked  
9 about, they're due -- unless they're due  
10 earlier, they're due on the maturity date of  
11 this loan?

12 A. Yes.

13 Q. Do you know off the top of your  
14 head what the maturity date of the loan is?

15 A. I don't.

16 Q. Okay. I think I'm almost done  
17 with this document. Let's just, for  
18 completeness of the record, if you could flip  
19 back to Page 11, and that's 11 at the bottom of  
20 the page.

21 A. Yes.

22 Q. Towards the top, there's what  
23 looks like a definition of "Maturity Date."

24 And it says, "Maturity Date shall  
25 mean the earliest to occur of, (i) 60 months

1 from the closing date, and, (ii) the date on  
2 which the exit loans are accelerated upon in  
3 event of default pursuant to the terms hereof".

4 So putting aside the possibility  
5 of an early default and acceleration, am I  
6 correct then that the maturity date is 60 months  
7 or five years?

8 **A. That's what it says, yeah.**

9 Q. Okay. So as I read all of these  
10 documents, the plan and this together, it looks  
11 like the treatment of HRH's claims under the  
12 plan is it's going to receive a new loan  
13 facility in exchange for its claims, and that  
14 new loan facility is going to be repaid within  
15 five years.

16 Do I have that right?

17 **A. Correct.**

18 Q. Okay. Do you know if HRH is  
19 receiving anything else on account of its claims  
20 in the plan?

21 **A. I don't think so.**

22 Q. Okay. If we could go back to the  
23 plan, that's the less big document now, Exhibit  
24 2. If we could flip in here to Page 87. Hold  
25 on one second. I just need a moment.

1 MR. HARVEY: In fact, we've been  
2 going now for a little over an hour.  
3 Does anyone need a break, or should  
4 we --

5 THE WITNESS: No, I'm good unless  
6 you guys need a break.

7 BY MR. HARVEY

8 Q. Just one second. I just need to  
9 make sure I have my place here. Thank you for  
10 the moment there.

11 Actually, if we could turn to  
12 Page 88. It's the next page there.

13 A. Bottom 88?

14 Q. Yeah, bottom of 88. Thank you  
15 for clarifying.

16 A. Okay.

17 Q. It says at the very end of that  
18 page, right above the footnote, it says, "HRH  
19 will have the right to credit bid with regarding  
20 to the Bayonne transaction."

21 And then it says, "Such credit  
22 bid may include (i) the pre-petition first lien  
23 debt (approximated to be \$8 million, plus  
24 interest) acquired from Capitala."

25 And then, "(ii) amounts advanced

1 under the Bayonne DIP (approximated to be  
2 \$21 million through February 1st, 2025, plus  
3 interest."

4 "(iii) Any amounts actually paid  
5 or advanced for supplies, equipment, personnel,  
6 and other items and services."

7 "(iv) Operations/management fees  
8 in a minimum approximate amount of \$3,741,612,  
9 and lease arrears such that the total of Items  
10 (i) through (v) above shall approximate a credit  
11 bid of \$32,741,612 as of December 18th, 2024."

12 And then it goes on and says, "It  
13 being understood and agreed that the foregoing  
14 amounts will be updated at the time the need for  
15 a credit bid becomes ripe."

16 So based on my reading of that,  
17 what I understand to be the case is that HRH is  
18 credit bidding to acquire the debtor's interest  
19 in Bayonne -- or let me put it differently.

20 HRH is credit bidding to acquire  
21 the Bayonne facility?

22 MR. NEWMAN: Objection as to  
23 form. That's your understanding. Is  
24 there a question?

25 BY MR. HARVEY:

1 Q. Sorry, my question is: Is my  
2 understanding correct?

3 A. Yes.

4 Q. Okay. So the amount of that  
5 credit bid is approximately \$32.7 million?

6 A. Yes.

7 Q. Does the \$110 million claim that  
8 we just discussed, does that take account for  
9 that \$32 million credit bid?

10 A. I think so, yeah.

11 Q. So the \$110 million then, is that  
12 number net of the \$32 million credit bid?

13 A. I believe it's inclusive of this  
14 number, but again, I'll have to go back and look  
15 at the split of things.

16 Q. Okay. So let's just talk about  
17 it a little bit on assumptions or in the  
18 abstract then.

19 So if the \$110 million -- and I  
20 understand you think it may be higher, but say  
21 it's \$100 million right now. That's the  
22 aggregate amount of what HRH is owed by the  
23 debtors. And then HRH is acquiring the Bayonne  
24 facility for, let's round it up to say,  
25 \$33 million.

1 In a credit bid, shouldn't that  
2 reduce the \$110 million by \$33 million, such  
3 that the total amount of the claim now is  
4 \$77 million?

5 **A. Probably. Probably.**

6 Q. Okay. So why is HRH then  
7 receiving the Bayonne -- the Bayonne debtor in  
8 exchange for approximately \$33 million of its  
9 debt, but then also receiving, it seems like, an  
10 exit facility based on that same debt?

11 **A. Bayonne Hospital is worth nothing**  
12 **right now, as evidenced by zero bids for the 21**  
13 **days. Nobody bid on these hospitals, so, you**  
14 **know, I don't think it's worth a dollar out of**  
15 **the \$32 million or \$33 million.**

16 Q. But you don't disagree with me  
17 that the plan says that your credit bidding  
18 \$32.7 million for it, right?

19 **A. I would have to look at the**  
20 **calculations that our attorneys used and our CFO**  
21 **used to get to this number and have a better**  
22 **understanding of whether the 32 is included or**  
23 **not included.**

24 Q. Okay. To the best of your  
25 understanding right now, do you know whether the

1 \$32 million is included in the \$110 million  
2 claim or excluded from the \$110 million claim?

3 MR. NEWMAN: Objection.

4 THE WITNESS: No. I would have  
5 to, like I said, go back and ask that  
6 question and go through the math.

7 BY MR. HARVEY:

8 Q. Okay. I'm going back to my  
9 original question, whether -- my question a few  
10 moments ago about whether HRH -- whether the  
11 \$110 million exit facility is all that HRH is  
12 receiving for its claim?

13 MR. ABBATE: Objection.

14 MR. NEWMAN: Join.

15 THE WITNESS: It's what this  
16 document says.

17 BY MR. HARVEY:

18 Q. Okay. But sitting here today,  
19 you don't know whether the \$110 million has been  
20 reduced -- or sorry, whether the \$32 million or  
21 \$33 million credit bid has been reflected as a  
22 credit against HRH's allowed claim or not?

23 MR. ABBATE: Objection.

24 MR. NEWMAN: Objection. You  
25 asked him several times.



1                                   **THE WITNESS: Again, no, I don't**  
2                                   **know.**

3       BY MR. HARVEY:

4                   Q.       Okay.

5                   MR. ABBATE: Why don't we take a  
6                   few minutes, just five minutes?

7                   MR. HARVEY: Yeah, sure.

8                   (Brief recess taken at  
9                   11:12 a.m.)

10                   (Deposition resumes at  
11                   11:28 a.m.)

12       BY MR. HARVEY:

13                   Q.       A couple of quick questions for  
14                   you, Doctor, before we get going back into the  
15                   substance.

16                               Did you speak with anybody during  
17                   the break?

18                   A.       We were just chitchatting, my  
19                   attorneys and I, that's all.

20                   Q.       Did you talk about the substance  
21                   of your testimony today?

22                   A.       No.

23                   Q.       Okay.

24                   A.       I also didn't text anybody about  
25                   the deposition.

1 Q. Thank you. Not your first rodeo.

2 Let's go back to Exhibit 2. It's  
3 the plan, and I want to direct your attention to  
4 Page 86. Page 93 at the top, 86 at the bottom.

5 A. Okay.

6 Q. I asked you, I think, before the  
7 break, but if you gave an answer, I don't  
8 remember it, so I'm just going to ask you again.

9 You had the \$110 million exit  
10 facility that HRH is getting on account of its  
11 claim, correct?

12 A. Yes.

13 Q. And there's the open question as  
14 to what's happening with the credit bid, right?

15 A. Yes.

16 Q. Okay. Is HRH receiving anything  
17 else on account of its claim?

18 MR. NEWMAN: Objection as to  
19 form. You already asked him that.

20 THE WITNESS: You did ask me  
21 that, and I said I don't think so.

22 BY MR. HARVEY:

23 Q. So you're at Page 86 now of the  
24 plan? 86 at the bottom, I'm sorry.

25 A. Yes.

1 Q. Do you see at the top there it  
2 says "Litigation Claims"?

3 A. Yes.

4 Q. And then there's a long paragraph  
5 in the middle, and maybe the easiest thing for  
6 me to do is just have you familiarize yourself  
7 with it a moment. Well, let me ask you first.

8 Have you seen this paragraph  
9 before?

10 A. There's so many documents here  
11 and pages, and there's more actually, but I  
12 don't remember seeing this.

13 Q. Okay. Can you take a moment and  
14 just familiarize yourself with the terms of the  
15 big paragraph that begins with "Net proceeds,"  
16 and then the next paragraph after that begins  
17 with "Notwithstanding"?

18 A. (Witness reviews document.)

19 Up to where? You want me to read  
20 to where?

21 Q. It's the paragraph that begins  
22 with -- let me just put it this way. The second  
23 paragraph on the page --

24 A. You want me to read the whole  
25 paragraph?

1 Q. Yes, and then the next paragraph  
2 that begins with "Notwithstanding."

3 A. (Witness reviews document.)

4 Yes.

5 Q. You're finished reading those?

6 A. I'm familiar with it now. It's  
7 coming back.

8 Q. You're coming back to the  
9 concepts, okay.

10 So as I read this paragraph, the  
11 first one, net proceeds -- well, let me start  
12 with the first principle.

13 There's a concept here of  
14 litigation trust seed money. Are you familiar  
15 with what that is?

16 A. Yes.

17 Q. And am I correct that that's a  
18 \$3.5 million loan that HRH is going to make to  
19 the litigation trust?

20 A. Yes.

21 Q. Okay. And so what I read this to  
22 say is the net proceeds of litigation claims  
23 will be first used to repay that \$3.5 million  
24 loan.

25 Do I have that right?

1                   **A.       Correct.**

2                   Q.       And then thereafter, 100% of the  
3 net proceeds of litigation claims will be used  
4 to fund, first, a 10% recovery to holders of  
5 general unsecured claims not to exceed  
6 \$15 million in the aggregate.

7                               Am I understanding that correct?

8                   **A.       Correct.**

9                   Q.       After that, the next \$5 million  
10 shall be paid to HRH; is that right?

11                   **A.       Correct.**

12                   Q.       And then after, I guess, what  
13 we'll call the first 3.5 to pay the seed money,  
14 the next 15 to pay unsecured claims, and the  
15 next five to pay HRH, then it looks like  
16 there's, what I'll call, a sharing arrangement?

17                   **A.       Yes.**

18                   Q.       And am I correct in reading that  
19 that sharing arrangement -- under that sharing  
20 agreement, net proceeds will go 65% to the  
21 holders of general unsecured claims and then 35%  
22 to HRH?

23                   **A.       Correct.**

24                   Q.       Is that right?

25                               And then it says, at least as to

1 HRH, "until such time as the obligations under  
2 the HRH exit facility are satisfied in full"; is  
3 that right?

4 **A. Yes.**

5 Q. So based on that, am I correct in  
6 understanding that HRH will receive payment from  
7 the litigation trust on account of its  
8 \$110 million allowed claims in the bankruptcy  
9 case?

10 **A. Repeat that again.**

11 Q. Based on this, am I correct in  
12 understanding that HRH will receive payments  
13 from the litigation trust on account of its  
14 allowed HRH claims?

15 **A. Yes.**

16 Q. Okay, so then backing up.  
17 So the source -- so HRH will  
18 receive a \$110 million exit facility, which will  
19 be repaid from future operations of the debtors,  
20 right?

21 **A. Correct.**

22 Q. And then HRH will receive the  
23 Bayonne Hospital as well, right?

24 **A. Correct.**

25 Q. And we don't -- you're not

1 certain whether there's a credit of the value of  
2 that hospital, \$32 million, whatever it may be,  
3 against the \$110 million claim?

4 MR. NEWMAN: Objection. Asked  
5 multiple times.

6 THE WITNESS: It's the same  
7 answer: No.

8 BY MR. HARVEY:

9 Q. You're not sure, okay.

10 And then in addition, HRH will  
11 receive distributions from the litigation trust  
12 on account of its allowed claim?

13 A. Correct.

14 Q. Is HRH receiving anything else  
15 under the plan?

16 A. I don't recall if there's  
17 anything else. I'm not trying to not answer  
18 your question. I just don't recall.

19 Q. That's fair. It's a lot of  
20 documents.

21 A. It was a very dense document, and  
22 I can't recall every single detail, but as I  
23 started to read this, it came back to me.

24 Q. Well, let me ask: Is HRH  
25 receiving management rights to the other two

1 hospitals?

2 **A. Yes, we are the managers for the**  
3 **other two hospitals.**

4 Q. Under a Management Services  
5 Agreement?

6 **A. Yes.**

7 Q. What are the fees payable under  
8 that Management Services Agreement?

9 **A. It's \$1.75 million for managing**  
10 **the two hospitals.**

11 Q. And that's per month?

12 **A. Yes.**

13 Q. And what's the term of that  
14 Management Services Agreement?

15 **A. Well, we inherited that agreement**  
16 **from Insight, the prior manager. I believe it's**  
17 **a 10-year agreement.**

18 Q. A 10-year agreement, okay.

19 **A. Yeah.**

20 Q. So do the math on -- I'm not  
21 asking you to do the math, but the math would be  
22 \$1.75 million times 120 would be the value of  
23 that contract?

24 **A. Yes.**

25 Q. Okay. Is there anything else



1 that you believe HRH is receiving under the  
2 plan?

3 **A. Again, I don't recall, but as**  
4 **you're saying things, things are coming back to**  
5 **me.**

6 Q. The only other thing I'm aware of  
7 is the release. We talked about the release  
8 earlier.

9 HRH is receiving a release?

10 **A. Yes.**

11 Q. I'm going to look to my colleague  
12 here and ask.

13 (Discussion off the record.)

14 BY MR. HARVEY

15 Q. I think that's all I have on that  
16 topic. Just give me a second.

17 **A. I can burn this?**

18 Q. I don't think you can burn it  
19 yet. We'll need it for the record too. If this  
20 plan gets confirmed, you're going to need that.

21 **A. When the plan gets confirmed.**

22 Q. I like your confidence.

23 Does anybody from HRH currently  
24 sit on the CarePoint Board of Trustees?

25 **A. Yes.**

1 Q. Who from HRH?

2 A. I do sit on the board, Mr. Moshe  
3 sits on the board, and John Grewalski, our CFO,  
4 sits on the board.

5 Q. When did you join the board of  
6 CarePoint?

7 A. We were voted on the board, I  
8 believe, at the end of November.

9 Q. November of 2024?

10 A. Of '24.

11 Q. Okay. So none of you were on the  
12 board in October of 2024?

13 A. No.

14 Q. Did you participate in board  
15 meetings prior to officially joining the board?

16 A. Yes, but as a presenter on behalf  
17 of HRH.

18 Q. When did you first start  
19 participating in board meetings for CarePoint?

20 A. Can you be more specific about  
21 your -- like, we weren't participating before we  
22 were voted on the board except to come as an  
23 invited presenter for five minutes, you know, to  
24 talk about our strategy and vision for the  
25 system, and that's it.

1 Q. Okay.

2 A. Then we're kicked off. It was  
3 all virtual.

4 Q. I'm correct that HRH or an  
5 affiliate of HRH now owns an option to acquire  
6 the land on which Christ Hospital sits?

7 A. Correct.

8 Q. And when did HRH acquire that  
9 option?

10 A. I believe some time in November.  
11 I can't recall exactly when.

12 Q. Again, November of 2024?

13 A. '24, yes.

14 Q. Okay, thank you.

15 Do you remember what HRH paid to  
16 acquire that option?

17 A. I want to say \$60-plus million.

18 Q. Okay. And is there an exercise  
19 price for that option as well or --

20 A. Exercise price? No, just that.

21 Q. That's the total price for the  
22 option?

23 A. Yeah.

24 Q. Is that to acquire 100% of the  
25 property if the option is exercised?

1                   **A.       Yes.**

2                   Q.       Do you know what the property is  
3   worth?

4                   **A.       No, I don't.**

5                   Q.       Have you seen any appraisal of  
6   it?

7                   **A.       I have not.**

8                   Q.       Let's shift to Bayonne.

9                               By right, that HRH also owns the  
10   land -- I shouldn't say "also owns the land." I  
11   know you don't own the land Christ sits on, but  
12   you own the option. Well, let me ask.

13                           Have you exercised the option on  
14   the Christ land yet?

15                  **A.       No.**

16                  Q.       Okay. So turning to Bayonne, am  
17   I right that HRH owns the land on which Bayonne  
18   sits?

19                  **A.       Correct.**

20                  Q.       When did HRH acquire that land?

21                  **A.       June of 2020.**

22                  Q.       Okay. And then I recall, but I'm  
23   not especially familiar, there was a lawsuit in  
24   the Delaware Chancery Court related to the lease  
25   with the debtors for that land?

1                   **A.           Correct.**

2                   Q.           When was that lawsuit commenced?

3                   **A.           As soon as we took over. As soon**  
4 **as we acquired the land, when we closed on the**  
5 **land. I believe maybe June or July of 2020.**

6                   Q.           Okay. What was the subject of  
7 that lawsuit?

8                   **A.           Well, I mean, we became the**  
9 **landlord, and CarePoint was in constant default**  
10 **on the rent and the assessment fees and**  
11 **improvement fees.**

12                  Q.           I remember I read your prior  
13 deposition, so I'm going to try not to repeat  
14 it.

15                  **A.           Yeah.**

16                  Q.           I remember there was a component  
17 of rent that was sort of the monthly rent, and  
18 there was, in someone's view, it was \$800,000 a  
19 month, and in other people's view it was  
20 \$1.2 million.

21                               So there was a spread of \$400,000  
22 that, I take it, was in dispute; is that right?

23                  **A.           Yes.**

24                  Q.           Okay. And then there was also a  
25 \$500,000 a year assessment or --

1                   **A.           Improvement fees.**

2                   Q.           Improvement fee. And am I right  
3 in understanding that lawsuit involved the  
4 dispute as to whether that incremental \$400,000  
5 was owed and then also whether that \$500,000 was  
6 owed going back a number of years?

7                   **A.           Correct.**

8                   Q.           When HRH acquired the land, was  
9 it aware of those defaults under the lease?

10                  **A.           No, not -- I mean, we weren't**  
11 **really. We were aware that the assessment fees**  
12 **and the improvements were not being made to the**  
13 **property, but CarePoint, I believe, was paying**  
14 **the rent at the time.**

15                  Q.           Okay. So they were paying at  
16 least the \$800,000 a month monthly rent at the  
17 time you acquired the lease?

18                  **A.           Correct.**

19                  Q.           But you were aware that they  
20 hadn't paid the annual half a million dollar  
21 assessment?

22                  **A.           Correct.**

23                  Q.           Okay. So to the extent that you  
24 had reviewed the lease and understood the  
25 half-million dollar assessment to be a

1 requirement of the lease, you would have known  
2 they were in default under the lease when you  
3 acquired the land?

4 MR. NEWMAN: Objection as to  
5 form.

6 THE WITNESS: I'm not an  
7 attorney, but I do believe there was  
8 some sort of cure term in there. I  
9 don't know if they were still entitled  
10 to cure that default or not, but yes, we  
11 were aware that that issue was there.

12 BY MR. HARVEY:

13 Q. And I'm right that HRH has always  
14 wanted to own the Bayonne hospital, right?

15 MR. NEWMAN: Objection as to  
16 form.

17 BY MR. HARVEY:

18 Q. And what I mean by "the  
19 hospital," I mean you wanted to own the hospital  
20 in addition to the land, right?

21 A. I mean, it's a loaded question.  
22 HRH wanted to expand our services and acquire  
23 additional hospitals. Bayonne Hospital happened  
24 to be the hospital that was offered to us by  
25 Mr. Garipalli, who I believe you represent, at

1 the time. And we had an agreement with him, and  
2 he defaulted. He reneged on the agreement after  
3 we had the agreement with him, and that's why we  
4 ended up in this entire messy litigation.

5 Because of his actions and his greed, so.

6 Q. Okay. I just want to be clear  
7 that I don't represent Mr. Garipalli.

8 A. Good for you.

9 Q. I represent CarePoint Health  
10 Captive Assurance Company.

11 Okay. You're going to be  
12 disappointed in me, Doctor, because I told you  
13 you could put the plan aside, but I have a few  
14 more questions about it. Do you mind picking  
15 that plan up again? It's Exhibit 2.

16 A. No problem.

17 Q. And I'm going to go back to that  
18 table that's at the very beginning of the  
19 document. I think it starts on Page 4.

20 A. Okay.

21 Q. We talked earlier about Row 1  
22 here, "HRH Claims." If you could just take a  
23 minute and flip through the next few pages.  
24 I'll represent to you the page that ends on Page  
25 10, and it looks like there are 14 rows or 14



1 classes here. Let me know when you've had a  
2 chance to look at those.

3 **A. You want me to read them?**

4 Q. I don't need you to read all of  
5 them. I just want you to look through and  
6 confirm with me you see where I'm saying there's  
7 14 rows with 14 classes?

8 **A. Okay, yes.**

9 Q. Did HRH have any involvement in  
10 determining these classes under the plan?

11 **A. So now you want me to read them?**

12 Q. You can read them. I was just  
13 asking if you know without reading them.

14 Do you know if HRH had any  
15 involvement in determining the classes in the  
16 plan?

17 **A. Our attorneys represented us and**  
18 **did the negotiations, and I'm sure they were**  
19 **involved in the drafting of this language, if**  
20 **that's what you're asking.**

21 Q. Well, I'm not asking about your  
22 attorneys.

23 I'm asking whether anyone at HRH,  
24 a business person, had any involvement in  
25 determining these classes?

1                   **A.           Our attorneys would come to us**  
2     **with any business terms and decisions regarding**  
3     **business terms for me and Mr. Moshe, and we will**  
4     **give our input in terms of what sort of things**  
5     **we want modified or would accept or reject.**

6                   Q.       Let me ask you in particular  
7     about classes -- Class 13, which is on Page 9.  
8     It looks like it's the claim or interest of  
9     NJDOH secured claims.

10                          Are you familiar with those  
11     claims?

12                   **A.       Maybe if you elaborate a little**  
13     **more about this.**

14                   Q.       I just want to make sure we're  
15     looking at the right thing. It's the last row  
16     on Page 9.

17                   **A.       Yeah, NJDOH secured claims.**

18                   Q.       I'm just asking if you're  
19     familiar with what those claims are?

20                   **A.       I can't recall right now.**

21                   Q.       Do you recall whether HRH was  
22     ever consulted about this class of claims?

23                          And what I mean by that is: Were  
24     you ever consulted about the decision to put  
25     these creditors in this class of claims?

1                   A.           I don't recall this specifically,  
2   no.

3                   Q.           Okay. We can use this page as a  
4   guide, but I'm just going to ask you a general  
5   question.

6                               Do you know how intercompany  
7   claims are being treated under the plan?

8                   A.           Intercompany claims?

9                   Q.           Yeah, meaning claims by and among  
10   the various CarePoint entities.

11                              Do you know what's happening to  
12   them under the plan?

13                   A.           I don't think I understand your  
14   question. What do you mean by "intercompany  
15   claims?" Like what? Give me an example.

16                   Q.           Accounts payable and -- accounts  
17   payable between the various debtors?

18                   A.           We have an entire finance team on  
19   our side, on CarePoint's side, that deals with  
20   that. You know, everything that we put into  
21   CarePoint is considered part of the DIP  
22   financing, and it's obviously money that's  
23   rolled up into this loan, the exit loan.

24                   Q.           Okay. My question is a little  
25   different than that, so I'm sorry I wasn't

1 clear.

2 **A. Okay.**

3 Q. Do you know -- so the plan  
4 creates a bunch of classes of claims and  
5 provides for treatment of those claims.

6 Do you know what the treatment of  
7 intercompany claims is under the plan?

8 **A. I don't.**

9 Q. Okay. At the top of this page,  
10 Row 10, Class 10, it says "Intercompany Claims."

11 And it says, "Holders of  
12 intercompany claims shall receive no recovery  
13 under the plan as a result of the deemed  
14 consolidation of the debtors estates for  
15 purposes of voting and distribution."

16 MR. NEWMAN: I think you left out  
17 the word "substantive consolidation."

18 MR. HARVEY: Yes, substantive  
19 consolidation.

20 BY MR. HARVEY

21 Q. "Deemed substantive consolidation  
22 of the debtors's estates."

23 Do you see that?

24 **A. Yes.**

25 Q. Does that refresh any

1 recollection or understanding you have of the  
2 treatment of intercompany claims?

3 **A. Again, I don't recall**  
4 **specifically discussing this, if that's what**  
5 **you're asking me.**

6 Q. So do you know whether  
7 intercompany claims are being cancelled under  
8 the plan?

9 **A. Cancelled?**

10 Q. Yeah. And by that I mean, for  
11 example, if one CarePoint entity owes another  
12 CarePoint entity \$30 million, is that claim  
13 being cancelled under the plan, meaning it's  
14 extinguished and not paid, or are those claims  
15 continuing to exist and they're just going to  
16 be, you know, reflected on the balance sheet of  
17 the reorganized company in the hands of HRH?

18 **A. I don't know. That's a question**  
19 **you can ask Shamiq, the CarePoint CFO, when he's**  
20 **here.**

21 Q. Okay. So you don't have  
22 anything, any other information, you can provide  
23 on intercompany claims?

24 **A. I don't.**

25 Q. Okay. Thank you. Just give me

1 one moment. Let me see if I have anything else.

2 I think I have one final  
3 question. And you can flip back if you want,  
4 but I'm going to go back to talking about the  
5 New Jersey Department of Health claim that was  
6 in Class 13.

7 Are you aware whether yourself or  
8 anyone at HRH has had any communications with  
9 NJDOH regarding the plan or its treatment under  
10 the plan?

11 **A. Are you referring to the loan**  
12 **that the Department of Health gave CarePoint in**  
13 **2024? I just want to be clear what you're**  
14 **asking me.**

15 **Q. I'm just asking if you've had any**  
16 **conversations with the New Jersey Department of**  
17 **Health regarding the treatment of any claim they**  
18 **have against CarePoint under the plan?**

19 **A. I know our legal counsel has been**  
20 **in touch with the Department of Health. I don't**  
21 **know what specific -- if this was specifically**  
22 **discussed, but I assume so.**

23 **Q. Okay. But you weren't involved**  
24 **in any of those discussions?**

25 **A. I have enough things to do. I**

1     **was not involved.**

2             Q.       Do you have any knowledge of  
3     those discussions?

4             MR. NEWMAN: Hold on. If you got  
5     knowledge from counsel, we probably  
6     don't want that discussed.

7             MR. ABBATE: Are you asking his  
8     personal knowledge?

9             MR. HARVEY: Yeah, his personal  
10    knowledge.

11            MR. ABBATE: Okay.

12            MR. HARVEY: Look, if it came to  
13    an attorney-client privilege and you  
14    guys want to assert privilege over it,  
15    but I don't know the fact that some  
16    third parties' legal position or basis  
17    for their claim was communicated and is  
18    privileged, but that's what I'm asking.

19    BY MR. HARVEY

20            Q.       Has there been any discussions  
21    that you're aware of with NJDOH regarding the  
22    treatment of their claim under this plan?

23            **A.       No.**

24            MR. NEWMAN: Just so you  
25    understand, it wasn't the conversation

1           that the doctor would have had with New  
2           Jersey. It was the conversation that  
3           the doctor would have had with counsel  
4           through which he learned. That's why I  
5           suggested to counsel --

6                     MR. HARVEY: I understand, but  
7           that doesn't necessarily make it  
8           privileged if it's just relaying the  
9           counsel's conversation.

10                    MR. NEWMAN: We don't need to  
11           have a colloquy. I just recommended it  
12           to counsel, and counsel --

13                    **THE WITNESS: I answered.**

14   BY MR. HARVEY:

15           Q.       Sorry, can you repeat your  
16           answer?

17           A.       **No. The answer is no.**

18           Q.       No, okay.

19                    MR. HARVEY: Okay. That's all I  
20           have, so unless -- I'll pass the witness  
21           if anyone else has any questions.

22                    MR. SPATHIS: I just have  
23           literally, like, three questions.

24                    THE REPORTER: State your name,  
25           please, sir.



1 MR. SPATHIS: George Spathis,  
2 S-P-A-T-H-I-S.

3 CROSS-EXAMINATION

4 BY MR. SPATHIS:

5 Q. Doctor, --

6 A. You represent who? I'm sorry.

7 Q. Maple Healthcare.

8 A. Garipalli, okay.

9 Q. You testified that you saw the  
10 30(b)(6) deposition notice one time. When was  
11 that?

12 When did you see it?

13 A. A few days ago.

14 Q. Can you be specific?

15 A. I think yesterday.

16 Q. Yesterday?

17 A. Yeah.

18 Q. And when did you meet with  
19 counsel to walk through those topics?

20 A. Yesterday.

21 Q. And any particular reason the  
22 CFO -- is the CFO working today, the HRH CFO  
23 that you referenced?

24 A. He works every day.

25 Q. Okay. So there's nothing that

1 stopped him from being here to answer questions  
2 regarding financials that you were not prepared  
3 to answer; is that true?

4 **A. That's correct.**

5 MR. SPATHIS: I pass the witness.

6 **THE WITNESS: You can't pass me.**

7 MR. ANGELO: If you'll all  
8 indulge me, I have like two or three  
9 questions on behalf of Strategic  
10 Ventures LLC.

11 **THE WITNESS: Jeff Mandler?**

12 CROSS-EXAMINATION

13 BY MR. ANGELO:

14 Q. Correct. In the plan -- sorry,  
15 you can't put it away quite yet -- can you turn  
16 to the definition of "prior owners" and just  
17 read that for me? It's on Page 25, Definition  
18 1.149.

19 **A. 1 point what?**

20 Q. 1.149, prior owners.

21 **A. You want me to read this?**

22 Q. Just to yourself.

23 **A. I know who they are.**

24 Q. Okay.

25 **A. What's your question?**

1 Q. Are you aware of how they're  
2 being treated under the plan?

3 A. How they're being treated? I  
4 don't know how they're being treated.

5 Q. All right. Let's go to the  
6 front.

7 A. How I would like to treat them,  
8 that's a whole other question.

9 Q. Can you turn to Page 8, please,  
10 and you will see at the bottom it says --  
11 there's a table. It says "Class 9: Prior owner  
12 claims."

13 On the very far right column, it  
14 says "Estimated amount of claims: \$39 million.  
15 Projected recovery: 0%."

16 Do you see that?

17 A. I see that, yes.

18 Q. So does that -- what does that  
19 mean to you?

20 How are they being treated under  
21 the plan based on your reading of that?

22 MR. NEWMAN: Objection as to  
23 form.

24 BY MR. ANGELO:

25 Q. You can answer.

1                   **A.       It says that they're not**  
2     **receiving anything, which it's more than fair**  
3     **because they've made a lot of money.**

4                   Q.       So you think they deserve the  
5     treatment they're getting?

6                   MR. ABBATE:   Objection.

7                   MR. NEWMAN:   Objection.   Form.

8     BY MR. ANGELO:

9                   Q.       You can answer.

10                  **A.       I think I said that already,**  
11     **yeah.**

12                  Q.       Can you repeat it?

13                  **A.       Yes.**

14                  Q.       Why is that?

15                  MR. NEWMAN:   Object as to form.

16                  **THE WITNESS:   They made plenty of**  
17     **money from the system, and they**  
18     **abandoned it after a while.   And they**  
19     **mistreated it, brought it down to the**  
20     **ground, and let it be where it is.**

21     BY MR. ANGELO:

22                  Q.       Is that specifically all the  
23     prior owners or just certain of them?

24                  Does it include Strategic  
25     Ventures and Jeff Mandler in particular?

1                   **A.       Are you asking me if Jeff is**  
2     **exempt? I like Jeff. I think he's a nice guy.**  
3     **I don't have anything against him.**

4                   Q.       So do you think he deserves the  
5     treatment he's getting under the plan?

6                   MR. NEWMAN: Objection as to  
7     form.

8                   **THE WITNESS: I think that the**  
9     **prior owners are not entitled to**  
10    **anything moving forward from after they**  
11    **left the system.**

12 BY MR. ANGELO:

13                  Q.       Do you know they put over  
14     \$40 million into the system through Maple?

15                  **A.       I know they made hundreds of**  
16    **millions of dollars from the system.**

17                  Q.       You worked with Jeff Mandler at  
18     CarePoint, right?

19                  **A.       Yes.**

20                  Q.       Was the hospital system  
21     profitable while you worked with him there?

22                  **A.       It was very profitable.**

23                  Q.       Was Garden State profitable?

24                  **A.       I can't recall if it was or it**  
25    **wasn't.**

1 Q. Did you ever work with  
2 Mr. Mandler to help reduce the burn, the cash  
3 burn, at the physician groups?

4 A. A lot, yes.

5 Q. Were you successful?

6 A. It was an ongoing process at the  
7 time, yeah.

8 Q. But did you achieve any reduction  
9 in the cash burn?

10 A. We did.

11 Q. Do the hospitals benefit from  
12 owning physician practice groups?

13 MR. NEWMAN: Objection to form.

14 THE WITNESS: Do hospitals  
15 benefit from owning? Hospitals don't  
16 own practices.

17 BY MR. ANGELO:

18 Q. So how does CarePoint Health, the  
19 parent company, benefit from being the ultimate  
20 owner of the practice group?

21 A. That's a question for Jeff  
22 Mandler and Vivek Garipalli and the ones that  
23 created the process in that system.

24 Q. Are you aware that not-for-profit  
25 hospital entities can't pay for physician

1 services?

2 MR. NEWMAN: Objection.

3 THE WITNESS: Am I aware of what?

4 BY MR. ANGELO:

5 Q. Can for-profit hospitals pay  
6 physicians for their services?

7 MR. NEWMAN: Objection as to  
8 form.

9 THE WITNESS: "Pay physicians for  
10 their services"? What services? You  
11 can pay a physician to help you with  
12 administrative services as a director  
13 and things like that, yes. So yes, the  
14 answer is yes.

15 BY MR. ANGELO:

16 Q. Okay. What about  
17 non-administrative services?

18 MR. NEWMAN: Same objection.

19 THE WITNESS: Give me an example  
20 of what you're asking so I can make sure  
21 that you understand what you're asking  
22 me and I understand what you're asking  
23 me.

24 BY MR. ANGELO:

25 Q. I'll try to be clear.

1 Who pays the physicians that work  
2 in the hospitals currently?

3 **A. What physicians?**

4 Q. Who pays the physicians that  
5 provide services in the three hospitals in  
6 CarePoint?

7 **A. Which physicians? What**  
8 **specialties? What are you talking about?**

9 Q. Any physician that provides a  
10 service in the hospital?

11 MR. NEWMAN: Objection. He's  
12 asking for clarification.

13 **THE WITNESS: Your question makes**  
14 **no sense.**

15 BY MR. ANGELO:

16 Q. Okay. I'll try another way.  
17 Are all the physicians at the  
18 hospitals that provide service at the hospitals  
19 paid by Garden State?

20 **A. Again, your question makes no**  
21 **sense. You should have brought Jeff. He knows**  
22 **what to ask and how to ask it.**

23 Q. Give me one second.

24 What are the categories of  
25 physicians that work at the CarePoint hospitals?



1                   A.           The categories of physicians? I  
2   mean, there are physicians that are  
3   hospital-based, like emergency medicine,  
4   hospitalist services, anesthesia potentially,  
5   intensivists, radiologists. And there are  
6   private physicians that come to the hospital and  
7   provide care for their patients that are not  
8   compensated by anything related to the hospital.

9                   Q.           So for an example, would the  
10   anesthesiologist that provides a service at one  
11   of the hospitals be paid by the hospital or  
12   Garden State?

13                  A.           No, the hospital subcontracts  
14   with third-party lenders, in this case Garden  
15   State, to provide those services at the  
16   hospital.

17                  Q.           Okay, thank you. Last question.  
18                                Can a nonprofit entity employ  
19   physicians directly?

20                               MR. NEWMAN: Objection as to  
21   form.

22                               THE WITNESS: I already answered.  
23                               Is your question related to  
24                               administrative services, or is your  
25                               question related to clinical services?

1                   **Now I'm helping you out.**

2       BY MR. ANGELO:

3                   Q.       Clinical services, thank you.

4                   **A.       No, they can not.**

5                   MR. ANGELO:   Okay.   That's all I  
6       got.   I appreciate your time.

7                   **THE WITNESS:   No problem.**

8                   MR. NEWMAN:   Anybody else?   Looks  
9       like we're done.

10                  **THE WITNESS:   Thank you.**

11                  (Deposition concluded at  
12       12:00 p.m.)

13                               — — —

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## C E R T I F I C A T I O N

I, MARGARET M. REIHL, a  
Registered Professional Reporter,  
Certified Realtime Reporter, Certified  
Court Reporter, do hereby certify that  
the foregoing is a true and accurate  
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stenographically by and before me at the  
time, place, and on the date  
hereinbefore set forth.

I DO FURTHER CERTIFY that I  
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parties to this action, and that I am  
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*Margaret M. Reihl*

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## 1 ACKNOWLEDGMENT OF DEPONENT

2 I, NIZAR KIFAIEH, M.D., do hereby  
3 certify that I have read the foregoing  
4 pages and that the same is a correct  
5 transcription of the answers given by me  
6 to the questions therein propounded,  
7 except for the corrections or changes in  
8 form or substance, if any, noted in the  
9 attached Errata Sheet.

10  
11  
12 \_\_\_\_\_  
13 NIZAR KIFAIEH, M.D.

DATE  
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Exhibit C

Consent Judgment



**GRANTED**

**EFiled: Oct 18 2024 04:16PM EDT**  
**Transaction ID 74796853**  
**Case No. 2020-0480-KSJM**



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

29 E 29 STREET HOLDINGS, LLC,  
NJMHMC, LLC d/b/a HUDSON  
REGIONAL HOSPITAL, and NJBMCH, INC.,:

Plaintiffs,

v.

C.A. No. 2020-0480-KSJM

IJKG OPCO, LLC, and IJKG, LLC,

Defendants.

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IJKG OPCO, LLC,

Counterclaim Plaintiff,

v.

29 E 29 STREET HOLDINGS, LLC,

Counterclaim Defendant,

and

NJMHMC LLC d/b/a HUDSON  
REGIONAL HOSPITAL, YAN MOSHE,  
DR. NIZAR KIFAIEH.

Third-Party Defendants.

**CONSENT ORDER FOR FORECLOSURE OF SECURITY INTERESTS  
AND SURRENDER OF PROPERTY, REVERSION OF OPERATING  
LICENSE, POSSESSION AND ENTRY OF FINAL JUDGMENT**

WHEREAS, pursuant to the Third Amended Stipulation Governing Case Schedule, dated July 22, 2024, this matter was set for trial commencing on October 7, 2024, as to the sole remaining causes of action as set forth in the Second Amended Complaint (Counts I-VIII and X), asserted by Plaintiffs 29 E 29 Street Holdings, LLC, NJMHMC, LLC, and NJBMCH, Inc. (collectively, “Plaintiffs”), and as to the First Amended Counterclaim and Third-Party Complaint (Counts I-VI), asserted by Defendants IJKG Opco, LLC and IJKG, LLC (collectively, “Defendants”);

WHEREAS, by Order, dated September 23, 2024 the Court entered an Order Granting Default Judgment pursuant to which a liability judgment was entered in favor of Plaintiffs and against Defendants as to Counts I-VIII and X of the Second Amended Complaint (D.I. 289);

WHEREAS, Defendants have advised the Court that they no longer wish to pursue their First Amended Counterclaim;

WHEREAS, as a consequence of defendant IJKG Opco, LLC’s financial decline and imminent peril of closure, the parties have resolved the remaining issues relating to enforcement of remedies and monetary damages prior to the setting down of this matter for a proof hearing, in order to provide for the orderly turnover of the assets of the company, the transfer of its facility operating licenses, and for the continuation of the health care services without undue disruption to the patient

population, and the Court having considered the foregoing, and for good cause shown;

IT IS HEREBY ORDERED this \_\_\_\_ day of \_\_\_\_\_, 2024, that

1. A monetary judgment in a base amount that is no less than \$24,000,000.00 nor greater than \$32,000,000.00 is entered in favor of Plaintiffs and against Defendants, plus post-judgment interest, compounded quarterly, costs and such other amounts that may accrue under the now terminated Lease for however long Defendants may continue to occupy the premises as a holdover tenant pending regulatory approvals and the attainment of those judicial approvals in the United States Bankruptcy Court that are specified in the parties' agreements.

2. Upon filing of a petition in the United States Bankruptcy Court, the specific amount of monetary damages will be determined in the first instance by the Bankruptcy Court, unless referred back to this Court on its own initiative or due to the dismissal of, or failure to file the anticipated bankruptcy case. Defendants agree that Plaintiffs' damages are within the range specified above without any dispute, contingency, offset or counterclaim, and will not contest any such judicial determination.

3. The First Amended Counterclaim/Third-Party Complaint filed by Defendants is dismissed in its entirety with prejudice.



4. Subject to any necessary regulatory approvals from the New Jersey Department of Health and the New Jersey Office of Attorney General, if applicable, the receipt of which the parties will expeditiously and diligently pursue with time being of the essence, judgment is also entered in favor of Plaintiffs and against Defendants, for the injunctive and declaratory remedies sought in the Second Amended Complaint including:

a. Possession of the Bayonne Medical Center premises demised under the Lease and the termination thereof;

b. Foreclosure and surrender of the operating license and any ancillary permits and approvals necessary to continue operating Bayonne Medical Center as an acute care facility, free and clear of all liens and other encumbrances;

c. Foreclosure and surrender of the entirety of the secured assets granted under the Security Agreement, free and clear of all liens and other encumbrances; for the avoidance of any doubt, Plaintiffs shall be deemed to have acquired an interest in all such assets, including the operating licenses and ancillary permits, within the meaning of N.J.A.C. 8:33-3.3(i); and

d. Assumption of management of Bayonne Medical Center pursuant to the Subordination of Management Agreement.

5. None of the Plaintiffs is a successor in interest to Defendants and nothing herein shall be construed as such or otherwise result in any of the Plaintiffs

becoming a successor in interest to Defendants with respect to any liability for the debts and obligations of Defendants.

6. This Consent Order may be docketed and enforced in any collateral lien foreclosure, bankruptcy, or regulatory proceeding, and judicial notice may be taken thereof, in furtherance of Plaintiffs' exercise of the rights and remedies granted hereunder.

7. The parties may find it necessary or desirable to negotiate, draft, and execute additional agreements, and to pursue collateral judicial and regulatory processes to effectuate the obligations set forth herein, however, execution of the same is not a condition precedent to specific enforcement of the obligations hereunder which shall, in any event, be timely and expeditiously facilitated by Defendants.

8. Except as otherwise provided in the parties' transaction documents and in this Consent Order, the parties each reserve their rights with respect to any future action by Plaintiffs, in this case or otherwise, to seek discovery and pursue any post judgment remedies to collect and enforce this judgment.

9. No appeal shall be taken from this Order, the right to appeal being expressly waived by the parties. The foregoing shall constitute a Final Judgment Order as to all claims, controversies and disputes at issue in the above-captioned matter, and this matter shall accordingly be closed.

HEYMAN ENERIO  
GATTUSO & HIRZEL LLP

/s/ Jamie L. Brown

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Chancellor Kathaleen St. Jude McCormick

This document constitutes a ruling of the court and should be treated as such.

**Court:** DE Court of Chancery Civil Action

**Judge:** Kathaleen St Jude McCormick

**File & Serve**

**Transaction ID:** 74750423

**Current Date:** Oct 18, 2024

**Case Number:** 2020-0480-KSJM

**Case Name:** CONF ORD/29 E 29 Street Holdings LLC v. IJKG Opco, LLC

**Court Authorizer:** Kathaleen St Jude McCormick

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/s/ Judge Kathaleen St Jude McCormick

Exhibit D

RWJB Complaint

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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

CAREPOINT HEALTH SYSTEMS  
INC., HUDSON HOSPITAL OPCO  
LLC d/b/a CAREPOINT HEALTH –  
CHRIST HOSPITAL, IJKG, LLC,  
IJKG PROPCO LLC and IJKG OPCO  
LLC d/b/a CAREPOINT HEALTH –  
BAYONNE MEDICAL CENTER, and  
HUMC OPCO LLC d/b/a CAREPOINT  
HEALTH – HOBOKEN UNIVERSITY  
MEDICAL CENTER

Plaintiffs,

v.

RWJ BARNABAS HEALTH, INC.

Defendant.

Hon. Evelyn Padin, U.S.D.J

Hon. Cathy L. Waldor, U.S.M.J.

Civil Action No.

2:22-cv-05421-EP-CLW

**THIRD AMENDED COMPLAINT  
AND  
JURY DEMAND**

For their Third Amended Complaint against Defendant RWJ Barnabas Health, Inc. (“RWJ”), Plaintiffs CarePoint Health Systems Inc. (the “CarePoint NonProfit”); Hudson Hospital OPCO, LLC d/b/a CarePoint Health – Christ Hospital (“Christ Hospital”); IJKG, LLC, IJKG PROPCO, LLC and IJKG OPCO, LLC d/b/a

CarePoint Health – Bayonne Medical Center (“Bayonne Medical”) and HUMC OPCO, LLC d/b/a CarePoint Health – Hoboken University Medical Center (“HUMC”) (together “Plaintiffs” or “CarePoint”), by and through their attorneys, Dilworth Paxson LLP hereby allege as follows:

### **PRELIMINARY STATEMENT**

1. This case involves a years-long systematic effort by RWJ, in conspiracy with others, to destroy competition and to monopolize the provision of general acute care hospital services and related health care services in northern New Jersey. This effort particularly targeted Hudson County, New Jersey, to the detriment of the CarePoint NonProfit, its individual hospitals, and the public by aiming to destroy the three hospitals operated by CarePoint as independent competitors.

2. RWJ’s goal was to force CarePoint into financial collapse by systematically targeting each of the CarePoint hospitals, with the ultimate result of destroying the entire CarePoint network. RWJ pursued a strategy that would lead to (i) a shutdown of Christ Hospital – the preeminent hospital in Hudson County, (ii) a shutdown of Bayonne Medical and (iii) the possible acquisition of HUMC by RWJ, as HUMC has the most profitable payor mix of any of the CarePoint Hospitals. RWJ is engaged in a protracted campaign to control virtually all hospital care in Hudson County, primarily through the elimination of the CarePoint hospitals as viable, independent competitors. RWJ’s goal explicitly disregarded the needs of the poor,

underinsured and charity care patients which CarePoint serves in its role as the safety net hospital system in Jersey City and surrounding areas.

3. The facts of this case reveal an intertwined web of schemes by RWJ and its conspirators to stifle marketplace competition that would otherwise benefit the consuming public by destroying the CarePoint system, which has been creating centers of medical excellence which benefit the Hudson County community.

4. Specifically CarePoint has taken significant strides in partnering with Columbia University Hospital, New York Presbyterian and the Rothman Institute to bring world class specialty care to the Hudson County community – and with Saint Peter’s Children’s Hospital to improve pediatric care in Hoboken and Hudson County. Further, CarePoint has operated and continues to operate neighborhood health clinics to further help uninsured and underinsured members of the community.

5. While certain of RWJ’s conspirators have individual motivations separate from the goals of RWJ, they are consistent with and symbiotic with RWJ’s goal to dominate acute care in Hudson County through the destruction of CarePoint.

6. RWJ’s recent conduct is only part of the long history of RWJ’s monopolistic conduct to tighten its control on general acute care hospital services and related health care services in northern New Jersey generally, and specifically in Hudson County.



7. The relevant inquiry is the anticompetitive effect of RWJ's exclusionary practices considered together as a whole rather than considering each aspect in isolation. RWJ's series of actions, when viewed together, were taken in furtherance and as an integral part of a plan to violate the antitrust laws. This pattern is characterized by efforts to improperly steer patients from CarePoint facilities to RWJ facilities and to weaken the CarePoint facilities by creating uncertainty among their professional staff and employees, as well as referral sources, all to cripple the economic viability of each of the CarePoint facilities, as further described below.

8. RWJ's conspirators have included real estate players Avery Eisenreich ("Eisenreich") and Yan Moshe ("Moshe") whose interests are unrelated to those of safety net hospitals and providing accessible healthcare to the community. These conspirators have faced numerous legal challenges including insurance fraud allegations against Moshe's facilities, and RICO complaints against Moshe and Nizar Kifaieh ("Kifaieh") and a recent weapons-related federal investigation within Moshe-controlled and Kifaieh-run Hudson Regional Hospital ("HRH").

9. Moshe and RWJ's President and CEO, Mark Manigan ("Manigan"), have worked together through Manigan's former role as a healthcare attorney. Manigan has represented Moshe and his surgery centers in connection with state investigations finding the centers' "using poor drug storage methods, an outdated infection control plan and unacceptable sterilization practices... may have exposed

nearly 3,800 former patients to hepatitis B, hepatitis C and HIV.”<sup>1</sup> Other of Moshe’s surgery centers have been and are the subject of ongoing litigation for insurance fraud and other illegal or unethical conduct.

10. Eisenreich, who has also maintained a close relationship with Manigan, was the subject of longstanding litigation brought by CarePoint in the Delaware Chancery Court for tortious interference with CarePoint’s business dealings and had been involved in several actions adverse to CarePoint over the past few years. Each of these matters has now been resolved through settlement.

11. Eisenreich has transacted in the real property under the hospitals in Hoboken and Bayonne with RWJ’s conspirators including Medical Properties Trust (“MPT”) and HRH. Through controlling the land under the hospitals, the property owner was able, at times, to have “veto power” over any hospital operator it did not like – thereby controlling not only the real estate, but also the hospitals themselves. Eisenreich has at all pertinent times maintained this close relationship with Manigan and others in RWJ management and engaged in detailed conversations about RWJ’s plan to destroy CarePoint. A key part of this plan was Manigan’s and Eisenreich leveraging Eisenreich’s control of the real estate under the Hospitals to frustrate potential transactions involving CarePoint and other parties.

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<sup>1</sup> Two employees fired at NJ surgery center that exposed patients to HIV (<https://www.northjersey.com/story/news/health/2018/12/28/two-employees-fired-nj-surgery-center-exposed-patients-hiv/2431140002/>)

12. Manigan has been the lead strategist for RWJ working to drive CarePoint to financial ruin. In addition to the close relationships he maintains with Moshe and Eisenreich from his background as a healthcare attorney, Manigan also has close relationships with people who influence healthcare funding to hospitals in New Jersey, which he has used along with RWJ's vast political, administrative and real estate lobby to undermine competition – with a specific goal of eliminating CarePoint as a competitor of RWJ.

13. RWJ's pattern of serial acquisitions of competing hospitals and health care providers, as well as of the real estate necessary to operate competing hospitals, has been tailored to destroy competition. Indeed, the recent attempted acquisition by RWJ of St. Peter's Hospital in New Brunswick was blocked by antitrust enforcement action taken by the Federal Trade Commission, despite being approved by New Jersey regulators.

14. Similarly, RWJ has utilized its clout with people who influence healthcare funding to hospitals in the state to disadvantage CarePoint and to frustrate CarePoint's ability to access federal Covid relief funds.

15. In pursuing its plan to achieve and extend its dominance in Hudson County, RWJ also leveraged its preferred relationship with the state's largest health insurer, Horizon Blue Cross-Blue Shield ("Horizon"), to CarePoint's detriment.

16. Not only did RWJ use the Horizon relationship to explicitly attract patients who were Horizon subscribers, but RWJ recognized the significance of emergency room traffic as a significant driver of inpatient volume, particularly among the uninsured and those covered by government programs, such as Medicare, Medicaid and TriCare. To this end, RWJ – with the financial support and political backing of Horizon – established a Satellite Emergency Department (“SED”) in Bayonne (in an area adjoining Jersey City), specifically targeting the CarePoint Hospitals to steer patients away from Bayonne Medical to RWJ’s Jersey City Medical Center (“JCMC”) facility.

17. RWJ’s SED was the only such facility of its kind in New Jersey. An SED presents risks for emergency patients who are admitted in need of immediate, intensive therapies available only in an acute care hospital. Rather than having patients who, upon information and belief are primarily walk-ins, go to the Emergency Department at Bayonne Medical (a fully-resourced acute care hospital mere blocks away), RWJ’s SED provides only first-level triage to such patients – whereas patients requiring more specialized or next-level care would have to be sent miles away to RWJ’s Jersey City Medical Center to continue treatment –losing valuable time and creating a serious risk of adverse outcomes. RWJ’s SED did not meet the regulatory criteria that would satisfy a narrow exception to a clear ban on

such facilities under state health regulations and therefore provided RWJ with an unfair advantage over other providers who properly complied with such regulations.

18. In connection with the SED, Horizon offered RWJ “enhanced rates” to support RWJ’s effort to eliminate CarePoint as a competitor. Facially, Horizon’s initial motivation to provide these higher rates to RWJ was to provide Horizon subscribers with an in-network option in Hudson County. However, even now, with CarePoint being in network with Horizon for numerous years and despite CarePoint’s superior outcomes, regional partnerships and national accolades, Horizon will not place CarePoint alongside RWJ in its “Omnia” tier of preferred providers. It is believed that RWJ has influenced this decision because of its intimate relationship with Horizon.

19. RWJ and its conspirators including, without limitation, HRH,<sup>2</sup> Horizon, Moshe and Kifaieh, have endeavored to hinder CarePoint from growing programs for the community, from receiving funds for serving the underinsured and underserved and also to interfere with CarePoint’s initiatives to partner with leading New York and Pennsylvania institutions to bring innovative treatments to the Hudson County community.

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<sup>2</sup> As explained later herein, HRH and its principals, while not defendants in this litigation, were intimately involved with Eisenreich and Manigan in efforts to advance RWJ’s goals including controlling the real estate under the Hospitals, decimating CarePoint financially, and poaching CarePoint doctors.

20. RWJ, through its collusion with others, has set out to destabilize and destroy competition with the goal that patients and revenue flow only to RWJ facilities. RWJ's efforts, both public and surreptitious, have sown uneasiness among CarePoint employees and doctors and have caused direct economic harm to the CarePoint Hospitals in the form of decreased revenue and increased costs.

21. By way of example, and as discussed in greater detail herein, RWJ colluded with others including Moshe, HRH and Eisenreich in an effort to close down Bayonne Medical to boost HRH's same-day surgery practice, expand Eisenreich's skilled nursing facility empire, and clear the field for RWJ's SED to operate without competition in Bayonne. A significant part of RWJ's effort to push CarePoint toward bankruptcy was the signing of a 2019 LOI for the acquisition of Christ Hospital and HUMC – neither of which RWJ intended to actually acquire and operate. RWJ's true intent was to use the LOI to discourage other potential suitors from entering into discussions with CarePoint and, by accessing a data room set up by CarePoint, to gain market knowledge and competitive intelligence.

22. As a natural and intended consequence of the LOI, CarePoint froze efforts at business development, including new programs and onboarding of new physicians, as well as planned for reductions in workforce. RWJ was directly aware of these actions (which it intended) because of discussions with CarePoint

management regarding the planned integration of the CarePoint facilities into the RWJ system.

23. Notably, the LOI included a provision whereby RWJ would fund operational losses at Christ Hospital after a certain date in 2021. Based on this provision, RWJ was intimately aware of that facility's cash burn rate, and knew that Christ Hospital and CarePoint would experience drastic consequences without additional funding – especially during the period of the LOI's pendency when other entities were discouraged from discussing a possible acquisition of one of more of the CarePoint Hospitals. Based on this fact, RWJ knew it could push the CarePoint Hospitals closer to the brink of closure without having to buy them.

24. At the same time that CarePoint welcomed this original proposal from RWJ, reasonably expecting that it was brought forward in good faith, RWJ and Eisenreich were engaging in backroom negotiations concealed from CarePoint – driven by Eisenreich's control of the Hospitals through the real estate. RWJ's interest in acquiring any of the CarePoint Hospitals was contingent upon controlling the real estate under them. Eisenreich endeavored to preclude direct contact between RWJ and CarePoint with respect to any potential transactions involving the real estate so as to hand-pick the suitor that best served Eisenreich and RWJ.

25. Over the course of time, as the LOI remained pending, RWJ circulated rumors of closing of Christ Hospital or reducing it to a small Emergency

Department. These statements related to the consolidation and/or closure of Christ Hospital had a material adverse effect on the hospital's operations, leading to attrition of physicians, employees and patients.

26. This type of rumor-mongering forms part of the strategy of RWJ to depress the economics and professional staffing of the CarePoint Hospitals which negatively affected employee retention at HUMC and the other CarePoint Hospitals and resulted in the departure of a significant number of nurses.

27. The Hospitals were forced to cover the departures with a large number agency nurses paid at a premium rate about three times the rate of a typically-employed nurse. Specifically, HUMC incurred expenses averaging nearly \$120,000 per pay period during 2022, or \$3.1 million annually. Moreover, the CarePoint Hospitals, together, incurred an average of nearly 6,200 contract nursing hours per pay period during 2022 which totals approximately \$20.1 million in additional cost to these Hospitals.

28. RWJ withdrew from the 2019 LOI ostensibly because of its inability to gain control of the real estate underlying the facilities. However, upon information and belief, RWJ never intended to pursue to closing the possible transactions outlined in that LOI. The LOI was a sham intended as a tool to achieve the negative impacts on CarePoint described above. Indeed, during the pendency of the LOI, the CarePoint facilities experienced a significant decrease (roughly 20%)



in inpatient volumes, even as CarePoint was re-establishing itself as an in-network provider with leading insurers, including Horizon.

29. When RWJ's strategy did not succeed in pushing HUMC into bankruptcy, RWJ pursued another collusive strategy. In 2021, RWJ engaged with HMHA to have Raymond James send out a Request for Indications ("RFI") to garner interest, without CarePoint's consent, for the sale of HUMC. Ahead of this distribution, RWJ, through its leadership, John Doll and Manigan, engaged with HMHA and Raymond James. This interaction with HMHA and Raymond James was calculated to devalue HUMC, and RWJ used confidential and proprietary information it procured during the 2019 LOI discussions to assist HMHA and Raymond James on a plan of attack.

30. RWJ continued to spread false information and undermine confidence in the CarePoint system, with no intention to actually acquire CarePoint, but rather inflict upon it a "death by a thousand cuts," striking strategic blows and inflicting damage until it was eliminated such that RWJ could operate without significant competition in Hudson County.

31. Further, RWJ tried to steer referrals away from CarePoint, sending letters to certain physicians who regularly referred patients to CarePoint specialists and facilities to induce these physicians to instead refer patients to RWJ specialists and facilities. These letters included discussion of financial incentives (such as

enhanced rates and patient management fees) paid to these physicians in exchange for referrals of patients to RWJ instead of CarePoint. Furthermore, RWJ poached one of the CarePoint's leading practitioners by encouraging him to intentionally violate a restrictive covenant.

32. RWJ states its vision as to “[c]reate and sustain healthy communities, together,” noting that it is “committed to the ongoing improvement of the health, quality of life, and vitality of our communities.”<sup>3</sup> The idea that RWJ would use its influence to jeopardize the health of that community and the care providers of a competing hospital not only directly contradicts its own vision, but clearly demonstrates that RWJ is far more interested in anti-competitive and predatory business activities than serving the New Jersey community.

33. The efforts of RWJ and its conspirators have created a stalemate in the progress of health care in Hudson County, mired in litigation in two states with a very real risk of eliminating any Hudson County based provider from having a meaningful role in the delivery of acute hospital care.

34. Plaintiffs seek relief from this Court under the Federal Antitrust Laws.

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<sup>3</sup> RWJBarnabas Health – (<https://www.rwjbh.org/>)

## **PARTIES**

35. Plaintiff CarePoint Nonprofit is a New Jersey non-profit corporation organized under the laws of the State of New Jersey, having a principal place of business located at 308 Willow Avenue, Hoboken, New Jersey 07030.

36. Plaintiff Christ Hospital is a limited liability company, organized under the laws of the State of Delaware, with its principal place of business at 176 Palisade Avenue, Jersey City, NJ 07306.

37. Christ Hospital operates a 349-bed fully accredited acute care hospital. With a highly-qualified team – including more than 500 doctors with specialties ranging from allergies to vascular surgery – Christ Hospital offers a full spectrum of services and has been recognized for excellence in cardiovascular, respiratory, and newborn care. As a state-certified Stroke Center and Primary Angioplasty Center, Christ Hospital provides lifesaving emergency interventions with outcomes that rank among the best of New Jersey. In 2021, Christ Hospital was ranked the most “Socially Responsible” hospital in the United States by the prestigious Lown Institute, for equitable care.<sup>4</sup>

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<sup>4</sup> Christ Hospital ranked #1 on Lown Institute’s Most Socially Responsible Hospitals in America list – (<https://carepointhealth.org/2021/09/21/christ-hospital-ranked-1-on-lown-institutes-most-socially-responsible-hospitals-in-america-list/>)

38. Plaintiff Bayonne Medical is a limited liability company, organized under the laws of the State of New Jersey, with its principal place of business at 29<sup>th</sup> Street and Avenue E, Bayonne, New Jersey.

39. Bayonne Medical operates a 244-bed, fully accredited acute care hospital that provides quality, comprehensive, community-based health care services to more than 70,000 people annually. Its facilities include 19 full-service emergency room bays, 205 medical/surgical beds, 10 obstetrical beds, 14 adult ICU/CCU beds, and 15 adult, acute psychiatric beds. The service complement consists of six inpatient operating rooms, two cystoscopy rooms, one full-service cardiac catheterization lab, 12 chronic hemodialysis stations, one MRI unit, emergency angioplasty services, elective angioplasty, two hyperbaric chamber units, and a PET-CT diagnostic imaging unit.

40. Plaintiff HUMC is a limited liability company, organized under the laws of the State of Delaware, with its principal place of business at 308 Willow Avenue, Hoboken, NJ 07030.

41. HUMC operates a 348-bed fully accredited general acute care hospital. HUMC provides advanced medical technologies in support of its medical staff, nursing team, and other caregivers, to enable state-of-the-art care to citizens of Hoboken and the surrounding communities. HUMC offers excellence in emergency medicine in the 34-bay emergency room and the dedicated OB/GYN ED; inpatient

rehabilitation; transitional care; child and adult behavioral health; women's care; wound care; and numerous surgical subspecialties. The American Heart and Stroke Association awarded the Silver Award to HUMC for its dedication to improving quality of care for stroke patients. Overall, HUMC was ranked in the top ten hospitals in New Jersey for care quality among all hospitals in the state with 350 beds or fewer.

42. Defendant RWJ is a New Jersey corporation with its principal place of business at 95 Old Short Hills Rd, West Orange, NJ 07052. RWJ is one of the largest health care systems in New Jersey. As described further below RWJ owns and operates Jersey City Medical Center, a full service, acute care hospital in Hudson County, the SED – a few blocks away from Bayonne Medical, and many other healthcare facilities.

### **VENUE AND JURISDICTION**

43. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and over the state law claims asserted herein under 28 U.S.C. § 1367.

44. This Court has personal jurisdiction over the defendant RWJ as it resides, does business in, and has a principal place of business in New Jersey. Venue in this district is proper because the parties are located in and/or a substantial part of the events took place in this district.

## **FACTUAL BACKGROUND**

### **A. The CarePoint Hospitals**

45. Between 2008 and 2012, Vivek Garipalli, James Lawler and Jeffrey Mandler (together, the “Founders”), by and through various entities, purchased out of bankruptcy the assets of HUMC, Christ Hospital, and Bayonne Medical (the “CarePoint Hospitals” or the “Hospitals”).

46. Post-bankruptcy, the CarePoint Hospitals were controlled by the Founders through ownership of entities and trusts affiliated with the Founders. The holding companies with a controlling interest in the CarePoint Hospitals were ultimately owned eighty percent (80%) by Vivek Garipalli via the Freehold Trust, ten percent (10%) by James Lawler individually, and ten percent (10%) by Jeffrey Mandler via the Mandler Family Trust.

47. After buying the Hospitals’ assets, the Founders invested time, labor, and capital to improve the Hospitals’ physical plants, equipment, and finances, as well as the overall quality of healthcare services provided by the Hospitals. Under the Founders’ leadership and with the incredible support of all the physicians, nurses and staff, the Hospitals became leading acute health care service facilities in Hudson County and the State of New Jersey.

48. In addition to demonstrably improving health care for New Jersey residents, the Founders’ efforts to rescue the Hospitals from bankruptcy have saved

thousands of jobs and generated substantial economic benefits to Hudson County and, more generally, to the State of New Jersey. The Founders' efforts to revitalize the economic health of the Hospitals generated huge economic benefits to Hudson County and the State. CarePoint Hospitals create a significant positive economic impact for New Jersey in terms of both in-state operating expenditures of hundreds of millions of dollars annually (e.g. \$384 million in 2014) and significant capital expenditures (e.g. \$177.8 million for the years 2014-2017).

49. To illustrate, the economic impacts for New Jersey of the above-referenced CarePoint expenditures include:

- a. 8,167 direct and indirect jobs or job-years<sup>5</sup>;
- b. \$815.2 million in gross domestic product;
- c. \$653.9 million in compensation to employees;
- d. \$23.5 million in state government revenues; and
- e. \$8.7 million in local government (county, municipal, school district) revenues outside Hudson County.

50. Most recently CarePoint's leadership team transitioned the CarePoint Hospitals' ownership to a new non-profit entity, CarePoint Health Systems Inc. Operating under physician leadership, this transition was a move lauded by the communities which the Hospitals serve. Currently, the CarePoint Nonprofit is the

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<sup>5</sup> Job year is defined as one job lasting more than one year.

ultimate owner of ninety percent (90%) of the interests in the holding companies that control the CarePoint Hospitals. Unless they are destroyed by the unlawful and predatory conduct of RWJ and others (which is the subject of this and other litigation), CarePoint's three hospitals will continue to operate in their current form and will be controlled by the CarePoint Nonprofit. CarePoint's top priority is to work collaboratively with the Hudson County community to maintain critical health care for those who need it most and bring world class specialty care to the Hudson County community through partnerships with top-flight medical systems in the region.

51. The announcement of CarePoint's ownership by a non-profit corporation was praised by Jersey City Mayor Steve Fulop, who stated that "Christ Hospital and CarePoint have been critical partners with the city and the community before and during the pandemic, ensuring residents throughout the area have access to the top-quality health care they deserve, and, so, if transitioning to a nonprofit organization is the best way to further the life-saving services they offer, then we will, of course, support that," noting that the move "only strengthens the importance of Christ Hospital for the entire community."<sup>6</sup>

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<sup>6</sup> Tom Bergeron - *CarePoint Health beginning process of becoming a nonprofit (here's why and what happens next)*, ROI-NJ.com (<https://www.roi-nj.com/2021/10/06/healthcare/carepoint-health-beginning-process-of-becoming-a-nonprofit-heres-why-and-what-happens-next/>)



52. Further, Bayonne Mayor Jimmy Davis stated that “CarePoint’s conversion into a nonprofit will allow the residents of Bayonne to continue having the broadest range of quality health care services made available to them.” *Id.*

### **B. RWJ Barnabas Health**

53. RWJ is the largest and most comprehensive healthcare system in the state of New Jersey, providing treatment and services to more than three million patients each year.<sup>7</sup> In 2021, RWJ reported approximately \$6.6 billion in revenue.

54. RWJ has become the largest healthcare system in New Jersey through a series of acquisitions. In 2016, Barnabas Health and Robert Wood Johnson Health System merged to create RWJ, which then controlled eleven general acute care hospitals across New Jersey.

55. On January 1, 2022, RWJ closed on its acquisition of Trinitas Regional Medical Center in Union County. RWJ now operates 12 hospitals, several ambulatory surgical centers, a pediatric rehabilitation hospital, and a freestanding behavioral health center. RWJ also operates many other health care facilities and medical practices, especially in Hudson County, which generate significant patient revenue and provide increased patient flow to its inpatient acute care hospitals.

56. Starting in 2019, RWJ began discussions to acquire St. Peter’s Healthcare, based in New Brunswick, Middlesex County, which operates an

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<sup>7</sup> RWJ Barnabas - <https://www.rwjbh.org/why-rwj-barnabas-health/>

independent hospital. In addition to the hospital, Saint Peter's Healthcare employs physicians, and has other healthcare-related subsidiaries and joint ventures. In 2021, Saint Peter's Healthcare reported approximately \$579 million in revenue.

57. New Jersey State officials and the NJDOH approved the merger in May 2022. However, the FTC unanimously moved to block it, stating the RWJ-Saint Peter's merger would create an entity with control of 50% of the acute care market in Middlesex County. FTC Bureau of Competition Director Holly Vedova concluded that "There is overwhelming evidence that this acquisition would be bad for patients[.]"<sup>8</sup>

58. After the Federal Trade Commission commenced its proceeding to block the St. Peters acquisition, RWJ abandoned the proposed transaction, stating that it was "disappointed" that the FTC had acted to block the transaction after it had "received full approval from New Jersey's Attorney General" and received support from "managed care organizations and elected officials at all levels within the State of New Jersey."<sup>9</sup>

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<sup>8</sup> Spencer Kent - *Two N.J. health systems want to merge. But the feds say it's bad for patients.* NJ.com, June 3, 2022 (<https://www.nj.com/healthfit/2022/06/two-nj-health-systems-want-to-merge-but-the-feds-say-its-bad-for-patients.html>)

<sup>9</sup> Jeffrey Kanige - *FTC moves to block RWJBarnabas-Saint Peter's deal*, NJBIZ June 3, 2022 (<https://njbiz.com/ftc-moves-to-block-rwjbarnabas-saint-peters-deal/>)

**C. RWJ's Decade-Long Mission to Monopolize New Jersey Healthcare Markets**

59. In its first foray directly into Hudson County, RWJ purchased Jersey City Medical Center in 2013. At that time, high-level executives at RWJ conducted a series of transition meetings. In particular, it is believed that these meetings included specific discussions concerning how to eliminate competition for emergency medical service, including in Bayonne, and ultimately to wrest control of Bayonne Medical from CarePoint.

60. The CarePoint Hospitals, including Bayonne Medical did not participate in Horizon's network at that time, which caused a great deal of tension between Horizon and CarePoint.

61. RWJ plotted to intentionally steer patients away from Bayonne Medical and toward RWJ facilities. Upon information and belief, an early step in this plan was the development of a satellite emergency department ("SED") in Bayonne, blocks away from Bayonne Medical, located five miles away from JCMC. . Not only is access to emergency care essential to the welfare of the community, it is also a major driver of inpatient admissions for hospitals. CarePoint's role as an Emergency Department provider in the City of Bayonne was an important element in not only keeping Bayonne's residents healthy, but also keeping Bayonne Medical healthy as a community hospital.

62. Upon information and belief, during the transition to RWJ's control of JCMC, Dr. Garay, JCMC's Chief Medical Officer, communicated with representatives at Horizon about "enhanced rates" – that is, rates substantially higher than what RWJ understood to be Horizon's prevailing in-network rates, if RWJ were to take over Bayonne Medical's market share in Bayonne.

63. Upon information and belief, at that time, Jay Picerno, RWJ's Chief Financial Officer communicated with a Horizon representative about RWJ taking over the Bayonne market, leveraging Horizon's offer to provide enhanced rates, by starting a free-standing emergency department – which was not connected to a full-service facility.

64. Indeed, beginning in at least the fall of 2015, RWJ "touted a 24/7 emergency department as a main feature of its medical facility planned for Broadway and 24<sup>th</sup> Street" in Bayonne.<sup>10</sup> Picerno had several conversations with Horizon's leadership who actively supported RWJ creating the proposed SED at the Bayonne location. Indeed, Horizon would prefer to deal with an in-network RWJ facility than an out of network competitor in CarePoint – even if RWJ monopolized GAC services in the market.

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<sup>10</sup> Jonathan Lin - *Battle looms between CarePoint and Barnabas Health over proposed Bayonne ER*, The Jersey Journal, November 2, 2016 ([http://www.nj.com/hudson/index.ssf/2016/11/battle\\_looms\\_between\\_carepoint\\_and\\_barnabas\\_health.html](http://www.nj.com/hudson/index.ssf/2016/11/battle_looms_between_carepoint_and_barnabas_health.html))

65. Horizon offered to pay RWJ enhanced rates at its Bayonne SED in order to ensure that the SED endeavor would be profitable and, thus, could serve its purpose to permit RWJ to so adversely impact the economics of Bayonne Medical as to force its closure. Integral to the purpose of the Horizon-RWJ cooperation was the steering of patients away from CarePoint Hospitals, specifically Bayonne Medical, mere blocks away from the SED.

66. While not in-network for Horizon members at the time, CarePoint is now in network with Horizon and all major insurers. Even while out of network, the CarePoint Hospitals treated a large percentage of government insured and uninsured patients. CarePoint has, at all times, provided a significant amount of charitable care to the uninsured.

67. Notably, it was reported that “[t]he [RWJ] application was backed by a trio of health insurance companies, a variety of elected officials, and hundreds of people who signed a petition to support the Bayonne SED, according to state documents.”<sup>11</sup>

68. In that same article, it was reported that RWJ CEO Barry Ostrowsky told NJ Spotlight that Horizon “had encouraged his organization to construct a free-

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<sup>11</sup> Lilo H. Stainton - *The Battle of Bayonne: Turf Wars Over Satellite Emergency Departments*, NJ Spotlight News, August 2, 2017 (<https://www.njspotlightnews.org/2017/08/17-08-01-the-battle-of-bayonne-turf-wars-over-satellite-emergency-departments/>)

standing emergency facility as a way to connect more Horizon patients in the area with providers that are part of its network.”<sup>12</sup>

69. Since its opening in 2017, the SED has caused the disruption RWJ intended. There has been a substantial decrease in emergency patients to Bayonne Medical, which in turn led to a substantial decrease in inpatient admissions. This is the case notwithstanding the fact that after the CarePoint Hospitals became in-network with all major insurers, publically available data shows that the percentage of commercial payers remained flat rather than increased, as would have been expected. This means that despite being in-network, RWJ’s anticompetitive actions continued to suppress competition in the market.

70. Specifically, many of the predominantly walk-in inpatient admissions lost by Bayonne Medical to RWJ’s SED are now being transported miles away to JCMC. The annual financial losses to Bayonne Medical as a result of the SED are approximately \$20 million, and the total loss for the period from 2019 through 2022 is approximately \$80 million. Moreover, the SED results in a risk of patient morbidity stemming from the need for patients to be moved from the limited-purpose SED to RWJ’s JCMC, a full-service hospital.

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<sup>12</sup> Notably, NJ Spotlight news lists “Major funding” provided by both “Horizon Blue Cross Blue Shield of New Jersey” and “RWJ Barnabas Health.”

71. As noted above, RWJ has been engaged for many years in a continuing pattern of conduct, including agreements with others such as Horizon, to drive the CarePoint Hospitals out of business as independent competitors such that RWJ can operate, with no meaningful competition, in the Hudson County acute care market.

**1. RWJ's Attempt to Induce CarePoint-Referring Doctors to Steer Patients to RWJ Facilities**

72. RWJ's march towards monopoly continued to not only decimate the CarePoint facilities through steering paying emergency room patients to its own facilities, but also by seeking to incentivize doctors to stop referring patients to CarePoint facilities and start referring them only to RWJ facilities.

73. Beginning in mid-February 2016, RWJ in conjunction with Horizon, launched a campaign of sending letters (the "RWJ Letter") to physicians who have, over the years, consistently referred patients to CarePoint Hospitals for treatment (hereinafter the "CarePoint Referring Physicians"). The RWJ Letter was intended to induce physicians to refer patients to RWJ and away from the CarePoint Hospitals. The letter confirmed the collaboration between RWJ and Horizon, and touted incentives to physicians to refer patients to RWJ.

74. For example, the RWJ Letter stated that "If you have privileges at a Barnabas Health facility, you are eligible to join Barnabas Health Care Network (ACO). Through this network, you may receive **enhanced fee-for-service fees**, be

eligible for **patient management fees** and have the ability to **participate in shared savings** for most Horizon patients.”

75. In effect, Horizon, in conjunction with RWJ, sought to lure CarePoint Referring Physicians with financial incentives to steer paying, insured patients to Horizon’s “Tier 1” hospitals at the expense of the CarePoint Hospitals.

76. These decreases in revenue, which were directly caused by RWJ, contributed to the CarePoint Hospitals experiencing difficult economic times late in the prior decade. Unlike a competitive situation where a customer may be attracted to a better product or lower price, here RWJ financially incentivized doctors to steer the ultimate customer (the patient) to RWJ, without regard to the fact the doctors were paid to do so. This is far from a marketplace where customer choice is paramount, but rather a marketplace where someone other than the customer can create a monopoly that hurts the customer by removing options.

## **2. CarePoint Explores Selling Hospitals**

77. Between 2011 and early 2018, CarePoint stabilized the operations of the Hospitals, employing thousands of people, serving hundreds of thousands of patients, and investing significant funds in the real estate on which each Hospital operated and in the community served by each Hospital. CarePoint further began the transition to be an in-network provider for all major health plans, including Horizon.



However, the latter portion of the prior decade presented significant financial challenges to the CarePoint Hospitals as a result of RWJ's monopolization efforts.

78. In addition, efforts to navigate the economic shoals and develop a strategy for success, indeed survival, were complicated by the fact that the CarePoint Hospitals were not in full control of the real estate on which the Hospitals were located. By way of example, MPT of Hoboken TRS, MPT of Hoboken Hospital, MPT of Hoboken Real Estate, and MPT of Bayonne (together "MPT") are limited liability companies that, at pertinent times, own(ed) portions of the real estate under the CarePoint Hospitals. MPT is a national medical REIT.

79. The property on which Christ Hospital operated was owned by Hudson Propco, LLC (owned 75% by the Founders and 25% by JC Opco, LLC, an entity owned by Eisenreich), and the property on which HUMC operated was owned 70% by an MPT entity and 30% by the Founders. The Bayonne property was wholly owned by an MPT entity and was subleased to IJKG, the CarePoint affiliate that operated Bayonne Medical Center.

80. Beginning in 2018, CarePoint began to explore strategic alternatives, including a sale of the Hospitals to new operators. As one of his companies was the minority owner of Christ Hospital, Eisenreich was included in all of CarePoint's discussions involving strategic alternatives.

81. The primary goal for each of CarePoint's strategic alternatives was to ensure that all potential suitors agree that the Hospitals would continue operating as acute care facilities for the benefit of the communities that they serve. This crucial baseline requirement was communicated by CarePoint to all who expressed interest in acquiring or otherwise becoming involved in the operation of any of the CarePoint Hospitals. In selecting an acquirer or other strategic partner, CarePoint's primary focus has been to avoid any interruption in providing quality healthcare to the residents of Hudson County; therefore, CarePoint rejected any proposal that did not guarantee a seamless transition of employees, physicians, nurses, operations, and health care services.

82. In April 2019, RWJ expressed interest in all three CarePoint Hospitals. In July, 2019, RWJ tendered an LOI for CarePoint's HUMC and Christ Hospital facilities, but not for Bayonne Medical. CarePoint also engaged in discussions with another potential purchaser, Atlantic Health, which does not have acute care operations in Hudson County or in communities bordering Hudson County.

### **3. Eisenreich and His Affiliates Conspired with RWJ to Utilize the Ownership of Hospital Realty to Squeeze CarePoint**

83. Potential acquirers, including RWJ and Atlantic, were aware of the importance of controlling the real estate on which the Hospitals were built, for predictability of cost and planning.

84. Eisenreich also recognized the critical relationship between hospital operations and control of the hospital real estate, and the opportunity for him to personally benefit from and control the sale of the CarePoint Hospitals. Eisenreich devised a scheme to do exactly that, in part by conspiring with RWJ.

85. In late August, 2019, RWJ advised CarePoint that it was not interested in purchasing HUMC at the offered price, but that it might still be interested in acquiring Christ Hospital's operations.

86. On September 10, Eisenreich (through his counsel) told CarePoint's counsel that RWJ was interested in bidding for only the assets of Christ Hospital – thereby hinting that RWJ did not intend to operate, but rather sell off the hospital's assets and eliminate Christ as a competitor to RWJ.

87. On September 17, MPT offered to sell the Hoboken and Bayonne real estate to CarePoint. CarePoint accepted this offer, but such a transaction never closed.

88. Eisenreich separately communicated to RWJ and to CarePoint that he had a “plan” that could work for everyone. He warned CarePoint that RWJ contemplated closing Bayonne Medical as an acute care hospital.

89. On September 23, RWJ emailed to CarePoint an offer for the Christ Hospital assets only – further reinforcing the notion that RWJ's goal was to remove

Christ Hospital from the equation, leaving RWJ to serve Jersey City through JCMC, unchecked by competition.

90. From mid-September into November, Eisenreich orchestrated communications regarding the implementation of his “plan” to which RWJ had agreed. Eisenreich endeavored to preclude direct contact between RWJ and CarePoint with respect to any potential transactions so as to further obfuscate RWJ’s true motivation and plan.

91. RWJ’s interest in any acquisition was expressly contingent upon its ability to negotiate new leases. On September 28, 2019, RWJ tendered a revised LOI for the assets of HUMC and Christ Hospital, with that contingency.

92. Eisenreich, through his affiliate, Alaris Health (“Alaris”), executed an LOI with MPT for the sale of the HUMC and Bayonne Medical real estate and for the acquisition of MPT’s minority equity interest in HUMC, on October 18, 2019. He promptly reported this to RWJ, but not to CarePoint.

93. On October 21, RWJ submitted another LOI to CarePoint for the acquisition of Christ Hospital’s assets and HUMC (expressly contingent on new leases for the HUMC and Christ Hospital real estate), which CarePoint accepted the next day.

94. Eisenreich continued to meet secretly with Manigan regarding lease terms. He and Manigan agreed that it would not respond to CarePoint's inquiry about lease terms.

95. On October 27, without notice to CarePoint, Eisenreich (through Alaris) executed definitive agreements with MPT for the sale of the HUMC and Bayonne Medical real estate and MPT's minority equity interest in the operator of HUMC. These transactions closed on November 5, 2019 and RWJ was aware of the transaction prior to closing, yet CarePoint did not learn of it until two days later. Alaris subsequently assigned its interests to other Eisenreich affiliates – WTFK Bayonne and SB Hoboken.

96. Simultaneously and unbeknownst to CarePoint, during 2019, Eisenreich engaged in ongoing dialogue with Manigan at RWJ. Much of this dialogue was conducted secretly, and not disclosed to CarePoint.

97. A focus of this collusion between Manigan and Eisenreich involved the calculated and strategically presented 2019 LOI from RWJ for Christ Hospital and HUMC – which RWJ never intended to see through to completion. Rather, Manigan intended to use the LOI to gain valuable proprietary and/or confidential intelligence and use it to prevent any other potential operators or acquirers from engaging with CarePoint.

98. After the LOI was submitted, RWJ and CarePoint were in close contact and, as is expected prior to an acquisition, CarePoint ceased business development expenditures and planned for potential staffing reduction in force in consolidation with its purported acquirer, RWJ. In fact, RWJ was aware of CarePoint's precise financial situation and leveraged this knowledge to push the CarePoint Hospitals to insolvency.

99. Behind the scenes, Manigan and Eisenreich were discussing each step in the plan and while RWJ represented to CarePoint that its interest in CarePoint was contingent upon a favorable proposal from Eisenreich with regard to the hospital real estate Eisenreich controlled, Manigan and Eisenreich never had any intention of brokering any agreement as to such real estate. This is made clearer by Eisenreich going to great lengths to preclude RWJ and CarePoint discussing any aspect of the real estate.

100. On November 1, 2019, RWJ filed an application with the NJDOH for expedited consideration of its request for a certificate of need to proceed with its proposed transactions concerning Christ Hospital and HUMC.

101. Using the pretense of uncertainty over the real estate, but in truth knowing that the whole intention of the LOI was the damage it would cause to CarePoint, RWJ – in collusion with Eisenreich – intentionally backed out of the proposed transaction to acquire the Christ Hospital assets and HUMC.

102. The sale of the real estate on which HUMC and Bayonne Medical operate and the assignment of the affected leases was subject to claims brought by, among others, HUMC and IJGG (the CarePoint affiliate that owns and operates Bayonne Medical) in the Chancery Court in Delaware in the matter entitled *HUMC Holdco, LLC v. MPT of Hoboken TRS, LLC*, C.A. No. 2019-0972-KSJM.

103. In that litigation, the Court has issued a number of interlocutory rulings in favor of the CarePoint entities, including (i) a finding that MPT violated a right of first refusal when it purported to sell the HUMC equity interest to an Eisenreich affiliate, (ii) the Court has denied the Eisenreich parties efforts to obtain summary judgment on CarePoint's tortious interference claims against Eisenreich and (iii) struck all of Eisenreich's counterclaims against CarePoint. The matter is now settled.

#### **4. Eisenreich, RWJ, Moshe and HRH Interfere with the Potential BMC Acquisition to Attempt to Bankrupt CarePoint**

104. In January 2020, shortly after RWJ "backed out" of its LOI to purchase the Christ Hospital assets and HUMC – a transaction Manigan orchestrated that RWJ never intended to close – HRH, owned by Moshe, approached CarePoint about a possible acquisition of all or part of, or investment in, the group of entities comprising CarePoint – by way of a merger, asset sale, or other transaction.

105. In connection with this potential transaction, HRH requested an extensive list of confidential information about CarePoint and each of its Hospitals. Accordingly, CarePoint granted HRH access to a “data room” where confidential data, including financial data, regarding Bayonne Medical and the other CarePoint Hospitals was stored.

106. As a condition to receiving information about the Company, HRH entered into a confidentiality agreement with CarePoint, dated January 9, 2020. Under the confidentiality agreement, HRH agreed to treat any “Evaluation Material” in “accordance with the provisions” of the confidentiality agreement.

107. After having access to, reviewing, and downloading copies of most of the Evaluation Material in the data room for not only Bayonne Medical – but all the CarePoint Hospitals – on March 16, 2020, HRH submitted an offer to IJKG, which included a provision that the offer was “[c]ontingent upon the ability to acquire the Land and Property for \$30 million or less.” Despite HRH revising its bid several times, no version of HRH’s modified offer for the assets of Bayonne Medical included all of the requirements requested by IJKG.

108. At the same time it was negotiating with HRH, IJKG was negotiating with others, including BMC which was a newly formed entity, formed with the purpose of acquiring Bayonne Medical and continuing to operate it as an acute care hospital.



109. Given the offers before it, IJKG determined that BMC presented the best bid for Bayonne Medical’s assets, considering the potential for successful operation of the hospital, and financial stability.

110. On March 23, 2020, BMC signed a letter of intent (the “BMC LOI”) to purchase the assets of Bayonne Medical – keeping substantially all of Bayonne Medical’s employees and staff, and providing the same services as an acute care hospital.

111. Given the execution of the BMC LOI, IJKG informed the other bidders, including HRH, that it had an exclusive letter of intent with another bidder for the assets of Bayonne Medical, and could not entertain any further proposals or discussions about Bayonne Medical.

112. In May 2020, notwithstanding the existence of the BMC LOI between IJKG and BMC, Eisenreich, through WTFK Bayonne agreed to sell the Bayonne Medical real estate to HRH – and HRH promptly and publicly announced its ownership and control of the Bayonne Medical real estate.

113. In an op-ed for The Jersey Journal, Hudson County Executive Tom DeGise noted that the “supply of hospital beds cannot be simply be viewed as a source of private profit, but as a critical community resource.”<sup>13</sup>

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<sup>13</sup> Terri West, *DeGise says he’s ready to use eminent domain on 3 CarePoint Health hospitals*, The Jersey Journal, May 12, 2020 (<https://www.nj.com/hudson/2020/05/degise-says-hes-ready-to-use-eminent-domain-on-3-carepoint-health-hospitals.html>)

114. Despite Moshe's HRH facility being licensed as a general acute care hospital, its main focus had been, and continues to be, on same day surgery, and it had no real incentive to expend significant resources to acquire Bayonne Medical.

115. HRH's real motivation in making hollow offers to CarePoint that knowingly did not meet CarePoint's requirements, and then to sabotage BMC's acquisition of Bayonne Medical through an 11<sup>th</sup> hour land transaction with Eisenreich, was pure greed to own the market for same day surgery in Hudson County, preferably at its existing Secaucus facility.

116. Upon information and belief, the plan was for HRH, in collusion with Eisenreich and RWJ – and now with control of the land – to feign interest in the hospital and delay closing so that Bayonne Medical would become insolvent and be forced to close. Strategically, it was the intention of RWJ, Eisenreich and HRH to cause further financial distress to Bayonne Medical, as the specter of bankruptcy causes staff and doctor defection, a freeze on programmatic growth and expansion of other services and offerings. Further, patients are reluctant to seek care at a facility they believe is “going out of business.”

117. Eisenreich and Moshe planned that, once the hospital closed, they would repurpose the building as Eisenreich's next skilled nursing facility (“SNF”) and HRH would hire the surgeons then doing cases at Bayonne Medical to further expand HRH's same day surgery programs at HRH's Secaucus facility.

118. Such a plan served to benefit Eisenreich, Moshe, HRH and RWJ. Eisenreich could expand his SNF empire with Moshe, HRH would eliminate surgery center competition, and RWJ would eliminate Bayonne Medical as a competitor, as a SNF does not provide inpatient GAC services.

119. As a result, essentially all ER traffic from Bayonne would be routed through the SED and this would drive inpatient admissions to RWJ's JCMC facility. Notably, and by way of example, publically available data on hospital admissions in 2021 shows that RWJ and CarePoint account for 91.5% of ER admissions in Bayonne (07002). Eliminating Bayonne Medical would leave RWJ with nearly all ER admissions for such patients.

120. The transaction through which HRH acquired the Bayonne Medical real estate from Eisenreich not only occurred the same day that CarePoint and BMC announced their asset purchase for Bayonne Medical, but was 100% seller-financed. That is to say that HRH did not put up one cent to acquire the Bayonne Medical real estate. The financing, also unsurprisingly, was through one of Eisenreich's entities.

## **5. Eisenreich's Collaborators at HRH**

121. To further demonstrate HRH's penchant for greed and subterfuge, its Board of Directors is headed by Manigan's former client, Moshe, who has been sued

in at least half a dozen federal lawsuits, which have accused Moshe of RICO and insurance fraud over the last decade.<sup>14</sup>

122. Moshe has such an extensive history of alleged fraud and wrongdoing that another Federal Court based its granting of a preliminary injunction on the then-seven prior lawsuits filed against Moshe alleging his engagement in fraudulent billing activities. *See In Gov't Employees Ins. Co. v. Moshe*, 2020 WL 3503176, at \*1 (E.D.N.Y. June 29, 2020).

123. In fact, a putative class action was filed in this very Court, alleging that Moshe colluded with his sister, a New York-based physician, to refer New York-resident patients to HealthPlus – a Hackensack, NJ-based surgery center owned by Moshe, despite the existence of less expensive facilities closer to the patients. The class alleges that poor sterilization and other deficiencies may have exposed these wrongly referred patients to HIV and hepatitis. *C.S. v. HealthPlus Surgery Center, LLC*, 2020 WL 6074457, at \*1 (D.N.J. Oct. 14, 2020).

124. Further, in a complaint filed late last year, State Farm alleged numerous claims, including fraud, based on Moshe's alleged orchestration of a fraudulent scheme to bill and profit from a series of medical facilities, a billing company, and a series of ambulatory surgical centers which he "secretly owns and controls." *State*

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<sup>14</sup> Peter D'Auria, *This man wants to create a new for-profit hospital chain in Hudson County. Can he do it?*, The Jersey Journal October 26, 2020 (<https://www.nj.com/hudson/2020/10/this-man-wants-to-create-a-new-for-profit-hospital-chain-in-hudson-county-can-he-do-it.html>)

*Farm Mut. Auto. Ins. Co. v. Metro Pain Specialists, P.C.*, 21-cv-5523, Complaint ¶ 2 (E.D.N.Y. Oct. 5, 2021).

125. About the same time as the State Farm suit, Allstate Insurance Company separately sued Moshe for having “engineered” a fraud scheme in which he, through affiliated entities, “aggressively” sought to collect payments from Allstate even though the entities were not eligible for reimbursement. *Allstate Ins. Co. v. Metro Pain Specialists P.C.*, 21-cv-5586, Complaint (E.D.N.Y. Oct. 7, 2021).

126. Perhaps most relevant to the instant action is that Allstate also alleged that Moshe sought to evade prohibitions against his ownership of certain types of medical facilities and fraudulent billing of medical services from the same by installing “sham owner” physicians, but retaining operations, control, and profit for himself and the medical facilities he owns. *Id.*

127. Moshe’s colleague, HRH’s President and Chief Executive Officer, Dr. Nizar Kifaieh, is the subject of an active litigation in Hudson County brought by CarePoint based on Kifaieh’s legally binding separation agreement.

128. As part of that separation agreement, and in return for over \$2,600,000 in cash as well as other valuable consideration, Kifaieh agreed not to disparage CarePoint, yet after obtaining the CEO job with HRH, Kifaieh published and made a number of disparaging, false and defamatory statements in violation of his separation agreement.

129. Also, most recently, Reuven Alonayoff, Director of Marketing for HRH, was arrested after police found a “large cache of firearms and ammunition inside an office closet” at HRH. Secaucus police “recovered 11 handguns, 27 rifles or shotguns, and a semi-automatic rifle with a high-capacity magazine, which is an assault rifle, inside [a] hospital closet,” as well as “another high-capacity handgun magazine with 14 rounds.”<sup>15</sup>

130. Notably, Alonayoff “who is also known as Reuven Alon and Rob Alon,” has been named alongside Moshe as a co-owner of certain shell corporations in numerous lawsuits, including federal lawsuits brought by GEICO and State Farm in which he, with Moshe were accused of “submitting fraudulent claims for medical services related to car accidents.”<sup>16</sup>

**D. Raymond James Issues RFI and Colludes with RWJ to Interfere with CarePoint Hospitals**

131. In another effort to use its political strength, RWJ commandeered the previously dormant bureaucratic machinery of the Hudson Municipal Hospital Authority (“HMHA”) to operate outside of its statutory authority to crush HUMC, such that RWJ could purchase it out of bankruptcy.

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<sup>15</sup> Emily Mae Czachor, *Hospital employee arrested after 39 guns, ammo found in office closet* August 9, 2022 CBS News (<https://www.msn.com/en-us/news/crime/hospital-employee-arrested-after-39-guns-ammo-found-in-office-closet/ar-AA10u5IV>)

<sup>16</sup> Ed Shanahan - *Employee Kept Arsenal, Including Assault Rifle, at Hospital, Police Say* – NY Times, August 9, 2022 (<https://www.nytimes.com/2022/08/09/nyregion/guns-hospital-employee-threat-new-jersey.html>)

132. On or about December 18, 2020, the Hudson Municipal Hospital Authority (HMHA) was reconstituted, allegedly pursuant to the Local Hospital Authority Law, N.J.S.A. § 30:9-23.15, *et. seq.* which “authorizes municipalities to create, by ordinance, an instrumentality for the **sole purpose** of carrying out an acquisition and to operate and maintain a hospital.” (emphasis added). However, HMHA neither obtained funding from the City of Hoboken that would permit it to acquire HUMC, nor otherwise raised funds to support an acquisition of HUMC. In fact, HMHA took no steps to acquire and operate a hospital.

133. The applicable Ordinance B-312 reconstituting HMHA stated that HMHA was created because “CarePoint Health has notified the City that it no longer desires to continue its operation of the Hospital [HUMC].” This assertion was false, as CarePoint never notified the City or any of its government officials that it intended to cease operating HUMC.

134. Instead of pursuing any of its statutorily permitted purposes under New Jersey Law, HMHA retained Raymond James and sought to broker a sale of CarePoint – a private hospital system – to another private hospital system. This is not a permitted purpose under the Local Hospital Authority Law.

135. RWJ had previous extensive professional dealings with Raymond James and colluded with Raymond James in order to further its goals of devaluing

HUMC to the point it would be forced into bankruptcy so RWJ could pursue an anticompetitive sale of HUMC to RWJ.

136. In June 2021, RWJ was provided with advance notice that Raymond James was tasked with identifying a new operator of HUMC, and that an RFI would be circulated seeking potential buyers.

137. Specifically, Vinton Rollins of Raymond James reached out to Mark Manigan of RWJ, noting their “prior introduction and past Zoom call,” that Rollins was “[l]ooking forward to [his] next zoom” with Manigan on June 14, and to give Manigan “a Heads-up that Raymond James is now representing the City of Hoboken/Mayor in working to find a replacement operator/owner for CarePoint’s Hoboken University Medical Center[.]”

138. Even before this June 2021 advance notice, in February 2021 RWJ and Raymond James exchanged updates concerning CarePoint, including regarding Vivek Garipalli, the then-current majority owner of CarePoint– in an attempt to identify weaknesses that RWJ could leverage to devalue HUMC and to further its anticompetitive conduct.

139. To set this plan in motion, Raymond James issued a RFI, which sought potential buyers for not only HUMC, the only hospital under HMHA’s City of Hoboken jurisdiction, but, incredibly, CarePoint’s other hospitals in Hudson County, over which HMHA (a municipal authority of *Hoboken*) possessed no authority.



140. On or about October 8, 2021, CarePoint publicly announced its intention to convert HUMC to non-profit ownership. Despite this announcement, on or about December 20, 2021, without CarePoint's knowledge or consent, Raymond James circulated the RFI to RWJ (who was informed it was coming nearly six months earlier) and other entities (who did not get the same "heads up" as RWJ), soliciting potential buyers or operators for the Hospital.

141. In an attempt to exclusively control the means and method of communication with RFI respondents and remove CarePoint from the negotiation of the sale of its own hospital(s), Raymond James warned in its RFI that "[i]n no event should any RFI Respondent directly contact any officer, member, agent or employee of . . . CarePoint without the prior consent of Raymond James." The RFI directed recipients to direct all questions to Raymond James, and not the supposed seller, CarePoint.

142. Boldly and without authority to do so, the RFI encouraged recipients to "consider expressing in their response whether they would be interested in proposing a transaction involving the other operations and/or assets of CarePoint in Hudson County, such as Bayonne Medical Center and Christ Hospital, as CarePoint has indicated its interest in maintaining a coordinated system of facilities in its service area."

143. Raymond James then continued the conversation it started more than six months earlier with RWJ to discuss how to take over the CarePoint Hospitals, which led to RWJ, despite backing out of a previous potential acquisition of one or more of the CarePoint facilities, to express interest in operating and owning HUMC, and potentially other CarePoint Hospitals.

144. Furthermore, the RFI enclosed confidential information concerning CarePoint and HUMC that Raymond James obtained without authorization, from self-described “private sources” and a “proprietary database.” It is believed that this data, at least in part, came from the information provided to RWJ during the 2019 LOI and/or from Eisenreich through his dealings with CarePoint.

145. Inclusion of this confidential information in the RFI intentionally and misleadingly represented to third parties that HUMC and CarePoint authorized such data to be contained in the RFI.

146. As a result of the RFI’s circulation, and RWJ’s interest, certain RFI recipients halted ongoing negotiations and reconsidered prospective business relationships with CarePoint. More broadly, the RFI (which states that the current operator will be displaced) and RWJ’s interest therein put CarePoint at a disadvantage to enter into any new agreements and retain staff.

147. Upon information and belief, RWJ understood how CarePoint and, specifically HUMC, would be affected by the circulation of the RFI—and likely

intended these effects. Also, circulating the RFI improperly interfered with HUMC's operations and management—including HUMC's development of relationships with strategic partners.

148. CarePoint successfully brought an action against HMHA and others in Superior Court in Hudson County, NJ captioned *Carepoint Health Management Associates, LLC d/b/a Carepoint Health And Humc Opco, LLC d/b/a Carepoint Health – Hoboken University Medical Center v. Hoboken Municipal Hospital Authority, Raymond, James & Associates, Inc.* (Case No. HUD-C-000019-22) to enjoin distribution of the RFI. The matter is now settled.

149. Through all the above actions RWJ and its conspirators including, without limitation, HRH, Moshe, and Kifaieh have engaged in underhanded, self-serving, anti-competitive and improper actions for their own benefit and to damage CarePoint and the public.

150. RWJ has carried out these actions without intervention from, and sometimes with the explicit support and authority of state and local government and New Jersey healthcare providers such as Horizon.

151. RWJ's conduct, as alleged herein, has caused significant financial injury to CarePoint and, unless enjoined, will risk significant competitive harm to CarePoint and to the public through RWJ's elimination of all competition for general acute care in Hudson County.

**COUNT I – VIOLATION OF THE SHERMAN ACT**  
**SECTION TWO (15 U.S.C. § 2)**

152. Plaintiffs incorporate by reference paragraphs 1 through 151 above.

**A. Relevant Markets**

153. Inpatient general acute care (“GAC”) services provided in Hudson County is a relevant market in which to assess RWJ’s monopolistic effect on competition and consumers of GAC services.

**1. Relevant Product Market**

154. Inpatient GAC services is the relevant product market. Inpatient GAC services include a broad cluster of hospital services— medical, surgical, and diagnostic services requiring an overnight hospital stay—for which competitive conditions are substantially similar. Here, inpatient GAC services cover all such overlapping services that both RWJ and CarePoint provide. GAC services implicate interstate trade and commerce in that supplies used in providing care, as well as funding for the services, travel in interstate commerce.

155. Outpatient services (i.e., services that do not require an overnight hospital stay) are not included in the inpatient GAC services market because patients cannot substitute outpatient services for inpatient services in response to a price increase on inpatient GAC services. This is because the decision to administer services on an inpatient or outpatient basis is a medical determination based on each patient’s specific clinical need.

156. A hypothetical monopolist of all inpatient GAC services could profitably impose a small but significant and non-transitory increase in the price of those services.

## **2. Relevant Geographic Market**

157. Hudson County, New Jersey, is a relevant geographic market in which to evaluate RWJ's monopolistic effect on competition. Hudson County is the focal area of competition between RWJ and CarePoint.

158. Hudson County is the fourth-most populous, most dense, and fastest-growing, county in New Jersey, with a population of more than 700,000 residents.

159. Hudson County is an area that is economically significant to commercial insurers. Patients typically prefer to have access to inpatient GAC services close to where they live. For this reason, a commercial insurer would be unable to sell a health plan successfully in Hudson County that did not include in its network any Hudson County GAC hospitals.

160. Commercial insurers must meet regulatory requirements that mandate a certain level of geographic access. Insurers could not meet geographic access requirements for marketing commercial plans in Hudson County if those insurers did not include any Hudson County hospitals as in-network hospitals in their commercial insurance plans.

161. Hudson County's population includes a disproportionately high number of patients who receive health care from government funded programs, or the uninsured. Hudson County has the most diverse population of any county in the eastern United States.

162. Hudson County also has a large number of patients for whom travel outside of Hudson County to receive GAC services would constitute a substantial hardship.

163. A hypothetical monopolist of all inpatient GAC services in Hudson County could profitably impose a small but significant and non-transitory increase in price of those services.

#### **B. Market Effects**

164. There is direct evidence that the conduct of RWJ, injuring and threatening the elimination of the CarePoint facilities as independent competitors, is likely to further lessen competition in the relevant market. As it stands today, there is robust competition for general acute care services in Hudson County. That competition benefits commercial insurers and patients. However, if RWJ's various anticompetitive practices directed toward CarePoint are allowed to continue unfettered, RWJ will succeed in exerting nearly complete control over general acute care services in Hudson County. If CarePoint – an important competitor in the Hudson County GAC market – is eliminated, anticompetitive effects will follow.

### **C. Competition Among Hospitals Benefits Consumers**

165. Under a model of hospital competition that has been developed in merger enforcement cases brought by the Federal Trade Commission, competition among hospitals is viewed as a “two-stage” market, in which the first stage is centered on the formation of networks of providers, including hospitals, by commercial insurers. At this stage, both insurers and hospitals are viewed as competitors in the process of network formation. In theory, this process allows insurers to negotiate for lower prices and other favorable terms which, in turn, benefit consumers by lowering the insurers’ costs that must be passed on to their subscribers.

166. Under this model, in the first stage of hospital competition, hospitals compete to be included in commercial insurers’ health plan networks. To become an in-network provider in a health plan, a hospital negotiates with an insurer and enters into a contract if it can agree with the insurer on terms. The hospital’s reimbursement terms for services rendered to a health plan’s members are a central component of those negotiations. This is true regardless of whether reimbursements are tied to fee-for-service contracts, value-based contracts, or other types of contracts.

167. Insurers attempt to contract with local hospitals (and other healthcare providers) that offer services that current or prospective members of the health plan

want. In-network hospitals are typically significantly less expensive for health plan members to seek care from than a hospital that is not included in the health plan's network (an "out-of-network provider"). A hospital likely will attract more of a health plan's members when it is in-network. Hospitals, therefore, have an incentive to offer competitive terms and reimbursement rates to induce the insurer to include the hospital in its health plan network.

168. From the insurer's perspective, having hospitals in-network is beneficial because it enables the insurer to create a health plan provider network in a particular geographic area that is attractive to current and prospective members, typically employers and their employees.

169. A hospital has significant bargaining leverage if its absence would make the insurer's health plan network substantially less attractive (and therefore less marketable) to its current and prospective members. This relative attractiveness to the insurer depends largely on whether other nearby hospitals could serve as viable in-network substitutes in the eyes of the plan's members. The presence of alternative, conveniently located, high-quality hospitals is important competition that constrains the ability of hospitals to raise prices and seek other terms adverse to consumers in negotiations with insurers. Where there are fewer meaningful alternatives (i.e., less competition), a hospital will have greater bargaining leverage



to demand and obtain higher reimbursement rates and other more onerous contract terms.

170. In the second stage of competition, hospitals compete to attract patients to their facilities by offering convenient, high-quality healthcare services. Once patients select a health plan, they generally do not face different out-of-pocket costs to access hospitals included in their commercial health plan network. As a result, in-network hospitals often compete on non-price features, such as location, quality of care, access to services and technology, reputation, physicians and faculty members, amenities, conveniences, and patient satisfaction.

171. Non-price competition to attract patients benefits all patients at the competing hospitals, regardless of whether those patients are covered by commercial insurance, government funded programs, such as Medicare, Medicaid and Tri-Care, or are uninsured. From the perspective of consumer welfare, the most important elements of competition among health care providers, including acute care hospitals, is access to care and quality of care. CarePoint is endeavoring to maintain optimal access to acute care for the population of Hudson County, and to continue to enhance the quality of that care. RWJ's efforts to control the provision of acute care in Hudson County will only reduce that access and reduce the incentive to upgrade the care available to the consuming public.

172. In Hudson County, RWJ and CarePoint are close competitors to each other because they sell many of the same services in essentially the same place.

173. RWJ and CarePoint currently serve as important alternatives to one another for insurers constructing networks that include Hudson County. RWJ and CarePoint's Christ Hospital are two of the three largest hospitals in Hudson County, and they are the only hospitals in Jersey City, the largest city within Hudson County. Elimination of Christ Hospital as an independent acute care hospital would severely limit competition to the disadvantage of the public.

174. Upon information and belief, quantitative analysis will provide direct evidence of the closeness of the competition between RWJ and CarePoint. Diversion analysis, an economic tool that measures substitution using data on where patients receive hospital services, will show that if CarePoint's hospitals were to become unavailable to patients for inpatient GAC services, a significant number of CarePoint's patients would seek care at an RWJ hospital. Likewise, if RWJ were to become unavailable to patients for inpatient GAC services, a significant number of RWJ's patients would seek care at one of CarePoint's hospitals.

175. RWJ and CarePoint compete with one another to attract patients to utilize their inpatient GAC services, regardless of a patient's insurer. This competition incentivizes RWJ and CarePoint to improve quality, technology, amenities, equipment, access to care, and service offerings.

176. RWJ is attempting to prevent CarePoint's hospitals from competing against RWJ, either as independent competitors or as competitors partnered with a different healthcare system.

177. The provision of acute care hospital services, as well as subsets of those services, implicate interstate commerce, *inter alia*, in that they involve the use of medicines and supplies that travel in interstate commerce, involve reimbursement by insurance companies and federal and state funds that move in interstate commerce.

178. RWJ has a dominant share of the acute care hospital services market in Hudson County, and enjoys power over the setting of prices to be charged to commercial insurers, as well as uninsured patients.

179. If RWJ should succeed in eliminating the CarePoint Hospitals as independent competitors in Hudson County, RWJ's already significant market power would be greatly enhanced.

180. As alleged above, RWJ and its conspirators have adopted a many-faceted strategy to pursue the goal of eliminating the CarePoint Hospitals as independent competitors. While some of those activities, including seeking the aid of governmental actors, may not be separately actionable or even considered as material parts of a monopolistic scheme, they nonetheless provide evidence of RWJ's monopolistic intent and purpose.

181. RWJ has monopolized, attempted to monopolize and/or conspired to monopolize the market for GAC services in Hudson County.

182. RWJ's conspirators in this effort include, without limitation, HRH, Moshe, and Kifaieh.

183. CarePoint has suffered damage to its business or property in the form of lost revenues and resulting profits, as well as being forced to incur significant expenses to mitigate the anticompetitive effects of the conduct of RWJ and its conspirators.

184. Accordingly, RWJ has monopolized, attempted to monopolize and/or conspired to monopolize the market for acute care hospital services in Hudson County, in violation of Section 2 of the Sherman Act, 15 U.S.C. § 2.

185. The actions of RWJ and its conspirators have caused injury to CarePoint in its business or property, resulting in economic damages which CarePoint is entitled to recover under Section 4 of the Clayton Act, 15 U.S.C. § 16.

186. Unless the continued unlawful conduct of RWJ and its conspirators is enjoined pursuant to Section 16 of the Clayton Act, 15 U.S.C. § 26, CarePoint remains at risk of being driven out of business, with a resulting harm to the public interest in the survival of an independent, non-profit hospital system in Hudson County.

**WHEREFORE**, Plaintiffs request that judgment be entered in their favor, awarding them treble damages and reasonable attorneys' fees, along with an injunction preventing RWJ and/or its conspirators from continuing their unlawful course of conduct.

**COUNT II – VIOLATION OF THE SHERMAN ACT**  
**SECTION ONE (15 U.S.C. § 1)**

187. Plaintiffs incorporate by reference paragraphs 1 through 186 above.

188. The facts set forth above show that RWJ and its conspirators have engaged in a series of agreements in unreasonable restraint of interstate trade and commerce, affecting the markets for acute care hospital services in Hudson County, including but not limited to agreements intended to cripple and/or destroy the CarePoint Hospitals as independent competitors, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1.

189. The actions of RWJ have caused injury to CarePoint in its business or property, resulting in economic damages which CarePoint is entitled to recover under Section 4 of the Clayton Act, 15 U.S.C. § 16.

190. Unless the continued unlawful conduct of RWJ is enjoined pursuant to Section 16 of the Clayton Act, 15 U.S.C. §26, CarePoint remains at risk of being driven out of business, with a resulting harm to the public interest in the survival of an independent, non-profit hospital system in Hudson County.

**WHEREFORE**, Plaintiffs request that judgment be entered in their favor, awarding them treble damages and reasonable attorneys' fees, along with an injunction preventing RWJ and/or its conspirators from continuing their unlawful course of conduct.

Date: February 8, 2023

By: /s/ Patrick M. Harrington  
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– and –

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*\*Admitted Pro Hac Vice*

*Attorneys for Plaintiffs*

**CERTIFICATE OF SERVICE**

I, Patrick Harrington, Esquire, do hereby certify that the foregoing Third Amended Complaint, was filed electronically via the Court's ECF system on the date set forth below and, therefore, made available to all counsel for record, as follows:

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Colin R. Kass, Esq.  
Erica T. Jones, Esq.  
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RWJ Barnabas Health, Inc.*

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*Attorney for Defendant  
RWJ Barnabas Health, Inc.*

Date: February 8, 2023

By: /s/ Patrick M. Harrington  
Patrick M. Harrington, Esquire

Exhibit E

Wakefield Report





## APPRAISAL OF REAL PROPERTY

Christ Hospital Campus  
176 Palisade Avenue, et al.  
Jersey City, Hudson, NJ 07306

## IN AN APPRAISAL REPORT

As of December 31, 2021

### Prepared For:

Connell Foley LLP  
56 Livingston Avenue  
Roseland, NJ 07308

### Prepared By:

Cushman & Wakefield of Connecticut, Inc.  
Valuation & Advisory  
107 Elm Street, 4 Stamford Plaza, 8th Floor  
Stamford, CT 06902  
Cushman & Wakefield File ID: 22-14001-900038, 22-  
14001-900039, 22-14001-900040

CUSHMAN & WAKEFIELD OF CONNECTICUT, INC.  
107 ELM STREET, 4 STAMFORD PLAZA, 8TH FLOOR  
STAMFORD, CT 06902

---



**Christ Hospital Campus**  
**176 Palisade Avenue, et al.**  
**Jersey City, Hudson, NJ 07306**



107 Elm Street, 4 Stamford Plaza, 8th Floor  
Stamford, CT 06902  
Tel +1 (203) 348-8550  
cushmanwakefield.com

June 14, 2022

Anthony F. Vitiello  
Partner and Chairman, Tax & Estate Planning Group  
**Connell Foley LLP**  
56 Livingston Avenue  
Roseland, NJ 07308

Re: Appraisal Report

**Christ Hospital Campus**  
176 Palisade Avenue, et al.  
Jersey City, Hudson, NJ 07306

Cushman & Wakefield File ID: 22-14001-900038, 22-14001-900039, 22-14001-900040

Dear Mr. Vitiello:

In fulfillment of our agreement as outlined in the Letter of Engagement copied in the Addenda, we are pleased to transmit our appraisal of the above referenced property in the following Appraisal Report.

The subject property consists of the Christ Hospital Campus, which contains a 178-bed short-term acute care hospital along with 14 daycare, medical office, office, and residential buildings. The campus is situated on 12.07 acres along Palisade Avenue. The total square footage of the improvements is 543,316 square feet and they were built between 1900 and 1996.

This Appraisal Report has been prepared in accordance with our interpretation of your institution's guidelines and the Uniform Standards of Professional Appraisal Practice (USPAP).

The Commercial Real Estate (CRE) market is driven by investor demand and strong liquidity. Since its onset in March 2020, the COVID-19 pandemic has had a dramatic effect on both of these factors as the market navigated actual and perceived impact. We observed asset classes experiencing various impacts, both positive and negative. We observed that asset values can fall significantly in short periods of time if either demand or liquidity, often in conjunction with many other factors, change significantly. We also observed asset values rise based on new-found demand for sector or property characteristics. Either through empirical data or COVID fatigue, society and the market are perceiving that we are near the end of the pandemic. Restrictions continue to be lifted and activities, such as travel and dining, are returning to pre-pandemic levels. We are observing stabilizing trend lines in most asset classes as we see the effects of vaccinations and approach herd immunity. In spite of the threat of new variants, the uncertainty of the early months of the pandemic has been replaced with clearer expectations and forecasts of asset class and individual property performance. Of course, some uncertainty exists in most property types in terms of forecast demand, to varying degrees. As we have throughout the pandemic, Cushman & Wakefield

is closely monitoring the latest developments resulting from the COVID-19 pandemic and recovery and its effect on the subject and its market.

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinions:

<b>Value Conclusions</b>			
<b>Appraisal Premise</b>	<b>Real Property Interest</b>	<b>Date of Value</b>	<b>Value Conclusion</b>
Market Value As-Is - Hudson Hospital Propco, LLC Parcels	Fee Simple	December 31, 2021	\$142,235,000
Market Value As-Is - 192 Palisade Avenue	Fee Simple	December 31, 2021	\$780,000
Market Value As-Is - 194 Palisade Avenue	Fee Simple	December 31, 2021	\$1,160,000
Market Value As-Is - All Parcels Total	Fee Simple	December 31, 2021	\$144,175,000

### Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

This appraisal assumes the subject meets state licensing requirements. This appraisal assumes the subject interiors are in average condition. This appraisal does not employ any other extraordinary assumptions.

### Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

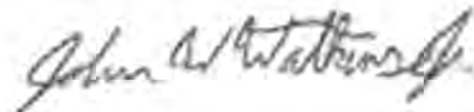
This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

**CUSHMAN & WAKEFIELD OF CONNECTICUT, INC.**



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## Summary of Salient Facts and Conclusions

### BASIC INFORMATION

<b>Common Property Name:</b>	Christ Hospital Campus
<b>Address:</b>	176 Palisade Avenue, et al. Jersey City, New Jersey 07306
<b>County:</b>	Hudson
<b>Property Ownership Entity:</b>	Hudson Hospital Propco, LLC; Palisade Avenue Properties, LLC; and Palisades Ave Properties LLC

### SITE INFORMATION

<b>Land Area:</b>	525,614 SF	12.07 Acres
<b>Site Shape:</b>	Irregularly shaped	
<b>Site Topography:</b>	Sloping	
<b>Frontage:</b>	Good	
<b>Site Utility:</b>	Good	
<b>Flood Zone Status:</b>		
<b>Flood Zone:</b>	X	
<b>Flood Map Number:</b>	34017C0106D	
<b>Flood Map Date:</b>	August 16, 2006	

### BUILDING INFORMATION

<b>Type of Property:</b>	Short-Term Acute Care Hospital Campus	
<b>Building Area:</b>		
<b>Number of Beds:</b>	178 Beds	
<b>Gross Building Area:</b>	543,316 SF	
<b>Net Rentable Area:</b>	543,316 SF	
<b>Number of Buildings:</b>	15	
<b>Number of Stories:</b>	Varies up to 7 stories	
<b>Quality:</b>	Average	
<b>Year Built:</b>	1900-1996	
<b>Condition:</b>	Average	
<b>Effective Age:</b>	25 Years	
<b>Remaining Economic Life:</b>	25 Years	
<b>Parking:</b>		
<b>Number of Parking Spaces:</b>	702	
<b>Parking Ratio (per 1,000 SF):</b>	2.07:1	
<b>Parking Type:</b>	Surface and Garage	

**MUNICIPAL INFORMATION****Assessment Information:**

<b>Assessing Authority:</b>	Hudson County
<b>Assessor's Parcel Identification:</b>	5903-21, 6001-3, 6001-4, 6001-5, 6001-9, 6001-13, 6001-33, 6901-15, 6901-16, 6901-17, 6901-18, 6901-18.01, and 6901-19
<b>Current Tax Year:</b>	2021
<b>Taxable Assessment:</b>	\$95,471,100
<b>Current Tax Liability:</b>	\$1,531,356
<b>Taxes per Square Foot:</b>	\$4.50
<b>Are Taxes Current?</b>	Taxes are current

**Zoning Information:**

<b>Municipality Governing Zoning:</b>	City of Jersey City
<b>Current Zoning:</b>	M (Medical) and R-1 (One and Two Family Housing)
<b>Is Current Use Permitted?</b>	Yes
<b>Current Use Compliance:</b>	Complying use

**HIGHEST & BEST USE****As Though Vacant:**

For development of a healthcare oriented campus

**As Improved:**

As it is currently utilized as a healthcare oriented campus



Subject Christ Hospital Campus Parcels and Addresses							
Parcel ID	Property Address	City	ST	Improvement Description	Land Area (Acres)	Bldg SF	Year Built
6901-15	112 Palisade Avenue	Jersey City	NJ	Daycare	0.73	4,455	1991
6901-16	140 Palisade Avenue	Jersey City	NJ	Parking Garage	1.55	95,900	1996
6901-17	142 Palisade Avenue	Jersey City	NJ	Medical Office Building	0.62	30,612	1981
6901-18	148 Palisade Avenue	Jersey City	NJ	Land	0.22	-	-
6901-19	150 Palisade Avenue	Jersey City	NJ	Land	0.22	-	-
5903-21	169 & 179 Palisade Avenue	Jersey City	NJ	Nursing School and Apartment Building	0.42	44,684	1900's
6901-18.01	176 Palisade Avenue	Jersey City	NJ	Hospital	3.69	339,927	1928 - 1981
6001-9	190 Palisade Avenue	Jersey City	NJ	Office - Carepoint Health Foundation	2.29	2,300	1900's
6001-9	200 Palisade Avenue	Jersey City	NJ	Office - Pastoral Care	-	2,200	1900's
6001-9	204 Palisade Avenue	Jersey City	NJ	Office - IT	-	2,200	1900's
6001-9	206 Palisade Avenue	Jersey City	NJ	Residential	-	2,475	1900's
6001-9	208 Palisade Avenue	Jersey City	NJ	Residential	-	2,600	1900's
6001-9	210 Palisade Avenue	Jersey City	NJ	Medical Office	-	2,900	1900's
6001-13	218 Palisade Avenue	Jersey City	NJ	Business Office and HR Building	1.94	7,367	1994
6001-33	250 Palisade Avenue	Jersey City	NJ	Parking Lot	0.28	-	-
6001-5	Palisade Avenue	Jersey City	NJ	Land	0.01	-	-
6001-3	192 Palisade Avenue	Jersey City	NJ	Residential	0.05	2,296	1900
6001-4	194 Palisade Avenue	Jersey City	NJ	Residential	0.05	3,400	1920
<b>Total</b>					<b>12.07</b>	<b>543,316</b>	<b>1900 - 1996</b>



<b>VALUATION INDICES</b>		<b>Market Value</b>
<b>VALUE DATE</b>		<b>As-Is</b>
<b>December 31, 2021</b>		
<b>Land Value</b>		
Land Value - Hudson Hospital Propco, LLC Parcels		\$26,100,000
Land Value - 192 Palisade Avenue		\$515,000
Land Value - 194 Palisade Avenue		\$520,000
Land Value - All Parcels Total		\$27,135,000
<b>SALES COMPARISON APPROACH</b>		
Percentage Adj. Method - Hudson Hospital Propco, LLC Parcels		\$142,235,000
Percentage Adj. Method - 192 Palisade Avenue		\$780,000
Percentage Adj. Method - 194 Palisade Avenue		\$1,160,000
Sales Comparison Approach Conclusion - All Parcels Total		\$144,175,000
<b>INCOME CAPITALIZATION APPROACH</b>		
<b>Direct Capitalization</b>		
Net Operating Income (Stabilized):		\$8,400,000
Capitalization Rate:		6.00%
Indicated Value:		\$139,999,999
Indicated Value Rounded - Hudson Hospital Propco, LLC Parcels:		\$140,000,000
<b>FINAL VALUE CONCLUSION</b>		
Real Property Interest:		Fee Simple
Final Value Conclusion - Hudson Hospital Propco, LLC Parcels		\$142,235,000
Final Value Conclusion - 192 Palisade Avenue		\$780,000
Final Value Conclusion - 194 Palisade Avenue		\$1,160,000
Final Value Conclusion - All Parcels Total		\$144,175,000
<b>EXPOSURE AND MARKETING TIMES</b>		
Exposure Time:		12 Months
Marketing Time:		12 Months

### Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

This appraisal assumes the subject meets state licensing requirements. This appraisal assumes the subject interiors are in average condition. This appraisal does not employ any other extraordinary assumptions.

### Hypothetical Conditions

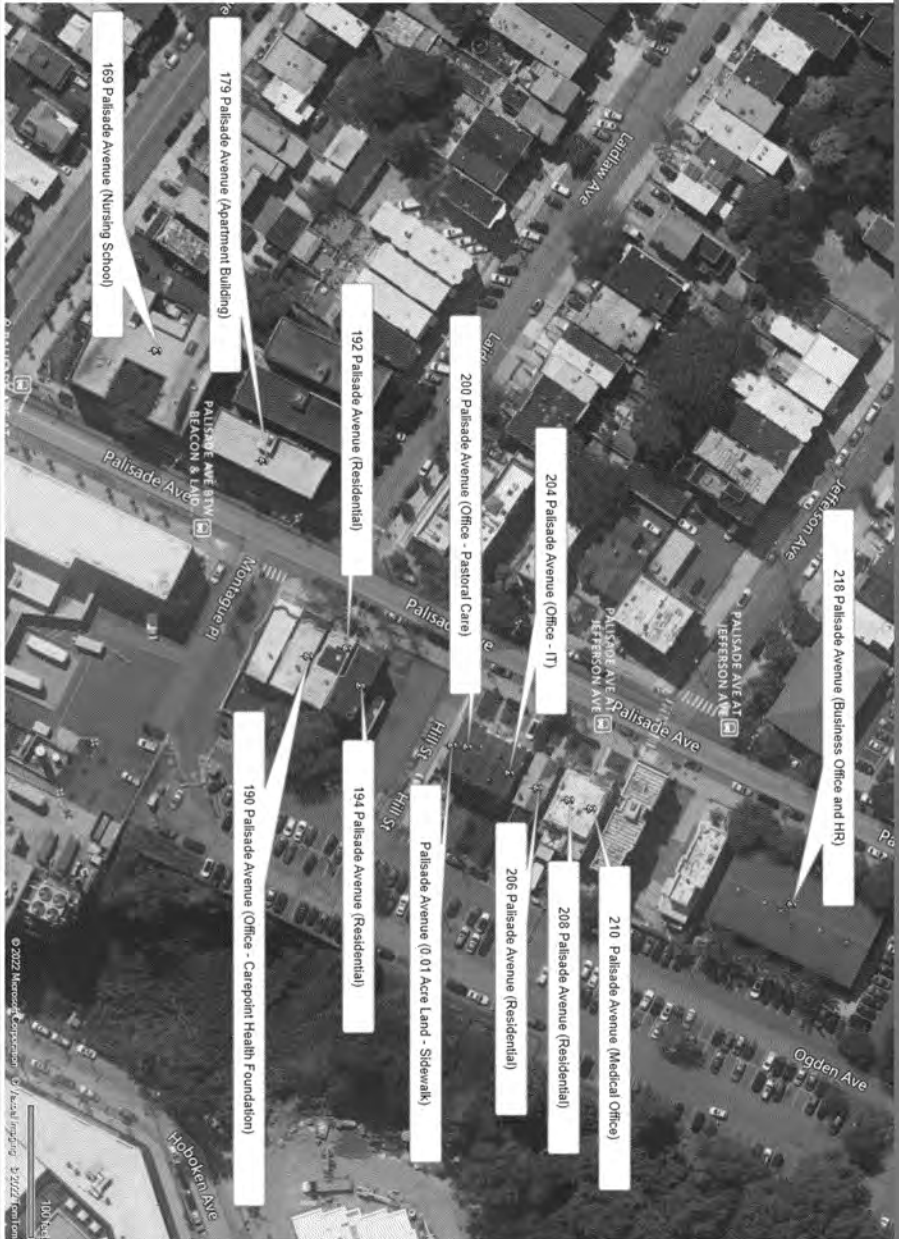
For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

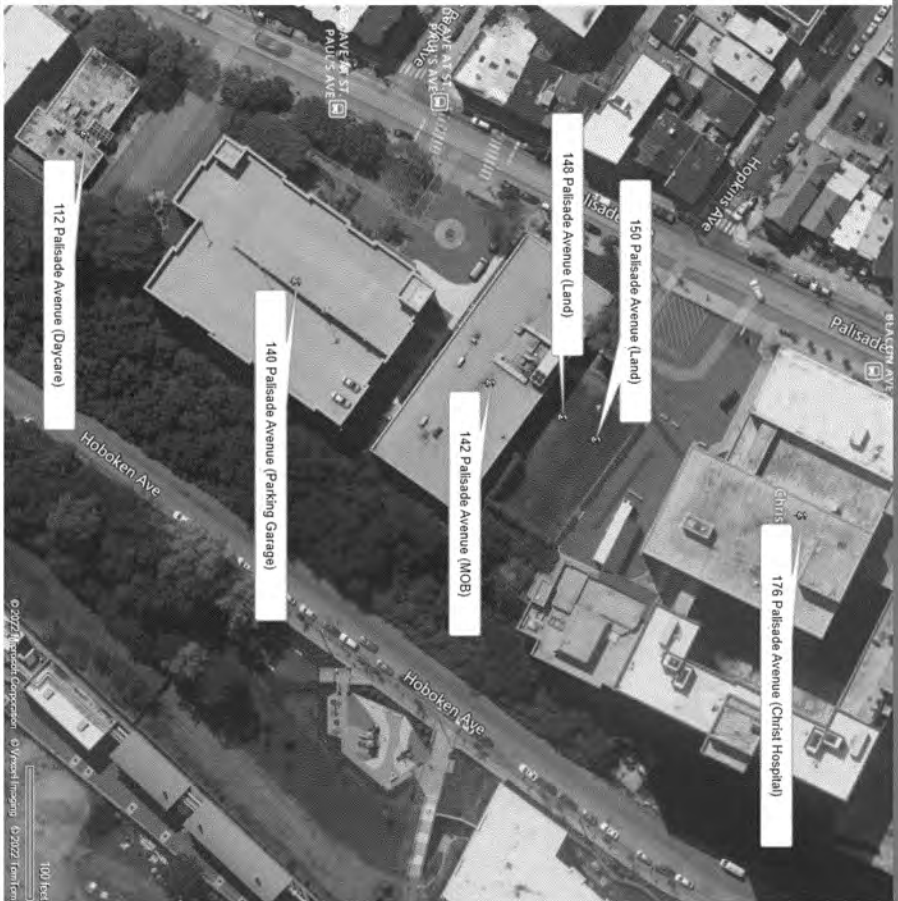
## Property Photographs



AERIAL PHOTOGRAPH



AERIAL PHOTOGRAPH



VIEW OF HOSPITAL



VIEW OF DAYCARE



VIEW OF PARKING GARAGE



VIEW OF MEDICAL OFFICE BUILDING



VIEW OF 148 AND 150 PALISADE AVENUE



VIEW OF NURSING SCHOOL





VIEW OF APARTMENT BUILDING



VIEW OF 190 PALISADE AVENUE



VIEW OF 192 PALISADE AVENUE



VIEW OF 194 PALISADE AVENUE



VIEW OF PALISADE AVENUE LOT, 200 AND 204  
PALISADE AVENUE



VIEW OF 206 PALISADE AVENUE



VIEW OF 208 AND 210 PALISADE AVENUE



VIEW OF BUSINESS AND HR BUILDING



VIEW OF 250 PALISADE AVENUE



ADDITIONAL VIEW OF HOSPITAL



NORTHERLY VIEW OF PALISADE AVENUE



SOUTHERLY VIEW OF PALISADE AVENUE



## Scope of Work

### Overview

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below, and in some instances, additional scope details are included in the appropriate sections of the report:

### Research

- We inspected the exterior of the property and its environs. Physical information on the subject was obtained from the property owner's representative, public records, and/or third-party sources.
- Regional economic and demographic trends, as well as the specifics of the subject's local area were investigated. Data on the local and regional property market (supply and demand trends, rent levels, etc.) was also obtained. This process was based on interviews with regional and/or local market participants, primary research, available published data, and other various resources.
- Other relevant data was collected, verified, and analyzed. Comparable property data was obtained from various sources (public records, third-party data-reporting services, etc.) and confirmed with a party to the transaction (buyer, seller, broker, owner, tenant, etc.) wherever possible. It is, however, sometimes necessary to rely on other sources deemed reliable, such as data reporting services.

### Analysis

- Based upon the subject property characteristics, prevailing market dynamics, and other information, we developed an opinion of the property's Highest and Best Use.
- We analyzed the data gathered using generally accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.
- The results of each valuation approach are considered and reconciled into a reasonable value estimate.

This Appraisal Report has been prepared in accordance with our interpretation of your institution's guidelines and the Uniform Standards of Professional Appraisal Practice (USPAP).

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches should be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value. The exclusion of this approach to value does not reduce the credibility of the assignment results.

### Report Option Description

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms "describe," "summarize," and "state" connote different levels of detail, with "describe" as the most comprehensive approach and "state" as the



least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report:

- Describes the real estate and/or personal property that is the subject of the appraisal, including physical, economic, and other characteristics that are relevant
- States the type and definition of value and its source
- Describes the Scope of Work used to develop the appraisal
- Describes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the property as of the valuation date
- Describes the rationale for the Highest and Best Use opinion

## Identification of Property

Common Property Name:	Christ Hospital Campus
Address:	176 Palisade Avenue, et al., Jersey City, Hudson, NJ 07306
Assessor's Parcel Number:	5903-21, 6001-3, 6001-4, 6001-5, 6001-9, 6001-13, 6001-33, 6901-15, 6901-16, 6901-17, 6901-18, 6901-18.01, and 6901-19
Legal Description:	The legal description was requested but not provided.
Property Overview:	The subject property consists of the Christ Hospital Campus, which contains a 178-bed short-term acute care hospital along with 14 daycare, medical office, office, and residential buildings. The campus is situated on 12.07 acres along Palisade Avenue. The total square footage of the improvements is 543,316 square feet and they were built between 1900 and 1996.

## Property Ownership and Recent History

Current Ownership:	Hudson Hospital Propco, LLC; Palisade Avenue Properties, LLC; and Palisades Ave Properties LLC.
Sale History:	To our knowledge, the property has not sold or transferred within three years of the effective date of the appraisal.
Current Disposition:	To the best of our knowledge, the property is not under contract of sale nor is it being marketed for sale.

## Dates of Inspection and Valuation

Effective Date of Valuation:	
As Is:	December 31, 2021
Date of Report:	June 14, 2022
Date of Exterior Inspection:	May 27, 2022

Property Inspected by: Gerald V. Rasmussen, MAI, FRICS

### Client, Intended Use and Users of the Appraisal

Client: Connell Foley LLP

Intended Use: This appraisal is intended to provide an opinion of the Market Value of the subject property to be used by business appraisers hired by the Client (specifically Empire Valuation Consultants) as one component in developing an overall value of the Christ Hospital operating entity for the benefit of the ultimate owners of Christ Hospital for their personal planning use.

Intended User: This appraisal report was prepared for the exclusive use of Connell Foley LLP. Use of this report by others is not intended by the appraiser. Please see the Engagement Letter in the addenda.

## Regional Analysis



## Regional Analysis

### Introduction

The short- and long-term value of real estate is influenced by a variety of interacting factors. Regional analysis identifies those factors that affect property value, and the role they play within the region. The four primary forces that determine the supply and demand for real property, and consequently affect market value, are: environmental characteristics, governmental forces, social factors, and economic trends.

The subject property is located in Jersey City, which is in the New York-Jersey City-White Plains, NY-NJ MSA.

### Economic & Demographic Profile

The following profile of the New York-Jersey City-White Plains, NY-NJ MSA was provided by Moody's Analytics, whose core assets of proprietary editorial and research content as well as economic and financial databases are a source of information on national and regional economies, industries, financial markets, and demographics.

Moody's Analytics approach to the analysis of the U.S. economy consists of building a large-scale, simultaneous-equation econometric model, which they simulate and adjust with local market information, creating a model of the U.S. macro economy that is both top-down and bottom-up. In this model, those variables that are national in nature are modeled nationally while those that are regional in nature are modeled regionally. Interest rates, prices, and business investment are modeled as national variables; key sectors such as labor markets (employment, labor force), demographics (population, households, and migration), and construction activity (housing starts and sales) are modeled regionally and then aggregated to national totals. This approach allows local information to influence the macroeconomic outlook. Therefore, changes in fiscal policy at the national level (changes in tax rates, for example) are translated into their corresponding effects on state economies. At the same time, the growth patterns of large states, such as California, New York, and Texas, play a major role in shaping the national outlook.

In addition, on a regional basis, the modeling system is explicitly linked to other states through migration flows and unemployment rates. Moody's Analytics model structure also takes into account migration between states.

## ECONOMIC DRIVERS



## EMPLOYMENT GROWTH RANK

2020-2022  
**163**  
2nd quintile

2020-2025  
**152**  
2nd quintile

Best=1, Worst=410

## RELATIVE COSTS

LIVING  
**120%**

BUSINESS  
**153%**

U.S.=100%

## VITALITY

RELATIVE  
**0.33**  
Rank: 99

Best=1, Worst=403

## QUALITY

OF LIFE  
**112**

Best=1, Worst=378

## BUSINESS CYCLE STATUS



## STRENGTHS &amp; WEAKNESSES

## STRENGTHS

- » Financial capital of the world.
- » High per capita income and limited exposure to manufacturing.
- » Strong international immigration.

## WEAKNESSES

- » High costs, including taxes, housing, office rents and energy.
- » Rapidly aging infrastructure.
- » Troubled fiscal health amid COVID-19 recession and population losses.

## FORECAST RISKS

## SHORT TERM

## LONG TERM

COVID-19  
EXPOSURE  
NOVEMBER 2021

**3**

1st quintile

Most=1  
Least=403

## UPSIDE

- » Cap on SALT deduction is lifted, providing an additional jolt to housing.
- » Infrastructure investment increases productivity and slows out-migration.

## DOWNSIDE

- » Aggressive interest rate increases lead to an extended stock market correction, resulting in layoffs at banks.
- » New variants drive a sharp decline in travel, crippling consumer industries.

## MOODY'S RATING

**Aa2**CITY  
AS OF MAY 13, 2021

**Recent Performance.** New York City-Jersey City-White Plains is regaining some momentum after a late-summer slowdown. Payroll growth has outpaced that of the nation since autumn began, helped by renewed in-person office work and the reopening of key attractions such as Broadway. Still, recent progress has barely made a dent in the gap with the U.S. In fact, NEY is further from its pre-pandemic employment peak than any other top 50 metro area or division. While private services are faring well, the public sector and education have slumped. Both are struggling to overcome a pickup in out-migration that has persisted in the aftermath of the pandemic. The silver lining, however, is that reduced overall demand is keeping inflation in check, with consumer prices rising far more slowly than they are nationally.

**Finance.** Despite relatively modest upward price pressures, broader inflation will ripple through NEY's economy via Wall Street. For the pivotal securities industry, the pandemic has meant relatively modest job losses and continued profits. But more recently, positions have declined and prospects are dimming as uncertainty around the pandemic and interest rates heighten the risk of an equity market correction. This short-term drag is accompanied by longer-term concerns about increased remote work shifting some workers and firms to lower-cost locales.

These developments put more pressure on tech, but it appears ready to carry the mantle. Venture capital continues to flow at record levels, with the third quarter representing a new high in funding for startups, according to CB Insights. Established firms also remain committed to the Big Apple. For example, Google plans to buy a large Lower Manhattan office it had been leasing, highlighting its bullishness on the city.

**Real estate.** NEY's real estate market will prove a mixed bag in 2022. Office use has picked up, according to Kastle Systems, which tracks key

fob usage in a handful of large cities. The public sector has helped drive this trend, with government workers largely back in their offices and city leaders applying pressure to private firms. Meanwhile, the residential market is improving. Condo prices in Manhattan are finally moving in the right direction, according to the Case-Shiller index, and rents across the city are on the rise again, especially in Manhattan. Couple this with the red-hot northern and western suburbs and demand for construction will remain strong.

Risks to the housing market are tilted to the upside. The newly passed infrastructure bill could bolster quality of life as dilapidated roads, bridges and rail systems are upgraded. And the possible repeal of the state and local tax deduction cap could increase affordability. However, the office market faces a rockier road as leases expire and more firms downsize.

**Visitors.** The return of tourists will boost consumer industries to a degree. Hotel occupancy was more than halfway back to its pre-pandemic levels as of summer, but the remaining ground will be tougher to make up. Some international visitors have returned after many restrictions were lifted, but business travel faces a more uncertain future as virtual meetings remain popular. The Omicron variant further complicates matters, likely weighing on near-term international traffic and potentially hurting domestic visits if the new strain evades vaccine protection.

**New York City-Jersey City-White Plains will push past barriers and remain on the right track in early 2022. The continued return of office workers and visitors will promote real estate demand and consumer spending. But a series of foreboding downside risks around financial markets, new variants and remote work remain. Longer term, high costs and an iffy office outlook will drive subpar growth.**

Adam Kamins

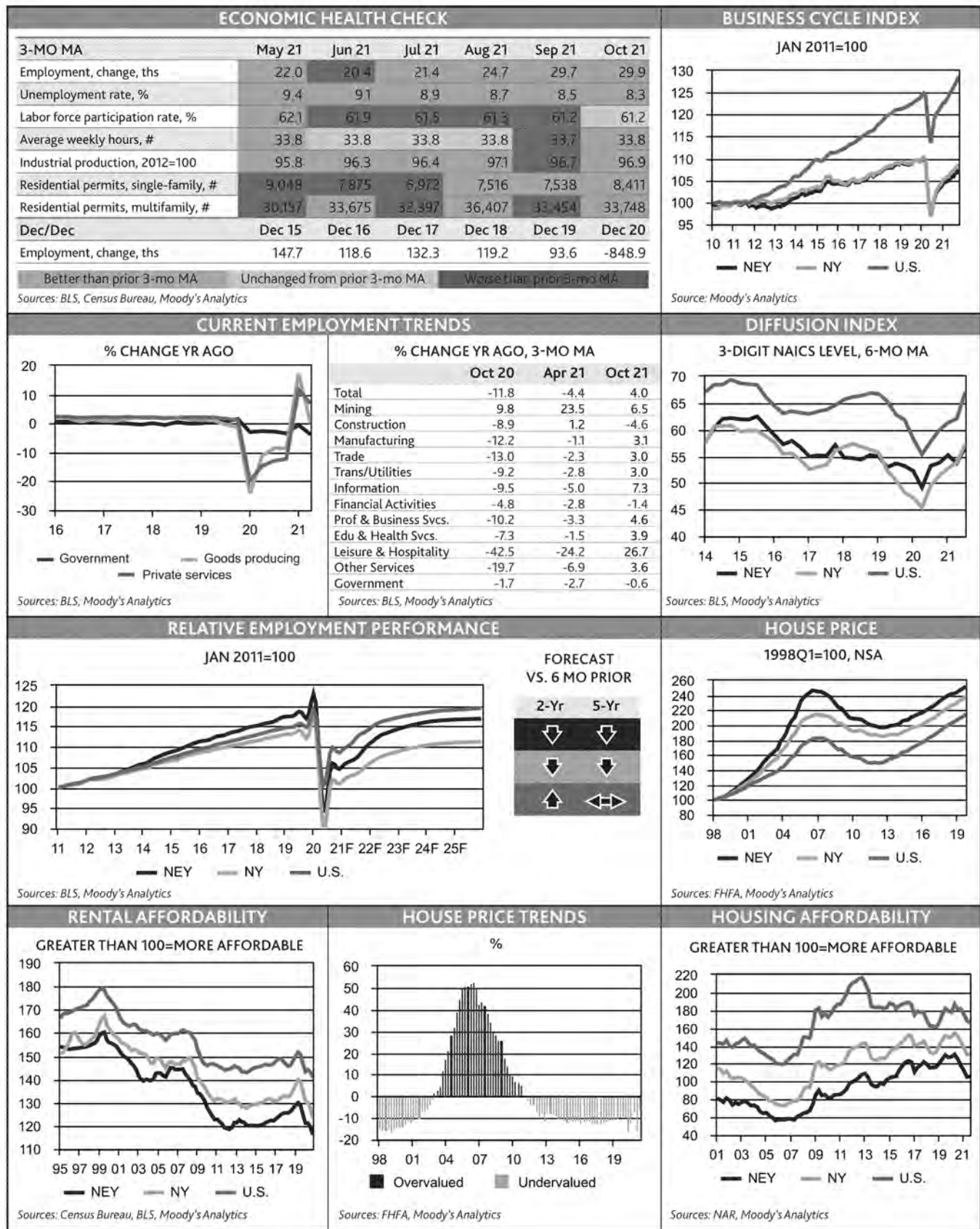
November 2021

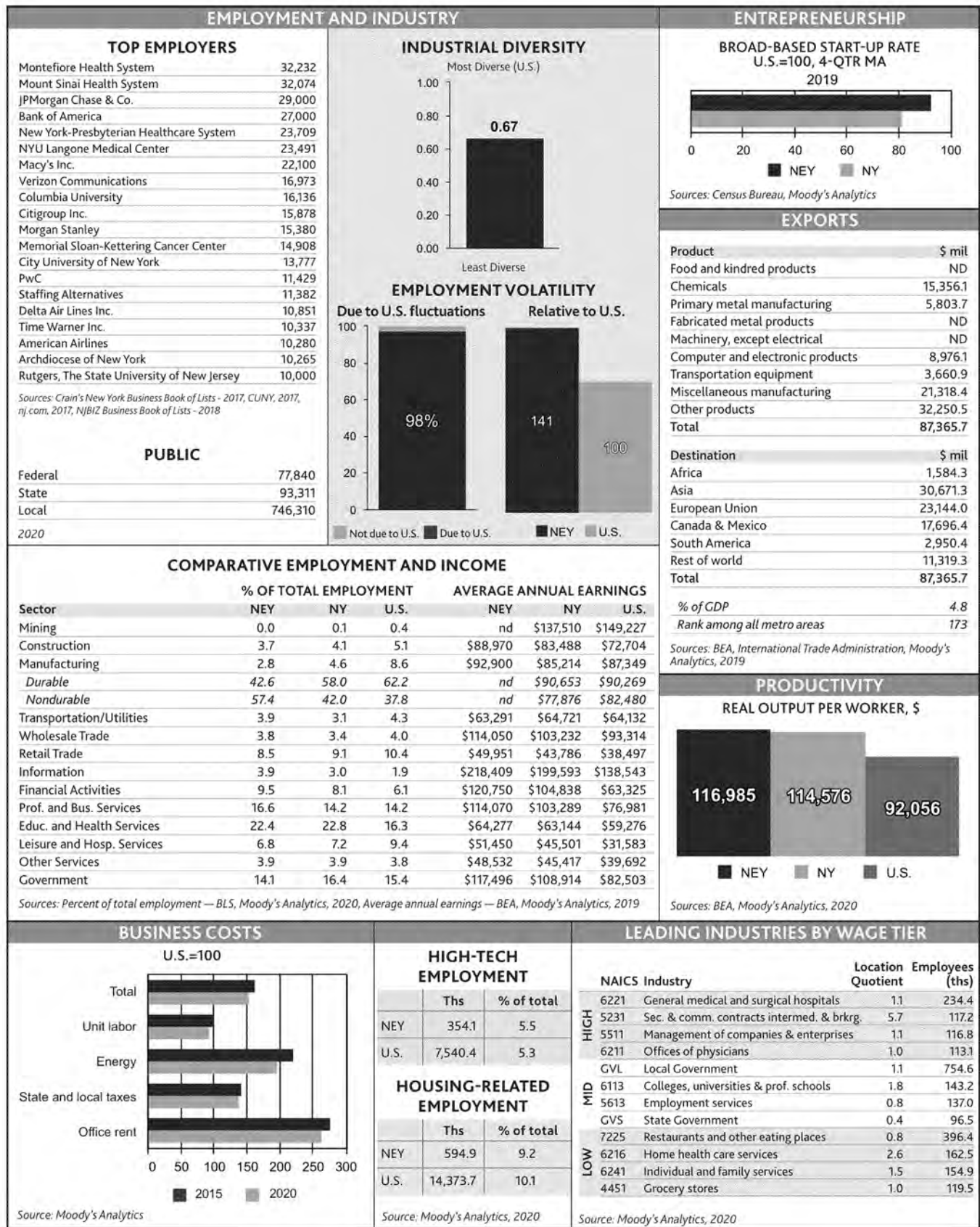
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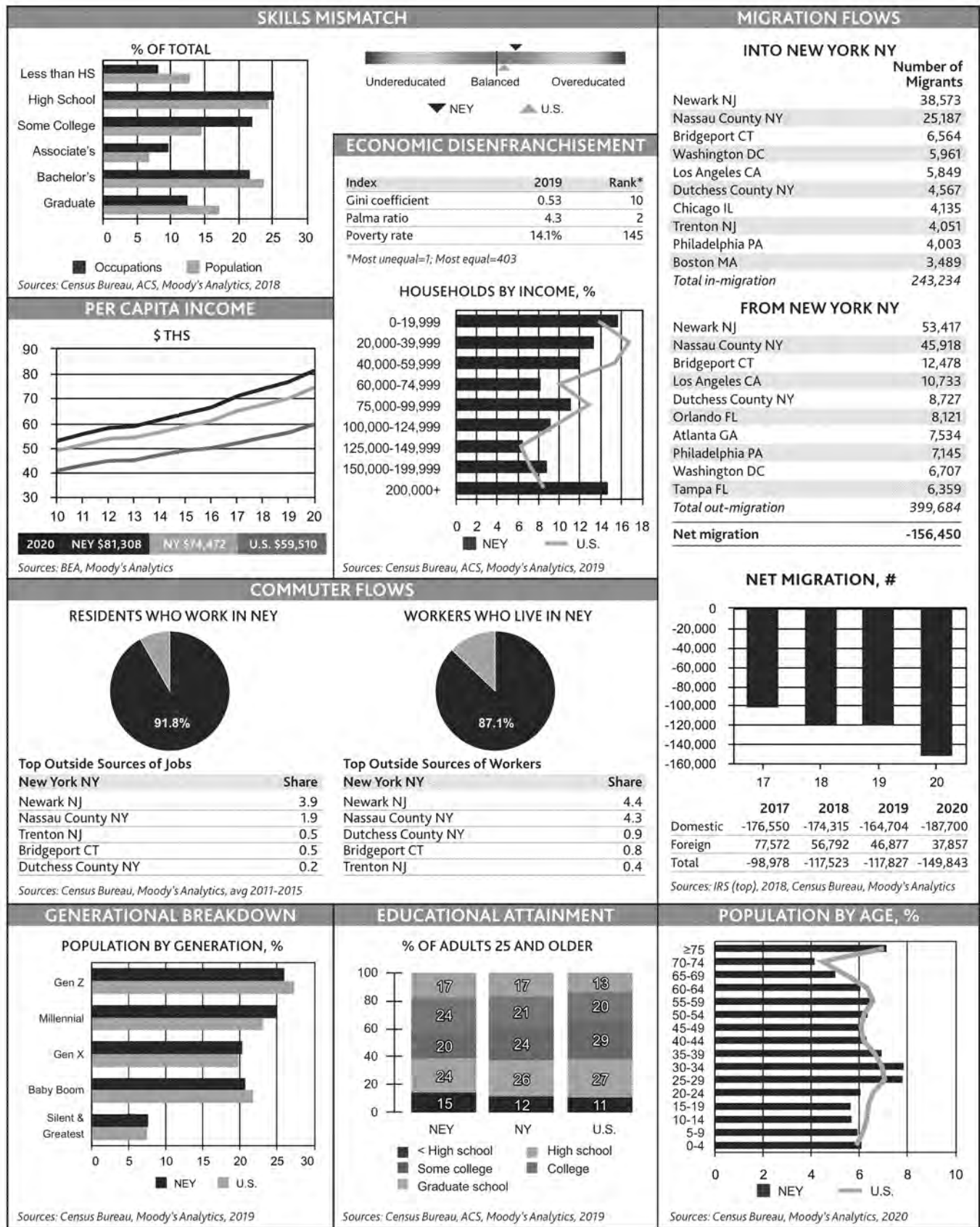
help@economy.com

2015	2016	2017	2018	2019	2020	INDICATORS	2021	2022	2023	2024	2025	2026
1,054.6	1,079.6	1,095.0	1,128.6	1,164.6	1,108.0	Gross metro product (C12\$ bil)	1,203.7	1,289.4	1,325.5	1,360.3	1,391.6	1,419.6
1.4	2.4	1.4	3.1	3.2	-4.9	% change	8.6	7.1	2.8	2.6	2.3	2.0
6,747.1	6,882.2	7,008.0	7,123.4	7,242.3	6,496.5	Total employment (ths)	6,593.5	6,925.3	7,072.7	7,144.5	7,167.8	7,174.5
2.5	2.0	1.8	1.6	1.7	-10.3	% change	1.5	5.0	2.1	1.0	0.3	0.1
5.4	4.9	4.4	4.0	3.6	11.2	Unemployment rate (%)	8.6	5.1	4.2	4.1	4.3	4.5
4.5	4.0	6.7	4.0	3.4	5.3	Personal income growth (%)	6.7	2.1	4.9	4.8	4.2	3.9
63.3	65.9	69.1	72.5	76.1	72.8	Median household income (\$ ths)	74.2	74.4	76.9	79.7	82.4	85.2
14,262.8	14,280.7	14,266.0	14,222.0	14,172.5	14,141.2	Population (ths)	14,133.9	14,162.7	14,196.6	14,218.7	14,233.9	14,246.8
0.3	0.1	-0.1	-0.3	-0.3	-0.2	% change	-0.1	0.2	0.2	0.2	0.1	0.1
-46.8	-72.4	-99.3	-118.0	-116.6	-88.8	Net migration (ths)	-53.8	-33.3	-26.1	-35.6	-40.8	-40.9
6,823	6,637	7,212	6,989	7,850	7,824	Single-family permits (#)	8,674	11,194	12,173	12,337	12,432	11,818
67,017	27,073	33,942	32,008	42,629	36,593	Multifamily permits (#)	33,273	32,393	32,243	31,495	29,885	27,498
233.4	241.8	253.0	263.7	272.1	281.4	FHFA house price (1995Q1=100)	300.8	319.0	336.7	348.4	355.6	360.6











## Local Area Analysis



## Location Overview

The subject is located in the City of Jersey City. The local area characterized by urban residential and commercial development. The subject property is located on Palisade Avenue, a heavily traveled roadway. The city lies at across from Lower Manhattan between the Hudson River and Upper New York Bay and the Hackensack River and Newark Bay.

## Neighborhood Analysis

### Access

Local area accessibility is good, relying on the following transportation arteries:

<b>Local:</b>	The subject is located on Palisade Avenue, a heavily trafficked roadway. The subject has local access to major roadways and arterials.
<b>Regional:</b>	Interstate 78 and 95 are the primary regional arterial which connects the subject's area to surrounding counties and regions.
<b>Transportation Systems:</b>	The subject has access to New Jersey Transit bus service from route 123 which stops at the subject. The subject is also located approximately 0.7 miles from the Journal Square Transportation Center. It is served by two Port Authority Trans Hudson (PATH) lines and various NJT buses and private bus lines. The area is additionally served by various bus, rail and ferry services.

### Adjacent Uses

The following describes the surrounding land uses around the subject:

<b>North:</b>	Residential and Neighborhood Commercial Uses
<b>South:</b>	Residential Uses
<b>East:</b>	Hoboken Avenue, New Jersey Rail, Residential and Industrial Uses
<b>West:</b>	Residential and Neighborhood Commercial Uses

### Proximity to Health Care

Within the subject's PMA in New Jersey, there are five hospitals, including the subject, and numerous medical clinics and private physician offices including:

- Hoboken University Medical Center – approximately 1.0 mile from subject
- Jersey City Medical Center – approximately 1.3 miles from subject
- Hudson Regional Hospital – approximately 4.1 miles from subject
- Palisades Medical Center – approximately 5.0 miles from subject

### Land Use Changes

We are aware of no other known planned hospitals in the local and immediate area that would provide negative competition to the subject. Similarly, we are aware of no planned demolition or closing of hospitals in the local and immediate area.

### Public Utilities and Services

All necessary utilities, including water and sewer, are available to the market area. These utilities are provided at a quality and cost considered consistent with nearby competing areas. The local area is also adequately served by public/private schools, and police and fire protection.

### Special Hazards or Adverse Influences

We observed no detrimental influences in the local market area, such as landfills, flood areas, noisy or air polluting industrial plants, or chemical factories.

### Local Area Analysis Conclusion

The trends for the local area appear relatively stable but healthy. The local population is growing moderately and the neighborhood provides services and amenities needed to support a healthcare campus. Overall, the subject neighborhood is an adequate location for a hospital campus.

## Healthcare Industry Overview

The US healthcare facility industry includes several sectors that serve different areas of society's healthcare needs. Included in this group are short-term, as well as long-term acute care hospitals, rehabilitation hospitals (both stand-alone units and those attached to a larger facility), specialty surgery hospitals and psychiatric hospitals.

According to IBISWorld, revenue for the US hospital industry was \$981.1 billion in 2020, which was a decline of 3.0 percent from 2020. The decline in revenue was due to the effects of the COVID-19 pandemic, patients postponing care, staff shortages, and declines in private insurance enrollment due to the elimination of the health insurance mandate. Revenue is expected to slowly return to growth over the next five years as the pandemic passes and patients who have postponed care return. Additionally, during the pandemic visits to urgent care centers and telehealth services have grown in popularity, which could result in emergency room visits not seeing a rapid recovery. Overall, there is a positive outlook for the industry with revenue growth forecast to increase to 3.3 percent annually to \$1.2 trillion in 2026.

### Short-Term Acute Care Hospitals

Acute care hospitals comprise the largest sector of the industry. Acute care is a branch of secondary health care where a patient receives active but short-term treatment for a severe injury or episode of illness, an urgent medical condition, or during recovery from surgery. Acute care services are generally delivered by teams of health care professionals from a range of medical and surgical specialties. Acute care may require a stay in a hospital emergency department, ambulatory surgery center, urgent care center or other short-term stay facility, along with the assistance of diagnostic services, surgery, or follow-up outpatient care in the community. Hospital-based acute inpatient care typically has the goal of discharging patients as soon as they are deemed healthy and stable.

### Long-Term Acute Care Hospitals

Long-term acute care hospitals (LTACHs) are designed to provide extended medical and rehabilitative care for patients who are clinically complex and have multiple acute or chronic conditions. Most patients in LTACHs have several diagnosis codes on their Medicare claims. Approximately one-half of the patients have five or more diagnoses on their claims. LTACHs consist of a relatively heterogeneous group of providers that typically provide a range of services, including comprehensive rehabilitation, head trauma treatment, and pain management. Although some LTACHs treat a wide range of conditions, others specialize in one or two types of conditions.

### Rehabilitation Hospitals

These hospitals provide programs to rehabilitate patients experiencing disabilities from a wide variety of causes, including stroke, head injuries, orthopedic problems, neuromuscular disease, and sports-related injuries. Services include physical therapy, sports medicine, neuro-rehabilitation, occupational therapy, respiratory therapy, speech/language therapy, and rehabilitation nursing.

### Psychiatric Hospital (Behavioral Healthcare)

Psychiatric hospitals typically provide structured, intensive treatment programs for alcohol- and drug-dependency problems and mental health disorders in children, adolescents, and adults. A treatment program usually integrates physicians and other patient-care professionals with structured activities, providing patients with testing, adjunctive therapies (occupational, recreational, and the like), group therapy, individual therapy, and educational programs. Psychiatric hospitals may cater solely to patients with intellectual disabilities.

The Medicare, Medicaid, and SCHIP, Balanced Budget Refinement Act of 1999, directed the development of a per diem PPS for inpatient psychiatric services furnished in hospitals and exempt units. Section 124 of the BBRA

contains the complete statutory charge. The major requirements are a per diem payment amount, an "adequate patient classification system that reflects the differences in patient resource use and costs among such hospitals", and budget neutrality in the first year of implementation. An adequate classification system would result in the appropriate targeting of greater prospective payments to providers treating more costly resource intensive patients using statistically objective criteria. The law also required that the Secretary submit a report to Congress describing the system, and directed implementation of the inpatient psychiatric PPS effective for cost reporting periods beginning on or after October 1, 2002.

### **Specialty Hospitals**

Specialized hospitals include those focused on orthopedics, obstetrics and gynecology, chronic disease, ear-nose-throat and eye hospitals, and tuberculosis and other respiratory diseases. While not new, specialty hospitals recently have been growing in both number and popularity, and they present traditional acute care providers with an additional competitive challenge. Specialty hospitals include heart, orthopedic, cancer, and surgical hospitals, as well as ambulatory surgery center (ASCs) and other narrowly focused providers. Critics of specialty hospitals, including the AHA, argue that they are bad for both the industry and consumers. According to the AHA, specialty hospitals focus on procedures that are more lucrative and tend to serve only patients with the best insurance coverage. This leaves the general acute care hospitals with the less profitable services and patients.

IBISWorld sees a positive but challenging future for specialty hospitals. A ban on physician-owned specialty hospitals, low Medicare reimbursement levels and mounting competition from home healthcare, will likely suppress revenue in the next few years. However, a growing senior population and expanding access to public and private healthcare insurance will outweigh these factors and push revenue up an annualized 2.8 percent to \$61.9 billion over the five years to 2024. This trend will boost industry revenue, particularly for long-term acute care (LTAC) hospitals and inpatient rehabilitation facilities.

### **Ambulatory Surgery Centers**

Another form of healthcare facility is an ambulatory Surgery Center. Ambulatory Surgery Centers, known as ASCs, are modern health care facilities focused on providing same-day surgical care, including diagnostic and preventive procedures. CMS determines which procedures will constitute the ASC list on the basis of certain criteria related to the safety, appropriateness, and effectiveness of performing the procedure in an ASC setting.

### **Sole Community Hospitals (SCH)**

Sole Community Hospitals (SCHs) are hospitals that, because of factors such as isolated location, weather conditions, travel conditions, or absence of other hospitals, are the sole source of inpatient services reasonably available in a geographic area. Any hospital seeking SCH status can qualify if it is located more than 35 miles from a like hospital. Depending upon its circumstances, including its bed size, a hospital can qualify as a SCH under various distance, market share or travel time standards. Specifically, a hospital that is located more than 35 miles from other like hospitals or one with at least 45 minutes of travel time between it and its nearest like hospital because of distance, posted speed limits, and predictable weather conditions will qualify as a SCH. The primary advantage of the SCH classification is the option to use a hospital's updated historical operating costs when calculating Medicare inpatient payments when this results in higher payments to the hospital. Another significant advantage for an SCH is the ability to request additional payments for any year if the hospital experiences a decrease of more than 5 percent in its total inpatient cases due to circumstances beyond its control.

### **Critical Access Hospitals (CAH)**

Critical Access Hospitals provide emergency, outpatient and limited inpatient services in rural areas. Before a hospital can be designated as a CAH, the State must submit and have approved a rural health plan implementing the Medicare Rural Hospital Flexibility Program. Currently, to qualify as a CAH, the rural, for-profit, nonprofit, or



public hospital must be located more than 35 miles from another hospital or 15 miles in areas with mountainous terrain or those where only secondary roads are available. These mileage standards may be waived if the hospital has been designated by the State as a necessary provider of health care. All critical access hospitals must provide 24-hour emergency services and operate a limited number of inpatient beds in which hospital stays can average no more than 96 hours. Medicare pays CAHs on the basis of the reasonable costs of the facility for inpatient and outpatient services. CAHs are paid for most inpatient and outpatient services to Medicare patients at 101 percent of reasonable costs and are not subject to the Inpatient Prospective Payment System (IPPS) or the Hospital Outpatient Prospective Payment System (OPPS). CAH services are subject to Medicare Part A and Part B deductible and coinsurance amounts. The copayment amount for most outpatient CAH services is 20 percent of applicable Part B charges and is not limited by the Part A inpatient deductible amount.

### **Medicare Dependent Hospitals**

Small rural hospitals that treat a relatively high proportion of Medicare patients can be classified as Medicare dependent hospitals (MDHs). Generally speaking, a MDH is located in a rural area, has 100 beds or less, is not classified as an SCH, and has at least 60% of acute inpatient days or discharges attributable to Medicare in the hospital cost reporting period that began during fiscal year 1987 or in two of the three most recently audited cost reporting periods for which there is a settled cost report. The financial advantages of an MDH designation are less than those afforded to an SCH designation. An MDH can receive higher Medicare payments than other acute care hospitals in the same circumstances. The other benefit is that an MDH, like an SCH, continues to be protected from a decrease of more than 5.0 percent in its total inpatient cases due to circumstances beyond its control.

### **Rural Referral Centers (RRCs)**

Rural Referral Centers are relatively large rural hospitals that generally provide a broad array of services and treat patients from a wide geographic area. These rural hospitals are thought to have operating costs more similar to urban hospitals than to the average smaller community hospitals, because of bed size, a large number of complicated cases, a high number of discharges, or a large number of referrals from other hospitals or from physicians outside the hospital's service area. Currently, RRCs must have at least 275 beds or meet specific criteria which indicate that the facility receives a high referral volume from other hospitals. RRCs receive a higher DSH adjustment than do other rural hospitals.

### **Hospital Swing Beds**

The Social Security Act (the Act) permits certain small, rural hospitals to enter into a swing bed agreement, under which the hospital can use its beds, as needed, to provide either acute or skilled nursing facility (SNF) care. As defined in the regulations, a swing bed hospital is a hospital or critical access hospital (CAH) participating in Medicare that has CMS approval to provide post-hospital SNF care and meets certain requirements. Medicare Part A (the hospital insurance program) covers post-hospital extended care services furnished in a swing bed hospital. Under the Balanced Budget Act (BBA) of 1997, swing bed facilities must be incorporated into the SNF prospective payment system (PPS) by the end of a statutory transition period. This applies to short term hospitals, long term hospitals, and rehabilitation hospitals certified as swing bed hospitals. CAHs with swing beds are exempt from the SNF PPS under more recent legislation. To qualify for SNF-level services, a beneficiary is required to receive acute care as a hospital inpatient for a medically necessary stay of at least 3 consecutive calendar days.

### **Medicare and Medicaid**

Most state Medicaid payments are made under a prospective payment system, or under programs that negotiate payment levels with individual hospitals. In general Medicaid reimbursement is substantially less than a hospital's cost of service, so this business segment creates a drag on a facility's overall profit margins. Owing to budget deficits, the federal government and most, if not all, states constantly consider ways to reduce the level of Medicaid

funding while expanding the list of Medicaid benefits. Medicare is a federally funded program that provides certain hospital and medical insurance benefits to persons ages 65 and over, some disabled persons, and persons with end-stage renal disease. The program consists of three parts: hospital insurance (HI), also known as Part A; supplemental medical insurance (SMI), or Part B; and the prescription drug benefit, or Part D.

According to Centers for Medicare & Medicaid Services, section 1886(d) of the Social Security Act (the Act) sets forth a system of payment for the operating costs of acute care hospital inpatient stays under Medicare Part A (Hospital Insurance) based on prospectively set rates. Under the inpatient prospective payment system (IPPS), each case is categorized into a diagnosis-related group (DRG). Each DRG has a payment weight assigned to it, based on the average resources used to treat Medicare patients in that DRG. The base payment rate is divided into a labor-related and non-labor share. The labor-related share is adjusted by the wage index applicable to the area where the hospital is located.

If the hospital treats a high-percentage of low-income patients, it receives a percentage add-on payment applied to the DRG-adjusted base payment rate. This add-on, known as the disproportionate share hospital (DSH) adjustment, provides for a percentage increase in Medicare payment for hospitals that qualify under either of two statutory formulas designed to identify hospitals that serve a disproportionate share of low-income patients. If the hospital is an approved teaching hospital it receives a percentage add-on payment for each case paid through IPPS. This add-on, known as the indirect medical education (IME) adjustment, varies depending on the ratio of residents-to-beds under the IPPS for operating costs, and according to the ratio of residents-to-average daily census under the IPPS for capital costs. Finally, for particular cases that are unusually costly, known as outlier cases, the IPPS payment is increased. This additional payment is designed to protect the hospital from large financial losses due to unusually expensive cases. Any outlier payment due is added to the DRF-adjusted base payment rate, plus any DSH or IME adjustments.

### Accountable Care Organization (ACOs) and Bundled Care Programs

The Patient Protection and Affordable Care Act (PPACA), commonly called the Affordable Care Act (ACA) has presented payment reform opportunities that can be utilized by health care payers to create a system that rewards providers for rendering quality care in an efficient manner and has the potential to constrain the costs of healthcare while also leading to improved health outcomes. In health care, this means creating incentives for health care providers to improve the continuity and coordination of care, which ultimately leads to better patient outcomes and lower costs.

**Bundled Payment** - Providers are paid a set amount for all services rendered during a defined "episode" of care, including follow-up care.

**Shared Savings** - If providers meet or exceed cost-saving targets and quality measures, they can then share in a portion of the savings.

**Pay-For-Performance** - Providers are paid incentive payments based on quality indicators that are calculated as a percentage of the underlying fee-for service payment or a portion of claims paid withheld and then redistributed to providers.

**Patient Centered Medical Home Payments** - Additional activities and functions related to care management and population health are reimbursed by an extra fee that may be capitation or FFS based.

CMS has a Medicare fee-for-service shared savings program. According to CMS, the Medicare Shared Savings Program (Shared Savings Program) was established by the Affordable Care Act. The Shared Savings Program is a key component of the Medicare delivery system reform initiatives included in the Affordable Care Act. The Shared Savings Program is to facilitate coordination and cooperation among providers to improve the quality of care for Medicare Fee-For-Service (FFS) beneficiaries and reduce unnecessary costs. Eligible providers, hospitals, and

suppliers may participate in the Shared Savings Program by creating or participating in an Accountable Care Organization (ACO).

### **Disproportionate Share Hospital (DSH)**

Since 1986, an increasing number of hospitals have received additional payments because they serve a disproportionate share of low-income patients. The adjustment is considered as a way to protect access to care for vulnerable populations. Most DSH hospitals receive the additional payments based on a formula calculated using the proportion of the hospital's Medicare inpatient days provided to poor Medicare beneficiaries (recipients of Supplemental Security Income) added to the proportion of total hospital days provided to Medicaid recipients. A few urban hospitals receive DSH payments under an alternative formula that considers the proportion of a hospital's patient care revenues that are received from State and local indigent care funds.

Federal law requires that state Medicaid programs make disproportionate share hospital payments to qualifying hospitals that serve a large number of Medicaid and uninsured individuals. Federal law establishes an annual DSH allotment for each state that limits Federal Financial Participation (FFP) for total statewide DSH payments made to hospitals. Federal law also limits FFP for DSH payments through the hospital-specific DSH limit. Under the hospital-specific DSH limit, FFP is not available for state DSH payments that are more than the hospital's eligible uncompensated care cost, which is the cost of providing inpatient hospital and outpatient hospital services to Medicaid patients and the uninsured, minus payments received by the hospital on or on the behalf of those patients.

Under the Affordable Care Act (ACA), Congress would have reduced federal DSH allotments beginning in 2014, to account for the decrease in uncompensated care anticipated under health insurance coverage expansion. However, several pieces of legislation have been enacted since 2010 that have since delayed the ACA's Medicaid DSH reduction schedule. The most recent legislation being the Consolidated Appropriations Act, 2021, which delays the implementation of reductions until fiscal year 2024.



## Hospital Statistics by State

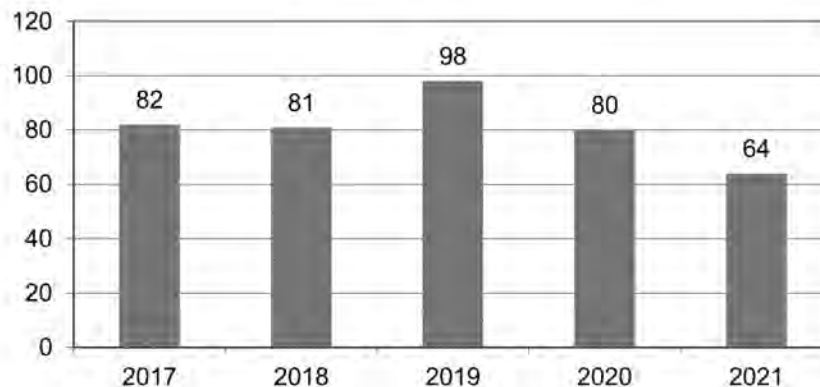
The following are statistics for non-federal, short-term, acute care hospitals are summarized by state.

State	Number Hospitals	Staffed Beds	Total Discharges	Patient Days	Gross Patient Revenue (\$000)
AK - Alaska	10	1,274	45,403	244,859	5,867,041
AL - Alabama	90	15,159	579,707	2,768,534	63,724,800
AR - Arkansas	51	7,999	317,877	1,390,246	28,470,863
AZ - Arizona	77	13,789	615,997	2,736,574	86,250,116
CA - California	341	74,082	3,083,298	14,266,700	454,837,090
CO - Colorado	56	8,270	385,288	1,748,584	70,513,583
CT - Connecticut	34	8,798	367,574	1,735,359	40,614,989
DC - Washington D.C.	7	2,156	93,143	594,396	13,035,539
DE - Delaware	8	2,099	90,406	466,847	7,914,310
FL - Florida	214	56,310	2,491,044	11,793,187	352,063,075
GA - Georgia	111	22,399	926,172	4,701,445	114,289,327
GU - Guam	3	297	10,547	71,899	463,547
HI - Hawaii	14	2,499	88,583	513,032	8,055,562
IA - Iowa	40	6,432	260,768	1,192,012	26,024,780
ID - Idaho	18	2,479	112,660	467,509	13,383,435
IL - Illinois	142	28,777	1,203,520	5,536,134	147,851,129
IN - Indiana	102	15,722	674,231	3,121,553	85,648,886
KS - Kansas	55	6,410	269,164	1,185,800	35,421,039
KY - Kentucky	75	13,612	535,088	2,462,215	59,875,810
LA - Louisiana	108	14,886	501,997	2,428,971	59,863,436
MA - Massachusetts	72	14,829	728,411	3,546,554	70,582,735
MD - Maryland	53	10,585	523,490	2,740,399	19,317,245
ME - Maine	19	2,896	110,420	539,393	11,488,992
MI - Michigan	105	23,404	1,113,619	4,755,948	97,016,646
MN - Minnesota	55	10,584	497,951	2,256,533	47,836,548
MO - Missouri	83	16,805	679,111	3,204,541	77,537,499
MS - Mississippi	69	10,043	316,389	1,482,687	36,252,463
MT - Montana	19	2,249	84,789	346,860	7,810,573
NC - North Carolina	108	22,476	979,345	4,840,973	107,703,497
ND - North Dakota	10	1,987	75,842	355,384	8,806,552
NE - Nebraska	27	4,240	183,593	834,652	16,147,566
NH - New Hampshire	14	2,294	103,526	505,763	13,908,011
NJ - New Jersey	78	20,187	859,359	4,321,627	131,287,620
NM - New Mexico	37	3,852	167,103	776,923	19,387,703
NV - Nevada	31	5,858	291,179	1,438,536	49,009,128
NY - New York	186	57,398	2,172,008	11,736,654	268,472,405
OH - Ohio	146	27,883	1,248,714	5,592,446	155,763,787
OK - Oklahoma	90	38,457	402,372	1,876,774	50,155,883
OR - Oregon	37	6,274	308,811	1,388,721	29,699,067
PA - Pennsylvania	177	34,793	1,407,950	6,631,141	208,225,831
PR - Puerto Rico	52	7,982	295,733	1,723,617	4,927,073
RI - Rhode Island	11	2,440	108,865	503,023	10,488,905
SC - South Carolina	67	11,772	477,438	2,380,739	63,022,248
SD - South Dakota	25	2,777	94,554	393,346	12,335,371
TN - Tennessee	100	18,917	771,234	3,676,865	91,764,691
TX - Texas	361	58,342	2,622,385	12,228,083	354,872,755
UT - Utah	35	4,651	209,234	822,173	20,696,693
VA - Virginia	91	17,792	739,547	3,523,869	88,294,891
VI - Virgin Islands	2	184	5,572	33,229	249,410
VT - Vermont	7	835	38,540	198,496	4,617,302
WA - Washington	61	10,199	510,731	2,472,530	65,846,662
WI - Wisconsin	78	11,053	471,750	2,198,198	59,794,909
WV - West Virginia	33	5,313	202,633	1,040,021	19,814,838
WY - Wyoming	14	1,266	32,473	116,705	3,152,816
<b>TOTAL</b>	<b>3,911</b>	<b>774,140</b>	<b>31,490,604</b>	<b>149,925,186</b>	<b>3,900,455,672</b>

## Hospital Mergers and Acquisitions by Number of Beds

According to The Health Care Services Acquisition Report, Twenty-Eighth Edition, 2022, published by Irving Levin Associates Inc., Hospital merger and acquisition deal activity declined in 2021 to a five-year low. There were 64 transactions in 2021 compared to 98 in 2019. Stimulus from the CARES Act sent \$100 billion to hospitals and other providers as a response to the COVID-19 pandemic. Of the 2021 transactions only three deals involved distressed sales of hospitals that had filed for bankruptcy. At least 12 hospitals closed in 2021 following 16 closures in 2020. Most were rural or critical access hospitals, although some were safety-net hospitals in urban areas. Also, at least eight mergers or acquisitions were called off in 2021.

### Announced Hospital Transactions



Source: The Health Care Services Acquisition Report, 28th Edition 2022, Irving Levin Associates, Inc.

In 2021, the average size of hospitals changing hands was 85.7 beds per facility. Of the 64 transactions in 2021, approximately 64 percent were for single facilities, while 36 percent included more than one hospital. There were five systems that made more than one deal in 2021.

The largest US deal in 2021 was the acquisition of a 50 percent joint venture stake by Macquarie Infrastructure Partners V from Medical Properties Trust in eight Massachusetts hospitals operated by Steward Health Care for \$1.78 billion.

The second largest US deal in 2021 was Steward Health Care's purchase of five hospitals containing a total of 882 beds from Tenet for \$1.1 billion.

### Summary of Acquisitions 2017 to 2021

According to the Health Care Services Acquisition Report, Twenty-Eighth Edition, 2022, published by Irving Levin Associates Inc., the table below presents a compilation of statistics for all announced U.S. hospital transactions in the past five years. Each year has been updated with the latest available information. It is important to note that all foreign hospital deals and those in bankruptcy proceedings have been removed from this data.

Based on the 6 deals with the requisite figures, the average price/revenue multiple for U.S. hospitals in 2021 was 0.1.10x; the corresponding median was 0.90x. The average figure represents an increase compared with the figures in 2020 (average of 0.62x, median of 0.56x).

Each year a number of deals involve financially distressed properties, often with a net loss and negative cash flow. These are typically rural or community-based not-for-profit hospitals, which often do not publish acquisition prices and so analysis of multiples cannot be done. Thus, the "deal count" for the EBITDA multiples is lower, as those outliers are removed. Most acquirers consider the price/EBITDA ratio to be a key measure for valuing an acquisition. Unfortunately for the hospital acquisition market, most analysis rests on older data, due to the lack of timely disclosure of financial information, such as Medicare cost reports, and the disinclination of buyers to reveal current EBITDA of their target hospitals. In 2021, with 5 deals that revealed a price and EBITDA, the average price/EBITDA was 5.91x, which was similar to the previous year's 6.00x multiple.

Many market participants like to know the price per bed, on the assumption that if an acquisition can be completed at a lower per-bed value, there may be more upside for the buyer, especially if capital costs will be lower. Comparing these figures for the past five years, 2021 represents an increase from 2020 that represents a five year high increasing to an average of \$819,850 per bed and a median of \$535,396 per bed. One problem with the price per bed is that acquisition announcements may include additional services, such as home health and hospice, or buildings, such as medical offices, for which separate values are not disclosed. The disparities between the average and median prices per bed have grown and shrunk over the past five years, especially as the hospital data is updated with more recent information. It is best not to rely on these figures as a barometer of acquisition values.

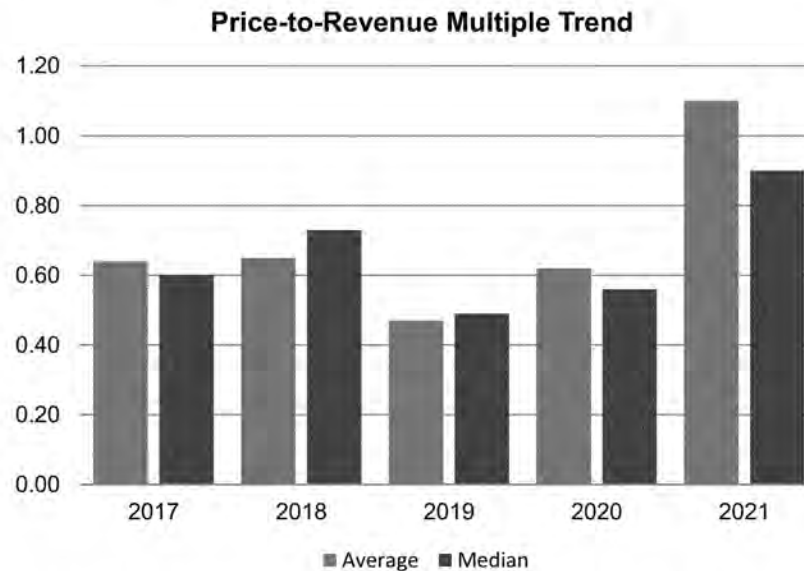
Summary of U.S. Hospital Acquisitions					
	2017	2018	2019	2020	2021
Number of Deals	74	67	71	61	55
Number of Beds	36,554	26,642	11,987	15,793	19,877
Number of Hospitals	211	190	192	120	195
Total Acquired Revenues	\$26,688,042,367	\$18,702,287,586	\$9,646,070,491	\$15,580,138,209	\$21,807,879,241
Average Revenue/Deal	\$485,237,134	\$322,453,234	\$163,492,720	\$288,521,078	\$589,402,142
Median Revenue/Deal	\$83,313,525	\$109,761,655	\$83,916,346	\$109,656,485	\$99,365,777
Deal Count	55	58	59	54	37
Total Purchase Price	\$3,351,800,000	\$8,545,410,696	\$8,545,410,696	\$2,225,685,108	\$6,800,900,000
Average Price/Deal	\$257,830,769	\$569,694,046	\$569,694,046	\$222,568,511	\$453,393,333
Median Price/Deal	\$64,300,000	\$66,100,000	\$66,100,000	\$71,300,000	\$75,000,000
Deal Count	13	15	15	10	15
Price/Revenue Average	0.64x	0.65x	0.47x	0.62x	1.10x
Price/Revenue Median	0.60x	0.73x	0.49x	0.56x	0.90x
Deal Count	9	11	7	9	6
Price/EBITDA Average	8.60x	11.32x	3.26x	6.00x	5.91x
Price/EBITDA Median	8.89x	8.39x	3.50x	6.50x	7.58x
Deal Count	7	7	4	6	5
Price/Bed Average	\$390,470	\$550,192	\$611,898	\$632,272	\$819,850
Price/Bed Median	\$308,298	\$485,714	\$484,976	\$514,483	\$535,396
Deal Count	12	15	12	10	11

Source: The Health Care Services Acquisition Report, 28th Edition 2022, Irving Levin Associates, Inc.

### Price/Revenue and Price/EBITDA Multiples

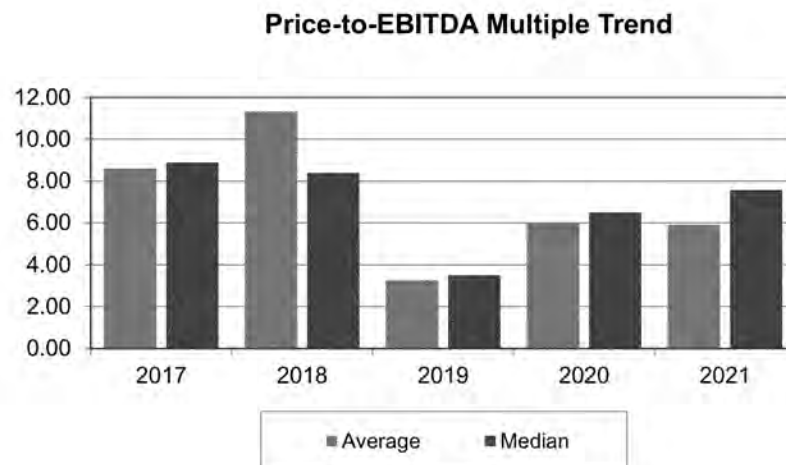
According to the Health Care Services Acquisition Report, Twenty-Eighth Edition, 2022, published by Irving Levin Associates Inc., although not as readily invoked as the price/EBITDA multiple, the price/revenue multiple is a reasonable initial benchmark to consider when looking at hospital acquisitions. In the past five years, the average

spiked to a high of 1.10x in 2021, which is an increase from a low of 0.47x in 2019. The median price/revenue multiple fluctuated from a low of 0.49x in 2019 to a high of 0.90x in 2021.



Source: The Health Care Services Acquisition Report, 28th Edition 2022, Irving Levin Associates, Inc.

It has always been a challenge to derive an accurate price/EBITDA multiple in the hospital acquisition market because the financial data reports tend to lag the announcement of deals. It matters less for price/revenue because the level of revenue fluctuates less from year to year than does the level of cash flow. Because the buyer has more current financial data when making the offer, we have to assume that the price/EBITDA multiples in this report are somewhat high because they are based on one- or sometimes two-year-old information. Also, buyers usually price their acquisitions based on pro forma EBITDA, and ignore the historical performance if they believe it to be misleading.



Source: The Health Care Services Acquisition Report, 28th Edition 2022, Irving Levin Associates, Inc.

## Summary

The COVID-19 pandemic continued to impact on hospitals in 2021. As the pandemic subsides, the hospital industry is expected to transform as the population continues to age and require healthcare services. There are numerous issues impacting the healthcare industry, some positive and some negative. In the healthcare industry, a high proportion of revenue is derived from government programs such as Medicare and Medicaid. Thus, regulatory and political developments can have a significant impact on both industry fundamentals and stock market valuations. Proposals to change the way these programs are funded or operated can lead to uncertainty. Cost inflationary issues, such as soaring medical liability insurance premiums and escalating staffing costs, added to the increasing price of new technologies, are all combining to subdue margins for healthcare facility providers in the U.S. Additionally, with COVID the proliferation of telemedicine has become more of a focus for the industry.

In conclusion, diversification within the healthcare industry will continue as various segments grow and become more efficient and stimulate possibly more consolidations that emphasize network integration and diversification of services.

## New Jersey Hospital Environment

### Definition and Licensure

In New Jersey, hospitals are licensed and regulated by the Department of Health per the New Jersey Administrative Code, Title 8, Chapter 43G.

New Jersey defines a hospital as an institution, whether operated for profit or not, whether maintained, supervised, or controlled by an agency of the government of the State or any county or municipality or not, which maintains and operates facilities for the diagnosis, treatment, or care of two or more non-related individuals suffering from illness, injury, or deformity and where emergency, outpatient, surgical, obstetrical, convalescent, or other medical and nursing care is rendered for periods exceeding 24 hours.

Hospitals in New Jersey are generally classified as private non-profit, private proprietary or profit, or public hospital, but are further classified as a general hospital, special hospital, or psychiatric hospital.

A license is not assignable or transferrable and is immediately voided if the hospital ceases to operate, if ownership changes, or it is relocated to a different site. The Department determines whether a certificate of need or licensing application must be completed prior to the implementation of any ownership based upon the information filed and the criteria.

### Statewide Statistics

As of December 2021, New Jersey has 78 licensed hospitals that house 20,421 beds (data abstracted from [www.ahd.com](http://www.ahd.com)). The summary grid below illustrates the current demographic data for hospitals in the State of New Jersey.

STATE OF NEW JERSEY HOSPITAL STATISTICS							
STATEWIDE STATISTICS	2015	2016	2017	2018	2019	2020	2021
No. of Hospitals	73	73	74	74	75	78	78
No. of Beds	20,773	20,567	20,428	20,317	20,210	20,175	20,421
No. of Beds Per 1,000, Age 15-64	3.46	3.42	3.40	3.40	3.38	3.41	3.49
No. of Beds Per 1,000, Age 65+	16.04	15.58	15.11	14.67	14.21	13.90	13.77
Population Age 15-64	6,011,535	6,014,900	6,008,095	5,977,893	5,974,967	5,916,232	5,847,115
Population Age 65+	1,294,675	1,319,999	1,351,815	1,384,570	1,422,448	1,451,009	1,482,525
Total Population	8,989,541	9,007,625	9,016,152	9,003,970	9,031,785	8,992,766	8,939,496

Source: American Hospital Directory

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### Certificate of Need

In New Jersey, the Certificate of Need (CON) program is administered by the New Jersey Department of Health Certificate of Need and Facility Licensing. A health care facility must not be instituted, constructed, expanded, licensed to operate, or closed except upon application for, and receipt of, a CON issued by the Commissioner. New Jersey has two types of CON reviews, which are full review and expedited review.



A full review CON is required on rehabilitation beds, maternal and child health projects, pediatric intensive care, children's hospitals, psychiatric beds, transplantation services, mobile intensive care units, trauma units, burn centers and programs, new general hospitals, and capacity changes to hospital sub-acute care units.

An expedited review CON would be for an establishment of a facility or service, change in capacity of an existing facility or service, acquisition or replacement of major moveable equipment, change in scope or location, change in cost, extension in time, and transfer of ownership of a general hospital.

### Federal Acute Care Medicare Coverage

Centers for Medicare & Medicaid Services (CMS) has established a Medicare prospective payment system (PPS) for hospital services, which include inpatient and outpatient hospital care, ambulatory surgical services, and other facility-based services such as, but not limited to, rehabilitation, psychiatric, and long-term care units. Medicare requires a deductible and co-pay from the patient, until the patient reaches a certain level of expenditures. When setting reimbursement amounts, Medicare considers and includes this deductible and co-pay for facility services.

CMS updates reimbursements periodically based on a variety of factors, including clinical issues, costs, inflation, and federal budget constraints. Reimbursement is based on national average costs with adjustments for geographic and facility specific factors. In addition, billed claims are subject to clinical coding edits Medicare has developed.

The following table lists the federal operating and capital rates for Fiscal Year (FY) 2022 compared to the rates currently in effect:

	Final FFY 2021	Final FFY 2022	Percent Change
Federal Operating Rate	\$5,961.19	\$6,140.29	3.0%
Federal Capital Rate	\$462.22	\$472.60	2.24%

Source: Federal Registry

Below is a chart of the FY 2022 Standardized Amounts:

FY 2022 Standardized Amounts				
	Hospital submitted quality data and is a meaningful EHR user	Hospital submitted quality data and is NOT a meaningful EHR user	Hospital did NOT submit quality data and is a meaningful EHR user	Hospital did NOT submit quality data and is NOT a meaningful EHR user
FY 2022 Update Factor	1.02	0.99975	1.01325	0.993
FY 2022 MS-DRG Reclassification and Recalibration Budget Neutrality Factor	1.000107	1.000107	1.000107	1.000107
FY 2022 Wage Index Budget Neutrality Factor	1.000712	1.000712	1.000712	1.000712
FY 2022 Reclassification Budget Neutrality Factor	0.986737	0.986737	0.986737	0.986737
FY 2022 Rural Demonstration Budget Neutrality Factor	0.999361	0.999361	0.999361	0.999361
FY 2022 Lowest Quartile Budget Neutrality Factor	0.998035	0.998035	0.998035	0.998035
FY 2022 Transition Budget Neutrality Factor	0.999870	0.999870	0.999870	0.999870
FY 2022 Operating Outlier Factor	0.949	0.949	0.949	0.949
Adjustment for FY 2022	1.005	1.005	1.005	1.005
National Standardized Amount for FY 2022 if Wage Index is Greater than 1.0000 Labor/Non-labor Share Percentage	Labor: \$4,138.28 Non-labor: \$1,983.43	Labor: \$4,056.12 Non-labor: \$1,944.05	Labor: \$4,110.89 Non-labor: \$1970.30	Labor: \$4,028.74 Non-labor: \$1,930.93
National Standardized Amount for FY 2022 if Wage Index is Less than or Equal to 1.0000 Labor/Non-labor Share Percentage	Labor: \$3,795.94 Non-labor: \$2,326.25	Labor: \$3,720.11 Non-labor: \$2,280.06	Labor: \$3,770.34 Non-labor: \$2,310.85	Labor: \$3,695.00 Non-labor: \$2,264.67

Source: Federal Registry

The Inpatient Prospective Payment System (IPPS) changed last year to the Long-Term Care Hospital (LTCH) PPS payment system. To calculate LTCH total adjusted Federal prospective payment is explained below:

LTCH Calculation	
Unadjusted LTCH PPS Standard Federal Prospective Payment Rate	\$44,713.67
Labor-Related Share	X 0.679
Labor-Related Portion of the LTCH PPS Standard Federal Payment Rate	= \$30,360.58
Wage Index (CBSA 16984)	X 1.0372
Wage-Adjusted Labor Share of LTCH PPS Standard Federal Payment Rate	= \$31,489.99
Non-labor-Related Portion of the LTCH PPS Standard Federal Payment Rate (\$43,755.34 x 0.321)	+ \$14,353.09
Adjusted LTCH PPS Standard Federal Payment Amount	= \$45,843.08
MS-LTC-DRG 189 Relative Weight	X 0.9448
Total Adjusted LTCH PPS Standard Federal Prospective Payment	= \$43,312.54

For hospital outlier payments under Outpatient Prospective Payment System (OPPS), there will be no change in the multiple threshold of 1.75 for 2022. To ensure that the outlier spending does not exceed the reduced outlier



target, CMS increased the fixed dollar outlier to \$6,175. CMS estimates that this threshold will target 2.0 percent of total OPPS spending.

### **Medicaid Reimbursement**

In New Jersey, effective for inpatient services with discharge dates effective on and after October 1, 2018 general acute care hospitals are paid in accordance with New Jersey Medicaid Diagnosis Related Groups (DRG) reimbursement system. The calculation of the DRG payments use: (a) a DRG weight which is the national DRG weight developed by 3M Health Information Systems, Inc., multiplied by a calibration factor; (b) the calibrated DRG weight is multiplied by the hospital's final rate to determine the DRG reimbursement. The inpatient DRG final rate for hospitals, effective January 1, 2022, range from \$4,479 to \$7,744.65.

The Division determines a single Statewide base rate for all general acute care hospitals. The Statewide base rate is used in conjunction with increases to the Statewide base rate referred to as add-amounts, DRG relative weights and other components which were developed for the New Jersey DRG reimbursement system to determine the total payment for each discharge. The Statewide base rate is increased by the hospital specific add-on amounts to determine the final rate for each hospital. The initial base rate calculated is \$4,479. The Statewide base rate for hospitals, effective January 1, 2022, range from \$4,479 to \$5,957.42.

Outpatient hospital services for dental, HealthStart, laboratory/pathology and mental health are reimbursed on a fee schedule. Outpatient hospital services for renal dialysis, Medicare deductible and co-insurance amounts are reimbursed 100 percent. All other outpatient hospital services are reimbursed to the cost-to-charge reimbursement methodology.

## Market Analysis

Christ Hospital is a licensed short-term acute care hospital operating at a capacity of 178-beds. In the following pages, we will discuss how the subject compares and competes with existing facilities in its market area.

### Primary Service Area

The first step in analyzing the competitive market for the subject is delineating its primary service area (PSA). The PMA is typically described as either a defined radius around the subject, zip codes, or it can be the county or township in which the property is located.

With regard to Christ Hospital and its competition, its primary service area is considered to effectively encompass a primary service area of roughly 5 miles. This assumption was based on our review of the demographics of the area, occupancy trends, as well as from discussions with market participants.

### Demographics

We evaluated the current and future market potential by analyzing demographic trends in the subject's service area. In densely populated urban areas, the primary and secondary service areas may be smaller, and vice versa.

### Population

Having established the subject's trade area, our analysis focuses on the trade area's population. © 2021 Experian Marketing Solutions, Inc. •All rights reserved• provides historical, current and forecasted population estimates for the total area. Patterns of development density and migration are reflected in the current levels of population estimates.

Between 2000 and 2021, it is reported that the population within a radius of 5 miles increased at a compound annual rate of 0.85 percent. This is characteristic of suburban areas in this market. This trend is expected to continue into the near future albeit at a slightly slower pace. Expanding to the total trade area of a radius of 10 miles, population is expected to increase 0.49 percent per annum over the next five years.

The following page contains a graphic representation of the current population distribution within the subject's region.

The graphic on the second following page illustrates projected population growth within the trade area over the next five years (2021 - 2026). The trade area is clearly characterized by various levels of growth.

DEMOGRAPHIC SUMMARY						
	Radius			Jersey City	Hudson County	New Jersey
	1 mile	5 miles	10 miles			
POPULATION STATISTICS						
2000	87,510	1,277,221	6,212,334	240,060	608,902	8,414,198
2010	90,150	1,369,222	6,357,770	247,598	634,266	8,791,909
2017	100,115	1,474,281	6,597,210	273,282	682,642	8,939,496
2022	105,310	1,533,685	6,759,141	286,437	707,846	9,063,405
<u>Compound Annual Change</u>						
2000 - 2017	0.79%	0.85%	0.35%	0.77%	0.67%	0.36%
2017 - 2022	1.02%	0.79%	0.49%	0.94%	0.73%	0.28%
HOUSEHOLD STATISTICS						
2000	36,119	593,926	2,411,498	88,637	230,511	3,064,591
2010	38,960	642,786	2,497,375	96,859	246,437	3,214,359
2017	43,528	695,917	2,620,659	109,050	268,431	3,302,535
2022	46,124	729,204	2,706,612	115,870	280,868	3,362,425
<u>Compound Annual Change</u>						
2000 - 2017	1.10%	0.94%	0.49%	1.23%	0.90%	0.44%
2017 - 2022	1.17%	0.94%	0.65%	1.22%	0.91%	0.36%
AVERAGE HOUSEHOLD INCOME						
2000	\$58,100	\$81,039	\$61,275	\$51,890	\$55,081	\$73,287
2017	\$137,083	\$158,103	\$115,081	\$118,262	\$115,136	\$124,484
2022	\$146,276	\$164,630	\$117,829	\$128,508	\$124,264	\$130,114
<u>Compound Annual Change</u>						
2000 - 2017	5.18%	4.01%	3.78%	4.97%	4.43%	3.17%
2017 - 2022	1.31%	0.81%	0.47%	1.68%	1.54%	0.89%
OCCUPANCY						
Owner Occupied	26.94%	27.88%	28.85%	29.23%	31.37%	63.76%
Renter Occupied	73.06%	72.12%	71.15%	70.77%	68.63%	36.24%

Having established the subject's service area, our analysis focuses on the service area's population. Patterns of development density and migration are reflected in the current levels of population estimates.

## Demographics

We evaluated the current and future market potential by analyzing demographic trends in the subject's market area. In densely populated urban areas, the primary and secondary market areas may be smaller, and vice versa.

## Population/Growth Rates

The following data includes figures for Census Year 2010, 2021 estimates, and projections for 2026. For purposes of this analysis, we have relied upon the 2021 estimates for current demographic information.

New Jersey				
Age Group	2010	2021	2026	Annual Growth Rate
0 to 4	541,021	518,677	517,134	-0.06%
5 to 14	1,152,087	1,091,180	1,074,609	-0.31%
15 to 19	598,100	556,701	548,887	-0.28%
20 to 24	541,239	545,051	531,418	-0.51%
25 to 34	1,109,803	1,159,584	1,143,741	-0.27%
35 to 44	1,238,299	1,145,418	1,186,249	0.70%
45 to 54	1,379,199	1,211,651	1,157,045	-0.92%
55 to 64	1,046,167	1,228,709	1,191,209	-0.62%
65 to 74	611,435	836,132	942,561	2.43%
75 to 84	394,948	442,039	549,218	4.44%
85+	179,611	204,354	221,334	1.61%
<b>Total</b>	<b>8,791,909</b>	<b>8,939,496</b>	<b>9,063,405</b>	<b>0.28%</b>
Age 15 and over	7,098,801	7,329,639	7,471,663	0.38%
Age 20 and over	6,500,701	6,772,938	6,922,776	0.44%
Age 25 and over	5,959,462	6,227,887	6,391,358	0.52%

Primary Market Area 5 Miles				
Age Group	2010	2021	2026	Annual Growth Rate
0 to 4	73,393	83,108	89,257	1.44%
5 to 14	101,977	113,994	126,727	2.14%
15 to 19	65,079	57,941	57,157	-0.27%
20 to 24	118,074	92,018	75,530	-3.87%
25 to 34	325,253	351,967	331,277	-1.20%
35 to 44	213,333	242,566	284,502	3.24%
45 to 54	167,798	170,102	177,368	0.84%
55 to 64	139,849	152,140	149,439	-0.36%
65 to 74	86,004	113,688	127,456	2.31%
75 to 84	51,404	62,686	77,694	4.39%
85+	21,832	28,828	32,052	2.14%
<b>Total</b>	<b>1,363,995</b>	<b>1,469,038</b>	<b>1,528,458</b>	<b>0.80%</b>
Age 15 and over	1,188,625	1,271,936	1,312,474	0.63%
Age 20 and over	1,123,547	1,213,995	1,255,317	0.67%
Age 25 and over	1,005,473	1,121,977	1,179,787	1.01%

The population in the subject's primary market area indicates projected growth in the general population, thus, there should be stable demand for the subject in the short term. As seen from the data, the general population is growing for the state at 0.28 percent annually and the population in the PMA is growing at 0.80 percent annually.

Overall, these findings suggest that there appears to be demand in the primary market area for beds and there appears to be a sufficient marketplace for the subject's 178 beds.

DISTRIBUTION OF HOUSEHOLD INCOME						
Category	Radius			Jersey City	Hudson County	New Jersey
	1 mile	5 miles	10 miles			
\$500,000+	3.85%	6.07%	3.22%	2.92%	2.88%	3.23%
\$200,000 to \$499,999	14.50%	17.91%	10.19%	11.14%	9.85%	10.68%
\$150,000 to \$199,999	10.73%	9.97%	8.06%	9.36%	9.08%	10.29%
\$125,000 to \$149,999	7.10%	6.50%	6.16%	6.79%	6.70%	7.85%
\$100,000 to \$124,999	11.00%	9.20%	9.02%	10.64%	10.13%	10.83%
\$100,000 to \$149,999	18.10%	15.69%	15.18%	17.43%	16.83%	18.67%
\$75,000 to \$99,999	11.44%	10.04%	11.53%	11.16%	12.44%	12.46%
\$50,000 to \$74,999	12.16%	10.51%	13.98%	13.13%	14.22%	14.37%
\$35,000 to \$49,999	7.45%	6.91%	9.32%	8.80%	9.45%	9.13%
\$25,000 to \$34,999	5.06%	5.35%	7.16%	6.58%	6.75%	6.54%
\$15,000 to \$24,999	6.23%	6.39%	8.11%	7.19%	7.63%	6.75%
Under \$15,000	10.50%	11.17%	13.24%	12.30%	10.87%	7.88%

### Supply/New Construction

At this time, we are not aware of any planned or proposed competition in the subject's market area.

### Local Area Providers

A search for competition consisted of an interview with the subject's management, and a review of AHD's U.S. Hospitals Profiles. Occupancy data was provided by AHD's U.S. Hospitals Profiles and is taken from a hospital's most recent Medicare Cost Report. The following table contains a summary of pertinent information for each.

Service Provider	Hospital Type Distance from Subject	Beds	Total Patient Days	Bed Days	Occupancy*
No. 1 Hoboken University Medical Center 308 Willow Avenue Hoboken, NJ 07030	STACH 1.0 miles	190	33,787	69,350	48.7%
No. 2 Jersey City Medical Center 355 Grand Street Jersey City, NJ 07302	STACH 1.3 miles	332	72,106	121,180	59.5%
No. 3 Hudson Regional Hospital 55 Meadowlands Hospital Secaucus, NJ 07094	STACH 4.1 miles	106	13,598	38,690	35.1%
No. 4 Palisades Medical Center 7600 River Road North Bergen, NJ 07047	STACH 5.0 miles	186	32,729	67,890	48.2%
No. 5 Bayonne Medical Center 29th Street and Avenue E Bayonne, NJ 07002	STACH 5.7 miles	163	28,734	59,495	48.3%
<b>Subject:</b> Christ Hospital Campus 176 Palisade Avenue, et al. Jersey City, NJ	STACH	178	39,491	64,970	60.8%

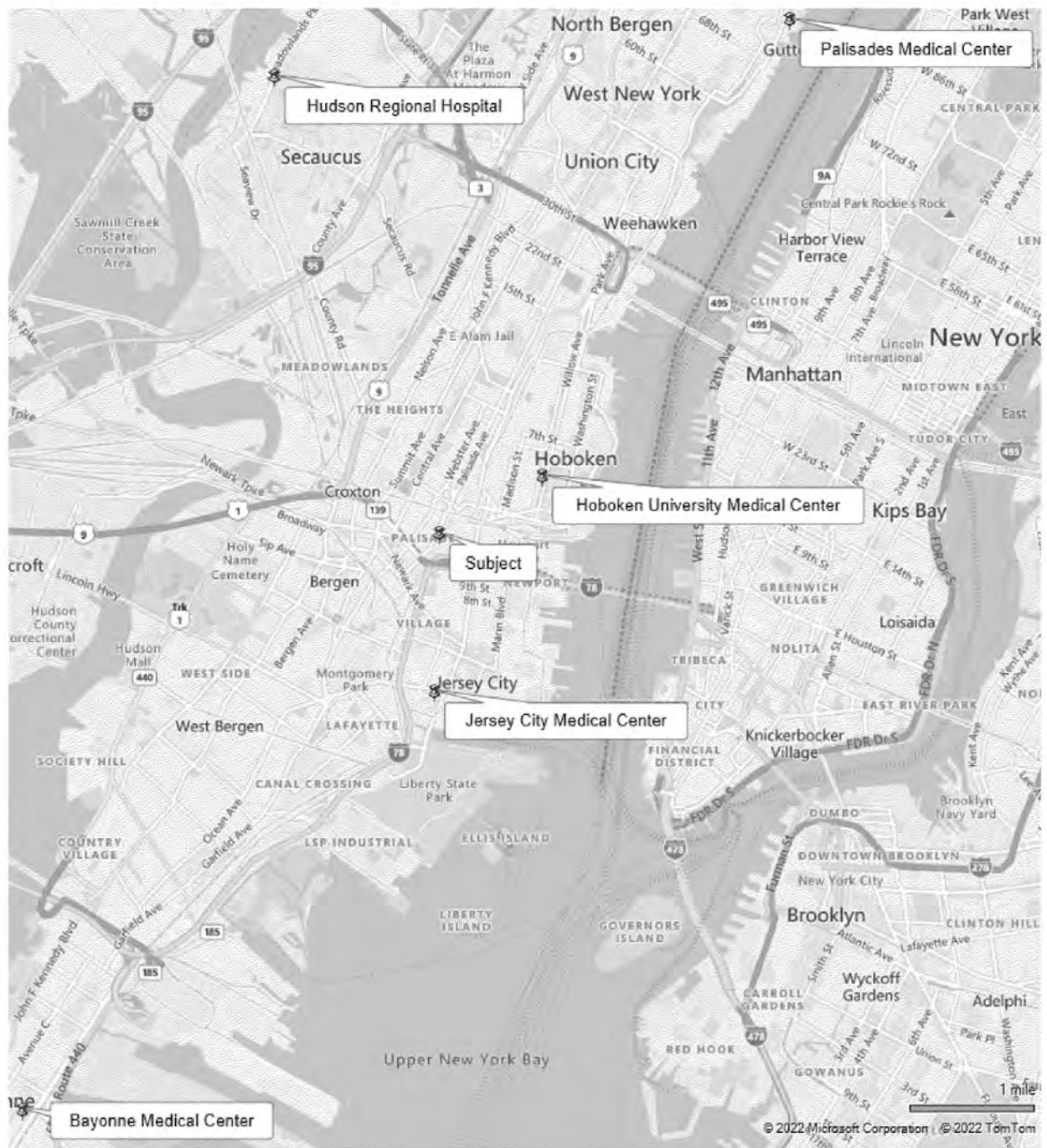
Source: American Hospital Directory (AHD)

\*Based on staffed beds

Occupancy is based on staffed beds, whereby the numbers of staffed beds are taken from a hospital's most recent Medicare cost report. Cost report instructions define staffed beds as, "the number of beds available for use by patients at the end of the cost reporting period. A bed means an adult bed, pediatric bed, birthing room, or newborn bed maintained in a patient care area for lodging patients in acute, long term, or domiciliary areas of the hospital. Beds in labor room, birthing room, postanesthesia, postoperative recovery rooms, outpatient areas, emergency rooms, ancillary departments, nurses' and other staff residences, and other such areas which are regularly maintained and utilized for only a portion of the stay of patients (primarily for special procedures or not for inpatient lodging) are not termed a bed for these purposes." The total number of general medical/surgical beds plus special care beds is reported. General Medical/Surgical Beds are the beds used for routine care and Special Care Beds include Intensive Care Units, Coronary Care Units, etc.



## COMPARABLE FACILITY MAP



## Property Analysis

### Site Description

We note that the following parcels are included in this appraisal.

Subject Christ Hospital Campus Parcels and Addresses							
Parcel ID	Property Address	City	ST	Improvement Description	Land Area (Acres)	Bldg SF	Year Built
6901-15	112 Palisade Avenue	Jersey City	NJ	Daycare	0.73	4,455	1991
6901-16	140 Palisade Avenue	Jersey City	NJ	Parking Garage	1.55	95,900	1996
6901-17	142 Palisade Avenue	Jersey City	NJ	Medical Office Building	0.62	30,612	1981
6901-18	148 Palisade Avenue	Jersey City	NJ	Land	0.22	-	-
6901-19	150 Palisade Avenue	Jersey City	NJ	Land	0.22	-	-
5903-21	169 & 179 Palisade Avenue	Jersey City	NJ	Nursing School and Apartment Building	0.42	44,684	1900's
6901-18.01	176 Palisade Avenue	Jersey City	NJ	Hospital	3.69	339,927	1928 - 1981
6001-9	190 Palisade Avenue	Jersey City	NJ	Office - Carepoint Health Foundation	2.29	2,300	1900's
6001-9	200 Palisade Avenue	Jersey City	NJ	Office - Pastoral Care	-	2,200	1900's
6001-9	204 Palisade Avenue	Jersey City	NJ	Office - IT	-	2,200	1900's
6001-9	206 Palisade Avenue	Jersey City	NJ	Residential	-	2,475	1900's
6001-9	208 Palisade Avenue	Jersey City	NJ	Residential	-	2,600	1900's
6001-9	210 Palisade Avenue	Jersey City	NJ	Medical Office	-	2,900	1900's
6001-13	218 Palisade Avenue	Jersey City	NJ	Business Office and HR Building	1.94	7,367	1994
6001-33	250 Palisade Avenue	Jersey City	NJ	Parking Lot	0.28	-	-
6001-5	Palisade Avenue	Jersey City	NJ	Land	0.01	-	-
6001-3	192 Palisade Avenue	Jersey City	NJ	Residential	0.05	2,296	1900
6001-4	194 Palisade Avenue	Jersey City	NJ	Residential	0.05	3,400	1920
<b>Total</b>					<b>12.07</b>	<b>543,316</b>	<b>1900 - 1996</b>

### GENERAL

Location: 176 Palisade Avenue, et al.  
Jersey City, Hudson, NJ 07306

Shape: Irregularly shaped

Topography: Sloping

Land Area: 12.07 acres / 525,614 gross square feet

Access, Visibility and Frontage: The subject property has good access and good visibility. The frontage is rated as good.



Utilities: All public utilities are available and deemed adequate.

Site Improvements: Site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage.

#### SITE CONDITIONS

Soil Conditions: We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structures. We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.

Land Use Restrictions: We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.

Wetlands: During our inspection we did not note the presence of wetlands at the subject site. We were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.

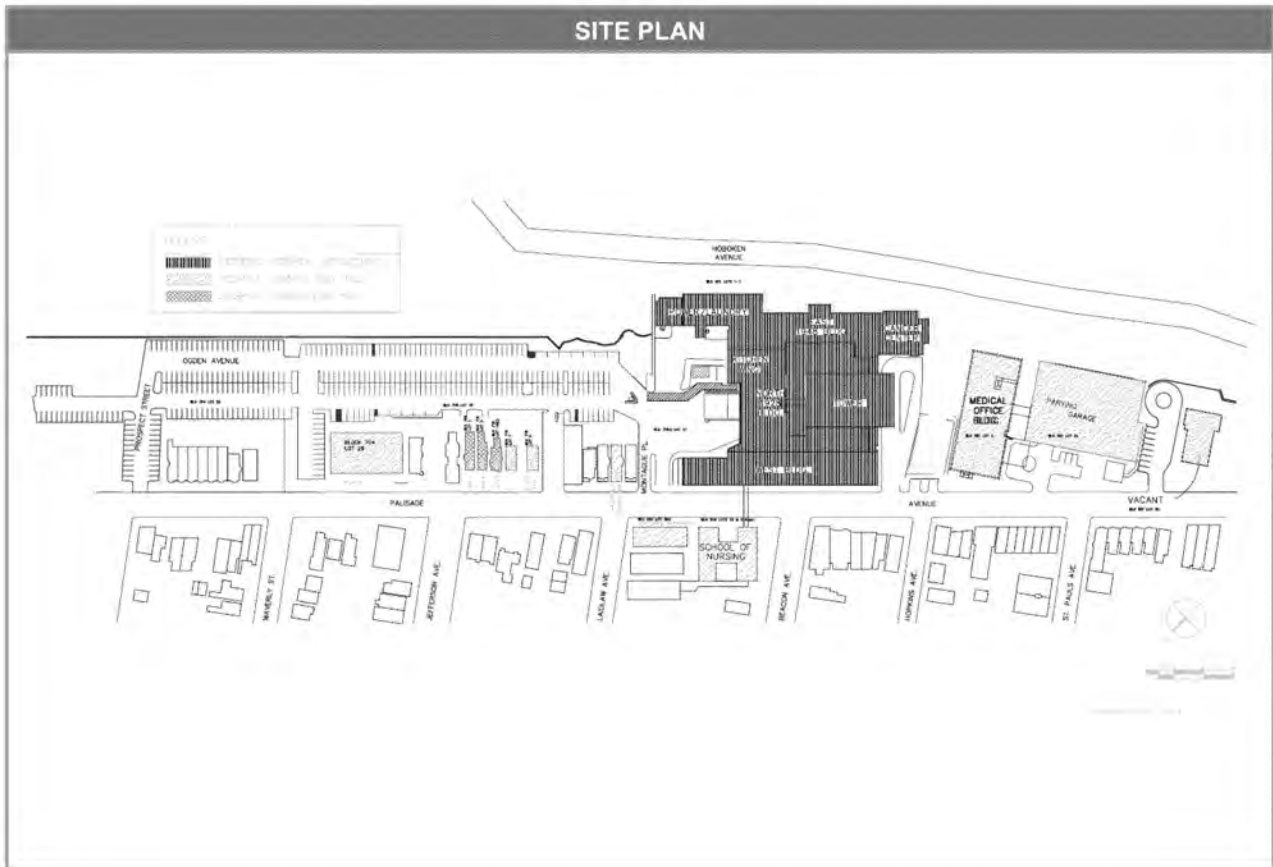
Hazardous Substances: We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.

Flood Zone Description: The subject property is located in flood zones X (Zone X: Areas determined to be outside the 500 year flood plain) as indicated by FEMA Map 34017C0106D, dated August 16, 2006. The flood zone determination and other related data are provided by a third party vendor deemed to be reliable. If further details are required, additional research is required that is beyond the scope of this analysis.

#### CONCLUSIONS

Overall Site Utility: The subject site is functional for its current use.

Location Rating: Good



## Improvements Description

The following description of the proposed improvements is based on a physical inspection of the improvements and our discussions with the subject property's representative.

### Christ Hospital

#### GENERAL DESCRIPTION

Property Type:	Short-Term Acute Care Hospital
Year Built:	Phases from 1928 to 1981
Number of Beds:	178 beds
Number of Buildings:	One
Number of Stories:	Seven
Gross Building Area:	339,927 square feet
Net Rentable Area:	339,927 square feet

#### CONSTRUCTION DETAIL

Basic Construction:	Steel frame
Foundation:	Reinforced perimeter concrete foundation
Framing:	Steel frame
Floors:	Reinforced concrete poured over gravel. The upper floors are bridged by steel floor trusses.
Exterior Walls:	The exterior facade of the building consists of brick veneer.
Roof Type:	Flat
Roof Cover:	Membrane
Windows:	Thermal windows in aluminum frames

#### MECHANICAL DETAIL

HVAC:	The facility has two boilers and two chillers.
Plumbing:	The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes. The plumbing system is typical of other hospital properties in the area with a combination of copper supply lines and plastic or cast iron waste and vent lines throughout the improvements.
Electrical Service:	Electricity for the building is obtained through low voltage power lines. Electrical service appears adequate.
Emergency Power:	The building's electrical system is backed by an emergency generator serving all building safety and support systems.

Elevator Service:	The building has ten elevators.
Fire Protection:	The building is partially fire sprinklered. Each patient room has electric smoke detectors which are assumed to be in compliance with local code.
Safety Features:	Resident call systems in all of the patient rooms and bathrooms, as well as emergency battery back-up lighting system and corridor handrails on both sides.

**INTERIOR DETAIL**

Floor Covering:	The common areas have vinyl flooring. All patient rooms and bathrooms have sheet vinyl. The commercial kitchen contains a quarry tile floor.
Walls:	Drywall
Ceilings:	Acoustical tile and drywall
Lighting:	Fluorescent
Bathrooms:	The subject has an adequate number of bathrooms. All bathrooms consist of a toilet and sink.

**OTHER IMPROVEMENTS**

Parking:	The property will contain an adequate amount of parking via surface spaces and a parking garage.
On-Site Landscaping:	A variety of trees, shrubbery and grass.
Other:	Other site improvements include signage, trash enclosures, paved asphalt drives, concrete sidewalks, fencing, and exterior lighting.
Personal Property:	Personal property was excluded from our valuation.

**ANALYSIS AND CONCLUSIONS**

Condition:	Average
Quality:	Average
Effective Age:	25 years
Expected Economic Life:	50 years
Remaining Economic Life:	25 years
Roof & Mechanical Inspections:	We did not inspect the roof of the buildings or make a detailed inspection of the mechanical systems. The appraisers, however, are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical systems.
Summary:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is average, when measured against other properties in this marketplace.

**Daycare – 112 Palisade Avenue**

The daycare building is a single-story brick veneer building that contains 4,455 square feet of space and was built in 1991. It has a flat roof with roof mounted HVAC. The building has thermal windows in aluminum panes. Its doors are glass, wood, and metal. Other site improvements include landscaping, fencing, concrete sidewalks, and an asphalt paved drive. The improvements are in average condition.

**Parking Garage – 140 Palisade Avenue**

The parking garage is four-story, 325 space parking garage. The parking garage contains 95,900 square feet of space and is concrete construction. It was built in 1996. Other site improvements include landscaping, fencing, concrete sidewalks, asphalt paved drive, and five surface parking spaces. The improvements are in average condition.

**Medical Office Building – 142 Palisade Avenue**

The medical office building is a two-story brick veneer building that contains 30,612 square feet of space and was built in 1981. It has a flat roof with roof mounted HVAC. The building has thermal windows in aluminum panes. Its layout is typical of other medical office buildings in the marketplace. Other site improvements include landscaping, fencing, concrete sidewalks, and an asphalt paved drive. The improvements are in average condition.

**Nursing School – 169 Palisade Avenue**

The nursing school building is a four-story brick building that contains 32,800 square feet of space and was built in the 1900's. It has a flat roof with steam heat and window A/C units. The building has windows in aluminum panes. It is located on the same parcel as the adjacent apartment building. Other site improvements include landscaping, fencing, concrete sidewalks, and an asphalt paved drive. The improvements are in average condition.

**Apartment Building – 179 Palisade Avenue**

The apartment building is a four-story brick building that contains 11,656 square feet of space and was built in the 1900's. It has a flat roof with steam heat and window A/C units. The building has windows in aluminum panes. It is located on the same parcel as the adjacent nursing school building. Other site improvements include landscaping, fencing, concrete sidewalks, and an asphalt paved drive. The improvements are in average condition.

**Office – 190 Palisade Avenue**

The office building is a two-story wood clad former residential building that contains 2,300 square feet of space and was built in the 1900's. It has a flat roof, gas heat, and window mounted A/C units. The building houses the Carepoint Health Foundation. Other site improvements include landscaping and fencing. The improvements are in average condition.

**Office – 200 Palisade Avenue**

The office building is a three-story brick veneer former residential townhouse that contains 2,200 square feet of space and was built in the 1900's. It has a flat roof, gas heat, and window mounted A/C units. The building houses the hospital's Pastoral Care. Other site improvements include landscaping and fencing. The improvements are in fair condition.

**Office – 204 Palisade Avenue**

The office building is a three-story brick veneer former residential townhouse that contains 2,200 square feet of space and was built in the 1900's. It has a flat roof, gas heat, and window mounted A/C units. The building houses

the hospital's IT department. Other site improvements include landscaping, a driveway, and fencing. The improvements are in fair condition.

**Residential – 206 Palisade Avenue**

This building is a two-and-a-half-story wood clad residence that contains 2,600 square feet of space and was built in the 1900's. It has a gabled shingle roof along with a flat roof in the rear. It has gas heat, and window mounted A/C units. Other site improvements include landscaping and fencing. The improvements are in average condition.

**Residential – 208 Palisade Avenue**

This building is a three-story wood clad townhome residence with brick ornamentation that contains 2,475 square feet of space and was built in the 1900's. It has a flat roof, gas heat, and window mounted A/C units. There is a rear single bay garage. Other site improvements include landscaping and fencing. The improvements are in average condition.

**Medical Office – 210 Palisade Avenue**

This medical office building is a three-story wood clad former townhome residence with brick ornamentation that contains 2,900 square feet of space and was built in the 1900's. It has a flat roof in the rear, gas heat, and window mounted A/C units. Other site improvements include landscaping and fencing. The improvements are in average condition.

**Business Office and HR Building – 218 Palisade Avenue**

This business office and HR building is a single-story masonry building that contains 7,367 square feet of space and was built in 1994. It has a gabled shingle roof. The building has thermal windows in aluminum panes. It has glass and metal doors. It has a layout typical of office buildings in the marketplace. Other site improvements include landscaping, fencing, and concrete sidewalks. The improvements are in average condition.

**Residential – 192 Palisade Avenue**

This is a two-story wood clad residence that contains 2,296 square feet of space and was built in 1900. It contains two units. It has a flat roof, gas heat, and window mounted A/C units. Other site improvements include landscaping and fencing. The improvements are in average condition.

**Residential – 194 Palisade Avenue**

This is a two-story wood clad residence that contains 3,400 square feet of space and was built in 1920. It has a flat roof, gas heat, and window and wall mounted A/C units. Other site improvements include landscaping and fencing. The improvements are in average condition.



## Real Property Taxes and Assessments

### Current Property Taxes

The subject property is located in the taxing jurisdiction of Hudson County, and the assessor's parcel identification block and lots are 5903-21, 6001-3, 6001-4, 6001-5, 6001-9, 6001-13, 6001-33, 6901-15, 6901-16, 6901-17, 6901-18, 6901-18.01, and 6901-19. According to the local tax collector's office, taxes are current.

The assessment and taxes for the property are presented in the following table:

#### PROPERTY ASSESSMENT INFORMATION

Assessor's Parcel Number:	5903-21, 6001-3, 6001-4, 6001-5, 6001-9, 6001-13, 6001-33, 6901- 15, 6901-16, 6901-17, 6901-18, 6901-18.01, and 6901-19
Assessing Authority:	Hudson County
Tax Year:	2021
Assessment Ratio (% of market Value):	100%
Are Taxes Current?	Taxes are current

#### ASSESSMENT INFORMATION

Assessed Value	Totals
Land:	\$13,462,900
Improvements:	\$82,008,200
Taxable Assessment:	<b>\$95,471,100</b>
Assessor's Implied Market Value:	\$95,471,100

#### TAX LIABILITY

Total Tax Rate:	1.60%
<b>Total Property Taxes:</b>	<b>\$1,531,356</b>

Total taxes for the campus are \$1,531,356. A breakout for each parcel is shown as follows. We note that parcels 6901-18 and 6901-19 do not have assessments available and it appears that the taxes for these parcels are included with the hospital and parking garage parcels.

**REAL ESTATE ASSESSMENTS & TAXES FOR THE TAX YEAR 2021**

<b>Lot Number</b>	<b>Land Assessment</b>	<b>Improved Assessment</b>	<b>Total Assessment</b>	<b>Taxable Assessment</b>	<b>Tax Rate</b>	<b>Total Tax Liability</b>
<b>Real Property</b>						
6901-15	\$657,000	\$1,042,000	\$1,699,000	\$1,699,000	1.604%	\$27,252
6901-16	\$1,386,000	\$12,180,500	\$13,566,500	\$13,566,500	1.604%	\$217,607
6901-17	\$2,044,200	\$9,648,100	\$11,692,300	\$11,692,300	1.604%	\$187,544
5903-21	\$1,358,900	\$6,302,900	\$7,661,800	\$7,661,800	1.604%	\$122,895
6901-18.01	\$3,420,000	\$49,332,200	\$52,752,200	\$52,752,200	1.604%	\$846,145
6001-9	\$2,097,000	\$911,300	\$3,008,300	\$3,008,300	1.604%	\$48,253
6001-13	\$972,000	\$1,746,400	\$2,718,400	\$2,718,400	1.604%	\$43,603
6001-33	\$876,100	\$14,800	\$890,900	\$890,900	1.604%	\$14,290
6001-5	\$42,500	\$1,200	\$43,700	\$43,700	1.604%	\$701
6001-3	\$437,800	\$223,100	\$660,900	\$660,900	1.604%	\$10,601
6001-4	\$171,400	\$605,700	\$777,100	\$777,100	1.604%	\$12,465
<b>Grand Total</b>	<b>\$13,462,900</b>	<b>\$82,008,200</b>	<b>\$95,471,100</b>	<b>\$95,471,100</b>	<b>1.604%</b>	<b>\$1,531,356</b>

**TAX LIABILITY**

Total Tax Rate: 1.604%

**Total Property Taxes: \$1,531,356**



## Zoning

### General Information

The property is zoned M (Medical) and R-1 (One and Two Family Housing) by the City of Jersey City. A summary of the subject's zoning is provided in the following table:

<b>ZONING</b>	
<b>Municipality Governing Zoning:</b>	City of Jersey City
<b>Current Zoning:</b>	M (Medical) and R-1 (One and Two Family Housing)
<b>Current Use:</b>	Short-Term Acute Care Hospital Campus
<b>Is Current Use Permitted?</b>	Yes
<b>Permitted Uses:</b>	Permitted uses within the M district include hospitals, medical offices, ambulatory care facilities, offices, diagnostic centers, rehabilitation centers, assisted living residences, nursing homes, senior housing, public utilities, except that natural gas transmission lines shall be prohibited. Accessory uses include parking garages, off-street parking, meeting rooms, conference facilities, exercise facilities, staff housing, and medical training facilities for nursing and therapists. Permitted uses within the R-1 district include one and two family dwellings, houses of worship, parks and playgrounds, essential services, schools and government uses. Off-street parking is allowed as an accessory use.

All parcels are located in zone M except for parcel 6001-33, which is in zone R-1.

### Zoning Compliance

Property value is affected by whether or not an existing or proposed improvement complies with zoning regulations, as discussed below.

#### Complying Uses

An existing or proposed use that complies with zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

#### Pre-Existing, Non-Complying Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

#### Non-Complying Uses

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

#### Other Restrictions

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

## Zoning Conclusions

We analyzed the zoning requirements in relation to the subject property, and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject property appears to be a complying use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

## Valuation

### Highest and Best Use

#### Highest and Best Use Definition

*The Dictionary of Real Estate Appraisal*, Sixth Edition (2015), a publication of the Appraisal Institute, defines the highest and best use as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

To determine the highest and best use we typically evaluate the subject site under two scenarios: as though vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above.

#### Highest and Best Use of Site as though Vacant

##### Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned M (Medical) and R-1 (One and Two Family Housing) by the City of Jersey City. Permitted uses within the M district include hospitals, medical offices, ambulatory care facilities, offices, diagnostic centers, rehabilitation centers, assisted living residences, nursing homes, senior housing, public utilities, except that natural gas transmission lines shall be prohibited. Accessory uses include parking garages, off-street parking, meeting rooms, conference facilities, exercise facilities, staff housing, and medical training facilities for nursing and therapists. Permitted uses within the R-1 district include one and two family dwellings, houses of worship, parks and playgrounds, essential services, schools and government uses. Off-street parking is allowed as an accessory use. We are not aware of any further legal restrictions that limit the potential uses of the subject.

##### Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 12.07 acres, or 525,614 square feet. The site is irregularly shaped and sloping. It has good frontage, good access, and good visibility. The overall utility of the site is considered to be good. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most permitted development possibilities.

##### Financially Feasible and Maximally Productive

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site, and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

## Conclusion

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is for development of a healthcare oriented campus.

## Highest and Best Use of Property as Improved

The Dictionary of Real Estate Appraisal defines highest and best use of the property as improved as:

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

In analyzing the Highest and Best Use of a property as improved, it is recognized that the improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or to demolish it and build a new one.

### Legally Permissible

As described in the Zoning Analysis section of this report, the subject site is zoned M (Medical) and R-1 (One and Two Family Housing). The site is improved with an short-term acute care hospital campus containing 543,316 square feet of gross building area. In the Zoning section of this appraisal, we determined that the existing improvements represent a complying use. We also determined that the existing use is a permitted use in this zone.

### Physically Possible

The subject improvements were constructed from 1900-1996. The improvements are in average condition. We know of no current or pending municipal actions or covenants that would require a change to the current improvements.

### Financially Feasible and Maximally Productive

In the Reconciliation section, we estimate a market value for the subject property as improved, which clearly the improvements contribute significantly to the value of the site. It is likely that no alternative use would result in a higher value.

## Conclusion

It is our opinion that the existing improvements add value to the site as though vacant, dictating a continuation of its current use. It is our opinion that the Highest and Best Use of the subject property as improved is as it is currently utilized as a healthcare oriented campus.

## Valuation Process

### Methodology

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

We considered each approach in developing our opinion of the market value of the subject property. We discuss each approach below and conclude with a summary of their applicability to the subject property.

### Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

### Sales Comparison Approach

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. When developing an opinion of land value the analysis is based on recent sales of sites of comparable zoning and utility, and the typical units of comparison are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. In each case, adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

### Income Capitalization Approach

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted

to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

### Summary

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches should be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value. The exclusion of this approach to value does not reduce the credibility of the assignment results.



## Land Valuation

We used the Sales Comparison Approach to develop an opinion of land value. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made.

The most widely used and market-oriented unit of comparison for properties with characteristics similar to those of the subject is price per square foot of land. All transactions used in this analysis are based on the most appropriate method used in the local market.

The major elements of comparison used to value the subject site include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

The comparables and our analysis are presented on the following pages.

SUMMARY OF LAND SALES									
PROPERTY INFORMATION					TRANSACTION INFORMATION				
No.	Location	Size (SF)	Size (Acres)	Proposed Use	Zoning	Site Utility	Sale Date	Sale Price	\$/SF Land
S	Subject Property	525,614	12.07	Short-Term Acute Care Hospital	M	Good			
1	600 State Route 440 Jersey City, NJ	328,442	7.54	Multi-Family	RDV	Good	3/21	\$25,500,000	\$77.64
2	829-843 Garfield Avenue Jersey City, NJ	119,999	2.75	Multi-Family	RDV	Average	1/20	\$6,400,000	\$53.33
3	52 Aetna Street Jersey City, NJ	108,900	2.50	Commercial	RDV	Average	12/19	\$7,000,000	\$64.28
4	580 Tonnele Avenue Jersey City, NJ	143,615	3.30	Commercial	HC	Average	6/19	\$2,900,000	\$20.19
5	81 Palisade Avenue Jersey City, NJ	7,910	0.18	Residential	R-1	Good	Listing	\$2,200,000	\$278.13
6	68-70 Oakland Avenue Jersey City, NJ	6,782	0.16	Residential	R-1	Average	11/20	\$1,325,000	\$195.37
7	97 Laidlaw Avenue Jersey City, NJ	5,227	0.12	Multi-Family	R-1	Average	1/20	\$1,150,000	\$220.01
8	70 Central Avenue Jersey City, NJ	12,567	0.29	Multi-Family	R-1	Good	8/19	\$2,325,000	\$185.01
STATISTICS									
Low		5,227	0.12				6/19	\$1,150,000	\$20.19
High		328,442	7.54				3/21	\$25,500,000	\$278.13
Average		91,680	2.10				2/20	\$6,100,000	\$136.75



**LAND SALE ADJUSTMENT GRID**

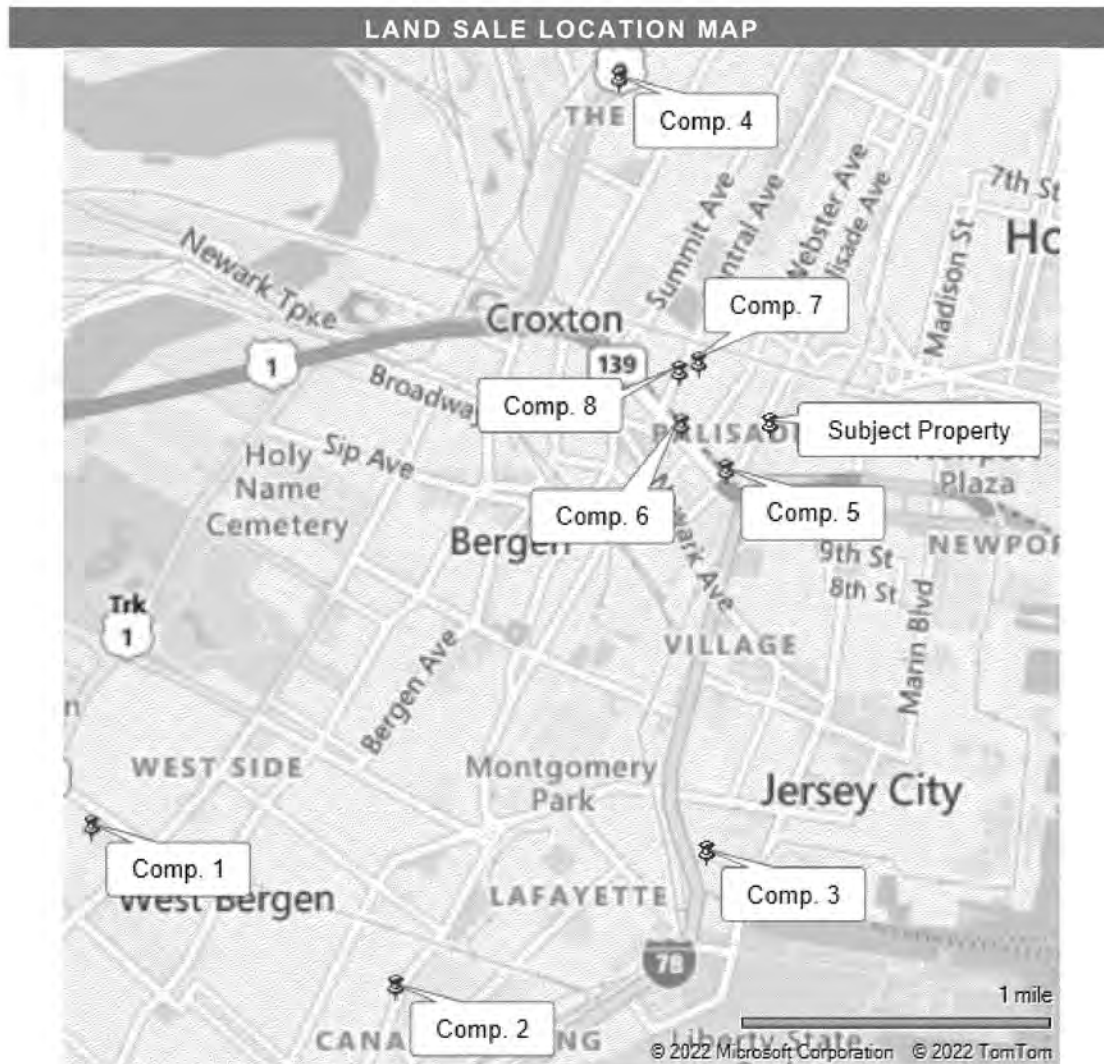
Economic Adjustments (Cumulative)						Property Characteristic Adjustments (Additive)						
No.	Price PSF Land & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market <sup>(1)</sup> Conditions	PSF Land Subtotal	Location	Size	Public Utilities	Utility <sup>(2)</sup>	Other	Adj. Price PSF Land
1	\$77.64 3/21	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 1.7%	\$78.96 1.7%	Superior -10.0%	Smaller -5.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$67.12 -15.0%
2	\$53.33 1/20	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 3.9%	\$55.41 3.9%	Similar 0.0%	Smaller -10.0%	Similar 0.0%	Inferior 5.0%	Similar 0.0%	\$52.64 -5.0%
3	\$64.28 12/19	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 4.2%	\$66.98 4.2%	Similar 0.0%	Smaller -10.0%	Similar 0.0%	Inferior 5.0%	Similar 0.0%	\$63.63 -5.0%
4	\$20.19 6/19	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 5.3%	\$21.26 5.3%	Inferior 10.0%	Smaller -10.0%	Similar 0.0%	Inferior 5.0%	Similar 0.0%	\$22.33 5.0%
5	\$278.13 Listing	Fee Simple 0.0%	Listing -10.0%	None 0.0%	Similar 0.0%	\$250.32 -10.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$250.32 0.0%
6	\$195.37 11/20	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.3%	\$199.86 2.3%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Inferior 5.0%	Similar 0.0%	\$209.86 5.0%
7	\$220.01 1/20	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 3.9%	\$228.59 3.9%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Inferior 5.0%	Similar 0.0%	\$240.02 5.0%
8	\$185.01 8/19	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 4.9%	\$194.07 4.9%	Similar 0.0%	Larger 5.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$203.78 5.0%
STATISTICS												
\$20.19		- Low									Low -	\$22.33
\$278.13		- High									High -	\$250.32
\$136.75		- Average									Average -	\$138.71

**(1) Market Conditions Adjustment Footnote**

Compound annual change in market conditions: 2.00%  
Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes shape, access, frontage and visibility.



## Discussion of Adjustments

### Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

### Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the

lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

#### **Conditions of Sale**

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

#### **Market Conditions**

The sales that are included in this analysis occurred between June 2019 and March 2021. The market had been improving over this period and we have applied a 2.0 percent annual increase to each comparable.

#### **Location**

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. The subject property is rated good in location. We made a downward adjustment to those comparables considered superior in location compared to the subject. Conversely, an upward adjustment was made to those comparables considered inferior. An upward adjustment was required for Comparable 5, while a downward adjustment was required for Comparable 1. No other adjustments were required for this category.

#### **Size**

The adjustment for size generally reflects the inverse relationship between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Therefore, upward adjustments were made to larger land parcels, and downward adjustments were made to smaller land parcels.

We have utilized Comparables 1 through 4 for the hospital campus parcels owned by Hudson Hospital Propco, LLC, which total 11.96 acres. We have utilized Comparables 5 through 8 for the smaller 0.05-acre parcels owned by Palisades Ave Properties LLC and Palisade Avenue Properties, LLC. An upward adjustment was required for Comparable 8, while downward adjustments were required for Comparables 1, 2, 3, and 4. No other adjustments were required for this category.

#### **Public Utilities**

The availability of public utilities has a significant impact on the value of a property. Municipal utility providers often, but not always, provide utilities such as gas, water, electric, sewer, and telephone. It is therefore important to understand any differences that may exist in the availability of public utilities to the subject property and its comparables. All of the sales, like the subject, had full access to public utilities at the time of sale. Therefore, no adjustments were required for this category.

#### **Utility**

The subject parcel is adequately shaped to accommodate a typical building. It has good access, good frontage and good visibility. Overall, it has been determined that the site has good utility. Adjustments were made where a comparable was considered to have superior or inferior utility. Comparables 2, 3, 4, 6, and 7 has inferior utility to the subject and upward adjustments were required. The remaining comparables had similar utility to the subject and no other adjustments were required for this category.

**Other**

In some cases, other variables will have an impact on the price of a land transaction. Examples include soil or slope conditions, restrictive zoning, easements, wetlands or external influences. In our analysis of the comparables we found that no unusual conditions existed at the time of sale. As a result, no adjustments were required.

**Conclusion of Site Value**

The adjustments applied to the comparable sales in the Land Sale Adjustment Chart reflect what we determined is appropriate in the marketplace.

We have utilized Comparables 1 through 4 for the hospital campus parcels owned by Hudson Hospital Propco, LLC, which total 11.96 acres. We have utilized Comparables 5 through 8 for the smaller 0.05-acre parcels owned by Palisades Ave Properties LLC and Palisade Avenue Properties, LLC.

After a thorough analysis, the comparable land sales for Comparables 1 - 4 reflect adjusted unit values ranging from \$22.33 per square foot to \$67.12 per square foot, with an average of \$51.43 per square foot. The comparable land sales for Comparables 5 - 8 reflect adjusted unit values ranging from \$203.78 per square foot to \$250.32 per square foot, with an average of \$225.99 per square foot.

Based on the subject's characteristics, we have concluded towards the middle portion of the adjusted ranges. Therefore, we concluded that the indicated land value by the Sales Comparison Approach was:

<b>AS IS LAND VALUE CONCLUSION</b>	<b>Price PSF</b>	<b>Price PSF</b>	<b>Price PSF</b>
Property	Hudson Hospital Propco, LLC Parcels	Palisade Avenue Properties, LLC Parcel (192 Palisade Avenue)	Palisades Ave Properties LLC Parcel (194 Palisade Avenue)
Indicated Value	\$50.00	\$225.00	\$225.00
SQFT Measure	x 521,031	x 2,283	x 2,300
Indicated Value	\$26,051,536	\$513,675	\$517,500
Rounded	\$26,100,000	\$515,000	\$520,000
\$/SF Basis	\$50.09	\$225.58	\$226.09
<b>LAND VALUE CONCLUSION</b>	<b>\$26,100,000</b>	<b>\$515,000</b>	<b>\$520,000</b>
\$/SF Basis	\$50.09	\$226	\$226.09

## Sales Comparison Approach

### Methodology

Using the Sales Comparison Approach, we developed an opinion of value by comparing the subject property to similar, recently sold properties in the surrounding or competing area. This approach relies on the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

By analyzing sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

- Research recent, relevant property sales and current offerings in the competitive area;
- Select and analyze properties that are similar to the subject property, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or locational factors;
- Identify sales that include favorable financing and calculate the cash equivalent price;
- Reduce the sale prices to a common unit of comparison such as price per bed, price per square foot, effective gross income multiplier, or net income per square foot;
- Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the subject property and
- Interpret the adjusted sales data and draw a logical value conclusion.

The most widely used and market-oriented unit of comparison for hospital properties is the sales price per bed and for medical office, office, and residential properties is the sales price per square foot. All comparable sales were analyzed on these bases. The following pages contain a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.

In our research for comparable hospital sales, we found too few comparables in the State of New Jersey, and so we expanded our search outside the state. Depending on size and location, hospitals are targeted by one of three primary buyer types: 1) regional health care operators/organizations looking to expand service areas and drive greater economies of scale; 2) institutional/investment buyers such as REITs and private equity investment groups, and; 3) competing hospitals looking to eliminate competition in their market area. Given these three primary buyer types, we believe it is reasonable to include sales from multiple states, since the target market for some of these buyer types is not geographically defined.

Due to the nature of the subject property and the level of detail available for the comparable data, we elected to analyze the comparables through the application of traditional adjustment grids using percentage adjustments.

The following table shows with sale set used for each improvement at the subject property. We note that the parking garage would be sold with the campus and is required to create economic value for improvements on the campus especially the hospital and medical office building. Therefore, we have not shown a separate adjustment grid for the parking garage.



Subject Christ Hospital Campus Parcels and Addresses							
Parcel ID	Property Address	City	ST	Improvement Description	Bldg SF	Year Built	Sale Set
6901-15	112 Palisade Avenue	Jersey City	NJ	Daycare	4,455	1991	Office/Medical/General Commercial
6901-17	142 Palisade Avenue	Jersey City	NJ	Medical Office Building	30,612	1981	Medical Office Buildings
5903-21	169 Palisade Avenue	Jersey City	NJ	Nursing School	33,028	1900's	Office/Medical/General Commercial
5903-21	179 Palisade Avenue	Jersey City	NJ	Apartment Building	11,656	1900's	Residential
6901-18.01	176 Palisade Avenue	Jersey City	NJ	Hospital	339,927	1928 - 1981	Hospital
6001-9	190 Palisade Avenue	Jersey City	NJ	Office - Carepoint Health Foundation	2,300	1900's	Office/Medical/General Commercial
6001-9	200 Palisade Avenue	Jersey City	NJ	Office - Pastoral Care	2,200	1900's	Office/Medical/General Commercial
6001-9	204 Palisade Avenue	Jersey City	NJ	Office - IT	2,200	1900's	Office/Medical/General Commercial
6001-9	206 Palisade Avenue	Jersey City	NJ	Residential	2,475	1900's	Residential
6001-9	208 Palisade Avenue	Jersey City	NJ	Residential	2,600	1900's	Residential
6001-9	210 Palisade Avenue	Jersey City	NJ	Medical Office	2,900	1900's	Office/Medical/General Commercial
6001-13	218 Palisade Avenue	Jersey City	NJ	Business Office and HR Building	7,367	1994	Office/Medical/General Commercial
6001-3	192 Palisade Avenue	Jersey City	NJ	Residential	2,296	1900	Residential
6001-4	194 Palisade Avenue	Jersey City	NJ	Residential	3,400	1920	Residential
<b>Total</b>					<b>543,316</b>	<b>1900 - 1996</b>	

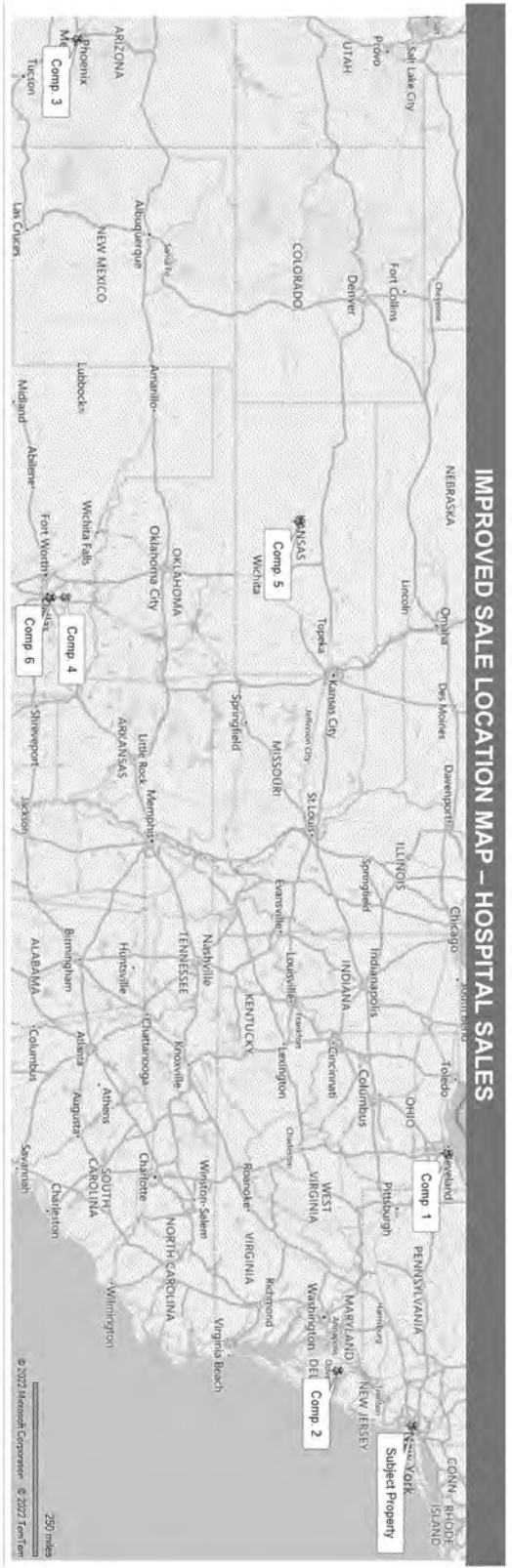
In the Sales Comparison Approach we have derived the value of the subject property's As Is.

Comparable improved sale data sheets are presented in the Addenda of this report.

## CHRIST HOSPITAL CAMPUS

## SALES COMPARISON APPROACH

SUMMARY OF IMPROVED HOSPITAL SALES															
PROPERTY INFORMATION							TRANSACTION INFORMATION								
No.	Property Name Address, City, State	Type	Number of Beds	Building NRA	Year Built	Quality/ Condition	Grantor	Grantee	Sale Date	Sale Price	\$/Bed	\$/SF	NOI / Bed/ Mo.	NOI / SF	OAR
1	Beachwood Medical Center 25501 Chagrin Boulevard Beachwood, OH	Short-Term Acute Care Hospital	24	78,838	2019	Good	Manna Isle Ohio LLC	MMAC-FCA Beachwood LLC	4/21	\$58,250,000	\$2,427,083	\$738.86	\$12,034	\$43.96	5.95%
2	PAM Rehabilitation Hospital of Dover 1240 McKee Road Dover, DE	Rehab Hospital	34	42,140	2019	Good	Anchor Health Properties	MedCore Partners	6/20	\$21,347,000	\$627,853	\$508.57	\$3,401	\$32.93	6.50%
3	Casis Hospital 750 North 40th Street Phoenix, AZ	Short-Term Acute Care Hospital	64	93,641	2011	Good	Southwest Orthopedic and Spine Hospital Real Estate, LLC	Flagler Investment Holdings LLC	2/19	\$49,000,000	\$765,625	\$523.28	\$4,307	\$35.32	6.75%
4	Methodist McKinney Hospital 8000 Eldorado Parkway McKinney, TX	Short-Term Acute Care Hospital	23	66,450	2010	Good	Neutera Capital	Kawa Capital Partners LLC	12/18	\$64,000,000	\$2,782,609	\$963.13	\$15,304	\$83.57	6.60%
5	Great Bend Regional Hospital 514 Cleveland Street Great Bend, KS	Short-Term Acute Care Hospital	33	58,000	2001	Average	Global Medical REIT, Inc	Livingston Street Capital	12/18	\$32,450,000	\$983,333	\$963.13	\$5,636	\$38.48	6.88%
6	City Hospital at White Rock 9440 Poppy Drive Dallas, TX	Short-Term Acute Care Hospital	218	236,314	1959	Average	City Hospital at White Rock	Global Medical REIT Inc.	5/18	\$23,000,000	\$105,505	\$97.33	\$852	\$9.44	9.70%
STATISTICS															
Low			23	42,140	1959				5/18	\$21,347,000	\$105,505	\$97.33	\$852	\$9.44	5.95%
High			218	236,314	2019				4/21	\$64,000,000	\$2,782,609	\$963.13	\$15,304	\$83.57	9.70%
Average			66	95,897	2003				7/19	\$41,341,167	\$1,282,001	\$632.05	\$6,922	\$37.28	7.06%





## IMPROVED SALE ADJUSTMENT GRID - Christ Hospital - 176 Palisade Avenue

ECONOMIC ADJUSTMENTS (CUMULATIVE)						PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)					
No.	Price / Bed & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market <sup>(1)</sup> Conditions	Subtotal	Location	Age, Quality & Condition	Economics	Other	Adj. Price / Bed
1	\$2,427,083 4/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$2,427,083 0.0%	Inferior 5.0%	Superior -35.0%	Superior -15.0%	Similar 0.0%	\$1,334,896 -45.0%
2	\$627,853 6/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$627,853 0.0%	Inferior 10.0%	Superior -35.0%	Inferior 5.0%	Similar 0.0%	\$502,282 -20.0%
3	\$765,625 2/19	Leasehold 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.2%	\$782,592 2.2%	Inferior 5.0%	Superior -30.0%	Similar 0.0%	Similar 0.0%	\$586,944 -25.0%
4	\$2,782,609 12/18	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.5%	\$2,853,082 2.5%	Similar 0.0%	Superior -30.0%	Superior -20.0%	Similar 0.0%	\$1,426,541 -50.0%
5	\$983,333 12/18	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.5%	\$1,008,238 2.5%	Inferior 50.0%	Superior -20.0%	Superior -10.0%	Similar 0.0%	\$1,209,885 20.0%
6	\$105,505 5/18	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 3.8%	\$109,470 3.8%	Inferior 10.0%	Similar 0.0%	Inferior 90.0%	Similar 0.0%	\$218,939 100.0%
STATISTICS											
- Low						Low -					
\$105,505						\$218,939					
- High						High -					
\$2,782,609						\$1,426,541					
- Average						Average -					
\$1,282,001						\$879,915					

## (1) Market Conditions Adjustment

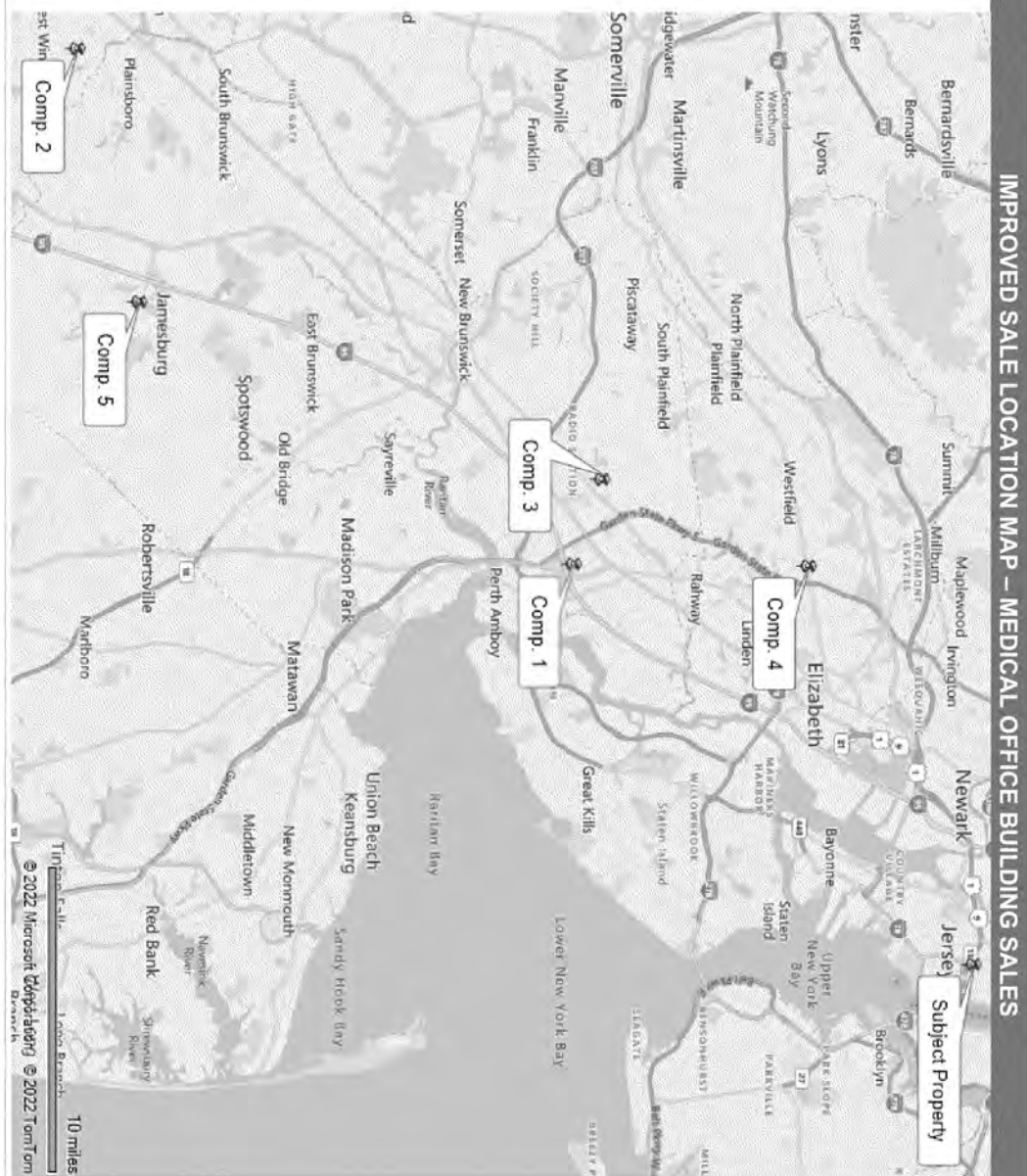
See Variable Growth Rate Assumptions Table

Date of Value (for adjustment calculations): 12/31/21

## Variable Growth Rate Assumptions

Starting Growth Rate: 2.0%  
 Inflection Point 1 (IP1): 3/11/2020  
 Change After IP1: 0.0%

SUMMARY OF IMPROVED SALES - MEDICAL OFFICE BUILDINGS															
PROPERTY INFORMATION								TRANSACTION INFORMATION							
No.	Property Name Address, City, State	Land (SF)	Building NRA	Year Built	Year Ren.	Quality	Cond.	Grantor	Grantee	Sale Date	Sale Price	\$/SF	NOI/SF	OAR	Occup.
1	Davita Dialysis 541 Main Street Woodbridge, NJ	45,302	10,211	1975	2013	Average	Good	541 Main Street, LLC	Agree Central, LLC	3/21	\$3,600,000	\$352.56	\$22.86	6.48%	100%
	88 Princeton-Heightstown Road Princeton Junction, NJ	130,680	25,364	1999	-	Average	Average	WC 88 Princeton- Heightstown LLC	Glen Real Estate Holdings, LLC	2/22	\$8,100,000	\$319.35	\$20.98	6.57%	91%
3	102 James Street Edison, NJ	74,923	24,000	2006	-	Average	Average	James Street MAB Associates LLC et. al.	Hackensack Meridian Health Realty Corp	11/20	\$6,000,000	\$250.00	\$16.25	6.50%	100%
4	Medical Building 210 North Avenue East Cranford, NJ	35,000	14,116	1997	-	Good	Good	Van Brunl Real Estate LLC	Esna Farm LLC & Cranford Med Comp LLC	8/20	\$2,300,000	\$162.94	\$12.87	7.90%	100%
5	Forsgate Medical Building 9 Centre Drive Monroe Township, NJ	125,453	26,808	1991	-	Average	Average	Forsgate Medical Building Associates LP	Forsgate MOB LLC (Alkins Cos.)	1/20	\$8,250,000	\$307.74	\$22.47	7.30%	100%
STATISTICS															
Low		35,000	10,211	1975	2013					1/20	\$2,300,000	\$162.94	\$12.87	6.48%	91%
High		130,680	26,808	2006	2013					2/22	\$8,250,000	\$352.56	\$22.86	7.90%	100%
Average		82,272	20,100	1994	2013					12/20	\$5,650,000	\$278.52	\$19.09	6.95%	98%



**IMPROVED SALE ADJUSTMENT GRID - Medical Office Building - 142 Palisade Avenue**

ECONOMIC ADJUSTMENTS (CUMULATIVE)												PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)			
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF				
1	\$352.56 3/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$352.56 0.0%	Inferior 25.0%	Smaller -10.0%	Superior -10.0%	Superior -10.0%	\$334.93 -5.0%				
2	\$315.41 1/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$315.41 0.0%	Inferior 20.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$378.49 20.0%				
3	\$250.00 11/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$250.00 0.0%	Inferior 10.0%	Similar 0.0%	Superior -5.0%	Similar 0.0%	\$262.50 5.0%				
4	\$162.94 8/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$162.94 0.0%	Inferior 20.0%	Smaller -10.0%	Similar 0.0%	Similar 0.0%	\$179.23 10.0%				
5	\$307.74 1/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.6%	\$309.49 0.6%	Inferior 25.0%	Similar 0.0%	Similar 0.0%	Superior -10.0%	\$355.91 15.0%				
STATISTICS															
	\$162.94	- Low								Low -	\$179.23				
	\$352.56	- High								High -	\$378.49				
	\$277.73	- Average								Average -	\$302.21				

**(1) Market Conditions Adjustment**

See Variable Growth Rate Assumptions Table

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.

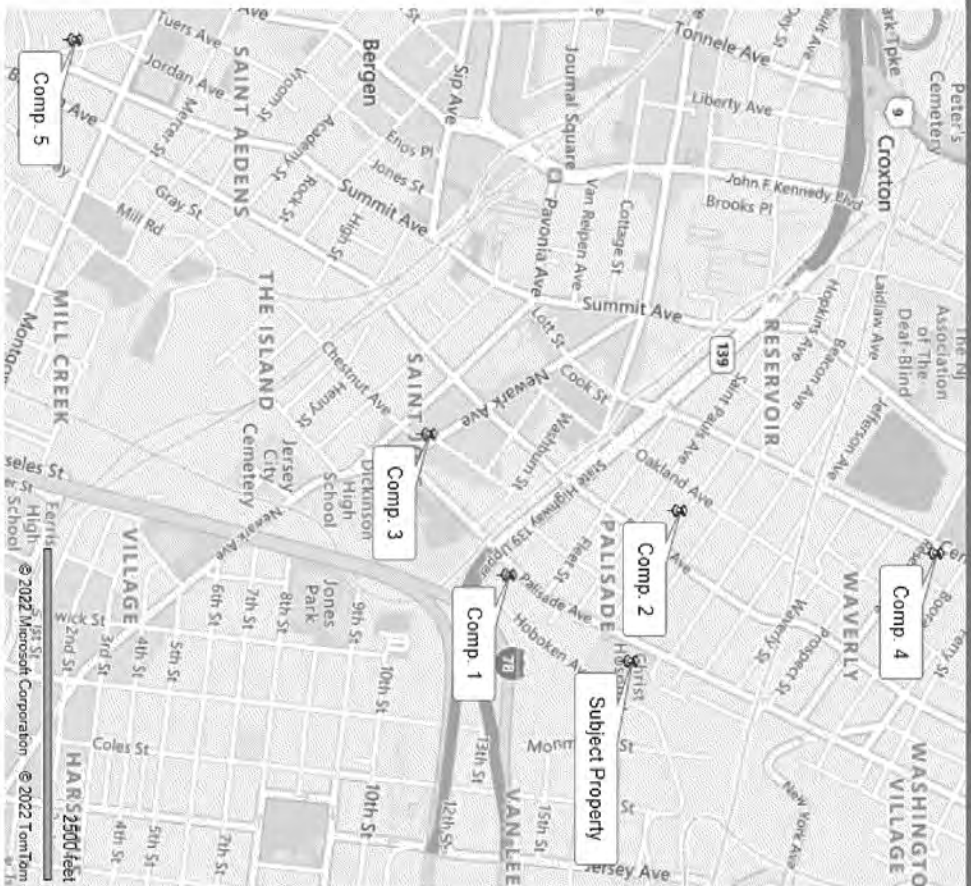
**Variable Growth Rate Assumptions**

Starting Growth Rate: 3.0%  
Inflection Point 1 (IP1): 3/11/2020  
Change After IP1: 0.0%

## SUMMARY OF IMPROVED SALES - RESIDENTIAL

PROPERTY INFORMATION										TRANSACTION INFORMATION						
No.	Property Name Address, City, State	Land (SF)	Building NRA	Year Built	Year Renovated	No. of Units	Average Unit Size	Quality	Cond.	Grantor	Grantee	Sale Date	Sale Price	\$/Unit	\$/sqft	OAR
1	80 Palisade Avenue Jersey City, NJ	4,792	11,816	1925	-	17	695	Average	Average	Horizon Place LLC	80 Palisade Realty LLC	Dec-21	\$2,710,000	\$159,412	229.35	-
2	67 Hopkins Avenue Jersey City, NJ	3,485	4,449	1909	-	6	742	Average	Average	Siroz Mary J	Real Hopkins LLC	May-21	\$1,100,000	\$183,333	247.25	4.36%
3	525 Newark Ave Jersey City, NJ	2,150	3,300	1900	-	6	550	Average	Good	525 NEWARK AVENUE LLC	GRANEEDY REALTY, LLC.	Mar-19	\$1,100,000	\$183,333	333.33	6.43%
4	182 Central Avenue Jersey City, NJ	3,620	10,335	1910	2010	9	1,148	Good	Good	VILLAGE ROAD INVESTMENTS LLC.	THE PRIVATIONS, INC., 401K	Mar-19	\$2,975,000	\$330,556	259.06	5.40%
5	15 Orchard St Jersey City, NJ	20,038	3,372	1920	-	8	422	Average	Average	LSQ Orchard 15 LLC	McGinley Square Properties LLC	Jan-19	\$1,225,000	\$153,125	228.97	5.40%
STATISTICS																
Low		2,150	3,300	1900		6	422					Jan-19	\$1,100,000	\$153,125	228.97	4.36%
High		20,038	11,816	1925		17	1,148					Dec-21	\$2,975,000	\$330,556	333.33	6.43%
Average		6,817	6,654	1913		9	711					Feb-20	\$1,822,000	\$201,952	259.59	5.40%

### IMPROVED SALE LOCATION MAP – RESIDENTIAL SALES



**IMPROVED SALE ADJUSTMENT GRID - 179 Palisade Avenue**

IMPROVED SALE ADJUSTMENT GRID - 179 Palisade Avenue											
		ECONOMIC ADJUSTMENTS (CUMULATIVE)					PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)				
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF
1	\$229.35 12/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.2%	\$229.87 0.2%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$229.87 0.0%
2	\$247.25 5/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 1.8%	\$251.69 1.8%	Similar 0.0%	Smaller -10.0%	Similar 0.0%	Similar 0.0%	\$226.53 -10.0%
3	\$333.33 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 8.8%	\$362.50 8.8%	Similar 0.0%	Smaller -10.0%	Superior -5.0%	Similar 0.0%	\$308.13 -15.0%
4	\$259.06 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 8.8%	\$281.73 8.8%	Similar 0.0%	Similar 0.0%	Superior -10.0%	Similar 0.0%	\$253.56 -10.0%
5	\$363.28 1/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 9.3%	\$396.97 9.3%	Similar 0.0%	Smaller -10.0%	Similar 0.0%	Similar 0.0%	\$357.27 -10.0%
STATISTICS											
	\$229.35	- Low								Low -	\$226.53
	\$363.28	- High								High -	\$357.27
	\$286.45	- Average								Average -	\$275.07

**(1) Market Conditions Adjustment**

Compound annual change in market conditions: 3.00%

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.



**IMPROVED SALE ADJUSTMENT GRID - 192 Palisade Avenue**

IMPROVED SALE ADJUSTMENT GRID - 192 Palisade Avenue											
ECONOMIC ADJUSTMENTS (CUMULATIVE)						PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)					
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF
1	\$229.35 12/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.2%	\$229.87 0.2%	Similar 0.0%	Larger 10.0%	Similar 0.0%	Similar 0.0%	\$252.86 10.0%
2	\$247.25 5/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 1.8%	\$251.69 1.8%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$251.69 0.0%
3	\$333.33 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 8.8%	\$362.50 8.8%	Similar 0.0%	Similar 0.0%	Superior -5.0%	Similar 0.0%	\$344.38 -5.0%
4	\$259.06 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 8.8%	\$281.73 8.8%	Similar 0.0%	Larger 10.0%	Superior -10.0%	Similar 0.0%	\$281.73 0.0%
5	\$363.28 1/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 9.3%	\$396.97 9.3%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$396.97 0.0%
STATISTICS											
	\$229.35	- Low								Low -	\$251.69
	\$363.28	- High								High -	\$396.97
	\$286.45	- Average								Average -	\$305.53

**(1) Market Conditions Adjustment**

Compound annual change in market conditions: 3.00%

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.



**IMPROVED SALE ADJUSTMENT GRID - 194 Palisade Avenue**

IMPROVED SALE ADJUSTMENT GRID - 194 Palisade Avenue											
ECONOMIC ADJUSTMENTS (CUMULATIVE)						PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)					
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF
1	\$229.35 12/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.2%	\$229.87 0.2%	Similar 0.0%	Larger 10.0%	Similar 0.0%	Similar 0.0%	\$252.86 10.0%
2	\$247.25 5/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 1.8%	\$251.69 1.8%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$251.69 0.0%
3	\$333.33 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 8.8%	\$362.50 8.8%	Similar 0.0%	Similar 0.0%	Superior -5.0%	Similar 0.0%	\$344.38 -5.0%
4	\$259.06 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 8.8%	\$281.73 8.8%	Similar 0.0%	Larger 10.0%	Superior -10.0%	Similar 0.0%	\$281.73 0.0%
5	\$363.28 1/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 9.3%	\$396.97 9.3%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$396.97 0.0%
STATISTICS											
	\$229.35	- Low								Low -	\$251.69
	\$363.28	- High								High -	\$396.97
	\$286.45	- Average								Average -	\$305.53

**(1) Market Conditions Adjustment**

Compound annual change in market conditions: 3.00%

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.

**IMPROVED SALE ADJUSTMENT GRID - 206 Palisade Avenue**

IMPROVED SALE ADJUSTMENT GRID - 206 Palisade Avenue											
ECONOMIC ADJUSTMENTS (CUMULATIVE)						PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)					
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF
1	\$229.35 12/21	Leased Fee 0.0%	Arm's+Length 0.0%	None 0.0%	Inferior 0.2%	\$229.87 0.2%	Similar 0.0%	Larger 10.0%	Similar 0.0%	Similar 0.0%	\$252.86 10.0%
2	\$247.25 5/21	Leased Fee 0.0%	Arm's+Length 0.0%	None 0.0%	Inferior 1.8%	\$251.69 1.8%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$251.69 0.0%
3	\$333.33 3/19	Leased Fee 0.0%	Arm's+Length 0.0%	None 0.0%	Inferior 8.8%	\$362.50 8.8%	Similar 0.0%	Similar 0.0%	Superior -5.0%	Similar 0.0%	\$344.38 -5.0%
4	\$259.06 3/19	Leased Fee 0.0%	Arm's+Length 0.0%	None 0.0%	Inferior 8.8%	\$281.73 8.8%	Similar 0.0%	Larger 10.0%	Superior -10.0%	Similar 0.0%	\$281.73 0.0%
5	\$363.28 1/19	Leased Fee 0.0%	Arm's+Length 0.0%	None 0.0%	Inferior 9.3%	\$396.97 9.3%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$396.97 0.0%
STATISTICS											
	\$229.35	- Low								Low -	\$251.69
	\$363.28	- High								High -	\$396.97
	\$286.45	- Average								Average -	\$305.53

**(1) Market Conditions Adjustment**

Compound annual change in market conditions: 3.00%

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.

**IMPROVED SALE ADJUSTMENT GRID - 208 Palisade Avenue**

IMPROVED SALE ADJUSTMENT GRID - 208 Palisade Avenue											
		ECONOMIC ADJUSTMENTS (CUMULATIVE)					PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)				
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF
1	\$229.35 12/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.2%	\$229.87 0.2%	Similar 0.0%	Larger 10.0%	Similar 0.0%	Similar 0.0%	\$252.86 10.0%
2	\$247.25 5/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 1.8%	\$251.69 1.8%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$251.69 0.0%
3	\$333.33 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 8.8%	\$362.50 8.8%	Similar 0.0%	Similar 0.0%	Superior -5.0%	Similar 0.0%	\$344.38 -5.0%
4	\$259.06 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 8.8%	\$281.73 8.8%	Similar 0.0%	Larger 10.0%	Superior -10.0%	Similar 0.0%	\$281.73 0.0%
5	\$363.28 1/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 9.3%	\$396.97 9.3%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$396.97 0.0%
STATISTICS											
	\$229.35	- Low								Low -	\$251.69
	\$363.28	- High								High -	\$396.97
	\$286.45	- Average								Average -	\$305.53

**(1) Market Conditions Adjustment**

Compound annual change in market conditions: 3.00%

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.

SUMMARY OF IMPROVED SALES -OFFICE/MEDICAL/GENERAL COMMERCIAL SALES												
PROPERTY INFORMATION							TRANSACTION INFORMATION					
No.	Property Name Address, City, State	Land (SF)	Building NRA	Year Built	Quality	Cond.	Grantor	Grantee	Sale Date	Sale Price	\$/SF	OAR
1	130 Central Avenue Jersey City, NJ	4,792	9,000	1956	Average	Average	Palazzo Properties LLC	Offering	12/21	\$2,000,000	\$222.22	-
2	2-4 Webster Avenue Jersey City, NJ	3,485	9,087	1950	Average	Average	Sheriff of Hudson County	2-4 Webster Associates LLC	12/21	\$1,415,000	\$155.72	6.00%
3	143 Palisade Avenue Jersey City, NJ	1,742	1,993	1900	Average	Average	Shiriji Assoc	Anuj Shah Jc Assoc	11/20	\$950,000	\$476.67	-
4	330 Palisade Avenue Jersey City, NJ	4,792	9,000	1901	Average	Average	330-332 Palisade Ave App Propc	Yh Han LLC	3/20	\$2,400,000	\$266.67	-
5	2737 John F. Kennedy Boulevard Jersey City, NJ	7,405	7,500	1960	Average	Average	2735 Kennedy Blvd Assoc LLC	2737 Kennedy LLC	2/20	\$1,875,000	\$250.00	5.50%
6	444 Central Avenue Jersey City, NJ	9,148	7,300	1989	Average	Average	Mec 444 Central Ave LLC	Racheal Fosu	4/19	\$3,000,000	\$410.96	-
7	149 Palisade Avenue Jersey City, NJ	2,614	3,180	1900	Average	Average	Gor Renuka	CMB Properties LLC	3/19	\$989,000	\$311.01	-
STATISTICS												
Low		1,742	1,993	1900					3/19	\$950,000	\$155.72	5.50%
High		9,148	9,087	1989					12/21	\$3,000,000	\$476.67	6.00%
Average		4,854	6,723	1937					7/20	\$1,804,143	\$299.03	5.75%

IMPROVED SALE LOCATION MAP – OFFICE/MEDICAL/GENERAL COMMERCIAL SALES



**IMPROVED SALE ADJUSTMENT GRID - Daycare - 112 Palisade Avenue**

ECONOMIC ADJUSTMENTS (CUMULATIVE)											PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)			
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF			
1	\$222.22 Listing	Fee Simple 0.0%	Listing -10.0%	None 0.0%	Similar 0.0%	\$200.00 -10.0%	Similar 0.0%	Larger 10.0%	Inferior 10.0%	Similar 0.0%	\$240.00 20.0%			
2	\$155.72 12/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$155.72 0.0%	Similar 0.0%	Larger 10.0%	Inferior 10.0%	Similar 0.0%	\$186.86 20.0%			
3	\$476.67 11/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$476.67 0.0%	Similar 0.0%	Smaller -10.0%	Inferior 10.0%	Similar 0.0%	\$476.67 0.0%			
4	\$266.67 3/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$266.67 0.0%	Similar 0.0%	Larger 10.0%	Inferior 10.0%	Similar 0.0%	\$320.00 20.0%			
5	\$250.00 2/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.2%	\$250.57 0.2%	Similar 0.0%	Larger 5.0%	Inferior 10.0%	Similar 0.0%	\$288.15 15.0%			
6	\$410.96 4/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.7%	\$421.95 2.7%	Similar 0.0%	Larger 5.0%	Similar 0.0%	Similar 0.0%	\$443.05 5.0%			
7	\$275.16 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.9%	\$283.05 2.9%	Similar 0.0%	Similar 0.0%	Inferior 10.0%	Similar 0.0%	\$311.35 10.0%			
STATISTICS														
\$155.72		- Low									Low -		\$186.86	
\$476.67		- High									High -		\$476.67	
\$293.91		- Average									Average -		\$323.73	

**(1) Market Conditions Adjustment**

See Variable Growth Rate Assumptions Table

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.

**Variable Growth Rate Assumptions**

Starting Growth Rate: 3.0%

Inflection Point 1 (IP1): 3/11/2020

Change After IP1: 0.0%

**IMPROVED SALE ADJUSTMENT GRID - Nursing School - 179 Palisade Avenue**

ECONOMIC ADJUSTMENTS (CUMULATIVE)											PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)				
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF				
1	\$222.22 Listing	Fee Simple 0.0%	Listing -10.0%	None 0.0%	Similar 0.0%	\$200.00 -10.0%	Similar 0.0%	Smaller -5.0%	Superior -5.0%	Similar 0.0%	\$180.00 -10.0%				
2	\$155.72 12/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$155.72 0.0%	Similar 0.0%	Smaller -5.0%	Superior -5.0%	Similar 0.0%	\$140.15 -10.0%				
3	\$476.67 11/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$476.67 0.0%	Similar 0.0%	Smaller -15.0%	Similar 0.0%	Similar 0.0%	\$405.17 -15.0%				
4	\$266.67 3/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$266.67 0.0%	Similar 0.0%	Smaller -5.0%	Similar 0.0%	Similar 0.0%	\$253.34 -5.0%				
5	\$250.00 2/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.2%	\$250.57 0.2%	Similar 0.0%	Smaller -5.0%	Superior -5.0%	Similar 0.0%	\$225.51 -10.0%				
6	\$410.96 4/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.7%	\$421.95 2.7%	Similar 0.0%	Smaller -5.0%	Superior -10.0%	Similar 0.0%	\$358.66 -15.0%				
7	\$275.16 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.9%	\$283.05 2.9%	Similar 0.0%	Smaller -10.0%	Similar 0.0%	Similar 0.0%	\$254.74 -10.0%				
STATISTICS															
	\$155.72	- Low								Low -	\$140.15				
	\$476.67	- High								High -	\$405.17				
	\$293.91	- Average								Average -	\$259.65				

**(1) Market Conditions Adjustment**

See Variable Growth Rate Assumptions Table

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.

**Variable Growth Rate Assumptions**

Starting Growth Rate: 3.0%

Inflection Point 1 (IP1): 3/11/2020

Change After IP1: 0.0%



**IMPROVED SALE ADJUSTMENT GRID - 190 Palisade Avenue**

ECONOMIC ADJUSTMENTS (CUMULATIVE)												PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)				
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF					
1	\$222.22 Listing	Fee Simple 0.0%	Listing -10.0%	None 0.0%	Similar 0.0%	\$200.00 -10.0%	Similar 0.0%	Larger 20.0%	Superior -5.0%	Similar 0.0%	\$230.00 15.0%					
2	\$155.72 12/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$155.72 0.0%	Similar 0.0%	Larger 20.0%	Superior -5.0%	Similar 0.0%	\$179.08 15.0%					
3	\$476.67 11/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$476.67 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$476.67 0.0%					
4	\$266.67 3/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$266.67 0.0%	Similar 0.0%	Larger 20.0%	Similar 0.0%	Similar 0.0%	\$320.00 20.0%					
5	\$250.00 2/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.2%	\$250.57 0.2%	Similar 0.0%	Larger 15.0%	Superior -5.0%	Similar 0.0%	\$275.62 10.0%					
6	\$410.96 4/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.7%	\$421.95 2.7%	Similar 0.0%	Larger 15.0%	Superior -10.0%	Similar 0.0%	\$443.05 5.0%					
7	\$275.16 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.9%	\$283.05 2.9%	Similar 0.0%	Larger 5.0%	Similar 0.0%	Similar 0.0%	\$297.20 5.0%					
STATISTICS																
	\$155.72	- Low								Low -	\$179.08					
	\$476.67	- High								High -	\$476.67					
	\$293.91	- Average								Average -	\$317.38					

**(1) Market Conditions Adjustment**

See Variable Growth Rate Assumptions Table

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.

**Variable Growth Rate Assumptions**

Starting Growth Rate: 3.0%

Inflection Point 1 (IP1): 3/11/2020

Change After IP1: 0.0%



**IMPROVED SALE ADJUSTMENT GRID - 200 Palisade Avenue**

ECONOMIC ADJUSTMENTS (CUMULATIVE)							PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)				
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF
1	\$222.22 Listing	Fee Simple 0.0%	Listing -10.0%	None 0.0%	Similar 0.0%	\$200.00 -10.0%	Similar 0.0%	Larger 20.0%	Superior -15.0%	Similar 0.0%	\$210.00 5.0%
2	\$155.72 12/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$155.72 0.0%	Similar 0.0%	Larger 20.0%	Superior -15.0%	Similar 0.0%	\$163.51 5.0%
3	\$476.67 11/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$476.67 0.0%	Similar 0.0%	Similar 0.0%	Superior -10.0%	Similar 0.0%	\$429.00 -10.0%
4	\$266.67 3/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$266.67 0.0%	Similar 0.0%	Larger 20.0%	Superior -10.0%	Similar 0.0%	\$293.34 10.0%
5	\$250.00 2/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.2%	\$250.57 0.2%	Similar 0.0%	Larger 15.0%	Superior -15.0%	Similar 0.0%	\$250.57 0.0%
6	\$410.96 4/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.7%	\$421.95 2.7%	Similar 0.0%	Larger 15.0%	Superior -20.0%	Similar 0.0%	\$400.86 -5.0%
7	\$275.16 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.9%	\$283.05 2.9%	Similar 0.0%	Larger 5.0%	Superior -10.0%	Similar 0.0%	\$268.90 -5.0%
STATISTICS											
	\$155.72	- Low								Low -	\$163.51
	\$476.67	- High								High -	\$429.00
	\$293.91	- Average								Average -	\$288.02

**(1) Market Conditions Adjustment**

See Variable Growth Rate Assumptions Table

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.

**Variable Growth Rate Assumptions**

Starting Growth Rate: 3.0%

Inflection Point 1 (IP1): 3/11/2020

Change After IP1: 0.0%

**IMPROVED SALE ADJUSTMENT GRID - 204 Palisade Avenue**

ECONOMIC ADJUSTMENTS (CUMULATIVE)												PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)					
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF						
1	\$222.22 Listing	Fee Simple 0.0%	Listing -10.0%	None 0.0%	Similar 0.0%	\$200.00 -10.0%	Similar 0.0%	Larger 20.0%	Superior -15.0%	Similar 0.0%	\$210.00 5.0%						
2	\$155.72 12/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$155.72 0.0%	Similar 0.0%	Larger 20.0%	Superior -15.0%	Similar 0.0%	\$163.51 5.0%						
3	\$476.67 11/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$476.67 0.0%	Similar 0.0%	Similar 0.0%	Superior -10.0%	Similar 0.0%	\$429.00 -10.0%						
4	\$266.67 3/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$266.67 0.0%	Similar 0.0%	Larger 20.0%	Superior -10.0%	Similar 0.0%	\$293.34 10.0%						
5	\$250.00 2/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.2%	\$250.57 0.2%	Similar 0.0%	Larger 15.0%	Superior -15.0%	Similar 0.0%	\$250.57 0.0%						
6	\$410.96 4/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.7%	\$421.95 2.7%	Similar 0.0%	Larger 15.0%	Superior -20.0%	Similar 0.0%	\$400.86 -5.0%						
7	\$275.16 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.9%	\$283.05 2.9%	Similar 0.0%	Larger 5.0%	Superior -10.0%	Similar 0.0%	\$268.90 -5.0%						
STATISTICS																	
	\$155.72	- Low								Low -	\$163.51						
	\$476.67	- High								High -	\$429.00						
	\$293.91	- Average								Average -	\$288.02						

**(1) Market Conditions Adjustment**

See Variable Growth Rate Assumptions Table

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.

**Variable Growth Rate Assumptions**

Starting Growth Rate: 3.0%

Inflection Point 1 (IP1): 3/11/2020

Change After IP1: 0.0%

**IMPROVED SALE ADJUSTMENT GRID - 210 Palisade Avenue**

ECONOMIC ADJUSTMENTS (CUMULATIVE)							PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)				
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF
1	\$222.22 Listing	Fee Simple 0.0%	Listing -10.0%	None 0.0%	Similar 0.0%	\$200.00 -10.0%	Similar 0.0%	Larger 20.0%	Superior -5.0%	Similar 0.0%	\$230.00 15.0%
2	\$155.72 12/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$155.72 0.0%	Similar 0.0%	Larger 20.0%	Superior -5.0%	Similar 0.0%	\$179.08 15.0%
3	\$476.67 11/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$476.67 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$476.67 0.0%
4	\$266.67 3/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$266.67 0.0%	Similar 0.0%	Larger 20.0%	Similar 0.0%	Similar 0.0%	\$320.00 20.0%
5	\$250.00 2/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.2%	\$250.57 0.2%	Similar 0.0%	Larger 15.0%	Superior -5.0%	Similar 0.0%	\$275.62 10.0%
6	\$410.96 4/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.7%	\$421.95 2.7%	Similar 0.0%	Larger 15.0%	Superior -10.0%	Similar 0.0%	\$443.05 5.0%
7	\$275.16 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.9%	\$283.05 2.9%	Similar 0.0%	Larger 5.0%	Similar 0.0%	Similar 0.0%	\$297.20 5.0%
STATISTICS											
	\$155.72	- Low								Low -	\$179.08
	\$476.67	- High								High -	\$476.67
	\$293.91	- Average								Average -	\$317.38

**(1) Market Conditions Adjustment**

See Variable Growth Rate Assumptions Table

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.

**Variable Growth Rate Assumptions**

Starting Growth Rate: 3.0%

Inflection Point 1 (IP1): 3/11/2020

Change After IP1: 0.0%

**IMPROVED SALE ADJUSTMENT GRID - Business Office and HR Building - 218 Palisade Avenue**

ECONOMIC ADJUSTMENTS (CUMULATIVE)							PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)				
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Other	Adj. Price PSF
1	\$222.22 Listing	Fee Simple 0.0%	Listing -10.0%	None 0.0%	Similar 0.0%	\$200.00 -10.0%	Similar 0.0%	Larger 5.0%	Inferior 10.0%	Similar 0.0%	\$230.00 15.0%
2	\$155.72 12/21	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$155.72 0.0%	Similar 0.0%	Larger 5.0%	Inferior 10.0%	Similar 0.0%	\$179.08 15.0%
3	\$476.67 11/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$476.67 0.0%	Similar 0.0%	Smaller -15.0%	Inferior 10.0%	Similar 0.0%	\$452.84 -5.0%
4	\$266.67 3/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$266.67 0.0%	Similar 0.0%	Larger 5.0%	Inferior 10.0%	Similar 0.0%	\$306.67 15.0%
5	\$250.00 2/20	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.2%	\$250.57 0.2%	Similar 0.0%	Similar 0.0%	Inferior 10.0%	Similar 0.0%	\$275.62 10.0%
6	\$410.96 4/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.7%	\$421.95 2.7%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$421.95 0.0%
7	\$275.16 3/19	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.9%	\$283.05 2.9%	Similar 0.0%	Smaller -5.0%	Inferior 10.0%	Similar 0.0%	\$297.20 5.0%
STATISTICS											
	\$155.72	- Low								Low -	\$179.08
	\$476.67	- High								High -	\$452.84
	\$293.91	- Average								Average -	\$309.05

**(1) Market Conditions Adjustment**

See Variable Growth Rate Assumptions Table

Date of Value (for adjustment calculations): 12/31/21

**(2) Utility Footnote**

Utility includes loss factor, floor plates, etc.

**Variable Growth Rate Assumptions**

Starting Growth Rate: 3.0%

Inflection Point 1 (IP1): 3/11/2020

Change After IP1: 0.0%

## Percentage Adjustment Method

### Adjustment Process

The sales we used were the best available comparables to the subject property. The major points of comparison for this type of analysis include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

The first adjustment made to the market data takes into account differences between the subject property and the comparable property sales with regard to the legal interest transferred. Advantageous financing terms or atypical conditions of sale are then adjusted to reflect a normal market transaction. Next, changes in market conditions are accounted for, creating a time adjusted price. Lastly, adjustments for location, physical traits and the economic characteristics of the market data are made in order to generate the final adjusted unit rate for the subject property.

When the subject was superior we adjusted the comps upward to those comparables considered inferior. When the subject was inferior we adjusted the comps downward to those comparables considered superior.

### Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the price that is paid. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. The comparables that represent lease fee interests were leased at market levels and considered equivalent to the fee simple interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

### Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arm's-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments are required.

### Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments are required.

### Market Conditions

In this analysis, we determined the Market Value As-Is using the value date of December 2021. All of the comparables are adjusted to this date to reflect changes in market values over time. The market had been improving up to the declaration of the COVID-19 pandemic on March 11, 2020. Since this time, the market for residential properties has continued to improve and the healthcare and office markets have remained stable. Please refer to the adjustment grid for details on these assumptions.

**Location**

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. The location of the subject property is rated good, and it has good access and good visibility. Each comparable is adjusted accordingly. We have based our adjustments on the average home price surrounding the subject and the comparables. Each comparable has been adjusted accordingly.

**Physical Traits**

Each property has various physical traits that determine its appeal. These traits include size, age, quality, and condition. Each comparable has been adjusted accordingly.

**Economic Characteristics**

The economic characteristics of a property include its occupancy levels, rent levels, tenant quality, and other items not covered under prior adjustments that would have an economic impact on the transaction. Each comparable has been adjusted accordingly.

**Other**

This category accounts for any other adjustments not previously discussed. Each comparable has been adjusted accordingly.



**Summary of Percentage Adjustment Method**

We used the Sales Comparison Approach to estimate the Market Value As-Is of the subject property. Based on the subjects' characteristics including size, age, quality, condition, and location, we have concluded within the adjusted ranges for each property. Therefore, we conclude that the indicated values by the Percentage Adjustment Method was:

<b>Christ Hospital - 176 Palisade Avenue</b>	
<b>Market Value As-Is</b>	
Indicated Value per Bed	\$625,000
Number of Beds	x 178
Indicated Value	\$111,250,000
<b>Rounded to nearest \$100,000</b>	<b>\$111,300,000</b>
Per Bed	\$625,281

<b>Medical Office Building - 142 Palisade Avenue</b>	
<b>Market Value As-Is</b>	
Indicated Value per Square Foot NRA	\$340.00
Net Rentable Area in Square Feet	x 30,612
Indicated Value	\$10,408,080
<b>Rounded to nearest \$25,000</b>	<b>\$10,400,000</b>
Per Square Foot	\$339.74

<b>179 Palisade Avenue</b>	
<b>Market Value As-Is</b>	
Indicated Value per Square Foot NRA	\$250.00
Net Rentable Area in Square Feet	x 11,656
Indicated Value	\$2,914,000
<b>Rounded to nearest \$25,000</b>	<b>\$2,925,000</b>
Per Square Foot	\$250.94

<b>192 Palisade Avenue</b>	
<b>Market Value As-Is</b>	
Indicated Value per Square Foot NRA	\$340.00
Net Rentable Area in Square Feet	x 2,296
Indicated Value	\$780,640
<b>Rounded to nearest \$10,000</b>	<b>\$780,000</b>
Per Square Foot	\$339.72

**194 Palisade Avenue****Market Value As-Is**

Indicated Value per Square Foot NRA	\$340.00
Net Rentable Area in Square Feet	x 3,400
Indicated Value	\$1,156,000
<b>Rounded to nearest \$10,000</b>	<b>\$1,160,000</b>
Per Square Foot	\$341.18

**206 Palisade Avenue****Market Value As-Is**

Indicated Value per Square Foot NRA	\$340.00
Net Rentable Area in Square Feet	x 2,475
Indicated Value	\$841,500
<b>Rounded to nearest \$10,000</b>	<b>\$840,000</b>
Per Square Foot	\$339.39

**208 Palisade Avenue****Market Value As-Is**

Indicated Value per Square Foot NRA	\$340.00
Net Rentable Area in Square Feet	x 2,600
Indicated Value	\$884,000
<b>Rounded to nearest \$10,000</b>	<b>\$880,000</b>
Per Square Foot	\$338.46

**Daycare - 112 Palisade Avenue****Market Value As-Is**

Indicated Value per Square Foot NRA	\$325.00
Net Rentable Area in Square Feet	x 4,455
Indicated Value	\$1,447,875
<b>Rounded to nearest \$25,000</b>	<b>\$1,450,000</b>
Per Square Foot	\$325.48

**Nursing School - 179 Palisade Avenue****Market Value As-Is**

Indicated Value per Square Foot NRA	\$275.00
Net Rentable Area in Square Feet	x 33,028
Indicated Value	\$9,082,700
<b>Rounded to nearest \$25,000</b>	<b>\$9,075,000</b>
Per Square Foot	\$274.77



**190 Palisade Avenue****Market Value As-Is**

Indicated Value per Square Foot NRA	\$340.00
Net Rentable Area in Square Feet	x 2,300
Indicated Value	\$782,000
<b>Rounded to nearest \$10,000</b>	<b>\$780,000</b>
Per Square Foot	\$339.13

**200 Palisade Avenue****Market Value As-Is**

Indicated Value per Square Foot NRA	\$300.00
Net Rentable Area in Square Feet	x 2,200
Indicated Value	\$660,000
<b>Rounded to nearest \$10,000</b>	<b>\$660,000</b>
Per Square Foot	\$300.00

**204 Palisade Avenue****Market Value As-Is**

Indicated Value per Square Foot NRA	\$300.00
Net Rentable Area in Square Feet	x 2,200
Indicated Value	\$660,000
<b>Rounded to nearest \$10,000</b>	<b>\$660,000</b>
Per Square Foot	\$300.00

**210 Palisade Avenue****Market Value As-Is**

Indicated Value per Square Foot NRA	\$340.00
Net Rentable Area in Square Feet	x 2,900
Indicated Value	\$986,000
<b>Rounded to nearest \$10,000</b>	<b>\$990,000</b>
Per Square Foot	\$341.38

**Business Office and HR Building - 218 Palisade Avenue****Market Value As-Is**

Indicated Value per Square Foot NRA	\$310.00
Net Rentable Area in Square Feet	x 7,367
Indicated Value	\$2,283,770
<b>Rounded to nearest \$25,000</b>	<b>\$2,275,000</b>
Per Square Foot	\$308.81

The sum of the Hudson Hospital Propco, LLC property Sales Comparison Approach conclusions is \$142,235,000. The Palisade Avenue Properties, LLC property (192 Palisade Avenue) conclusion via the Sales Comparison Approach is \$780,000. The Palisade Ave Properties, LLC property (194 Palisade Avenue) conclusion via the Sales Comparison Approach is \$1,160,000. The overall total via the sales comparison approach is \$144,175,000.

## Income Capitalization Approach

### Methodology

The Income Capitalization Approach determines the value of a property based on the anticipated economic benefits. The principle of "anticipation" is essential to this approach, which recognizes the relationship between an asset's potential future income and its value. To value the anticipated economic benefits of a property, potential income and expenses must be projected, and the most appropriate capitalization method must be selected.

The most common methods of converting net income into value are Direct Capitalization and Yield Capitalization. In direct capitalization, net operating income is divided by an overall capitalization rate to indicate an opinion of market value. In the yield capitalization method, anticipated future cash flows and a reversionary value are discounted to an opinion of net present value at a chosen yield rate (internal rate of return).

Investors acquiring this type of asset will typically look at year one returns but must also consider long-term strategies. Hence, depending on certain factors, each of the income approach methods has merit.

We placed sole reliance on the Direct Capitalization Method since the property is at stabilized operations and the overall rate used is derived from recent market transactions and then compared to current survey data. It is likely that a prospective purchaser of this type of property would utilize Direct Capitalization as the primary tool in evaluating the property.

### Potential Gross Income

Potential gross income is generated by a number of distinct elements:

- Minimum rent determined by the lease agreement
- Reimbursement of certain expenses incurred in the ownership and operation of the real estate
- Other miscellaneous revenues

Minimum base rent is a legal contract between landlord and tenant establishing a return to investors in the real estate. The lease terms also dictate specific expense reimbursement charges that can be billed to the tenant. Finally, miscellaneous income can be generated from a variety of sources. The first step in this approach is to analyze all potential gross income, starting with an analysis of the subject's tenancy.

We note that we were provided with historic financials for the Hudson Hospital Propco, LLC parcels. Financials were not available for the 192 and 194 Palisade Avenue parcels. We have therefore only utilized the Income Capitalization Approach for the Hudson Hospital Propco, LLC parcels.

### Subject Tenancy

The subject property is leased to a single tenant. The terms of this lease are discussed in the following table, followed by an analysis of rent levels and lease terms at comparable properties.

### Lease Abstract

The subject campus parcels owned by Hudson Hospital Propco, LLC are leased to a single tenant who occupies the campus. A summary of the lease is provided on the following chart:

**LEASE ABSTRACT**

<b>Lessor:</b>	Hudson Hospital Propco, LLC		
<b>Lessee:</b>	Hudson Hospital Opco, LLC		
<b>Lease Term:</b>	15 years		
<b>Start Date:</b>	July 13, 2012		
<b>Square Feet Leased:</b>	537,620		
<b>Number of Beds:</b>	178		
	<u>Annual</u>	<u>\$/SF</u>	<u>\$/Bed/Mo.</u>
<b>Est. Current Contract Rent:</b>	\$8,400,000	\$15.62	\$3,933
<b>Recoveries:</b>	Absolute net. The tenant is directly responsible for all expenses.		
<b>Escalations:</b>	Annual escalations of the annual percent change in the consumer price index (CPI).		
<b>Comments:</b>	We note that we were not provided with the subject's actual current rent, and the rent shown has been estimated based on the changes in the CPI since the lease's commencement.		

**Market Rent Estimate****Analysis of Comparable Rents**

The following table summarizes rental activity for comparable space in similar properties in the marketplace.

## HOSPITAL RENT COMPARABLES

PROPERTY INFORMATION						LEASE INFORMATION								
NO.	Property Name Address, City, State	HOSPITAL TYPE	NUMBER OF BEDS	SIZE (NRA)	YEAR BUILT	QUALITY / CONDITION	TENANT NAME	LEASE DATE	SIZE (NRA)	TERM (yrs.)	ANNUAL RENT	RENT / BED / MO.	RENT / SF	LEASE TYPE
1	PAM Proposed Inpatient Rehabilitation Hospital 22299 DuPont Boulevard, Georgetown, DE	Rehab Hospital	36	45,071	2022	Good	PAM Rehabilitation Hospital of Georgetown, LLC	9/20	45,071	20.3	\$1,802,840	\$4,173	\$40.00	Net
2	Legend Orthopedic and Spine 5330 North Loop 1604 West, San Antonio, TX	Short-Term Acute Care Hospital	26	83,319	2013	Good	PSN Services, LLC	4/20	83,319	15.0	\$3,666,036	\$11,750	\$44.00	Net
3	Proposed Grand Island Regional Hospital Southwest Corner of Highways 281 & 34, Grand Island, NE	Short-Term Acute Care Hospital	64	108,488	2020	Good	Grand Island Regional Hospital, Inc.	1/20	108,488	25.0	\$2,934,936	\$3,822	\$27.05	Net
4	The Heights Hospital 1917 Ashland Street, Houston, TX	Short-Term Acute Care Hospital	50	179,738	1978	Good	Heights Hospital, LLC	10/19	179,738	-	\$4,942,795	\$8,238	\$27.50	Net
5	UTMB Health Clear Lake Campus, 200 Blossom Street, Webster, TX	Short-Term Acute Care Hospital	149	373,070	2008	Good	Board of Regents Univ. Texas	10/18	373,070	15.0	\$10,259,425	\$5,738	\$27.50	Net
STATISTICS														
Low				45,071	1978			10/18	45,071	15.0	\$1,802,840	\$3,822	\$27.05	
High				373,070	2022			9/20	373,070	25.0	\$10,259,425	\$11,750	\$44.00	
Average				157,937	2008			11/19	157,937	18.8	\$4,721,206	\$6,744	\$33.21	

**COMPARABLE RENT ADJUSTMENT GRID**

Comp No.	1	2	3	4	5
Lease Date	9/20	4/20	1/20	10/19	10/18
Rent Per Bed Per Month	\$4,173	\$11,750	\$3,822	\$8,238	\$5,738

**ECONOMIC ADJUSTMENTS (CUMULATIVE)**

Lease Type	Net	\$0.00	Net	\$0.00	Net	\$0.00	Net	\$0.00
Effect, Rent		\$4,173		\$11,750		\$3,822		\$8,238
Market <sup>(1)</sup> Conditions	Similar	0.0%	Similar	0.0%	Inferior	0.6%	Inferior	1.2%
Equiv. Rent		\$4,173		\$11,750		\$3,822		\$8,238
Subtotal	0.0%	\$4,173	0.0%	\$11,750	0.6%	\$3,843	1.2%	\$8,339
							4.2%	\$5,978

**PROPERTY CHARACTERISTICS ADDITIVE**

Location	Inferior	10.0%	Inferior	5.0%	Inferior	10.0%	Inferior	15.0%
Age, Quality, Condition	Superior	-35.0%	Superior	-30.0%	Superior	-15.0%	Superior	-30.0%
Other	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%
Overall	Superior	-25.0%	Superior	-25.0%	Superior	-5.0%	Superior	-15.0%
Adj. Rent Per Bed Per Month		\$3,130		\$8,813		\$7,922		\$5,081

**UNADJUSTED STATISTICS**

Low -	\$3,822
High -	\$11,750
Average -	\$6,744

**ADJUSTED STATISTICS**

Low -	\$2,690
High -	\$8,813
Average -	\$5,527

**(1) Market Conditions Adjustment**

See Variable Growth Rate Assumptions Table

Date of Lease (for adjustment calculations): 12/31/21

**Variable Growth Rate Assumptions**

Starting Growth Rate:

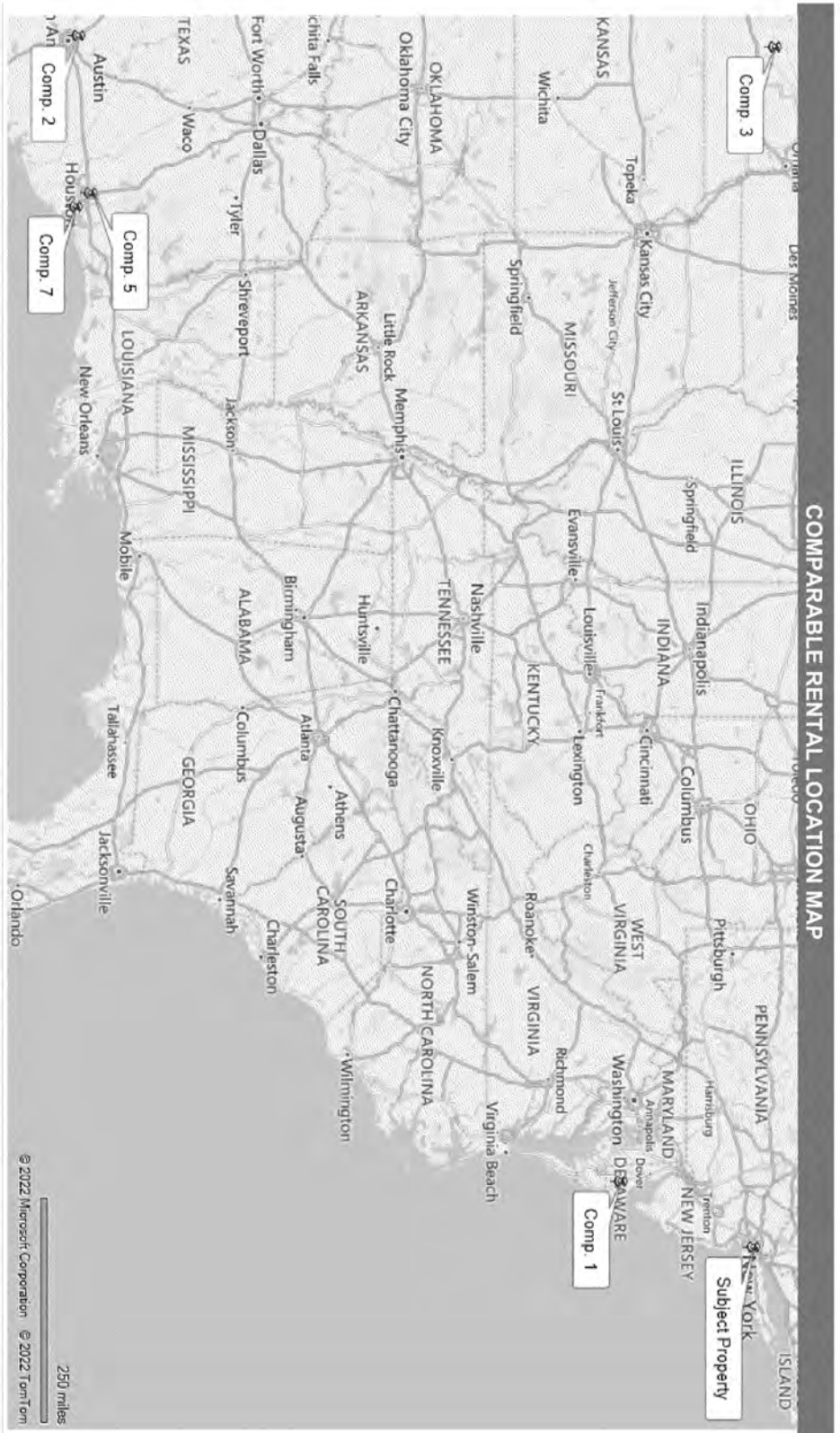
Inflection Point 1 (IP1):

Change After IP1:

3.0%

3/11/2020

0.0%





### Adjustment Process

The comparable rents that we utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include a lease type equivalency adjustment, rent concession adjustment, changes in market conditions since the lease date, the location of the real estate, its physical traits and the economic characteristics of the property.

We made a downward adjustment to those comparables considered superior to the subject. Conversely, an upward adjustment was made to those comparables considered to be inferior.

#### Lease Type Equivalency Adjustment

The initial face rent of a lease will be impacted significantly by the lease reimbursement clause regarding expense reimbursement. We projected that the subject's space would have a net lease structure. For all comparables leases that had something other than a net lease structure, we made an adjustment that would convert the comparable face rent into a net equivalent rent. As the leases were all net leases, no adjustments were required for this category.

#### Market Conditions

The comparables included in this analysis range between the dates of October 2018 and September 2020. The market had been improving up to the declaration of the COVID-19 pandemic on March 11, 2020. Since this time, the market has remained stable. We have made adjustments using inflection points. Please refer to the adjustment grid for details on these assumptions.

#### Location

An adjustment for location is required when the locational characteristics of a comparable property are different from those of the subject property. The location of the subject property is rated good, and it has good access and good visibility. We have based our adjustments on the average home price surrounding the subject and the comparables. Each comparable was adjusted accordingly.

#### Physical Traits

Each property is affected by the various physical traits that come to bear on the appeal of a property. These traits include age, quality, and condition. Each comparable is adjusted accordingly.

#### Other

This category accounts for any other adjustments not previously discussed. Based on our analysis, no other adjustments were required.

### Discussion of Comparable Rents

We analyzed recent leases negotiated in the marketplace. The comparables were all hospitals similar to the subject property. The adjusted comparables exhibit a range in rents from \$2,690 to \$8,813 per bed per month with an average of \$5,527 per bed per month on a net basis. The subject is a 178-bed hospital campus that is in average condition. The subject's current rent is \$3,933 per bed per month. This falls within the range of the comparables and is considered to be at market levels.

### Market Rent Conclusion

The following table shows our market rent conclusion for the subject property.



MARKET RENT SYNOPSIS	
TENANT CATEGORY	HOSPITAL
Market Rent (Per Bed Per Month)	\$3,933
Lease Term (Years)	15
Lease Type (Reimbursements)	Net
Contract Rent Increase Projection	CPI

We have analyzed the subject's fee simple interest and have utilized its market rent in our analysis.

### Operating Financials

We were provided with historic financial statements for 2018, 2019, 2020, and 2021. These are shown in the following chart.

Christ Hospital Campus Historical Operating Statements							
	Year Ending 12/31/2018		Year Ending 12/31/2019		Year Ending 12/31/2020		Year Ending 12/31/2021
REVENUES	Total	\$/APD	Total	\$/APD	Total	\$/APD	Total
<b>TOTAL NET REVENUE</b>	<b>\$202,883,000</b>	<b>\$2,585.28</b>	<b>\$194,297,000</b>	<b>\$2,447.53</b>	<b>\$183,942,000</b>	<b>\$2,610.25</b>	<b>\$192,557,333</b>
Inpatient Occupancy	72.5%		69.7%		62.0%		N/A
Total Adjusted Patient Days	78,476		79,385		70,469		N/A
<b>EXPENSES</b>							
Salaries/Wages	\$67,963,000	\$866.03	\$65,877,000	\$829.84	\$65,029,000	\$922.80	\$60,824,000
Employee Benefits	13,135,000	167.38	12,631,000	159.11	12,476,000	177.04	13,233,333
Supplies & Other	115,765,340	1,475.16	100,817,060	1,269.98	97,820,160	1,388.13	98,387,520
<b>Adj. Operating Expenses</b>	<b>\$196,863,340</b>	<b>\$2,508.57</b>	<b>\$179,325,060</b>	<b>\$2,258.93</b>	<b>\$175,325,160</b>	<b>\$2,487.97</b>	<b>\$172,444,853</b>
Adj. Expense Ratio	97.0%		92.3%		95.3%		89.6%
<b>EBITDARM</b>	<b>\$6,019,660</b>	<b>\$76.71</b>	<b>\$14,971,940</b>	<b>\$188.60</b>	<b>\$8,616,840</b>	<b>\$122.28</b>	<b>\$20,112,480</b>
Management Fee*	4,057,660	51.71	3,885,940	48.95	3,678,840	52.21	3,851,147
Reserves (1% of EGI)	2,028,830	25.85	1,942,970	24.48	1,839,420	26.10	1,925,573
<b>TOTAL ALL EXPENSES</b>	<b>\$202,949,830</b>	<b>\$2,586.13</b>	<b>\$185,153,970</b>	<b>\$2,332.35</b>	<b>\$180,843,420</b>	<b>\$2,566.28</b>	<b>\$178,221,573</b>
<b>NET OPERATING INCOME</b>	<b>-\$66,830</b>	<b>-\$0.85</b>	<b>\$9,143,030</b>	<b>\$115.17</b>	<b>\$3,098,580</b>	<b>\$43.97</b>	<b>\$14,335,760</b>
Overall Expense Ratio	100.0%		95.3%		98.3%		92.6%

\*Management Fee of 2.00% percent applied to all operating years

Based on the most recent 2021 financials, the subject's lease coverage ratio is 1.71 which is an adequate lease coverage ratio to cover the subject's market rent.

### Assumptions Regarding Existing Leases

We have analyzed the subject's fee simple interest and have utilized its market rent in our analysis.

## Discussion of Revenue Items

### Base Rental Revenue

Years	Totals
Cushman & Wakefield - Stabilized Year	\$8,400,000

Our forecast rent is based on the subject's market rent.

### Vacancy and Collection Loss

Vacancy and collection loss is a function of the interrelationship between absorption, lease expiration, renewal probability, estimated downtime between leases, and a collection loss factor based on the relative stability and credit of the subject's tenant base. Earlier in the report we discussed the vacancy rates for the market in which the subject property is located.

Single tenant properties like the subject are either 100 percent occupied or 100 percent vacant. To project a vacancy or collection loss with a tenant in place that is performing on their lease would understate the actual income potential of the property. Based on our discussions with various buyers and investors in the market, it is clear that most investors acquire single-tenant net leased properties under the premise that the tenant will remain in the space throughout their remaining lease term and thus, will do not make a deduction for vacancy and collection loss. The risk of the tenant defaulting and vacating the space is measured in the capitalization rate that is used.

### Discussion of Expenses

The subject would be leased on an absolute net basis with the tenant directly responsible for all expenses. As the subject would be leased on an absolute net basis with the tenant directly responsible for expenses, we have not forecast expenses for the subject property. The subject's landlord will collect rent without any offsets or pass-throughs.

### Income and Expense Pro Forma

The following chart summarizes our opinion of income and expenses for stabilized Year One. As shown, our estimate of net operating income is equal to the base rental revenue. Most market participants analyze net-leased properties in this manner; with no deductions for vacancy, collection loss or expenses. The risk associated with potential vacancy and expenses slippage is implicitly considered in the overall rate applied to the net operating income.

SUMMARY OF REVENUE AND EXPENSES				
Stabilized Year For Direct Capitalization:		Year One		
REVENUE	Assumptions	Annual	\$/Bed/Mo.	% of EGI
Base Rental Revenue	\$3,933	\$8,400,000	\$3,933	
<b>POTENTIAL GROSS REVENUE</b>		<b>\$8,400,000</b>	<b>\$3,933</b>	
Vacancy and Collection Loss	0.0%	\$0	\$0	
<b>EFFECTIVE GROSS REVENUE</b>		<b>\$8,400,000</b>	<b>\$3,933</b>	<b>100.00%</b>
<b>OPERATING EXPENSES</b>				
<b>TOTAL EXPENSES</b>		<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>NET OPERATING INCOME</b>		<b>\$8,400,000</b>	<b>\$3,933</b>	<b>100.00%</b>

## Investment Considerations

Before determining the appropriate risk rate(s) to apply to the subject, a review of recent market conditions, particularly in the financial markets, is warranted. The following subsection provides review of these trends, ending with a summary of the investment considerations impacting the subject property. The trends are based upon the appraiser's market research, discussions with participants in the market, and the relative position of the subject property within its market.

The Commercial Real Estate (CRE) market is driven by investor demand and strong liquidity. Since its onset in March 2020, the COVID-19 pandemic has had a dramatic effect on both of these factors as the market navigated actual and perceived impact. We observed asset classes experiencing various impacts, both positive and negative. We observed that asset values can fall significantly in short periods of time if either demand or liquidity, often in conjunction with many other factors, change significantly. We also observed asset values rise based on new-found demand for sector or property characteristics. Either through empirical data or COVID fatigue, society and the market are perceiving that we are near the end of the pandemic. Restrictions continue to be lifted and activities, such as travel and dining, are returning to pre-pandemic levels. We are observing stabilizing trend lines in most asset classes as we see the effects of vaccinations and approach herd immunity. In spite of the threat of new variants, the uncertainty of the early months of the pandemic has been replaced with clearer expectations and forecasts of asset class and individual property performance. Of course, some uncertainty exists in most property types in terms of forecast demand, to varying degrees. As we have throughout the pandemic, Cushman & Wakefield is closely monitoring the latest developments resulting from the COVID-19 pandemic and recovery and its effect on the subject and its market.

## Overview

The recession that began in March 2020, triggered by the COVID-19 pandemic, was short and steep. In 2021 the economy continued to recover, however, midway through the year, fears of inflation and the Delta variant resulted in continued economic uncertainty. At 5.7%, economic expansion saw its largest annual increase since 1984. While this figure is impressive, it is also indicative of the damage caused by the coronavirus the prior year. At the end of April 2022, the Centers for Disease Control (CDC) announced that we have transitioned out of the "acute component of the pandemic phase," and moved on to a more controlled phase. They did, however, warn that the BA.2 Omicron variant would continue to be disruptive, that eradicating the virus was unlikely, and that efforts were now concentrated around keeping infections as low as possible.

For the first three months of 2022, lingering effects from the pandemic continued to affect global supply chains and labor markets, causing the economy to contract by 0.4%, or by 1.4% on an annualized basis. This is a sharp decline from the 1.7% growth (6.9% annualized) for the last three months of 2021 and marks the weakest quarter since the beginning of the pandemic. The largest drag on the economy (more than 3 percentage points) was the trade deficit as consumers bought more foreign goods than American exports overseas. While these figures indicate that the economy is facing challenges, many fundamentals remain solid. In fact, consumer spending grew by 0.7% in the first quarter, and stripping out the effects of inventory and trade, growth was 0.6%, a modest acceleration from the end of 2021.

The war in Ukraine, rising interest rates, high inflation, and lockdowns in China, are not affecting commercial property sales, or at least not yet. For first quarter 2022, commercial property sales volume climbed 56% over the same time last year. Retail led the pack with a year-over-year increase of 102%, followed by hotel at 71% and office at 59%. It is important to keep in mind, however, that the commercial property transaction process takes a couple of months, so the activity through the end of March likely reflects sentiment from the beginning of the year. Any fallout around more recent uncertainties would become more apparent by the end of second quarter 2022.

Further considerations include:

- U.S. Consumer Confidence eased in April 2022 as the views on current conditions slightly worsened. For April 2022 the index fell to 107.3 from an upwardly revised reading of 107.6 in March 2022.
- Retail sales rose 0.5% in March 2022, below the upwardly revised 0.8% rise in February as well as the forecasted 0.6% estimate, as inflation hindered consumer spending. The two categories that had the largest impact on the index were food and energy at 8.8% and 6.9%, respectively.
- The Consumer Price Index rose 8.3 % through April 2022, easing slightly from 8.5% in March, but still ahead of the 8.1% estimate. Core CPI, which excludes food and energy, also rose higher than expected at 6.2%.
- In 2021, U.S. stocks rose 25.8%, however stocks lost ground in the first quarter of 2022, dropping by 5.3% overall, and showing a 4.6% decline for the S&P 500 and about a 9% drop for the Nasdaq Composite. In April 2022, the S&P dropped 13%, experiencing its worst month since March 2020.
- In early May 2022, The Federal Reserve raised its benchmark interest rate by half a percentage point. This hike pushed the Federal Funds rate to a range of 0.75-1.0%. Current market pricing has the range rising to 2.75-3.0% by year's end,

That being said, it is important to take in mind that data lags, and industry participants are still trying to accurately determine the pandemic's current effects on the commercial real estate market. In other sections of the report, we will discuss these effects and impacts on the immediate market and subject property in as much detail as possible. Therefore, we ask that you consider the following points:

- Early in the COVID-19 pandemic, most non-essential businesses shut down, causing significant disruption in the economy. As businesses continue to adjust to the realities and complexities of the pandemic, some are not returning, or are returning in a different capacity.
- Certain property types have been more heavily impacted than others, with some asset classes benefiting from the COVID environment. Broadly speaking, cap rates compressed, and price growth improved significantly in 2021, however, this is not true for every property or asset class.
- Investment activity picked up significantly throughout 2021 and has now reached pre-pandemic levels. We anticipate this growth to continue throughout 2022.
- Inflation is expected to continue to rise through the end of the year and will begin tapering back in 2023, however, it has not yet manifested into actual deal metrics. Market experts agree that we are in a sellers' market and expect to remain in one for the foreseeable future, as there remains ample money sitting on the sidelines waiting to be deployed.

As mentioned earlier, COVID is now endemic; the once-novel coronavirus, COVID-19, will remain circulating and mutating, primarily remaining a threat to vulnerable population groups. In the meantime, businesses here in the US are now operating much as they did pre-pandemic. The economy, however, will continue to be impacted by the virus, mostly through supply chain issues like the current lockdowns in China that are now occurring. Other significant challenges facing the economy will come from interest rate hikes, inflation, and global uncertainty surrounding the war in Ukraine.

### **Economic Conditions & Current Trends**

For the past two years, economic growth in the U.S. has been volatile. GDP approached 7% in second quarter 2021, fell to less than 2.5% in the third quarter, then went back up to nearly 7% for the last three months of the year. For first quarter of 2022 GDP fell by 1.4%, the first decline since the early days of the pandemic. Some of the volatility can be directly linked to the numerous COVID-19 waves, however, other factors such as inventory accumulation, also played a role. Further compounding recent events was the Russian invasion of Ukraine in February 2022 which caused oil, natural gas, agricultural, and metal prices to surge. These events also coincided



with the highest inflation in 40 years, caused by pandemic disruptions to supply chains and labor markets. Further exacerbating this are the current lockdowns in China which are also heavily contributing to a new wave of supply chain disruptions.

Although growth will slow this year, the economy should remain near full employment throughout the year and inflation should ease as well. In April 2022, the economy added 428,000 jobs, surpassing expectations and slightly higher than consensus. By comparison, prior to the pandemic, job gains were averaging about 200,000 per month. The positive job gains so far this year also mean that the labor market needs to add a bit more than 1 million more jobs to reach its pre-pandemic peak, something that experts believe can easily happen by summer. Moody's expects the employment rate to fall to 3.3% by the end of 2022, however, earnings growth of 5.5% is insufficient to keep up with inflation.

Higher interest rates will help slow the economy's growth and ultimately ease inflation through multiple channels, most notably via the highly rate sensitive housing and mortgage markets. In fact, fixed mortgage rates have risen surprisingly quickly in response to the Fed's aggressive moves. Still, the outlook for the year remains risky. The Russia-Ukrainian war has now surpassed potential virus waves as the main threat, and both can upset supply chains and keep interest rates at historically high levels. On top of that, the housing market appears overvalued, high consumer prices are putting a strain on consumers and hurting confidence. However, there are upside risks as well, most notably the huge amount of cash consumers have saved since the onset of the pandemic. Additionally, wages could rise more rapidly than expected, lifting household income, and spending along with it.

Further considerations are as follows:

- In March 2020, the Coronavirus Aid Relief and Economic Security, or CARES Act, was passed by Congress and signed by President Trump. The bill was intended to provide emergency assistance and health care for individuals, families and businesses affected by the COVID-19 pandemic. Totalling \$2 trillion, the bill was unprecedented in size and scope, dwarfing the \$831 billion stimulus act passed in 2009, and amounting to 10% of total 2019 U.S. GDP.
- On December 27, 2020, President Trump signed The Consolidated Appropriations Act of 2021 into law. One of the largest spending bills ever enacted, the \$2.3 trillion spending bill combined \$900 billion in stimulus relief with a \$1.4 trillion omnibus spending bill for the 2021 federal fiscal year.
- On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARP) into law. The bill was a \$1.9 trillion economic stimulus designed to speed up the recovery from the health effects of the pandemic and the ongoing recession.
- The three major vaccines (Pfizer, Moderna and Johnson & Johnson) were all granted emergency use authorization in late 2020 and early 2021. In August 2021, the FDA approved the first COVID-19 vaccine which was known as the Pfizer-BioNTech COVID-19 Vaccine but is now being marketed as Comirnaty. A third vaccine shot, a booster shot, was approved in fall 2021, and a fourth one may be forthcoming this year.
- As of early 2022, President Biden's two other proposed parts to his Build Back Better Plan, the American Jobs Plan and the American Families Plan, appear to have come to a halt due to a Congressional stalemate. President Biden's administration has instead turned its focus on passing the climate change portion of the Plan. This piece would provide about \$320 billion in tax credits for producers and investors in wind, solar and nuclear power, and would extend tax credits for those who purchased electric vehicles. Further, it intends to lower energy costs for homeowners, at up to 30%, for those who installed solar panels, geothermal pumps, and small wind turbines.

- On February 24, 2022, Russia launched a full-scale invasion of Ukraine. Since then, the global oil market has been thrown into turmoil and has experienced unprecedented volatility. The Russian-Ukrainian War will have further impacts on the global supply chain in the coming year, particularly with wheat exports as both Russia and Ukraine export about 30% of the global wheat supply.
- On March 16, 2022, the Federal Open Market Committee (FOMC) voted to raise the federal funds rate by 25 basis points. Updated projections from the FOMC suggest that six additional rate hikes, each at about 25 basis points are expected by year end, with three more expected to occur in 2023.

The following graph displays historical and projected U.S. real GDP percentage change (annualized on a quarterly basis) from first quarter 2014 through fourth quarter 2025:



Further points regarding current economic conditions are as follows:

- Through first quarter 2022, GDP decreased 1.4% according to the Bureau of Economic Analysis' advanced estimate. First quarter 2022 ended the U.S. economy run of growth over the last six quarters behind increased vaccinations and eased restrictions in public settings across the nation. Furthermore, GDP is expected to face pressure throughout the rest of the year as supply chain disruptions and rising inflation continues.
- Commercial and multifamily mortgage loan originations increased 79% in fourth quarter 2021 (latest data available) when compared to the fourth quarter of 2020, according to the Mortgage Bankers Association's Quarterly Survey of Commercial/Multifamily Mortgage Bankers. In line with seasonality trends, loan originations between October and December 2021 were 44% higher than third quarter 2021.
- Commercial mortgage-backed securities (CMBS) have been spurred by measured investment sales activity and stable credit spreads. Commercial Mortgage Alert data indicates that U.S. CMBS issuance through April 2022 was 45.4% higher when compared to CMBS issuance during the same period in 2021. At the end of April 2022, Commercial Mortgage Alert data indicates that U.S. CMBS issuance sat at approximately \$37.7 billion.

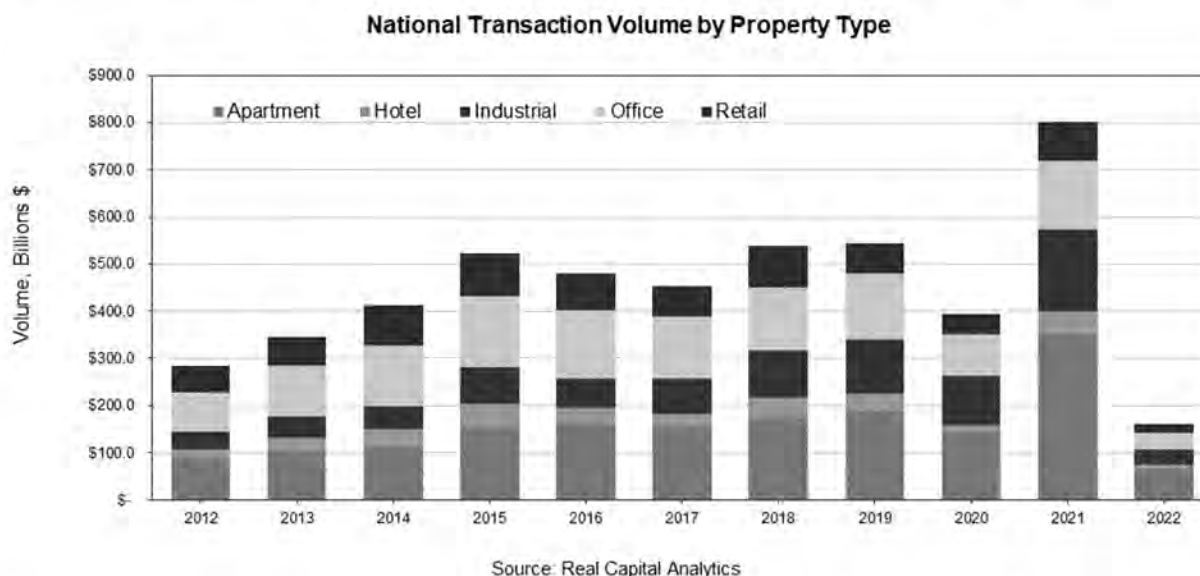
### U.S. Real Estate Market Implications

Through first quarter 2022, overall deal volume totaled almost \$161.6 billion. According to Real Capital Analytics (RCA), first quarter 2022 deal volume increased 56% from the previous year. Looking at individual property types,

year-over-year transaction volume was up 59% for the office sector, 102% for retail, 50% for industrial, 71% for hotel and 56% for the apartment market.

Digging a bit deeper, portfolio and single asset deals were up 50% and 58%, respectively, from first quarter 2021. Individual assets are where the market is rebounding. In the first quarter of 2022, there were \$126.1 billion in individual asset sales, while portfolio deals totaled \$44.7 billion. Over the next few months, the U.S. real estate market will monitor the uncertainty surrounding rising interest rates, inflation and the war in Ukraine and its potential impacts on deal volume and pricing.

The following graph compares national transaction volume by property type from 2012 through 2022:



According to the PricewaterhouseCoopers (PwC) Real Estate Investor Survey, average cap rates for all property types increased in five survey markets, decreased in 20, and held steady in ten through first quarter 2022 (in a quarterly comparison). When compared to the previous year, 91% of the market averages are lower today than they were a year ago, with 24 markets posting double-digit decreases. Additionally, for all markets, the average cap rate change is a four basis-point decline over last quarter.

The following chart displays an overall cap rate analysis of six distinct property classes during fourth quarter 2021, and compares them to the same time last year:

Overall Cap Rate Analysis			
First Quarter 2022			
Asset Class	Q1 2022	Q1 2021	Basis Point Change
CBD Office	5.64%	5.70%	-6
Suburban Office	6.13%	6.02%	11
National Warehouse	4.22%	4.80%	-58
National Apartment	4.40%	5.04%	-64
National Regional Mall	7.23%	7.35%	-12
National Net Lease	5.95%	6.16%	-21
National Full-Service Lodging	7.35%	8.05%	-70

Source: PwC Real Estate Investor Survey and Cushman & Wakefield Valuation & Advisory

Notable points for the U.S. real estate market include:

- Annual price growth in the six major metro areas as defined by RCA (Boston, Chicago, Los Angeles, New York, San Francisco, and Washington DC), rose 12.7% in a year-over-year comparison through the end of first quarter 2022, according to RCA, while annual price growth in the non-major metros rose by 10.6% over the same time frame.
- Approximately 25% of participants in the PwC Real Estate Investor Survey believe that current market conditions favor buyers in the national net lease market, and investor demand has increased in the industrial net lease sector especially. Additionally, investors believe inflation will disrupt economic growth over the next four to six months. Inflation, combined with a lack of for-sale net lease assets, is expected to keep deal activity low through the near term.
- The national full-service lodging market recorded the largest yearly cap rate shift, falling 70 basis points to 7.4%.
- At 7.5%, the Chicago office market average cap rate fell by 16 basis points from the previous year and is still the highest in the country, while the Manhattan office market, at 5.1%, holds the lowest cap rate, falling five basis points from first quarter 2021.
- Over the next six months, surveyed investors foresee overall cap rates holding steady in 32 of 33 markets but expect cap rates to increase in only the Chicago office market.

## Conclusion

Despite the many obstacles that arose, it took about 20 months for the economy to fully recover from the pandemic's first blow. Now, once again, the economy is facing headwinds due to the Russian-Ukrainian war in Europe, high inflation, subsequent COVID waves, and supply chain issues caused by a combination of these factors. The Federal Reserve is tackling the inflation issue head-on, employment data is good, investment is robust, but the stock market's recent performance, consumer confidence and a possibly overvalued housing market are casting a shadow and will likely continue to dampen growth, at least somewhat, this year.

Below are notes regarding the outlook for the U.S. national real estate market for early 2022 and beyond:

- Since last year, investment activity is up, and cap rates are down, overall. That said, some property types are still faring better, with industrial and multifamily leading the pack.
- Oil and gas prices remain volatile, causing concerns across the globe as tensions mount due to the crisis in Ukraine. The U.S. and Canada have banned Russian oil imports, although other countries in Western Europe are still hesitant to do so given their Russian oil dependency.
- While GDP fell by 1.4% for first quarter 2022, final sales of domestic product, which strips out trade and inventory components, increased at an annualized 2.6%, an improvement from 1.7% in first quarter, a positive sign for the remainder of the year.

## Capitalization Rate Analysis

In determining an appropriate capitalization rate, we utilized market extraction from the sales comparables. There is no central source or investment survey that includes hospital investor guidelines for relative to targeted overall capitalization rates. On the following pages we discuss the process of how we determine an appropriate overall capitalization rate to apply to the subject's forecast net income.



**Capitalization Rate from Comparable Sales**

<b>CAPITALIZATION RATE SUMMARY</b>			
<b>No.</b>	<b>Name and Location</b>	<b>Sale Date</b>	<b>Capitalization Rate</b>
1	Beachwood Medical Center 25501 Chagrin Boulevard Beachwood, OH	4/2021	5.95%
2	PAM Rehabilitation Hospital of Dover 1240 McKee Road Dover, DE	6/2020	6.50%
3	Oasis Hospital 750 North 40th Street Phoenix, AZ	2/2019	6.75%
4	Methodist McKinney Hospital 8000 Eldorado Parkway McKinney, TX	12/2018	6.60%
5	Great Bend Regional Hospital 514 Cleveland Street Great Bend, KS	12/2018	6.60%
6	City Hospital at White Rock 9440 Poppy Drive Dallas, TX	5/2018	9.70%
<b>STATISTICS</b>			
Sample Size		6	6
Low		5/2018	5.95%
High		4/2021	9.70%
Median		2/2019	6.60%
Average		7/2019	7.02%

**Capitalization Rate Conclusion**

We considered all aspects of the subject property that would influence the overall rate. The subject is a 178-bed short-term acute care hospital campus that is in average condition. It has an adequate lease coverage ratio and a number of ancillary buildings including a medical office building, medical/office buildings, a nursing school, an apartment building, residential buildings, a daycare, and a parking garage. Given the property attributes, ancillary buildings, and prevailing market return rates, we conclude that a 6.00 percent OAR is applicable to the subject NOI forecast.

### Direct Capitalization Method Conclusion

In the Direct Capitalization Method, we developed an opinion of market value by dividing the stabilized year one net operating income by our selected overall capitalization rate. Our conclusion using the Direct Capitalization Method is as follows:

DIRECT CAPITALIZATION METHOD		
<b>Market Value As-Is</b>		
<b>NET OPERATING INCOME</b>	<b>\$8,400,000</b>	
<b>Sensitivity Analysis (0.50% OAR Spread)</b>	<b>Value</b>	<b>\$/Bed</b>
Based on Low-Range of 5.50%	\$152,727,272	\$858,018
Based on Most Probable Range of 6.00%	\$139,999,999	\$786,517
Based on High-Range of 6.50%	\$129,230,768	\$726,016
<b>Indicated Value</b>	<b>\$139,999,999</b>	<b>\$786,517</b>
<b>Rounded to nearest \$100,000</b>	<b>\$140,000,000</b>	<b>\$786,517</b>

## Reconciliation and Final Value Opinion

### Valuation Methodology Review and Reconciliation

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches should be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value. The exclusion of this approach to value does not reduce the credibility of the assignment results.

The approaches indicated the following:

<b>FINAL VALUE RECONCILIATION</b>	
	<b>Market Value As-Is</b>
<b>Date of Value</b>	<b>December 31, 2021</b>
<b>Land Valuation</b>	
Land Value - Hudson Hospital Propco, LLC Parcels	\$26,100,000
Land Value - 192 Palisade Avenue	\$515,000
Land Value - 194 Palisade Avenue	\$520,000
Land Value - All Parcels Total	<u>\$27,135,000</u>
<b>Sales Comparison Approach</b>	
Percentage Adj. Method - Hudson Hospital Propco, LLC Parcels	\$142,235,000
Percentage Adj. Method - 192 Palisade Avenue	\$780,000
Percentage Adj. Method - 194 Palisade Avenue	\$1,160,000
<b>Sales Comparison Approach Conclusion - All Parcels Total</b>	<b>\$144,175,000</b>
<b>Income Capitalization Approach</b>	
Direct Capitalization - Hudson Hospital Propco, LLC Parcels	\$140,000,000
<b>Income Capitalization Approach Conclusion</b>	<b>\$140,000,000</b>
<b>Final Value Conclusion - Hudson Hospital Propco, LLC Parcels</b>	<b>\$142,235,000</b>
<b>Final Value Conclusion - 192 Palisade Avenue</b>	<b>\$780,000</b>
<b>Final Value Conclusion - 194 Palisade Avenue</b>	<b>\$1,160,000</b>
<b>Final Value Conclusion - All Parcels Total</b>	<b>\$144,175,000</b>

We gave most weight to the Sales Comparison Approach given the number of ancillary buildings on the subject's campus. The Income Capitalization Approach provides further support for our conclusions via the Sale Comparison Approach. Therefore, we have concluded to the following values.

<b>Value Conclusions</b>			
<b>Appraisal Premise</b>	<b>Real Property Interest</b>	<b>Date of Value</b>	<b>Value Conclusion</b>
Market Value As-Is - Hudson Hospital Propco, LLC Parcels	Fee Simple	December 31, 2021	\$142,235,000
Market Value As-Is - 192 Palisade Avenue	Fee Simple	December 31, 2021	\$780,000
Market Value As-Is - 194 Palisade Avenue	Fee Simple	December 31, 2021	\$1,160,000
Market Value As-Is - All Parcels Total	Fee Simple	December 31, 2021	\$144,175,000

## Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

This appraisal assumes the subject meets state licensing requirements. This appraisal assumes the subject interiors are in average condition. This appraisal does not employ any other extraordinary assumptions.

## Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

## Exposure Time and Marketing Time

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately twelve (12) months. This assumes an active and professional marketing plan would have been employed by the current owner. We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within twelve (12) months.

## Assumptions and Limiting Conditions

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"Cushman & Wakefield" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of Cushman & Wakefield who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor Cushman & Wakefield shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of Cushman & Wakefield any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Cushman & Wakefield is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without Cushman & Wakefield's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Cushman & Wakefield in writing to use or rely thereon, hereby agrees to indemnify and hold Cushman & Wakefield, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. Cushman & Wakefield assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. Cushman & Wakefield recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.
- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and Cushman & Wakefield make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.



- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Cushman & Wakefield recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. Cushman & Wakefield recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of Cushman & Wakefield, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against Cushman & Wakefield or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by Cushman & Wakefield or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and Cushman & Wakefield, its employees and the Appraiser have no liability to such recipients. Cushman & Wakefield disclaims any and all liability to any party other than the party that retained Cushman & Wakefield to prepare the Report.
- Any estimate of insurable replacement cost/insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

## Certification

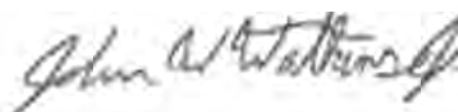
We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- C&W has undertaken to complete this report without regard to race, color, religion, national origin, sex, marital status, or any other prohibited basis, and it is not intended to contain references that could be regarded as discriminatory.
- Gerald V. Rasmussen, MAI, FRICS did make a personal exterior inspection of the properties that are the subject of this report, John W. Watkins, Jr. did not make a personal inspection of the properties that are the subject of this report.
- Gerald V. Rasmussen, MAI, FRICS has not provided prior services, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.
- John W. Watkins, Jr. has not provided prior services, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.
- No one provided significant real property appraisal assistance to the persons signing this report.
- As of the date of this report, Gerald V. Rasmussen, MAI, FRICS has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, John W. Watkins, Jr. has completed all the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.




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Gerald V. Rasmussen, MAI, FRICS  
Executive Managing Director/National Practice Leader  
Senior Housing/Healthcare Practice Group  
New Jersey Certified General Appraiser  
License No. 42RG00160200  
gerald.rasmussen@cushwake.com  
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John W. Watkins, Jr.  
Director  
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## Addenda Contents

Addendum A:	Glossary of Terms & Definitions
Addendum B:	Engagement Letter
Addendum C:	Comparable Sale Data Sheets
Addendum D:	Property Information
Addendum E:	Qualifications of the Appraisers



## Addendum A: Glossary of Terms & Definitions

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Sixth Edition (2015), published by the Appraisal Institute, Chicago, IL, as well as other sources.

### As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)

### Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

### Cash Equivalency

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

### Depreciation

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

### Disposition Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer and seller is each acting prudently and knowledgeably.
- The seller is under compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider their best interest.
- An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. In the case of Disposition value, the seller would be acting under compulsion within a limited future marketing period.

### Ellwood Formula

A yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern. The formula is

$$RO = [YE - M(YE + P \frac{1}{S} n - RM) - \Delta O \frac{1}{S} n] / [1 + \Delta I J]$$

where

RO = Overall Capitalization Rate

YE = Equity Yield Rate

M = Loan-to-Value Ratio

P = Percentage of Loan Paid Off

$\frac{1}{S} n$  = Sinking Fund Factor at the Equity Yield Rate

RM = Mortgage Capitalization Rate

$\Delta O$  = Change in Total Property Value

$\Delta I$  = Total Ratio Change in Income

J = J Factor

Also called mortgage-equity formula.

## Exposure Time

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

## Extraordinary Assumption

An assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

## Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

## Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

## Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

## Hypothetical Conditions

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

## Insurable Replacement Cost/Insurable Value

A type of value for insurance purposes.

## Intended Use

The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

## Intended User

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

## Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

## Leasehold Interest

The tenant's possessory interest created by a lease. See also negative leasehold; positive leasehold.

## Liquidation Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- The buyer is acting in what he or she considers his or her best interest.
- A limited marketing effort and time will be allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. Under market value, the seller would be acting in his or her own best interests. The seller would be acting prudently and knowledgeably, assuming the price is not affected by undue stimulus or atypical motivation. In the case of liquidation value, the seller would be acting under extreme compulsion within a severely limited future marketing period.

## Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

## Market Value

As defined in the Agencies' appraisal regulations, the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

## Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) See also exposure time.

## Mortgage-Equity Analysis

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

## Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

## Prospective Value upon Reaching Stabilized Occupancy

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

<sup>1</sup> "Interagency Appraisal and Evaluation Guidelines," Federal Register 75:237 (December 10, 2010) p. 77472.

### **Special, Unusual, or Extraordinary Assumptions**

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

## Addendum B: Engagement Letter

Gerald V. Rasmussen, MAI, FRICS  
Executive Managing Director/National Practice Leader

 **CUSHMAN &  
WAKEFIELD**  
Cushman & Wakefield of Connecticut, Inc.  
107 Elm Street  
Four Stamford Plaza, 8th Floor  
Stamford, CT 06902  
203-326-5834 Tel  
203-348-6203 Fax  
gerald.rasmussen@cushwake.com

December 8, 2021

Anthony F. Vitiello  
Partner and Chairman, Tax & Estate Planning Group  
**CONNELL FOLEY LLP**  
56 Livingston Avenue  
Roseland, NJ 07068

Re: **Christ Hospital**  
**176 Palisade Avenue**  
**Jersey City, NJ 07306**

Dear Mr. Vitiello:

Thank you for requesting our proposal for appraisal services. This proposal letter will become, upon your acceptance, our letter of engagement to provide the services outlined herein.

#### **TERMS OF ENGAGEMENT**

##### **I. PROBLEM IDENTIFICATION**

**The Parties to This Agreement:** Cushman & Wakefield of Connecticut, Inc. ("C&W") and CONNELL FOLEY LLP (the "Client").

**Intended Users:** The appraisal will be prepared for the Client and is intended only for the use specified below. The Client agrees that there are no other Intended Users.

**Intended Use:** To be used by business appraisers hired by Client (specifically, Empire Valuation Consultants) as one component in developing an overall value of the Christ Hospital operating entity for the benefit of the ultimate owners of Christ Hospital for their personal planning use.

**Type of Opinion and Rights Appraised:** Market value of the Fee Simple Interest and the land market value of the Fee Simple Interest of the underlying land.

**Date of Value:** • December 31, 2021

**Subject of the Assignment and Relevant Characteristics:** The properties to be appraised, as listed on the attached Schedule (16 separate addresses) on which the Christ Hospital entity operates its hospitals facilities.

**Assignment Conditions:** We do not anticipate the use of any extraordinary assumptions or hypothetical conditions.

##### **II. ANTICIPATED SCOPE OF WORK**

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Connell Foley LLP  
December 8, 2021  
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- USPAP Compliance:** C&W will develop an appraisal in accordance with USPAP and the Code of Ethics and Certification Standards of the Appraisal Institute.
- General Scope of Work:**
- Property Inspection to the extent necessary to adequately identify the real estate
  - Research relevant market data, in terms of quantity, quality, and geographic comparability, to the extent necessary to produce credible appraisal results
  - Consider and develop those approaches relevant and applicable to the appraisal problem.
  - C&W will consult its local East Rutherford office for local market expertise.

### III. REPORTING AND DISCLOSURE

- Scope of Work Disclosure:** The actual Scope of Work will be reported within the report.
- Reporting Option:** The appraisal will be communicated in an Appraisal Report.

### IV. FEE, EXPENSES AND OTHER TERMS OF ENGAGEMENT

- Fee:** All invoices are due upon receipt and will be billed upon delivery of the draft report. The Client shall be solely responsible for C&W's fees and expenses hereunder. Acknowledgement of this obligation is made by the countersignature to this agreement by an authorized representative of the Client.
- Additional Expenses:** Fee quoted is inclusive of expenses related to the preparation of the report.
- Retainer:** A retainer of 50% is required for this assignment in order to commence work.
- Report Copies:** The final report will be delivered in electronic format. Up to three hard copies will be provided upon request.
- Start Date:** The appraisal process will initiate upon receipt of signed agreement, applicable retainer, and the receipt of the property-specific data.
- Acceptance Date:** This proposal is subject to withdrawal if the engagement letter is not executed by the Client within four (4) business days.
- Draft Report** C&W will provide a draft report for review, discussion and approval by client prior to being delivered in final.
- Final Report Delivery:** Within Ninety (90) days of receipt of your written authorization to proceed, assuming prompt receipt of necessary property information. A preliminary value will be provided before the final Payment of the fee shall be due and payable upon delivery of the report.

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Connell Foley LLP  
December 8, 2021  
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<b>Changes to Agreement:</b>	The identity of the Client, Intended User(s) identified herein, or Intended Use identified herein; the date of value; type of value or interest appraised; or property appraised cannot be changed without a new agreement.
<b>Prior Services Disclosure:</b>	USPAP requires disclosure of prior services performed by the individual appraiser within the three years prior to this assignment. The undersigned appraiser(s) has/have not provided prior services within the designated time frame.
<b>Future Marketing Disclosure:</b>	Unless otherwise directed, at the conclusion of this engagement, we may disclose that we have appraised the subject property in future marketing documents and materials.
<b>Conflicts of Interest:</b>	C&W adheres to a strict internal conflict of interest policy. If we discover in the preparation of our appraisal a conflict with this assignment, we reserve the right to withdraw from the assignment without penalty.
<b>Cancellation of Engagement:</b>	Client may cancel this agreement at any time prior to C&W's delivery of the appraisal report upon written notification to C&W. Client shall pay C&W for work completed on the assignment prior to C&W's receipt of written cancellation notice, unless otherwise agreed upon by C&W and Client in writing.
<b>Withdrawal of Appraiser Prior to Completion of Assignment:</b>	C&W may withdraw without penalty or liability from the assignment(s) contemplated under this agreement before completion or reporting of the appraisal in the event that C&W determines, at C&W's sole discretion, that insufficient information was provided to C&W prior to the engagement, that Client or other parties have not or cannot provide C&W with documentation or information necessary to C&W's analysis or reporting, that conditions of the subject property render the original scope of work inappropriate, or that the Client has not complied with its payment obligations under this agreement. C&W shall notify the Client of such withdrawal in writing.
<b>Further Conditions of Engagement:</b>	The Conditions of Engagement attached hereto are incorporated herein and are part of this letter of engagement.



Anthony F. Vitiello  
Connell Foley LLP  
December 8, 2021  
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Thank you for calling on us to render these services and we look forward to working with you.

Sincerely,  
CUSHMAN & WAKEFIELD OF CONNECTICUT, INC.



---

Gerald V. Rasmussen, MAI, FRICS  
Executive Managing Director/National Practice  
Leader

cc:

AGREED:  
CLIENT: CONNELL FOLEY LLP

By:



Date:

12/8/2021

---

Anthony F. Vitiello

Title:

Partner and Chairman, Tax & Estate Planning Group

E-mail Address:

[avitiello@connellfoley.com](mailto:avitiello@connellfoley.com)

Phone Number:

973-840-2433

# CONDITIONS OF ENGAGEMENT

- 1) Each Intended User identified herein should consider the appraisal as only one factor together with its independent investment considerations and underwriting criteria in its overall investment decision. The appraisal cannot be used by any party or for any purpose other than the Intended User(s) identified herein for the Intended Use described herein.
- 2) Unless identified expressly in this agreement, there are no third-party beneficiaries of agreement pertaining to the appraisal, and no other person or entity shall have any right, benefit or interest under such agreement. 8) The identification of a party as an intended user of the appraisal does not mean that the party is a third-party beneficiary of the agreement.
- 3) The appraisal report will be subject to our standard Assumptions and Limiting Conditions, which will be incorporated into the appraisal. All users of the appraisal report are specifically cautioned to understand the standard Assumptions and Limiting Conditions as well as any Extraordinary Assumptions and Hypothetical Conditions which may be employed by the appraiser and incorporated into the appraisal.
- 4) C&W shall have the right to utilize its affiliates in the performance of its services, provided that they comply with the obligations of C&W pursuant to this engagement.
- 5) The appraisal report or our name may not be used in any offering memoranda or other investment material without the prior written consent of C&W, which may be given at the sole discretion of C&W. Any such consent, if given, shall be conditioned upon our receipt of an indemnification agreement from a party satisfactory to us and in a form satisfactory to us. Furthermore, Client agrees to pay the fees of C&W's legal counsel for the review of the material which is the subject of the requested consent. C&W disclaims any and all liability with regard to the appraisal prepared pursuant to the engagement to any party other than the Intended User(s). Under no circumstances will C&W consent to the quote, reference or inclusion of the appraisal in connection with crowd funding activities. Further, crowd funding investors are specifically excluded from any class of Intended Users.
- 6) In the event the Client provides a copy of the appraisal to, or permits reliance thereon by, any party not identified herein as an Intended User, Client hereby agrees to indemnify and hold C&W, its affiliates and the respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the appraisal by any such party.
- 7) The balance of the fee for the appraisal will be due upon delivery of a report. Payment of the fee is not contingent on the appraised value, a loan closing, or any other prearranged condition. Additional fees will be charged on an hourly basis for any work, which exceeds the scope of this proposal, including performing additional valuation scenarios, additional research and conference calls or meetings with any party, which exceed the time allotted by C&W for an assignment of this nature. If we are requested to stop working on this assignment, for any reason, prior to our completion of the appraisal, C&W will be entitled to bill the Client for the time expended to date at C&W's hourly rates for the personnel involved.
- 9) If C&W or any of its affiliates or any of their respective employees receives a subpoena or other judicial command to produce documents or to provide testimony involving this assignment in connection with a lawsuit or proceeding, C&W will use reasonable efforts to notify the Client of our receipt of same. However, if C&W or any of its affiliates are not a party to these proceedings, Client agrees to compensate C&W or its affiliate for the professional time and reimburse C&W or its affiliate for the actual expense that it incurs in responding to any such subpoena or judicial command, including attorneys' fees, if any, as they are incurred. C&W or its affiliate will be compensated at the then prevailing hourly rates of the personnel responding to the subpoena or command for testimony.
- 10) By signing this agreement Client expressly agrees that its sole and exclusive remedy for any and all losses or damages relating to this agreement or the appraisal shall be limited to the amount of the appraisal fee paid by the Client. In the event that the Client, or any other party entitled to do so, makes a claim against C&W or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the appraisal, the maximum damages recoverable from C&W or any of its affiliates or their respective officers or employees shall be the amount of the monies actually collected by C&W or any of its affiliates for this assignment and under no circumstances shall any claim for consequential, indirect, special, punitive or liquidated damages be made.
- 11) C&W disclaims any and all liability to any party with regard to the appraisal report other than an Intended User identified herein.
- 12) The fees and expenses shall be due C&W as agreed in this letter. If it becomes necessary to place collection of the fees and expenses due C&W in the hands of a collection agent and/or an attorney (whether or not a legal action is filed) Client agrees to pay all fees and expenses including attorneys' fees incurred by C&W in connection with the collection or attempted collection thereof.
- 13) Unless the time period is shorter under applicable law, any legal action or claim relating to the appraisal or this agreement shall be filed in court (or in the applicable arbitration tribunal, if the parties to the dispute have executed an arbitration agreement)

within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time period stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time period stated in this section shall apply to all non-criminal claims or causes of action of any type.

agreement and take such other actions as are permitted or required to be taken under law or in equity.

- 13) Notwithstanding that C&W may comment on, analyze or assume certain conditions in the appraisal, C&W shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations and other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise.
- 14) Legal claims or causes of action relating to the appraisal or this agreement are not assignable, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.
- 15) Each party represents and warrants to the other that it, and all persons and entities owning (directly or indirectly) an ownership interest in it: (a) are not, and will not become, a person or entity with whom a party is prohibited from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order or other governmental action; and (b) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in clause (a) above.
- 16) Each party represents and warrants to the other that it (and any party acting on its behalf) has not, in order to enter into this agreement, offered, promised, authorized or made any payments or transfers of anything of value which have the purpose or effect of public or commercial bribery, kickbacks or other unlawful or improper means of doing business ("Prohibited Activity") and will not engage in Prohibited Activity during the term of this agreement. In the event of any violation of this section, the non-offending party shall be entitled to immediately terminate this

## "Schedule"

<u>2020</u>			<u>Q1</u>	<u>ASSESSMENT</u>	<u>EQUALIZATION RATIO</u>
				20 20	87.91
<u>ACCOUNT#</u>	<u>BLOCK #</u>	<u>LOT</u>	<u>ADDRESS</u>		
58883	6901	19	150 PALISADE AVENUE	\$0.00	
83048	6001	5	PALISADE AVENUE	\$168.25	43,700.00
392274	6901	17	142 PALISADE AVENUE	\$45,015.36	11,692,300.00
508242	6001	33	250 PALISADE AVENUE	\$3,429.97	890,900.00
509166	6001	13	218 PALISADE AVENUE	\$10,465.84	2,718,400.00
516369	6001	9	206 PALISADE AVENUE	\$11,581.96	3,008,300.00
656510	6901	18.01	176 PALISADE AVENUE	\$203,095.97	52,752,200.00
599985	5903	21	169 PALISADE AVENUE	\$29,497.93	7,661,800.00
58891	6901	18	148 PALISADE AVENUE	\$0.00	
509182	6901	16	140 PALISADE AVENUE	\$52,231.03	13,566,500.00
509190	6901	15	112 PALISADE AVENUE	\$6,541.15	1,669,000.00
			190 PALISADE AVENUE		
			200 PALISADE AVENUE		
			204 PALISADE AVENUE		
			208 PALISADE AVENUE		
			210 PALISADE AVENUE		
				\$362,027.46	\$94,003,100.00
					106,931,065.86

Gerald V. Rasmussen, MAI, FRICS  
Executive Managing Director/National Practice Leader

 **CUSHMAN &  
WAKEFIELD**  
Cushman & Wakefield of Connecticut, Inc.  
107 Elm Street  
Four Stamford Plaza, 8th Floor  
Stamford, CT 06902  
203-326-5884 Tel  
203-348-6203 Fax  
gerald.rasmussen@cushwake.com

December 8, 2021

Anthony F. Vitiello  
Partner and Chairman, Tax & Estate Planning Group  
**CONNELL FOLEY LLP**  
56 Livingston Avenue  
Roseland, NJ 07068

Re: **192 Palisade Avenue**  
**Jersey City, NJ 07306**

Dear Mr. Vitiello:

Thank you for requesting our proposal for appraisal services. This proposal letter will become, upon your acceptance, our letter of engagement to provide the services outlined herein.

#### **TERMS OF ENGAGEMENT**

##### **I. PROBLEM IDENTIFICATION**

<b>The Parties to This Agreement:</b>	Cushman & Wakefield of Connecticut, Inc. ("C&W") and CONNELL FOLEY LLP (the "Client").
<b>Intended Users:</b>	The appraisal will be prepared for the Client and is intended only for the use specified below. The Client agrees that there are no other Intended Users.
<b>Intended Use:</b>	To be used by business appraisers hired by Client (specifically, Empire Valuation Consultants) as one component in developing an overall value of the Christ Hospital operating entity for the benefit of the ultimate owners of Christ Hospital for their personal planning use.
<b>Type of Opinion and Rights Appraised:</b>	Market value of the Fee Simple Interest and the land market value of the Fee Simple Interest of the underlying land.
<b>Date of Value:</b>	<ul style="list-style-type: none"><li>• December 31, 2021</li></ul>
<b>Subject of the Assignment and Relevant Characteristics:</b>	The property to be appraised is a 2,296 square foot dwelling located in Jersey City, NJ.
<b>Assignment Conditions:</b>	We do not anticipate the use of any extraordinary assumptions or hypothetical conditions.

##### **II. ANTICIPATED SCOPE OF WORK**

<b>USPAP Compliance:</b>	C&W will develop an appraisal in accordance with USPAP and the Code of Ethics and Certification Standards of the Appraisal Institute.
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CW LOE 2019-2020

HRH Plan042727

Anthony F. Vitiello  
Connell Foley LLP  
December 8, 2021  
Page 2

**General Scope of Work:**

- Property Inspection to the extent necessary to adequately identify the real estate
- Research relevant market data, in terms of quantity, quality, and geographic comparability, to the extent necessary to produce credible appraisal results
- Consider and develop those approaches relevant and applicable to the appraisal problem.
- C&W will consult its local East Rutherford office for local market expertise.

**III. REPORTING AND DISCLOSURE**

**Scope of Work Disclosure:**

The actual Scope of Work will be reported within the report.

**Reporting Option:**

The appraisal will be communicated in an Appraisal Report.

**IV. FEE, EXPENSES AND OTHER TERMS OF ENGAGEMENT**

**Fee:**

All invoices are due upon receipt and will be billed upon delivery of the draft report. The Client shall be solely responsible for C&W's fees and expenses hereunder. Acknowledgement of this obligation is made by the countersignature to this agreement by an authorized representative of the Client.

**Additional Expenses:**

Fee quoted is inclusive of expenses related to the preparation of the report.

**Retainer:**

A retainer of 50% is required for this assignment in order to commence work.

**Report Copies:**

The final report will be delivered in electronic format. Up to three hard copies will be provided upon request.

**Start Date:**

The appraisal process will initiate upon receipt of signed agreement, applicable retainer, and the receipt of the property-specific data.

**Acceptance Date:**

This proposal is subject to withdrawal if the engagement letter is not executed by the Client within four (4) business days.

**Draft Report**

C&W will provide a draft report for review, discussion and approval by client prior to being delivered in final.

**Final Report Delivery:**

Within Ninety (90) days of receipt of your written authorization to proceed, assuming prompt receipt of necessary property information. A preliminary value will be provided before the final Payment of the fee shall be due and payable upon delivery of the report.

**Changes to Agreement:**

The identity of the Client, Intended User(s) identified herein, or Intended Use identified herein; the date of value; type of value or interest appraised; or property appraised cannot be changed without a new agreement.

Anthony F. Vitiello  
Connell Foley LLP  
December 8, 2021  
Page 3

- Prior Services Disclosure:** USPAP requires disclosure of prior services performed by the individual appraiser within the three years prior to this assignment. The undersigned appraiser(s) has/have not provided prior services within the designated time frame.
- Future Marketing Disclosure:** Unless otherwise directed, at the conclusion of this engagement, we may disclose that we have appraised the subject property in future marketing documents and materials.
- Conflicts of Interest:** C&W adheres to a strict internal conflict of interest policy. If we discover in the preparation of our appraisal a conflict with this assignment, we reserve the right to withdraw from the assignment without penalty.
- Cancellation of Engagement:** Client may cancel this agreement at any time prior to C&W's delivery of the appraisal report upon written notification to C&W. Client shall pay C&W for work completed on the assignment prior to C&W's receipt of written cancellation notice, unless otherwise agreed upon by C&W and Client in writing.
- Withdrawal of Appraiser Prior to Completion of Assignment:** C&W may withdraw without penalty or liability from the assignment(s) contemplated under this agreement before completion or reporting of the appraisal in the event that C&W determines, at C&W's sole discretion, that insufficient information was provided to C&W prior to the engagement, that Client or other parties have not or cannot provide C&W with documentation or information necessary to C&W's analysis or reporting, that conditions of the subject property render the original scope of work inappropriate, or that the Client has not complied with its payment obligations under this agreement. C&W shall notify the Client of such withdrawal in writing.
- Further Conditions of Engagement:** The Conditions of Engagement attached hereto are incorporated herein and are part of this letter of engagement.



Anthony F. Vitiello  
Connell Foley LLP  
December 8, 2021  
Page 4

Thank you for calling on us to render these services and we look forward to working with you.

Sincerely,  
CUSHMAN & WAKEFIELD OF CONNECTICUT, INC.



---

Gerald V. Rasmussen, MAI, FRICS  
Executive Managing Director/National Practice  
Leader

cc:

AGREED:  
CLIENT: CONNELL FOLEY LLP

By:

  
Anthony F. Vitiello

Date:

12/8/2021

Title: Partner and Chairman, Tax & Estate Planning Group

E-mail Address:

[avitiello@connellfoley.com](mailto:avitiello@connellfoley.com)

Phone Number:

973-840-2433



# CONDITIONS OF ENGAGEMENT

- 1) Each Intended User identified herein should consider the appraisal as only one factor together with its independent investment considerations and underwriting criteria in its overall investment decision. The appraisal cannot be used by any party or for any purpose other than the Intended User(s) identified herein for the Intended Use described herein.
- 2) Unless identified expressly in this agreement, there are no third-party beneficiaries of agreement pertaining to the appraisal, and no other person or entity shall have any right, benefit or interest under such agreement. The identification of a party as an intended user of the appraisal does not mean that the party is a third-party beneficiary of the agreement.
- 3) The appraisal report will be subject to our standard Assumptions and Limiting Conditions, which will be incorporated into the appraisal. All users of the appraisal report are specifically cautioned to understand the standard Assumptions and Limiting Conditions as well as any Extraordinary Assumptions and Hypothetical Conditions which may be employed by the appraiser and incorporated into the appraisal.
- 4) C&W shall have the right to utilize its affiliates in the performance of its services, provided that they comply with the obligations of C&W pursuant to this engagement.
- 5) The appraisal report or our name may not be used in any offering memoranda or other investment material without the prior written consent of C&W, which may be given at the sole discretion of C&W. Any such consent, if given, shall be conditioned upon our receipt of an indemnification agreement from a party satisfactory to us and in a form satisfactory to us. Furthermore, Client agrees to pay the fees of C&W's legal counsel for the review of the material which is the subject of the requested consent. C&W disclaims any and all liability with regard to the appraisal prepared pursuant to the engagement to any party other than the Intended User(s). Under no circumstances will C&W consent to the quote, reference or inclusion of the appraisal in connection with crowd funding activities. Further, crowd funding investors are specifically excluded from any class of Intended Users.
- 6) In the event the Client provides a copy of the appraisal to, or permits reliance thereon by, any party not identified herein as an Intended User, Client hereby agrees to indemnify and hold C&W, its affiliates and the respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the appraisal by any such party.
- 7) The balance of the fee for the appraisal will be due upon delivery of a report. Payment of the fee is not contingent on the appraised value, a loan closing, or any other prearranged condition. Additional fees will be charged on an hourly basis for any work, which exceeds the scope of this proposal, including performing additional valuation scenarios, additional research and conference calls or meetings with any party, which exceed the time allotted by C&W for an assignment of this nature. If we are requested to stop working on this assignment, for any reason, prior to our completion of the appraisal, C&W will be entitled to bill the Client for the time expended to date at C&W's hourly rates for the personnel involved.
- 8) If C&W or any of its affiliates or any of their respective employees receives a subpoena or other judicial command to produce documents or to provide testimony involving this assignment in connection with a lawsuit or proceeding, C&W will use reasonable efforts to notify the Client of our receipt of same. However, if C&W or any of its affiliates are not a party to these proceedings, Client agrees to compensate C&W or its affiliate for the professional time and reimburse C&W or its affiliate for the actual expense that it incurs in responding to any such subpoena or judicial command, including attorneys' fees, if any, as they are incurred. C&W or its affiliate will be compensated at the then prevailing hourly rates of the personnel responding to the subpoena or command for testimony.
- 9) By signing this agreement Client expressly agrees that its sole and exclusive remedy for any and all losses or damages relating to this agreement or the appraisal shall be limited to the amount of the appraisal fee paid by the Client. In the event that the Client, or any other party entitled to do so, makes a claim against C&W or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the appraisal, the maximum damages recoverable from C&W or any of its affiliates or their respective officers or employees shall be the amount of the monies actually collected by C&W or any of its affiliates for this assignment and under no circumstances shall any claim for consequential, indirect, special, punitive or liquidated damages be made.
- 10) C&W disclaims any and all liability to any party with regard to the appraisal report other than an Intended User identified herein.
- 11) The fees and expenses shall be due C&W as agreed in this letter. If it becomes necessary to place collection of the fees and expenses due C&W in the hands of a collection agent and/or an attorney (whether or not a legal action is filed) Client agrees to pay all fees and expenses including attorneys' fees incurred by C&W in connection with the collection or attempted collection thereof.
- 12) Unless the time period is shorter under applicable law, any legal action or claim relating to the appraisal or this agreement shall be filed in court (or in the applicable arbitration tribunal, if the parties to the dispute have executed an arbitration agreement)

within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time period stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time period stated in this section shall apply to all non-criminal claims or causes of action of any type.

agreement and take such other actions as are permitted or required to be taken under law or in equity.

- 13) Notwithstanding that C&W may comment on, analyze or assume certain conditions in the appraisal, C&W shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations and other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise.
- 14) Legal claims or causes of action relating to the appraisal or this agreement are not assignable, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.
- 15) Each party represents and warrants to the other that it, and all persons and entities owning (directly or indirectly) an ownership interest in it: (a) are not, and will not become, a person or entity with whom a party is prohibited from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order or other governmental action; and (b) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in clause (a) above.
- 16) Each party represents and warrants to the other that it (and any party acting on its behalf) has not, in order to enter into this agreement, offered, promised, authorized or made any payments or transfers of anything of value which have the purpose or effect of public or commercial bribery, kickbacks or other unlawful or improper means of doing business ("Prohibited Activity") and will not engage in Prohibited Activity during the term of this agreement. In the event of any violation of this section, the non-offending party shall be entitled to immediately terminate this

Gerald V. Rasmussen, MAI, FRICS  
Executive Managing Director/National Practice Leader

 **CUSHMAN &  
WAKEFIELD**  
Cushman & Wakefield of Connecticut, Inc.  
107 Elm Street  
Four Stamford Plaza, 8th Floor  
Stamford, CT 06902  
203-328-5884 Tel  
203-348-6203 Fax  
gerald.rasmussen@cushwake.com

December 8, 2021

Anthony F. Vitiello  
Partner and Chairman, Tax & Estate Planning Group  
**CONNELL FOLEY LLP**  
56 Livingston Avenue  
Roseland, NJ 07068

Re: **194 Palisade Avenue**  
**Jersey City, NJ 07306**

Dear Mr. Vitiello:

Thank you for requesting our proposal for appraisal services. This proposal letter will become, upon your acceptance, our letter of engagement to provide the services outlined herein.

#### **TERMS OF ENGAGEMENT**

##### **I. PROBLEM IDENTIFICATION**

<b>The Parties to This Agreement:</b>	Cushman & Wakefield of Connecticut, Inc. ("C&W") and CONNELL FOLEY LLP (the "Client").
<b>Intended Users:</b>	The appraisal will be prepared for the Client and is intended only for the use specified below. The Client agrees that there are no other Intended Users.
<b>Intended Use:</b>	To be used by business appraisers hired by Client (specifically, Empire Valuation Consultants) as one component in developing an overall value of the Christ Hospital operating entity for the benefit of the ultimate owners of Christ Hospital for their personal planning use.
<b>Type of Opinion and Rights Appraised:</b>	Market value of the Fee Simple Interest and the land market value of the Fee Simple Interest of the underlying land.
<b>Date of Value:</b>	▪ December 31, 2021
<b>Subject of the Assignment and Relevant Characteristics:</b>	The property to be appraised is a dwelling located in Jersey City, NJ.
<b>Assignment Conditions:</b>	We do not anticipate the use of any extraordinary assumptions or hypothetical conditions.

##### **II. ANTICIPATED SCOPE OF WORK**

<b>USPAP Compliance:</b>	C&W will develop an appraisal in accordance with USPAP and the Code of Ethics and Certification Standards of the Appraisal Institute.
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Anthony F. Vitiello  
Connell Foley LLP  
December 8, 2021  
Page 2

**General Scope of Work:**

- Property Inspection to the extent necessary to adequately identify the real estate
- Research relevant market data, in terms of quantity, quality, and geographic comparability, to the extent necessary to produce credible appraisal results
- Consider and develop those approaches relevant and applicable to the appraisal problem.
- C&W will consult its local East Rutherford office for local market expertise.

**III. REPORTING AND DISCLOSURE**

**Scope of Work Disclosure:** The actual Scope of Work will be reported within the report.

**Reporting Option:** The appraisal will be communicated in an Appraisal Report.

**IV. FEE, EXPENSES AND OTHER TERMS OF ENGAGEMENT**

**Fee:** All invoices are due upon receipt and will be billed upon delivery of the draft report. The Client shall be solely responsible for C&W's fees and expenses hereunder. Acknowledgement of this obligation is made by the countersignature to this agreement by an authorized representative of the Client.

**Additional Expenses:** Fee quoted is inclusive of expenses related to the preparation of the report.

**Retainer:** A retainer of 50% is required for this assignment in order to commence work.

**Report Copies:** The final report will be delivered in electronic format. Up to three hard copies will be provided upon request.

**Start Date:** The appraisal process will initiate upon receipt of signed agreement, applicable retainer, and the receipt of the property-specific data.

**Acceptance Date:** This proposal is subject to withdrawal if the engagement letter is not executed by the Client within four (4) business days.

**Draft Report** C&W will provide a draft report for review, discussion and approval by client prior to being delivered in final.

**Final Report Delivery:** Within Ninety (90) days of receipt of your written authorization to proceed, assuming prompt receipt of necessary property information. A preliminary value will be provided before the final Payment of the fee shall be due and payable upon delivery of the report.

**Changes to Agreement:** The identity of the Client, Intended User(s) identified herein, or Intended Use identified herein; the date of value; type of value or interest appraised; or property appraised cannot be changed without a new agreement.

Anthony F. Vitiello  
Connell Foley LLP  
December 8, 2021  
Page 3

- Prior Services Disclosure:** USPAP requires disclosure of prior services performed by the individual appraiser within the three years prior to this assignment. The undersigned appraiser(s) has/have not provided prior services within the designated time frame.
- Future Marketing Disclosure:** Unless otherwise directed, at the conclusion of this engagement, we may disclose that we have appraised the subject property in future marketing documents and materials.
- Conflicts of Interest:** C&W adheres to a strict internal conflict of interest policy. If we discover in the preparation of our appraisal a conflict with this assignment, we reserve the right to withdraw from the assignment without penalty.
- Cancellation of Engagement:** Client may cancel this agreement at any time prior to C&W's delivery of the appraisal report upon written notification to C&W. Client shall pay C&W for work completed on the assignment prior to C&W's receipt of written cancellation notice, unless otherwise agreed upon by C&W and Client in writing.
- Withdrawal of Appraiser Prior to Completion of Assignment:** C&W may withdraw without penalty or liability from the assignment(s) contemplated under this agreement before completion or reporting of the appraisal in the event that C&W determines, at C&W's sole discretion, that insufficient information was provided to C&W prior to the engagement, that Client or other parties have not or cannot provide C&W with documentation or information necessary to C&W's analysis or reporting, that conditions of the subject property render the original scope of work inappropriate, or that the Client has not complied with its payment obligations under this agreement. C&W shall notify the Client of such withdrawal in writing.
- Further Conditions of Engagement:** The Conditions of Engagement attached hereto are incorporated herein and are part of this letter of engagement.

Anthony F. Vitiello  
Connell Foley LLP  
December 8, 2021  
Page 4

Thank you for calling on us to render these services and we look forward to working with you.

Sincerely,  
CUSHMAN & WAKEFIELD OF CONNECTICUT, INC.




---

Gerald V. Rasmussen, MAI, FRICS  
Executive Managing Director/National Practice  
Leader

cc:

AGREED:  
CLIENT: CONNELL FOLEY LLP

By:



---

Anthony F. Vitiello

Date:

12/8/2021

Title:

Partner and Chairman, Tax & Estate Planning Group

E-mail Address:

[avitiello@connellfoley.com](mailto:avitiello@connellfoley.com)

Phone Number:

973-840-2433



# CONDITIONS OF ENGAGEMENT

- 1) Each Intended User identified herein should consider the appraisal as only one factor together with its independent investment considerations and underwriting criteria in its overall investment decision. The appraisal cannot be used by any party or for any purpose other than the Intended User(s) identified herein for the Intended Use described herein.
- 2) Unless identified expressly in this agreement, there are no third-party beneficiaries of agreement pertaining to the appraisal, and no other person or entity shall have any right, benefit or interest under such agreement.
- 3) The appraisal report will be subject to our standard Assumptions and Limiting Conditions, which will be incorporated into the appraisal. All users of the appraisal report are specifically cautioned to understand the standard Assumptions and Limiting Conditions as well as any Extraordinary Assumptions and Hypothetical Conditions which may be employed by the appraiser and incorporated into the appraisal.
- 4) C&W shall have the right to utilize its affiliates in the performance of its services, provided that they comply with the obligations of C&W pursuant to this engagement.
- 5) The appraisal report or our name may not be used in any offering memoranda or other investment material without the prior written consent of C&W, which may be given at the sole discretion of C&W. Any such consent, if given, shall be conditioned upon our receipt of an indemnification agreement from a party satisfactory to us and in a form satisfactory to us. Furthermore, Client agrees to pay the fees of C&W's legal counsel for the review of the material which is the subject of the requested consent. C&W disclaims any and all liability with regard to the appraisal prepared pursuant to the engagement to any party other than the Intended User(s). Under no circumstances will C&W consent to the quote, reference or inclusion of the appraisal in connection with crowd funding activities. Further, crowd funding investors are specifically excluded from any class of Intended Users.
- 6) In the event the Client provides a copy of the appraisal to, or permits reliance thereon by, any party not identified herein as an Intended User, Client hereby agrees to indemnify and hold C&W, its affiliates and the respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the appraisal by any such party.
- 7) The balance of the fee for the appraisal will be due upon delivery of a report. Payment of the fee is not contingent on the appraised value, a loan closing, or any other prearranged condition. Additional fees will be charged on an hourly basis for any work, which exceeds the scope of this proposal, including performing additional valuation scenarios, additional research and conference calls or meetings with any party, which exceed the time allotted by C&W for an assignment of this nature. If we are requested to stop working on this assignment, for any reason, prior to our completion of the appraisal, C&W will be entitled to bill the Client for the time expended to date at C&W's hourly rates for the personnel involved.
- 8) If C&W or any of its affiliates or any of their respective employees receives a subpoena or other judicial command to produce documents or to provide testimony involving this assignment in connection with a lawsuit or proceeding, C&W will use reasonable efforts to notify the Client of our receipt of same. However, if C&W or any of its affiliates are not a party to these proceedings, Client agrees to compensate C&W or its affiliate for the professional time and reimburse C&W or its affiliate for the actual expense that it incurs in responding to any such subpoena or judicial command, including attorneys' fees, if any, as they are incurred. C&W or its affiliate will be compensated at the then prevailing hourly rates of the personnel responding to the subpoena or command for testimony.
- 9) By signing this agreement Client expressly agrees that its sole and exclusive remedy for any and all losses or damages relating to this agreement or the appraisal shall be limited to the amount of the appraisal fee paid by the Client. In the event that the Client, or any other party entitled to do so, makes a claim against C&W or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the appraisal, the maximum damages recoverable from C&W or any of its affiliates or their respective officers or employees shall be the amount of the monies actually collected by C&W or any of its affiliates for this assignment and under no circumstances shall any claim for consequential, indirect, special, punitive or liquidated damages be made.
- 10) C&W disclaims any and all liability to any party with regard to the appraisal report other than an Intended User identified herein.
- 11) The fees and expenses shall be due C&W as agreed in this letter. If it becomes necessary to place collection of the fees and expenses due C&W in the hands of a collection agent and/or an attorney (whether or not a legal action is filed) Client agrees to pay all fees and expenses including attorneys' fees incurred by C&W in connection with the collection or attempted collection thereof.
- 12) Unless the time period is shorter under applicable law, any legal action or claim relating to the appraisal or this agreement shall be filed in court (or in the applicable arbitration tribunal, if the parties to the dispute have executed an arbitration agreement)

within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time period stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time period stated in this section shall apply to all non-criminal claims or causes of action of any type.

agreement and take such other actions as are permitted or required to be taken under law or in equity.

- 13) Notwithstanding that C&W may comment on, analyze or assume certain conditions in the appraisal, C&W shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations and other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise.
- 14) Legal claims or causes of action relating to the appraisal or this agreement are not assignable, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.
- 15) Each party represents and warrants to the other that it, and all persons and entities owning (directly or indirectly) an ownership interest in it: (a) are not, and will not become, a person or entity with whom a party is prohibited from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order or other governmental action; and (b) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in clause (a) above.
- 16) Each party represents and warrants to the other that it (and any party acting on its behalf) has not, in order to enter into this agreement, offered, promised, authorized or made any payments or transfers of anything of value which have the purpose or effect of public or commercial bribery, kickbacks or other unlawful or improper means of doing business ("Prohibited Activity") and will not engage in Prohibited Activity during the term of this agreement. In the event of any violation of this section, the non-offending party shall be entitled to immediately terminate this



## Addendum C: Comparable Sale Data Sheets

SUMMARY OF IMPROVED HOSPITAL SALES															
PROPERTY INFORMATION							TRANSACTION INFORMATION								
No.	Property Name Address, City, State	Type	Number of Beds	Building NRA	Year Built	Quality / Condition	Grantor	Grantee	Sale Date	Sale Price	\$/Bed	\$/SF	NOI / Mo.	NOI /SF	OAR
S	Subject Property	Short-Term Acute Care Hospital	256	207,259	1969-1982	Average							\$2,827	\$29.21	
1	Beachwood Medical Center 25501 Chagrin Boulevard Beachwood, OH	Short-Term Acute Care Hospital	24	78,838	2019	Good	Manna Isle Ohio LLC	MMAC-FCA Beachwood LLC	4/21	\$58,250,000	\$2,427.083	\$738.86	\$12.034	\$43.96	5.95%
2	PAM Rehabilitation Hospital of Dover 1240 McKee Road Dover, DE	Rehab Hospital	34	42,140	2019	Good	Anchor Health Properties	MedCore Partners	6/20	\$21,347,000	\$627.853	\$506.57	\$3.401	\$32.83	6.50%
3	Oasis Hospital 750 North 40th Street Phoenix, AZ	Short-Term Acute Care Hospital	64	93,641	2011	Good	Southwest Orthopedic and Spine Hospital Real Estate, LLC	Flagler Investment Holdings LLC	2/19	\$49,000,000	\$765.625	\$523.28	\$4.307	\$35.32	6.75%
4	Methodist McKinney Hospital 8000 Edwards Parkway McKinney, TX	Short-Term Acute Care Hospital	23	66,450	2010	Good	Neuterra Capital	Kawa Capital Partners LLC	12/18	\$64,000,000	\$2,782.609	\$953.13	\$15.304	\$63.57	6.60%
5	Great Bend Regional Hospital 514 Cleveland Street Great Bend, KS	Short-Term Acute Care Hospital	33	58,000	2001	Average	Global Medical REIT, Inc	Livingston Street Capital	12/18	\$32,450,000	\$983.333	\$563.13	\$5.636	\$38.48	6.88%
6	City Hospital at White Rock 9440 Poppy Drive Dallas, TX	Short-Term Acute Care Hospital	218	235,314	1959	Average	City Hospital at White Rock	Global Medical REIT Inc.	5/18	\$23,000,000	\$105.505	\$97.33	\$852	\$9.44	9.70%
STATISTICS															
Low			23	42,140	1959				5/18	\$21,347,000	\$105.505	\$97.33	\$852	\$9.44	5.95%
High			218	235,314	2019				4/21	\$64,000,000	\$2,782.609	\$953.13	\$15.304	\$63.57	9.70%
Average			66	85,897	2003				7/19	\$41,341,167	\$1,282.001	\$632.05	\$6.922	\$37.26	7.08%

## IMPROVED SALE COMPARABLE



**Beachwood Medical Center**  
25501 Chagrin Boulevard  
Beachwood, OH

Property Type: Healthcare  
Property Subtype: Acute Care Hospital

**PROPERTY INFORMATION**

Site Area (Acres)	5.85
Site Area (Sq. Ft.)	254,978
Gross Building Area:	78,838
Net Building Area:	69,800
Year(s) Built:	2019
Quality:	Good
Condition:	Good

**ESTIMATED PATIENT VOLUMES**

Inpatient Surgeries	500
Outpatient Surgeries	0
Births	0
Outpatient Visits	0
Emergency Room (Not Admitted)	0
Emergency Room (Admitted)	Less than 100

Source: American Hospital Directory

**BED TYPES**

Licensed Acute Care Beds:	24
Licensed ALTEC Beds:	0
Licensed Other Beds:	0
Total Licensed Beds	24

**INPATIENT UTILIZATION DATA**

	Discharges	%	Patient Days	%	ALOS
Medicaid	0	0%	0	0%	-
Medicare	242	54%	333	58%	1.38
Private/Other	210	46%	240	42%	1.14
Total	452	100%	573	100%	1.27

Source: American Hospital Directory

**SALE INFORMATION**

Sale Status:	Recorded Sale	OAR:	5.95%
Sale Date:	April-21	NOI:	\$3,465,875
Sale Price:	\$58,250,000	NOI Per Bed:	\$144,411
		EBITDA:	\$3,465,875
Sale Price Per Bed:	\$2,427,083	Expense Ratio:	N/A
Grantor:	Manna Isle Ohio LLC	EGIM:	N/A
Grantee:	MMAC-FCA Beachwood LLC	Occupancy:	100.0%
Value Interest:	Leased Fee	EBITDA Multiplier:	N/A
Sale Price Per Sq. Ft.	\$834.53	Ground Lease:	N/A

**VERIFICATION COMMENTS:** Deed, public records, industry publications

**COMMENTS**

This is a sale-leaseback of a 24-bed hospital. The property was leased for 15 year on a triple-net basis to Lake Health and is part of the University Hospitals system that has an A2 credit rating from Moody's. Newmark represented the seller.

## IMPROVED SALE COMPARABLE



**PAM Rehabilitation Hospital of Dover**  
1240 McKee Road  
Dover, Delaware

Property Type: Healthcare  
Property Subtype: Rehabilitation Hospital

**PROPERTY INFORMATION**

Site Area (Acres)	4.00
Site Area (Sq. Ft.)	174,240
Gross Building Area:	42,140
Net Building Area:	42,140
Year(s) Built:	2019
Quality:	Good
Condition:	Good

**ESTIMATED PATIENT VOLUMES**

Inpatient Surgeries	>100
Outpatient Surgeries	0
Births	0
Outpatient Visits	0
Emergency Room (Not Admitted)	0
Emergency Room (Admitted)	0

Source: American Hospital Directory

**BED TYPES**

Licensed Acute Care Beds:	34
Licensed ALTEC Beds:	0
Licensed Other Beds:	0
Total Licensed Beds	34

**INPATIENT UTILIZATION DATA**

	Discharges	%	Patient Days	%	ALOS
Medicaid	0	0%	0	0%	-
Medicare	973	92%	10,907	92%	11.21
Private/Other	81	8%	988	8%	12.20
Total	1,054	100%	11,895	100%	11.29

Source: American Hospital Directory

**SALE INFORMATION**

Sale Status:	Recorded Sale	OAR:	6.50%
Sale Date:	June-20	NOI:	\$1,387,555
Sale Price:	\$21,347,000	NOI Per Bed:	\$40,810
		EBITDA:	\$1,387,555
Sale Price Per Bed:	\$627,853	Expense Ratio:	N/A
Grantor:	Anchor Health Properties	EGIM:	N/A
Grantee:	MedCore Partners	Acute Care Occupancy:	95.9%
Value Interest:	Leased Fee	EBITDA Multiplier:	15.38
Sale Price Per Sq. Ft.	\$506.57	Ground Lease:	N/A

**VERIFICATION COMMENTS:** Public records, industry publications, buyer's press release

**COMMENTS**

This facility was built in 2019, Post Acute Medical (PAM) signed a 15 year lease with options. The property contains an inpatient/outpatient gym, radiology suite, lab services, and full dietary departments. The facility provides specialized care for patients with traumatic brain injuries, strokes, Parkinson's, amputations, hip fractures, and orthopedic injuries.

## IMPROVED SALE COMPARABLE



**Oasis Hospital**  
750 North 40th Street  
Phoenix, Arizona

Property Type: Healthcare  
Property Subtype: Acute Care Hospital

**PROPERTY INFORMATION**

Site Area (Acres)	8.76
Site Area (Sq. Ft.)	381,586
Gross Building Area:	93,641
Net Building Area:	93,641
Year(s) Built:	2011
Quality:	Good
Condition:	Good

**ESTIMATED PATIENT VOLUMES**

Inpatient Surgeries	4,300
Outpatient Surgeries	600
Births	0
Outpatient Visits	500
Emergency Room (Not Admitted)	0
Emergency Room (Admitted)	0

Source: American Hospital Directory

**BED TYPES**

Licensed Acute Care Beds:	64
Licensed ALTEC Beds:	0
Licensed Other Beds:	0
Total Licensed Beds	64

**INPATIENT UTILIZATION DATA**

	Discharges	%	Patient Days	%	ALOS
Medicaid	0	0%	0	0%	-
Medicare	1,903	46%	3,947	47%	2.07
Private/Other	2,268	54%	4,436	53%	1.96
Total	4,171	100%	8,383	100%	2.01

Source: American Hospital Directory

**SALE INFORMATION**

Sale Status:	Recorded Sale	OAR:	6.75%
Sale Date:	February-19	NOI:	\$3,307,500
Sale Price:	\$49,000,000	NOI Per Bed:	\$51,680
		EBITDA:	\$3,307,500
Sale Price Per Bed:	\$765,625	Expense Ratio:	N/A
Grantor:	Southwest Orthopedic and Spine Hospital	EGIM:	N/A
Grantee:	Real Estate, LLC	Acute Care Occupancy:	35.9%
Value Interest:	Flagler Investment Holdings LLC	EBITDA Multiplier:	14.81
Sale Price Per Sq. Ft.	Leasehold	Ground Lease:	Yes
	\$523.28		

**VERIFICATION COMMENTS:** Press Release, Public Records, Buyer

**COMMENTS**

This is the sale of a specialty hospital focused on orthopedic and spine surgeries. The tenant is a joint venture between United Surgical Partners (USPI) and Dignity Health Care. The property was leased on a net basis for 15 years. The property is located on land that is ground leased from the Arizona State Land Department at market levels through 2071.

## IMPROVED SALE COMPARABLE



**Methodist McKinney Hospital**  
8000 Eldorado Parkway  
McKinney, TX

Property Type: Healthcare  
Property Subtype: Acute Care Hospital

**PROPERTY INFORMATION**

Site Area (Acres)	7.92
Site Area (Sq. Ft.)	345,169
Gross Building Area:	66,450
Net Building Area:	66,450
Year(s) Built:	2010
Quality:	Good
Condition:	Good

**ESTIMATED PATIENT VOLUMES**

Inpatient Surgeries	1,400
Outpatient Surgeries	7,200
Births	0
Outpatient Visits	7,500
Emergency Room (Not Admitted)	1,300
Emergency Room (Admitted)	Less than 100

Source: American Hospital Directory

**BED TYPES**

Licensed Acute Care Beds:	23
Licensed ALTEC Beds:	0
Licensed Other Beds:	0
Total Licensed Beds	23

**INPATIENT UTILIZATION DATA**

	Discharges	%	Patient Days	%	ALOS
Medicaid	0	0%	0	0%	-
Medicare	386	30%	817	30%	2.12
Private/Other	904	70%	1,902	70%	2.10
Total	1,290	100%	2,719	100%	2.11

Source: American Hospital Directory

**SALE INFORMATION**

Sale Status:	Recorded Sale	OAR:	6.60%
Sale Date:	December-18	NOI:	\$4,224,000
Sale Price:	\$64,000,000	NOI Per Bed:	\$183,652
		EBITDA:	\$4,224,000
Sale Price Per Bed:	\$2,782,609	Expense Ratio:	N/A
Grantor:	Neuterra Capital	EGIM:	N/A
Grantee:	Kawa Capital Partners LLC	Acute Care Occupancy:	32.4%
Value Interest:	Leased Fee	EBITDA Multiplier:	N/A
Sale Price Per Sq. Ft.	\$963.13	Ground Lease:	N/A

**VERIFICATION COMMENTS:** Deed, public records, industry publications, third party

**COMMENTS**

This is the sale of a 23-bed hospital. The tenant extended its lease as a part of the sale. The hospital has an emergency department, six operating rooms, a lab, and imaging. The lease is partially guaranteed by Methodist Health System with the physicians guaranteeing the remainder.

## IMPROVED SALE COMPARABLE



**Great Bend Regional Hospital**  
514 Cleveland Street  
Great Bend, Kansas

Property Type: Healthcare  
Property Subtype: Hospital

**PROPERTY INFORMATION**

Site Area (Acres)	3.70
Site Area (Sq. Ft.)	161,172
Gross Building Area:	58,000
Net Building Area:	58,000
Year(s) Built:	2001
Quality:	Average
Condition:	Average

**ESTIMATED PATIENT VOLUMES**

Inpatient Surgeries	800
Outpatient Surgeries	2,500
Births	400
Outpatient Visits	35,100
Emergency Room (Not Admitted)	7,200
Emergency Room (Admitted)	800

Source: American Hospital Directory

**BED TYPES**

Licensed Acute Care Beds:	33
Licensed ALTEC Beds:	0
Licensed Other Beds:	0
Total Licensed Beds	33

**INPATIENT UTILIZATION DATA**

	Discharges	%	Patient Days	%	ALOS
Medicaid	15	1%	406	8%	27.07
Medicare	652	50%	2,847	55%	4.37
Private/Other	634	49%	1,902	37%	3.00
Total	1,301	100%	5,155	100%	3.96

Source: American Hospital Directory

**SALE INFORMATION**

Sale Status:	Recorded Sale	OAR:	6.88%
Sale Date:	December-18	NOI:	\$2,231,888
Sale Price:	\$32,450,000	NOI Per Bed:	\$67,632.97
		EBITDA:	\$2,231,888
Sale Price Per Bed:	\$983,333	Expense Ratio:	N/A
Grantor:	Global Medical REIT, Inc	EGIM:	N/A
Grantee:	Livingston Street Capital	Acute Care Occupancy:	42.8%
Value Interest:	Leased Fee	EBITDA Multiplier:	N/A
Sale Price Per Sq. Ft.	\$559.48	Ground Lease:	N/A

**VERIFICATION COMMENTS:** Public records and industry publications

**COMMENTS**

This is the sale of the 33-bed Great Bend Regional Hospital, which offers emergency and urgent care services, orthopedics and general surgery, obstetrics and pediatrics, imaging and diagnostics, respiratory therapy, physical and occupational therapy, and an in-house lab. The property previous sold in January 2017 for \$24,500,000 or \$742,424 per bed.

## IMPROVED SALE COMPARABLE

**City Hospital at White Rock**9440 Poppy Drive  
Dallas, TXProperty Type: Healthcare  
Property Subtype: Acute Care Hospital**PROPERTY INFORMATION**

Site Area (Acres)	10.53
Site Area (Sq. Ft.)	458,687
Gross Building Area:	236,314
Net Building Area:	236,314
Year(s) Built:	1959
Quality:	Average
Condition:	Average

**ESTIMATED PATIENT VOLUMES**

Inpatient Surgeries	1,600
Outpatient Surgeries	3,600
Births	5,400
Outpatient Visits	28,200
Emergency Room (Not Admitted)	20,900
Emergency Room (Admitted)	7,400

Source: American Hospital Directory

**BED TYPES**

Licensed Acute Care Beds:	218
Licensed ALTEC Beds:	0
Licensed Other Beds:	0
Total Licensed Beds	218

**INPATIENT UTILIZATION DATA**

	Discharges	%	Patient Days	%	ALOS
Medicaid	1,737	26%	2,399	8%	1.38
Medicare	1,705	25%	8,101	28%	4.75
Private/Other	3,274	49%	18,694	64%	5.71
Total	6,716	100%	29,194	100%	4.35

Source: American Hospital Directory

**SALE INFORMATION**

Sale Status:	Recorded Sale	OAR:	9.70%
Sale Date:	May-18	NOI:	\$2,230,000
Sale Price:	\$23,000,000	NOI Per Bed:	\$10,229
		EBITDA:	\$2,230,000
Sale Price Per Bed:	\$105,505	Expense Ratio:	N/A
Grantor:	City Hospital at White Rock	EGIM:	10.31
Grantee:	Global Medical REIT Inc.	Acute Care Occupancy:	36.7%
Value Interest:	Leased Fee	EBITDA Multiplier:	10.31
Sale Price Per Sq. Ft.	\$97.33	Ground Lease:	N/A

**VERIFICATION COMMENTS:** Public records, industry publications, sellers's press release, buyer's SEC filings**COMMENTS**

This is the sale of the City Hospital at White Rock, a 218-bed hospital. The hospital was formerly known as Baylor Scott & White Medical Center - White Rock and before the Doctors Hospital. This was a sale-leaseback and the sale did not include business value. The hospital was previously owned by a joint venture between Baylor Scott & White and Tenet Healthcare who sold the hospital to the current operator Pipeline Health in March 2018 for an undisclosed price.





Property Name: DaVita Dialysis  
 Address: 541 Main Street  
 City, State, Zip: Woodbridge NJ 07095  
 MSA: Middlesex-Somerset-Hunterdon  
 County: Middlesex County  
 Submarket:  
 Property Type: Office  
 Property Subtype: Medical Office  
 Classification: N/A  
 ID: 593201  
 Tax Number(s): Block 196.01 Lot 10.02

#### PROPERTY INFORMATION

Site Area (Acres):	1.04	Number of Buildings:	1
Site Area (Sq.Ft.):	45,302	Number of Stories:	1
Gross Bldg Area:	10,211	Class:	B
Net Rentable Area:	10,211	Number of Parking Spaces:	75
Year Built:	1975	Parking Ratio:	7.35:1,000
Last Renovation:	2013	Tenancy Type:	Single-Tenant
Quality:	Average		
Condition:	Good		

#### SALE INFORMATION

Status:	Recorded Sale	OAR:	6.48%
Deed Reference:	18386/299	NOI:	\$233,426
Sale Date:	3/2021	NOI per Sq.Ft.:	\$22.86
Sale Price:	\$3,600,000	Occupancy:	100.00%
Price per Sq.Ft.:	\$352.56	Expense Ratio:	N/A
Value Interest:	Leased Fee	EGIM:	N/A
Grantor:	541 Main Street, LLC	Buying Entity:	Investor
Grantee:	Agree Central, LLC	No. of Years Remaining on Primary Lease:	7.0
Financing:	Cash to seller	Investment Grade Credit:	Yes
Condition of Sale:	Arm's Length	Investment Grade Credit Rating:	BB

#### VERIFICATION COMMENTS

Public records and offering memorandum

#### COMMENTS

This is the sale of a freestanding dialysis center that is leased to DaVita Dialysis.. The lease commenced in July 2013 and the initial term ends in June 2028. There are two 5-year option periods with the rental rate resetting to fair market value. The lease rate increased 10 percent in Year 11. The lease is on a NNN basis with the tenant responsible for all operating expenses, with the exception of structural. The property was openly marketed in October 2020 and closed in March 2021. The property was marketed by CBRE.



Address: 88 Princeton-Heightstown Road  
 City, State, Zip: Princeton Junction NJ 08550-1100  
 MSA: Middlesex-Somerset-Hunterdon  
 County: Mercer County  
 Submarket:  
 Property Type: Office  
 Property Subtype: Medical Office  
 Classification: N/A  
 ID: 654849  
 Tax Number(s): Block 11.03, Lot 31.01

#### PROPERTY INFORMATION

Site Area (Acres):	3.00	Number of Buildings:	1
Site Area (Sq.Ft.):	130,680	Number of Stories:	2
Gross Bldg Area:	25,364	Class:	B
Net Rentable Area:	25,364	Number of Parking Spaces:	128
Year Built:	1999	Parking Ratio:	5.05:1,000
Last Renovation:	N/A	Tenancy Type:	Multi-Tenant
Quality:	Average		
Condition:	Average		

#### SALE INFORMATION

Status:	Recorded Sale	OAR:	6.57%
Deed Reference:		NOI:	\$532,170
Sale Date:	2/2022	NOI per Sq.Ft.:	\$20.98
Sale Price:	\$8,100,000	Occupancy:	91.00%
Price per Sq.Ft.	\$319.35	Expense Ratio:	N/A
Value Interest:	Leased Fee	EGIM:	N/A
Grantor:	WC 88 Princeton-Hightstown LLC	Buying Entity:	Investor
Grantee:	Glen Real Estate Holdings, LLC	No. of Years Remaining on Primary Lease:	N/A
Financing:	Cash to seller	Investment Grade Credit:	No
Condition of Sale:	None	Investment Grade Credit Rating:	N/A

#### VERIFICATION COMMENTS

Cushman & Wakefield Capital Markets

#### COMMENTS

This is the sale of a multi-tenant medical office building located in West Windsor Township. The building had 5 tenants in place at time of sale with a 91% occupancy rate. The indicated cap rate is based on a proforma NOI.



Address: 102 James Street  
 City, State, Zip: Edison NJ 08820  
 MSA: Middlesex-Somerset-Hunterdon  
 County: Middlesex County  
 Submarket:  
 Property Type: Office  
 Property Subtype: Medical Office  
 Classification: N/A  
 ID: 602748  
 Tax Number(s): N/A

#### PROPERTY INFORMATION

Site Area (Acres):	1.72	Number of Buildings:	1
Site Area (Sq.Ft.):	74,923	Number of Stories:	3
Gross Bldg Area:	24,000	Class:	B
Net Rentable Area:	24,000	Number of Parking Spaces:	123
Year Built:	2006	Parking Ratio:	5.13:1,000
Last Renovation:	N/A	Tenancy Type:	N/A
Quality:	Average		
Condition:	Average		

#### SALE INFORMATION

Status:	Closed Sale	OAR:	6.50%
Sale Date:	11/2020	NOI:	\$390,000
Sale Price:	\$6,000,000	NOI per Sq.Ft.:	\$16.25
Price per Sq.Ft.	\$250.00	Occupancy:	100.00%
Value Interest:	Leased Fee	Expense Ratio:	N/A
Grantor:	James Street MAB Associates LLC et. al.	EGIM:	N/A
Grantee:	Hackensack Meridian Health Realty Corp	Buying Entity:	N/A
Financing:	N/A	No. of Years Remaining on Primary Lease:	N/A
Condition of Sale:	N/A	Investment Grade Credit:	N/A
		Investment Grade Credit Rating:	N/A

#### VERIFICATION COMMENTS

Broker: Sanjeev Aneja, Ontrack Realty, 732-261-7650  
 Deed Doc # 18193-1461

#### COMMENTS

This is the sale of a medical office building located just off the campus of the Hackensack Meridian Health JFK Medical Center, a short-term acute care hospital staffed for 434 beds. The buyers was the Hackensack Meridian Health System.



Property Name: Medical Building  
 Address: 210 North Avenue East  
 City, State, Zip: Cranford NJ 07016  
 MSA: Newark  
 County: Union County  
 Submarket:  
 Property Type: Office  
 Property Subtype: Medical Office  
 Classification: N/A  
 ID: 586020  
 Tax Number(s): N/A

#### PROPERTY INFORMATION

Site Area (Acres):	0.80	Number of Buildings:	1
Site Area (Sq.Ft.):	35,000	Number of Stories:	2
Gross Bldg Area:	14,116	Class:	B
Net Rentable Area:	14,116	Number of Parking Spaces:	44
Year Built:	1997	Parking Ratio:	3.12:1,000
Last Renovation:	N/A	Tenancy Type:	Multi-Tenant
Quality:	Good		
Condition:	Good		

#### SALE INFORMATION

Status:	Closed Sale	OAR:	7.90%
Sale Date:	8/2020	NOI:	\$181,700
Sale Price:	\$2,300,000	NOI per Sq.Ft.:	\$12.87
Price per Sq.Ft.:	\$162.94	Occupancy:	100.00%
Value Interest:	Leased Fee	Expense Ratio:	N/A
Grantor:	Van Brunt Real Estate LLC	EGIM:	N/A
Grantee:	Esha Farm LLC & Cranford Med Comp LLC	Buying Entity:	Investor
Financing:	N/A	No. of Years Remaining on Primary Lease:	4.0
Condition of Sale:	None	Investment Grade Credit:	N/A
		Investment Grade Credit Rating:	N/A

#### VERIFICATION COMMENTS

Broker / Zeustra OM / public records

#### COMMENTS

This is the sale of a two-story medical building with two tenants. The primary tenant is a physical rehab center with 4 years remaining on their lease. The property is walkable to the train station, and is close to retail services and Garden State Parkway access.



Property Name: Forsgate Medical Building  
 Address: 9 Centre Drive  
 City, State, Zip: Monroe Township NJ 08831  
 MSA: Middlesex-Somerset-Hunterdon  
 County: Middlesex County  
 Submarket:  
 Property Type: Office  
 Property Subtype: Medical Office  
 Classification: N/A  
 ID: 557239  
 Tax Number(s): N/A

## PROPERTY INFORMATION

Site Area (Acres):	2.88	Number of Buildings:	1
Site Area (Sq.Ft.):	125,453	Number of Stories:	1
Gross Bldg Area:	26,808	Class:	B
Net Rentable Area:	26,808	Number of Parking Spaces:	117
Year Built:	1991	Parking Ratio:	4.36:1,000
Last Renovation:	N/A	Tenancy Type:	Multi-Tenant
Quality:	Average		
Condition:	Average		

## SALE INFORMATION

Status:	Closed Sale	OAR:	7.30%
Sale Date:	1/2020	NOI:	\$602,250
Sale Price:	\$8,250,000	NOI per Sq.Ft.:	\$22.47
Price per Sq.Ft.:	\$307.74	Occupancy:	100.00%
Value Interest:	Leased Fee	Expense Ratio:	N/A
Grantor:	Forsgate Medical Building Associates LP	EGIM:	N/A
Grantee:	Forsgate MOB LLC (Atkins Cos.)	Buying Entity:	Investor
Financing:	N/A	No. of Years Remaining on Primary Lease:	N/A
Condition of Sale:	N/A	Investment Grade Credit:	N/A
		Investment Grade Credit Rating:	N/A

## VERIFICATION COMMENTS

Deed #2020007171, HREI March/April 2020 publication, Cory Atkins of Atkins Cos.

## COMMENTS

This is a medical office building with cancer center and imaging space. The building is fully leased to Princeton Radiology, Princeton Radiation Oncology, Regional Cancer Care Associates (RCCA), and Princeton & Rutgers Neurology.



Property Name: N/A  
 Address: 80 Palisade Avenue  
 City, State, Zip: Jersey City NJ 07306  
 MSA: Jersey City  
 Jurisdiction: Hudson  
 Submarket:  
 Property Type: Multi-Family  
 Property Subtype: N/A  
 Classification: N/A  
 ID: 672818  
 Tax Number(s): N/A

#### PROPERTY INFORMATION

Site Area (Acres):	0.11	Number of Units:	17
Site Area (Sq.Ft.):	4,792	Average Unit Size:	N/A
Gross Bldg Area:	11,816	Number of Buildings:	N/A
Net Bldg Area:	11,816	Number of Stories:	N/A
Year Built:	1925	Class:	C
Last Renovation:	N/A	Number of Parking Spaces:	N/A
Quality:	Average	Parking Ratio:	0.00:1,000
Condition:	Average	Resident Type:	N/A
Density (Units/Acre):	154.55	Retail Space	N/A

#### COMMON AMENITIES

Common Amenities: N/A

#### UNIT AMENITIES

Unit Amenities: N/A

#### SALE INFORMATION

Status:	Closed Sale	OAR:	N/A
Sale Date:	12/2021	Cap Rate Type:	N/A
Sale Price:	\$2,710,000	NOI:	N/A
Price per Unit	\$159,412	NOI per Sq.Ft.:	N/A
Value Interest:	Leased Fee	NOI per Unit:	N/A
Grantor:	Horizon Place LLC	Occupancy:	N/A
Grantee:	80 Palisade Realty LLC	Expense Ratio:	N/A
Financing:	N/A	EGIM:	N/A
Condition of Sale:	N/A		

#### VERIFICATION COMMENTS

Deed #09634-0893

#### COMMENTS

This is the sale of a 17-unit apartment building.



Property Name: N/A  
 Address: 67 Hopkins Avenue  
 City, State, Zip: Jersey City NJ 07306  
 MSA: Jersey City  
 Jurisdiction: Hudson  
 Submarket:  
 Property Type: Multi-Family  
 Property Subtype: N/A  
 Classification: N/A  
 ID: 672822  
 Tax Number(s): N/A

**PROPERTY INFORMATION**

Site Area (Acres):	0.08	Number of Units:	6
Site Area (Sq.Ft.):	3,485	Average Unit Size:	N/A
Gross Bldg Area:	4,449	Number of Buildings:	N/A
Net Bldg Area:	4,449	Number of Stories:	N/A
Year Built:	1909	Class:	C
Last Renovation:	N/A	Number of Parking Spaces:	N/A
Quality:	Average	Parking Ratio:	0.00:1,000
Condition:	Average	Resident Type:	N/A
Density (Units/Acre):	75.00	Retail Space	N/A

**COMMON AMENITIES**

Common Amenities: N/A

**UNIT AMENITIES**

Unit Amenities: N/A

**SALE INFORMATION**

Status:	Closed Sale	OAR:	4.36%
Sale Date:	5/2021	Cap Rate Type:	Pro Forma
Sale Price:	\$1,100,000	NOI:	\$48,000
Price per Unit	\$183,333	NOI per Sq.Ft.:	\$10.79
Value Interest:	Leased Fee	NOI per Unit:	\$8,000
Grantor:	Stroz Mary J	Occupancy:	100.00%
Grantee:	Real Hopkins LLC	Expense Ratio:	N/A
Financing:	N/A	EGIM:	N/A
Condition of Sale:	N/A		

**VERIFICATION COMMENTS**

Deed #9577-0416

**COMMENTS**

This is the sale of a 6 unit apartment building.



Property Name: N/A  
 Address: 525 Newark Ave  
 City, State, Zip: Jersey City NJ 07306  
 MSA: Jersey City  
 Jurisdiction: Hudson  
 Submarket:  
 Property Type: Multi-Family  
 Property Subtype: Garden/ Low-Rise  
 Classification: N/A  
 ID: 488165  
 Tax Number(s): Block 9601, Lot 19

#### PROPERTY INFORMATION

Site Area (Acres):	0.05	Number of Units:	6
Site Area (Sq.Ft.):	2,150	Average Unit Size:	550
Gross Bldg Area:	N/A	Number of Buildings:	1
Net Bldg Area:	3,300	Number of Stories:	3
Year Built:	1900	Class:	C
Last Renovation:	N/A	Number of Parking Spaces:	N/A
Quality:	Average	Parking Ratio:	0.00:1,000
Condition:	Good	Resident Type:	Market Rate
Density (Units/Acre):	120.00	Retail Space	N/A

#### COMMON AMENITIES

Common Amenities: N/A

#### UNIT AMENITIES

Unit Amenities: N/A

#### SALE INFORMATION

Status:	Recorded Sale	OAR:	6.43%
Deed Reference:	Book 9396, Page 871	Cap Rate Type:	N/A
Sale Date:	3/2019	NOI:	\$70,730
Sale Price:	\$1,100,000	NOI per Sq.Ft.:	N/A
Price per Unit:	\$183,333	NOI per Unit:	\$11,788
Value Interest:	Leased Fee	Occupancy:	N/A
Grantor:	525 NEWARK AVENUE LLC	Expense Ratio:	N/A
Grantee:	GRANEEDY REALTY, LLC.	EGIM:	N/A
Financing:	N/A		
Condition of Sale:	None		

#### VERIFICATION COMMENTS

Seller Verified with Costar, and we confirmed on public record.

#### COMMENTS

This is the sale of a low rise multi-family apartment building located to the west of Interstate 78 in Jersey City. Select units feature black appliances with stone counter tops, vinyl wood plank floors, tile baths with wall sinks and in-unit washer/dryers. Note that units did not include refrigerators.





Property Name: N/A  
 Address: 182 Central Avenue  
 City, State, Zip: Jersey City NJ 07307  
 MSA: N/A  
 Jurisdiction: Hudson  
 Submarket:  
 Property Type: Multi-Family  
 Property Subtype: Garden/ Low-Rise  
 Classification: N/A  
 ID: 511015  
 Tax Number(s): Block 4904, Lot 2

#### PROPERTY INFORMATION

Site Area (Acres):	0.08	Number of Units:	9
Site Area (Sq.Ft.):	3,620	Average Unit Size:	1,148
Gross Bldg Area:	11,484	Number of Buildings:	1
Net Bldg Area:	10,335	Number of Stories:	5
Year Built:	1910	Class:	C
Last Renovation:	2010	Number of Parking Spaces:	N/A
Quality:	Good	Parking Ratio:	0.00:1,000
Condition:	Good	Resident Type:	Market Rate
Density (Units/Acre):	112.50	Retail Space	N/A

#### COMMON AMENITIES

Common Amenities: N/A

#### UNIT AMENITIES

Unit Amenities: N/A

#### SALE INFORMATION

Status:	Recorded Sale	OAR:	5.40%
Deed Reference:	Book 9390, Page 329	Cap Rate Type:	N/A
Sale Date:	3/2019	NOI:	\$160,650
Sale Price:	\$2,975,000	NOI per Sq.Ft.:	\$13.99
Price per Unit:	\$330,556	NOI per Unit:	\$17,850
Value Interest:	Leased Fee	Occupancy:	N/A
Grantor:	VILLAGE ROAD INVESTMENTS LLC.	Expense Ratio:	N/A
Grantee:	THE PRUVATIONS, INC., 401K	EGIM:	N/A
Financing:	N/A		
Condition of Sale:	None		

#### VERIFICATION COMMENTS

Costar and Public Record

#### COMMENTS

This is the sale of a 5-story multifamily building. The building was renovated in 2010. According to the listing broker, the cap rate was 5.40%



Property Name: N/A  
 Address: 15 Orchard St  
 City, State, Zip: Jersey City NJ 07306  
 MSA: Jersey City  
 Jurisdiction: Hudson  
 Submarket:  
 Property Type: Multi-Family  
 Property Subtype: Garden/ Low-Rise  
 Classification: N/A  
 ID: 487725  
 Tax Number(s): Block 15201, Lots 43 & 44

#### PROPERTY INFORMATION

Site Area (Acres):	0.46	Number of Units:	8
Site Area (Sq.Ft.):	20,038	Average Unit Size:	700
Gross Bldg Area:	N/A	Number of Buildings:	2
Net Bldg Area:	3,372	Number of Stories:	3
Year Built:	1920	Class:	C
Last Renovation:	N/A	Number of Parking Spaces:	N/A
Quality:	Average	Parking Ratio:	0.00:1,000
Condition:	Average	Resident Type:	Market Rate
Density (Units/Acre):	17.39	Retail Space	N/A

#### COMMON AMENITIES

Common Amenities: N/A

#### UNIT AMENITIES

Unit Amenities: N/A

#### SALE INFORMATION

Status:	Closed Sale	OAR:	5.40%
Sale Date:	1/2019	Cap Rate Type:	Trailing
Sale Price:	\$1,225,000	NOI:	\$66,150
Price per Unit	\$153,125	NOI per Sq.Ft.:	N/A
Value Interest:	Leased Fee	NOI per Unit:	\$8,269
Grantor:	LSQ Orchard 15 LLC	Occupancy:	N/A
Grantee:	McGinley Square Properties LLC	Expense Ratio:	N/A
Financing:	N/A	EGIM:	N/A
Condition of Sale:	None		

#### VERIFICATION COMMENTS

Listing broker confirmed with CoStar.

#### COMMENTS

This is the sale of 2 adjacent apartment buildings, one containing 5 units and one containing 3 units. Unit finishes feature a range of stainless steel to white appliances with laminate counter tops and in-unit washer dryers in select units.



Address: 130 Central Avenue  
 City, State, Zip: Jersey City NJ 07306  
 MSA: Jersey City  
 County: Hudson County  
 Submarket:  
 Property Type: Office  
 Property Subtype: N/A  
 Classification: N/A  
 ID: 672751  
 Tax Number(s): N/A

#### PROPERTY INFORMATION

Site Area (Acres):	0.11	Number of Buildings:	1
Site Area (Sq.Ft.):	4,792	Number of Stories:	2
Gross Bldg Area:	9,000	Class:	C
Net Rentable Area:	9,000	Number of Parking Spaces:	N/A
Year Built:	1956	Parking Ratio:	N/A
Last Renovation:	N/A	Tenancy Type:	N/A
Quality:	Average		
Condition:	Average		

#### SALE INFORMATION

Status:	Closed Sale	OAR:	N/A
Sale Date:	12/2021	NOI:	N/A
Sale Price:	\$2,000,000	NOI per Sq.Ft.:	N/A
Price per Sq.Ft.:	\$222.22	Occupancy:	N/A
Value Interest:	Fee Simple	Expense Ratio:	N/A
Grantor:	Palazzo Properties LLC	EGIM:	N/A
Grantee:	Offering	Buying Entity:	N/A
Financing:	N/A	No. of Years Remaining on Primary Lease:	N/A
Condition of Sale:	N/A	Investment Grade Credit:	N/A
		Investment Grade Credit Rating:	N/A

#### VERIFICATION COMMENTS

Broker: Josh Tedeschi, Keller Williams, 551-580-9733

#### COMMENTS

This is the sale of a commercial building with office and artist/musician spaces. There are short term tenants in the building with the longest lease being for 1 year. A buyer could purchase the building for owner-occupancy or for lease.



Address: 2-4 Webster Avenue  
 City, State, Zip: Jersey City NJ 07307  
 MSA: Jersey City  
 County: Hudson County  
 Submarket:  
 Property Type: Office  
 Property Subtype: N/A  
 Classification: N/A  
 ID: 672754  
 Tax Number(s): N/A

**PROPERTY INFORMATION**

Site Area (Acres):	0.08	Number of Buildings:	1
Site Area (Sq.Ft.):	3,485	Number of Stories:	3
Gross Bldg Area:	9,087	Class:	C
Net Rentable Area:	9,087	Number of Parking Spaces:	N/A
Year Built:	1950	Parking Ratio:	N/A
Last Renovation:	N/A	Tenancy Type:	N/A
Quality:	Average		
Condition:	Average		

**SALE INFORMATION**

Status:	Closed Sale	OAR:	6.00%
Sale Date:	12/2021	NOI:	\$84,900
Sale Price:	\$1,415,000	NOI per Sq.Ft.:	\$9.34
Price per Sq.Ft.:	\$155.72	Occupancy:	N/A
Value Interest:	Leased Fee	Expense Ratio:	N/A
Grantor:	Sheriff of Hudson County	EGIM:	N/A
Grantee:	2-4 Webster Associates LLC	Buying Entity:	N/A
Financing:	N/A	No. of Years Remaining on Primary Lease:	N/A
Condition of Sale:	N/A	Investment Grade Credit:	N/A
		Investment Grade Credit Rating:	N/A

**VERIFICATION COMMENTS**

Deed #20220114010005590

**COMMENTS**

This is the sale of a retail/residential commercial property. The cap rate was 6.0 percent.



Address: 143 Palisade Avenue  
 City, State, Zip: Jersey City NJ 07306  
 MSA: Jersey City  
 County: Hudson County  
 Submarket:  
 Property Type: Office  
 Property Subtype: N/A  
 Classification: N/A  
 ID: 672763  
 Tax Number(s): N/A

**PROPERTY INFORMATION**

Site Area (Acres):	0.04	Number of Buildings:	1
Site Area (Sq.Ft.):	1,742	Number of Stories:	3
Gross Bldg Area:	1,993	Class:	C
Net Rentable Area:	1,993	Number of Parking Spaces:	N/A
Year Built:	1900	Parking Ratio:	N/A
Last Renovation:	N/A	Tenancy Type:	N/A
Quality:	Average		
Condition:	Average		

**SALE INFORMATION**

Status:	Closed Sale	OAR:	N/A
Sale Date:	11/2020	NOI:	N/A
Sale Price:	\$950,000	NOI per Sq.Ft.:	N/A
Price per Sq.Ft.:	\$476.67	Occupancy:	N/A
Value Interest:	Leased Fee	Expense Ratio:	N/A
Grantor:	Shiriji Assoc	EGIM:	N/A
Grantee:	Anuj Shah Jc Assoc	Buying Entity:	N/A
Financing:	N/A	No. of Years Remaining on Primary Lease:	N/A
Condition of Sale:	N/A	Investment Grade Credit:	N/A
		Investment Grade Credit Rating:	N/A

**VERIFICATION COMMENTS**

Deed #9535-0961

**COMMENTS**

This is the sale of an office building. The tenant at the time of sale was a medical tenant.



Address: 330 Palisade Avenue  
 City, State, Zip: Jersey City NJ 07306  
 MSA: Jersey City  
 County: Hudson County  
 Submarket:  
 Property Type: Office  
 Property Subtype: N/A  
 Classification: N/A  
 ID: 672767  
 Tax Number(s): N/A

#### PROPERTY INFORMATION

Site Area (Acres):	0.11	Number of Buildings:	1
Site Area (Sq.Ft.):	4,792	Number of Stories:	3
Gross Bldg Area:	9,000	Class:	C
Net Rentable Area:	9,000	Number of Parking Spaces:	N/A
Year Built:	1901	Parking Ratio:	N/A
Last Renovation:	N/A	Tenancy Type:	N/A
Quality:	Average		
Condition:	Average		

#### SALE INFORMATION

Status:	Closed Sale	OAR:	N/A
Sale Date:	3/2020	NOI:	N/A
Sale Price:	\$2,400,000	NOI per Sq.Ft.:	N/A
Price per Sq.Ft.:	\$266.67	Occupancy:	N/A
Value Interest:	Leased Fee	Expense Ratio:	N/A
Grantor:	330-332 Palisade Ave App Propc	EGIM:	N/A
Grantee:	Yh Han LLC	Buying Entity:	N/A
Financing:	N/A	No. of Years Remaining on Primary Lease:	N/A
Condition of Sale:	N/A	Investment Grade Credit:	N/A
		Investment Grade Credit Rating:	N/A

#### VERIFICATION COMMENTS

Deed #9486-0700

#### COMMENTS

This is the sale of a retail/residential commercial building.



Address: 2737 John F. Kennedy Boulevard  
 City, State, Zip: Jersey City NJ 07306  
 MSA: Jersey City  
 County: Hudson County  
 Submarket:  
 Property Type: Office  
 Property Subtype: N/A  
 Classification: N/A  
 ID: 672769  
 Tax Number(s): N/A

#### PROPERTY INFORMATION

Site Area (Acres):	0.17	Number of Buildings:	1
Site Area (Sq.Ft.):	7,405	Number of Stories:	2
Gross Bldg Area:	7,500	Class:	C
Net Rentable Area:	7,500	Number of Parking Spaces:	N/A
Year Built:	1960	Parking Ratio:	N/A
Last Renovation:	N/A	Tenancy Type:	N/A
Quality:	Average		
Condition:	Average		

#### SALE INFORMATION

Status:	Closed Sale	OAR:	5.50%
Sale Date:	2/2020	NOI:	\$103,125
Sale Price:	\$1,875,000	NOI per Sq.Ft.:	\$13.75
Price per Sq.Ft.	\$250.00	Occupancy:	N/A
Value Interest:	Leased Fee	Expense Ratio:	N/A
Grantor:	2735 Kennedy Blvd Assoc LLC	EGIM:	N/A
Grantee:	2737 Kennedy LLC	Buying Entity:	N/A
Financing:	N/A	No. of Years Remaining on Primary Lease:	N/A
Condition of Sale:	N/A	Investment Grade Credit:	N/A
		Investment Grade Credit Rating:	N/A

#### VERIFICATION COMMENTS

Deed #9400-0425

#### COMMENTS

This is the sale of a commercial building that was sold to an investor at a 5.5 percent cap rate.



Address: 444 Central Avenue  
 City, State, Zip: Jersey City NJ 07307  
 MSA: Jersey City  
 County: Hudson County  
 Submarket:  
 Property Type: Office  
 Property Subtype: N/A  
 Classification: N/A  
 ID: 672772  
 Tax Number(s): N/A

#### PROPERTY INFORMATION

Site Area (Acres):	0.21	Number of Buildings:	1
Site Area (Sq.Ft.):	9,148	Number of Stories:	2
Gross Bldg Area:	7,300	Class:	C
Net Rentable Area:	7,300	Number of Parking Spaces:	14
Year Built:	1989	Parking Ratio:	1.92:1,000
Last Renovation:	N/A	Tenancy Type:	N/A
Quality:	Average		
Condition:	Average		

#### SALE INFORMATION

Status:	Closed Sale	OAR:	N/A
Sale Date:	4/2019	NOI:	N/A
Sale Price:	\$3,000,000	NOI per Sq.Ft.:	N/A
Price per Sq.Ft.:	\$410.96	Occupancy:	N/A
Value Interest:	Leased Fee	Expense Ratio:	N/A
Grantor:	Mec 444 Central Ave LLC	EGIM:	N/A
Grantee:	Racheal Fosu	Buying Entity:	N/A
Financing:	N/A	No. of Years Remaining on Primary Lease:	N/A
Condition of Sale:	N/A	Investment Grade Credit:	N/A
		Investment Grade Credit Rating:	N/A

#### VERIFICATION COMMENTS

Deed #302+062+020058260

#### COMMENTS

This is the sale of a commercial building that was occupied by Busy Place Early Learning Center at the time of sale.





Address: 149 Palisade Avenue  
 City, State, Zip: Jersey City NJ 07306  
 MSA: Jersey City  
 County: Hudson County  
 Submarket:  
 Property Type: Office  
 Property Subtype: N/A  
 Classification: N/A  
 ID: 672799  
 Tax Number(s): N/A

#### PROPERTY INFORMATION

Site Area (Acres):	0.06	Number of Buildings:	1
Site Area (Sq.Ft.):	2,614	Number of Stories:	2
Gross Bldg Area:	3,180	Class:	C
Net Rentable Area:	3,180	Number of Parking Spaces:	N/A
Year Built:	1900	Parking Ratio:	N/A
Last Renovation:	N/A	Tenancy Type:	N/A
Quality:	Average		
Condition:	Average		

#### SALE INFORMATION

Status:	Closed Sale	OAR:	N/A
Sale Date:	3/2019	NOI:	N/A
Sale Price:	\$989,000	NOI per Sq.Ft.:	N/A
Price per Sq.Ft.:	\$311.01	Occupancy:	N/A
Value Interest:	Leased Fee	Expense Ratio:	N/A
Grantor:	Gor Renuka	EGIM:	N/A
Grantee:	CMB Properties LLC	Buying Entity:	N/A
Financing:	N/A	No. of Years Remaining on Primary Lease:	N/A
Condition of Sale:	N/A	Investment Grade Credit:	N/A
		Investment Grade Credit Rating:	N/A

#### VERIFICATION COMMENTS

Deed #9390-0166

#### COMMENTS

This is a sale of an office building. The tenant in place at the time of sale was a dentist.

## Addendum D: Property Information





RiskMeter

176 PALISADE AVE JERSEY CITY, NJ 07306-1196

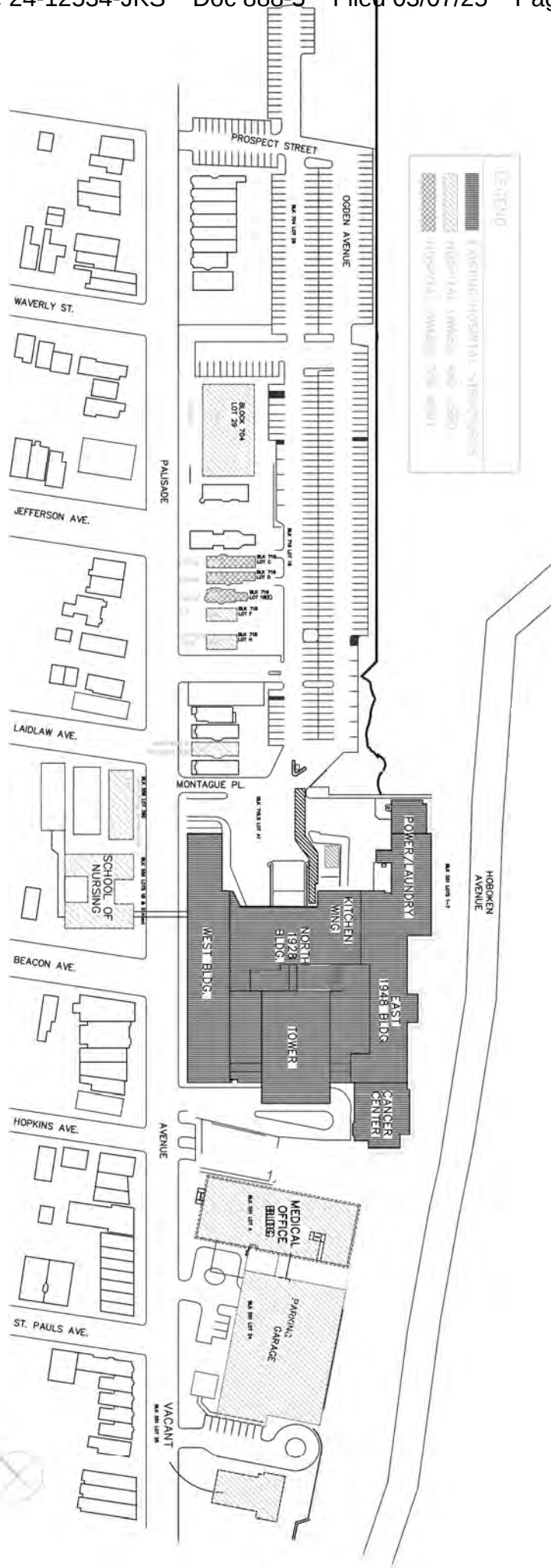
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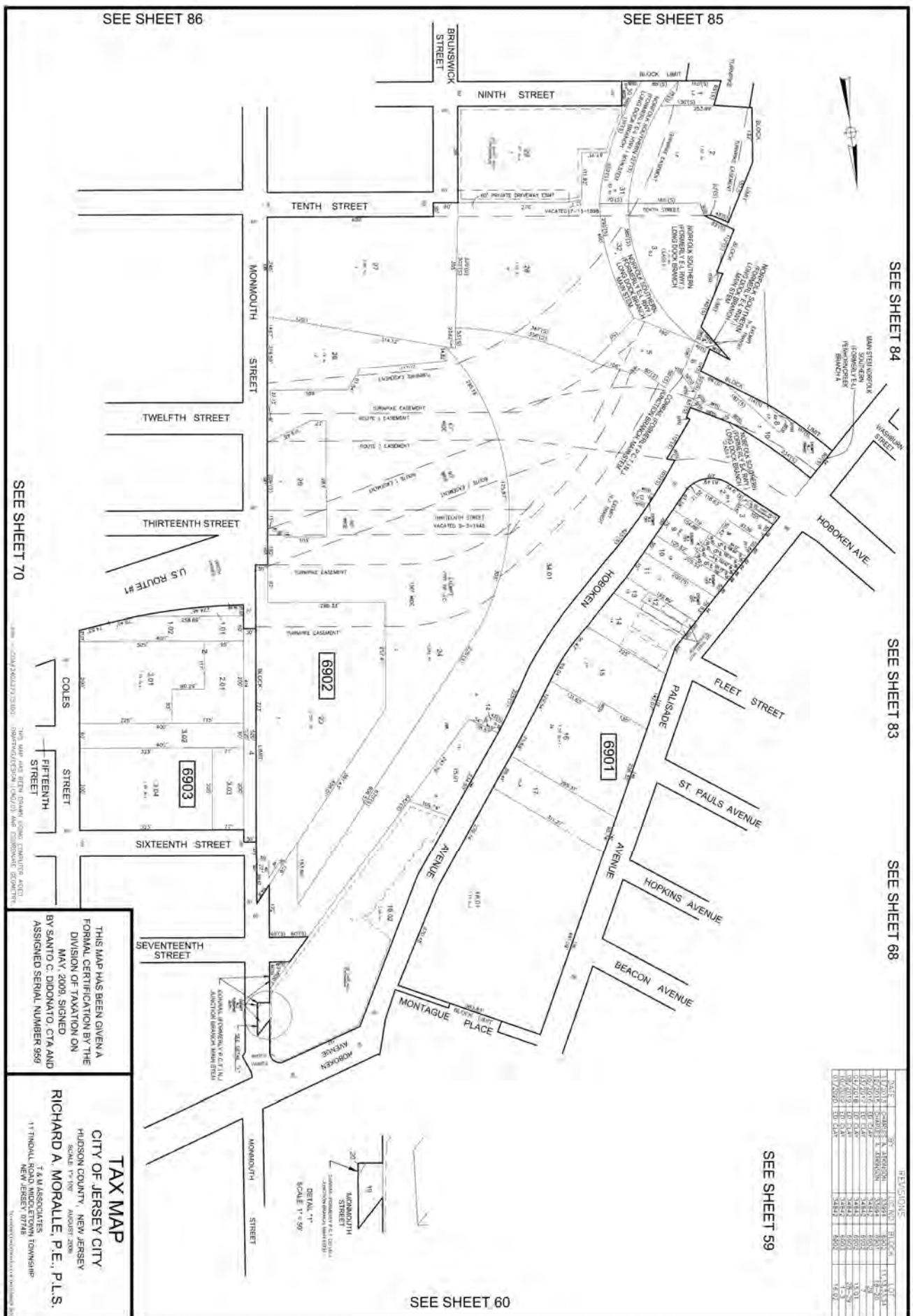
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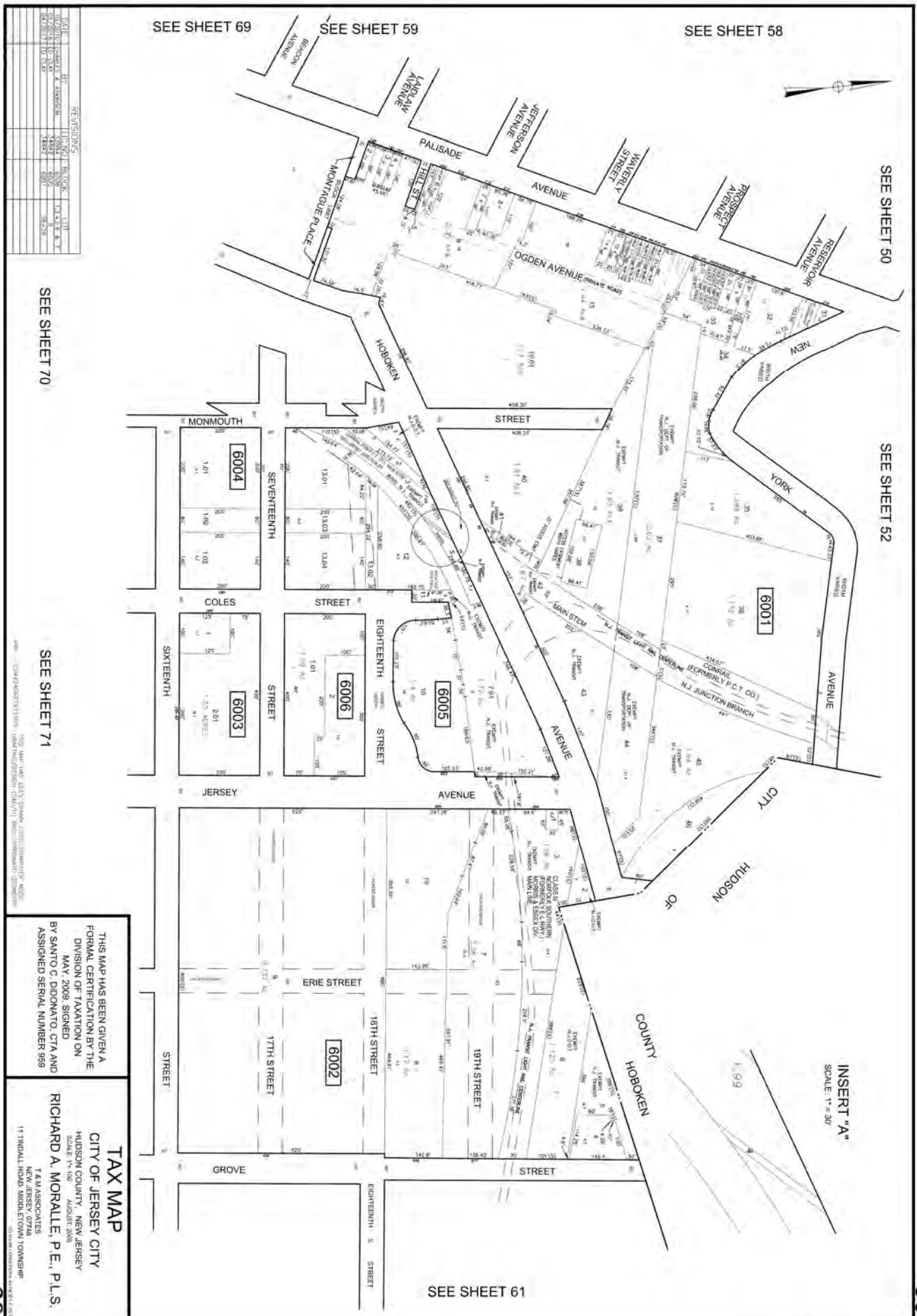
Flood Zone Determination: **OUT**

SFHA (FLOOD ZONE)	OUT	WITHIN 250 FEET OF FLOOD ZONE	NO
FLOOD ZONE	X	COMMUNITY	340223
COMMUNITY NAME	JERSEY CITY, CITY OF	PANEL	0106D
PANEL DATE	August 16, 2006	COBRA	OUT
PARTICIPATION STATUS	R	ORIGIN FIRM DATE	March 01, 1984
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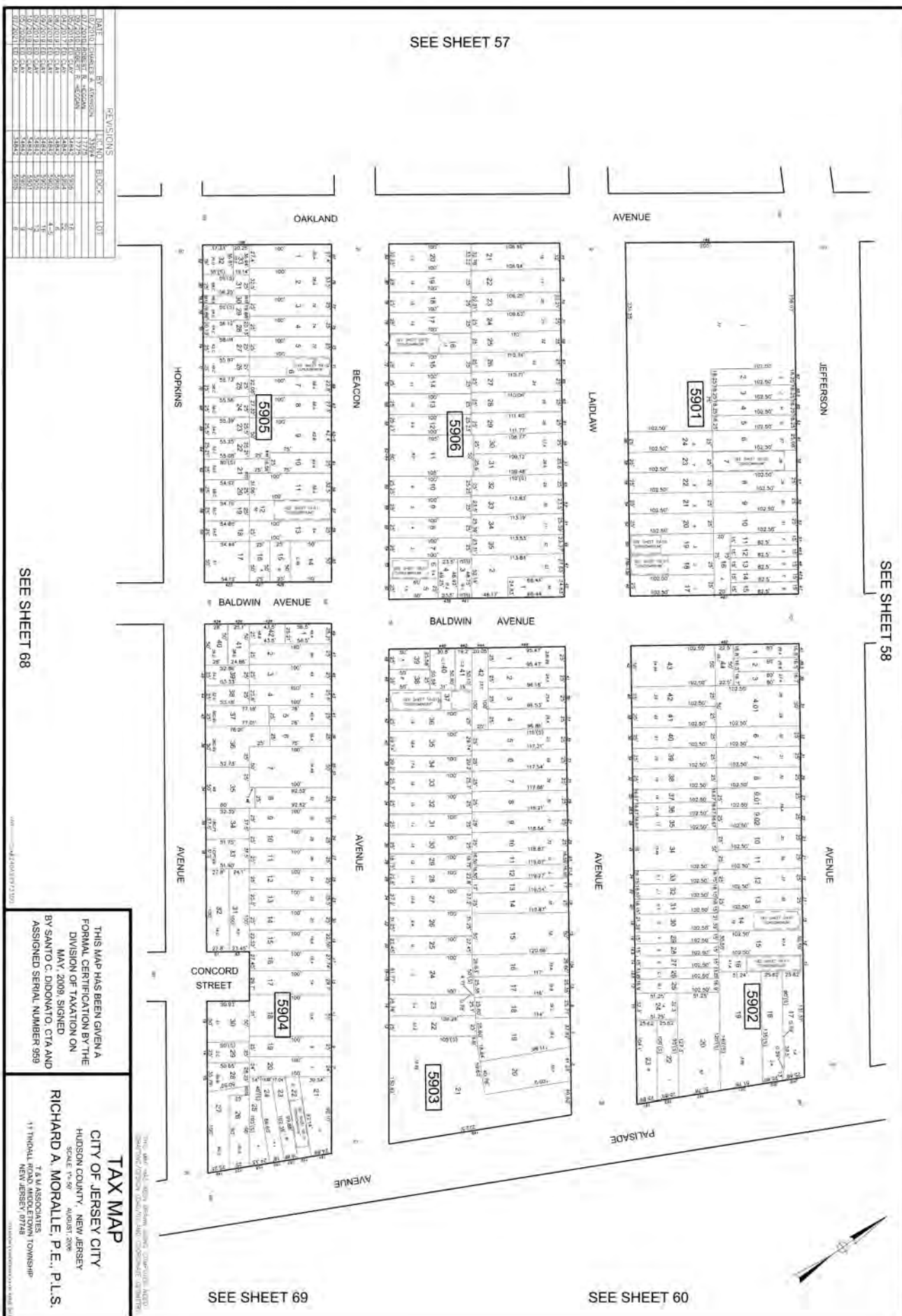














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# LIFE SAFETY DRAWINGS

100

CarePoint Health  
**CHRIST HOSPITAL**

176 Palisade Avenue  
Jersey City, NJ 07306



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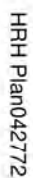
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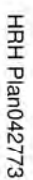
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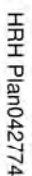
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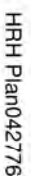
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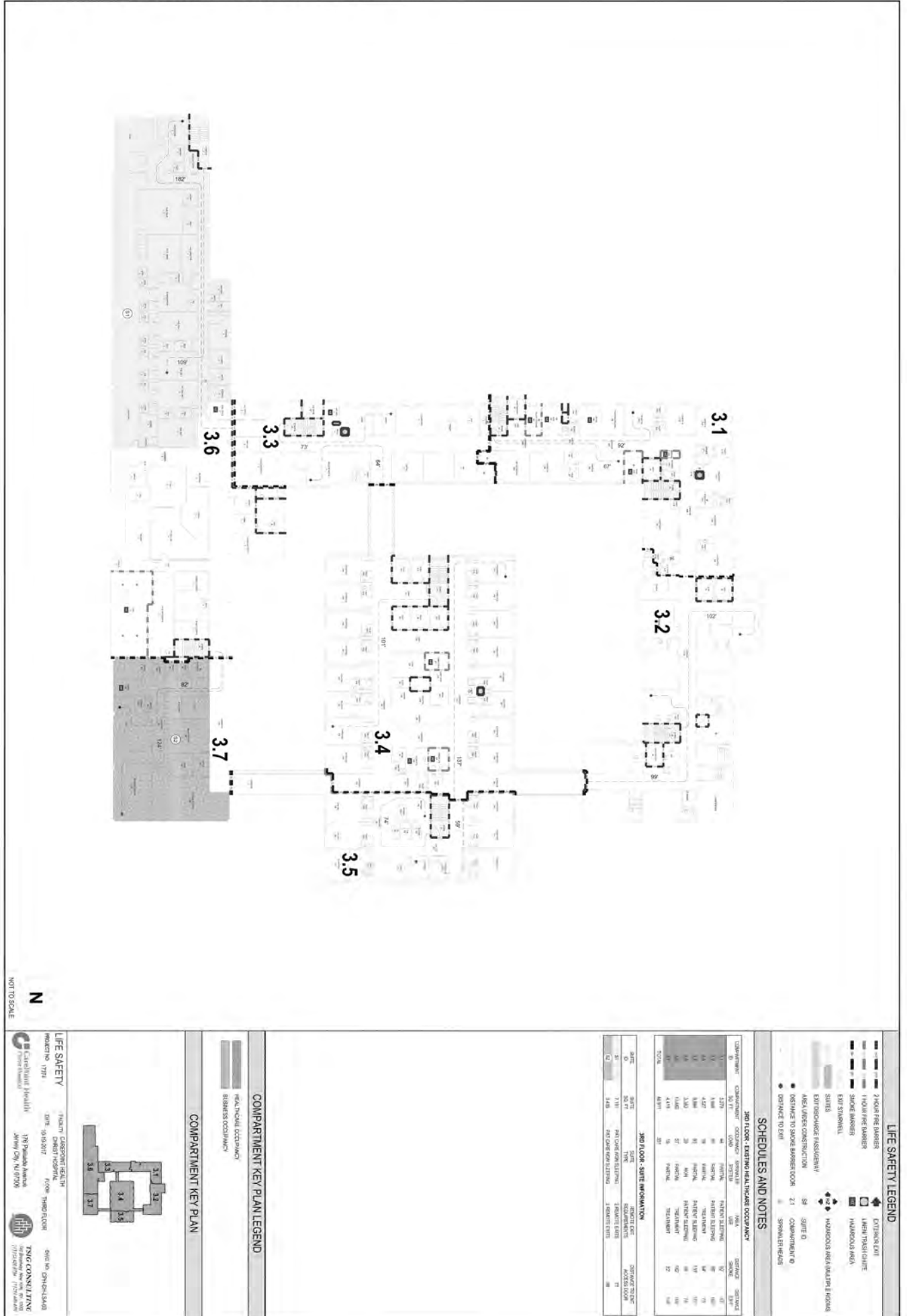




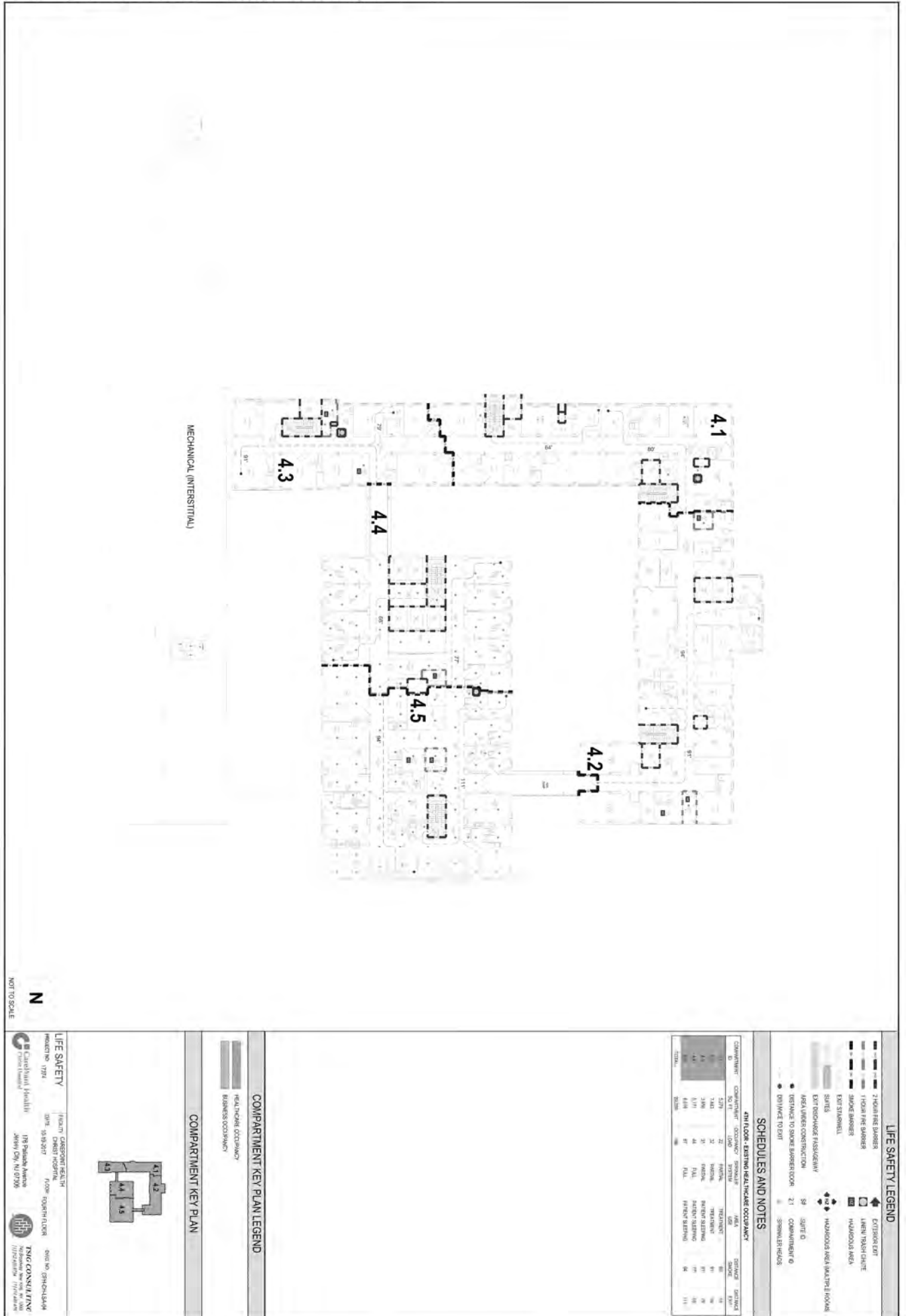




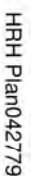
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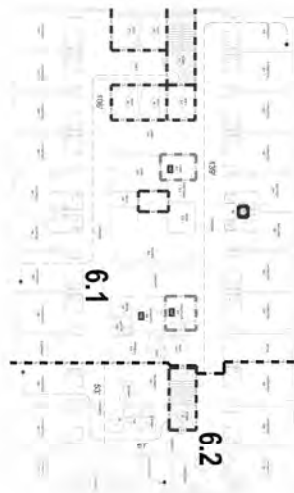


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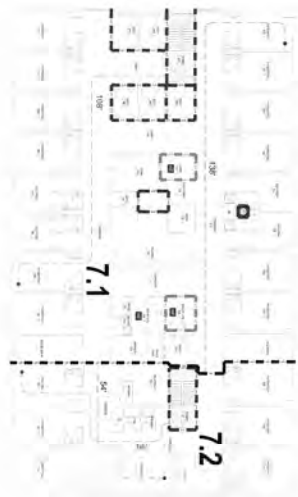


**Z**

NOT TO SCALE

[illegible]

COMPARTMENT KEY PLAN LEGEND	
	REAL THOAT OCCUPANCY
	BURNING OCCUPANCY
COMPARTMENT KEY PLAN	



**Z**

NOT TO SCALE

**LIFE SAFETY LEGEND**

	EXIT/DOOR
	FIRST AID KIT
	FIRE EXTINGUISHER
	HAZARDOUS AREA
	HAZARDOUS AREA MULTIPLE ROOMS
	SIGN ID
	CONSTRUCTION @
	DO NOT ENTER

## SCHEDULES AND NOTES

7TH FLOOR - EXISTING MEAL MACHINE OCCUPANCY						
CONCENTRATOR	COMPUTATION	OCCUPANCY	ASSUMED	AREA	PERCENT	DISTANCE
ID	NO. IN	LOAD	AVAILABILITY	LOAD		TO NEXT
1	3,817	75	4000%	INTERMEDIATE	38	50'
2	3,818	20	60%	INTERMEDIATE	28	50'
TOTAL	12,685	95				

### COMPARTMENT KEY PLAN LEGEND

BUSINESS OCCUPANCY

## COMPARTMENT KEY PLAN

7.1	7.2
-----	-----

**LIFE SAFETY**

PROJECT NO. 1731

DATE 10-19-2017 FILE

ENTRANCE FLOOR

**CarePoint Health**  
Patient-Centered

**TSG CONSULTING**  
176 Paradise Avenue  
Mountain View, CA 94039  
Tel: 650/961-0700  
Fax: 650/961-0701  
www.tsgconsulting.com

HRH Plan042781

## Addendum E: Qualifications of the Appraisers



**John Watkins, Jr. Director**

Valuation & Advisory  
Practice Group Member | Senior Housing/Healthcare Practice Group  
Cushman & Wakefield of Connecticut, Inc.

#### **Professional Expertise**

Mr. Watkins joined Cushman & Wakefield of Connecticut, Inc. in August 2012. He is a member of the Senior Housing/Healthcare Industry Group and works on valuations of property types including hospitals, behavioral health facilities, skilled nursing facilities, assisted living facilities, memory care facilities, continuing care retirement communities, group homes/shelters, cancer centers, ambulatory surgery centers, and medical office properties.

#### **Memberships, Licenses, Professional Affiliations and Education**

- Candidate for Designation, Appraisal Institute
- Connecticut Certified General Real Estate Appraiser – License RCG.0001553
- Massachusetts Certified General Real Estate Appraiser – License 1000235
- New Jersey Certified General Real Estate Appraiser – License 42RG00275300
- New York Certified General Real Estate Appraiser – License 46000052751
- Pennsylvania Certified General Real Estate Appraiser – License GA004647
- Master of Business Administration, Simon Business School, University of Rochester, Beta Gamma Sigma Honor Society
- Master of Science in Finance, Simon Business School, University of Rochester
- Bachelor of Arts in Economics, Hamilton College

New Jersey

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**State Of New Jersey**  
**New Jersey Office of the Attorney General**  
**Division of Consumer Affairs**

THIS IS TO CERTIFY THAT THE  
**Real Estate Appraisers Board**

HAS CERTIFIED

John W. Watkins, Jr.  
Cushman & Wakefield of Connecticut, Inc.  
107 Elm Street, 8th Floor  
Stamford CT 06902

FOR PRACTICE IN NEW JERSEY AS A(N): **Certified General Appraiser**

11/28/2021 TO 12/31/2023  
VALID

42RG00275300  
LICENSE/REGISTRATION/CERTIFICATION #

John W. Watkins, Jr.  
Signature of Licensee/Registrant/Certificate Holder

A. T. T. T.  
ACTING DIRECTOR

CUSHMAN & WAKEFIELD

HRH Plan042784



**Gerald V. Rasmussen, MAI, FRICS** Executive Managing Director

Valuation & Advisory  
Practice Group Leader | Senior Housing / Healthcare  
Cushman & Wakefield of Connecticut, Inc.

#### **Professional Expertise**

Mr. Rasmussen joined Cushman & Wakefield of Connecticut, Inc. in November of 2001. He is the National Practice Leader for the Valuation & Advisory Senior Housing/Healthcare Industry group. As Practice Group Leader, he oversees a team of 35 professional appraisers, all of whom have extensive senior housing and healthcare experience. Combined, the group has completed in excess of 10,000 healthcare related valuation assignments.

Prior to joining Cushman & Wakefield in 2001, Mr. Rasmussen worked for BA Appraisals, Inc. in New York City where he was a Senior Appraiser from January 1985 until 1986. In August of 1986, he began working for Moran & Associates, Inc. in Stamford, CT until November 2001 when he joined Cushman & Wakefield's Valuation & Advisory.

Mr. Rasmussen has been a member of the Connecticut Real Estate Appraisal Commission since April, 1996. He has been involved with and written decisions that have impacted not only the laws of Connecticut, but have impacted the appraisal industry on a national basis.

He has been a member and an officer of the Connecticut Chapter of the Appraisal Institute serving as its President in 2000. He received the prestigious Louise Lee and Y.T. Lum Award from the Appraisal Institute's Education Trust Fund as the Honoree of the Year in 2001. He has been recognized numerous times by the Connecticut Chapter of the Appraisal institute for his contributions to the Real Estate Appraisal community.

Mr. Rasmussen has been a Board Member and officer including serving as President of the Connecticut Real Estate Education Foundation. This group funds various programs and studies that have impacted the appraisal community and the industry.

#### **Memberships, Licenses, Professional Affiliations and Education**

- Designated Member, Appraisal Institute (MAI 8203). As of the current date, Gerald V. Rasmussen, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Fellow, Royal Institution of Chartered Surveyors (FRICS)
- Commissioner, Acting Chairman, State of Connecticut Real Estate Appraisal Commission
- Bachelor of Science in Business Administration, Long Island University, Cum Laude

- Certified General Real Estate Appraiser in the following states:

State	License Number
Alabama	G00866
Alaska	134750
Arizona	31710
Arkansas	CG-3351
California	AG043979
Colorado	CG100023222
Connecticut	RCG.0000510
Delaware	X1-0000640
Georgia	330331
Hawaii	CGA 1176
Idaho	CGA-4521
Illinois	553001939
Indiana	CG40801017
Iowa	CG03284
Kansas	G-3141
Kentucky	5222
Louisiana	G4152
Maine	CG1749
Maryland	32215
Massachusetts	5613
Michigan	1201073219
Minnesota	40527154
Mississippi	GA-893
Missouri	2017017862
Montana	REA-RAG-LIC-10306

State	License Number
Nebraska	CG212178R
Nevada	A.0207542-CG
New Hampshire	NHCG-745
New Jersey	42RG00160200
New Mexico	03555-G
New York	46000001881
North Carolina	A6766
North Dakota	CG-21758
Ohio	2008000510
Oklahoma	13246CGA
Oregon	C001178
Pennsylvania	GA003449
Rhode Island	CGA.0A01362
South Carolina	AB .6415 CG
South Dakota	1430CG
Tennessee	4306
Texas	TX-1337775-G
Utah	6825683-CG00
Vermont	80.0075939
Virginia	4001013534
Washington	1101813
Washington D.C.	GA12052
West Virginia	CG439
Wisconsin	1412-10
Wyoming	AP-1645

#### Other Awards and Achievements

- Fair market rent reset between these two companies of 179 Skilled Nursing and Long Term Acuity Hospitals (LTAC) located in 35 states.
- A multi-year tax appeal of a high-end Continuing Care Retirement Community.
- Portfolios: He has been involved with a significant number of the largest portfolios occurring in the marketplace in the past year. These include portfolios of Skilled Nursing, Assisted Living and dementia facilities.
- Mr. Rasmussen has also been involved with the revaluation of all commercial properties in Stamford, Connecticut, Wallingford, Connecticut and Glen Cove, New York for tax assessment purposes.
- His experience has included a significant amount of court testimony, having been qualified as an expert witness in the U.S. Federal Bankruptcy, New York State Supreme, Connecticut Superior and Connecticut Housing Courts



NEW JERSEY

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**State Of New Jersey**  
**New Jersey Office of the Attorney General**  
**Division of Consumer Affairs**

THIS IS TO CERTIFY THAT THE  
**Real Estate Appraisers Board**


HAS CERTIFIED

**GERALD V. RASMUSSEN**  
535 Wheelers Pt  
Winsted CT 06098

FOR PRACTICE IN NEW JERSEY AS A(N): **Certified General Appraiser**

12/02/2021 TO 12/31/2023  
VALID

**42RG00160200**  
LICENSE/REGISTRATION/CERTIFICATION #

  
Signature of Licensee/Registrant/Certificate Holder


  
ACTING DIRECTOR

Exhibit F

Syed 2024 Deposition Transcript

SHAMIQ SYED 30(b)(6)  
In re: CarePoint Health Systems, Inc.

December 05, 2024

1-4

<p style="text-align: right;">Page 1</p> <p>1 IN THE UNITED STATES BANKRUPTCY COURT</p> <p>2 FOR THE DISTRICT OF DELAWARE</p> <p>3 CHAPTER 11</p> <p>4 -----x</p> <p>5 In re:</p> <p>6 CAREPOINT HEALTH SYSTEMS, INC. d/b/a</p> <p>7 JUST HEALTH FOUNDATION, et al.,</p> <p>8</p> <p>9 Debtors</p> <p>10</p> <p>11 Case No. 24-12534 (JKS)</p> <p>12 -----x</p> <p>13</p> <p>14 VIDEOTAPED STENOGRAPHIC 30(b)(6) DEPOSITION OF</p> <p>15 CAREPOINT HEALTH SYSTEMS, INC. BY ITS DESIGNEE</p> <p>16 SHAMIQ SYED</p> <p>17 DECEMBER 5, 2024</p> <p>18</p> <p>19</p> <p>20</p> <p>21 ESQUIRE DEPOSITION SOLUTIONS</p> <p>22 JOB NO. J12103081</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 3</p> <p>1 A P P E A R A N C E S:</p> <p>2</p> <p>3 FOR THE CREDITORS COMMITTEE:</p> <p>4</p> <p>5 SILLS CUMMIS &amp; GROSS, P.C.</p> <p>6 BY: MATTHEW L. LIPPERT, ESQUIRE</p> <p>7 ANDREW SHERMAN, ESQUIRE</p> <p>8 BORIS MANKOVETSKIY, ESQUIRE</p> <p>9 DAVID B. NEWMAN, ESQUIRE (Remote)</p> <p>10 One Riverfront Plaza</p> <p>11 Newark, New Jersey 07102</p> <p>12 Telephone: 973.643.7000</p> <p>13 Email: mlippert@sillscummis.com</p> <p>14 asherman@sillscummis.com</p> <p>15 bmankovetskiy@sillscummis.com</p> <p>16 dneuman@sillscummis.com</p> <p>17</p> <p>18 FOR STRATEGIC VENTURES, LLC:</p> <p>19</p> <p>20 REED SMITH</p> <p>21 BY: JASON ANGELO, ESQUIRE</p> <p>22 1201 Market Street, Suite 1500</p> <p>23 Wilmington, DE, 19801.</p> <p>24 Telephone: 302.778.7575</p> <p>25 Email: jangelo@reedsmith.com</p>
<p style="text-align: right;">Page 2</p> <p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6 VIDEOTAPED STENOGRAPHIC 30(b)(6) DEPOSITION of</p> <p>7 CAREPOINT HEALTH SYSTEMS, INC. by it's designee, SHAMIQ</p> <p>8 SYED, taken in the above-entitled matter before BRIDGET</p> <p>9 LOMBARDOZZI, Certified Court Reporter, Certified</p> <p>10 Realtime Court Reporter, Certified Realtime Reporter,</p> <p>11 and a Notary Public in the States of New York and New</p> <p>12 Jersey, taken at the offices of Sills Cummis &amp; Gross,</p> <p>13 PC, One Riverfront Plaza, Newark, New Jersey, on</p> <p>14 Thursday, December 5, 2024, commencing at 8:10 a.m. and</p> <p>15 ending at 3:01 p.m.</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 4</p> <p>1 A P P E A R A N C E S (Continued):</p> <p>2</p> <p>3 FOR CAREPOINT HEALTH SYSTEMS, INC. AND</p> <p>4 THE WITNESS:</p> <p>5</p> <p>6 DILWORTH PAXSON LLP</p> <p>7 BY: LAWRENCE G. McMICHAEL, ESQUIRE</p> <p>8 1500 Market Street</p> <p>9 Suite 3500E</p> <p>10 Philadelphia, PA 19102-2101</p> <p>11 Telephone: 215.575.7000</p> <p>12 Email: lmc michael@dilworthlaw.com</p> <p>13</p> <p>14</p> <p>15 FOR INSIGHT HEALTH:</p> <p>16</p> <p>17 COLE SCHOTZ</p> <p>18 BY: RYAN T. JARECK, ESQUIRE</p> <p>19 Court Plaza North</p> <p>20 25 Main Street</p> <p>21 Hackensack, New Jersey 07601</p> <p>22 Telephone: 201.525.6278</p> <p>23 Email: rjareck@coleschotz.com</p> <p>24</p> <p>25</p>

SHAMIQ SYED 30(b)(6)  
In re: CarePoint Health Systems, Inc.

December 05, 2024  
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1

A P P E A R A N C E S (Continued):

2

3

FOR BMC HOSPITAL, LLC:

4

5

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6

BY: JAMES P. FLYNN, ESQUIRE

7

One Gateway Center

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Newark, New Jersey 07102

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Telephone: 973.639.8285

10

Email: jflynn@ebglaw.com

11

12

13

FOR J2 FUNDING, LLC:

14

15

RABINOWITZ, LUBETKIN & TULLY, LLC

16

BY: JONATHAN I. RABINOWITZ, ESQUIRE

17

293 Eisenhower Parkway

18

Suite 100

19

Livingston, New Jersey 07039

20

Telephone: 973.597.9100

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Email: jrabinowitz@rltlawfirm.com

22

23

24

25

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1

A P P E A R A N C E S (Continued):

2

3

FOR NEW JERSEY DEPARTMENT OF HEALTH:

4

5

RIKER DANZIG LLP

6

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JOSEPH SCHWARTZ, ESQUIRE (Remote)

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Telephone: 973.451.8562

12

Email: Tschellhorn@riker.com

13

jschwartz@riker.com

14

15

16

17

ALSO PRESENT:

18

19

JEFFREY GRYWALSKI (Remote)

20

ADAM ROSEN (Remote)

21

ADAM ALONSO (Remote)

22

MOHAMED NABULSI (Remote)

23

24

25

Page 6

1

A P P E A R A N C E S (Continued):

2

3

FOR HUDSON REGIONAL HEALTH:

4

5

MANDELBAUM BARRETT PC

6

BY: VINCENT ROLDAN, ESQUIRE (Remote)

7

MASON L. ALLEN, ESQUIRE (Remote)

8

AVA GOLDBERGER (Pending bar confirmation)

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3 Becker Farm Road, Suite 105

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Roseland, New Jersey 07068

11

Telephone: 973.736.4600

12

Email: vroldan@mblawfirm.com

13

mallen@mblawfirm.com

14

avagoldberger@mblawfirm.com

15

16

FOR U.S. TRUSTEE:

17

18

US DEPARTMENT OF JUSTICE

19

OFFICE OF THE UNITED STATES TRUSTEE

20

BY: JANE M. LEAMY, ESQUIRE (Remote)

21

J. Caleb Boggs Federal Building

22

844 King Street, Suite 2207

23

Wilmington, DE 19801

24

Telephone: 202.441.5376

25

Email: Jane.m.leamy@usdoj.gov

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1

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EXHIBITS

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DESCRIPTION

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ANKURA\_00000038-43

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SHAMIQ SYED 30(b)(6)  
In re: CarePoint Health Systems, Inc.

December 05, 2024  
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<p>Page 9</p> <p>1 EXHIBITS</p> <p>2 COMMITTEE NUMBER DESCRIPTION PAGE</p> <p>3 Exhibit 4 Motion of IJKG Opco, LLC and 52</p> <p>4 IJKG, LLC - Interim Order</p> <p>5 NO BATES</p> <p>6</p> <p>7 Exhibit 5 Consent Order for Foreclosure 92</p> <p>8 of Security Interests, etc</p> <p>9 NO BATES</p> <p>10</p> <p>11 Exhibit 6 CarePoint Board Meeting 102</p> <p>12 Minutes 10/28/24</p> <p>13 CP028065-70</p> <p>14</p> <p>15 Exhibit 7 Email thread dated 112</p> <p>16 October 4, 2024</p> <p>17 MB_HRH015120-23</p> <p>18</p> <p>19 Exhibit 8 Motion of IJKG Opco, LLC and 126</p> <p>20 IJKG, LLC</p> <p>21 NO BATES</p> <p>22</p> <p>23 Exhibit 9 Email thread dated 150</p> <p>24 October/November 2024</p> <p>25 CP007960-67</p>	<p>Page 11</p> <p>1 - - -</p> <p>2 8:10 a.m.</p> <p>3 December 5, 2024</p> <p>4 - - -</p> <p>5 THE VIDEOGRAPHER: Good</p> <p>6 morning. This is the video operator</p> <p>7 speaking, Eric Lenz, of Esquire</p> <p>8 Deposition Solutions. Today is Thursday,</p> <p>9 December 5th, 2024. The time is</p> <p>10 approximately 8:10 in the morning.</p> <p>11 We're at the offices of Sills</p> <p>12 Cummis, One Riverfront Plaza, Newark, New</p> <p>13 Jersey, for the videotaped deposition</p> <p>14 of Shamiq Syed, In Re: CarePoint Health</p> <p>15 Systems, Incorporated, d/b/a Just Health</p> <p>16 Foundation, et al. This is in the United</p> <p>17 States Bankruptcy Court for the District</p> <p>18 of Delaware, Chapter 11, Case Number</p> <p>19 24-12534 (JKS).</p> <p>20 All attorneys' appearances will</p> <p>21 be noted for the stenographic record.</p> <p>22 And will our court reporter,</p> <p>23 Bridget Lombardozzi, please swear the</p> <p>24 witness.</p> <p>25 S H A M I Q S Y E D, having</p>
<p>Page 10</p> <p>1 EXHIBITS</p> <p>2 COMMITTEE NUMBER DESCRIPTION PAGE</p> <p>3</p> <p>4 Exhibit 10 Debtors' Motion for Entry of 164</p> <p>5 Interim and Final Orders</p> <p>6 NO BATES</p> <p>7</p> <p>8</p> <p>9 EXHIBITS</p> <p>10 INSIGHT NUMBER DESCRIPTION PAGE</p> <p>11 Exhibit 1 Declaration of Roldan Pursuant 197</p> <p>12 to BR 1003</p> <p>13 NO BATES</p> <p>14</p> <p>15 Exhibit 2 CarePoint Board Meeting 200</p> <p>16 Minutes 10/21/24</p> <p>17 CP028050-54</p> <p>18</p> <p>19</p> <p>20 EXHIBITS</p> <p>21 BMC NUMBER DESCRIPTION PAGE</p> <p>22 Exhibit 1 Witness's Printout of 224</p> <p>23 30(b)(6) Topics and Answers</p> <p>24 NO BATES</p> <p>25</p>	<p>Page 12</p> <p>1 been duly sworn, was examined and</p> <p>2 testified as follows:</p> <p>3 THE REPORTER: Thank you.</p> <p>4 You may proceed.</p> <p>5 DIRECT-EXAMINATION</p> <p>6 BY MR. LIPPERT:</p> <p>7 Q. Could you state your name again for the</p> <p>8 record, please.</p> <p>9 A. Sure. Shamiq Syed.</p> <p>10 Q. Okay. And, Mr. Syed, you are testifying</p> <p>11 today on behalf of the debtors in a bankruptcy</p> <p>12 proceeding?</p> <p>13 A. Correct.</p> <p>14 Q. All right. What is your -- what's your</p> <p>15 current employment position?</p> <p>16 A. I'm the CFO of CarePoint Health Systems,</p> <p>17 Inc.</p> <p>18 Q. And how long have you held that</p> <p>19 position?</p> <p>20 A. Since July 15, 2024.</p> <p>21 Q. And did you work for CarePoint prior to</p> <p>22 that?</p> <p>23 A. No.</p> <p>24 Q. Okay. Did you have any other</p> <p>25 relationship with CarePoint prior to that?</p>

SHAMIQ SYED 30(b)(6)  
In re: CarePoint Health Systems, Inc.

December 05, 2024  
13-16

<p style="text-align: right;">Page 13</p> <p>1 A. Yes.</p> <p>2 Q. What was that?</p> <p>3 A. I was a consultant with Ankura that</p> <p>4 worked for CarePoint.</p> <p>5 Q. And what was Ankura's function?</p> <p>6 A. Ankura was the financial advisor to</p> <p>7 CarePoint.</p> <p>8 Q. And for how long did you work on the</p> <p>9 Ankura team that advised CarePoint?</p> <p>10 A. From February until July.</p> <p>11 Q. Of this year?</p> <p>12 A. Of this year.</p> <p>13 Q. And to whom do you report in your</p> <p>14 current position?</p> <p>15 A. The CEO and the board.</p> <p>16 Q. The CEO who is?</p> <p>17 A. Dr. Moulick, Achintya Moulick.</p> <p>18 Q. Okay. What was CarePoint's financial</p> <p>19 condition when you started as CFO?</p> <p>20 A. Very dire.</p> <p>21 Q. Can you explain why?</p> <p>22 A. They were -- CarePoint's collections</p> <p>23 weekly weren't sufficient to even sustain the</p> <p>24 payroll of the hospitals, let -- let alone any</p> <p>25 vendor payments. Volumes had fallen off</p>	<p style="text-align: right;">Page 15</p> <p>1 to pay the auditor. But we have -- we have</p> <p>2 unaudited financials that are -- that are</p> <p>3 prepared.</p> <p>4 Q. Excuse me.</p> <p>5 And what -- any other forms of reporting</p> <p>6 besides the audited financial statements?</p> <p>7 A. Yeah. You know, 13-week cash flow</p> <p>8 budgets. Obviously just -- I mean, we'd have</p> <p>9 vendor payment reports across all three hospitals.</p> <p>10 There's various types of reporting, but -- but --</p> <p>11 that -- that we used to keep, you know, a thumb</p> <p>12 on.</p> <p>13 Get an understanding of -- of the</p> <p>14 financials of the hospital, but as far as audited</p> <p>15 financials, we're -- we're behind.</p> <p>16 Q. All right. Leaving aside the issue of</p> <p>17 audited financials, when it comes to the other</p> <p>18 reports we've been discussing, is it your</p> <p>19 assessment that those were reliable?</p> <p>20 A. Yes.</p> <p>21 Q. Okay. And on what do you base that</p> <p>22 assessment?</p> <p>23 A. I've -- I've seen kind -- kind of the</p> <p>24 rollup, for example, you know, if I -- cash</p> <p>25 disbursements, you know, we have -- we have an</p>
<p style="text-align: right;">Page 14</p> <p>1 dramatically prior to even when I got there and</p> <p>2 it's just -- just extremely dire.</p> <p>3 Across the health system, across all</p> <p>4 three hospitals, CarePoint is burning \$8 to \$10</p> <p>5 million a month, cash burn.</p> <p>6 Q. All right. So -- and for -- so it's</p> <p>7 fair to say that when you took over as CFO,</p> <p>8 CarePoint was operating at a loss?</p> <p>9 A. Absolutely.</p> <p>10 Q. Okay. And was that -- was that true</p> <p>11 prior to when you began as CFO but were working</p> <p>12 for Ankura?</p> <p>13 A. Yes.</p> <p>14 Q. Okay. Was there any time since you</p> <p>15 started consulting for CarePoint with Ankura when</p> <p>16 CarePoint was not operating at a loss?</p> <p>17 A. No.</p> <p>18 Q. What was the -- could you describe</p> <p>19 the -- the quality and detail of CarePoint's</p> <p>20 financial information at the time you took over as</p> <p>21 CFO?</p> <p>22 A. Their -- so the ob -- their financial</p> <p>23 information was -- so their last set of audited</p> <p>24 financials were at 2021. The '22 audit was</p> <p>25 delayed for various reasons including being unable</p>	<p style="text-align: right;">Page 16</p> <p>1 account -- accounting team in place that does the</p> <p>2 financial close. So, for example, we're just --</p> <p>3 we're closing on October now, but I -- I have no</p> <p>4 reason to believe that it's inaccurate.</p> <p>5 I haven't seen anything related to the</p> <p>6 fact -- I mean, the only -- only kind of issue we</p> <p>7 have is the system is very antiquated. So the</p> <p>8 wires that are sent out aren't posted timely, so</p> <p>9 there's -- you know, you have to look at it with a</p> <p>10 certain lens, especially for disbursements that</p> <p>11 have gone out. But we're aware of the</p> <p>12 shortcomings with the system, so we look at it</p> <p>13 with that appropriate lens.</p> <p>14 Q. All right. And what about -- excuse me.</p> <p>15 What about financial projections or</p> <p>16 budgets? Were -- in your experience with</p> <p>17 CarePoint, were those generally reliable?</p> <p>18 A. The 13-week cash flow projection was</p> <p>19 fairly reliable. The 2024 budgets that I saw when</p> <p>20 I came on board were not reliable because the '24</p> <p>21 budgets presumed there was growth and volume. And</p> <p>22 they had had some pretty, you know -- it was -- it</p> <p>23 was -- it was just a growth scenario and that's</p> <p>24 not what we were expecting or experiencing at</p> <p>25 CarePoint.</p>

SHAMIQ SYED 30(b)(6)  
In re: CarePoint Health Systems, Inc.

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<p style="text-align: right;">Page 17</p> <p>1 So I -- I would say the '24 budget's not 2 reliable. 3 Q. What about 2023? 4 A. The historical financials or -- 5 Q. How -- how well or not did the 2023 6 financial projections or budgeting match the 2023 7 actual numbers? 8 A. That was before I joined CarePoint in 9 any capacity. I haven't done a budget to actuals 10 for '23 to see how close we came to the budget. 11 Q. Well, didn't Ankura do those kinds of 12 analyses? 13 A. We were strictly tasked with preparing a 14 DIP budget. When -- when I -- when I got there, 15 it was effectively "the sky is falling" scenario 16 every day. 17 We were -- I mean, effectively we didn't 18 pay employee/employer portion of payroll taxes in 19 order to survive and have liquidity to keep going 20 forward. So it wasn't -- it wasn't a 21 traditional -- in a standard case, Ankura would 22 have done such a thing but this was not a standard 23 case by any -- 24 THE VIDEOGRAPHER: Mr. Syed, 25 I'm sorry to interrupt your answer.</p>	<p style="text-align: right;">Page 19</p> <p>1 witness's -- it's up to you, but, I mean, 2 I'm just saying it's here. 3 MR. LIPPERT: All right. 4 Let's -- I -- I don't have a hard copy of 5 that, but -- all right. We'll deal with 6 that later then. 7 MR. McMICHAEL: Okay. That's 8 fine. 9 MR. RABINOWITZ: How are we 10 marking things? 11 MR. LIPPERT: Committee 1? 12 MR. RABINOWITZ: C-1? 13 MR. LIPPERT: Yeah, Committee 14 1. We have multiple parties, so I 15 just... 16 MR. RABINOWITZ: Okay. And can 17 you just -- Matt, just describe what it 18 is? 19 MR. LIPPERT: Yes. This is a 20 document produced with Bates number 21 ANKURA_0000038. It's entitled 22 "Consolidated Financial Statements 23 October 31, 2023 Draft." 24 MR. RABINOWITZ: What was the 25 date again? As of when did you say?</p>
<p style="text-align: right;">Page 18</p> <p>1 Matt, can I assist you? 2 MR. LIPPERT: No, I've got it. 3 A. Yeah. So typically they -- they may 4 have done that, but this case was completely 5 different. It was -- every week we were at the 6 risk of running out of liquidity and -- and 7 potentially headed towards involuntary filing 8 or -- or shutdown of some -- of some sort. 9 Q. We'll -- we'll -- we'll return to the 10 payroll tax issue you raised in just a moment, but 11 first I'd like to mark what I suppose will now be 12 Exhibit 1. 13 MR. McMICHAEL: Actually, 14 before you mark that -- 15 MR. LIPPERT: Yeah. 16 MR. McMICHAEL: -- we 17 circulated last night a list of the 18 30(b)(6) topics with a summary of the 19 answers to help people focus and speed 20 things up. The witness has it in front 21 of him and it's -- it's here. I mean, I 22 have a hard copy, but it was emailed to 23 everybody yesterday evening. 24 So you might want to put that 25 in as Number 1 because that's the</p>	<p style="text-align: right;">Page 20</p> <p>1 MR. LIPPERT: October 1, 2023. 2 MR. RABINOWITZ: Thank you. 3 MR. LIPPERT: Jim, do you 4 want... 5 (Whereupon, exhibit is received 6 and marked Committee Deposition Exhibit 1 7 for identification.) 8 BY MR. LIPPERT: 9 Q. Mr. Syed, do you recognize this 10 document? 11 A. Yeah. This is our Bayonne financial 12 statement. 13 Q. And when you say "our" -- 14 A. Care -- CarePoint Health Systems Bayonne 15 financials from October 1st, 2023. 16 Q. All right. And if you turn to the 17 penultimate page which has the Bates stamp 42 -- 18 A. Mm-hmm. 19 Q. -- you'll see a number of columns 20 comparing budgeted expenses to actual expenses. 21 A. Mm-hmm. 22 Q. And the -- the center column is entitled 23 "Variance." 24 A. Correct. 25 Q. So Ankura did, in fact, perform</p>



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<p style="text-align: right;">Page 21</p> <p>1 budget-to-actual analyses in 2023?</p> <p>2 A. This is not Ankura's work product. This</p> <p>3 is CarePoint's work product.</p> <p>4 Q. All right. So CarePoint was performing</p> <p>5 budget-to-actual comparisons in --</p> <p>6 A. In their financials, yeah. That's a</p> <p>7 standard part of their financials.</p> <p>8 Q. Okay. And is -- and is it fair to say</p> <p>9 that there was consistently significant variance</p> <p>10 between budgeted and actual expenses?</p> <p>11 A. Yes.</p> <p>12 Q. And for how long was that the case?</p> <p>13 A. You know, I -- I can speak to 2024</p> <p>14 and -- and like I said, the '24 budget was -- was</p> <p>15 a growth scenario from '23. So there was</p> <p>16 significant -- there have been significant</p> <p>17 variances, budget to actuals, as long as I've been</p> <p>18 here with CarePoint.</p> <p>19 Q. And -- and from your experience working</p> <p>20 at Ankura, were you aware that there had been such</p> <p>21 variances in prior periods?</p> <p>22 A. Probably.</p> <p>23 Q. Okay. And in your capacity as the</p> <p>24 corporate representative of the debtors, can you</p> <p>25 confirm that not only for 2024, not only for 2023,</p>	<p style="text-align: right;">Page 23</p> <p>1 Q. All right. And, once again, if you turn</p> <p>2 to the penultimate page --</p> <p>3 A. Mm-hmm.</p> <p>4 Q. -- which is stamped number 6 --</p> <p>5 A. Yep.</p> <p>6 Q. -- do you see there's a budget-to-actual</p> <p>7 comparison?</p> <p>8 A. I do.</p> <p>9 Q. And as we saw for 2023, does this for</p> <p>10 2022 show significant variances between budgeted</p> <p>11 or projected expenses on the one hand and actual</p> <p>12 expenses on the other?</p> <p>13 A. It does.</p> <p>14 Q. Okay. Let's return to something you</p> <p>15 said a few minutes ago when it came to payroll</p> <p>16 taxes.</p> <p>17 There was a period of time when</p> <p>18 CarePoint was not making payroll tax payments?</p> <p>19 A. Correct.</p> <p>20 Q. All right. That money was, in fact,</p> <p>21 withheld from employees' compensation, right?</p> <p>22 A. Correct.</p> <p>23 Q. But not paid over to the taxman?</p> <p>24 A. Correct.</p> <p>25 Q. And for how long did this practice</p>
<p style="text-align: right;">Page 22</p> <p>1 but going back to 2022 and earlier, there were</p> <p>2 consistently significant variances between</p> <p>3 budgeted and projected and actual expenses?</p> <p>4 A. I haven't reviewed '23, '22 financials,</p> <p>5 so I -- after taking a look at it, I can -- I can</p> <p>6 tell you, but not off the top of my head I can't.</p> <p>7 Q. All right.</p> <p>8 MR. LIPPERT: All right. Then</p> <p>9 this will be Committee 2.</p> <p>10 MR. McMICHAEL: Thanks.</p> <p>11 (Whereupon, exhibit is received</p> <p>12 and marked Committee Deposition Exhibit 2</p> <p>13 for identification.)</p> <p>14 BY MR. LIPPERT:</p> <p>15 Q. Mr. Syed, do you recognize this</p> <p>16 document?</p> <p>17 A. Yeah. This is CarePoint's financial</p> <p>18 statement for IJKG Opco, LLC, from December --</p> <p>19 THE REPORTER: I'm sorry, for?</p> <p>20 A. IJKG Opco, LLC, that's Bayonne Hospital,</p> <p>21 for December '22.</p> <p>22 Q. All right. So this -- this is similar</p> <p>23 to the document we just reviewed, just for a</p> <p>24 different period of time?</p> <p>25 A. Correct.</p>	<p style="text-align: right;">Page 24</p> <p>1 persist?</p> <p>2 A. It happened in Q1 of '24 and Q3 and some</p> <p>3 portion of Q4.</p> <p>4 Q. Most of 2024?</p> <p>5 A. Most of 2024.</p> <p>6 Q. All right. And who made the decision to</p> <p>7 withhold but not pay these payroll taxes?</p> <p>8 A. It was -- in Q1 and in a portion of Q --</p> <p>9 before I took over, it was done by the former CFO</p> <p>10 and -- and -- and CEO. And then post my -- me</p> <p>11 sitting in the seat, I -- I continued that</p> <p>12 practice in order to just survive and stay afloat.</p> <p>13 Q. Let's -- let's speak people's names</p> <p>14 aloud here.</p> <p>15 When you say it was the former CFO and</p> <p>16 former CEO, who were they?</p> <p>17 A. Former CFO Richard Sarli and the CEO,</p> <p>18 who's still the current CEO, Dr. Achintya Moulick.</p> <p>19 Q. And do you know why they made this</p> <p>20 decision?</p> <p>21 A. In order to prevent the hospitals from</p> <p>22 shutting down. These are safety net charity care</p> <p>23 hospitals that see significant uninsured and</p> <p>24 underinsured patient populations. We see an</p> <p>25 uninsured payment every five minutes, 24/7, 365</p>



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<p style="text-align: right;">Page 25</p> <p>1 across the system. We -- patient lives would be 2 endangered. 3       These hospitals make up one-half of 4 Hudson County's hospitals, which Hudson County is 5 the most densely populated county in Jersey. 6 Jersey is the most densely populated state in 7 America. So there'd be -- there would be 8 significant risk to patient lives if these 9 hospitals shut down. 10       So in order to prevent them from 11 shutting down, we -- we did everything we could to 12 keep them open. 13       Q. So in the judgment of the CEO and 14 others, the only way to keep these hospitals 15 functioning was to commit a tax offense? No other 16 alternatives were considered? 17       A. No, we -- we -- we considered a lot of 18 alternatives. So in January, the State monitor -- 19 so the New Jersey State gave CarePoint \$10 million 20 and the conditions of the \$10 million were that a 21 State monitor would be appointed and that Ankura, 22 our financial advisor, would be retained. That's 23 how Ankura's engagement started here. 24       The State monitor mandated us to -- they 25 sent -- Department of Health sent a notice out to</p>	<p style="text-align: right;">Page 27</p> <p>1 question. I recognize that there are other things 2 happening to assist the hospitals. 3       In deciding which expenses to prioritize 4 in order to keep the lights on, so to speak, the 5 thing that was considered the safest to not pay 6 timely was payroll taxes? 7       A. We -- I mean, we -- we've been paying -- 8 outside of paying just judgments and lawsuits that 9 would freeze our bank accounts and shut us down 10 effectively, we were paying the absolute bare 11 minimum to keep these hospitals afloat. 12       Our -- our -- our priorities were not 13 jeopardize patient safety care, so we'd pay any -- 14 any -- any vendors that related to safety. But 15 outside of that, it was just that, prevent -- 16 prevent our, you know, judge -- you know, not -- 17 pay some judgments, lawsuits, et cetera, just to 18 prevent our accounts from being shut and payroll. 19 I mean, we were paying the absolute bare minimum 20 as far as, I mean, vendor payments. 21       We -- we built up, you know, \$165 22 million of -- of trade debt and -- and so -- so 23 there was -- there was no -- I mean, given just 24 our volume decline, there was -- there was not 25 much other choice.</p>
<p style="text-align: right;">Page 26</p> <p>1 all the hospital systems in the region asking them 2 to basically help us put in -- put in, you know -- 3 either acquire us or purchase us, et cetera. 4       We set up -- Ankura set up a data room. 5 The data room was visited by various health 6 systems across New Jersey. They asked a lot of 7 questions. They accessed the data room. They 8 asked Ankura a lot of follow-up questions. They 9 asked for follow-up documents and kicked the 10 tires. And every health system ultimately decided 11 that they were not interested in -- in -- in 12 taking over these hospitals. 13       So, no, that -- that was sort of a last 14 resort sort of -- sort of thing. 15       We were -- since I've been here, in my 16 capacity as Ankura, and then even after, we've 17 been trying to find a funding partner, someone to 18 effectively help take over these hospitals and -- 19 and -- and -- and help us survive. 20       That's -- that's how InSight got 21 involved. That's how we have the current deal 22 with HRH. We've just been looking for partners to 23 come in and -- and provide liquidity and help fund 24 the organization. 25       Q. Perhaps I should ask a more specific</p>	<p style="text-align: right;">Page 28</p> <p>1       Q. Was the CarePoint board aware of this 2 practice of withholding but not paying payroll 3 taxes? 4       A. They were. 5       MR. RABINOWITZ: Can I hear the 6 witness's answer back? I'm sorry. They 7 were or they were not? 8       THE WITNESS: They were. 9       MR. RABINOWITZ: They were? 10 BY MR. LIPPERT: 11       Q. Which members of the board? 12       A. All the members of the board. We -- we 13 -- I told the board that we're not paying payroll 14 taxes in order to survive here. 15       Q. And did the board consider that that 16 decision might have put the hospital in serious 17 legal and financial jeopardy? 18       MR. McMICHAEL: Objection. 19       You can answer. 20       A. The board members were absolutely aware 21 that that is not a normal way to function and 22 operate. 23       Q. That was not my question, sir. 24       Whether it was normal or abnormal, were 25 they aware that that decision put CarePoint in</p>

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<p style="text-align: right;">Page 29</p> <p>1 significant legal and financial jeopardy?</p> <p>2 A. Probably.</p> <p>3 Q. You say "probably." How do you know</p> <p>4 that?</p> <p>5 A. Certain board members voiced concerns</p> <p>6 about it.</p> <p>7 Q. Which ones?</p> <p>8 A. To my recollection, I do recall Chris</p> <p>9 Patella, who's a community board member from</p> <p>10 Bayonne, raising concerns about nonpayment of</p> <p>11 payroll taxes.</p> <p>12 That's the one that comes to my mind.</p> <p>13 I'm sure there were others.</p> <p>14 Q. What -- what did Mr. Patella say on</p> <p>15 this?</p> <p>16 A. He said that we shouldn't -- you know,</p> <p>17 this is obviously a -- a big -- a big financial</p> <p>18 risk. You know, we need to -- we need to right</p> <p>19 the ship as quickly as possible so we can get</p> <p>20 out of -- get out of this dire situation we were</p> <p>21 in.</p> <p>22 Q. All right. So payroll taxes were still</p> <p>23 being withheld from employees' paychecks during</p> <p>24 this period, right?</p> <p>25 A. During which period?</p>	<p style="text-align: right;">Page 31</p> <p>1 weren't -- we spoke with ADP. In fact, we just</p> <p>2 recently spoke to ADP because even though we</p> <p>3 withheld the taxes, we wanted to make sure that</p> <p>4 the employees' W-2 at year end are -- are</p> <p>5 accurate, accurately reflected of -- of what they</p> <p>6 got paid.</p> <p>7 So we're -- but -- but, yeah, we've</p> <p>8 been -- we intend to, we always intended to pay</p> <p>9 these payroll taxes back.</p> <p>10 Q. So is it a fair summary to say at the</p> <p>11 time the decision was made to withhold but not pay</p> <p>12 payroll taxes, there was an intention to</p> <p>13 eventually repay them but no concrete plan?</p> <p>14 A. Yeah. I would -- I would -- I would say</p> <p>15 that, yeah.</p> <p>16 Q. And were the employees aware that this</p> <p>17 was going on?</p> <p>18 A. Our employees are aware. So I don't</p> <p>19 know if all employees are aware, but --</p> <p>20 Q. Let's be sensitive to tense, sir. I</p> <p>21 didn't ask if they're aware today.</p> <p>22 Were they aware at the time that this</p> <p>23 money was being withheld but not paid?</p> <p>24 A. There were some employees that were</p> <p>25 aware of that at the time, yes.</p>
<p style="text-align: right;">Page 30</p> <p>1 Q. The period when the payroll taxes were</p> <p>2 not being paid.</p> <p>3 A. Correct.</p> <p>4 Q. Okay. So was there any sort of plan to</p> <p>5 repay these owed but unpaid taxes?</p> <p>6 A. Absolutely. We -- the State monitor is</p> <p>7 aware of it. We spoke to our financial advisors.</p> <p>8 We spoke to our legal counsel. We -- we figured</p> <p>9 we would make a payment plan with IRS and -- and</p> <p>10 figure out a way to pay these payroll taxes in --</p> <p>11 in the bankruptcy process.</p> <p>12 Q. Well, it -- let me clarify something.</p> <p>13 It sounds like that's after the fact.</p> <p>14 At the time the decision was made to</p> <p>15 withhold but not pay payroll taxes, was there any</p> <p>16 plan to eventually pay them?</p> <p>17 A. Yes. We -- we never intended to not pay</p> <p>18 these payroll taxes, especially the employee --</p> <p>19 employee portion of it as -- as trust fund tax.</p> <p>20 Right? We intend to -- we always intended to pay</p> <p>21 these taxes back.</p> <p>22 We may not have had a plan at the moment</p> <p>23 given our -- our dire liquidity, but -- but we</p> <p>24 always had the -- the intent to work with</p> <p>25 Department of Labor, IRS, et cetera. We</p>	<p style="text-align: right;">Page 32</p> <p>1 Q. Which ones?</p> <p>2 A. I -- I can't list every single employee</p> <p>3 that was aware, but I can -- you know, there were</p> <p>4 employees that were aware. I mean, the hospital</p> <p>5 has 3,000 employees. I don't know if every single</p> <p>6 one of them was aware.</p> <p>7 Q. Well, how do you know that some of them</p> <p>8 were aware?</p> <p>9 A. Because everyone in the payroll</p> <p>10 department was aware. You know, finance</p> <p>11 department was aware. Obviously leadership. So</p> <p>12 there's several employees that were aware.</p> <p>13 Q. All right. Were, for example, the</p> <p>14 nurses aware?</p> <p>15 A. They may have been. I -- I don't know</p> <p>16 as -- as of firsthand.</p> <p>17 Q. Let's put it this way. Was this ever</p> <p>18 announced to the employees, that payroll taxes</p> <p>19 were being withheld but not paid?</p> <p>20 A. Not to my knowledge.</p> <p>21 Q. Was there any plan to inform the</p> <p>22 employees of this practice?</p> <p>23 A. I don't think so.</p> <p>24 Q. Was there a plan to keep the number of</p> <p>25 employees aware of this to a minimum?</p>

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<p style="text-align: right;">Page 33</p> <p>1 A. No.</p> <p>2 Q. You're familiar with a company known as</p> <p>3 InSight?</p> <p>4 A. Yes.</p> <p>5 Q. Okay. And InSight had a management role</p> <p>6 at the -- at the CarePoint hospitals?</p> <p>7 A. They did.</p> <p>8 Q. Okay. Was InSight aware that payroll</p> <p>9 taxes were being withheld but not paid?</p> <p>10 A. Absolutely.</p> <p>11 Q. How do you know that?</p> <p>12 A. Because InSight -- so in -- InSight --</p> <p>13 Dr. Shah, who's the CEO of InSight, effectively</p> <p>14 put me in this role. When he was the</p> <p>15 management -- manager of CarePoint, he appointed</p> <p>16 me as CFO of the CarePoint hospital.</p> <p>17 Q. Mm-hmm.</p> <p>18 A. When he did, one of the first things he</p> <p>19 spoke to me about was about the funding that he</p> <p>20 would provide. And -- and so he was absolutely</p> <p>21 aware that I had to not make payroll tax -- not</p> <p>22 pay payroll taxes in order to keep the hospitals</p> <p>23 going and he was completely aware. I made him</p> <p>24 aware of it.</p> <p>25 Everyone at InSight was aware and</p>	<p style="text-align: right;">Page 35</p> <p>1 Q. Mm-hmm. And at the time you became</p> <p>2 aware, did you voice any objection to or concern</p> <p>3 about this practice?</p> <p>4 A. Absolutely.</p> <p>5 Q. To whom?</p> <p>6 A. To the CFO, the CEO, the --</p> <p>7 Q. Names, please.</p> <p>8 A. The CFO, Richard Sarli. The CEO,</p> <p>9 Dr. Achintya Moulick. I told our managing</p> <p>10 directors at Ankura, Louis Robichaux and Ben</p> <p>11 Jones. I -- yeah. We -- I -- I -- I voiced my</p> <p>12 concerns.</p> <p>13 Q. And when you first were appointed CFO</p> <p>14 with your newfound authority, did you take any</p> <p>15 action to stop this practice?</p> <p>16 A. When I -- when Dr. Shah asked me to jump</p> <p>17 over the fence effectively and join as CFO, he</p> <p>18 told me that he would provide a funding of \$20</p> <p>19 million. Ten million to help fund, you know,</p> <p>20 liquidity shortfalls and another ten million to</p> <p>21 get the ORs going so we can get revenue, kind of</p> <p>22 get the volumes up and then collect on that</p> <p>23 revenue quickly so we can turn these hospitals</p> <p>24 around.</p> <p>25 So when I took this seat, I was under</p>
<p style="text-align: right;">Page 34</p> <p>1 InSight --</p> <p>2 Q. I'm sorry. You made him aware or he</p> <p>3 made you aware?</p> <p>4 A. I -- I mean, he was aware that we</p> <p>5 weren't paying payroll taxes and there were three</p> <p>6 InSight board -- members on the board. The board</p> <p>7 is aware. So everyone that was at InSight was</p> <p>8 aware that -- that -- CarePoint was aware that</p> <p>9 these payroll taxes were not being paid.</p> <p>10 Q. Okay. And when you were first appointed</p> <p>11 as CFO, is that when you became aware of this</p> <p>12 practice of withholding but not paying payroll</p> <p>13 taxes?</p> <p>14 A. No, I was aware of it before.</p> <p>15 Q. When did you become aware of it?</p> <p>16 A. I was aware of it when -- when the</p> <p>17 practice started in Q1 because I was doing the</p> <p>18 weekly cash -- you know, start doing the cash</p> <p>19 flow, a week -- a week-over-week variance</p> <p>20 analysis. And obviously when the -- projected</p> <p>21 payroll is something you barely see a variance --</p> <p>22 a large variance in. So when I saw a very large</p> <p>23 positive variance, I inquired about it with the</p> <p>24 former CFO and that's when I became aware. And</p> <p>25 that was the case for a while since.</p>	<p style="text-align: right;">Page 36</p> <p>1 the assumption that there was a \$20 million check</p> <p>2 from InSight coming which never came.</p> <p>3 So that put me in a -- I -- I took on</p> <p>4 this role assuming that I could put an end to that</p> <p>5 practice, but was unable to because no incremental</p> <p>6 funding came.</p> <p>7 Q. I'm -- I'm a little confused.</p> <p>8 There was a -- there was an anticipation</p> <p>9 that \$20 million would be coming in when you were</p> <p>10 appointed as CFO?</p> <p>11 A. Correct.</p> <p>12 Q. Okay. And that \$20 million was</p> <p>13 allocated to specific costs, right?</p> <p>14 A. Correct.</p> <p>15 Q. Okay. The -- the outstanding payroll</p> <p>16 taxes were not part of that allocation, right?</p> <p>17 A. It -- it was the go-forward piece. My</p> <p>18 intention was to at least going forward from that</p> <p>19 point pay the payroll taxes. And for the past --</p> <p>20 the payroll taxes that were missed in the prior</p> <p>21 periods, we would figure out a plan with the IRS</p> <p>22 to -- to repay them.</p> <p>23 That was -- that was my intent.</p> <p>24 Q. Okay. Your intent.</p> <p>25 And did -- and did the practice actually</p>

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<p style="text-align: right;">Page 37</p> <p>1 cease upon your appointment as CFO?</p> <p>2 A. No.</p> <p>3 Q. Why not?</p> <p>4 A. Because we had no liquidity. We -- our</p> <p>5 payroll is about four million bucks, four million</p> <p>6 and change, and our collections were around five</p> <p>7 million bucks a week at that point.</p> <p>8 So even -- unless I literally paid</p> <p>9 payroll and nothing else, and you can't do that</p> <p>10 because then we have safety issues, we have the</p> <p>11 risk of our bank accounts being frozen, et cetera.</p> <p>12 I had no choice but to keep kicking the can down</p> <p>13 the road, so to speak.</p> <p>14 Q. So the \$20 million that was supposed to</p> <p>15 right the ship did not have its anticipated</p> <p>16 effect?</p> <p>17 A. It never came.</p> <p>18 Q. Okay. Why not?</p> <p>19 A. I mean, that's a question for InSight.</p> <p>20 Q. All right. Did -- did InSight tell you</p> <p>21 anything about why that money did not come?</p> <p>22 A. They kept promising and they said they</p> <p>23 were trying to raise money off OF the back of some</p> <p>24 real estate assets. They said -- they said, oh,</p> <p>25 it's, you know, these -- raising money off of real</p>	<p style="text-align: right;">Page 39</p> <p>1 Q. Post-bankruptcy?</p> <p>2 A. Post-bankruptcy, yeah.</p> <p>3 Q. Okay.</p> <p>4 A. But pre -- pre-filing we let about 130</p> <p>5 people go from between Christ and MSO. So -- so</p> <p>6 we did reduce staff. We -- we cut down on per</p> <p>7 diem and overtime. We really -- we really honed</p> <p>8 in on -- on -- on per diem pay, especially for the</p> <p>9 nurses. So we've been -- we've been taking</p> <p>10 efforts to reduce payroll.</p> <p>11 There's medical groups outside. We got</p> <p>12 rid of some of the medical group offices. We</p> <p>13 consolidated offices. We got rid of some doctors</p> <p>14 that were low performing.</p> <p>15 So -- so we've been making reductions</p> <p>16 across the system. And there -- like I said,</p> <p>17 there were some executives that have gone --</p> <p>18 have -- with -- with high salaries that -- that</p> <p>19 left prior to -- prior to filing.</p> <p>20 Q. Okay. So -- so nurses' compensation,</p> <p>21 for example, was reined in?</p> <p>22 A. Only the per diem. And it's -- I mean,</p> <p>23 it's -- it's tough because of the unions. We --</p> <p>24 we got a lot of pushback, so we weren't able to</p> <p>25 rein in -- in as much as we intended, but we --</p>
<p style="text-align: right;">Page 38</p> <p>1 estate takes -- takes a while. I mean, you have</p> <p>2 to do lien searches, blah, blah, blah. It's</p> <p>3 coming. It's coming.</p> <p>4 So -- so we kept getting assurances that</p> <p>5 the money's coming and -- and -- and -- and every</p> <p>6 single week I would be waving my hands saying,</p> <p>7 "Hey, guys, we really, really need liquidity here,</p> <p>8 this is a very dire situation," but funding never</p> <p>9 came.</p> <p>10 Q. And when -- when was this period when</p> <p>11 you were being assured the money was coming but no</p> <p>12 money came?</p> <p>13 A. Middle of July.</p> <p>14 Q. Okay. And was CarePoint considering</p> <p>15 bankruptcy at that point?</p> <p>16 A. CarePoint's been considering bankruptcy</p> <p>17 the whole time since I've been here.</p> <p>18 Q. Well, then, let me -- were there cuts in</p> <p>19 executive pay given the dire financial situation?</p> <p>20 A. There was reduction of staff. There was</p> <p>21 reduction of certain -- including some certain</p> <p>22 executive roles. There -- there have been</p> <p>23 recently cuts in executive pay.</p> <p>24 Q. When you say "recently," when?</p> <p>25 A. Last couple of weeks.</p>	<p style="text-align: right;">Page 40</p> <p>1 we just were monitoring per diem and -- and --</p> <p>2 and -- well, this metrics with per diem, length of</p> <p>3 stay --</p> <p>4 THE REPORTER: I'm sorry?</p> <p>5 A. Per diem, length of stay. Yeah, to --</p> <p>6 to -- to try to rein it in, but it -- it wasn't</p> <p>7 easy.</p> <p>8 Q. Was any effort made to rein in senior</p> <p>9 management compensation?</p> <p>10 A. Outside of -- outside of a reduction in</p> <p>11 staff, no. We -- we didn't -- we didn't reduce</p> <p>12 pay for -- for executives prior to filing that I'm</p> <p>13 aware of.</p> <p>14 Q. And when you say the reduction in staff</p> <p>15 included some senior people, who were they?</p> <p>16 A. There was a CHE for Hoboken, Anthony</p> <p>17 Gagliardi. There was a CHE for Bayonne, Alfredo</p> <p>18 Rabines.</p> <p>19 Q. I'm sorry, CHE?</p> <p>20 A. Yes, chief health executive.</p> <p>21 Q. Okay.</p> <p>22 A. So this is basically the -- the person</p> <p>23 overseeing operations at each hospital.</p> <p>24 Operational leaders at each of the hospitals.</p> <p>25 So -- so these folks were like -- there was the</p>



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<p style="text-align: right;">Page 41</p> <p>1 head of HR, Jessica Magnotta, that was let go. 2 Brian Foley, who was our legal counsel at the 3 time, was let go. So -- and then there was Pablo, 4 his last name is escaping my mind, chief pharmacy 5 officer. He was also let go. 6 As far as executives, who else? 7 Yeah, I mean, we -- we were -- we were 8 trying to cut down on -- on staff to the extent 9 that we could. 10 Q. What was Dr. Moulick's pay during this 11 period? 12 A. 1.75 million. 13 Q. That's annual? 14 A. Annual. 15 Q. And are there any other noncash 16 components of his compensation? 17 A. Not that he's been paid since I've been 18 here. 19 Q. Is CarePoint today current on its taxes? 20 A. Since filing, yes. 21 You're talking about payroll taxes 22 still? 23 Q. I'm speaking more generally. 24 Is CarePoint current on its tax 25 obligations of whatever description?</p>	<p style="text-align: right;">Page 43</p> <p>1 A. CarePoint retained Cole Schotz to prep 2 for our bankruptcy filing in 2020. They -- they 3 were trying to file from 2020 to 2022. The -- 4 there were first day pleadings prepared. There 5 were declarations. There were motions, et cetera, 6 prepared. 7 And then 2023, CarePoint prepped to file 8 with Dilworth and then I came here -- I was 9 brought here with Ankura in 2024 and we were 10 directed to prepare the budget and -- and -- and 11 try to -- and then -- and then basically see if we 12 could file CarePoint. 13 So since I've been here, bankruptcy has 14 been in consideration since -- since I've been 15 here. 16 Q. So why was bankruptcy not actually 17 filed, for example, before CarePoint became so 18 desperate that it stopped paying payroll taxes? 19 A. We couldn't find a proper DIP lender. 20 We went to our senior -- we went to our senior 21 secured lender, Capitala, first lien lender, and 22 we pleaded with them to provide us with financing. 23 They said they were not interested. They said 24 they were already too exposed. 25 My understanding is Larry reached out to</p>
<p style="text-align: right;">Page 42</p> <p>1 MR. McMICHAEL: During what 2 period of time? 3 MR. LIPPERT: Today. 4 MR. McMICHAEL: As of today? 5 MR. LIPPERT: Yes. 6 A. No. 7 Q. Okay. Are there any other trust fund 8 obligations that are still unpaid by CarePoint? 9 A. Any other? 10 Q. Are there -- good point. 11 Are there trust fund obligations that 12 are currently unpaid by CarePoint? 13 A. Yes. 14 Q. Okay. In what -- in what amount? 15 A. North of 20 million. Well, it's -- 20 16 million is all payroll taxes. It includes trust 17 fund. It includes employee/employer piece. 18 Q. Are there any trust fund taxes other 19 than this -- the employee issue that are unpaid? 20 A. Not that I'm aware of. 21 Q. Okay. You said earlier that CarePoint 22 has been considering bankruptcy repeatedly for 23 some extended period of time, right? 24 A. Yes. 25 Q. Okay. When would you say that began?</p>	<p style="text-align: right;">Page 44</p> <p>1 Maple, our second lien -- 2 Q. When you say "Larry," you're referring 3 to who? 4 A. Larry McMichael, our -- our -- my 5 attorney at Dilworth. 6 Q. Yeah. 7 A. He -- he -- he reached out to Maple, our 8 second lien lender, to see if they would be 9 interested providing DIP financing. They were 10 not. 11 Then we reached out to all the health 12 systems. As I said, we created a data room and we 13 engaged interest and we pitched it in the context 14 of, hey, you can either try to take this over as 15 is or provide us DIP financing. We prepared a DIP 16 budget -- 17 THE REPORTER: I'm sorry, 18 you're going to have to slow down. 19 THE WITNESS: Sorry. 20 (Whereupon, the record was read 21 back.) 22 A. We said you can take it over outside the 23 context of bankruptcy or -- or here's a DIP budget 24 and CarePoint can file for bankruptcy and -- 25 and -- and -- and you -- we needed DIP to do so.</p>

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<p style="text-align: right;">Page 45</p> <p>1 So the lack of funding, DIP funding, is</p> <p>2 effectively the reason we were unable to file</p> <p>3 until when we did.</p> <p>4 Q. Was there an approach to any government</p> <p>5 agency or entity about DIP financing?</p> <p>6 A. Absolutely. We reached out to the New</p> <p>7 Jersey State Department of Health and they -- the</p> <p>8 State monitor. We asked him if the State would be</p> <p>9 interested in providing a DIP, and the State</p> <p>10 couldn't wrap their head around how a DIP would</p> <p>11 work. I think a state typically funds, you know,</p> <p>12 appropriations or in other methods. But when I</p> <p>13 tried to explain DIP to the State monitor and we</p> <p>14 provided a DIP budget to them, the State monitor</p> <p>15 took that and provided it to the Department of</p> <p>16 Health. Ultimately they -- they chose not to</p> <p>17 provide a DIP.</p> <p>18 Q. So when was Dilworth retained to advise</p> <p>19 about a potential bankruptcy?</p> <p>20 A. My understanding is 2023, well before I</p> <p>21 got there.</p> <p>22 Q. Okay.</p> <p>23 A. Maybe -- I think they were there before</p> <p>24 '23, also, but I -- I know that Dilworth prepped</p> <p>25 to file CarePoint in 2023 but never ended up</p>	<p style="text-align: right;">Page 47</p> <p>1 Q. In fact, there was a term sheet signed</p> <p>2 in January to that effect, wasn't there?</p> <p>3 A. There was an LOI, yeah.</p> <p>4 Q. When you say "LOI," you mean --</p> <p>5 A. Letter of intent for a four-hospital</p> <p>6 system of -- of sorts. That was signed before I</p> <p>7 got there.</p> <p>8 Q. And is there a reason you call it a</p> <p>9 letter of intent rather than a term sheet?</p> <p>10 A. That's how it was described to me by my</p> <p>11 attorney. So I --</p> <p>12 Q. Please don't tell me what your attorney</p> <p>13 told you.</p> <p>14 A. Okay.</p> <p>15 Q. Have you seen this document?</p> <p>16 A. I don't think so.</p> <p>17 MR. LIPPERT: This will be</p> <p>18 Committee 3.</p> <p>19 Bridget, thank you.</p> <p>20 (Whereupon, exhibit is received</p> <p>21 and marked Committee Deposition Exhibit 3</p> <p>22 for identification.)</p> <p>23 MR. McMICHAEL: Thank you.</p> <p>24 MR. RABINOWITZ: Thank you.</p> <p>25 BY MR. LIPPERT:</p>
<p style="text-align: right;">Page 46</p> <p>1 filing. When I got there in February, Dilworth</p> <p>2 was already there.</p> <p>3 Q. And do you know the reason why the</p> <p>4 filing in 2023 didn't take place?</p> <p>5 A. My understanding is the same reason: We</p> <p>6 couldn't find DIP -- DIP financing.</p> <p>7 Q. Okay. Are you familiar with Hudson</p> <p>8 Regional Hospital?</p> <p>9 A. I am.</p> <p>10 Q. All right. And -- and you're familiar</p> <p>11 with the network of entities that own and operate</p> <p>12 Hudson Regional Hospital?</p> <p>13 A. Network of entities?</p> <p>14 Q. The -- the -- the different LLCs and</p> <p>15 corporations involved in that.</p> <p>16 A. No. I'm -- I mean, I'm familiar with</p> <p>17 Hudson Regional Hospital. I don't know what --</p> <p>18 how many LLCs, corporations, et cetera, they have.</p> <p>19 I'm not familiar with their --</p> <p>20 Q. Fair enough.</p> <p>21 Was -- in the early part of this year,</p> <p>22 was there a plan to create a four-hospital</p> <p>23 regional network consisting of the three CarePoint</p> <p>24 hospitals as well as Hudson Regional?</p> <p>25 A. There was.</p>	<p style="text-align: right;">Page 48</p> <p>1 Q. Mr. Syed, you have in front of you a</p> <p>2 document entitled "Binding Term sheet," a</p> <p>3 confidential and privileged settlement document,</p> <p>4 which -- the first page of which is Bates stamped</p> <p>5 HRHDEL_0006511.</p> <p>6 Do you see that?</p> <p>7 A. Triple -- triple zero?</p> <p>8 MR. McMICHAEL: Right here.</p> <p>9 THE WITNESS: Oh, okay.</p> <p>10 A. Yeah. DEL_6511. Yep, I do.</p> <p>11 Q. Do you recognize this document?</p> <p>12 A. I do not.</p> <p>13 Q. You've never seen this document before?</p> <p>14 A. Never seen it before.</p> <p>15 Q. All right. So looking at it today, is</p> <p>16 this consistent with what was described to you as</p> <p>17 a term sheet?</p> <p>18 MR. McMICHAEL: Well, he'd</p> <p>19 have to read it. Do you want him to read</p> <p>20 it?</p> <p>21 MR. LIPPERT: I...</p> <p>22 Q. On a -- on a quick inspection, does this</p> <p>23 seem to fit the descript -- match the description</p> <p>24 of the term sheet that was told to you?</p> <p>25 A. I'm going to need a little bit here.</p>

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<p style="text-align: right;">Page 49</p> <p>1 Q. You know what? I'll -- I'll -- I'll</p> <p>2 withdraw that question.</p> <p>3 What were --</p> <p>4 MR. McMICHAEL: Can I help you?</p> <p>5 Why don't you just ask him about the date</p> <p>6 on the last page?</p> <p>7 MR. LIPPERT: I'll ask a</p> <p>8 different question.</p> <p>9 MR. McMICHAEL: Okay.</p> <p>10 BY MR. LIPPERT:</p> <p>11 Q. What were -- what were you told about</p> <p>12 the arrangement to create a four-hospital system?</p> <p>13 A. I was told that there would be two for</p> <p>14 profit and two nonprofit hospitals and -- and it</p> <p>15 would be a four-hospital system that would use</p> <p>16 their collective leverage to negotiate better</p> <p>17 rates with payers, vendors, et cetera.</p> <p>18 It would -- the hospitals would operate</p> <p>19 independently at, you know, serving patients</p> <p>20 and -- and generating revenue and manage the</p> <p>21 operations. But they would use the fact that --</p> <p>22 basically the four-hospital grouping as a system</p> <p>23 to negotiate better rates.</p> <p>24 Q. All right. And who was -- who was</p> <p>25 supposed to manage this system?</p>	<p style="text-align: right;">Page 51</p> <p>1 MSO, the four-hospital MSO, rather than paid from</p> <p>2 the hospitals.</p> <p>3 Q. All right. Have there been any</p> <p>4 discussions about any bonuses, stock options,</p> <p>5 other things of value that might be given to</p> <p>6 CarePoint insiders in the event of this</p> <p>7 combination?</p> <p>8 A. Not that I'm aware of.</p> <p>9 Q. Focusing specifically on Dr. Moulick for</p> <p>10 a moment, you're -- you're not aware that he</p> <p>11 stands to gain anything from the achievement of</p> <p>12 this four-hospital combination?</p> <p>13 A. He would keep his -- I mean, his pay was</p> <p>14 effectively going to remain the same and -- and he</p> <p>15 has a role overseeing the -- the overall MSO. But</p> <p>16 I'm not aware of any excess compensation outside</p> <p>17 of his base salary that I described earlier that</p> <p>18 was due to him in this four-hospital system or</p> <p>19 that would be due to him.</p> <p>20 Q. Okay. Are you familiar with a document</p> <p>21 entitled "Collateral Surrender Agreement"?</p> <p>22 A. I am.</p> <p>23 Q. Okay. And that agreement was reached</p> <p>24 on -- on or about October 9th of this year?</p> <p>25 A. I believe so, yeah.</p>
<p style="text-align: right;">Page 50</p> <p>1 A. This -- this one?</p> <p>2 Q. Well, as described to you, who was</p> <p>3 supposed to manage this system?</p> <p>4 A. HRH and CarePoint jointly.</p> <p>5 Q. When you say "HRH," you're referring to?</p> <p>6 A. Hudson Regional Health. Hudson Regional</p> <p>7 Hospital. Sorry.</p> <p>8 Q. All right. Are you aware of any</p> <p>9 discussions about -- well, sorry. Withdraw that.</p> <p>10 Are you familiar with the term "insider"</p> <p>11 in the bankruptcy context?</p> <p>12 A. I am.</p> <p>13 Q. Okay. Are you aware of any discussions</p> <p>14 about compensation for CarePoint insiders in the</p> <p>15 event that this four-hospital combination takes</p> <p>16 place?</p> <p>17 A. Not in the context of this, but in the</p> <p>18 context of the four-hospital system that was --</p> <p>19 agreement that was, you know, negotiated with HRH.</p> <p>20 And as part of the bankruptcy proceedings, I'm</p> <p>21 aware of the compensation in -- in that document.</p> <p>22 Q. Okay. And can you describe those</p> <p>23 compensation terms?</p> <p>24 A. It's going to be the same compensation</p> <p>25 for the CEO as it currently is but paid out of the</p>	<p style="text-align: right;">Page 52</p> <p>1 Q. Okay. So less than a month before the</p> <p>2 bankruptcy filing?</p> <p>3 A. Correct.</p> <p>4 Q. Okay.</p> <p>5 A. My -- I thought it was September, but</p> <p>6 maybe I'm -- maybe I'm --</p> <p>7 Q. Well, you know what?</p> <p>8 A. Maybe it was being negotiated in</p> <p>9 September and it got signed in October, but my</p> <p>10 recollection is -- I -- I thought it was in</p> <p>11 September but maybe I'm wrong.</p> <p>12 MR. LIPPERT: This will be</p> <p>13 Committee 4.</p> <p>14 (Whereupon, exhibit is received</p> <p>15 and marked Committee Deposition Exhibit 4</p> <p>16 for identification.)</p> <p>17 MR. McMICHAEL: Thanks.</p> <p>18 THE WITNESS: Thank you.</p> <p>19 BY MR. LIPPERT:</p> <p>20 Q. Mr. Shah, do you recognize Committee</p> <p>21 Exhibit 4?</p> <p>22 MR. McMICHAEL: Mr. Syed.</p> <p>23 Q. Excuse me. Mr. Syed. Do you -- do you</p> <p>24 recognize Committee Exhibit 4?</p> <p>25 A. This is interim order for approval for</p>

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<p style="text-align: right;">Page 53</p> <p>1 collateral surrender. Yes, I do. 2 Q. And attached to this is a copy of the 3 collateral surrender agreement itself, right? 4 A. Correct. 5 Q. Okay. All right. And the date of that 6 agreement is October 9th? 7 A. That's correct. 8 Q. Okay. And this agreement relates to an 9 earlier litigation in Delaware, correct? 10 A. I mean, it's the same parties. It's the 11 same parties involved. 12 Q. Well, it's a little more than that, 13 right? If you look at the first page, the fourth 14 "whereas" clause refers specifically to litigation 15 in the Delaware court, chancery? 16 A. Okay. Yes. 17 Q. Okay. And that earlier case was brought 18 by an entity called 29 East 29th Street Holdings, 19 LLC, correct? 20 A. That's correct. 21 Q. And that company is an affiliate of 22 Hudson Regional Hospital, correct? 23 A. Correct. 24 Q. And that particular entity, 29 East 29th 25 Street, was the landlord for Bayonne Medical</p>	<p style="text-align: right;">Page 55</p> <p>1 surrender agreement along with Dr. Moulick with 2 HRH. So I would imagine they were part of that 3 decision-making as well. 4 Q. Okay. And was the board involved in the 5 decision to enter into the consent judgment? The 6 CarePoint board. 7 A. Yeah. I don't recall. I'm not part of 8 all board meetings because the board goes into 9 executive session at times and I'm not privy to 10 those. So I would imagine they were, but I have 11 no -- I don't know. 12 Q. Whether or not you were personally aware 13 in your capacity as a corporate representative, do 14 you have any information indicating whether the 15 CarePoint board was aware of or involved in this 16 discussion, in this decision to enter into the -- 17 A. My understand -- my understanding is 18 they're aware of it. 19 Q. Aware of it at the time not just after 20 the fact? 21 A. Yeah, at the time. 22 Q. Yeah. 23 And was any consideration given to the 24 risk that this consent judgment might be treated 25 as an avoidable preference in the intended</p>
<p style="text-align: right;">Page 54</p> <p>1 Center, right? 2 A. Correct. 3 Q. Okay. And this -- this litigation 4 concerned alleged breaches of the Bayonne Hospital 5 lease, correct? 6 A. Correct. 7 Q. And in that -- that dispute was resolved 8 by a consent judgment, right? 9 A. Correct. 10 Q. Who decided to enter into that consent 11 judgment? 12 A. It -- I mean -- I mean, CarePoint and 13 Hudson Regional, right? They -- 14 Q. Fair point. 15 Who at CarePoint decided to enter into 16 the consent judgment? 17 A. Dr. Moulick, the CEO. 18 Q. Was anyone else involved in that 19 decision? 20 A. Maybe Dr. Shah was involved in it from 21 InSight. 22 Q. Why do you say maybe he was involved? 23 A. Because InSight was effectively the 24 management company overseeing all operations. 25 InSight actually negotiated this collateral</p>	<p style="text-align: right;">Page 56</p> <p>1 bankruptcy? 2 A. Not that I'm aware of. 3 Q. All right. Do you know what the factors 4 were that weighed in favor of the decision to 5 enter into this consent judgment? 6 A. Could you repeat that question, please? 7 Q. I'll -- I'll ask a broader question. 8 Why did decision-makers at CarePoint 9 think the consent judgment was a good idea? 10 A. Because we hadn't paid rent since 11 January. We were in default of the lease. And 29 12 East 29th Street was the landlord and -- and they 13 were vying to take over the operations of the 14 hospital. 15 And -- and Bayonne is the biggest cash 16 burn hospital out of all three. So we thought 17 potentially getting the burden of Bayonne off of 18 CarePoint's books on -- on to HRH, along with 19 being -- ultimately marrying the hospital back 20 with the landlord, we thought that would be good 21 for the community and good for CarePoint in 22 general. 23 Q. Prior to entering into the consent 24 judgment, were any efforts undertaken to try to 25 sell the -- the collateral at issue for a better</p>



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<p style="text-align: right;">Page 57</p> <p>1 price than -- or for any price?</p> <p>2 A. We --</p> <p>3 MR. RABINOWITZ: Can I -- can I</p> <p>4 hear the question back? I'm sorry.</p> <p>5 (Whereupon, the record was read</p> <p>6 back.)</p> <p>7 MR. RABINOWITZ: Thank you.</p> <p>8 THE REPORTER: You're welcome.</p> <p>9 A. As -- as I said, we set up a data room.</p> <p>10 And we -- we weren't looking for just Bayonne</p> <p>11 individually. We were looking to sell or have --</p> <p>12 partner with -- for all three hospitals. And we</p> <p>13 got no interest at the time when -- and this --</p> <p>14 that was before we entered into this consent</p> <p>15 judgment.</p> <p>16 Q. Okay. But then prior to entering into</p> <p>17 the consent judgment, there was no specific effort</p> <p>18 to try to sell Bayonne collateral on terms better</p> <p>19 than those that wound up being in the collateral</p> <p>20 surrender agreement?</p> <p>21 A. We -- we have -- I mean, we've -- it's</p> <p>22 no secret that CarePoint's been looking to sell --</p> <p>23 I mean, the -- or, you know, partner with someone.</p> <p>24 That's why InSight was brought in, to provide</p> <p>25 liquidity and try to keep all three hospitals.</p>	<p style="text-align: right;">Page 59</p> <p>1 A. Of the motion or --</p> <p>2 Q. Yes, of the motion. Excuse me.</p> <p>3 Actually, instead of that, let's go to Section</p> <p>4 3.04 of the agreement itself, which is an exhibit</p> <p>5 to the motion.</p> <p>6 MR. McMICHAEL: Page number?</p> <p>7 THE WITNESS: Twenty-three.</p> <p>8 Q. Are -- are you familiar with this</p> <p>9 provision?</p> <p>10 A. I know it's a -- basically a no shop</p> <p>11 clause, I assume.</p> <p>12 Q. And what -- what's your understanding of</p> <p>13 what a no shop clause is?</p> <p>14 A. You can't have competing bids or offers.</p> <p>15 Q. And why was this provision included in</p> <p>16 the collateral surrender agreement?</p> <p>17 A. HRH insisted on -- on -- on having this</p> <p>18 and they were the only party that was, I mean,</p> <p>19 willing to work with us at the time. This was --</p> <p>20 this document was negotiated by Dr. Shah and</p> <p>21 Dr. Moulick with HRH with -- with legal counsel's</p> <p>22 assistance. I had very little input in</p> <p>23 negotiating this document.</p> <p>24 Q. You -- you didn't personally, but you</p> <p>25 were prepared as a corporate representative to</p>
<p style="text-align: right;">Page 58</p> <p>1 That's why -- and -- no, we didn't -- we didn't --</p> <p>2 you know, the fact that we were effectively a</p> <p>3 holdover tenant and -- and at -- you know, at the</p> <p>4 risk of being kicked out because, you know, not</p> <p>5 paying the lease, and the fact that if whoever we</p> <p>6 sold it to, they would have to -- they would be in</p> <p>7 the same position again, we thought it was most</p> <p>8 logical for the landlord to effectively take over</p> <p>9 the operations via collateral surrender.</p> <p>10 And we thought it was -- you know, the</p> <p>11 fact that collateral surrender agreement has an</p> <p>12 appraiser, you know, valuing the -- valuing the</p> <p>13 collateral and we -- we thought it would be a</p> <p>14 market -- or a fair -- basically a -- a fair or</p> <p>15 a -- a fair market value sale given the fact that</p> <p>16 an appraise -- an independent appraiser would have</p> <p>17 to be chosen in -- you know, for this collateral</p> <p>18 surrender to go through.</p> <p>19 Q. All right. Do I have it correctly,</p> <p>20 then, that there was no separate effort to sell</p> <p>21 the Bayonne collateral?</p> <p>22 A. Separate effort? Not that I'm aware of,</p> <p>23 no.</p> <p>24 Q. Would you look at -- still on Exhibit</p> <p>25 4 -- paragraph 22?</p>	<p style="text-align: right;">Page 60</p> <p>1 explain it, right?</p> <p>2 A. Yeah.</p> <p>3 Q. Okay. So if -- if Hudson was the only</p> <p>4 interested party, what's the reason for the no</p> <p>5 shop clause?</p> <p>6 A. It -- it was something Hudson insisted</p> <p>7 on -- on putting -- including in the agreement.</p> <p>8 And we tried to push back on several provisions.</p> <p>9 They wouldn't really budge. And -- and this was</p> <p>10 the only deal on the table at the time, so we</p> <p>11 didn't -- we didn't think there would be an issue</p> <p>12 with it.</p> <p>13 And everything is -- all these</p> <p>14 agreements were subject to the approval of the</p> <p>15 bankruptcy court. So we assumed that if anyone</p> <p>16 had any -- if the judge had any issues with it, we</p> <p>17 would deal with it in the context of the</p> <p>18 bankruptcy court.</p> <p>19 Q. I see.</p> <p>20 And what, if anything, did the Bayonne</p> <p>21 debtors receive in exchange for this grant of</p> <p>22 exclusivity?</p> <p>23 A. I don't know if they received anything</p> <p>24 specifically for the exclusivity. I mean, HRH is</p> <p>25 effectively in their -- providing liquidity. I</p>

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<p style="text-align: right;">Page 61</p> <p>1 mean, not only that, they're overseeing all the 2 operations, lab -- from lab all the way to 3 facilities management. 4 They're involved in all aspects of 5 Bayonne Hospital, kind of running -- they have -- 6 they got the cath -- they're getting the cath lab 7 open again. They're providing supplies. 8 They're -- they're doing anything and everything 9 to get the volumes of the hospital going again. 10 Q. Okay. You said there were other 11 provisions that -- in this collateral surrender 12 agreement that CarePoint pushed back on. 13 A. There are other provisions across the 14 universe of documents that CarePoint pushed back 15 on, yes, not just this. 16 Q. Okay. So was there -- was there any 17 horse trading; okay, you can have this no shop 18 clause which we don't love, but we will -- you 19 know, we're going to insist on something else? 20 A. Yes. 21 Q. What was the something else? 22 A. So Dr. Shah from InSight actually led 23 those negotiations -- 24 THE REPORTER: I'm sorry. So 25 Dr. Shah...</p>	<p style="text-align: right;">Page 63</p> <p>1 land under Christ Hospital? 2 MR. McMICHAEL: Could you 3 repeat your question? 4 Q. So do I understand correctly that one of 5 the provisions in this suite of agreements that 6 CarePoint wanted, pushed for, and ultimately 7 obtained, was a purchase option for the land under 8 Christ Hospital? 9 MR. McMICHAEL: You can answer 10 the question if you can, but... 11 A. So my understanding was that Hudson 12 Regional would get the land option. 13 Q. Mm-hmm. 14 A. They were going to provide -- so it's a 15 big piece of land with the hospital and a whole -- 16 and an empty -- huge empty plot of land. They 17 were going to give the hospital basically their 18 land back or -- rent-free. They were going to 19 develop the empty piece of land into condominiums. 20 Q. Mm-hmm. 21 A. And after all the costs were recovered, 22 they were going to split the profit sharing 50/50. 23 So my understanding was Hudson Regional was 24 getting the -- the purchase option. 25 Q. All right. So the -- so the value to</p>
<p style="text-align: right;">Page 62</p> <p>1 A. Shah, S-H-A-H, from InSight led those 2 negotiations with HRH. And -- and there was a lot 3 of back-and-forth actually. There was a lot of 4 horse trading. There were four documents that 5 were being negotiated and there was -- the horse 6 trading included, you know, sharing of -- so the 7 purchase option of -- the Christ land purchase 8 option was one of the documents that was 9 negotiated at the time, which is no longer in 10 effect. But part of that was, you know, HRH would 11 develop the land at the Christ location. You 12 know, residencies, et cetera. And -- and they 13 would -- after all the costs were recovered, they 14 would split the profit sharing 50/50 with 15 CarePoint. 16 So that was one -- one kind of 17 negotiated point that I recall. 18 There's -- there were others. There 19 were about 12 points that -- 12 to 15 points that 20 were being very toughly negotiated between Dr. 21 Shah from InSight and Yan Moshe from Hudson 22 Regional Hospitals. 23 Q. All right. So -- so one of the 24 provisions that CarePoint pushed for and 25 ultimately got was this purchase option for the</p>	<p style="text-align: right;">Page 64</p> <p>1 CarePoint in this was the -- you split up the 2 profits at the end of that project? 3 A. And no rent for Christ Hospital. 4 Q. But the -- the debtors don't own the 5 land, right? 6 A. They don't. There was a purchase -- a 7 land purchase option that was executed. And so I 8 believe it was executed in February or March, and 9 we had until December or January -- December 2024 10 to January 2025 to come up with about \$52 million 11 to -- to ex -- to purchase the land option, but 12 that never materialized, obviously. We defaulted 13 on the rent due to nonpayment so the purchase 14 option was defaulted. The purchase option no 15 longer exists, is my understanding, to CarePoint 16 at least, does not exist. 17 Q. All right. So that raises a couple of 18 questions then. 19 What was the plan for obtaining the -- 20 let's call it \$50 million to exercise this 21 purchase option? 22 A. That was -- you know, init -- initially 23 when InSight came on board, that was one of the 24 things -- so the -- the purchase option was 25 already executed at the time. So that was one of</p>

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<p style="text-align: right;">Page 65</p> <p>1 the things that we told InSight, that we would 2 like to raise 50 million bucks. They said they 3 would be able to assist us in doing so. 4 And then -- and then part -- you know, 5 any -- I mean, dialogues effectively were -- so 6 when we -- as -- as the months went on and we 7 didn't think we'd be able to come up with the 50 8 million, we reached out to Avery, the landlord, 9 Avery Eisenreich, who's the landlord for Christ in 10 Hoboken, and asked for an extension of the 11 purchase option for another year so we'd have more 12 time to raise the 50 million bucks. 13 But -- but, yeah, it just -- it never 14 materialized. 15 Q. Okay. So the -- one of the things 16 underpinning this split of the value at the end of 17 the development process was the ability to 18 exercise this option. And at the time that 19 agreement was made, there was no plan in place to 20 be able to exercise the purchase option? 21 A. No, no. So at -- at that time, when 22 this -- when that agreement was made, HRH was 23 going to exercise the purchase -- was going to 24 provide the funds to exercise the purchase option. 25 They were going to --</p>	<p style="text-align: right;">Page 67</p> <p>1 Every other month is late paid. There may have 2 been a month or two in Q2 where we may have paid 3 the rent on time, but for the most part, it was 4 laid paid. The only unpaid rent is October. 5 Q. All right. And did -- did CarePoint get 6 any sort of formal notice saying your option is 7 terminated? 8 A. Yes, I believe so. 9 Q. When was that? 10 A. I believe the notice was sent to my 11 attorney. So I don't know when he actually got 12 it, but I -- I was informed that the option was 13 terminated. 14 Q. When were you informed that the option 15 was terminated? 16 A. I was informed in September I want to 17 say. September or October. 18 Q. What was the -- what was the value of 19 this option? 20 A. It -- I don't know. It -- because, I 21 mean, the land is zoned for medical use. In order 22 to build condos, you need to change the zoning. I 23 mean, so its value as it stands is different than 24 its value as a -- as a commercial residential 25 property.</p>
<p style="text-align: right;">Page 66</p> <p>1 Q. Okay. 2 A. -- make the -- make the development. 3 And then after the purchase option and the 4 development costs were recouped, they were going 5 to split 50/50. So HRH was -- yeah. 6 Q. So -- so CarePoint was in effect giving 7 its option to HRH? 8 A. Correct, in return for rent-free Christ 9 Hospital and 50/50 split on the development. 10 Q. Mm-hmm. And that option no longer 11 exists today -- 12 A. Correct. 13 Q. -- because of a default in rent 14 payments? 15 A. Doesn't exist to CarePoint today because 16 of default on rent payments, correct. 17 Q. Okay. And when were those defaults? 18 A. We've -- we've -- we've defaulted pretty 19 much every month in 2024, I understand. If the 20 payment is late, it's considered a default. And 21 we've been late in paying our rent every month in 22 2024 is my understanding. 23 Q. Which months, if any, for 2024 have 24 unpaid rent as opposed to late paid rent? 25 A. October 2024 is unpaid at the moment.</p>	<p style="text-align: right;">Page 68</p> <p>1 Q. Well, more specifically, then, was there 2 ever any discussion of how much value would be 3 created by this plan to transfer the option to 4 Hudson and let Hudson develop the property? 5 A. There was speculation on value. People 6 spoke about 150 million plus, 200 million plus. 7 There was speculation on value, but I'm not sure 8 there was any concrete -- anything I can say is a 9 concrete number. 10 Q. Well, who came up with the figures you 11 just recited? 12 A. I believe HRH/InSight. They both -- 13 they both gave those -- those values. The 14 presumption was that this piece of land that's on 15 a cliff with unrestricted views of New York City 16 would develop very prime real estate in Jersey 17 City, so... 18 Q. And so who made the decision not to pay 19 the -- the rents or to pay the rents late that 20 threatened this option? 21 A. It wasn't a decision that was made. We 22 just didn't have the liquidity to. I mean, we 23 weren't paying payroll taxes. I wasn't going to 24 pay rent before I could pay payroll taxes. 25 Q. So you -- you had the potential to</p>

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<p style="text-align: right;">Page 69</p> <p>1 create a hundred, two hundred, some huge number of 2 millions of dollars in value through this option 3 and there was no effort to prioritize making the 4 payments to preserve that? 5 A. So we obviously didn't have the 6 liquidity to -- to pay it. So I asked InSight to 7 help with -- give some funding so we could make 8 rent payment. That never came about. We -- we 9 made the payment when we could make the payment. 10 It's -- it -- we -- I mean, it's a very, 11 very dire liquidity situation. So I understand 12 obviously there's value there. And -- and the 13 landlord would effectively -- and I wasn't 14 involved in the discussions with the landlord. 15 Dr. Moulick and -- and Larry spoke with the 16 landlord and their counsel. But the landlord 17 would effectively -- every month that we were late 18 on rent would start threatening and saying "I'm 19 going to pull the option." 20 And a couple of weeks of that would go 21 by and then we'd scramble and finally go and -- 22 and -- and make the payment. And it would just be 23 a rinse and repeat every -- every month. The 24 landlord threatening to pull the option, us 25 scrambling to go and figure out how to pay it.</p>	<p style="text-align: right;">Page 71</p> <p>1 could effectively assist them in doing so. Seemed 2 to be the only logical party that -- that would -- 3 that could unlock this value for us. 4 Q. There was -- there was nobody else with 5 the expertise and relationships to unlock this 6 value? 7 A. Not that I'm aware of. 8 Q. Well, did CarePoint look for them? 9 A. Yeah. I mean, I said -- so we -- so we 10 went and retained -- we asked B. Riley to look 11 into marketing this and seeing if there was any 12 real estate lenders that would potentially lend 13 against this. And they came back and said this 14 mar -- this property was extensively marketed in 15 2023 and to no avail. So that's where it kind of 16 stopped. 17 Q. Well, if -- if this was -- if this was 18 so infeasible for anyone else, why -- was -- was 19 there any sort of consideration of the risk in 20 negotiating all these agreements that Hudson 21 couldn't pull it off either? 22 A. That risk obviously existed. I can't 23 say that I know for a fact, a hundred percent for 24 a fact that they would have been able to change -- 25 pull off the zoning, et cetera. So there was</p>
<p style="text-align: right;">Page 70</p> <p>1 And -- and that happened over and over again until 2 the landlord ultimately got frustrated and pulled 3 the option. 4 Q. Was there any effort to reach out to, 5 I'll say, real estate lenders about -- and say, 6 hey, we have this -- we have this option to 7 purchase this land. It could be extremely 8 valuable. Will you lend to us against that so 9 that we can preserve the option? 10 A. We reached out to B. Riley to -- to 11 potentially, you know, see if there would be any 12 real estate lenders interested. B. Riley had told 13 us that this property had been marketed by another 14 firm, which -- whose name is escaping me at the 15 moment, in -- sometime in 2023. And -- and there 16 was very little interest given the fact that the 17 land was all zoned for medical use only and we 18 could only build kind of hospitals or nursing 19 homes on there. 20 So -- so the whole -- the value is 21 unlocked by effectively changing the zoning. And 22 HRH, given their local relationships and -- and -- 23 and their -- I mean, they have a history with our 24 real estate development. They -- they know the 25 local politicians. They know the local folks that</p>	<p style="text-align: right;">Page 72</p> <p>1 definitely a risk that existed. But HRH was the 2 one that was going to take the risk. They were 3 going to put up the 50 million bucks to purchase 4 the land and they were going to take the risk. 5 So -- and from our perspective, at the 6 end of the day, CarePoint didn't own the land and 7 they were a -- a lease tenant. So I guess it 8 didn't make a difference to CarePoint. 9 Q. Well, CarePoint was counting on 10 receiving a share of the value that was going to 11 be unlocked, right? 12 A. Right. Right, but the risk that was 13 being taken was primarily by HRH. We were -- 14 we -- CarePoint was getting the upside. 15 Q. And CarePoint needed and was planning on 16 receiving that upside, right? 17 A. Ab -- absolutely. I mean -- I mean, HRH 18 was willing to pay the 50 million bucks for the -- 19 to exercise the option. Pay for construction, do 20 the whole zoning and everything, and -- and give 21 the hospital rent-free. And at the end of all 22 that, a share of 50/50 is a very lucrative deal 23 for CarePoint as in no cash coming out-of-pocket 24 and -- and -- and very low downside risk and just 25 there was a lot of potential upside there for</p>



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<p style="text-align: right;">Page 73</p> <p>1 CarePoint.</p> <p>2 Q. Is --</p> <p>3 A. Sorry.</p> <p>4 Q. Is there any documentation reflecting</p> <p>5 this understanding?</p> <p>6 A. Yeah. There was a purchase option</p> <p>7 agreement that was negotiated, which was one of</p> <p>8 the four documents that was initially negotiated</p> <p>9 in September/October time frame by Dr. Shah and</p> <p>10 Dr. Moulick with Yan Moshe.</p> <p>11 Q. Where is that document now?</p> <p>12 A. I'm sure my lawyer has it. I'm sure</p> <p>13 it's in my email somewhere.</p> <p>14 MR. LIPPERT: I'm -- with the</p> <p>15 caveat that we'll get into later that a</p> <p>16 number of documents were produced last</p> <p>17 night, I am not sure that that document</p> <p>18 was produced. And to the extent it was</p> <p>19 not, I'm requesting now that it be</p> <p>20 produced.</p> <p>21 MR. McMICHAEL: Which -- which</p> <p>22 document are you looking for?</p> <p>23 THE WITNESS: The purchase</p> <p>24 option, the --</p> <p>25 MR. McMICHAEL: The option</p>	<p style="text-align: right;">Page 75</p> <p>1 So he went and basically negotiated a deal to</p> <p>2 purchase the land for himself.</p> <p>3 Q. When was that?</p> <p>4 A. October.</p> <p>5 Q. Okay. So just to summarize then,</p> <p>6 CarePoint had a valuable option, offered to trade</p> <p>7 it to HRH in exchange for a potentially very</p> <p>8 valuable upside, lost the option, and now HRH is</p> <p>9 going to keep all the value for itself?</p> <p>10 A. Well, HRH had to go pay above market.</p> <p>11 And my understanding is it wasn't 52 million</p> <p>12 anymore. It was to the tune of 67 million,</p> <p>13 maybe -- maybe higher. They had to pay</p> <p>14 significantly above market and they had to work</p> <p>15 out a deal with the landlord. But they went and</p> <p>16 reached out to the landlord and paid above the</p> <p>17 purchase option price. And they -- they secured</p> <p>18 the option for themselves after -- after CarePoint</p> <p>19 lost it due to nonpayment of rent.</p> <p>20 Q. So who -- who was managing the hospital</p> <p>21 at the time the option was lost?</p> <p>22 A. It was InSight.</p> <p>23 Q. Okay. Be -- be -- because this was in</p> <p>24 what month?</p> <p>25 A. October.</p>
<p style="text-align: right;">Page 74</p> <p>1 itself?</p> <p>2 THE WITNESS: Well, with HRH,</p> <p>3 the development of the land and --</p> <p>4 MR. McMICHAEL: The HRH</p> <p>5 agreement?</p> <p>6 THE WITNESS: Yeah. In charge,</p> <p>7 YES.</p> <p>8 MR. LIPPERT: Yes.</p> <p>9 MR. McMICHAEL: Okay. Let</p> <p>10 me -- let me find it. I'll get it to</p> <p>11 you.</p> <p>12 BY MR. LIPPERT:</p> <p>13 Q. And is -- what's the status of that</p> <p>14 deal?</p> <p>15 A. It's dead.</p> <p>16 Q. When did it die?</p> <p>17 A. When the landlord pulled the option.</p> <p>18 Q. Okay. And if -- if HRH considered this</p> <p>19 a lucrative opportunity, why didn't HRH front the</p> <p>20 funds to keep the option alive?</p> <p>21 A. Because when Dr. Shah pulled out</p> <p>22 abruptly from CarePoint, HRH went to the landlord</p> <p>23 and negotiated a deal with the landlord to get the</p> <p>24 purchase option for himself without the whole</p> <p>25 upside or sharing with CarePoint and all of those.</p>	<p style="text-align: right;">Page 76</p> <p>1 Q. The option was lost in October?</p> <p>2 A. Correct. September or October the</p> <p>3 option was lost. I forget exactly what date</p> <p>4 again. I didn't get the termination of -- the --</p> <p>5 the notice. It was sent to Larry McMichael from</p> <p>6 Dilworth, my understand -- is my understanding. I</p> <p>7 was just notified about it verbally.</p> <p>8 Q. And has that document been produced to</p> <p>9 the parties in this case?</p> <p>10 A. I don't think so.</p> <p>11 Q. All right.</p> <p>12 MR. LIPPERT: Same request as</p> <p>13 before.</p> <p>14 THE WITNESS: Can I just get</p> <p>15 some coffee?</p> <p>16 MR. McMICHAEL: Are we taking a</p> <p>17 break or just --</p> <p>18 MR. LIPPERT: You know what?</p> <p>19 Let's go off the record for five minutes.</p> <p>20 I've got to pull some exhibits out of my</p> <p>21 box anyway.</p> <p>22 THE VIDEOGRAPHER: Okay. We're</p> <p>23 going off the record at 9:35, ending</p> <p>24 Media 1.</p> <p>25 (Whereupon, a recess is taken.)</p>

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<p style="text-align: right;">Page 77</p> <p>1 THE VIDEOGRAPHER: We're back</p> <p>2 on the record, 9:53. This is Media 2 in</p> <p>3 the deposition of Syed.</p> <p>4 BY MR. LIPPERT:</p> <p>5 Q. Okay. Mr. Syed, we were talking about</p> <p>6 the purchase option for the land under -- or next</p> <p>7 to Christ Hospital in Hoboken.</p> <p>8 A. Mm-hmm.</p> <p>9 Q. All right. And that -- that option was</p> <p>10 formally terminated in either September or October</p> <p>11 of this year?</p> <p>12 A. That's correct.</p> <p>13 Q. Okay. There had been defaults prior to</p> <p>14 that point, correct?</p> <p>15 A. Correct.</p> <p>16 Q. For, I believe you said, most of 2024?</p> <p>17 A. That's -- that's right.</p> <p>18 Q. Okay. Do you know why the option was</p> <p>19 only terminated in the fall then?</p> <p>20 A. Because Dr. Moulick has a very good</p> <p>21 relationship with the landlord and he basically</p> <p>22 kept pleading with him to not terminate the option</p> <p>23 because that is a valuable piece of asset</p> <p>24 potentially for CarePoint. So he would plead with</p> <p>25 them. And so Avery would effectively threaten to</p>	<p style="text-align: right;">Page 79</p> <p>1 the option or the land itself next to Christ</p> <p>2 Hospital?</p> <p>3 A. Along with CarePoint. I mean, it was</p> <p>4 CarePoint's option. CarePoint was effectively</p> <p>5 assigning the option to HRH in exchange for all</p> <p>6 the benefits that I already described.</p> <p>7 Q. And then -- but then separately HRH made</p> <p>8 its own deal?</p> <p>9 A. After Dr. Shah abruptly pulled out</p> <p>10 and -- and everything was at the -- and -- and the</p> <p>11 option got pulled by Avery, yes. They -- they --</p> <p>12 they -- they negotiated their own deal.</p> <p>13 Q. So at the end of these various changes,</p> <p>14 HRH now gets the land for itself and doesn't have</p> <p>15 to share any proceeds with CarePoint?</p> <p>16 A. That's my understanding. I haven't seen</p> <p>17 what HRH has -- I don't know what HRH has</p> <p>18 negotiated with the landlord. I just was informed</p> <p>19 that they were in the process of -- or they were</p> <p>20 potentially in the process of securing the option.</p> <p>21 Q. So do you know today whether they have</p> <p>22 secured the option?</p> <p>23 A. I don't know.</p> <p>24 Q. You spoke before about discussions that</p> <p>25 CarePoint had with B. Riley about this option on</p>
<p style="text-align: right;">Page 78</p> <p>1 keep pulling the option and then he'd get paid his</p> <p>2 rent and then next month rinse and repeat.</p> <p>3 So it would be just a -- an exercise in</p> <p>4 just pleading to just not pull the option. And I</p> <p>5 think Avery eventually got frustrated and pulled</p> <p>6 the option.</p> <p>7 Q. Okay. So CarePoint was negotiating DIP</p> <p>8 financing with HRH in the fall of this year,</p> <p>9 correct?</p> <p>10 A. For Bayonne.</p> <p>11 Q. Okay. And -- and CarePoint was</p> <p>12 negotiating DIP financing with others in the fall,</p> <p>13 correct?</p> <p>14 A. Correct.</p> <p>15 Q. At a certain point, HRH became the DIP</p> <p>16 lender for all the hospitals in the network,</p> <p>17 correct?</p> <p>18 A. Correct.</p> <p>19 Q. When was that?</p> <p>20 A. After October 27th when -- or 28th, when</p> <p>21 Dr. Shah abruptly resigned. HRH effectively</p> <p>22 stepped into the DIP lender's shoes for the DIP</p> <p>23 for the other two hospitals, Christ and Hoboken.</p> <p>24 Q. Okay. So in September or October of</p> <p>25 2024, HRH was negotiating its own purchase of</p>	<p style="text-align: right;">Page 80</p> <p>1 the real estate.</p> <p>2 Did CarePoint speak with any other</p> <p>3 brokers or advisors besides B. Riley?</p> <p>4 A. So on the break, my -- my attorney --</p> <p>5 well --</p> <p>6 MR. McMICHAEL: No, no, no.</p> <p>7 THE WITNESS: I can't go --</p> <p>8 can't go into that? All right.</p> <p>9 A. Yes. Colliers effectively marketed the</p> <p>10 land purchase option extensively in 2023, and we</p> <p>11 got little to no interest, mostly because of the</p> <p>12 zoning issues around -- around the land.</p> <p>13 Q. Okay. But in 2024, when this issue</p> <p>14 arose anew and -- and you spoke to B. Riley,</p> <p>15 B. Riley said, essentially, they didn't think</p> <p>16 there was interest?</p> <p>17 A. They said that the land was extensively</p> <p>18 marketed.</p> <p>19 Q. Mm-hmm.</p> <p>20 A. The -- the parties that they would go to</p> <p>21 market the land to, the land -- it was -- they</p> <p>22 were already approached by Colliers in 2023 and</p> <p>23 they said that most of the folks had already --</p> <p>24 that were in this space had already seen this deal</p> <p>25 and they -- they had already expressed that they</p>

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<p style="text-align: right;">Page 81</p> <p>1 were not interested in -- in -- in providing 2 financing related to this land option. 3 Q. So at that point, did CarePoint say, 4 gee, let's find somebody else who might have 5 different contacts who could market this to other 6 people? 7 A. Between Colliers and B. Riley, when -- 8 when basically two firms told us that there wasn't 9 much interest, we -- we took that as there -- you 10 know, unless we can get the zoning issue resolved, 11 there wouldn't be much interest in this land 12 option. 13 Q. So the answer to my question is no? 14 A. No. 15 Q. You mentioned earlier that Hudson 16 Regional you thought had the -- had the 17 reputation, the relationships, to be able to 18 accomplish this zoning change, right? 19 A. Potentially, yeah. 20 Q. All right. What led you to believe that 21 was the case? 22 A. They are -- in Hudson County, they're a 23 local operator. They -- they are -- from my 24 understanding, they're experienced in real estate 25 development and -- and -- and that's -- that</p>	<p style="text-align: right;">Page 83</p> <p>1 four-hospital system with us. They were the most 2 logical partner. 3 It wasn't -- it wasn't a land deal in a 4 silo. This was an overall deal with various 5 agreements included in it. And we saw a -- a 6 mutual benefit of having the leverage of four 7 hospitals to operate as a system, having HRH take 8 the -- Bayonne's cash burn off of our books, and 9 having the upside of this land deal. 10 Q. Did CarePoint ever consider the prospect 11 that the sum of the various parts might have been 12 greater than the whole? In other words, that it 13 might have been more advantageous to do the land 14 deal in a silo and make other arrangements 15 separately? 16 A. We tried to do the land deal in a silo 17 with Colliers and -- and -- and B. Riley. We got 18 no interest. 19 Q. And -- all right. 20 What is -- in -- in 2024, you made no 21 effort to try to accomplish the land deal in a 22 silo? 23 A. No, B. Riley was 2024. 24 Q. You -- you asked; they said don't 25 bother. That was the end of it?</p>
<p style="text-align: right;">Page 82</p> <p>1 was -- that was how the deal was being negotiated. 2 That with -- you know, the deal, that was being 3 negotiated by Dr. Shah and Dr. Moulick with Yan 4 Moshe, the deal effectively was that HRH would do 5 these things. So I had no reason to believe that 6 they wouldn't be able to accomplish this, they -- 7 when they -- when they said they had the expertise 8 to do so. 9 Q. There were other people in Hudson County 10 who are experienced in real estate development and 11 operators in Hudson County, correct? 12 A. I'm sure. 13 Q. All right. So what -- what, if 14 anything, was special about Hudson Regional in 15 that regard? 16 A. They -- I mean, they were at the table 17 and this was not -- I mean, this wasn't a -- just 18 a deal around just the land option. Right? This 19 was -- I mean, there's four agreements here. Not 20 only were they willing to fund the purchase option 21 and -- and -- and do this, they were also willing 22 to take Bayonne off our hands, which is 23 hemorrhaging cash to the tune of \$5 million a 24 month at that point. Volumes were significantly 25 down. They were willing to work in a</p>	<p style="text-align: right;">Page 84</p> <p>1 A. They asked. We had kickoff meetings. 2 We provided the leases. We provided all the 3 information we had around it. They went and 4 marketed it to folks and they came back and said 5 this -- this land deal has been marketed 6 extensively already in 2023 and the -- the folks 7 that would typically lend into this sort of a 8 transaction are all familiar with it and not -- 9 and are not interested in -- in a deal. 10 Q. Well, hang on. I may have misunderstood 11 you before. I thought you had said that B. Riley 12 told you this had been marketed before. It was 13 not worth doing again. 14 Are you now saying that B. Riley did its 15 own marketing? 16 A. They -- they started making prospective 17 phone calls. So I wasn't aware that Colliers had 18 extensively marketed it. So I reached out to 19 B. Riley and -- and got the process going. I gave 20 them all the information. 21 And B. Riley came back to me and said, 22 "Hey, was this marketed before? Because every 23 initial prospective phone call we're making to 24 every party that would potentially be interested 25 in it is saying that this was extensively marketed</p>

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<p style="text-align: right;">Page 85</p> <p>1 by Colliers."</p> <p>2 So B. Ri -- it wasn't -- it wasn't just</p> <p>3 -- B. Riley did go out to the market and -- and</p> <p>4 they came -- and they effectively told us that</p> <p>5 this was extensively marketed already. And that's</p> <p>6 when I came to find out about Colliers.</p> <p>7 Q. So B. Riley did not, to use your word,</p> <p>8 extensively market it themselves?</p> <p>9 A. It was -- it was -- yeah. Well, they --</p> <p>10 they did an initial prospective reach out and --</p> <p>11 and very quickly determined that it was already</p> <p>12 extensively marketed and there was no interest.</p> <p>13 Q. All right. Getting back to Hudson</p> <p>14 Regional then and their ability to accomplish this</p> <p>15 deal, did you have any understanding of what their</p> <p>16 advantageous local relationships were?</p> <p>17 A. My understand -- I mean, I was just told</p> <p>18 by them that they are -- first off, they -- they</p> <p>19 do own a hospital in Hudson County. They've</p> <p>20 been -- they're the landlords of Bayonne. They've</p> <p>21 been involved -- there had been talks about a</p> <p>22 four-hospital system or of Hudson Regional</p> <p>23 acquiring some part of CarePoint for several years</p> <p>24 now.</p> <p>25 And -- and they have -- you know,</p>	<p style="text-align: right;">Page 87</p> <p>1 had mentioned that when -- when it was -- when --</p> <p>2 when we were discussing conflicts at a board</p> <p>3 meeting.</p> <p>4 So my understanding is there was some</p> <p>5 contribution between HRH -- or Yan Moshe</p> <p>6 specifically and -- and Fulop, but it was -- I --</p> <p>7 I don't recall the amount or --</p> <p>8 Q. You described the amount as "not</p> <p>9 significant."</p> <p>10 What led you to believe that?</p> <p>11 A. Because I recall it being a couple</p> <p>12 hundred bucks. I don't -- I don't recall the -- I</p> <p>13 don't recall it being in the thousands, but,</p> <p>14 again, I don't remember.</p> <p>15 Q. And -- and to be clear, Yan Moshe is</p> <p>16 the -- the principal of Hudson Regional?</p> <p>17 A. Correct.</p> <p>18 Q. Okay. Are you aware of any political</p> <p>19 contributions made to political action committees</p> <p>20 rather than candidates from Hudson Regional or its</p> <p>21 principals?</p> <p>22 A. I don't remember.</p> <p>23 Q. Is there something you would consult to</p> <p>24 know the answer to that question?</p> <p>25 A. Something I would consult?</p>
<p style="text-align: right;">Page 86</p> <p>1 they -- they have the financing capability and --</p> <p>2 and -- and -- and they have the -- I mean, as told</p> <p>3 to us during -- this is what they pitched to us,</p> <p>4 was they have the know-how of the real estate</p> <p>5 development.</p> <p>6 Q. Okay. Are you aware of any</p> <p>7 relationships that Hudson Regional has with local</p> <p>8 political figures that would be helpful in</p> <p>9 accomplishing the rezoning?</p> <p>10 A. Hudson Regional knows our -- I mean, the</p> <p>11 Hoboken and Jersey City mayors are -- are on our</p> <p>12 board and Hudson Regional is also. So they are --</p> <p>13 I mean, they know -- they know them through</p> <p>14 CarePoint effectively. And that's -- I mean,</p> <p>15 they -- I do know that Hudson Regional is aware --</p> <p>16 the mayors and Hudson Regional, they do know each</p> <p>17 other.</p> <p>18 Q. Are you aware of any political</p> <p>19 contributions made to or for the benefit of any</p> <p>20 local political figures from Hudson Regional or</p> <p>21 its principals?</p> <p>22 A. Mayor Fulop had mentioned some --</p> <p>23 something in a board meeting about a contribution</p> <p>24 he had gotten which was not significant. It</p> <p>25 was -- I don't recall the dollar amount, but he</p>	<p style="text-align: right;">Page 88</p> <p>1 Q. You said you don't remember, so I'm</p> <p>2 wondering what would refresh your memory.</p> <p>3 A. I would -- I mean, I'm -- I would -- I</p> <p>4 would -- I've -- I've -- I've potentially heard of</p> <p>5 a contribution, but I would have to consult</p> <p>6 someone who might have told me about a potential</p> <p>7 contribution. I -- again, I haven't seen anything</p> <p>8 to -- to know that, so --</p> <p>9 Q. What is it you recall being told about</p> <p>10 this potential contribution?</p> <p>11 A. My recollection is there was some</p> <p>12 donation made to a PAC by HRH. I don't recall</p> <p>13 the amount or to whose PAC specifically, but there</p> <p>14 was some amount of donation made to a political</p> <p>15 party.</p> <p>16 Q. A political party or PAC?</p> <p>17 A. PAC.</p> <p>18 Q. Who told you this?</p> <p>19 A. Dr. Moulick.</p> <p>20 Q. When was this?</p> <p>21 A. When?</p> <p>22 Q. Yes.</p> <p>23 A. I don't remember. September.</p> <p>24 Q. Do you remember anything else</p> <p>25 Dr. Moulick told you about political connections</p>



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<p style="text-align: right;">Page 89</p> <p>1 between Hudson Regional or its principals and 2 political figures in Hudson County? 3 A. No. That was -- that was the extent of 4 it. 5 Q. That's the only time you and he ever 6 discussed that subject? 7 A. I don't know if it's the only time, 8 but -- he may have broached it again, but it's the 9 same exact -- it's not that we discussed 10 multiple con -- it was just that one potential 11 contribution. 12 Q. There are two bankruptcy petitions in 13 this case, correct? 14 A. You're talking about IJKG and the 15 rest? 16 Q. Yes. 17 A. Okay. Yeah, involuntary -- 18 MR. McMICHAEL: There are 20 19 bankruptcy petitions. 20 MR. LIPPERT: Fair point. 21 Q. But there -- you're aware that there was 22 a difference between what you described as IJKG 23 and the rest of the debtors? 24 A. Right. 25 Q. Okay. And that is that two of the</p>	<p style="text-align: right;">Page 91</p> <p>1 Q. If you -- if you believe it to be 2 correct, you can just say that. 3 A. Okay. 4 Q. I don't need to know who told you. 5 A. Okay. Okay. That is my understanding. 6 Q. And so -- so how then did the 7 involuntary proceeding arise? 8 A. Bayonne needed to be filed. As I said, 9 it is -- it is the worst performing hospital out 10 of the three. And -- and we -- we effectively got 11 a few consenting parties to assist, creditors to 12 assist with the involuntary filing. 13 Q. So CarePoint reached out to creditors 14 who would cooperate by filing an involuntary 15 bankruptcy? 16 A. Correct. 17 Q. And CarePoint planned and knew about 18 this involuntary bankruptcy, right? 19 A. Correct. 20 Q. And upon the filing, CarePoint 21 effectively consented to the -- to the 22 bankruptcy? 23 A. I'm -- 24 Q. I'm -- I'm sorry. The debtor. I -- I 25 need to be more specific.</p>
<p style="text-align: right;">Page 90</p> <p>1 debtors were the subject of an involuntary 2 bankruptcy, correct? 3 A. Correct. 4 Q. All right. And those two debtors were 5 IJ -- both have "IJKG" in their names? 6 A. Correct. 7 Q. All right. So for -- for the purpose of 8 this line of questioning, I'll refer to them 9 collectively as "IJKG." 10 A. Mm-hmm. 11 Q. IJKG was the subject of the involuntary 12 proceeding? 13 A. Correct. 14 Q. Okay. Why was that? 15 A. Because SurgiCore objected to -- 16 SurgiCore, S-U-R-G-I-C-O-R-E -- objected to a 17 voluntary filing of IJKG, LLC, and IJKG Opco, 18 LLC. 19 Q. Okay. And SurgiCore had the right to 20 prevent that filing through this objection? 21 A. That is what my counsel told me. 22 Q. Please don't tell me what your counsel 23 told you. 24 A. Oh, sorry. That is what -- that is 25 what -- yes.</p>	<p style="text-align: right;">Page 92</p> <p>1 Upon the filing, the IJKG entities 2 consented to the bankruptcy? 3 A. Correct. 4 Q. I'd like to go back to something 5 previously, if I might. I think this will be 6 Committee 5. 7 Is my -- is my numbering correct? 8 A. It sounds about right. I have four 9 documents here. 10 Q. Yeah. 11 (Whereupon, exhibit is received 12 and marked Committee Deposition Exhibit 5 13 for identification.) 14 MR. RABINOWITZ: Thank you. 15 MR. LIPPERT: Committee 5. 16 BY MR. LIPPERT: 17 Q. Mr. Syed, do you recognize Exhibit 5? 18 A. I do not. 19 Q. Okay. We spoke earlier about a Delaware 20 litigation involving Bayonne's landlord, 29 East 21 29th Street, right? 22 A. Yep. 23 Q. Okay. And, once again, to be clear, 24 that's an affiliate of Hudson Regional Hospital? 25 A. Correct.</p>

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<p style="text-align: right;">Page 93</p> <p>1 Q. Okay. And you were aware that that</p> <p>2 litigation was resolved by means of a consent</p> <p>3 order, correct?</p> <p>4 A. Correct.</p> <p>5 Q. All right. I will represent to you that</p> <p>6 this is that consent order.</p> <p>7 A. Okay.</p> <p>8 Q. Would you look at the third page,</p> <p>9 please?</p> <p>10 A. Okay.</p> <p>11 Q. There's a paragraph numbered 1 and</p> <p>12 I'll -- I'll read the first part of it. "A</p> <p>13 monetary judgment in a base amount that is no less</p> <p>14 than 24 million nor greater than 32 million is</p> <p>15 entered in favor of plaintiffs and against</p> <p>16 defendants..." It goes on, but that's the part</p> <p>17 I'm interested in.</p> <p>18 Do you know why there was a range here</p> <p>19 instead of a specific figure?</p> <p>20 A. Yeah. I was told that it -- it had to</p> <p>21 do with the default --</p> <p>22 MR. McMICHAEL: Wait, wait,</p> <p>23 wait. Wait a second.</p> <p>24 Do you have any knowledge about</p> <p>25 information responsive to the question</p>	<p style="text-align: right;">Page 95</p> <p>1 A. My understanding is it was the default</p> <p>2 rent rate versus the actual rent that was due and</p> <p>3 potential fees and -- and other amounts that were</p> <p>4 tacked on, hence the range. The judge</p> <p>5 effectively -- again, I was -- I was -- I was</p> <p>6 informed that the range --</p> <p>7 MR. McMICHAEL: Wait a minute.</p> <p>8 Don't talk about what your counsel told</p> <p>9 you.</p> <p>10 THE WITNESS: Okay.</p> <p>11 MR. McMICHAEL: Just talk about</p> <p>12 what your understanding is.</p> <p>13 A. Yeah. My -- my -- my understanding is</p> <p>14 it's with -- it's -- the -- there's a dispute over</p> <p>15 what the default rent versus the actual rent</p> <p>16 amount due was and, hence, the range. And the</p> <p>17 judge chose not to make a -- make a -- a decision</p> <p>18 on -- on the amount of rent that would be -- the</p> <p>19 size of the judgment, hence the range.</p> <p>20 Q. Okay. So do you know -- why did</p> <p>21 CarePoint believe that this range was -- I don't</p> <p>22 want to say "correct" because it's not specific,</p> <p>23 but why did CarePoint believe that this range was</p> <p>24 reasonable?</p> <p>25 A. CarePoint obviously believe -- believed</p>
<p style="text-align: right;">Page 94</p> <p>1 that you were just asked other than what</p> <p>2 you were told by your Delaware counsel?</p> <p>3 THE WITNESS: No.</p> <p>4 MR. McMICHAEL: Okay. I'm</p> <p>5 going to object on privilege grounds.</p> <p>6 MR. LIPPERT: Facts aren't</p> <p>7 privileged just because they're conveyed</p> <p>8 by counsel.</p> <p>9 MR. McMICHAEL: What fact do</p> <p>10 you want to know about?</p> <p>11 MR. LIPPERT: Okay.</p> <p>12 BY MR. LIPPERT:</p> <p>13 Q. Was there a -- what was the nature of</p> <p>14 the dispute as to the calculation of damages in</p> <p>15 the Delaware action?</p> <p>16 A. The past due rent, unpaid rent, default</p> <p>17 rent, fees subject to the -- in the lease.</p> <p>18 Q. And what was it that made -- presumably</p> <p>19 the rent was monthly?</p> <p>20 A. Yes.</p> <p>21 Q. Okay. So -- and the number of unpaid</p> <p>22 months was easily ascertainable?</p> <p>23 A. Yes.</p> <p>24 Q. So what factors were the uncertain ones</p> <p>25 in this calculation?</p>	<p style="text-align: right;">Page 96</p> <p>1 that the lower number made -- made sense. HRH</p> <p>2 believed the higher number made sense. And I --</p> <p>3 that's -- that's the range. We -- yeah.</p> <p>4 Q. So how was the \$24 million figure that</p> <p>5 CarePoint believed was correct derived?</p> <p>6 A. So -- so this whole case with the</p> <p>7 default -- the -- the rent issue and everything in</p> <p>8 Bayonne started way before I started at CarePoint.</p> <p>9 And -- and so -- so I'm -- you know, I was -- I</p> <p>10 was peripherally aware of this case going on. I'm</p> <p>11 not privy to all the details of this case. I</p> <p>12 wasn't part of it. I wasn't -- it was -- it was</p> <p>13 just something that was going on.</p> <p>14 Q. Well, you -- you're aware that the debt</p> <p>15 embodied in this judgment is now at issue in the</p> <p>16 bankruptcy, right?</p> <p>17 A. Yes.</p> <p>18 Q. Okay. So as CarePoint's representative,</p> <p>19 what can you say about why that \$24 million is the</p> <p>20 correct figure?</p> <p>21 A. It's -- it's -- I mean, we didn't pay</p> <p>22 rent at the end of the day. We didn't pay rent</p> <p>23 for several months consecutively, so we are in</p> <p>24 default of the lease. And -- and -- and we -- I</p> <p>25 mean, we -- we certainly defaulted on the lease,</p>

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<p style="text-align: right;">Page 97</p> <p>1 so we -- hence, the -- the judgment.</p> <p>2 Q. Well, so that \$24 million represents how</p> <p>3 many months of unpaid rent?</p> <p>4 A. I don't know.</p> <p>5 Q. Are there any fees or costs besides the</p> <p>6 base rent that is embodied in that \$24 million</p> <p>7 figure?</p> <p>8 A. That is my understanding.</p> <p>9 Q. Your understanding is that there are or</p> <p>10 are not?</p> <p>11 A. There are.</p> <p>12 Q. Okay. What are those?</p> <p>13 A. I just know about the default rent and</p> <p>14 I'm sure there's other fees in there. I don't</p> <p>15 know to the extent of what types of specific fees</p> <p>16 are in there.</p> <p>17 Q. What, if anything, did CarePoint do to</p> <p>18 assess whether all of those nonrent items were --</p> <p>19 were, in fact, owed?</p> <p>20 A. So this judgment happened prior to</p> <p>21 filing and, as I said, I wasn't involved in this</p> <p>22 proceedings. I wasn't involved in this. I -- I</p> <p>23 was just peripherally informed about this action</p> <p>24 going on. I -- I am not aware of the -- of all</p> <p>25 of the fees that are in here and -- and what</p>	<p style="text-align: right;">Page 99</p> <p>1 Q. Mr. Syed, do you have any understanding</p> <p>2 of how that \$24 million figure specifically was</p> <p>3 derived?</p> <p>4 MR. McMICHAEL: Other than what</p> <p>5 you've just explained.</p> <p>6 A. No.</p> <p>7 Q. You know what? Let's talk about InSight</p> <p>8 in a little more detail.</p> <p>9 What was -- at the time you came on</p> <p>10 board as chief financial officer, what was</p> <p>11 InSight's role with respect to CarePoint?</p> <p>12 A. InSight was the management company</p> <p>13 overseeing the hospitals.</p> <p>14 Q. And at one point InSight was also a</p> <p>15 potential DIP lender, correct?</p> <p>16 A. Potential DIP lender, correct.</p> <p>17 Q. Okay. CarePoint and InSight were in</p> <p>18 negotiations over DIP financing?</p> <p>19 A. CarePoint was in negotiations with DIP</p> <p>20 financing with a group called Unity Healthcare.</p> <p>21 Unity effectively was willing to put up a DIP of</p> <p>22 \$10 million. Obviously 10 million wasn't enough</p> <p>23 to sustain -- this is a DIP just for Hoboken and</p> <p>24 Christ, not Bayonne. Obviously \$10 million wasn't</p> <p>25 sufficient. We needed more than that. We were</p>
<p style="text-align: right;">Page 98</p> <p>1 is...</p> <p>2 Q. Well, the -- the existence of this debt</p> <p>3 underpins the collateral surrender agreement,</p> <p>4 right?</p> <p>5 A. Correct.</p> <p>6 Q. So you, as CarePoint's representative,</p> <p>7 must have some understanding of why that amount is</p> <p>8 due and owing.</p> <p>9 A. Yeah --</p> <p>10 MR. McMICHAEL: He just said</p> <p>11 that. He said unpaid rent and a bunch of</p> <p>12 fees.</p> <p>13 MR. LIPPERT: Please don't</p> <p>14 testify. If it's your position he's</p> <p>15 answered the question, I'll follow</p> <p>16 up.</p> <p>17 MR. McMICHAEL: He's</p> <p>18 answered the --</p> <p>19 MR. LIPPERT: Don't -- don't</p> <p>20 tell him how to answer the question.</p> <p>21 MR. McMICHAEL: I'm not telling</p> <p>22 him how to answer. I'm telling you what</p> <p>23 he just said. He just said it. It's</p> <p>24 right on the record.</p> <p>25 BY MR. LIPPERT:</p>	<p style="text-align: right;">Page 100</p> <p>1 looking for 25 million. And InSight had agreed to</p> <p>2 backstop the \$15 million for -- of -- for Unity's</p> <p>3 DIP.</p> <p>4 Q. Can you give me those figures again,</p> <p>5 please? I'm sorry, InSight was -- was willing to</p> <p>6 backstop how much of how much?</p> <p>7 A. Sure. Unity was going to give \$10</p> <p>8 million of a total \$25 million DIP.</p> <p>9 Q. Mm-hmm.</p> <p>10 A. And InSight was going to backstop 15</p> <p>11 million of it.</p> <p>12 Q. Okay. And that arrangement did not come</p> <p>13 to pass, right?</p> <p>14 A. Correct.</p> <p>15 Q. Why not?</p> <p>16 A. Because -- because Dr. Shah abruptly</p> <p>17 resigned the day we were supposed to file.</p> <p>18 Q. Dr. Shah resigned from what or as</p> <p>19 what?</p> <p>20 A. Dr. Shah resigned as CEO. We had a</p> <p>21 board meeting on Sunday night and I -- I worked</p> <p>22 on reviewing first day pleadings, et cetera.</p> <p>23 And we worked all weekend to effectively prep to</p> <p>24 file. And the meeting on Sunday evening -- the</p> <p>25 board meeting on Sunday evening was effectively</p>

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<p style="text-align: right;">Page 101</p> <p>1 to give the consent to file by the CEO. And we 2 get on that meeting and Dr. Shah abruptly 3 resigned and -- which threw this whole thing into 4 chaos. 5 Q. Did Dr. Shah give any reason for his 6 resignation? 7 A. No. He -- he -- I -- I spoke -- I spoke 8 with him for four hours on that morning and he 9 gave me zero indication that he was planning on 10 resigning. I spoke with him and his team 11 basically the entire weekend because we were 12 prepping to file. No indication and -- and, no, 13 no reasoning provided. 14 Q. And you say he resigned on a Sunday? 15 A. Sunday. Sunday night. Evening. 16 Q. That was at a board meeting? 17 A. Correct. 18 Q. What time was that board meeting? 19 A. Six p.m., I believe. 20 Q. On Sunday, October 27th? 21 A. Correct. 22 Q. Was there -- was there also a board 23 meeting on the morning of Monday, October 28th? 24 A. There was a board meeting shortly after 25 the Sunday when he resigned. I don't recall if it</p>	<p style="text-align: right;">Page 103</p> <p>1 Q. Did he explain why that was so? 2 A. He said his management -- so when he 3 resigned on October 27th, abruptly, the first 4 question Dr. Moulick, the CEO, asked him was, "Is 5 your management contract still in place? What 6 about it?" 7 He said "It is no longer in place." 8 Then the State monitor asked him to -- 9 reiterated the question and basically said, you 10 know, are -- "Does that mean you're pulling out 11 all your services as a management company?" 12 And Dr. Shah said he wanted to continue 13 to provide -- he -- he wanted to provide patient 14 safety care and -- and wanted to make sure nothing 15 kind of -- there was a proper handoff in -- in 16 transition. 17 So to the extent that we needed him 18 to -- and -- and his company to stick around and 19 providing management services, he would be there. 20 But as of that moment, his -- he was resigning and 21 he was -- his management company was -- or 22 management contracts wasn't -- that's what he 23 said verbally, was not going to be in effect 24 and -- but he would continue to provide 25 anything -- any support that was needed for an</p>
<p style="text-align: right;">Page 102</p> <p>1 was Monday or Tuesday, but there was one shortly 2 after that, yes. 3 MR. LIPPERT: Committee 6. 4 (Whereupon, exhibit is received 5 and marked Committee Deposition Exhibit 6 6 for identification.) 7 BY MR. LIPPERT: 8 Q. Mr. Syed, do you recognize the document 9 that's been marked as Committee Exhibit 6? 10 A. These are the board meeting minutes. 11 Q. These are the minutes of the meeting 12 that took place on or -- on or about October -- on 13 October 28th of this year at 11 a.m.? 14 A. Okay. 15 Q. This lists Dr. Shah in the roll call 16 section as present. 17 A. As present. Okay. 18 Q. He was present at a board meeting after 19 he resigned? 20 A. As CEO, yeah. 21 Q. So he resigned as CEO but not from his 22 other positions? 23 A. He asserted that InSight's management 24 contract was still in place and his board seats 25 were effectively still in place.</p>	<p style="text-align: right;">Page 104</p> <p>1 orderly transition. 2 Q. So -- so InSight's presence was not an 3 all-or-nothing proposition then. They were around 4 for some purposes and not others? 5 A. Well, he -- he resigned and then he said 6 I would -- "I will provide support if needed." 7 And then at the next board meeting, I 8 think he came back on and then he asserted that 9 his management contract was, in fact, in place and 10 that his board seats are still in place as well 11 because of this management contract. And there's 12 a subsequent board meeting to this. I'm not sure. 13 I don't recall if it's this one or -- or one a few 14 days later, after this. But Dr. Shah again 15 reiterated that he would be willing to provide any 16 support needed. 17 And Dr. Moulick specifically told him 18 that we did not need any further support from him 19 or -- or InSight. 20 Q. So why was Dr. Shah's resignation 21 personally as -- as -- I don't know what his 22 precise title was, but why -- why was his personal 23 resignation as an executive fatal to InSight, the 24 company, still serving as a DIP lender? 25 A. So he -- he -- he resigned as CE --</p>



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<p style="text-align: right;">Page 105</p> <p>1 first off, he was CEO. He made Dr. Moulick step 2 down and he became the CEO. And the eve of filing 3 he resigned and he effectively -- effectively -- I 4 don't know if he said that or it was implied or 5 whatnot, but effectively he wasn't going to 6 backstop the Unity DIP anymore. InSight wasn't 7 going to backstop the Unity DIP anymore and -- and 8 that was -- 9 Q. Was -- was the board told expressly that 10 InSight was not backing the Unity DIP? 11 A. I -- I don't know if the board was told 12 expressly, but I was told expressly. 13 Q. Who told you that? 14 A. Dr. Shah when he said he was pulling 15 out. 16 Q. On October 27th? 17 A. Yeah, or -- or October twenty -- I 18 don't -- I don't recall if I spoke to him after 19 the board meeting, but I definitely spoke to him 20 the next day. And -- and -- and, yeah, he -- 21 he -- him pulling out effectively meant that Unity 22 DIP effectively collapsed because Unity only had 23 ten million bucks. 24 Q. Did you get anything in writing to the 25 effect that InSight was longer backstopping the</p>	<p style="text-align: right;">Page 107</p> <p>1 A. And I don't know if InSight ended up 2 signing it. 3 Q. Mm-hmm. 4 A. I -- I -- I know that InSight informed 5 Unity that they would no longer be willing to 6 backstop the debt because Unity did come on to the 7 board meeting later and -- and -- and -- and say 8 that they would still be interested in 9 participating with another party. 10 So -- so I don't -- I don't know if 11 InSight ended up actually signing the DIP 12 document. Again, that was between InSight, Unity, 13 and their counsel. So I wasn't -- I don't know if 14 that document was actually signed, but there is a 15 term sheet that was prepared. 16 Q. Did CarePoint ever take any action to 17 say to Dr. Shah, "Well, all right, you resigned 18 personally, but InSight, the company, is still 19 bound to backstop this DIP financing"? 20 A. I don't -- I don't know if there was a 21 document that bound them to provide the DIP. 22 Q. That's not the question I asked you, 23 sir. 24 Did anyone at CarePoint ever say to 25 Dr. Shah or InSight "You are still bound to</p>
<p style="text-align: right;">Page 106</p> <p>1 Unity DIP? And by "you" I mean CarePoint, not 2 just you individually. 3 A. I would have to check my emails, et 4 cetera. 5 Q. At the time of this resignation, was 6 Dr. -- do you know if Dr. Shah was aware that the 7 real estate purchase option was dead? 8 A. I don't know. 9 Q. Did you have any communications with 10 Dr. Shah in October of 2024 or early November of 11 2024 about the status of the purchase option? 12 A. As I said, Avery, the landlord, was 13 threatening to pull the option every single week, 14 every single month, for the entire year. So, 15 yeah, Dr. Shah was aware of -- of the landlord 16 hanging that ax over our head. 17 Q. Was -- was -- was there any signed 18 document -- whether it was called a term sheet, a 19 letter of intent, a contract -- embodying the 20 Unity DIP financing and InSight's backstop of 21 it? 22 A. InSight -- Unity -- yeah. So Unity 23 has -- I mean, there was a DIP document that was 24 agreed upon. 25 Q. Mm-hmm.</p>	<p style="text-align: right;">Page 108</p> <p>1 backstop this DIP financing"? 2 A. I don't think so. When InSight pulled 3 out, they said "We're -- we're out." 4 Q. Well, but did anyone at CarePoint 5 evaluate whether they were, in fact, free to say 6 they were out? 7 A. I -- I -- I don't -- I don't think so. 8 I think we just -- I mean, they -- you know, 9 they've been -- they had been -- as I said, they 10 had promised 20 million bucks when I was taking 11 this role and -- and they hadn't put in anything 12 into CarePoint since I took this role as CFO. So, 13 you know, I think we were kind of -- CarePoint was 14 kind of at its wits' end in terms of getting its 15 promises -- funding promises consistently and 16 never delivering. 17 So when he took it to the very end and 18 effectively pulled out last minute, it was just 19 kind of like we're going to go in a different 20 direction. 21 Q. All right. CarePoint at the time of 22 this resignation was represented by counsel, 23 right? 24 A. At -- at the board -- I mean, yeah, we 25 had counsel. CarePoint had counsel.</p>

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<p style="text-align: right;">Page 109</p> <p>1 Q. And I'm -- I'm not asking for the 2 substance of any legal advice, but did CarePoint 3 ask its counsel to ascertain whether InSight 4 was, in fact, free to pull out as it purported to 5 do? 6 MR. McMICHAEL: You can 7 answer -- you can answer the question yes 8 or no if you have -- if you know. 9 A. Yeah, I don't know. 10 Q. Did InSight ask anyone else, Counsel or 11 otherwise, to ascertain whether or not InSight was 12 free to pull out as it purported to do? 13 A. Did InSight ask anyone? 14 Q. Did CarePoint ask anyone? 15 A. InSight, you know, their -- their 16 management services agreement was very 17 broad-reaching and there were several areas of 18 their management services agreement that they 19 weren't performing to. So when they decided to 20 pull out, CarePoint's position was, okay, you're 21 free to go. 22 Q. That's as per the management service 23 agreement. That's not as to DIP financing. 24 A. Yeah. And so, in general, when -- when 25 CarePoint -- when InSight pulled out, CarePoint's</p>	<p style="text-align: right;">Page 111</p> <p>1 A. Because we didn't think they were 2 credible after they pulled out last minute and -- 3 and they had been funding promises for several 4 months at that point with no money coming forth. 5 So we just lost any faith and -- and credibility 6 in them and we thought it would be best to just 7 not waste our time anymore with InSight and move 8 on to someone else. 9 We -- that -- we kept Unity involved, 10 obviously, and then we -- HRH. But, yeah, we -- 11 we just -- we didn't have any -- any -- any faith 12 in them anymore. 13 Q. Whether or not you had faith in them, 14 did you try to compel them to hand over money? 15 A. Absolutely. We -- we had been asking 16 them to give us money for a long time and -- 17 and... 18 Q. And so after -- after Dr. Shah's 19 resignation, what, if any, additional action did 20 CarePoint take to try to get InSight to backstop 21 the 15 million of the Unity DIP? 22 A. They never -- my understanding is they 23 never ended up signing that backstop agreement, so 24 they were -- we had no way to compel them to 25 provide the -- the backstop.</p>
<p style="text-align: right;">Page 110</p> <p>1 position was, okay, well, who's the next party we 2 can find to move forward with? 3 Q. Well, before Dr. Shah's resignation, 4 CarePoint was reasonably happy with the -- 5 with the Unity/InSight DIP financing plan, 6 right? 7 A. Yeah. 8 Q. And so what actions, if any, did 9 CarePoint take to try to preserve and enforce 10 those arrangements that it liked? 11 A. We -- we tried to keep Unity involved in 12 this and -- so -- and find a replace -- we tried 13 to keep the same agreement and then just keep 14 Unity involved in this. We liked that DIP 15 arrangement, so that's the same exact DIP that 16 HRH stepped into and provided the same terms. 17 So that's what we did to preserve that 18 arrangement. 19 We filed a week later with the same 20 exact DIP for Christ and Hoboken. 21 Q. Did CarePoint take any action to try to 22 convince or compel InSight to stick around as a 23 DIP backstop? 24 A. No. 25 Q. Why not?</p>	<p style="text-align: right;">Page 112</p> <p>1 Q. Before I thought you understood -- 2 before I thought I had understood you to say that 3 you didn't know whether there was something that 4 InSight signed. 5 You now think InSight definitely did not 6 sign anything? 7 A. I -- I don't know. 8 Q. Okay. 9 A. That's my -- it's -- 10 MR. McMICHAEL: Don't guess. 11 If you know. If you don't know -- 12 A. I don't know. 13 Q. Okay. 14 A. They certainly behaved like they didn't 15 sign anything. 16 MR. LIPPERT: Bridget. 17 (Whereupon, exhibit is received 18 and marked Committee Deposition Exhibit 7 19 for identification.) 20 MR. LIPPERT: Thank you. 21 MR. McMICHAEL: Six? Seven. 22 MR. RABINOWITZ: Did I lose my 23 opportunity to get an exhibit? 24 MR. LIPPERT: Oh, I apologize. 25 MR. RABINOWITZ: Thank you.</p>

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<p style="text-align: right;">Page 113</p> <p>1 BY MR. LIPPERT:</p> <p>2 Q. Mr. Syed, you have in front of you</p> <p>3 Committee Exhibit 7. Mr. Syed, you have in front</p> <p>4 of you Committee Exhibit 7?</p> <p>5 A. Mm-hmm.</p> <p>6 Q. Do you recognize this document?</p> <p>7 A. I mean, it's -- it's an email thread.</p> <p>8 Q. All right. You -- you don't recall</p> <p>9 seeing this document before?</p> <p>10 A. Correct.</p> <p>11 Q. Okay. Towards the bottom of the</p> <p>12 first page, you'll see there's an email dated</p> <p>13 October 4th, 2024, from Lawrence McMichael at</p> <p>14 Dilworth?</p> <p>15 A. Mm-hmm.</p> <p>16 Q. Dilworth represents CarePoint?</p> <p>17 A. Correct.</p> <p>18 Q. Okay. And the middle paragraph -- I</p> <p>19 will read the middle paragraph of that email aloud</p> <p>20 into the record. "We will turn over Bayonne to</p> <p>21 your client in any case as I had repeatedly</p> <p>22 advised you. It will be your client's decision as</p> <p>23 to what to do with it, not ours. If your client</p> <p>24 chooses not to provide a DIP to Bayonne once it is</p> <p>25 in its hands, that is your choice. There are</p>	<p style="text-align: right;">Page 115</p> <p>1 "alternatives," plural, that wasn't strictly</p> <p>2 correct?</p> <p>3 A. I mean, Unity and InSight, that's a</p> <p>4 plural. They're two parties.</p> <p>5 Q. Are you familiar with an organization</p> <p>6 known as J2?</p> <p>7 A. I am.</p> <p>8 Q. How are you familiar with them?</p> <p>9 A. So when I was with Ankura, J2 approached</p> <p>10 Rich Sarli, the former CFO, and offered to provide</p> <p>11 substantial amounts of funding, I believe to the</p> <p>12 tune of 70 million bucks. There was a whole</p> <p>13 diligence process that was performed where we gave</p> <p>14 them our -- our -- our A/R. We gave them our cash</p> <p>15 flow. We -- we provided all the documents that</p> <p>16 they requested.</p> <p>17 And their pitch was with the 70 million</p> <p>18 you can take Capitala out. Capitala was the first</p> <p>19 lien lender that had about 42 million bucks of</p> <p>20 first lien at the time. So their pitch was you</p> <p>21 can take Capitala out and then incremental money</p> <p>22 could be used to fund operations.</p> <p>23 When they did their diligence, the 70</p> <p>24 million quickly dwindled down to 35 million range.</p> <p>25 And they were willing to fund on the condition</p>
<p style="text-align: right;">Page 114</p> <p>1 alternatives from other lenders, but I assume that</p> <p>2 your client prefers to remain in control of the</p> <p>3 funding rather than having to deal with a third</p> <p>4 party."</p> <p>5 First, do we agree that I read that</p> <p>6 correctly?</p> <p>7 A. Correct.</p> <p>8 Q. All right. Do you know what alternative</p> <p>9 financing Mr. McMichael was referring to?</p> <p>10 A. October 4th? Probably Unity and</p> <p>11 InSight.</p> <p>12 Q. With respect to Bayonne?</p> <p>13 A. Yeah. There's -- if -- if they</p> <p>14 weren't willing to provide a DIP, we would try to</p> <p>15 take -- I mean, InSight asserted that they would</p> <p>16 try to take all three if this deal with HRH fell</p> <p>17 apart.</p> <p>18 Q. In October were there any other</p> <p>19 alternative DIP lenders with -- with whom</p> <p>20 CarePoint was speaking? For -- for any of the</p> <p>21 hospitals, not just Bayonne.</p> <p>22 A. DIP lender? Nothing sub -- substantive.</p> <p>23 Unity and -- and InSight and HRH were the ones who</p> <p>24 were mostly engaging.</p> <p>25 Q. So when Mr. McMichael referred to</p>	<p style="text-align: right;">Page 116</p> <p>1 that first lien position would have to be taken</p> <p>2 out by them, and given that 35 million funding was</p> <p>3 not sufficient to take even Capitala out, let</p> <p>4 alone provide incremental funding after that, we</p> <p>5 stopped engaging with them when the number dropped</p> <p>6 down significantly.</p> <p>7 Then InSight brought J2 to several</p> <p>8 board meetings and had them pitch potential</p> <p>9 funding.</p> <p>10 I got on the phone with J2 and with</p> <p>11 Ankura when -- in my capacity as CFO and we asked</p> <p>12 them a couple of questions about financing and</p> <p>13 potential funding. And the J2 representative made</p> <p>14 it very clear to us that they were willing to lend</p> <p>15 as long as CarePoint didn't go into bankruptcy.</p> <p>16 They wanted to lend outside of BK only.</p> <p>17 And we didn't think keeping CarePoint</p> <p>18 outside of -- of Chapter 11 was feasible and so</p> <p>19 we -- we basically just -- we didn't -- we didn't</p> <p>20 engage them much further after that. That was</p> <p>21 probably sometime in September.</p> <p>22 Also, J2 was introduced to us by a</p> <p>23 broker who had given us -- or who had arranged for</p> <p>24 merchant advance loans earlier in the year. So we</p> <p>25 just thought that they were an A/R lender that</p>

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<p style="text-align: right;">Page 117</p> <p>1 would lend at very high rates of return, and -- 2 and we just didn't think it was -- it was 3 feasible. The fact that they wanted to lend 4 outside of a bankruptcy situation and the fact 5 that they were affiliated with merchant advance 6 lenders, we didn't think this was a real -- a 7 realistic option. 8 Q. What was the relevance of their being 9 affiliated with merchant advance lenders? 10 A. The merchant advance lender gave us -- I 11 mean gave CarePoint pretty egregious loans at 12 egregious rates. So the fact that J2 was 13 affiliated with them, we -- we just assumed they 14 were all kind of in cahoots. 15 Q. What were those egregious rates? 16 A. It was -- I mean, it was -- it was 17 basically an advance on A/R, but it would be, you 18 know, a short-term loan with daily draws and 150 19 percent rate of return on your -- on -- on -- on 20 their initial loan. It varied loan to loan, but, 21 yeah, it would be 130, 140, 150 percent. I mean, 22 it would do -- be dependent on -- on each specific 23 loan. 24 Q. And CarePoint believed that because J2 25 was affiliated with them, J2 would also charge</p>	<p style="text-align: right;">Page 119</p> <p>1 A. The accounts receivable collateral at 2 each of the hospitals, they were willing -- 3 Capitala had a blanket lien on the collateral of 4 CarePoint. The hospitals don't own land. They 5 don't have -- I mean, they leased a lot of their 6 equipment assets. Their only real value was their 7 A/R. 8 And after discounting for charity care 9 and a few other buckets that usually lenders don't 10 give value to in their borrowing base, they came 11 to the conclusion that a \$70 million -- they -- 12 they couldn't comfortably lend \$70 million into 13 CarePoint. 14 Q. So the -- the bulk of the collateral for 15 this loan would have been CarePoint's accounts 16 receivable? 17 A. All of the collateral would have been 18 accounts receivable. 19 Q. All right. And does -- well, with 20 respect -- let's focus on the period shortly 21 before the bankruptcy filing. 22 Did CarePoint have a lot of aged 23 accounts receivable? 24 A. Yes. 25 Q. All right. Could you give a sense of</p>
<p style="text-align: right;">Page 118</p> <p>1 unacceptable rates? 2 A. So -- so, first off, we didn't think 3 J2 was really credible because when they came to 4 us with the \$70 million offer and after very 5 little diligence had dropped down to 35, that -- 6 that alone made us kind of -- we didn't take 7 them seriously after that, right? 8 And then obviously the fact that they 9 were also affiliated with the broker who -- who 10 arranged for these merchant advance loans, that 11 also didn't really help build confidence in them. 12 So we didn't think they were a realistic lender. 13 They -- I mean, they would come on to our board 14 meetings and say "We'll give you 70 million" and 15 it would just -- yeah. 16 I mean, again, this is before I became 17 CFO, but CarePoint provided a whole bunch of 18 diligence items, documents, to them and their 19 funding was always contingent on not filing and on 20 taking first lien position out completely. 21 Q. What reason did they offer for going 22 down from 70 million to 35 million? 23 A. They thought the collateral just wasn't 24 there to support a \$70 million loan. 25 Q. Could you be more specific?</p>	<p style="text-align: right;">Page 120</p> <p>1 the proportion? 2 A. There -- there are several claims that 3 were, you know, a few years old that were held up 4 in the Aetna/Cigna litigation. So that's a huge 5 pool of claims that is very aged. 6 We also changed rev cycle companies 7 several times between 2023 and 2024. Our -- 8 our rev cycle vendor basically ended up quitting 9 due to nonpayment. We brought someone else in. 10 That quite didn't work out. And then -- and 11 then Dr. Shah brought another rev cycle company 12 in. 13 So we've had three or four rev cycle 14 company changes. And, you know, revenue cycle is 15 obviously a very complicated company, so it takes 16 a few months for each rev cycle company to ramp 17 up. So as our -- as we can kept going through 18 these rev cycle companies, the A/R kept building 19 up. 20 Q. So for -- in the -- I'm not sure exactly 21 what time period. Pick a time period in 2024, 22 pre-bankruptcy. Can you give a sense of what 23 proportion of accounts receivable was less than 30 24 days old or less than 60 days old? 25 MR. McMICHAEL: You want a</p>



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<p style="text-align: right;">Page 121</p> <p>1 dollar amount or you want a percentage?</p> <p>2 MR. LIPPERT: A percentage.</p> <p>3 MR. McMICHAEL: A percentage.</p> <p>4 A. I'd say roughly 10 percent.</p> <p>5 Q. So about 90 percent of the A/R was more</p> <p>6 than 60 days past due?</p> <p>7 A. You said 30 days, right, initially?</p> <p>8 Q. I said 30 or 60, which is why I'm trying</p> <p>9 to clarify.</p> <p>10 A. Okay. Yeah, I'd say 90 percent was</p> <p>11 over -- over 30 days.</p> <p>12 Q. What efforts, if any, was CarePoint</p> <p>13 making to improve the collection of its A/R?</p> <p>14 A. We -- we have a rev cycle company that</p> <p>15 was brought on by Dr. Shah and -- and we are</p> <p>16 effectively using them to -- you know, focusing on</p> <p>17 denial rates. We're -- we're consolidating our</p> <p>18 rev cycle across the hospitals and practices.</p> <p>19 There were different -- different rev cycle</p> <p>20 vendors, right? So -- so -- and then just --</p> <p>21 just, you know, really focusing on -- on -- on</p> <p>22 billing, coding, and collection efforts.</p> <p>23 Q. What -- what does it mean to say we were</p> <p>24 focusing on collection efforts? What concrete</p> <p>25 steps were being taken?</p>	<p style="text-align: right;">Page 123</p> <p>1 the prior people?</p> <p>2 A. Well, we -- so we -- you know, we had a</p> <p>3 rev cycle company called R1 till right before the</p> <p>4 bankruptcy filing and then we switched over to a</p> <p>5 new company called Krishna Rama billing and --</p> <p>6 Q. In the bankruptcy?</p> <p>7 A. Just prior to bankruptcy.</p> <p>8 Q. All right. Well, then -- then let's not</p> <p>9 talk about Krishna Rama then. Let's focus on</p> <p>10 the -- the prior company.</p> <p>11 What was -- what were they doing in the</p> <p>12 pre-bankruptcy period to try to improve these A/R</p> <p>13 collection rates?</p> <p>14 A. What -- what most rev cycle company</p> <p>15 vendors would do. I mean, the -- they would --</p> <p>16 they were working on -- again, there's a huge</p> <p>17 backlog of claims that had to be worked. And R1</p> <p>18 came on February/March time frame and they were</p> <p>19 just getting ramped up. It took them a couple</p> <p>20 of months to get ramped up. And -- and we had</p> <p>21 a VP of rev cycle there that was overseeing</p> <p>22 them.</p> <p>23 And then -- and then -- so InSight got</p> <p>24 rid of the VP of rev cycle and then they brought</p> <p>25 in a chief revenue cycle officer from Prime who</p>
<p style="text-align: right;">Page 122</p> <p>1 A. So this new rev cycle company is --</p> <p>2 is -- I mean, so we have a new charity care team</p> <p>3 in place. We -- we are reviewing denials. We</p> <p>4 have our revenue cycle officer dial into our</p> <p>5 executive calls every morning to kind of give us</p> <p>6 an idea of -- of the past due -- the past due pool</p> <p>7 that kind of was built up by the change of the rev</p> <p>8 cycle companies. How many claims are outstanding</p> <p>9 that haven't been processed and -- and -- and how</p> <p>10 that pool is being worked down.</p> <p>11 We -- we, you know, have an HIM team.</p> <p>12 We have a coding team that we built in. That's,</p> <p>13 you know, offshore now.</p> <p>14 So we're -- we're -- we're trying to --</p> <p>15 you know, we're monitoring our PCR percentage, our</p> <p>16 collections, so to try to get more dollars out of</p> <p>17 every claim.</p> <p>18 There's various, various efforts going</p> <p>19 into improving the rev cycle of the company.</p> <p>20 Q. I -- I may have missed it. That was</p> <p>21 a -- that was a long answer. I heard a lot about</p> <p>22 new personnel being involved and efforts to focus</p> <p>23 on one thing or another.</p> <p>24 But can you -- can you tell me what</p> <p>25 these new people are doing any differently than</p>	<p style="text-align: right;">Page 124</p> <p>1 has -- who had a reputation of helping rev</p> <p>2 cycle -- or build rev cycle teams and -- from</p> <p>3 the ground up. He's -- from what I was told,</p> <p>4 he's very experienced in fixing rev cycle at</p> <p>5 companies.</p> <p>6 So this -- this person came from Prime</p> <p>7 Health and he was effectively overseeing</p> <p>8 everything R1 was doing. And ultimately we -- you</p> <p>9 know, he's still the chief rev cycle, revenue</p> <p>10 cycle, officer of the company.</p> <p>11 Q. Okay. And -- and -- and what was -- you</p> <p>12 said -- I believe you alluded in your testimony to</p> <p>13 the fact that revenue cycle companies have a</p> <p>14 certain way they operate.</p> <p>15 What were any of these new people doing</p> <p>16 differently than the left rev cycle company who</p> <p>17 got you into this pickle?</p> <p>18 A. So this current rev cycle company is --</p> <p>19 so, you know, they're -- they're -- for example,</p> <p>20 the former rev cycle company would only focus</p> <p>21 on --</p> <p>22 Q. Can you be specific when you say "the</p> <p>23 current" and "the former"?</p> <p>24 A. Sure.</p> <p>25 Q. I want to make sure we're talking about</p>

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<p style="text-align: right;">Page 125</p> <p>1 the same companies.</p> <p>2 A. So we've had several rev cycle</p> <p>3 companies.</p> <p>4 Q. So for the -- pre-bankruptcy 2024.</p> <p>5 A. Right. So -- so R1 was still --</p> <p>6 Q. Okay. So -- so with respect to R1, what</p> <p>7 was R1 -- what, if anything, was R1 doing</p> <p>8 differently than its predecessor to try to improve</p> <p>9 A/R collection?</p> <p>10 A. I don't -- I don't know. I -- I don't</p> <p>11 know if R1 was doing anything different. The</p> <p>12 previous rev cycle com -- company to R1 left due</p> <p>13 to nonpayment, not because of any other reason.</p> <p>14 So I -- I would imagine R1 was doing the same</p> <p>15 thing as what the previous rev cycle company was</p> <p>16 doing. Before R1, I wasn't even at CarePoint</p> <p>17 so...</p> <p>18 But from R1 to the current rev cycle</p> <p>19 company, the current rev cycle company is doing --</p> <p>20 so R1 would only work on a specific subset of</p> <p>21 claims. This current rev cycle company is also --</p> <p>22 on top of what R1 is doing, is also working on</p> <p>23 charity care, denials postings, et cetera.</p> <p>24 Q. Did A/R collection rates improve at all</p> <p>25 at any point in this process?</p>	<p style="text-align: right;">Page 127</p> <p>1 financing agreement?</p> <p>2 A. Let me get to it. Yes.</p> <p>3 Q. Okay. So part of the overall plan here</p> <p>4 for Bayonne is to roll up pre-petition debt,</p> <p>5 right?</p> <p>6 A. Correct.</p> <p>7 Q. That's about \$7 million of Capitala</p> <p>8 debt plus the debt from the consent judgment,</p> <p>9 which is in the range between 24 million and 32</p> <p>10 million?</p> <p>11 A. Correct.</p> <p>12 Q. Okay. So we're talking 30-something</p> <p>13 million dollars?</p> <p>14 A. Correct.</p> <p>15 Q. Okay. And this is, at least in places,</p> <p>16 described as a \$42 million facility.</p> <p>17 A. Correct.</p> <p>18 Q. Okay. So how much -- is any of that 42</p> <p>19 million just retiring this pre-petition debt?</p> <p>20 A. No.</p> <p>21 Q. So the \$42 million is new money?</p> <p>22 A. Correct.</p> <p>23 Q. Okay. So that means that in order to</p> <p>24 pull this off, there has to be 42 million plus</p> <p>25 30-something million to deal with the prior debt,</p>
<p style="text-align: right;">Page 126</p> <p>1 A. As I said, it takes several months to --</p> <p>2 for a rev cycle company to ramp up, so no. A/R</p> <p>3 collection rates have not improved. They've</p> <p>4 prob -- they've probably been status quo.</p> <p>5 MR. LIPPERT: I believe this is</p> <p>6 now going to be Exhibit 8.</p> <p>7 (Whereupon, exhibit is received</p> <p>8 and marked Committee Deposition Exhibit 8</p> <p>9 for identification.)</p> <p>10 MR. McMICHAEL: Got it.</p> <p>11 BY MR. LIPPERT:</p> <p>12 Q. Mr. Syed, do you recognize what's now</p> <p>13 been marked as Committee Exhibit 8?</p> <p>14 A. Post-petition financing from Bayonne</p> <p>15 Medical Center. This is a Bayonne DIP.</p> <p>16 Q. Okay. So this is the set of papers that</p> <p>17 were filed seeking approval of the DIP financing</p> <p>18 for Bayonne Medical Center?</p> <p>19 A. Okay.</p> <p>20 Q. I -- I'm asking.</p> <p>21 A. Yes.</p> <p>22 Q. You agree that's what it is?</p> <p>23 A. Yes.</p> <p>24 Q. Okay. And attached to -- attached to</p> <p>25 this, among other things, is a copy of the DIP</p>	<p style="text-align: right;">Page 128</p> <p>1 right?</p> <p>2 A. Correct.</p> <p>3 Q. Okay. Seventy-something million</p> <p>4 dollars?</p> <p>5 A. Correct.</p> <p>6 Q. Is there -- what evidence does CarePoint</p> <p>7 have that Hudson Regional has that 70-something</p> <p>8 million dollars?</p> <p>9 A. Well, I mean, there -- 30 million of it</p> <p>10 is a rollup. So the -- the -- the new money is</p> <p>11 just 42 million. So they -- they provided us a</p> <p>12 proof of funds of -- to the -- I'm forgetting the</p> <p>13 exact amount, but HRH did provide us a proof of</p> <p>14 funds or a line -- you know, a line of credit that</p> <p>15 had access to when -- when they -- when they</p> <p>16 proposed a step.</p> <p>17 Q. That was a line of credit with Woori</p> <p>18 Bank?</p> <p>19 A. I don't recall.</p> <p>20 Q. Do you recall the amount of that line of</p> <p>21 credit?</p> <p>22 A. No.</p> <p>23 Q. Okay. So I -- I thought we agreed</p> <p>24 before that overall this requires 70-something</p> <p>25 million dollars, right?</p>

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<p style="text-align: right;">Page 129</p> <p>1 A. Correct.</p> <p>2 Q. So do you know sitting here today</p> <p>3 whether CarePoint has seen proof that there is</p> <p>4 70-something million dollars available?</p> <p>5 A. I -- I believe we asked for proof of</p> <p>6 the new money, not for the whole rollout piece,</p> <p>7 so -- because they're providing new money, right?</p> <p>8 So...</p> <p>9 Q. Why didn't you ask for proof of all the</p> <p>10 money that's necessary?</p> <p>11 A. Because the new money would be capital</p> <p>12 that they'd actually have to put into the -- into</p> <p>13 the hospital. So we asked for proof of new money.</p> <p>14 The rest is -- the 24 to 32, again, is a range,</p> <p>15 right? So -- and the 7 million is their A/R first</p> <p>16 lien position that they bought from Capitala. So</p> <p>17 we asked for proof of the new money that they were</p> <p>18 going to put in.</p> <p>19 Q. Okay. And then the Christ/Hoboken</p> <p>20 facility is a further \$25 million, right?</p> <p>21 A. Correct.</p> <p>22 Q. Okay. So even if we limit it -- is that</p> <p>23 25 million all new money?</p> <p>24 A. Yes.</p> <p>25 Q. Okay. So even if we're just focused on</p>	<p style="text-align: right;">Page 131</p> <p>1 every -- every week. So they are continuing to</p> <p>2 fund.</p> <p>3 And they've -- if, you know, they've</p> <p>4 signed something saying they're going to provide</p> <p>5 this amount of new money, I would assume they are</p> <p>6 going to provide this amount of new money.</p> <p>7 Q. In our previous discussions, you</p> <p>8 expressed concerns that certain lenders weren't</p> <p>9 credible, right?</p> <p>10 A. Correct.</p> <p>11 Q. And it's your practice generally, I</p> <p>12 assume, to try to get comfortable that prospective</p> <p>13 lenders are telling you the truth?</p> <p>14 A. Yes.</p> <p>15 Q. Why -- what did you do pre- or</p> <p>16 post-petition to establish that Hudson Regional</p> <p>17 was telling the truth that it could afford both</p> <p>18 DIPs?</p> <p>19 A. As I -- as I said, I -- we asked them</p> <p>20 for proof of funds to a certain amount. I don't</p> <p>21 recall exactly how much we asked them for, but</p> <p>22 they have been credible thus far. They've</p> <p>23 provided the funding that -- all the funding that</p> <p>24 we've needed. And they are -- you know, and --</p> <p>25 and I have no reason not to believe them.</p>
<p style="text-align: right;">Page 130</p> <p>1 new money for a minute, that's -- 42 and 25 is \$67</p> <p>2 million?</p> <p>3 A. Correct.</p> <p>4 Q. All right. And does CarePoint have</p> <p>5 proof that Hudson Regional has \$67 million</p> <p>6 available?</p> <p>7 A. I don't think so.</p> <p>8 Q. Why not?</p> <p>9 A. We -- you know, they did give us a proof</p> <p>10 of funds to the extent that we asked. You know,</p> <p>11 we -- I believe we asked them to show proof of up</p> <p>12 to, you know, 40 million bucks and they were able</p> <p>13 to provide that to us.</p> <p>14 And -- and I don't think we -- again,</p> <p>15 with Christ and -- and Hoboken DIP, they stepped</p> <p>16 into Unity's DIP's shoes at the very last minute</p> <p>17 and we filed within a week of that. So that</p> <p>18 wasn't, I would say, exactly my priority. We were</p> <p>19 trying to effectively get this filed and just</p> <p>20 switch parties and file within a week.</p> <p>21 Q. Well, even -- even post-petition, has</p> <p>22 CarePoint asked for proof of all the funds?</p> <p>23 A. No, but HRH has funding to the tune of</p> <p>24 two and a half -- on average, \$2 and a half</p> <p>25 million dollars a week to \$3 million a week,</p>	<p style="text-align: right;">Page 132</p> <p>1 I mean, there's other lenders. For</p> <p>2 example, InSight showed us a line of credit letter</p> <p>3 for \$50 million but never materialized, right? So</p> <p>4 I don't know. I guess as far as putting where --</p> <p>5 your money where your mouth is, they have</p> <p>6 actually -- HRH has actually signed documents</p> <p>7 saying they're going to provide this amount of new</p> <p>8 money and so far they are funding to the tune of</p> <p>9 \$2 to \$3 million a week.</p> <p>10 Q. But you -- CarePoint asked for proof of</p> <p>11 funds in an amount less than the total value of</p> <p>12 the two DIPs?</p> <p>13 A. We asked for proof of funds for the</p> <p>14 Bayonne DIP because that was supposed to be the</p> <p>15 bid, right? And then when InSight abruptly pulled</p> <p>16 out, HRH just stepped up and stepped into the</p> <p>17 shoes of the lender. We --</p> <p>18 Q. And so at no point since that time did</p> <p>19 CarePoint ask for proof of funds of the \$25</p> <p>20 million DIP?</p> <p>21 A. Again, I -- I don't recall to the extent</p> <p>22 of the amount of money available that was shown as</p> <p>23 proof of funds, but HRH had shown me -- and I</p> <p>24 don't -- I don't want to misstate the amount of</p> <p>25 proof of funds that we were shown, but they showed</p>

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<p style="text-align: right;">Page 133</p> <p>1 a proof of funds that got us comfortable with the</p> <p>2 fact that they would be able to fund us.</p> <p>3 Q. So you're comfortable that HRH can</p> <p>4 afford its full commitment of \$67 million in new</p> <p>5 money?</p> <p>6 A. Yes.</p> <p>7 Q. But you don't remember what the number</p> <p>8 was that gave you that comfort?</p> <p>9 A. Because it was -- it was across</p> <p>10 various banks. It wasn't just -- it wasn't one</p> <p>11 bank saying here's \$67 million. There were</p> <p>12 several --</p> <p>13 Q. But I'm asking you as the debtors'</p> <p>14 corporate representative. What was it that</p> <p>15 convinced you they had the money?</p> <p>16 A. The proof of funds that HRH provided --</p> <p>17 Q. The proof of funds in an amount that you</p> <p>18 can't specify?</p> <p>19 A. I -- I -- all -- I don't know the exact</p> <p>20 amount.</p> <p>21 Q. Was -- was that total greater or less</p> <p>22 than \$67 million or are you not sure?</p> <p>23 A. I believe it was around 67 million.</p> <p>24 Q. So around. Not necessarily greater?</p> <p>25 A. No, not necessarily greater.</p>	<p style="text-align: right;">Page 135</p> <p>1 account for those fees?</p> <p>2 A. No.</p> <p>3 Q. Why not?</p> <p>4 A. Because we wouldn't have the liquidity</p> <p>5 to pay for those fees. So they're just going to</p> <p>6 accrue, but it's not cash going out the door.</p> <p>7 Q. So what then is the plan to eventually</p> <p>8 pay these fees if they're not coming out of the</p> <p>9 DIP budget?</p> <p>10 A. I assume it's -- it's going to be part</p> <p>11 of the liability that's owed to HRH.</p> <p>12 Q. I'll ask my question again.</p> <p>13 What, then, is the plan to eventually</p> <p>14 pay these fees?</p> <p>15 A. Once the hospitals become cash flow</p> <p>16 positive, we intend to pay these fees. But right</p> <p>17 now if we pay these fees, it's basically a left</p> <p>18 pocket/right pocket. It's HRH paying the fees</p> <p>19 to themselves because Bayonne doesn't make any</p> <p>20 money.</p> <p>21 Q. Has the -- has HRH agreed to defer</p> <p>22 payment of these fees?</p> <p>23 A. Yes, that's my understanding.</p> <p>24 Q. Is that understanding embodied in any</p> <p>25 contract?</p>
<p style="text-align: right;">Page 134</p> <p>1 Q. Perhaps less than?</p> <p>2 A. Perhaps.</p> <p>3 Q. Okay. There are -- there are a number</p> <p>4 of -- well, I'm going to discuss the suite of four</p> <p>5 motions here. There are the two DIP motions, the</p> <p>6 collateral surrender, and the management services</p> <p>7 agreement.</p> <p>8 Now, in that suite of agreements, there</p> <p>9 are a number of fees that CarePoint or its</p> <p>10 subsidiaries would be obligated to pay Hudson</p> <p>11 Regional, correct?</p> <p>12 A. Correct.</p> <p>13 Q. All right. And what -- what are those</p> <p>14 fees?</p> <p>15 A. There's a \$1.75 million management fee</p> <p>16 for Christ and Hoboken.</p> <p>17 Q. Mm-hmm.</p> <p>18 A. And there is a \$1.3 million management</p> <p>19 fee for Bayonne.</p> <p>20 Q. Okay. Those are monthly?</p> <p>21 A. Monthly.</p> <p>22 Q. Look at -- the last page, I believe, of</p> <p>23 Exhibit 8 is the Bayonne DIP budget.</p> <p>24 A. Mm-hmm.</p> <p>25 Q. All right. Does -- does this budget</p>	<p style="text-align: right;">Page 136</p> <p>1 A. I don't know.</p> <p>2 Q. Is it CarePoint's position that that</p> <p>3 understanding is a legally enforceable agreement?</p> <p>4 A. HRH knows -- again --</p> <p>5 Q. That was not my question, sir.</p> <p>6 A. Yeah. No, I -- could you repeat your</p> <p>7 question?</p> <p>8 Q. Yes.</p> <p>9 Is it CarePoint's position that this</p> <p>10 understanding that the fees would be deferred is a</p> <p>11 legally enforceable agreement?</p> <p>12 A. I don't know.</p> <p>13 Q. Going back to the rollup for a second,</p> <p>14 the rolled-up debt was previously accruing</p> <p>15 interest, right?</p> <p>16 A. You're -- you're talking about the 24 to</p> <p>17 30 -- 24 to 32 million?</p> <p>18 Q. The 7 million and the 24 to 32.</p> <p>19 A. The 7 million is definitely accruing</p> <p>20 interest because HRH stepped in to Capitala's</p> <p>21 shoes.</p> <p>22 Q. Mm-hmm.</p> <p>23 A. I'm not aware if the \$24 to \$32 million</p> <p>24 range is accruing interest.</p> <p>25 Q. Well, what -- what was the interest rate</p>



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<p style="text-align: right;">Page 137</p> <p>1 on the 7 million?</p> <p>2 A. It was around 15 percent.</p> <p>3 Q. Okay. And that's being rolled up into</p> <p>4 the Bayonne DIP?</p> <p>5 A. Correct.</p> <p>6 Q. And the interest rate on the Bayonne DIP</p> <p>7 is 18 percent?</p> <p>8 A. Correct.</p> <p>9 Q. So is this 15 percent DIP now accruing</p> <p>10 interest at 18 percent?</p> <p>11 A. Well, the DIP hasn't -- I --</p> <p>12 Q. With -- withdrawn. I'll rephrase.</p> <p>13 Upon approval of the Bayonne DIP</p> <p>14 motion --</p> <p>15 A. Right.</p> <p>16 Q. -- would that \$7 million in old Capitala</p> <p>17 debt go from accruing at 15 percent to then</p> <p>18 accruing at 18 percent?</p> <p>19 A. That is my understanding.</p> <p>20 Q. Okay. And any interest that was</p> <p>21 accruing on the consent judgment range of debt</p> <p>22 post approval of the Bayonne DIP would start</p> <p>23 accruing at the new 18 percent rate?</p> <p>24 A. Correct.</p> <p>25 Q. The -- the interest rates for the Christ</p>	<p style="text-align: right;">Page 139</p> <p>1 landlord. So what's -- so is there really that</p> <p>2 risk?</p> <p>3 MR. McMICHAEL: Finish --</p> <p>4 finish your answer. Just finish your</p> <p>5 answer.</p> <p>6 A. You know, the fact that the Bayonne DIP</p> <p>7 was a loan from HRH to effectively itself --</p> <p>8 Q. Mm-hmm.</p> <p>9 A. -- we -- we -- and the fact that we were</p> <p>10 in default of the lease, we -- and -- and the fact</p> <p>11 that -- I mean, effectively, as I said -- so Unity</p> <p>12 DIP, which is the 11 percent, is something I</p> <p>13 helped negotiate. The Bayonne DIP was negotiated</p> <p>14 by Dr. Shah, Dr. Moulick, and Yan Moshe.</p> <p>15 Q. So do you -- do you think Dr. Shah and</p> <p>16 Dr. Moulick did a subpar job in negotiating the</p> <p>17 Bayonne DIP?</p> <p>18 MR. McMICHAEL: Objection.</p> <p>19 You can answer the question.</p> <p>20 A. It was -- it was justified because of</p> <p>21 the lease issue and because of the fact that</p> <p>22 they're paying the DIP to themselves. So we</p> <p>23 didn't think that -- or CarePoint didn't</p> <p>24 scrutinize that DIP because it was effectively a</p> <p>25 DIP to themselves.</p>
<p style="text-align: right;">Page 138</p> <p>1 and Hoboken DIP were significantly lower, weren't</p> <p>2 they?</p> <p>3 A. They were.</p> <p>4 Q. Okay. I believe the 18 percent rate</p> <p>5 is -- 18 percent contract rate for Bayonne is 7</p> <p>6 percentage points higher than the Christ/Hoboken</p> <p>7 DIP?</p> <p>8 A. Correct.</p> <p>9 Q. Can you explain why they were treated so</p> <p>10 differently?</p> <p>11 A. Yeah. I mean, Bayonne DIP was</p> <p>12 effectively a DIP to themselves because we were</p> <p>13 surrendering -- surrendering the collateral. For</p> <p>14 Christ and Hoboken, I worked with Unity. And</p> <p>15 Unity were friendly lenders and we worked out a</p> <p>16 rate that was even below what Capitala was --</p> <p>17 Capitala's rate was. And -- and so we -- we got a</p> <p>18 favorable rate and -- and -- and HRH just stepped</p> <p>19 into those shoes.</p> <p>20 With Christ and Hoboken, we have leases</p> <p>21 in place. For Bayonne, we are effectively a</p> <p>22 holdover tenant. There's a lot of risk there.</p> <p>23 Given the amount of risk and given the -- given</p> <p>24 the fact that HR --</p> <p>25 Q. Well, but -- but the lender is the</p>	<p style="text-align: right;">Page 140</p> <p>1 Q. CarePoint didn't scrutinize the Bayonne</p> <p>2 DIP?</p> <p>3 A. For the 18 percent, we didn't think it</p> <p>4 was egregious because it was a DIP to themselves</p> <p>5 and because we were in default of the lease.</p> <p>6 Q. Why does the identity of the lender</p> <p>7 mean they should be allowed to charge a higher</p> <p>8 rate?</p> <p>9 MR. McMICHAEL: He didn't say</p> <p>10 that. He said just the opposite.</p> <p>11 MR. SHERMAN: Let him answer</p> <p>12 the question.</p> <p>13 A. The fact -- again, the fact that they're</p> <p>14 the same lender and they're getting 11 percent on</p> <p>15 the other side. The issues with Bayonne, the fact</p> <p>16 that Bayonne's losing the most amount of cash, the</p> <p>17 fact that there's no lease there, the fact that it</p> <p>18 has the -- the highest kind of all -- all the, you</p> <p>19 know, union -- unfavorable union contract rates</p> <p>20 all mostly reside in Bayonne.</p> <p>21 There's a lot of issues with Bayonne and</p> <p>22 we -- we thought -- it's not the identity of the</p> <p>23 lender. It's the condition of Bayonne that</p> <p>24 warrants the high rate.</p> <p>25 Q. So -- so the fact that HRH is in effect</p>

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<p style="text-align: right;">Page 141</p> <p>1 lending to itself is immaterial one way or the 2 other? 3 A. There was -- yeah, I mean, there are 4 no -- there's no other... 5 Q. Sorry. I didn't hear the answer. 6 A. Well, can you repeat the question? 7 Q. Yeah. 8 So the fact that HRH is in effect 9 lending to itself is not material one way or the 10 other to the reasonableness of the terms? 11 A. I'd agree with that, yeah. 12 Q. Okay. Is there -- is there any 13 expectation that this debt will be repaid? 14 A. I would imagine so. 15 Q. You would imagine so. You're not 16 certain? 17 A. No, we're -- obviously we're going to do 18 our best to -- to pay this debt back. As I said, 19 Bayonne is in the worst financial position than 20 the other two hospitals. 21 Q. So what's the -- so -- so what's the -- 22 what's the business plan that would enable the 23 repayment of this debt? 24 A. We would have to get surgeries and -- 25 and high volume or high kind of commercial rate</p>	<p style="text-align: right;">Page 143</p> <p>1 A. Yes. 2 Q. Where's that capital investment expected 3 to come from? 4 A. HRH. 5 Q. Okay. Is that capital investment 6 accounted for in the DIP budgets? 7 A. No. 8 Q. Why not? 9 A. Because this is a short-term view and -- 10 and there -- I mean, HRH didn't exactly make us 11 privy to all the plans of what they were planning 12 on doing. After the filing -- after when the DIP 13 budgets were prepared, HRH told us about all of 14 the capital improvements that they plan to do. 15 So when we prepared these DIP budgets, 16 we weren't aware of the level of capital 17 improvements and the type of capital improvements 18 they were planning on doing. This DIP budget was 19 prepared as, you know, Bayonne at status quo. 20 Q. Okay. Well, if -- if Bayonne is going 21 to continue to operate at status quo, at least for 22 the DIP period, what's the -- 23 A. It's -- it's not, though. HRH is -- you 24 know, between getting the lab, the supplies, 25 getting surgeries going again, they're -- they're</p>
<p style="text-align: right;">Page 142</p> <p>1 cases going in Bayonne again and get -- make the 2 hospital profitable again. Bayonne is a 3 for-profit entity, unlike Christ and Hoboken which 4 are nonprofit. We would have to basically start 5 all the service lines and -- and get the hospital 6 going. 7 And once it's -- once it is, you know, 8 making money, then -- then -- you know, obviously, 9 you know, HRH is invested in making sure Bayonne 10 is a successful hospital. They're doing -- 11 they're going above and beyond the call of duty to 12 make sure Bayonne is successful. They're putting 13 a lot of time, effort, resources into turning 14 Bayonne Hospital around. They're driving a lot of 15 volume there. They're fixing the equipment, 16 providing supplies, getting to -- they're 17 effectively helping turn the operations around. 18 And I think since HRH is the lender, 19 they would be willing to work and not default 20 on -- or -- or, you know, put -- on -- on Bayonne 21 and just work something out to make -- make this 22 debt repayable. 23 Q. Okay. Would this effort to get more I 24 think you said commercial patients, more 25 procedures, require capital investment?</p>	<p style="text-align: right;">Page 144</p> <p>1 working with -- I mean, they are involved in all 2 aspects of hospital operations, from HR to 3 facilities to, you know, fixing the machinery and 4 equipment there, robots. 5 I mean, they are spending an -- a very 6 considerable amount of money really focusing on -- 7 on fixing Bayonne's operations. They are -- they 8 are there every day. We're having transition 9 meetings twice a week for Bayonne. They -- you 10 know, all hands on. I mean, they've got the 11 radiologists going again. They got -- they're 12 pushing cases to Bayonne. 13 I mean, the capital investment piece of 14 it, I mean, they're also doing facility 15 improvements, but, I mean, HRH is -- is really 16 going all out in terms of getting Bayonne up and 17 running. 18 They -- they are just one hospital, HRH, 19 and they have most of their hospital staff 20 dedicated to -- to -- to -- to turning Bayonne 21 around. From their IT teams, they're looking at 22 all the -- all the software vendor spend. They're 23 looking at -- I mean, they're looking top to 24 bottom, every aspect of the hospital operations, 25 and they're laser focused on -- on turning the</p>

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<p style="text-align: right;">Page 145</p> <p>1 hospital -- the hospital around.</p> <p>2 So it's not -- so, again, the DIP budget</p> <p>3 was prepared by Ankura and myself and it was a DIP</p> <p>4 budget that was a status quo. I didn't know to</p> <p>5 the extent of what HRH was going to be investing,</p> <p>6 right, and doing and -- and kind of, you know,</p> <p>7 turning the hospitals around.</p> <p>8 And in terms of collections, all the</p> <p>9 efforts and the cases that we do now, we -- we</p> <p>10 probably won't see the collections for it in</p> <p>11 three -- after -- until after three months. A</p> <p>12 13-week DIP budget wouldn't show an increase in</p> <p>13 collections necessarily.</p> <p>14 Q. Do I understand correctly from your last</p> <p>15 answer that HRH is providing money -- spending</p> <p>16 money beyond what is in the DIP budget or outside</p> <p>17 of the DIP in order to improve conditions at</p> <p>18 Bayonne?</p> <p>19 A. Absolutely.</p> <p>20 Q. Okay. So given that money that HRH is</p> <p>21 spending outside of the DIP and the limited nature</p> <p>22 of the verification that HRH has the funds to</p> <p>23 cover the DIPs, isn't CarePoint concerned that HRH</p> <p>24 may run out of money before this process can be</p> <p>25 completed?</p>	<p style="text-align: right;">Page 147</p> <p>1 A. They haven't given me a reason not to</p> <p>2 believe them either.</p> <p>3 Q. That wasn't -- so to be clear, they've</p> <p>4 given you no reason to affirmatively believe</p> <p>5 them?</p> <p>6 A. They -- they have -- I -- I have no</p> <p>7 reason not to believe them because they have -- so</p> <p>8 far they've put up the funding that we've</p> <p>9 requested. They have --</p> <p>10 Q. When you say "so far," that's over the</p> <p>11 span of about a month, right?</p> <p>12 A. Right, to the tune of \$2 to \$3 million a</p> <p>13 week.</p> <p>14 Q. So what leads you to believe that that</p> <p>15 pace is sustainable?</p> <p>16 A. They have asked us for, you know,</p> <p>17 funding requests, detailed -- very detailed</p> <p>18 funding requests going out for a few months just</p> <p>19 so they can understand the level of capital</p> <p>20 commitment needed. They are planning around --</p> <p>21 around it.</p> <p>22 They have asked me to ask -- they've</p> <p>23 asked me to reach out to Capitala, the senior</p> <p>24 secured lender, and ask them how much it would</p> <p>25 cost to -- or, you know, if they -- if they</p>
<p style="text-align: right;">Page 146</p> <p>1 A. HRH has given me no reason to be</p> <p>2 concerned that -- that they -- they would run out</p> <p>3 of money. Every funding request that I've put</p> <p>4 into them, they -- they have funded promptly.</p> <p>5 And -- and they've -- you know, I've -- I've heard</p> <p>6 of -- of plans from HRH of potentially, you know,</p> <p>7 just buying out Capitala and taking over the</p> <p>8 entire first lien position, and -- and -- and then</p> <p>9 raising more capital that way.</p> <p>10 I am relying on HRH to -- based on these</p> <p>11 DIP documents that they have signed off on, I -- I</p> <p>12 -- I'm expecting them to perform to them.</p> <p>13 Q. Okay. You said they've given you no</p> <p>14 reason to doubt them.</p> <p>15 Have they given you any reason to</p> <p>16 believe them?</p> <p>17 A. Yes. They've -- as I've said, they've</p> <p>18 been going above and beyond the call of duty in</p> <p>19 terms of --</p> <p>20 Q. Well, I recognize that you believe the</p> <p>21 intention is there.</p> <p>22 Have they given you any reason to</p> <p>23 believe that there are sufficient funds to cover</p> <p>24 both DIPs and all this additional non-DIP</p> <p>25 expenditure?</p>	<p style="text-align: right;">Page 148</p> <p>1 would take a discount on -- on getting bought</p> <p>2 out of their position. Because they want to</p> <p>3 take all of the A/R across CarePoint and -- and</p> <p>4 -- and refinance as a whole and raise more</p> <p>5 capital.</p> <p>6 So they -- they're -- they're planning</p> <p>7 around raising more capital. So I have no reason</p> <p>8 to believe that they do not have the funding. All</p> <p>9 of their actions show me that they have every</p> <p>10 intention to fund and continue to fund.</p> <p>11 Q. In your career as a financial</p> <p>12 professional, do you often enter into agreements</p> <p>13 or arrangements based on the prospect that I have</p> <p>14 no reason to doubt what I'm being told?</p> <p>15 A. No. But, again, as I've said,</p> <p>16 they've -- they are -- you know, we asked them for</p> <p>17 a proof of funds to a certain extent, and they</p> <p>18 are -- they provided what we asked for at the</p> <p>19 time. And -- and -- and all of their actions lead</p> <p>20 me to believe -- everything they're doing leads me</p> <p>21 to believe that they are -- they are going to fund</p> <p>22 and continue to fund. They are -- they're</p> <p>23 planning -- they're planning around having the</p> <p>24 capital to continue funding this. So I would</p> <p>25 imagine that they would -- they will continue --</p>

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<p style="text-align: right;">Page 149</p> <p>1 continue to fund.</p> <p>2 Q. Well, in the -- in the spirit of trust</p> <p>3 but verify, now that we are in this post-petition</p> <p>4 world and they are funding the DIP and expending</p> <p>5 resources outside of the DIP, why has CarePoint</p> <p>6 not asked them for verification of additional</p> <p>7 funds?</p> <p>8 A. So, as I said, I mean, they -- they are</p> <p>9 planning on raising more capital by potentially</p> <p>10 refinancing all of A/R as a whole. So they're --</p> <p>11 they're looking into all these various options.</p> <p>12 I asked them for -- we asked them for a</p> <p>13 proof of funds with the Bayonne DIP or basically</p> <p>14 when the DIP was being contemplated, and they</p> <p>15 provided something that was satisfactory to</p> <p>16 CarePoint at the time.</p> <p>17 Q. Mm-hmm.</p> <p>18 A. And we have no reason to believe that</p> <p>19 they're not going to be -- they're not going to</p> <p>20 fund here.</p> <p>21 Q. Well, if -- if -- you say they're</p> <p>22 looking to get additional capital by refinancing.</p> <p>23 Does that mean CarePoint currently</p> <p>24 believes they don't have the cash on hand to meet</p> <p>25 all of these commitments?</p>	<p style="text-align: right;">Page 151</p> <p>1 first page, do you see there's an email from Peter</p> <p>2 Hughes on November 1st of this year?</p> <p>3 A. Yes.</p> <p>4 Q. Do you know Mr. Hughes?</p> <p>5 A. I do.</p> <p>6 Q. All right. And who is he?</p> <p>7 A. He's our legal counsel from Dilworth.</p> <p>8 Q. Okay. And Mr. Hughes says in this</p> <p>9 email -- and I'm focusing on the second half of</p> <p>10 it. I'll read the portion aloud. "As I discussed</p> <p>11 with Vince, the debtors want to delete the</p> <p>12 following: The Bayonne debtors represent that the</p> <p>13 budget is achievable in accordance with the terms</p> <p>14 of the DIP loan agreement."</p> <p>15 Did I read that correctly?</p> <p>16 A. Yes.</p> <p>17 Q. Okay. Is there, in fact, any</p> <p>18 representation in the Bayonne DIP documents that</p> <p>19 debtors believe the budget is achievable?</p> <p>20 A. I don't know.</p> <p>21 Q. Do you know why your counsel asked that</p> <p>22 that provision be deleted from the prior version</p> <p>23 of the document?</p> <p>24 A. I don't know.</p> <p>25 Q. Does CarePoint, in fact, believe that</p>
<p style="text-align: right;">Page 150</p> <p>1 A. No. It's -- I think it's just an</p> <p>2 overall, you know, refinancing effort.</p> <p>3 Again, this is a question for HRH. I</p> <p>4 don't know what their capital structure looks</p> <p>5 like. I don't know what the line -- how many</p> <p>6 lines of credits are and what their overall</p> <p>7 outstanding loans are. So this is a question</p> <p>8 for -- for HRH.</p> <p>9 MR. LIPPERT: Okay. This is a</p> <p>10 new exhibit. This will be, I guess,</p> <p>11 Number 9.</p> <p>12 THE WITNESS: The print</p> <p>13 couldn't be smaller.</p> <p>14 (Whereupon, exhibit is received</p> <p>15 and marked Committee Exhibit 9 for</p> <p>16 identification.)</p> <p>17 BY MR. LIPPERT:</p> <p>18 Q. I apologize. The tiny print is the way</p> <p>19 it was produced to us.</p> <p>20 But, Mr. Syed, you -- you have in front</p> <p>21 of you Committee Exhibit 9, which is a series of</p> <p>22 emails. The first page is Bates stamped CP007960,</p> <p>23 correct?</p> <p>24 A. Correct.</p> <p>25 Q. All right. And at the bottom of that</p>	<p style="text-align: right;">Page 152</p> <p>1 the Bayonne DIP budget is achievable?</p> <p>2 A. Yes. We -- we built a DIP budget that</p> <p>3 we obviously felt was realistic at the time of --</p> <p>4 you know, with our financial advisors. We built a</p> <p>5 DIP budget that we thought was realistic,</p> <p>6 obviously.</p> <p>7 Q. Your financial advisors being Ankura?</p> <p>8 A. Correct.</p> <p>9 Q. We discussed earlier this morning that</p> <p>10 for the periods of 2022 and 2023, there was a</p> <p>11 persistent gap between budgeted and actual</p> <p>12 expenditures.</p> <p>13 Do you recall that?</p> <p>14 A. I do.</p> <p>15 Q. So what, if anything, was different</p> <p>16 about the DIP budget process that leads you to</p> <p>17 have more confidence in it?</p> <p>18 A. The DIP budget was built up -- we</p> <p>19 looked at 13 weeks of actuals going back. We</p> <p>20 even looked at 26 weeks of actuals going back.</p> <p>21 And while the DIP -- so we've had a DIP -- we've</p> <p>22 had a 13-week cash flow running from basically</p> <p>23 February until now. And so we have a pretty good</p> <p>24 handle on what the collections and disbursements</p> <p>25 are.</p>



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<p style="text-align: right;">Page 153</p> <p>1 And then I -- we -- we -- we basically 2 took Ankura's and put on what the financial 3 advisors and what all the -- all the professional 4 fees would be in the bankruptcy and -- and -- 5 and -- and prepared this DIP budget. 6 This DIP budget was not prepared similar 7 to -- and I don't know what steps were taken to 8 prepare those 2022 and '23 budgets. I haven't 9 been involved in budget development at the 10 financial statement level for CarePoint, but I am 11 familiar with how the DIP budget was prepared. 12 And the DIP budget is -- was based on, you know, 13 most recent actuals run rate. 14 Q. Okay. So -- but it sounds like then you 15 don't know whether this was a different process 16 than was used in 2022 or 2023? 17 A. Well, the '22 and '23 budget pro -- 18 process -- I mean, that's a -- that's a 19 hospital-level budget that includes -- you know, 20 that has all these assumptions in volume and, you 21 know, it -- the buildup of the two budgets is 22 completely different. This is -- the DIP budget 23 is more high level. The financial statement 24 budget is -- gets very specific into various areas 25 of, you know, supplies and -- and --</p>	<p style="text-align: right;">Page 155</p> <p>1 AFTERNOON SESSION 2 THE VIDEOGRAPHER: We are back 3 on the moment, 12:14. This is Media 3 in 4 the deposition of Syed. 5 BY MR. LIPPERT: 6 Q. Okay. Mr. Syed, this morning you 7 explained that you resigned from Ankura to become 8 the CFO of CarePoint, correct? 9 A. Correct. 10 Q. And why did you resign from Ankura 11 rather than Ankura merely taking over the CFO 12 role? 13 A. InSight and Dr. Shah wanted me to be 14 part of CarePoint and not be just an outside 15 consultant. They wanted me to be -- basically 16 have a handle on all operations and -- and 17 functions. And -- and, I mean, that was 18 effectively -- they offered me that role. So I 19 resigned from Ankura and joined CarePoint. 20 Q. All right. Under the Christ/Hoboken DIP 21 proposal -- 22 A. Mm-hmm. 23 Q. -- the DIP lender has the right to 24 appoint three new board members, right? 25 A. Correct.</p>
<p style="text-align: right;">Page 154</p> <p>1 Q. Well, you don't know, for example, 2 whether different data sources were consulted to 3 generate these different budgets, do you? 4 A. Again, I don't know how the CarePoint 5 financial budgets were developed, but I do know 6 how the DIP budget was developed and -- and I feel 7 comfortable with the DIP budget. 8 THE VIDEOGRAPHER: Are you at 9 any kind of a breaking point? 10 MR. LIPPERT: Yeah, we can take 11 a break now. 12 THE VIDEOGRAPHER: Very good. 13 We're going off the record at 11:41, 14 ending Media 2. 15 (Whereupon, a luncheon recess 16 is taken.) 17 18 19 20 21 22 23 24 25</p>	<p style="text-align: right;">Page 156</p> <p>1 Q. What was the rationale for that 2 provision? 3 A. That was what the DIP lender was ask -- 4 asking for as driven by InSight, InSight's 5 request. And -- and at that point, there would -- 6 that was the only DIP proposal we had and that was 7 their request. 8 Q. I'm sorry. You said it was driven by 9 InSight's request? 10 A. Yeah, because InSight was the original 11 DIP lender along -- along with Unity. 12 Q. Okay. And -- 13 A. HRH just stepped into the same exact 14 DIP. 15 Q. And did CarePoint resist this point? 16 A. Yes. 17 Q. Why? 18 A. Because it's a not-for-profit hospital 19 system. We want -- you know, community board 20 deemed to be not owned by any one entity. So we 21 -- independence-wise, the State monitor, you know, 22 was -- was concerned about it as well and he 23 raised an issue -- you know, raised concerns about 24 it. We -- we did -- we did resist that initially, 25 yes.</p>

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<p style="text-align: right;">Page 157</p> <p>1 Q. And why did you decide ultimately to 2 acquiesce on that point? 3 A. Because we didn't have any options and 4 we were in a very dire financial situation. 5 Q. Okay. The -- the Christ/Hoboken DIP 6 proposal includes a -- a release by CarePoint of 7 the DIP lenders and what it calls the pre-petition 8 secured parties. 9 You're aware of that? 10 A. I don't think so. 11 Q. Are you aware in general that there are 12 claims released under the various agreements at 13 issue here? 14 A. That is my understanding. 15 Q. What, if anything, did CarePoint do to 16 identify and ascertain the value of released 17 claims? 18 A. I don't think there was much. 19 Q. Can you think of anything? 20 A. These -- these are -- so -- so this is a 21 release for -- could you tell me the specific 22 release you're talking about or... 23 Q. Well, let's -- let's start with the 24 release under the Christ/Hoboken DIP of the DIP 25 lenders and the pre-petition secured parties.</p>	<p style="text-align: right;">Page 159</p> <p>1 Q. And that markup is estimated to be 2 between 100 and \$150,000 a month? 3 A. That's right. 4 Q. And what, if anything, was done to 5 ascertain whether that was a commercially 6 reasonable markup? 7 A. That -- that was a point negotiated by 8 Dr. Shah and Dr. Moulick with Yan Moshe. And -- 9 and at that -- at that point, again, they were 10 the only party at the table and that's the deal 11 that was -- that was struck between the parties. 12 Q. Is it CarePoint's position that that is 13 a commercially reasonable markup? 14 MR. McMICHAEL: The 20 15 percent? 16 MR. LIPPERT: I'm just going by 17 the estimated figure of 100 to 18 \$150,000 -- 19 MR. McMICHAEL: They're two 20 different things. 21 BY MR. LIPPERT: 22 Q. So, Mr. Syed, what -- Mr. Syed, what is 23 your understanding of the amounts to be paid to 24 the manager under the management services 25 agreement?</p>
<p style="text-align: right;">Page 158</p> <p>1 A. I mean, unity was not involved -- wasn't 2 involved in CarePoint prior to filing, so that 3 release would have applied to InSight. And, yeah, 4 I mean, nothing comes to mind. 5 Q. Okay. And is the same true of the 6 release of the Bayonne DIP proposal for the 7 Bayonne DIP lender? 8 A. Correct. 9 Q. There are other claims and causes of 10 action that are being assigned over to HRH as part 11 of this plan, right? 12 A. Claims and causes of action? 13 Q. Yes. 14 A. Could you be more specific as to... 15 Q. Well, I -- I -- I believe there's an 16 assignment that is just that broad. Claims and 17 causes of action that used to belong to the debtor 18 will now belong to HRH. 19 A. I'm -- I'm not aware of it. 20 Q. Okay. Under the management services 21 agreement that the debtors have asked the Court to 22 approve, each hospital is supposed to pay 23 documented direct costs plus a markup for the 24 manager, right? 25 A. Correct.</p>	<p style="text-align: right;">Page 160</p> <p>1 A. 100 to \$150,000 per hospital. 2 MR. McMICHAEL: Per month. 3 THE WITNESS: Per month, yeah. 4 Q. That's a fixed amount? 5 A. I mean, it's -- it's a range, right? 6 100 to 150,000. 7 Q. There was a reference a moment ago to 20 8 percent. 9 What is the significance of 20 percent 10 when it comes to the management services 11 agreement, if anything? 12 A. It's 20 percent of markup on direct 13 costs, but in the range of 100 to 150,000 bucks. 14 So it's -- regard -- so that's -- that's the 15 cap range of 100 to 150,000 per hospital per 16 month. 17 Q. So the 150,000 is not an estimate, it's 18 a cap? 19 A. That's what -- the way -- my 20 understanding of the document is that's the range. 21 Yeah, the 150,000 is the cap. 22 Q. Okay. And what is -- what are the 23 hospitals receiving in exchange for their 100 to 24 \$150,000 a month? 25 A. The benefits of the four-hospital</p>

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<p style="text-align: right;">Page 161</p> <p>1 system. They can negotiate better rates. There's</p> <p>2 going to be the two for-profit hospitals together,</p> <p>3 the two not-for-profit hospitals together. They</p> <p>4 can get better pay rates. They can get better</p> <p>5 vendor rates. They can negotiate with parties at</p> <p>6 scale.</p> <p>7 It's effectively, you know, an economic</p> <p>8 benefit of -- of approaching third parties as a</p> <p>9 system rather than individual hospitals.</p> <p>10 Q. Well, that's the advantage of combining</p> <p>11 as a system, but what is the value of this</p> <p>12 particular management fee? What -- what are --</p> <p>13 what services are they obtaining in exchange for</p> <p>14 this consideration?</p> <p>15 A. The -- I mean, so the MSO is -- that's</p> <p>16 going to sit on top of the four hospitals is going</p> <p>17 to have all the back office functions. So it's</p> <p>18 going to have, you know -- I would imagine the</p> <p>19 finance team that oversees all four hospitals.</p> <p>20 There's going to be, I'm sure, a legal team that</p> <p>21 oversees all four hospitals. There's a rev cycle</p> <p>22 across all four hospitals.</p> <p>23 There's go -- going to be several shared</p> <p>24 services functions that are going to be -- reside</p> <p>25 in this MSO, so that is what they're getting in</p>	<p style="text-align: right;">Page 163</p> <p>1 A. Sorry. I just want to clarify. They</p> <p>2 never -- I mean, they were supposed to get it,</p> <p>3 but, yeah, the...</p> <p>4 Q. Okay. They were -- they were promised</p> <p>5 1.75 million?</p> <p>6 A. That's what their management services</p> <p>7 agreement says.</p> <p>8 Q. Okay. And -- and now the current</p> <p>9 proposal is a \$1.75 million management fee for</p> <p>10 just Hoboken and Christ, right?</p> <p>11 A. Correct.</p> <p>12 Q. Why pay more in bankruptcy for</p> <p>13 management?</p> <p>14 A. Well, what InSight did was -- there was</p> <p>15 Dr. Shah. They brought in an -- a CHE and a few</p> <p>16 folks, but they were effectively using CarePoint's</p> <p>17 resources to run CarePoint.</p> <p>18 What HRH is doing is they are bringing</p> <p>19 on a full team across every function and -- and --</p> <p>20 and they're not just focused on one specific</p> <p>21 thing. They're across -- it's a complement of --</p> <p>22 of resources across an entire organization.</p> <p>23 I mean, they -- they are -- they are --</p> <p>24 they're a local operator that's all hands on deck.</p> <p>25 And they're using even their employees from their</p>
<p style="text-align: right;">Page 162</p> <p>1 exchange for the -- the fee.</p> <p>2 Q. And did CarePoint do anything to</p> <p>3 determine whether that is a reasonable fee for</p> <p>4 those kinds of services?</p> <p>5 A. I mean, relative to the management fees</p> <p>6 that we -- agreement fees that we entered into</p> <p>7 prior which were, you know, with management</p> <p>8 companies of 1.7 million and 1.3. I mean, this</p> <p>9 seemed like a very nominal amount for all the</p> <p>10 shared services that are being provided.</p> <p>11 Q. Well, but -- but this hundred to</p> <p>12 \$150,000 a month is added on top of management</p> <p>13 fees --</p> <p>14 A. Yeah, but this is just one --</p> <p>15 (Unintelligible cross talk;</p> <p>16 reporter requests one speaker.)</p> <p>17 BY MR. LIPPERT:</p> <p>18 Q. Was added on top of the management fees</p> <p>19 for the separate hospitals, right?</p> <p>20 A. Yes.</p> <p>21 Q. And, in fact, InSight used to get \$1.75</p> <p>22 million a month to manage all three hospitals,</p> <p>23 right?</p> <p>24 A. Correct.</p> <p>25 Q. And under the current --</p>	<p style="text-align: right;">Page 164</p> <p>1 other hospitals to -- at every function level to</p> <p>2 provide -- provide services. It's a -- it's a --</p> <p>3 it's a lot more involved than what InSight was</p> <p>4 doing.</p> <p>5 MR. LIPPERT: I think this will</p> <p>6 now be Number 10.</p> <p>7 (Whereupon, exhibit is received</p> <p>8 and marked Committee Deposition Exhibit</p> <p>9 10 for identification.)</p> <p>10 MR. McMICHAEL: Thank you.</p> <p>11 MR. RABINOWITZ: Thank you.</p> <p>12 BY MR. LIPPERT:</p> <p>13 Q. Mr. Syed, do you recognize the document</p> <p>14 that's in front of you that's been marked</p> <p>15 Committee Exhibit 10?</p> <p>16 A. I do.</p> <p>17 Q. What is it?</p> <p>18 A. It is an interim final order assumption</p> <p>19 of management services agreement.</p> <p>20 Q. All right. And attached to this is,</p> <p>21 among other things, is a copy of the management</p> <p>22 services agreement itself?</p> <p>23 A. Yes.</p> <p>24 Q. Okay. Under Section 6.02 of the</p> <p>25 agreement, how is the -- the 6.02 refers to</p>

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<p style="text-align: right;">Page 165</p> <p>1 the management fee that's going to be paid to</p> <p>2 the overall manager of the four hospitals,</p> <p>3 right?</p> <p>4 A. Give me one second. I just want to make</p> <p>5 sure that this is...</p> <p>6 Yes.</p> <p>7 Q. Okay. And so there are three debtor</p> <p>8 hospitals in this proposed combination and Hudson</p> <p>9 Regional, the nondebtor hospital, correct?</p> <p>10 A. Correct.</p> <p>11 Q. Under this provision, who pays the</p> <p>12 Hudson Regional portion of this management fee?</p> <p>13 A. Hudson Regional.</p> <p>14 Q. Hudson Regional does?</p> <p>15 If you turn to the motion itself at</p> <p>16 paragraph 18, which is on page 5, there's a</p> <p>17 description of how the management fee will be paid</p> <p>18 that cites Section 6.02. And it says "Debtors</p> <p>19 will pay the management fee on behalf of all</p> <p>20 debtors obtaining services under the management</p> <p>21 services agreement and a nondebtor affiliate on a</p> <p>22 monthly basis."</p> <p>23 Did I read that correctly?</p> <p>24 A. Yes.</p> <p>25 Q. Is that description accurate?</p>	<p style="text-align: right;">Page 167</p> <p>1 end up owning one of the debtors and effectively</p> <p>2 they're funding the operations of this hospital.</p> <p>3 It's -- again, it's just paying on -- on their</p> <p>4 behalf. I mean, they're pay -- regardless of</p> <p>5 whether Bayonne or -- or HRH pays this management</p> <p>6 fee, the funds are coming from HRH.</p> <p>7 Q. Well, except if it's coming from HRH,</p> <p>8 it's borrowed money that HRH has repaid with</p> <p>9 interest, right?</p> <p>10 A. Yes.</p> <p>11 Q. Section 8.03 of the management services</p> <p>12 agreement is a provision that refers to the</p> <p>13 captive practices and McCabe Ambulance.</p> <p>14 Are you familiar with those?</p> <p>15 A. Yes.</p> <p>16 Q. Okay. And this provision provides</p> <p>17 for the transfer of captive practices and</p> <p>18 McCabe Ambulance to HRH for no consideration,</p> <p>19 correct?</p> <p>20 MR. McMICHAEL: I'm sorry, what</p> <p>21 paragraph are you looking at?</p> <p>22 THE WITNESS: 8.03.</p> <p>23 MR. LIPPERT: Section 8.03.</p> <p>24 MR. McMICHAEL: 8.03.</p> <p>25 MR. LIPPERT: Of the agreement</p>
<p style="text-align: right;">Page 166</p> <p>1 A. This -- this agreement is not in effect</p> <p>2 yet.</p> <p>3 Q. Does that -- does that accurately</p> <p>4 describe the terms of the proposed agreement?</p> <p>5 A. If that's what the document says. I</p> <p>6 mean...</p> <p>7 Q. Because from this description, it</p> <p>8 sounds to me like the debtors are paying the</p> <p>9 nondebtors' share of this management fee. Is that</p> <p>10 correct?</p> <p>11 A. That's what it says, yes.</p> <p>12 Q. What's the rationale for that?</p> <p>13 MR. McMICHAEL: He didn't say</p> <p>14 it was correct. He said "That's what it</p> <p>15 says." All right?</p> <p>16 Q. Are you saying the description is</p> <p>17 incorrect?</p> <p>18 MR. McMICHAEL: Go ahead.</p> <p>19 A. No.</p> <p>20 Q. Okay. So what is the rationale, then,</p> <p>21 for the debtors paying the nondebtors' share of</p> <p>22 the management fee?</p> <p>23 A. If -- you know, so we're -- I mean,</p> <p>24 assuming that this goes in along with the</p> <p>25 collateral surrender agreement as well, HRH will</p>	<p style="text-align: right;">Page 168</p> <p>1 itself.</p> <p>2 MR. McMICHAEL: Yep.</p> <p>3 Do you remember what the</p> <p>4 question was?</p> <p>5 THE WITNESS: I think I do.</p> <p>6 A. The question was whether captive and</p> <p>7 McCabe is give -- being given to HRH for no</p> <p>8 consideration, right?</p> <p>9 Q. That was the question.</p> <p>10 A. That was the question. Yeah, that's --</p> <p>11 that's what this document says.</p> <p>12 Q. What was the rationale for that</p> <p>13 provision?</p> <p>14 A. They are -- they are effectively funding</p> <p>15 all the hospitals. I mean, the captive is -- I</p> <p>16 mean, the captive is just an insurance or a</p> <p>17 self-funded insurance captive. So there's no real</p> <p>18 value there. McCabe Ambulance loses cash every</p> <p>19 single month and is subsidized by CarePoint. Even</p> <p>20 though CarePoint owns 70 percent of McCabe, it</p> <p>21 subsidizes 100 percent of the cost of McCabe.</p> <p>22 McCabe itself doesn't make any money</p> <p>23 because they give free 9-1-1 service to the City</p> <p>24 of Bayonne. So as long as -- I mean, if</p> <p>25 they're -- if they're funding the operations of</p>



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<p style="text-align: right;">Page 169</p> <p>1 McCabe and -- and pouring into that deficit, then</p> <p>2 I don't -- yeah. I mean, there's no -- first off,</p> <p>3 so Bayonne owns, you know, a third of the 70</p> <p>4 percent of -- of McCabe Ambulance. So with the</p> <p>5 collateral surrender, the -- HRH would end up</p> <p>6 owning a piece of it.</p> <p>7 Yeah, I mean, there's no -- there's</p> <p>8 no -- these are -- these are money losing</p> <p>9 operations.</p> <p>10 Q. If they're money losing operations, why</p> <p>11 does HRH want them?</p> <p>12 A. Because have -- having the 9-1-1 service</p> <p>13 of Bayonne is -- there's a value to -- to that.</p> <p>14 Because obviously they own the Bayonne -- they're</p> <p>15 trying to take over the Bayonne Hospital. They</p> <p>16 want the ambulance that controls the 9-1-1 service</p> <p>17 to Bayonne. It could drive volume to Bayonne.</p> <p>18 Q. So this was something that HRH</p> <p>19 considered desirable?</p> <p>20 A. Yes.</p> <p>21 Q. And CarePoint agreed to give it to them</p> <p>22 for free?</p> <p>23 MR. McMICHAEL: Objection. The</p> <p>24 agreement doesn't say that.</p> <p>25 MR. LIPPERT: He can answer the</p>	<p style="text-align: right;">Page 171</p> <p>1 -- read the paragraph. Read the</p> <p>2 agreement first.</p> <p>3 MR. LIPPERT: I believe the</p> <p>4 witness has answered the question.</p> <p>5 BY MR. LIPPERT:</p> <p>6 Q. I would like to move on to Section 8.05</p> <p>7 of the MSA, please.</p> <p>8 Are you familiar with the term</p> <p>9 "restrictive covenant"?</p> <p>10 A. No.</p> <p>11 Q. Are you familiar with Section 8.05 of</p> <p>12 the management services agreement?</p> <p>13 A. I'm familiar with the general intent of</p> <p>14 this management services agreement. I -- I relied</p> <p>15 on my attorneys. And, as I said, Dr. Shah and</p> <p>16 Dr. Moulick negotiated all these agreements</p> <p>17 with -- with Yan Moshe. I wasn't involved in the</p> <p>18 negotiations of these documents.</p> <p>19 Q. But you are the corporate representative</p> <p>20 here to testify about them, right?</p> <p>21 A. Correct.</p> <p>22 Q. Okay. So can you tell me what the</p> <p>23 reasoning was behind the inclusion of Section 8.05</p> <p>24 in the management services agreement?</p> <p>25 A. Probably for HRH to protect themselves</p>
<p style="text-align: right;">Page 170</p> <p>1 question.</p> <p>2 MR. McMICHAEL: Yeah, but you</p> <p>3 can't mislead him.</p> <p>4 Read what the agreement says.</p> <p>5 BY MR. LIPPERT:</p> <p>6 Q. Am I correct in stating that CarePoint</p> <p>7 gave that to HRH for free?</p> <p>8 A. I mean, that's what was negotiated</p> <p>9 between CarePoint --</p> <p>10 MR. McMICHAEL: Read -- read</p> <p>11 the agreement before you answer.</p> <p>12 MR. LIPPERT: Well, it -- don't</p> <p>13 interrupt his answer.</p> <p>14 MR. McMICHAEL: You're --</p> <p>15 you're -- you're misleading the witness</p> <p>16 as to what the agreement says.</p> <p>17 MR. LIPPERT: I asked --</p> <p>18 MR. McMICHAEL: You're being --</p> <p>19 (Unintelligible cross talk;</p> <p>20 reporter requests one speaker.)</p> <p>21 MR. LIPPERT: I asked him if my</p> <p>22 understanding was correct and he</p> <p>23 proceeded to state whether it was or it</p> <p>24 wasn't. I did nothing to mislead him.</p> <p>25 MR. McMICHAEL: Just read the</p>	<p style="text-align: right;">Page 172</p> <p>1 since they're putting up a significant amount of</p> <p>2 funding to -- to these hospitals.</p> <p>3 Q. That protection is in the form of a</p> <p>4 promise that five years after the termination of</p> <p>5 this agreement, none of CarePoint or its</p> <p>6 affiliates will employ certain people, solicit</p> <p>7 certain people, engage in certain kinds of</p> <p>8 business, correct?</p> <p>9 A. Correct.</p> <p>10 Q. What, if anything, was done to ascertain</p> <p>11 whether that provision was commercially</p> <p>12 reasonable?</p> <p>13 A. As I said, I mean, we -- we pushed back</p> <p>14 on a lot of proposals from HRH and they were</p> <p>15 insistent on it. And they were the only game in</p> <p>16 town, so to speak, at that -- at that point.</p> <p>17 And -- and eventually these are -- this is what we</p> <p>18 ended up negotiating and agreeing to with -- with</p> <p>19 our counsel and their counsel.</p> <p>20 Q. So -- so then does CarePoint think this</p> <p>21 term is not commercially reasonable?</p> <p>22 A. I'd have to consult with my lawyer --</p> <p>23 lawyers on that.</p> <p>24 Q. You'd have to consult with your lawyers</p> <p>25 as to whether something is commercially</p>

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<p style="text-align: right;">Page 173</p> <p>1 reasonable?</p> <p>2 A. Yeah, I -- I just -- I -- I don't know</p> <p>3 if this is commercially reasonable or not.</p> <p>4 Q. Okay. Let's move on then to Section</p> <p>5 12.06.</p> <p>6 Are you familiar with the term</p> <p>7 "liquidated damages"?</p> <p>8 A. I am, but in the context of -- I want</p> <p>9 to -- I want to obviously read the context of</p> <p>10 where it's mentioned here, if you could point me</p> <p>11 to the exact section.</p> <p>12 Q. Sure. In Section 12.06, it says -- and</p> <p>13 I'll read the relevant excerpt. "The CarePoint</p> <p>14 service recipients shall, immediately upon such</p> <p>15 termination, jointly and severally" --</p> <p>16 A. I'm sorry, which -- what -- what</p> <p>17 specific paragraph of 12.06 are you reading?</p> <p>18 Q. Oh. It's the very -- it's the first</p> <p>19 full paragraph on page 27 of 43.</p> <p>20 A. Okay.</p> <p>21 MR. McMICHAEL: Twenty-seven.</p> <p>22 Q. And, again, I'll -- I'll -- I'll read</p> <p>23 the portion I'm referring to out loud. "The</p> <p>24 CarePoint service recipients shall, immediately</p> <p>25 upon such termination, jointly and severally, pay</p>	<p style="text-align: right;">Page 175</p> <p>1 to revis -- obviously revisit it.</p> <p>2 Q. Well, does -- is CarePoint of the view</p> <p>3 that this is commercially reasonable?</p> <p>4 A. I don't know if this is commercially</p> <p>5 reasonable or not.</p> <p>6 Q. Okay. What's the dollar amount for</p> <p>7 these ten years of management fees?</p> <p>8 A. This -- this is the four hospitals, so</p> <p>9 it's 100 to 150,000 a month --</p> <p>10 Q. Mm-hmm.</p> <p>11 A. -- for each entity times 12 times 10.</p> <p>12 So, I mean, it's a pretty -- pretty large dollar</p> <p>13 amount. I mean --</p> <p>14 Q. Okay. We'll let others do the</p> <p>15 arithmetic from the transcript. I think that</p> <p>16 makes the point.</p> <p>17 A. Okay.</p> <p>18 MR. LIPPERT: So I -- I have no</p> <p>19 other questions at this time. We</p> <p>20 obviously have a -- have a reservation of</p> <p>21 rights given the time constraints we're</p> <p>22 operating under today; the fact that</p> <p>23 certain documents were only produced at</p> <p>24 9:45, I believe, yesterday evening. But</p> <p>25 I will for the moment pass the</p>
<p style="text-align: right;">Page 174</p> <p>1 manager liquidated damages equal to the management</p> <p>2 fee that would have been payable to manager</p> <p>3 hereunder had this agreement remained in effect</p> <p>4 for a period of ten years beyond such date of</p> <p>5 termination."</p> <p>6 Do you see that?</p> <p>7 A. I do.</p> <p>8 Q. So am I correct that this provision says</p> <p>9 that after the manager is terminated, it is still</p> <p>10 entitled to ten years' worth of compensation?</p> <p>11 A. That's what this says, yes.</p> <p>12 Q. What, if anything, did CarePoint do to</p> <p>13 ascertain whether that was commercially</p> <p>14 reasonable?</p> <p>15 A. All of these -- CarePoint took the</p> <p>16 position that all of these agreements were subject</p> <p>17 to approval of the Bankruptcy Court and -- and we</p> <p>18 did our best to negotiate this as well as we</p> <p>19 could. And -- and as I said, CarePoint was in</p> <p>20 severe distress and we had to come to an agreement</p> <p>21 with HRH to move forward. Dr. Shah, Dr. Moulick,</p> <p>22 and Yan Moshe negotiated these.</p> <p>23 And -- and that's why everything is</p> <p>24 subject to the Bankruptcy Court's approval. So if</p> <p>25 the judge has an issue with this, then we're happy</p>	<p style="text-align: right;">Page 176</p> <p>1 examination.</p> <p>2 MR. ANGELO: I'd like to just</p> <p>3 put on the record that the agreement that</p> <p>4 was reached between Committee's counsel</p> <p>5 and debtors' counsel --</p> <p>6 THE REPORTER: I can't hear</p> <p>7 you. The agreement?</p> <p>8 MR. ANGELO: The agreement that</p> <p>9 was reached between debtors' counsel and</p> <p>10 Committee's counsel last evening, as I</p> <p>11 understand it, is that to the extent the</p> <p>12 30(b)(6) parties who noticed the 30(b)(6)</p> <p>13 deposition don't have the ability to take</p> <p>14 the rest of the deposition today, but the</p> <p>15 witness would be made available by Zoom</p> <p>16 for a period of at least two hours</p> <p>17 dedicated to Strategic Ventures in the</p> <p>18 future.</p> <p>19 MR. McMICHAEL: That's correct.</p> <p>20 MR. ANGELO: All right. Thank</p> <p>21 you. Just wanted to put that on the</p> <p>22 record.</p> <p>23 THE VIDEOGRAPHER: Okay. Hold</p> <p>24 on. Stop. We're going to go off the</p> <p>25 record. We're going off the record at</p>

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<p style="text-align: right;">Page 177</p> <p>1 12:33. 2 (Whereupon, a recess is taken.) 3 THE VIDEOGRAPHER: And we're 4 back on the record at 12:47. 5 MR. RABINOWITZ: Okay. So in 6 the spirit of reservation of rights, on 7 behalf -- Jon Rabinowitz of Rabinowitz, 8 Lubetkin &amp; Tully on behalf of J2 Funding, 9 LLC, I want to be clear that I'm -- I'm 10 reserving all rights in connection with 11 the deposition notice that I served 12 approximately ten days ago with a 13 return date of December 2, 2024, for 14 Mr. Syed. 15 I served that dep notice and 16 there was no protective order entered. 17 The debtor designated Mr. Syed as a 18 30(b)(6) witness and indicated that I 19 would have an opportunity to examine 20 this -- this witness on today's return 21 date. This witness is a 30(b)(6) 22 witness; was invited to attend and 23 participate. 24 I understand there will be 25 insufficient time and there was no</p>	<p style="text-align: right;">Page 179</p> <p>1 management agreement was 1.75 million per month. 2 Is that correct? 3 A. That's correct. 4 Q. And -- and the current fee structure 5 that's being proposed to the court is the 6 following. There's a \$1.3 million per month fee 7 for the management of Bayonne, correct? 8 A. Correct. 9 Q. And there's a \$1.75 million fee for the 10 management of Hoboken and Christ, correct? 11 A. Correct. 12 Q. And there's a fee structure under the 13 MSO agreement where it's approximately, assuming 14 the upper level of the range, 450,000 per month 15 for all three hospitals, correct? 16 A. Correct. 17 Q. So, round numbers, that's approximately 18 \$3.5 million per month in management fees, 19 correct? 20 A. Correct. 21 Q. As compared to InSight's current 22 agreement which is approximately half of that, 23 correct? 24 A. Correct. 25 Q. Also under the Hudson MSA or the MSO</p>
<p style="text-align: right;">Page 178</p> <p>1 present commitment to make the witness 2 available before the objection deadline. 3 I hope we can work it out, but if we 4 can't, I'm reserving all rights to 5 enforce that deposition notice. 6 CROSS-EXAMINATION 7 BY MR. JARECK: 8 Q. Good afternoon, Mr. Syed. My name is 9 Ryan Jareck. I'm with the law firm of Cole Schotz 10 and I represent InSight. 11 A. Good afternoon. 12 Q. Good afternoon. 13 I want to just ask you some questions 14 that sort of fills in some of the gaps of your 15 previous testimony. I'll sort of work 16 backwards-forwards so that the most recent 17 testimony is fresh in your mind and then I just 18 want to turn to a couple of documents. 19 A. Sure. 20 Q. So earlier you testified about the 21 different fee structures associated with the 22 various agreements that we've been talking about. 23 I just want to make sure that I understand a few 24 things correctly. 25 So InSight's fee under its current</p>	<p style="text-align: right;">Page 180</p> <p>1 agreement, there's a component of the fee that 2 relates to the profits generated from the pharmacy 3 program. 4 Are you familiar with that fee 5 component? 6 A. Vaguely familiar with it, yeah. 7 Q. I can -- I can pull out the agreement, 8 but I can also represent to you that part of the 9 fee component is that 25 percent of the profits 10 generated from the hospitals' pharmacy programs 11 are paid to the manager. 12 A. Correct. 13 Q. Has CarePoint prepared any analysis or 14 any projections as to what that 25 percent 15 translates to in dollars? 16 A. First of -- that 25 percent of the 17 pharmacy program profits, that point was 18 specifically negotiated by InSight. 19 Secondly, you know, there were 20 projections as to what the 340B could potentially 21 bring in that were done probably over the summer, 22 but we never went as far as looking at 23 profitability and then 25 percent of that -- what 24 that 25 percent of that would amount to. We did 25 not -- we did not do an analysis around that.</p>

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<p style="text-align: right;">Page 181</p> <p>1 Q. So when you said that there was analysis 2 done as to what the 340B program could potentially 3 bring in, that -- is it your testimony that that 4 number was never quantified? 5 A. Not that I'm -- I mean, I am aware of 6 that number being quantified by, you know -- you 7 know, InSight and -- and -- and the chief pharmacy 8 officer. They were looking at some of the script 9 volumes and trying to quantify that number. But I 10 wasn't aware of -- of it. I wasn't involved in 11 that at all. 12 Q. Okay. So just so I'm understanding you 13 correctly, is it your testimony that were other 14 parties who were -- who you understand were 15 working on that analysis, but you are not aware of 16 the actual figure, if you will, as to what that 17 translates to? 18 A. Correct. 19 Q. And so do you think as the CFO you 20 should have understood what that number is before 21 CarePoint agreed to that as part of the fee 22 structure? 23 A. I wasn't involved in negotiating these 24 documents. It was Dr. Shah from InSight and 25 Dr. Moulick along with Yan Moshe on the other</p>	<p style="text-align: right;">Page 183</p> <p>1 Q. Can Bayonne Hospital ever be a 2 participant in the 340B program? 3 A. No. 4 Q. And am I correct in understanding that 5 they cannot participate because they are a 6 for-profit hospital? 7 A. Correct. 8 Q. And is HRH, the Secaucus facility, also 9 a for-profit hospital? 10 A. It is. 11 Q. So am I correct in understanding that 12 from structuring this MSO, you have two 13 participants, HRH and Bayonne, who are now 14 benefiting from this 340B program through the fee 15 structure? 16 A. Yeah. I mean, the 340B can only be done 17 at Hoboken and Christ. And as part of this 18 four-hospital MSO, which was negotiated by 19 InSight and Dr. Moulick, that was the agreement. 20 And as far as healthcare regulatory guidelines 21 was, I -- I'm not sure if that's, you know, okay 22 or not. 23 Q. I'm not asking whether or not 24 regulatory-wise. It's not getting there. Don't 25 need to get there.</p>
<p style="text-align: right;">Page 182</p> <p>1 side of it that negotiated all these documents. 2 I'm -- I was, again, generally aware of these 3 agreements being worked on, but my day-to-day 4 operations was mostly around just keeping these 5 hospitals afloat. It was fighting -- putting 6 fires out every day in terms of vendors and -- 7 and lawsuits, judgments et cetera. We were just 8 focused on trying to keep the hospitals afloat 9 so we could continue to treat charity care 10 patients. 11 Q. I -- I understand that you may not have 12 been the direct point of contact as to the 13 negotiations, but as the 30(b)(6) corporate 14 representative and the CFO of the company, with 15 respect to the fee structure of an agreement that 16 you're seeking court approval of, is it your 17 testimony that you don't know what the fee amount 18 is? 19 A. We don't know right now what -- what 20 340B could potentially generate. The hospitals 21 aren't approved for the 340B program at the 22 moment. 340B is something that InSight intended 23 to bring in. They were the subject matter experts 24 on the 340B, and I relied on InSight to negotiate 25 a fair deal in this -- in this scenario.</p>	<p style="text-align: right;">Page 184</p> <p>1 I'm just trying to confirm that you have 2 two hospitals in an organization that would not 3 otherwise be entitled to participate in this 4 program who through the MSO is now receiving 5 profits from the program. 6 A. That's what Dr. Shah and Dr. Moulick 7 negotiated, yes. 8 Q. Okay. Earlier in your testimony, you 9 were talking about the three different board seats 10 that HRH obtained through the DIP. 11 Do you recall that testimony? 12 A. I do. 13 Q. Okay. And as we sit here today, there 14 are three board members from HRH sitting on the 15 board, correct? 16 A. Correct. 17 Q. Okay. And I believe it was your 18 testimony earlier that the three board seats that 19 were placed for HRH were driven by InSight's 20 request. 21 A. Correct. 22 Q. Okay. Can you explain that to me? 23 A. Sure. So every -- I'll -- I'll go 24 back a little bit. Basically, you know, InSight 25 was getting a lot of pressure to come up with</p>



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<p style="text-align: right;">Page 185</p> <p>1 funding because, you know, CarePoint kept 2 telling InSight "You guys are the management 3 company, you guys need to provide -- provide 4 funding." 5 So I went and found Unity to provide a 6 DIP and brought them on to work with InSight to -- 7 to -- to basically provide a DIP for the 8 hospitals. Unity was willing to give ten million 9 bucks, but obviously that wasn't sufficient. We 10 needed more. InSight agreed to backstop that 11 debt. 12 Unity wanted to be -- to benefit from 13 ancillary services in the hospital, whether 14 it's, you know, a detox program or -- or some 15 orthopedic surgeries, et cetera. That -- they 16 were planning on getting ancillary benefit from 17 it. 18 Since they were partnering with InSight 19 on this, InSight asked them that if they -- if 20 they were going to be part of in this DIP, they 21 specifically asked for three board seats as part 22 of this DIP requirement. 23 So when InSight and Unity effectively 24 worked together to come up with this DIP document, 25 the last it -- they -- InSight basically asked</p>	<p style="text-align: right;">Page 187</p> <p>1 A. Correct. 2 Q. Okay. You had testified earlier that 3 the \$7 million Capitala piece was previously 4 earning 15 percent and through the rollup will now 5 be earning 18 percent. 6 Do you recall that testimony? 7 A. I do. 8 Q. Okay. There's also the consent 9 judgment. 10 A. Correct. 11 Q. What interest is currently being paid on 12 the consent judgment? 13 A. I don't know. 14 Q. Do you know whether there's any interest 15 being paid -- 16 MR. McMICHAEL: Excuse me. Can 17 you just repeat the last question, 18 please? 19 Listen to the last question. 20 BY MR. JARECK: 21 Q. What interest is currently being paid on 22 the consent judgment? 23 MR. McMICHAEL: That's the 24 question. 25 A. None.</p>
<p style="text-align: right;">Page 186</p> <p>1 Unity to ask for three board seats. 2 Q. So is it -- so InSight's board seats 3 derived from its management agreement, correct? 4 A. Correct. 5 Q. So is it your testimony that InSight and 6 Unity were asking for three more additional board 7 seats? 8 A. Correct. 9 Q. So for six total? 10 A. Correct. 11 Q. Got it. 12 Earlier you had testified about the 13 rollup. 14 Do you recall that testimony? 15 A. I do. 16 Q. Okay. And as part of your testimony, 17 you were explaining that there were two different 18 tranches that are proposed to being rolled up. Do 19 you recall that? 20 A. I -- 21 Q. Let me clarify. 22 So there were two different pieces, 23 right? So there was the Capitala piece being 24 rolled up and then there was the consent 25 judgment.</p>	<p style="text-align: right;">Page 188</p> <p>1 Q. Okay. And so through the rollup, that 2 \$30 million debt piece will now incur 18 percent 3 interest, correct? 4 A. Correct. 5 Q. And, roughly, do you know what 18 6 percent interest on \$30 million is? 7 A. I'd have to pull out a calculator, 8 but -- 9 Q. Call it, I don't know, \$5 million? 10 A. Sure. 11 Q. And do you think that that's 12 reasonable? 13 A. Given the circumstance of where Bayonne 14 is and given the fact that there were no other 15 folks at the table at the time, and that is a rate 16 and amount that was negotiated by Dr. Shah, 17 Dr. Moulick, with HRH, that's -- that is what 18 was negotiated at the time. And, again, all of 19 this is subject to the Bankruptcy Court's 20 approval. 21 Q. So I'm noticing that in a lot of your 22 answers, you keep referring to that's what my 23 client negotiated. I'm not asking who negotiated. 24 I'm asking for your testimony. 25 And what my question is, do you think</p>

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<p style="text-align: right;">Page 189</p> <p>1 it's commercially reasonable to transform unpaid 2 rent into a post-petition claim that incurs 18 3 percent interest? Do you think that that's 4 commercially reasonable? 5 A. I don't know if it's commercially 6 reasonable. The 18 percent in -- in general, 7 which is higher than the 11 percent for the other 8 two hospitals, was -- was agreed upon because of 9 the lease issue and because of the fact that 10 Bayonne Hospital was hemorrhaging cash. 11 Whether it's commercially reasonable 12 or not, I -- I can't speak to that. I don't 13 know. 14 Q. Okay. Well, in the context of your 15 earlier testimony regarding unpaid payroll 16 taxes -- 17 A. Mm-hmm. 18 Q. -- where under your watch you were 19 withholding dollars from employees and not 20 remitting it to the government because of the dire 21 consequences of the hospital -- do you recall that 22 testimony? 23 A. I do. 24 Q. Do you think incurring \$5 million in 25 interest per year to HRH is commercially</p>	<p style="text-align: right;">Page 191</p> <p>1 You can testify as to your 2 understanding, but I object to the legal 3 conclusion. 4 A. If we wanted to keep the hospital, we 5 would -- and the lease, we would have to cure that 6 rent amount. It is -- yeah, I mean, it is 7 unsecured, but if we wanted to use the facility, 8 we would have to cure the rent. 9 Q. Okay. And can you explain to me -- not 10 your legal opinion, but can you explain to me how 11 you cure and keep the lease that was terminated 12 based on your consent, based on CarePoint's 13 consent? 14 A. We would have to pay the past due rent 15 amount, the unpaid rent, to cure the lease. 16 Q. Even after you consented to it being 17 terminated? 18 A. No, no. I was talking about curing in 19 general. But, no, we consented to it being 20 terminated based on the Delaware court's actions. 21 But, yeah, and I -- I guess us talking about a 22 hypothetical scenario where we could cure -- or we 23 would have to cure the -- any lease defaults in 24 order to assume it. 25 Q. Okay. So earlier in your testimony you</p>
<p style="text-align: right;">Page 190</p> <p>1 reasonable in that context? 2 A. If they are putting in all the efforts 3 which they currently are in turning around these 4 hospitals and -- and -- and -- and, you know, the 5 amount of capital they're putting up, the -- the 6 amount of efforts they're putting from their -- 7 from their whole team, you could make the argument 8 that -- that it is reasonable. 9 Q. Okay. And this \$30 million is -- is 10 cashless, correct? This is not new capital. Is 11 that not correct? 12 A. The 30 million is not new capital, no. 13 Q. It's just a rollup, an accounting entry, 14 correct? 15 A. Well, HRH paid cash to take Capitala's 16 position. 17 Q. I'm going to get to that. 18 A. Okay. And the rent rollup is cash that 19 was due to them that was never paid. 20 Q. Okay. So let's go -- let's go there. 21 So it was rent that was due and payable 22 to HRH that is a pre-petition unsecured claim. Is 23 that not correct? 24 MR. McMICHAEL: That's a legal 25 conclusion.</p>	<p style="text-align: right;">Page 192</p> <p>1 had made certain statements about InSight had 2 promised you money, had promised you funding. 3 Do you recall that testimony? 4 A. I do. 5 Q. And I think you had testified that when 6 you came on as your role as CFO, InSight had 7 promised to fund this \$20 million. 8 Do you recall that testimony? 9 A. I do. 10 Q. Okay. Is there a contract that requires 11 InSight to fund the \$20 million in or about the 12 time that you came on as CFO? 13 A. I don't know. I don't think so. 14 Q. Okay. There was also earlier 15 testimony about the backstop agreement with the 16 Unity DIP. 17 Do you recall that testimony? 18 A. I do. 19 Q. Okay. And I want to make sure I just 20 don't mischaracterize your previous testimony, but 21 it wasn't clear to me about whether there was an 22 executed backstop agreement requiring InSight to 23 backstop the \$15 million debt. 24 Can you just clarify that, please? 25 A. It was heavily negotiated by InSight. I</p>

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<p style="text-align: right;">Page 193</p> <p>1 don't think it was executed.</p> <p>2 Q. Okay. And then earlier we were talking</p> <p>3 about the Christ real estate option.</p> <p>4 Do you recall that conversation?</p> <p>5 A. Yes.</p> <p>6 Q. And there was some mention during that</p> <p>7 testimony about Dr. Shah's resignation.</p> <p>8 A. Mm-hmm.</p> <p>9 Q. Okay. I just want to make sure I</p> <p>10 understand, because I believe you had</p> <p>11 previously testified that Dr. Shah's</p> <p>12 resignation somehow resulted in the loss of the</p> <p>13 option.</p> <p>14 Is that -- did I misunderstand that?</p> <p>15 A. Yes.</p> <p>16 Q. Okay. So the real estate option</p> <p>17 was lost prior to Dr. Shah's resignation,</p> <p>18 correct?</p> <p>19 A. Yes, I believe so. I didn't get the</p> <p>20 notice, but the -- I was informed that the real</p> <p>21 estate option was terminated. I don't know the</p> <p>22 exact date, but I was informed by folks that the</p> <p>23 real estate option was terminated and it could</p> <p>24 potentially be reinstated if we paid the rent, as</p> <p>25 was the case for several months. It was just</p>	<p style="text-align: right;">Page 195</p> <p>1 A. If we're just funding and not, you know,</p> <p>2 doing capital improvements or whatnot, nine</p> <p>3 months.</p> <p>4 Q. And -- and that estimate -- I'm not --</p> <p>5 you don't have a budget in front of you, but</p> <p>6 that estimate is based on sort of the current</p> <p>7 expenses that are contemplated in the DIP budget,</p> <p>8 correct?</p> <p>9 A. And assumes that collections remain</p> <p>10 flat. I'm just going off of the cash burn of</p> <p>11 Bayonne on a monthly basis and guesstimating based</p> <p>12 on that. So if volumes remain exactly the same,</p> <p>13 then -- then, yeah. But if -- obviously if</p> <p>14 volumes pick up, collections pick up, their</p> <p>15 drive -- HRH is driving surgical cases to Bayonne,</p> <p>16 we anticipate to start collecting on those in</p> <p>17 three months. I would imagine three, four months</p> <p>18 from today collections at Bayonne should be</p> <p>19 better.</p> <p>20 Q. Okay. And earlier in your testimony</p> <p>21 related to the budget, I believe you had testified</p> <p>22 that all of these management fees that are in the</p> <p>23 various agreements, HRH has agreed to the deferral</p> <p>24 of those fees and nonpayment under the DIP during</p> <p>25 this case.</p>
<p style="text-align: right;">Page 194</p> <p>1 going back and forth.</p> <p>2 Q. Okay. Thank you.</p> <p>3 So just bear with me because I'm going</p> <p>4 to try to be efficient and make sure I'm not</p> <p>5 repeating anything that the Committee has already</p> <p>6 asked.</p> <p>7 A. I appreciate that.</p> <p>8 Q. So earlier in your testimony, we were</p> <p>9 talking about the rollup versus the new money</p> <p>10 component as to Bayonne.</p> <p>11 Do you recall that testimony?</p> <p>12 A. I do.</p> <p>13 Q. Okay. And I believe you testified</p> <p>14 earlier that the \$42 million is fresh, new money.</p> <p>15 Is that correct?</p> <p>16 A. Correct.</p> <p>17 Q. Okay. Because I believe there was some</p> <p>18 confusion in the discovery as to what was being</p> <p>19 offered. But as you sit here today, it's \$42</p> <p>20 million in fresh, new money, correct?</p> <p>21 A. I've confirmed that with HRH myself.</p> <p>22 It's \$42 million of new money.</p> <p>23 Q. Okay. And as to Bayonne, what is your</p> <p>24 timeline for the burn of that \$42 million? How</p> <p>25 long does that last you?</p>	<p style="text-align: right;">Page 196</p> <p>1 Do you recall that testimony?</p> <p>2 A. I do.</p> <p>3 Q. Okay. Is that -- the way I</p> <p>4 characterized it, is that correct?</p> <p>5 A. Correct.</p> <p>6 Q. Okay. Do you know whether or not that</p> <p>7 has ever been disclosed to the court?</p> <p>8 A. The -- the deferral or --</p> <p>9 Q. HR -- do you know whether or not HRH --</p> <p>10 HRH's agreement to defer all of the various</p> <p>11 management fees has been disclosed to the court?</p> <p>12 A. I don't know. I don't think so.</p> <p>13 Q. And do you know what document or</p> <p>14 provision addresses that agreement to defer all of</p> <p>15 the fees?</p> <p>16 A. No, I don't.</p> <p>17 MR. JARECK: So I guess we can</p> <p>18 mark these as I-1 going forward for</p> <p>19 InSight? Does that make sense?</p> <p>20 MR. McMICHAEL: Yeah.</p> <p>21 InSight -- InSight 1?</p> <p>22 MR. JARECK: InSight 1?</p> <p>23 MR. McMICHAEL: If you can give</p> <p>24 one to the witness, please.</p> <p>25 THE WITNESS: Do you have</p>

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<p style="text-align: right;">Page 197</p> <p>1 another one?</p> <p>2 MR. McMICHAEL: He'll give you</p> <p>3 another one.</p> <p>4 MR. JARECK: I only have five.</p> <p>5 (Whereupon, exhibit is received</p> <p>6 and marked InSight Deposition Exhibit 1</p> <p>7 for identification.)</p> <p>8 MR. FLYNN: Do you want to</p> <p>9 identify it, the Bates range on that, or</p> <p>10 can you somehow identify what the</p> <p>11 document is?</p> <p>12 MR. JARECK: I will. I'll do</p> <p>13 it. So what -- what I'm presenting -- I</p> <p>14 apologize.</p> <p>15 THE WITNESS: Thank you.</p> <p>16 THE REPORTER: Thank you.</p> <p>17 BY MR. JARECK:</p> <p>18 Q. Mr. Syed, what -- what I presented you</p> <p>19 with is a document called a "Declaration</p> <p>20 Pursuant to Bankruptcy Rule 1003." It was filed</p> <p>21 in the main case -- I'm sorry. It was filed in</p> <p>22 the involuntary Case 24-12551 at Docket Number</p> <p>23 7.</p> <p>24 Mr. Syed, are you familiar with this</p> <p>25 document?</p>	<p style="text-align: right;">Page 199</p> <p>1 case. Yeah, HRH wanted to -- wanted to own the</p> <p>2 collateral and they wanted to be able to lend into</p> <p>3 Bayonne outside of Capitala. So they approached</p> <p>4 Capitala and -- and purchased their -- their --</p> <p>5 the first lien on Bayonne.</p> <p>6 Q. Okay. So this was a declaration</p> <p>7 submitted in connection with the involuntary.</p> <p>8 A. Okay.</p> <p>9 Q. And I just want to make sure I</p> <p>10 understand your testimony correctly.</p> <p>11 Are -- are you stating that the claim of</p> <p>12 Capitala was purchased by HRH for some reason</p> <p>13 other than to commence the involuntary? Is that</p> <p>14 your testimony?</p> <p>15 A. When Capitala's piece of the debt was</p> <p>16 purchased, involuntarily -- an involuntary wasn't</p> <p>17 being considered. There were several moving</p> <p>18 pieces to this. So Capitala -- the DIP lender,</p> <p>19 Unity and InSight, wanted a pari DIP. In order to</p> <p>20 get the pari DIP, Capitala had requested that they</p> <p>21 get the Aetna settlement paid out as well as the</p> <p>22 Bayonne portion bought by someone.</p> <p>23 InSight offered to buy the position</p> <p>24 of -- buy this piece of debt but never showed up</p> <p>25 with the funds.</p>
<p style="text-align: right;">Page 198</p> <p>1 A. This is Vince Roldan's declaration?</p> <p>2 Q. This is Mr. Roldan's declaration</p> <p>3 pursuant to Rule 1003.</p> <p>4 Are you familiar with it? Have you ever</p> <p>5 reviewed it?</p> <p>6 A. I don't think so.</p> <p>7 Q. Okay. Understanding that you haven't</p> <p>8 reviewed it, I want to point you to paragraph 5,</p> <p>9 and I'll read it into the record. "The LSAA is an</p> <p>10 unconditional transfer." Then it states "The</p> <p>11 claim of Capitala was not transferred for the</p> <p>12 purpose of commencing the instant bankruptcy</p> <p>13 case."</p> <p>14 Do you see that?</p> <p>15 A. I do.</p> <p>16 Q. Do you believe that statement to be</p> <p>17 true?</p> <p>18 A. HRH was intending to buy Capitala's</p> <p>19 portion of the Bayonne collateral, you know,</p> <p>20 regardless of the filing to -- in order to do --</p> <p>21 you know, to -- because they wanted to own Bayonne</p> <p>22 per the collateral surrender agreement.</p> <p>23 THE REPORTER: Per the</p> <p>24 collateral?</p> <p>25 A. Surrender agreement. Instant bankruptcy</p>	<p style="text-align: right;">Page 200</p> <p>1 HRH ended up buying this and they would</p> <p>2 have bought this piece of debt regardless because</p> <p>3 they were trying to own Bayonne. But HRH's</p> <p>4 intention was to try to own the Bayonne Hospital.</p> <p>5 Q. If you turn to page 2 of 21, the</p> <p>6 document that I'm referencing is the loan sale and</p> <p>7 assignment agreement for HRH's acquisition of the</p> <p>8 Capitala loan.</p> <p>9 Can you tell me what the date of this</p> <p>10 document is?</p> <p>11 A. October 21st, 2024.</p> <p>12 Q. So if your testimony is correct,</p> <p>13 you're telling me that as of October 21st, 2024,</p> <p>14 an involuntary proceeding was not being</p> <p>15 considered?</p> <p>16 A. A bankruptcy proceeding was being</p> <p>17 considered. I don't know if necessarily an</p> <p>18 involuntary proceeding was being considered.</p> <p>19 MR. JARECK: Would you please</p> <p>20 mark this as InSight 2?</p> <p>21 MR. RABINOWITZ: One more over</p> <p>22 here.</p> <p>23 (Whereupon, exhibit is received</p> <p>24 and marked InSight Deposition Exhibit 2</p> <p>25 for identification.)</p>



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<p style="text-align: right;">Page 201</p> <p>1 BY MR. JARECK:</p> <p>2 Q. So, Mr. Syed, what you're looking at</p> <p>3 are the minutes of the board meeting of October</p> <p>4 21st --</p> <p>5 A. Okay.</p> <p>6 Q. -- 2024, which is the same day that the</p> <p>7 loan and sale agreement was executed. Is that</p> <p>8 correct?</p> <p>9 A. Correct.</p> <p>10 Q. I want to point you to page 2 of 5,</p> <p>11 which is CP028051, under B, sub 2, "Pending</p> <p>12 Issues." And it reads as follows: "The consent</p> <p>13 from SurgiCore remains unresolved. Larry</p> <p>14 emphasized that this primarily impacts HRH but</p> <p>15 also affects CarePoint's ability to proceed</p> <p>16 smoothly with a consensual bankruptcy filing. He</p> <p>17 outlined two pathways: Securing SurgiCore's</p> <p>18 consent or proceeding with an involuntary</p> <p>19 initiated by HRH."</p> <p>20 Do you see that?</p> <p>21 A. I do.</p> <p>22 Q. And the exact same day that this board</p> <p>23 met, the Capitala -- the Capitala loan and sale</p> <p>24 agreement was executed and the Capitala debt was</p> <p>25 acquired by HRH, correct?</p>	<p style="text-align: right;">Page 203</p> <p>1 back.)</p> <p>2 A. At that point we didn't know if we were</p> <p>3 filing an involuntary or not. That -- we were</p> <p>4 going to try to get consent from SurgiCore, so we</p> <p>5 could have filed a voluntary as well if we got the</p> <p>6 consent.</p> <p>7 Q. Without acquiring the Capitala debt --</p> <p>8 A. Mm-hmm.</p> <p>9 Q. -- did you have three petitioning</p> <p>10 creditor -- creditors to commence an involuntary</p> <p>11 proceeding?</p> <p>12 A. Possibly, yeah.</p> <p>13 Q. Who were the other creditors?</p> <p>14 A. We have a lot of creditors.</p> <p>15 MR. McMICHAEL: It's a very</p> <p>16 long list.</p> <p>17 Q. Who were the other creditors that stated</p> <p>18 to you they were prepared to sign an involuntary</p> <p>19 petition to put Bayonne --</p> <p>20 MR. McMICHAEL: Wait a minute.</p> <p>21 Wait a minute. I object to the question.</p> <p>22 That assumes a fact that you haven't</p> <p>23 established. It's misleading. He's</p> <p>24 having discussions with creditors.</p> <p>25 BY MR. JARECK:</p>
<p style="text-align: right;">Page 202</p> <p>1 A. Correct.</p> <p>2 Q. And so are you telling me that HRH's</p> <p>3 acquisition of the Capitala claim in light of all</p> <p>4 of this has nothing to do with the involuntary</p> <p>5 proceeding?</p> <p>6 A. So involuntary -- so we prepped to file.</p> <p>7 We were not aware of the involuntary issue. And</p> <p>8 then when we got ready to file, we became aware of</p> <p>9 the involuntary issue. I don't -- I obviously</p> <p>10 don't recall the exact timing of when things kind</p> <p>11 of played out, but, again, we were still trying to</p> <p>12 do a voluntary versus involuntary filing.</p> <p>13 But, yes, this -- you know, it's not --</p> <p>14 it wasn't determined at the time that we were</p> <p>15 definitely going down the involuntary path.</p> <p>16 Q. Okay. But the -- the timing is a little</p> <p>17 unique, right? So you have a board meeting on</p> <p>18 October the 21st and on the same day, October the</p> <p>19 21st, the Capitala debt is acquired by HRH in</p> <p>20 order to file an involuntary, correct?</p> <p>21 MR. McMICHAEL: Wait a minute.</p> <p>22 Read that question back, please.</p> <p>23 Listen carefully to the</p> <p>24 question.</p> <p>25 (Whereupon, the record was read</p>	<p style="text-align: right;">Page 204</p> <p>1 Q. To your knowledge, are there any other</p> <p>2 creditors besides the three petitioning creditors</p> <p>3 that were prepared to sign the involuntary</p> <p>4 petition to put Bayonne into bankruptcy?</p> <p>5 A. Possibly, yes. Again, we weren't</p> <p>6 looking for creditors to file involuntary at this</p> <p>7 point. We weren't even sure we were filing</p> <p>8 involuntary at this point.</p> <p>9 Q. Okay. So on the same InSight 2, also</p> <p>10 now on page 3 --</p> <p>11 A. Mm-hmm.</p> <p>12 Q. -- the second-to-last full -- I'm sorry,</p> <p>13 the third-to-last full paragraph on that page, it</p> <p>14 starts with "A concern..." And I'll read the</p> <p>15 relevant section. "When asked about a workaround</p> <p>16 in case of SurgiCore's consent cannot be obtained,</p> <p>17 Mr. Michael noted there is an alternative, though</p> <p>18 it is somewhat awkward. In this scenario, HRH</p> <p>19 would file an involuntary bankruptcy against</p> <p>20 Bayonne, which requires HRH to purchase Capitala's</p> <p>21 debt, a process they committed to completing by</p> <p>22 Monday."</p> <p>23 Do you read that?</p> <p>24 A. I do.</p> <p>25 Q. Okay. And so is it correct and is it</p>

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<p style="text-align: right;">Page 205</p> <p>1 your understanding that in order to commence the 2 involuntary, HRH needed to acquire Capitala's 3 debt? 4 A. We were in discussions with HRH 5 acquiring Capitala's debt long before the 6 involuntary issue was ever raised. HRH was 7 negotiating with Capitala. They were trying to 8 lowball them and tried to buy it at a lower price 9 for several weeks before involuntary even became 10 an issue. So HRH was intending to buy the debt 11 regardless of the involuntary. 12 Q. My -- my question is an easy one. 13 Is that statement correct that in order 14 to commence the involuntary, HRH was required to 15 purchase Capitala's debt? 16 A. Someone was required to purchase 17 Capitala's debt. InSight was trying to buy 18 Capitala's debt, too. I -- I would say someone 19 should have bought Capitala's debt. 20 Q. Okay. So Capitala's debt was required 21 to be purchased and so HRH was the entity that 22 acquired that debt, correct? 23 A. Correct. 24 Q. Okay. And so is a statement that the 25 purchase of Capitala's debt was not for the</p>	<p style="text-align: right;">Page 207</p> <p>1 Q. The four hospital -- 2 A. Right. 3 Q. And not the agreement but the operating 4 agreement associated with the manager. 5 Do you understand the distinction? 6 A. Operating agree -- 7 Q. So let me try to just rephrase it. 8 A. Yeah. 9 Q. So there's the four-hospital agreement I 10 think we've been commonly referring to it as which 11 is an agreement to form the MSO. 12 A. Correct. 13 Q. Okay. And so there was discussion 14 earlier about essentially a 50/50 sharing between 15 CarePoint and HRH in the MSO. 16 A. Correct. 17 Q. Okay. Do you know whether that MSO 18 operating agreement has been executed? 19 MR. McMICHAEL: The 20 four-hospital agreement -- the 21 four-hospital system agreement? 22 Q. The four-hospital system agreement that 23 was filed with the court references a defined 24 term, "MSO Operating Agreement." 25 MR. McMICHAEL: Oh, I see what</p>
<p style="text-align: right;">Page 206</p> <p>1 purpose of commencing the involuntary, which is 2 what this declaration states, do you still believe 3 that that's correct? 4 A. No. As I said, cap -- capi -- HRH, 5 InSight, were engaging with Capitala for several 6 weeks from September to October trying to 7 negotiate and they were basically threatening 8 each other. InSight was saying "I'll buy the 9 debt." HRH was saying "No, don't buy it. We'll 10 buy it." They were going back and forth before 11 this involuntary even existed as an issue. 12 So regard -- so it -- it comes back to 13 Capitala would allow a pari DIP for InSight and 14 Unity as long as two things happened: They got 15 the Aetna settlement payment and they got this 16 piece bought by someone. Capitala didn't care who 17 bought it as long as whoever paid \$5.9 million for 18 it, that they were the buyer. It didn't matter to 19 them who bought it. It has nothing to do with the 20 involuntary specifically. 21 Q. So do you recall earlier in your 22 testimony where we were talking about the Hudson 23 MSO operating agreement? Do you recall that 24 testimony? 25 A. The four hospital --</p>	<p style="text-align: right;">Page 208</p> <p>1 you're saying. 2 Q. My question -- 3 MR. McMICHAEL: Do you 4 understand the question? 5 THE WITNESS: I don't -- I'm 6 not a hundred percent certain I do. 7 MR. McMICHAEL: You're going to 8 have to explain it. 9 MR. JARECK: Okay. 10 BY MR. JARECK: 11 Q. So the -- the four-hospital system is in 12 agreement with the manager. 13 A. Yes. 14 Q. Okay. And so it's contemplated that the 15 manager, the MSO, will have its own operating 16 agreement governing things like control, profit 17 sharing, things like that. 18 My question is, do you know whether or 19 not that MSO operating agreement has been 20 executed? 21 A. I don't think so. 22 Q. Do you know whether or not it's been 23 even drafted? 24 A. I don't know. 25 Q. In the four-hospital agreement that's</p>

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<p style="text-align: right;">Page 209</p> <p>1 been filed with the court, there's reference to 2 this 50/50 sharing. 3 A. Correct. 4 Q. And it says 50 percent CarePoint, 50 5 percent Mr. Moshe or some entity designated by 6 him. 7 Is that your recollection of what the 8 agreement says? 9 A. Yes. 10 Q. So as it relates to the CarePoint side, 11 what CarePoint entity is the 50 percent owner in 12 the MSO? 13 A. It's going to be -- it would be Christ 14 and Hoboken collectively. 15 Q. And when you say "Christ and Hoboken," I 16 just want to make sure I understand. It's Christ 17 and Hoboken, the Opcos? 18 A. I'd imagine so, yeah. 19 Q. Okay. 20 MR. McMICHAEL: Don't guess. 21 Q. Yeah. So -- so -- again, only if you 22 have knowledge as to how it's being structured. 23 If it -- I believe you said you don't even know if 24 it's been drafted, correct? 25 A. Correct.</p>	<p style="text-align: right;">Page 211</p> <p>1 going to be other functions sitting at the MSO 2 level as well. That's shared services across all 3 four hospitals. 4 I believe the intent was to keep it at 5 that -- at the MSO level. 6 Q. Okay. And, again, we'll check the 7 facilities agreement to see, but other than your 8 recollection about that disclosure, has there been 9 any other disclosure to the court about this 10 arrangement with Dr. Moulick receiving 1.75 11 million per year from the MSO? 12 A. Not that I know of. 13 Q. So there's -- we were talking previously 14 about what Capitala had requested in order to 15 be -- in order to agree to be pari in the debt 16 structure. 17 Do you recall that testimony? 18 A. I do. 19 Q. Okay. So there's also reference in the 20 documents to this \$1.7 million fee that was paid 21 to Capitala as part of the consideration to 22 consent to this pari treatment. 23 Are you aware of that fee? 24 A. I am. 25 Q. Okay. Who paid that fee?</p>
<p style="text-align: right;">Page 210</p> <p>1 Q. Okay. So someone hasn't told you what 2 really the sort of ownership structure will be. 3 Is that correct? 4 A. Correct. 5 Q. Okay. Earlier you had testified that 6 Dr. Moulick was going to be paid \$1.75 million per 7 year from the MSO. 8 Do you recall that testimony? 9 A. I do. 10 Q. How do you know that? 11 A. I believe it's in one of the documents. 12 Maybe the facilities management agreement. 13 Q. Okay. Do you know why it would be in 14 the facilities management agreement that was 15 recently filed as opposed to the Hudson MSA 16 motion? 17 A. I don't know. 18 Q. Do you know why it was agreed that 19 Dr. Moulick would be paid that amount from the MSO 20 as opposed to the hospitals? 21 A. It would take the burden of that salary 22 off of the hospitals and it would -- and -- and 23 since he would be sitting at the MSO level, which 24 is an oversight over all four hospital systems, 25 and we talked about the passthrough costs, there's</p>	<p style="text-align: right;">Page 212</p> <p>1 A. HRH did. 2 Q. Okay. And was HRH contractually 3 obligated to pay that fee? 4 A. So -- so the 1.7 is -- wasn't a fee to 5 Capitala. It was -- so the Bayonne first lien 6 position debt was five -- was a little over six 7 million bucks. Capitala agreed to sell it for 8 5.9. HRH wanted to pay 4.2 for it. 9 There was a lot of back-and-forth and 10 what the ultimate -- the way we kind of bridged 11 that gap was Dr. Moulick and Dr. Shah agreed to 12 pay 1.7 million from any Cigna litigation 13 proceeds, whenever they may arrive, back to HRH 14 and, in return, HRH would pay the 5.9 -- so HRH 15 would pay the 5.9 to Capitala and then whenever 16 the Cigna litigation was resolved, from the 17 proceeds that CarePoint gets, they would give 1.72 18 to HRH. 19 Q. Okay. Do you know what document, if 20 any, that is disclosed in? 21 A. It's disclosed in the four hospital -- I 22 believe it's disclosed in the four-hospital MSO 23 document. 24 Q. Okay. So we had talked about 25 previously the various agreements and I think you</p>

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<p style="text-align: right;">Page 213</p> <p>1 had testified that there was four or five 2 different agreements as part of this overall 3 transaction. 4 Recently there was a motion filed by the 5 debtors to approve the facilities management 6 agreement, I think is what you said before. And 7 separate and apart from that, there's the Hudson 8 MSA motion as well. Is that correct? 9 A. Correct. 10 Q. Okay. I'm just trying to understand 11 what the need for that additional agreement is in 12 light of the fact that there previously was not 13 this structure, right? So I'm trying to 14 understand -- given the increase in fees, I'm 15 trying to understand the need and what the 16 different services are among those agreements. 17 Do you understand what I'm getting 18 at? 19 A. I mean, HRH wants a management agreement 20 to be able to manage Christ and Hoboken hospitals. 21 When InSight pulled out, the agreements that were 22 signed prior to filing gave HRH the management 23 ability for Bayonne only. 24 So this is to give HRH the ability to 25 manage Hoboken and Christ as well.</p>	<p style="text-align: right;">Page 215</p> <p>1 in. It's already in. It's Committee 2 Number 10. 3 BY MR. JARECK: 4 Q. I'm asking you, as a hospital executive, 5 what are the main differences between the Hudson 6 MSA and the hospital facilities management 7 agreement? 8 A. The MSA is -- well, the -- the 9 four-hospital agreement is to use the synergies of 10 the four hospitals combined to negotiate better 11 rates with payers, negotiate better rates with 12 vendors, and -- and, you know, share resources as 13 needed in order to be a successful health system 14 in Hudson County. 15 The facilities management agreement is 16 specifically for HRH having a management company 17 that runs the day-to-day operations of Christ and 18 Hoboken Hospital. 19 Q. Has it ever been discussed approximately 20 how many employees this MSO was going to have? 21 A. It's all being determined at the moment 22 because obviously HRH has an accounting team. 23 CarePoint hospitals have an accounting team. 24 We -- we don't want to overlap. We have to -- 25 there has to be -- we -- we need to consolidate.</p>
<p style="text-align: right;">Page 214</p> <p>1 Q. Okay. Understanding that the hospital 2 facilities management agreement essentially 3 mirrors Insight's agreement. 4 A. Correct. 5 Q. I fully understand that. That's pretty 6 much what your testimony is, correct? 7 A. That's -- yeah. 8 Q. Okay. So there's the additional layer 9 of the MSO. 10 A. The four-hospital MSO, yeah. 11 Q. Correct. 12 And when you look at the management 13 services and the list of services that are being 14 provided, it's extremely duplicative with the 15 facilities management agreement. 16 I'm just trying to understand from you 17 as a hospital executive, what are the 18 differences? 19 MR. McMICHAEL: And I object to 20 counsel's characterization. If you want 21 to ask him a question, I suggest you 22 actually look at the document. 23 MR. JARECK: I'm happy to mark 24 the document. 25 MR. McMICHAEL: It's already</p>	<p style="text-align: right;">Page 216</p> <p>1 And, obviously, you know, there's going to be 2 folks that will be overseeing the two hospitals 3 for profit and the two not-for-profit. 4 So we are going through the entire MSO 5 function and department by department. IT has a 6 lot of overlap, right? There's all these 7 functions that -- accounting, finance. So we are 8 in the process of going through and identifying 9 what -- what this would look like. 10 We -- I don't know right now how many 11 employees that would... 12 Q. And is it your intention for -- to the 13 extent you know, for you to continue on with 14 CarePoint sort of coming out of this Chapter 11 15 case? 16 A. I -- I don't know. 17 Q. Okay. 18 A. Yeah. 19 Q. So earlier we had talked about 20 Dr. Moulick and his \$1.75 million salary, if you 21 will, that's coming out of the MSO. Is that 22 correct? 23 A. Correct. 24 Q. Okay. I think there was a question 25 previously, but I just want to make sure I</p>



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<p style="text-align: right;">Page 217</p> <p>1 understand your testimony.</p> <p>2 There was no additional consideration</p> <p>3 being paid to Dr. Moulick other than this salary.</p> <p>4 Is that correct?</p> <p>5 A. I don't know. I -- I haven't seen</p> <p>6 Dr. Moulick's employment contract. I'm not aware.</p> <p>7 I just know the salary he's being paid because I</p> <p>8 see the payroll going out the door.</p> <p>9 Q. Okay. So you don't know whether or not</p> <p>10 there is a contemplated employment agreement with</p> <p>11 this new MSO?</p> <p>12 A. No.</p> <p>13 Q. Okay. And to the extent there's any</p> <p>14 profits at the MSO above its expenses, you're not</p> <p>15 aware whether any of those profits go to</p> <p>16 Dr. Moulick. Is that correct?</p> <p>17 A. Yeah.</p> <p>18 MR. LIPPERT: I didn't hear</p> <p>19 that answer.</p> <p>20 THE WITNESS: Yeah, I'm not</p> <p>21 aware.</p> <p>22 MR. JARECK: Okay. That's all</p> <p>23 I have.</p> <p>24 MR. RABINOWITZ: While we're</p> <p>25 getting set up, can we take a quick</p>	<p style="text-align: right;">Page 219</p> <p>1 Thank you.</p> <p>2 CROSS-EXAMINATION</p> <p>3 BY MR. FLYNN:</p> <p>4 Q. Good afternoon. Do I sound okay?</p> <p>5 A. Good afternoon.</p> <p>6 Q. Okay. Great. So we met off the record</p> <p>7 but my name is Jim Flynn and I represent BMC</p> <p>8 Hospital, LLC, which you sometimes refer to as</p> <p>9 SurgiCore, which is fine. Whatever's easier for</p> <p>10 you we can make that reference, although they're</p> <p>11 technically different entities as you understand,</p> <p>12 correct?</p> <p>13 A. Yeah, okay.</p> <p>14 Q. Okay. Now, as Mr. Jareck said when he</p> <p>15 started his questioning, I'm going to try not to</p> <p>16 repeat questions that were previously asked, but I</p> <p>17 will have some follow-ups. So we will revisit</p> <p>18 certain areas to make sure that the record is --</p> <p>19 is clear and that we understand certain items.</p> <p>20 So unlike Mr. Jareck, who was helpful</p> <p>21 and started right where you ended, I'm going back</p> <p>22 much further, toward the beginning.</p> <p>23 So you were asked earlier on about rent</p> <p>24 in 2024.</p> <p>25 Do you recall that?</p>
<p style="text-align: right;">Page 218</p> <p>1 bathroom break?</p> <p>2 THE VIDEOGRAPHER: Okay. We're</p> <p>3 going off the record at 1:39, ending</p> <p>4 Media 3.</p> <p>5 (Whereupon, a recess is taken.)</p> <p>6 THE VIDEOGRAPHER: We are back</p> <p>7 on the record, 1:49. This is Media 4,</p> <p>8 the deposition of Syed.</p> <p>9 MR. JARECK: Good afternoon.</p> <p>10 This is Ryan Jareck from Cole Schotz.</p> <p>11 Just before I conclude on behalf of</p> <p>12 InSight, I did want to put a reservation</p> <p>13 on the record that we reserve the right</p> <p>14 to recall this witness. Last evening</p> <p>15 at about 10:15 p.m. we received over</p> <p>16 2,000 emails from this witness which</p> <p>17 obviously we have not had a chance to</p> <p>18 review.</p> <p>19 Similar to the reservation of</p> <p>20 rights put on the record by the other</p> <p>21 parties, I just want to make it clear</p> <p>22 that although we are concluding our</p> <p>23 questioning for today, we reserve the</p> <p>24 right to recall this witness at a later</p> <p>25 date.</p>	<p style="text-align: right;">Page 220</p> <p>1 A. I do.</p> <p>2 Q. And you made a distinction between</p> <p>3 unpaid rent and late rent. Is that right?</p> <p>4 A. With regards to the Christ option kind</p> <p>5 of going away, yeah.</p> <p>6 Q. Right.</p> <p>7 But in terms of paying rent in Bayonne,</p> <p>8 you stopped paying rent -- when I say "you,"</p> <p>9 CarePoint stopped paying rent in 2024. Is that</p> <p>10 right?</p> <p>11 A. That's right.</p> <p>12 Q. And that was before you started there</p> <p>13 even as a consultant, correct?</p> <p>14 A. Correct.</p> <p>15 Q. But you testified that later, after you</p> <p>16 were on the scene, first as a consultant and then</p> <p>17 as the CFO, that by the time we got to today, you</p> <p>18 think the only unpaid rent in 2024 is for October</p> <p>19 and the other months were late paid rent. Is that</p> <p>20 right?</p> <p>21 A. Only for Christ.</p> <p>22 Q. Only for Christ. So that didn't apply</p> <p>23 to --</p> <p>24 A. Christ and -- Christ and Hoboken,</p> <p>25 correct.</p>

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<p style="text-align: right;">Page 221</p> <p>1 Q. So in Bayonne you stopped paying rent in 2 January -- "you" being CarePoint -- and you have 3 not paid any further rent in Bayonne since then. 4 Is that right? 5 A. That's right. 6 Q. Immediately prior to the rent stopping, 7 what was the normal monthly rental payment? 8 A. It was a little over \$800,000 a month to 9 Bayonne. 10 Q. Okay. And \$800,000 per month for 2024 11 doesn't add up to the number that's in the consent 12 judgment you were shown, correct? 13 A. Correct. 14 Q. What is your understanding of what 15 other rental payments or other liabilities are 16 part of that \$24 to \$32 million range in the 17 consent judgment that had been marked as Committee 18 5? 19 A. I mean, default rent is at 150 20 percent. 21 Q. Okay. So -- but even at \$1.2 million 22 per month, if that's what you were to say for 23 2024, doesn't add up to 24 million to 32 million, 24 correct? 25 A. Correct.</p>	<p style="text-align: right;">Page 223</p> <p>1 I do know that there's a law firm in 2 Delaware that we retained to -- to defend this 3 matter and this was the result of the consent 4 judgment. I wasn't involved in this matter. 5 Q. Well, understood that you may not have 6 been personally involved, but you're here as a 7 Rule 30(b)(6) corporate designee. 8 A. Correct. 9 Q. Do you understand that? 10 A. I do. 11 Q. And you've testified today to certain 12 matters and testified that you were involved and 13 did recall things and so you had personal 14 knowledge, correct? 15 A. Correct. 16 Q. What efforts did you make as to topics 17 that you knew you were going to be deposed on 18 where you didn't have personal knowledge? What 19 did you do to educate yourself to address the 20 topics that you were going to provide testimony 21 on? 22 A. I -- I prepared around the list of 23 topics. I just -- for this particular consent 24 judgment range, I just am not familiar with that 25 specific topic or -- or just what -- kind of what</p>
<p style="text-align: right;">Page 222</p> <p>1 Q. So, again, same question: What 2 other liabilities are in the \$24 million to 3 \$32 million range that's memorialized in Committee 4 5? 5 A. I don't know. That was something that 6 was decided by the Delaware Chancery Court, the 7 judgment range. And I don't know what makes up 8 the \$24 to \$32 million range. 9 Q. So if you have Committee 5 in front of 10 you, if you could take that out, the title of that 11 document is "Consent Order," correct? 12 A. "Consent Order," yep. 13 Q. Right. 14 So that means the parties got together 15 and determined what the content of that was and 16 presented it to the court for entry, correct? 17 A. Yeah, but I wasn't involved in this, 18 that. The Bayonne rent and LOI and all the issues 19 around the Bayonne hos -- Hospital with the 20 Bayonne landlords was something that I wasn't 21 involved with. Dr. Moulick was directly handling 22 it with counsel. And I -- I -- I know that 23 Dr. Moulick and the former CFO, Rich Sarli, both 24 got deposed on -- on this matter and there was a 25 hearing around it.</p>	<p style="text-align: right;">Page 224</p> <p>1 makes up the \$24 to \$32 million amount. 2 Q. Okay. 3 MR. FLYNN: So let's mark as 4 BMC-1... 5 (Whereupon, exhibit is received 6 and marked BMC Deposition Exhibit 1 for 7 identification.) 8 THE WITNESS: Oh, these are my 9 notes. Okay. Here. 10 MR. McMICHAEL: That's okay. 11 I'll -- I'll mark mine. I got it right 12 here. 13 BY MR. FLYNN: 14 Q. So we've put in front of you what's been 15 marked as BMC-1, and I'll represent to you that 16 this is a copy of what Mr. McMichael provided 17 earlier today as a summary of your notes of 18 expected topics and then your responses. 19 Is that accurate -- 20 A. Yes. 21 Q. -- as to what it is? Okay. 22 So describe how you claim to create this 23 document. 24 A. I was given a list of topics by my 25 counsel and --</p>

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<p style="text-align: right;">Page 225</p> <p>1 Q. And would those topics correspond to the</p> <p>2 numbered items on this list?</p> <p>3 A. Yes.</p> <p>4 Q. Okay. And then what do the lettered</p> <p>5 items represent?</p> <p>6 A. My responses.</p> <p>7 Q. Okay. Now, with regard to Number 5 --</p> <p>8 A. Mm-hmm.</p> <p>9 Q. You just have to say yes or no, but that</p> <p>10 wasn't really a question.</p> <p>11 So with regard to Number 5, it says</p> <p>12 "Events leading to and constituting the Delaware</p> <p>13 action" -- I'll skip the parenthetical -- "lease</p> <p>14 defaults, consent order, consent judgment and</p> <p>15 perfection."</p> <p>16 Do you see that?</p> <p>17 A. I do.</p> <p>18 Q. So you knew that was going to be a topic</p> <p>19 you were going to be questioned on today as to the</p> <p>20 corporate representation that you're here to</p> <p>21 deliver, correct?</p> <p>22 A. Correct. I just didn't know to the</p> <p>23 extent of the details we were getting into as, you</p> <p>24 know, this case was pending long before I was</p> <p>25 involved as Item Number A says.</p>	<p style="text-align: right;">Page 227</p> <p>1 MR. McMICHAEL: You can answer</p> <p>2 that question.</p> <p>3 A. I mean, we didn't get into what made up</p> <p>4 the \$24 to \$32 million range. I just, you know --</p> <p>5 I'm aware that it includes lease default, default</p> <p>6 rates, and there were fees associated with it.</p> <p>7 I -- I don't want to guess, but, you know, there's</p> <p>8 probably legal fees, et cetera, built into there.</p> <p>9 But I didn't get into the details of what makes</p> <p>10 the range of \$24 to \$32 million.</p> <p>11 Q. But that -- even the bottom end of that</p> <p>12 range is not substantiated by the defaults and</p> <p>13 amounts that you're aware of that occurred in</p> <p>14 2024. Is that right?</p> <p>15 A. Yeah. And I'm not aware if there's</p> <p>16 unpaid rent for Bayonne for '23. I -- again, I</p> <p>17 don't know what I'm -- this -- this case has been</p> <p>18 going on for long before I got involved in</p> <p>19 CarePoint. When I got involved in CarePoint</p> <p>20 effectively, when I became the CFO, effectively, I</p> <p>21 would say not long after the consent judgment was</p> <p>22 passed. Basically I came on board and people</p> <p>23 were getting deposed and then there's hearings</p> <p>24 going on and then the judgment was passed, so</p> <p>25 this --</p>
<p style="text-align: right;">Page 226</p> <p>1 Q. Mm-hmm. But -- so I take it that A,</p> <p>2 B, and C represent your personal knowledge that</p> <p>3 you were able to write down based on what you</p> <p>4 know or to describe what you didn't know,</p> <p>5 correct?</p> <p>6 A. Correct.</p> <p>7 Q. After doing that or as part of that, did</p> <p>8 you do anything further to educate yourself as to</p> <p>9 the status of, let's say, Number 5 and the</p> <p>10 questions that you'd be asked here as a corporate</p> <p>11 representative about the Delaware action, the</p> <p>12 negotiations, and the consent judgment?</p> <p>13 A. I -- you know, I -- I -- I consulted</p> <p>14 with my counsel on, you know, what happened</p> <p>15 because they were involved in this -- in this</p> <p>16 matter.</p> <p>17 Q. So your counsel became your source of</p> <p>18 information as the corporate representative to</p> <p>19 provide information as to what happened?</p> <p>20 A. Correct.</p> <p>21 Q. Okay. So what did your counsel tell you</p> <p>22 was part of making up the \$24 to \$32 million if</p> <p>23 they were the source of the information on which</p> <p>24 you're relying on testifying as a corporate</p> <p>25 representative?</p>	<p style="text-align: right;">Page 228</p> <p>1 Q. So you started in July --</p> <p>2 A. Yeah.</p> <p>3 Q. -- correct, as the CFO?</p> <p>4 A. Correct.</p> <p>5 Q. You were there previous to that since</p> <p>6 February, correct?</p> <p>7 A. As a consultant.</p> <p>8 Q. And according to Committee 5, this</p> <p>9 commit -- this consent judgment was not entered</p> <p>10 until October 18th, correct?</p> <p>11 A. Is that the date?</p> <p>12 Q. Well, on the cover there's a stamp,</p> <p>13 right, that says October 18th? The first page.</p> <p>14 And on the last page there's an electronic</p> <p>15 signature from the judge for --</p> <p>16 A. I mean, it says "Governing Case Schedule</p> <p>17 dated July 22nd."</p> <p>18 Q. No, not -- the consent judgment, right?</p> <p>19 Look at the first --</p> <p>20 A. Yeah, I see this E-filed on October</p> <p>21 18th.</p> <p>22 Q. Right, October 18th.</p> <p>23 A. Okay.</p> <p>24 Q. Correct.</p> <p>25 So that's the date that -- that the</p>

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<p style="text-align: right;">Page 229</p> <p>1 Court signed it, correct?</p> <p>2 A. Is it? I don't know. I don't know.</p> <p>3 Q. I'll represent to you that that is the</p> <p>4 date.</p> <p>5 A. Okay.</p> <p>6 Q. And you can look by seeing on the -- on</p> <p>7 the last page.</p> <p>8 A. Okay.</p> <p>9 Q. So by the time this was entered in</p> <p>10 October of -- October 18th of 2024, CarePoint,</p> <p>11 including the Bayonne IJKG Opco, was already fully</p> <p>12 planning to file for bankruptcy protection,</p> <p>13 correct?</p> <p>14 A. CarePoint has been planning to file for</p> <p>15 bankruptcy protection since 2020.</p> <p>16 Q. Now, going back to -- well, let's</p> <p>17 stay with the consent judgment for a second. I</p> <p>18 think you were asked this question, but the</p> <p>19 question was phrased as, Do you know what the</p> <p>20 interest is that's being paid on this consent</p> <p>21 judgment right now? and you answered that you did</p> <p>22 not. You --</p> <p>23 MR. McMICHAEL: No, no, no. He</p> <p>24 said there was no interest being paid.</p> <p>25 MR. FLYNN: Correct. No</p>	<p style="text-align: right;">Page 231</p> <p>1 separate statement, not in the rule.</p> <p>2 MR. McMICHAEL: I stand by my</p> <p>3 objection, but I'll let the witness</p> <p>4 answer to the extent that he knows --</p> <p>5 A. I don't know.</p> <p>6 Q. Would you have any reason for doubting</p> <p>7 that it's 9.75 percent?</p> <p>8 A. I -- I don't know so I can't...</p> <p>9 Q. The rate that would be charged if it</p> <p>10 were part of the rollup would be 18 percent</p> <p>11 without a default, correct?</p> <p>12 A. Correct.</p> <p>13 Q. And with a default it would be 23</p> <p>14 percent, correct?</p> <p>15 A. Correct.</p> <p>16 Q. On a judgment with a rate that's roughly</p> <p>17 half of the 18 percent and roughly a third of the</p> <p>18 23 percent, does that seem commercially reasonable</p> <p>19 to you in your understanding as a chief financial</p> <p>20 officer?</p> <p>21 A. I don't know if it's commercially</p> <p>22 reasonable. I just -- again, just the Bayonne DIP</p> <p>23 was at a higher rate than the other DIP because of</p> <p>24 the extenuating circumstances of Bayonne where we</p> <p>25 didn't have a lease. It's burning the most cash</p>
<p style="text-align: right;">Page 230</p> <p>1 interest being paid.</p> <p>2 MR. McMICHAEL: He knows that</p> <p>3 there's no interest being paid.</p> <p>4 MR. FLYNN: Okay. He knows</p> <p>5 there's no interest being paid.</p> <p>6 BY MR. FLYNN:</p> <p>7 Q. Do you know what the rate of interest</p> <p>8 accruing on this judgment is?</p> <p>9 A. I mean, if it's part of the rollup?</p> <p>10 Q. No. What rate simply under Delaware</p> <p>11 law, under the Delaware court rules, is this being</p> <p>12 accrued at?</p> <p>13 MR. McMICHAEL: Okay. I object</p> <p>14 to the fact that that calls for a legal</p> <p>15 conclusion. I'll let the witness answer</p> <p>16 if he knows what the answer is.</p> <p>17 A. I don't --</p> <p>18 MR. FLYNN: It does not call</p> <p>19 for a legal conclusion. It calls for</p> <p>20 looking at the court rules and the way</p> <p>21 it's stated, but go ahead.</p> <p>22 MR. McMICHAEL: The court rules</p> <p>23 are law.</p> <p>24 MR. FLYNN: But this doesn't</p> <p>25 need interpretation. It's actually a</p>	<p style="text-align: right;">Page 232</p> <p>1 and easily the worst performing hospital.</p> <p>2 Q. But you didn't have a lease because you</p> <p>3 agreed in a consent judgment not to have a lease,</p> <p>4 correct? That was a con -- that was agreed as a</p> <p>5 matter of a meeting of the minds of the parties</p> <p>6 and then presented to the Court for its</p> <p>7 endorsement, correct?</p> <p>8 MR. McMICHAEL: Objection.</p> <p>9 You can answer the question.</p> <p>10 A. We -- we didn't have a lease because of</p> <p>11 this consent judgment order, yes.</p> <p>12 Q. Right.</p> <p>13 So before the consent judgment in</p> <p>14 October of 2024 --</p> <p>15 A. Mm-hmm.</p> <p>16 Q. -- as you were contemplating bankruptcy,</p> <p>17 you had a lease, right? You eliminated your lease</p> <p>18 by agreeing to this consent judgment. Is that not</p> <p>19 correct?</p> <p>20 A. Yes.</p> <p>21 Q. Okay. You said that there had been</p> <p>22 consideration of bankruptcy for some period of</p> <p>23 time including prior to your working at</p> <p>24 CarePoint.</p> <p>25 Were you aware in your role as CFO of</p>



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<p style="text-align: right;">Page 233</p> <p>1 any constraints on IJKG filing for voluntary 2 bankruptcy prior to agreeing to this consent 3 judgment? 4 A. Any constraints to voluntary? 5 Q. Correct. 6 A. No. 7 Q. Okay. So CarePoint could have declared 8 bankruptcy at any time prior to the entry of this 9 consent judgment and preserved the lease, 10 correct? 11 A. Could have, but we didn't have the -- 12 the financing to do so. 13 Q. Okay. Now, my client, BMC Hospital, 14 LLC, sometimes referenced colloquially as 15 "SurgiCore," is also a part owner of IJKG Opco, 16 correct? 17 A. Correct. 18 Q. When did you first become aware of 19 that? 20 A. Of their ownership? 21 Q. Correct. 22 A. Probably -- I mean, I don't know. At 23 some point during my tenure with CarePoint. But 24 I -- I was aware of it before filing, yeah. 25 Q. Okay. So you were aware of it before</p>	<p style="text-align: right;">Page 235</p> <p>1 then -- and then we found out shortly thereafter. 2 We initially had prepped to file when InSight was 3 still on board. I believe Dr. Shah had reached 4 our to Feliks Kogan, who is BMC Hospital's owner. 5 And at that point they were made aware of the 6 involuntary issue existing and that's when we were 7 made aware of it. We were not aware of it prior 8 to that. 9 Q. Okay. So when you refer to the 10 preparation, you're talking about the October of 11 2024 time period, correct? 12 A. Correct. 13 Q. Wasn't there, in fact, already a pending 14 lawsuit by BMC that was filed in June of 2024 that 15 raised issues of required consents from BMC to any 16 transaction involving HRH? 17 A. I wasn't aware of it. 18 Q. Okay. So on this list of topics that's 19 part of BMC-1, you understood that you would be 20 questioned today about Number 7, for example, 21 offers received for IJKG Opco assets, including an 22 HRH bid and a BMC Hospital bid, correct? 23 A. Correct. 24 Q. And you say you were not aware of any 25 BMC Hospital bids.</p>
<p style="text-align: right;">Page 234</p> <p>1 filing. 2 Were you aware of it before you became 3 the CFO? 4 A. Yes. 5 Q. Okay. Have you learned at any time as 6 to when BK -- BMC became a part owner of IJKG 7 Opco? 8 A. When BMC became a part owner? 9 Q. Correct. 10 A. I don't know when, but I do know at 11 some -- I don't know. Yeah, I have no idea 12 when. 13 Q. Are you aware that my client had 14 actually signed in 2020 an agreement to purchase 15 the entirety of IJKG Opco? 16 A. No, I'm not aware of that. 17 Q. You said you weren't aware of when they 18 became the 9.9 percent owner. 19 Are you aware that that occurred in 20 October and November of 2020? 21 A. No. 22 Q. Okay. When did you learn that IJKG Opco 23 required my client's consent to do a voluntary 24 bankruptcy? 25 A. When we prepped to file and -- and</p>	<p style="text-align: right;">Page 236</p> <p>1 To whom did you speak in order to 2 determine what BMC offers had been made over the 3 course of time that you weren't aware of from your 4 own personal knowledge? 5 A. I spoke to my colleagues. I spoke to my 6 counsel. Yeah, I wasn't -- I wasn't aware -- 7 Q. And none of them informed you of the 8 fact that there had been an asset purchase 9 agreement in 2020, that there had been other 10 agreements from the fall of that year, or that 11 there's a partially completed -- partially -- 12 yeah, partially completed agreement for them to 13 get an additional 39.1 percent? 14 A. No. I -- I wasn't in -- I -- yeah. I 15 mean, until the involuntary issue came up, I 16 wasn't aware of -- I just knew that BMC Hospital 17 owned 9.9 percent and -- 18 Q. Okay. But after that, once you got the 19 deposition notice and you knew that this was going 20 to be a topic. 21 A. Mm-hmm. 22 Q. My question went to what did you do and 23 who did you talk to? And you told me you talked 24 to these other people. And no one at BM -- no one 25 at IJKG Opco informed you that there had been such</p>

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<p style="text-align: right;">Page 237</p> <p>1 a purchase agreement or any of the following</p> <p>2 contracts or of the lawsuit?</p> <p>3 A. No.</p> <p>4 Q. Okay. What did Dr. Moulick tell you</p> <p>5 about his conversations with Feliks Kogan</p> <p>6 concerning efforts to get consent to the</p> <p>7 involuntary bankruptcy?</p> <p>8 A. He told --</p> <p>9 Q. To the voluntary bankruptcy.</p> <p>10 A. He told me he was trying to convince</p> <p>11 Feliks to consent.</p> <p>12 Q. Okay.</p> <p>13 A. And then he told me he was unsuccessful</p> <p>14 in doing so.</p> <p>15 Q. Did he tell you anything else about the</p> <p>16 content of those conversations?</p> <p>17 A. No.</p> <p>18 Q. So Dr. Moulick didn't tell you anything</p> <p>19 that would have suggested to you that BMC or a</p> <p>20 group that BMC would be part of would be willing</p> <p>21 to step in to provide financial assistance or DIP</p> <p>22 lending. Is that right? Dr. Moulick did not tell</p> <p>23 you that?</p> <p>24 A. The only -- I mean, the only history --</p> <p>25 and, again, that -- that I heard from Dr. Moulick</p>	<p style="text-align: right;">Page 239</p> <p>1 A. I believe so, yeah. I don't know. He</p> <p>2 got -- he got deposed.</p> <p>3 Q. Yeah.</p> <p>4 So you mentioned that when you arrived</p> <p>5 on the scene, you thought the economic situation</p> <p>6 was dire.</p> <p>7 A. Yes.</p> <p>8 Q. When you say "dire," do you equate that</p> <p>9 to insolvency?</p> <p>10 A. Absolutely, yeah.</p> <p>11 Q. And -- but you didn't in February as a</p> <p>12 consultant participate in any bankruptcy filing,</p> <p>13 correct?</p> <p>14 A. We -- we --</p> <p>15 MR. LIPPERT: In preparation</p> <p>16 for bankruptcy filing or --</p> <p>17 Q. You didn't file for bankruptcy --</p> <p>18 A. We --</p> <p>19 Q. -- at any time before the involuntary in</p> <p>20 October, correct?</p> <p>21 A. We -- we put together the budget. We</p> <p>22 saw the size of the DIP need. We reached out to</p> <p>23 all the hospital systems in the area. The</p> <p>24 Department of Health sent a notice to all the loc</p> <p>25 -- all the systems in the area. Everyone came and</p>
<p style="text-align: right;">Page 238</p> <p>1 around this was SurgiCore at -- BMC Hospital at</p> <p>2 one point had the option to own the hospitals, had</p> <p>3 the -- was running the place. And he told me they</p> <p>4 didn't do a great job of it and -- and that --</p> <p>5 that was -- and then that was kind of the end of</p> <p>6 it.</p> <p>7 That's very high level kind of</p> <p>8 discussions. But he never -- and no one ever</p> <p>9 told me that BMC Hospital was a serious contender</p> <p>10 for providing DIP financing or, you know, just</p> <p>11 taking over ownership of the -- of the Bayonne</p> <p>12 Hospital.</p> <p>13 Q. And no one told you that despite your</p> <p>14 asking?</p> <p>15 A. Yeah.</p> <p>16 Q. You wanted to know and they didn't tell</p> <p>17 you?</p> <p>18 A. Yeah, I -- yeah.</p> <p>19 Q. Now, you said that you testified -- I</p> <p>20 think you said you testified in the Delaware case.</p> <p>21 Did you?</p> <p>22 A. The consent judgment case?</p> <p>23 Q. Correct.</p> <p>24 A. No.</p> <p>25 Q. No. Your predecessor as CFO did?</p>	<p style="text-align: right;">Page 240</p> <p>1 kicked the tires. No one was willing to fund a</p> <p>2 DIP.</p> <p>3 And so, no, we didn't -- we didn't prep</p> <p>4 to file because we couldn't find someone to lend</p> <p>5 DIP to us.</p> <p>6 Q. Okay. Were you aware of how much</p> <p>7 additional money would have come from BMC even to</p> <p>8 take it from the 9.9 percent to the added 39.1</p> <p>9 percent, contractually how much money that would</p> <p>10 have meant to IJKG Opco?</p> <p>11 A. No. This is the first time I'm hearing</p> <p>12 about 39 percent, by the way.</p> <p>13 Q. You testified about the consent judgment</p> <p>14 a little in response to questions that I've been</p> <p>15 asking, but also in some of the earlier testimony</p> <p>16 from the -- responding to the creditors committee.</p> <p>17 And you said -- I think it was words to the effect</p> <p>18 of I don't recall the board being involved, and</p> <p>19 then you said later you understood that they were</p> <p>20 aware of the consent judgment. So I'd like to ask</p> <p>21 you some questions about that.</p> <p>22 What was the basis for your</p> <p>23 understanding that the board members were aware of</p> <p>24 the possibility of entering into the consent</p> <p>25 judgment before it was entered into?</p>

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<p style="text-align: right;">Page 241</p> <p>1 A. I'm sorry, could you repeat that 2 question? 3 Q. Sure. 4 So in your testimony you were asked 5 first about the consent judgment, and you said 6 that was Dr. Moulick's decision. Maybe Dr. Shah 7 was involved. Then you were asked if the board 8 was involved, and your response was "I don't 9 recall the board being involved, but my 10 understanding is they were aware of it." 11 A. Mm-hmm. 12 Q. And so my question to you is, what is 13 that understanding based on? What is your 14 understanding based on that the board was 15 involved? 16 A. Attending board meetings. 17 Q. So are you testifying that you were at a 18 board meeting where the board was apprised of the 19 possibility of the consent judgment before it was 20 entered? 21 A. I don't know if it was before it was 22 entered or not. 23 Q. If so, if it was entered and then they 24 were told about it, they didn't have any input in 25 the decision, correct?</p>	<p style="text-align: right;">Page 243</p> <p>1 original number of 70 in September. Is that 2 right? 3 A. Yeah, but, again, they were -- they were 4 willing to lend on the condition that we didn't 5 file. And their 70 million, frankly, was a 6 pie-in-the-sky type of number, because as soon as 7 we started kicking tires on it the first time, it 8 just dropped down drastically. 9 Q. Right. But you didn't kick tires on it 10 the second time. You just said -- 11 A. We -- we -- 12 Q. -- I've heard this music somewhat, even 13 though you were on a different stage, in a 14 different setting, you didn't pursue that. Is 15 that right? 16 A. Yeah. I had my financial advisor on the 17 call and -- and we had a call with J2's principal, 18 and -- and both of us agreed that this was not a 19 credible path forward. 20 Q. So you -- you mentioned that there are 21 twice-per-week transition meetings at Bayonne. 22 When did those begin? 23 A. They began as soon as we signed the -- 24 the document, the collateral surrender. So all -- 25 all those documents are signed prior to filing.</p>
<p style="text-align: right;">Page 242</p> <p>1 A. Agreed. I just don't know whether they 2 were told before or after, but I -- I do believe 3 they were told at some point about a consent 4 judgment. 5 Q. The conversations that you had with J2 6 that led you to believe that they were not a 7 credible alternative, can you help me fix the time 8 period in which those occurred? 9 A. Before I joined as CFO, so before July 10 15th, I want to say May/June time frame, J2 -- 11 probably June -- J2 offered 70 million. We 12 started doing the whole diligence process and it 13 came down to 35. 14 And then in September, when Dr. Shah 15 wanted to raise capital, he told me to reach out 16 to J2. I spoke to J2 in September along with 17 Ankura and we very quickly determined that it 18 wasn't a credible lending solution. 19 Q. What number was J2 offering in 20 September? 21 A. They were -- same thing, 70 million. 22 Q. So despite what they had done or learned 23 through diligence and your testimony that that led 24 them to have a lower number in the June time 25 frame, they were back and actually upped their</p>	<p style="text-align: right;">Page 244</p> <p>1 So when those documents were signed, that's when 2 those meetings started. 3 Q. So HRH at that point, prior to the 4 filing and prior to any rulings from the 5 Bankruptcy Court, essentially was starting to 6 take over management in Bayonne. Is that 7 right? 8 A. So before InSight pulled out, it was 9 supposed to be a surrender. So we were planning 10 for a TSA, transition services agreement, so we 11 could orderly transition IT systems, operations, 12 personnel, what have you, having to find the 13 people and -- and whatnot. 14 So we were planning meetings around how 15 to transition IJKG Opco to HRH. When InSight 16 dropped out and HRH was going to be taking over 17 everything, it turned from a TSA to kind of, okay, 18 we're just going to assume this existing hospital 19 as is. 20 Q. Mm-hmm. 21 A. So the initial meetings were all -- were 22 not with the intent of HRH just taking over. It 23 was with the intent of we are transitioning to HRH 24 the -- the operations of the hospital. And then 25 it quickly, after InSight dropped out and -- and</p>

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<p style="text-align: right;">Page 245</p> <p>1 HRH was the party taking the role, mad -- it 2 turned into a, okay, HRH is just going to assume 3 management control of these hospitals. 4 Q. Okay. I want to go back to Committee 5 10, which was the management service agreement 6 motion. And you were asked a couple of questions 7 about that that I want to go back to. 8 So the first one relates to page -- 9 there's page numbers at the top. 10 A. Mm-hmm. 11 Q. So if you can go to 21 of 43, because I 12 want to ask you about Section 8.05. 13 A. Mm-hmm. 14 Q. So you were asked a bunch of questions 15 and answered about why you believed that this 16 section was desirable for HRH to keep the -- 17 what's defined here as restricted parties from 18 becoming involved in the operations or ownership 19 of IJKG Opco. Is that right? 20 A. That's right. 21 Q. Okay. Do you know who the restricted 22 parties are under this agreement? 23 A. I mean, it says InSight. 24 Q. So if you look at page 31 of 43, there's 25 a definition of restricted parties.</p>	<p style="text-align: right;">Page 247</p> <p>1 your understanding of how CarePoint was going to 2 both live up to this agreement and live up to its 3 agreements with BMC Hospital, LLC as a 9.9 percent 4 owner? 5 MR. McMICHAEL: You can -- you 6 can answer to the extent of your 7 knowledge, but I'm going to object to 8 the extent it calls for a legal 9 conclusion. 10 A. I -- I wasn't aware that Feliks Kogan 11 was a restricted party to this agreement. I 12 just -- again, I wasn't involved in negotiating, 13 drafting these agreements. I was aware of the 14 general business sense of these agreements and -- 15 yeah. 16 I -- at the end of the day, you know, 17 we -- we were -- everything is subject to the 18 Bankruptcy Court's approval. 19 Q. Meaning what? That if there was some -- 20 if you guys overreached, the Bankruptcy Court was 21 just going to pull you back? 22 A. I -- I -- I would assume so. 23 MR. McMICHAEL: It's a legal 24 conclusion. Okay. 25 Q. Are you aware that there's a currently</p>
<p style="text-align: right;">Page 246</p> <p>1 A. Yep. 2 Q. And the first name there is Feliks 3 Kogan, who you have already testified you know to 4 be associated with BMC Hospital, LLC and/or 5 SurgiCore? 6 A. Yes. 7 Q. Do you know who Wayne Hatami and William 8 Kogan are? 9 A. I've heard of Bill Kogan. I don't know 10 if I've ever heard of Wayne. 11 Q. How had you heard of Bill Kogan? 12 A. Dr. Shah mentioned him to me once 13 about -- yeah, he -- he just mentioned Bill Kogan 14 as someone that was affluent in the healthcare 15 space. 16 Q. Do you know if he's connected in any way 17 to Feliks Kogan or BMC Hospital, LLC? 18 A. I mean, they have the same last name. 19 Outside of that, no. 20 Q. So Mr. Kogan, Mr. Feliks Kogan, through 21 BMC Hospital already had an ownership interest in 22 IJKG Opco at the time this was even signed, 23 correct? 24 A. Correct. 25 Q. What was your understand -- what was</p>	<p style="text-align: right;">Page 248</p> <p>1 pending application concerning the certificate of 2 need being transferred from CarePoint/IJKG Opco, 3 to HRH? 4 A. Yes. 5 Q. And what's your understanding of what 6 stage we're at in that process? 7 A. My understanding is that it's pretty 8 close to being completed. 9 Q. Okay. And do you know what the date of 10 the next hearing is for that to be completed? 11 A. I don't. 12 Q. What's your understanding of the 13 obligation that the debtors in this case have to 14 creditors other than HRH? 15 MR. McMICHAEL: I'm going to 16 object to the question as being unduly 17 vague and difficult to answer. 18 But if you can answer it, give 19 it a shot. 20 A. I mean, to all creditors? 21 Q. Yeah, all -- as -- as a debtor in 22 bankruptcy -- 23 A. Mm-hmm. 24 Q. -- do you have -- does CarePoint have 25 obligations to creditors other than their</p>



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<p style="text-align: right;">Page 249</p> <p>1 landlord?</p> <p>2 A. Yeah. I mean, we need to -- we have an</p> <p>3 unsecured creditors committee. We have to work</p> <p>4 with our -- our creditors to come up with a proper</p> <p>5 plan of reorganization.</p> <p>6 Q. Is CarePoint allowed to prefer the</p> <p>7 interest of any individual creditor over the</p> <p>8 interest of other creditors?</p> <p>9 A. No.</p> <p>10 Q. The collateral surrender agreement is</p> <p>11 based on or rests on some kind of fair market</p> <p>12 value to be determined as of an October 9th, 2024,</p> <p>13 date.</p> <p>14 Do you understand that provision to</p> <p>15 be included in the collateral surrender</p> <p>16 agreement?</p> <p>17 A. So there's -- I mean, there's supposed</p> <p>18 to be an appraiser appointed collectively between</p> <p>19 CarePoint and HRH that's supposed to determine the</p> <p>20 value of the assets at IJKG Opco. I -- I don't</p> <p>21 know if that's supposed to be done by October 9th,</p> <p>22 but --</p> <p>23 Q. No, no. That's the date that they would</p> <p>24 use for valuation purposes is what I meant.</p> <p>25 A. Oh, got it. Okay.</p>	<p style="text-align: right;">Page 251</p> <p>1 where you sit that that affiliate actually manages</p> <p>2 IJKG Opco?</p> <p>3 A. I -- I don't know.</p> <p>4 Q. The answer to this may be obvious</p> <p>5 because you don't -- are not familiar with the</p> <p>6 agreements with my client. But are you aware of</p> <p>7 any time that any CarePoint entity ever asked BMC,</p> <p>8 since BMC became a 9.9 percent owner, for its</p> <p>9 consent to change who the managing member of IJKG</p> <p>10 Opco was?</p> <p>11 A. Change who the managing member --</p> <p>12 Q. Correct.</p> <p>13 A. I recall some discussions with Dr. Shah</p> <p>14 about trying to identify who the manager is and</p> <p>15 looking at documents, but I don't think anything</p> <p>16 came of that.</p> <p>17 Q. So back in Committee 10, which is the</p> <p>18 management services agreement, can you in that</p> <p>19 look at page -- well, it's the agreement portion.</p> <p>20 So it looks like page 18 of 43.</p> <p>21 A. Okay.</p> <p>22 Q. I'm looking at Article VII.</p> <p>23 A. Mm-hmm.</p> <p>24 Q. Now, (iv) there deals with the</p> <p>25 representation that's being made by each party to</p>
<p style="text-align: right;">Page 250</p> <p>1 Q. So in your experience, is fair market</p> <p>2 value best determined by such an appraisal or by</p> <p>3 an actual market and sale process?</p> <p>4 A. So we -- we did do a -- a marketing</p> <p>5 process for other systems to come in and take a</p> <p>6 look at the hospital system and we got zero</p> <p>7 interest. Obviously an open bidding process</p> <p>8 would probably be a, you know -- would -- could</p> <p>9 potential -- it's possible it could generate a</p> <p>10 higher bid, but also, I mean, fair -- as long as,</p> <p>11 you know, CarePoint receives fair market value</p> <p>12 for its assets, I think it's -- it's a fair</p> <p>13 process.</p> <p>14 Q. Who is the manager of IJKG Opco?</p> <p>15 A. Who's the manager?</p> <p>16 MR. McMICHAEL: You mean in a</p> <p>17 technical sense or do you mean who runs</p> <p>18 the operations?</p> <p>19 Q. No. I mean under the agreements, you</p> <p>20 know, is there a designated managing member?</p> <p>21 MR. McMICHAEL: If you know.</p> <p>22 A. I know who the direct parent is.</p> <p>23 Q. Okay. And who's that?</p> <p>24 A. IJKG, LLC.</p> <p>25 Q. Okay. And is it your understanding from</p>	<p style="text-align: right;">Page 252</p> <p>1 the transaction, so that would include IJKG Opco,</p> <p>2 that the execution of this agreement, any</p> <p>3 statement of work, so on and so forth, "will not</p> <p>4 conflict with or cause a breach of the applicable</p> <p>5 party's organizational documents, material</p> <p>6 contracts, or governmental orders, agreements and</p> <p>7 judgments to which it is subject..."</p> <p>8 What steps, if anything, did IJKG Opco</p> <p>9 take to assure that what was happening in this</p> <p>10 management services agreement did not conflict</p> <p>11 with my client's rights under the -- the</p> <p>12 organizational documents and other contracts</p> <p>13 between BMC and CarePoint?</p> <p>14 A. I was just -- I'm just aware of, you</p> <p>15 know, the 9.9 percent ownership. As I said, we</p> <p>16 didn't -- we weren't even -- we weren't aware of</p> <p>17 the consent needed to file voluntarily until we</p> <p>18 had basically prepped to file and we found out at</p> <p>19 that point.</p> <p>20 So when these documents were effectively</p> <p>21 drafted, I don't know if we were aware of -- of</p> <p>22 this. So no steps were taken.</p> <p>23 Q. Did IJKG Opco or IJKG for that matter</p> <p>24 understand that BMC had a right of first refusal</p> <p>25 with regard to any transaction where sale or</p>

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<p style="text-align: right;">Page 253</p> <p>1 transfer was being contemplated of their assets?</p> <p>2 A. I wasn't aware of it.</p> <p>3 Q. Were you aware of it before today?</p> <p>4 A. I -- right of first refusal?</p> <p>5 Q. Correct.</p> <p>6 A. No.</p> <p>7 Q. Were you aware that in January of</p> <p>8 2024 -- and when I say "you" -- strike that. Let</p> <p>9 me start that question again.</p> <p>10 Was it CarePoint's position in January</p> <p>11 of 2024, when it signed the term sheet with HRH,</p> <p>12 that it was -- that CarePoint was unwilling to</p> <p>13 concede that there had been preexisting defaults</p> <p>14 under the lease?</p> <p>15 A. I wasn't here in January 2024.</p> <p>16 Q. Right. But you're the corporate</p> <p>17 representative who for the time period, including</p> <p>18 that time period, is here to testify about those</p> <p>19 negotiations and everything that led to and came</p> <p>20 out of the Delaware action.</p> <p>21 So is the answer that as the corporate</p> <p>22 representative, there is no information?</p> <p>23 A. I -- yeah --</p> <p>24 MR. McMICHAEL: No information</p> <p>25 about what?</p>	<p style="text-align: right;">Page 255</p> <p>1 deposited in the Delaware litigation in July of --</p> <p>2 in June and July of 2024?</p> <p>3 A. Yes.</p> <p>4 Q. Did you read his transcript?</p> <p>5 A. No.</p> <p>6 Q. Did -- was it summarized for you by</p> <p>7 anyone?</p> <p>8 A. No.</p> <p>9 Q. Did Dr. Moulick tell you what he</p> <p>10 testified about?</p> <p>11 A. No.</p> <p>12 Q. Are you aware that Dr. Moulick and other</p> <p>13 witnesses testified that CarePoint was not</p> <p>14 insolvent as of that time period?</p> <p>15 A. No.</p> <p>16 Q. Would that surprise you if they said</p> <p>17 that?</p> <p>18 A. Yes.</p> <p>19 Q. Because from your position as CFO, you</p> <p>20 were already insolvent?</p> <p>21 A. Yeah. We were burning a lot of cash.</p> <p>22 MR. FLYNN: All right. Well, I</p> <p>23 know we're up a time -- up against a time</p> <p>24 constraint. I have other questions and</p> <p>25 other documents, but I do want to allow</p>
<p style="text-align: right;">Page 254</p> <p>1 MR. FLYNN: No information as</p> <p>2 to the position that CarePoint was taking</p> <p>3 in the January 2024 negotiations in</p> <p>4 anticipation of the term sheet.</p> <p>5 BY MR. FLYNN:</p> <p>6 Q. You're the corporate representative.</p> <p>7 You didn't know. You didn't find out. So is that</p> <p>8 your testimony?</p> <p>9 MR. McMICHAEL: Hold on. Yes,</p> <p>10 he's the corporate rep. Those</p> <p>11 negotiations were done by Dr. Moulick.</p> <p>12 He'll be here on Monday to testify.</p> <p>13 MR. FLYNN: But he's not -- is</p> <p>14 he now going to be co-designated as</p> <p>15 the corporate --</p> <p>16 MR. McMICHAEL: If you want me</p> <p>17 to, I'm happy to co-designate. He's --</p> <p>18 there's only so much he can pack into his</p> <p>19 mind, so -- he wasn't directly involved</p> <p>20 in that. That was --</p> <p>21 MR. FLYNN: We'll deal with the</p> <p>22 rest of that off the record.</p> <p>23 MR. McMICHAEL: Okay.</p> <p>24 BY MR. FLYNN:</p> <p>25 Q. Are you aware that Dr. Moulick was</p>	<p style="text-align: right;">Page 256</p> <p>1 some follow-up as described on what we've</p> <p>2 done already.</p> <p>3 So I'll be reserving rights on</p> <p>4 behalf of my client to continue this</p> <p>5 examination beyond the constraints that</p> <p>6 we're under -- under today with a 3 p.m.</p> <p>7 stop, but I did want to give certainly</p> <p>8 the Creditors Committee and Mr. Jareck</p> <p>9 follow-up time.</p> <p>10 I know that, you know, our</p> <p>11 friends from Reed Smith have reserved</p> <p>12 beyond that.</p> <p>13 THE VIDEOGRAPHER: Okay. Let's</p> <p>14 go off the record at 2:42.</p> <p>15 (Whereupon, a recess is taken.)</p> <p>16 THE VIDEOGRAPHER: We are back</p> <p>17 on the record at 2:47.</p> <p>18 CROSS-EXAMINATION</p> <p>19 BY MR. ANGELO:</p> <p>20 Q. All right. We're almost done, so -- but</p> <p>21 thank you for your time today. My name is Jason</p> <p>22 Angelo from Reed Smith and I'm here on behalf of</p> <p>23 Strategic Ventures, LLC. You may know that name.</p> <p>24 It may sound a little bit familiar.</p> <p>25 I'm going to ask you some questions,</p>

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<p style="text-align: right;">Page 257</p> <p>1 just basic, about Garden State Healthcare 2 Associates, LLC. 3 A. Sure. 4 Q. So for the next 12 minutes, bear with 5 me. 6 So what is your understanding of what 7 Garden State -- I'm just going to call it 8 "Garden State" by the way. What does Garden 9 State do? What is its role in the CarePoint 10 system? 11 A. Garden State is where all the physicians 12 for the hospital reside and -- and Garden State 13 does billing and collections for professional fees 14 for the physicians. 15 Q. All the physicians in the entirety of 16 the hospital system? 17 A. No. There's -- there's physicians for 18 the medical groups that are in the medical group 19 universe and then, obviously, we have some vendor 20 physicians. We have independent contractors that 21 are not part of that. 22 THE REPORTER: We have what 23 contractors? 24 A. Independent contractors as physicians 25 not part of Garden State.</p>	<p style="text-align: right;">Page 259</p> <p>1 of third-party payer billing? That's usually what 2 happens at Garden State, right? 3 A. Right. 4 Q. So who's responsible for billing 5 third-party payers at Garden State in the last two 6 years, say? 7 A. In -- so before -- you know, I don't 8 know about two years ago. In -- 9 Q. Who's current -- who's currently 10 responsible? 11 A. I'll just get there. So in 2023 it used 12 to be Sierra and Trizetto that were doing the 13 billing. They left due to nonpayment. 14 Q. Okay. 15 A. So we switched over to eCW in early 16 2024. And when Dr. Shah brought Rajan, who is a 17 rev cycles chief pharmacy cycles officer. So we 18 are now exiting the relationship with eCW, which 19 is literally happening right now as we speak, and 20 they're -- we're transitioning to Krishna Rama 21 Billing who is going to be the go-forward biller 22 for physician groups. 23 Q. Okay. So Sierra -- you mentioned Sierra 24 and Trizetto. Are they -- 25 A. Trizetto, yeah.</p>
<p style="text-align: right;">Page 258</p> <p>1 Q. Okay. So they're separately different 2 groups of individual doctors that do certain 3 practices, like anesthesiology? 4 A. Correct. 5 Q. Can you tell me which specific practices 6 are subcontracted out at, like, which hospitals, 7 too? 8 A. Anesthesia is subcontracted out by -- to 9 Hudson Anesthesia and Resolute Anesthesia across 10 all three hospitals. 11 Q. Okay. 12 A. And then there's IHP which has E -- ED 13 docs and in-hospital physcists. 14 Q. In-hospital you said? That's one word, 15 right? 16 A. Yeah. What other vendors are there? 17 That's what comes to mind right now. 18 Q. Okay. But there could be more? 19 A. Yeah, potentially. 20 Q. And -- and they all have separate, like, 21 third-party contracts I guess with Garden State or 22 with the MSO? 23 A. I -- I don't know who they have the 24 contract with. 25 Q. Okay. You're familiar with the concept</p>	<p style="text-align: right;">Page 260</p> <p>1 Q. Are they two different entities? 2 Because I -- I'm familiar with just one Sierra 3 agreement. 4 A. Trizetto is the clearinghouse. 5 Q. Clearinghouse. Okay. And can you 6 describe what a clearinghouse is for us 7 nonhospital...? 8 A. Yeah. It's -- it's just a way for them 9 to bill, to -- you know, it's like -- it's like a 10 banking thing. IT'S for them -- for them to be 11 able to bill and -- and collect -- 12 Q. So like global payments? 13 A. Yeah. 14 Q. Okay. Can you tell us what the method 15 or system of I guess -- you told us about the 16 people who are doing it. Can you tell us more 17 about the system they were using or systems that 18 they're using? 19 A. Right now? 20 Q. Yes. 21 A. They're using an in-house system. 22 Because -- so Dr. Shah basically instructed us to 23 get rid of R1, which is the rev cycle company. 24 And then -- and so Krishna Rama Billing uses their 25 own in-house billing statement. And -- and so --</p>

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<p style="text-align: right;">Page 261</p> <p>1 so they're basically a rev cycle vendor now that</p> <p>2 is doing the billing, collecting, posting, cash</p> <p>3 posting, coding, all of that, for Garden State --</p> <p>4 I mean -- so eCW is currently doing it.</p> <p>5 Q. Right.</p> <p>6 A. I believe December 13th is the date</p> <p>7 where we're switching over from eCW to Krishna</p> <p>8 Rama for Garden State specifically.</p> <p>9 Q. Okay. So Krishna Rama is just for</p> <p>10 Garden State, no one else?</p> <p>11 A. No, Krishna Rama is doing it for the</p> <p>12 entire hospital right now.</p> <p>13 Q. Okay.</p> <p>14 A. And then we're also -- so before it was</p> <p>15 R1 for the hospitals. There was a separate vendor</p> <p>16 for charity care and there was a separate vendor</p> <p>17 for Garden State. So we're basically</p> <p>18 consolidating all of them into one rev cycle</p> <p>19 company.</p> <p>20 Q. Understood. Okay.</p> <p>21 Do you know about how much Sierra and</p> <p>22 Trizetto were owed?</p> <p>23 A. Not off the top of my head.</p> <p>24 Q. And they left on their own accord? They</p> <p>25 said pay us or we're not...?</p>	<p style="text-align: right;">Page 263</p> <p>1 known to be very diligent and -- and good at the</p> <p>2 rev cycle process. So he's been working the</p> <p>3 backlog very aggressively. So even though eCW is</p> <p>4 the current company doing the claims, he's been</p> <p>5 kind of working with them and trying to work the</p> <p>6 backlog. So ever since Rajan's been here, since</p> <p>7 June/July, he's been working the claims</p> <p>8 aggressively.</p> <p>9 Q. Okay. We talked about charity care.</p> <p>10 Can you explain what that is?</p> <p>11 A. Yeah. It's payment for uninsured and</p> <p>12 underinsured population.</p> <p>13 Q. And who pays for that?</p> <p>14 A. CMS, Medicare, Medicaid.</p> <p>15 Q. Okay. And the money comes from where</p> <p>16 directly?</p> <p>17 A. The government.</p> <p>18 Q. The state or the federal government?</p> <p>19 A. I believe federal government.</p> <p>20 Q. And what entity gets that money</p> <p>21 initially?</p> <p>22 A. The hospitals get it.</p> <p>23 Q. The hospitals get it. And where does it</p> <p>24 go from there?</p> <p>25 A. It's used for funding operations of the</p>
<p style="text-align: right;">Page 262</p> <p>1 A. Yeah. I mean, they -- they basically --</p> <p>2 they -- well, so, one was they -- they wanted a</p> <p>3 payment. And then -- and then I believe there was</p> <p>4 a business decision made in December 2023 to</p> <p>5 switch from Sierra to eCW because eCW was</p> <p>6 perceived to be a better rev cycle company.</p> <p>7 Q. Now, when you switch revenue cycle</p> <p>8 managers that often, and I guess it takes -- I</p> <p>9 think you may have said this before -- it takes a</p> <p>10 little bit of time to get caught up and there's</p> <p>11 backlog, right?</p> <p>12 A. Correct.</p> <p>13 Q. Are you still dealing with the</p> <p>14 ramifications of that, those two switches, in</p> <p>15 terms of backlog?</p> <p>16 A. I would say so, yeah.</p> <p>17 Q. Specifically, you know, could you</p> <p>18 tell us what -- what's backlogged? Is it</p> <p>19 charity care reimbursements? Is it -- is it</p> <p>20 everything? Is it regular third-party payer</p> <p>21 reimbursements?</p> <p>22 A. I would say regular third-party</p> <p>23 reimbursements may -- but, again, as I said</p> <p>24 earlier, Krishna Rama and Rajan, ever since he's</p> <p>25 been on here, he came over from Prime and they're</p>	<p style="text-align: right;">Page 264</p> <p>1 hospital.</p> <p>2 Q. How does it get to Garden State to</p> <p>3 reimburse Garden State for its services?</p> <p>4 A. Charity care doesn't come in at a</p> <p>5 patient level data. It comes in as a lump sum of,</p> <p>6 you know -- and -- and obviously Hoboken and</p> <p>7 Christ get most of the charity care because</p> <p>8 they're not-for-profit hospital systems. It's not</p> <p>9 at a patient-by-patient level that can be</p> <p>10 allocated to Garden State.</p> <p>11 Q. Okay. Are you -- can you tell us, if</p> <p>12 you know, about how much Garden State is owed in,</p> <p>13 I guess, accounts receivables right now from other</p> <p>14 debtors?</p> <p>15 A. From other debtors?</p> <p>16 Q. Right.</p> <p>17 A. I -- so Garden State is -- has -- is --</p> <p>18 has been losing money for a long time. From 2015</p> <p>19 until 2023, CarePoint has subsidized Garden State</p> <p>20 to the tune of \$250 million. Garden State -- I</p> <p>21 mean, if you net -- net-net, the debtors do not</p> <p>22 owe Garden State anything. It's the opposite, if</p> <p>23 anything.</p> <p>24 Q. I'll leave until our next meeting to</p> <p>25 kind of challenge that with some documents. But I</p>




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<p style="text-align: right;">Page 265</p> <p>1 guess to wrap it up for today, you -- you say</p> <p>2 Garden State has been subsidized by the other</p> <p>3 debtors to the tune of 250 million in the last</p> <p>4 decade or so.</p> <p>5 Isn't it true that during the first day</p> <p>6 hearing, you were cross-examined or -- yeah,</p> <p>7 cross-examined by my colleague, Kurt Gwynne --</p> <p>8 A. Correct.</p> <p>9 Q. -- and he showed you, I believe, some</p> <p>10 financials where you were -- you were surprised, I</p> <p>11 think, to see that there's \$18 million net, I</p> <p>12 think, accounts receivable at the end of last year</p> <p>13 and now it was down to two million, so...</p> <p>14 A. Yeah, I don't -- I don't know if it's 18</p> <p>15 or -- but, effectively, I mean, this -- there's a</p> <p>16 document that was submitted.</p> <p>17 Q. Right.</p> <p>18 A. I don't know if you've seen this.</p> <p>19 Q. Yes.</p> <p>20 A. But Kurt -- Kurt was looking at Garden</p> <p>21 State as a silo.</p> <p>22 Q. Okay.</p> <p>23 A. You have to look at Garden State Medical</p> <p>24 Group and Quality together because there's a lot</p> <p>25 of due to and due froms, right? So Kurt was</p>	<p style="text-align: right;">Page 267</p> <p>1 also a debtor, but the hospitals are required to</p> <p>2 subsidize Garden State significantly to keep them</p> <p>3 afloat.</p> <p>4 Q. Last question for today. We received</p> <p>5 production of a couple of bank account statements</p> <p>6 for the period we asked them for. And in each</p> <p>7 account statement, we see that they're contin --</p> <p>8 those balances were continually swept into what I</p> <p>9 understand is a concentration account.</p> <p>10 Have you seen account statements for</p> <p>11 that concentration account?</p> <p>12 A. So -- so what time period are you</p> <p>13 referring to?</p> <p>14 Q. The last two years.</p> <p>15 A. Okay. So the way -- there's a legacy</p> <p>16 setup basically. As collections came into the</p> <p>17 Garden State account, they would automatically get</p> <p>18 swept to IJKG's account.</p> <p>19 Q. Okay.</p> <p>20 A. Right? So we -- you know, obviously</p> <p>21 since Kurt brought -- brought up those objections,</p> <p>22 one of the things is, you know, we're going to put</p> <p>23 a stop to that. So we put a stop to that.</p> <p>24 Q. Okay.</p> <p>25 A. Let me back up. The money came into</p>
<p style="text-align: right;">Page 266</p> <p>1 pointing out that if the total assets of Garden</p> <p>2 State are over \$30 million, how is there no value</p> <p>3 left? Out of the 30 million or so -- out of the</p> <p>4 34 million, 31 million is due from Quality.</p> <p>5 Q. Right.</p> <p>6 A. And then on Quality's liabilities,</p> <p>7 you'll see a due to Garden State. It's all</p> <p>8 intracompany. If you look at the net equity for</p> <p>9 Garden State standalone, it's 5.5 million. But if</p> <p>10 you look at all three of them together, there's a</p> <p>11 negative equity of \$82 million as of the end of</p> <p>12 2023.</p> <p>13 So you can't look at Garden State in --</p> <p>14 in a silo because these three entities are -- we</p> <p>15 call them "the practices," but Quality is the back</p> <p>16 office of the medical groups. And there's the</p> <p>17 medical group and then there's Garden State.</p> <p>18 So when we -- when CarePoint is</p> <p>19 subsidizing these practices, Garden State pays for</p> <p>20 the -- I mean, there's payroll -- there's Garden</p> <p>21 State receipts, Garden State payroll, and Garden</p> <p>22 State vendors. At the end of that, the receipts</p> <p>23 never are sufficient to cover Garden State's</p> <p>24 expenses. So the hospital is require -- the</p> <p>25 debtors are required to -- well, Garden State's</p>	<p style="text-align: right;">Page 268</p> <p>1 Garden State. It would get swept to IJKG and then</p> <p>2 we would take that whole amount and put it back</p> <p>3 into IJK -- into Garden State, right? Are you</p> <p>4 with me so far?</p> <p>5 Q. I am.</p> <p>6 A. Okay. So money would come into Garden</p> <p>7 State. It would automatically get swept. And</p> <p>8 then we'd take the full amount and put it back. I</p> <p>9 believe as of July 26, 2024, we had stopped</p> <p>10 putting it back. And I don't know to the tune of</p> <p>11 what -- what it was, but -- and then when we</p> <p>12 filed, we turned that automatic sweep off. So the</p> <p>13 money is remaining within Garden State.</p> <p>14 Q. So since you -- since you filed at</p> <p>15 least, and maybe since July, you've not been</p> <p>16 sweeping anything to Garden State. Everything's</p> <p>17 been staying in the government and nongovernmental</p> <p>18 lockboxes?</p> <p>19 A. We swept it to the Garden State</p> <p>20 concentration account.</p> <p>21 Q. Concentration account.</p> <p>22 A. But it's not going to IJKG or any other</p> <p>23 debtors.</p> <p>24 Q. So you -- you've seen statements for</p> <p>25 that concentration account? You -- you're aware</p>

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<p style="text-align: right;">Page 269</p> <p>1 of its existence?</p> <p>2 A. I mean, I know the -- how the funds</p> <p>3 flow, work. I'd need to see exact, specific</p> <p>4 statements.</p> <p>5 Q. Okay.</p> <p>6 MR. ANGELO: It's an OceanFirst</p> <p>7 account, Larry.</p> <p>8 THE REPORTER: I'm sorry, it's</p> <p>9 a what?</p> <p>10 MR. ANGELO: And OceanFirst</p> <p>11 bank account, one word. So if you could</p> <p>12 get those to us, we'd appreciate it. We</p> <p>13 don't have those yet.</p> <p>14 THE WITNESS: I believe those</p> <p>15 are produced.</p> <p>16 MR. ANGELO: So three -- two</p> <p>17 OceanFirst accounts were the</p> <p>18 nongovernment and the government</p> <p>19 lockbox --</p> <p>20 THE WITNESS: Right.</p> <p>21 MR. ANGELO: -- but not the</p> <p>22 rest?</p> <p>23 THE WITNESS: Right. Oh, so</p> <p>24 you mean the concentration on the payroll</p> <p>25 account?</p>	<p style="text-align: right;">Page 271</p> <p>1 REPORTER'S CERTIFICATION</p> <p>2</p> <p>3 I hereby certify that the witness in the</p> <p>4 foregoing deposition, SHAMIQ SYED, was duly sworn by me</p> <p>5 to testify to the truth, the whole truth and nothing but</p> <p>6 the truth, in the within-entitled cause; that said</p> <p>7 deposition was taken at the time and place herein named;</p> <p>8 and that the deposition is a true record of the</p> <p>9 witness's testimony as reported by me, a duly certified</p> <p>10 shorthand reporter and a disinterested person, and was</p> <p>11 thereafter transcribed into typewriting by computer.</p> <p>12 I further certify that I am not interested in</p> <p>13 the outcome of the said action, nor connected with nor</p> <p>14 related to any of the parties in said action, nor to</p> <p>15 their respective counsel.</p> <p>16 IN WITNESS WHEREOF, I have hereunto set my</p> <p>17 hand this 6th day of December 2024.</p> <p>18</p> <p>19</p> <p>20 </p> <p>21</p> <p>22 BRIDGET LOMBARDOZZI, CSR, RMR, CRR</p> <p>23</p> <p>24</p> <p>25</p>
<p style="text-align: right;">Page 270</p> <p>1 MR. ANGELO: Correct.</p> <p>2 THE WITNESS: Okay. Not a</p> <p>3 problem.</p> <p>4 MR. McMICHAEL: Concentration</p> <p>5 and payroll account.</p> <p>6 THE WITNESS: Correct.</p> <p>7 MR. ANGELO: All right. Thank</p> <p>8 you for your time.</p> <p>9 THE WITNESS: Have you --</p> <p>10 MR. ANGELO: I reserve my</p> <p>11 rights until next time we meet.</p> <p>12 THE WITNESS: I was going to</p> <p>13 say you -- you saw this, too?</p> <p>14 MR. ANGELO: I did.</p> <p>15 THE WITNESS: Okay. All right.</p> <p>16 THE VIDEOGRAPHER: Okay. That</p> <p>17 is going to end today's deposition at</p> <p>18 3:01. We're off the record.</p> <p>19 (Whereupon, the deposition</p> <p>20 concluded at 3:01 p.m.)</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 272</p> <p>1 DEPOSITION ERRATA SHEET</p> <p>2 Case Name: In re: CarePoint</p> <p>3 Name of Witness: Shamiq Syed</p> <p>4 Date of Deposition: December 5, 2024</p> <p>5 Reason Codes: 1. To clarify the record.</p> <p>6 2. To conform to the facts.</p> <p>7 3. To correct transcription errors.</p> <p>8 Page__Line__Reason__</p> <p>9 From__to__</p> <p>10 Page__Line__Reason__</p> <p>11 From__to__</p> <p>12 Page__Line__Reason__</p> <p>13 From__to__</p> <p>14 Page__Line__Reason__</p> <p>15 From__to__</p> <p>16 Page__Line__Reason__</p> <p>17 From__to__</p> <p>18 Page__Line__Reason__</p> <p>19 From__to__</p> <p>20 Page__Line__Reason__</p> <p>21 From__to__</p> <p>22 Page__Line__Reason__</p> <p>23 From__to__</p> <p>24</p> <p>25</p>

SHAMIQ SYED 30(b)(6)  
In re: CarePoint Health Systems, Inc.

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1 DEPOSITION ERRATA SHEET  
2 Page \_\_\_ Line \_\_\_ Reason \_\_\_\_\_  
3 From \_\_\_\_\_ to \_\_\_\_\_  
4 Page \_\_\_ Line \_\_\_ Reason \_\_\_\_\_  
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17 From \_\_\_\_\_ to \_\_\_\_\_  
18 Page \_\_\_ Line \_\_\_ Reason \_\_\_\_\_  
19 From \_\_\_\_\_ to \_\_\_\_\_  
20 \_\_\_\_\_ Subject to the above changes, I certify that  
the transcript is true and correct.  
21 \_\_\_\_\_ No changes have been made. I certify that  
transcript is true and correct.  
22  
23  
24 \_\_\_\_\_  
SHAMIQ SYED  
25

Exhibit G

Debtors R&Os to CA Interrogatories



**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	:	Chapter 11
CarePoint Health Systems Inc. d/b/a Just Health	:	Case No. 24-12534 (JKS)
Foundation, et al., <sup>1</sup>	:	
	:	(Jointly Administered)
Debtors.	:	
	:	
	:	
	:	
	:	

**DEBTORS' ANSWER TO CAREPOINT HEALTH CAPTIVE ASSURANCE  
COMPANY, LLC'S FIRST SET OF INTERROGATORIES TO DEBTORS IN  
CONNECTIONS WITH PLAN CONFIRMATION AND FINAL APPROVAL OF THE  
DISCLOSURE STATEMENT**

The Debtors, by and through undersigned counsel, hereby submit their response to Carepoint Health Captive Assurance Company, LLC's First Set of Interrogatories to Debtors in Connection with Plan Confirmation and Final Approval of the Disclosure Statement, as set forth below.

## GENERAL OBJECTIONS

The following general objections (“General Objections”) apply to the Interrogatories and are incorporated into each specific response below. To the extent the Debtors restate any of these

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: (i) Bayonne Intermediate Holdco, LLC (7716); (ii) Benego CarePoint, LLC (2199); (iii) Briar Hill CarePoint, LLC (iv) CarePoint Health Management Associates Intermediate Holdco, LLC (none); (v) CarePoint Health Management Associates, LLC d/b/a CarePoint Health (3478); (vi) CarePoint Health Systems, Inc. d/b/a Just Health Foundation (6996); (vii) CH Hudson Holdco, LLC (3376); (viii) Christ Intermediate Holdco, LLC (3376); (ix) Evergreen Community Assets (1726); (x) Garden State Healthcare Associates, LLC (4414); (xi) Hoboken Intermediate Holdco, LLC (2105); (xii) Hudson Hospital Holdco, LLC (3869); (xiii) Hudson Hospital Opco, LLC d/b/a CarePoint Health-Christ Hospital (0608); (xiv) HUMC Holdco, LLC (3488); (xv) HUMCO Opco, LLC d/b/a CarePoint Health-Hoboken University Medical Center (7328); (xvi) IJG, LLC (7430); (xvii) Just Health MSO, LLC (1593); (xviii) New Jersey Medical and Health Associates d/b/a CarePoint Health Medical Group (0232); (xix) Quality Care Associates, LLC (4710); (xx) Sequoia BMC Holdco, LLC (9812); (xxi) IJG Opco LLC d/b/a CarePoint Health-Bayonne Medical Center. The address for CarePoint Health Systems Inc. is 308 Willow Avenue, Hoboken, NJ 07030.

General Objections in response to a specific Interrogatory, the Debtors do not waive their remaining General Objections.

1. The Debtors object to the Interrogatories to the extent they are vague, overbroad, unduly burdensome, duplicative, cumulative, or seek to impose obligations or require actions beyond those required by the Federal Rules of Bankruptcy Procedure, the Federal Rules of Civil Procedure, and any other court rules or orders applicable to this case.

2. The Debtors object to the Interrogatories to the extent they seek information and documents that the Debtors are prohibited from disclosing by operation of any law, regulation, or court order, including, but not limited to: the attorney work-product doctrine, attorney-client privilege, community of interest privilege, mediation privilege, or materials otherwise protected by state or federal law. The inadvertent disclosure of privileged information is not intended to be, and shall not be construed as, a waiver of any applicable privilege.

3. The Debtors object to the Interrogatories to the extent they seek information and documents that are in the possession, custody, or control of Carepoint Health Captive Assurance Company, LLC, or available from other sources, including publicly available sources and third parties, that are more convenient, less burdensome, or less expensive.

4. The Debtors object to the Interrogatories to the extent they seek information and documents from third parties.

5. The Debtors object to the Interrogatories to the extent they seek irrelevant information from other litigation matters.

6. The Debtors object to Carepoint Health Captive Assurance Company, LLC's Definitions and Instructions to the extent they seek to impose obligations beyond those required by the Federal Rules of Bankruptcy Procedure and the Federal Rules of Civil Procedure.

7. The Debtors object to the Interrogatories as unduly burdensome, vexatious and meant to harass the Debtors.

8. The Debtors expressly reserve the right to amend, revise, or supplement these responses and objections, and to assert additional objections and privileges, in one or more supplemental responses.

9. The Debtors' responses and objections shall not be deemed a waiver of, and the Debtors expressly reserve, the right to assert any and all objections to the admissibility of evidence, in this action or in any other proceeding, of information provided in response to these Requests.

### **INTERROGATORIES**

#### **INTERROGATORY NO. 1:**

Identify every account receivable owed to each Relevant Debtor, regardless of age or assessment of collectability, including for each such receivable: (i) the Relevant Debtor to which the account receivable is owed, (ii) the obligor(s), (iii) the date(s) the receivable was generated, (iv) the date payment was due, and (v) the dates and amounts of any partial payments.

#### **Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. The Debtors also object to this interrogatory on the grounds that it is overly broad and unduly burdensome. Subject to and without waiver of those objections, see Debtors' books and records produced herewith.

#### **INTERROGATORY NO. 2:**

Identify every intercompany receivable owed to each Relevant Debtor by any

Debtor, regardless of age or assessment of collectability, including for each such receivable (i) the Relevant Debtor to which the account receivable is owed, (ii) the obligor(s), (iii) the date(s) the receivable was generated, (iv) the date payment was due, and (v) the dates and amounts of any partial payments.

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. The Debtors also object to this interrogatory on the grounds that it is overly broad and unduly burdensome. Subject to and without waiver of those objections, see Debtors' books and records produced herewith.

**INTERROGATORY NO. 3:**

Identify every intercompany payable owed by each Relevant Debtor to any Debtor, regardless of age or assessment of collectability, including for each such payable (i) the Relevant Debtor to which the account payable is owed by, (ii) the obligor(s), (iii) the date(s) the payable was generated, (iv) the date payment was due, and (v) the dates and amounts of any partial

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. The Debtors also object to this interrogatory on the grounds that it is overly broad and unduly burdensome. Subject to and without waiver of those objections, see Debtors' books and records produced herewith.

INTERROGATORY NO. 4:

Describe the data and underlying assumptions being used to prepare the liquidation analyses that the Debtors or the Committee may intend to file with the Plan Supplement.

**Response:**

Debtors object to this Interrogatory to the extent it seeks information protected by the attorney-client privilege and work product doctrine. Subject to and without waiver of the foregoing objections and the General Objections, the Debtors respond that the liquidation analysis was completed by the financial advisor for the Unsecured Creditors' Committee with information provided by the Debtors. By way of further response, see documents being produced herewith.

INTERROGATORY NO. 5:

State whether You have conducted any investigation into potential Causes of Action of the Debtors or their estates against any of the following: (i) HRH; (ii) Avery Eisenreich; or (iii) the Prior Owners.

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. Subject to and without waiver of those objections, the Debtors respond as follows:

The Debtors have not conducted any formal investigation regarding Causes of Action of the Debtors against HRH. The Debtors were in litigation prepetition with HRH regarding the real estate lease for the Bayonne facility and ultimately a judgment was entered in favor of HRH

which stemmed from the Debtors' failure to pay rent. The Debtors are not aware of facts giving rise to a cause of action against HRH related to the lease litigation.

The Debtors are not aware of facts giving rise to a cause of action against Avery Eisenrich and therefore have not conducted any investigation regarding Causes of Action of the Debtors against Avery Eisenrich

The Debtors aware of facts relating to the Prior Owners, including those described at pp. 35-36 of D.I. 497, but the Debtors have not conducted any formal investigation regarding Causes of Action of the Debtors against the Prior Owners.

INTERROGATORY NO. 6:

For each investigation identified in response to Interrogatory No. 5, identify: (i) who commissioned or ordered the investigation; (ii) who oversaw the investigation; (iii) who conducted the investigation, including any professional services firms who were hired to conduct the investigations and the related professionals, (iv) when the investigation began and concluded; (v) the cost of the investigation (or estimated cost if ongoing or not known) and who paid or will pay the costs of the investigation; (vi) any nonprivileged results of the investigation; and (viii) any person with whom the results of the investigation or any work product from the investigation has been shared.

**Response:**

The Debtors incorporate herein by reference their Response to Interrogatory No. 5.

INTERROGATORY NO. 7:

Identify any valuation or other analyses of the value of the land associated with Christ Hospital, and state such value.

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. Subject to and without waiver of those objections, see documents being produced by the Debtors herewith.

INTERROGATORY NO. 8:

Identify each person who participated in the sale of any land owned by the Debtors to J.C. Opco LLC, CH 750 Park LLC, CH Castle LLC or Avery Eisenreich (the “Eisenreich Land Deal”).

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. The Debtors object to this interrogatory on the grounds that it is overly broad and unduly burdensome. Subject to and without waiver of those objections, the Debtors respond that the Debtors do not have information responsive to this Interrogatory.

INTERROGATORY NO. 9:

Identify all board meeting participants, including the Debtors’ directors (or similar

members of each Debtor's governing body), observers, and participants during the Eisenreich Land Deal.

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. The Debtors object to this interrogatory on the grounds that it is overly broad and unduly burdensome. Subject to and without waiver of those objections, the Debtors respond that the Debtors do not have information responsive to this Interrogatory.

**INTERROGATORY NO. 10:**

Describe, in detail, the basis why the purchase option that permitted the Eisenreich Land Deal to occur is no longer in effect.

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. The Debtors object to this interrogatory on the grounds that it is overly broad and unduly burdensome. Subject to and without waiver of those objections, the Debtors respond that the Debtors do not have information responsive to this Interrogatory.

**INTERROGATORY NO. 11:**

Identify each person who participated in the sale and purchase of any land (or



related purchase option) by HRH, which was previously purchased from the Debtors by J.C. Opco LLC, CH 750 Park LLC, CH Castle LLC and/or Avery Eisenreich (the “HRH Land Deal”).

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. The Debtors object to this interrogatory on the grounds that it is overly broad and unduly burdensome. Subject to and without waiver of those objections, the Debtors respond that this interrogatory is properly directed to HRH, not the Debtors.

INTERROGATORY NO. 12:

Identify all board meeting participants, including the Debtors’ directors (or similar members of each Debtor’s governing body), observers, and participants during the HRH Land Deal.

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. The Debtors object to this interrogatory on the grounds that it is overly broad, unduly burdensome, and vague. Subject to and without waiver of those objections, the Debtors respond that this interrogatory is properly directed to HRH, not the Debtors.

INTERROGATORY NO. 13:

Describe all efforts by the Debtors to market the purchase option described in

Interrogatory No. 11, including the names and contact information for all investment bankers, brokers or other advisors related thereto.

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. By way of further response, and without waiver of the foregoing objections, the purchase option was marketed for several years by Colliers real estate company. The Debtors will produce documents related to Colliers' marketing herewith.

INTERROGATORY NO. 14:

Identify the legal and factual bases for substantive consolidation under the Plan.

**Response:**

Debtors object to this Interrogatory to the extent it seeks information protected by the attorney-client privilege and work product doctrine. Debtors further object to this Interrogatory to the extent it seeks information protected from disclosure by the mediation or community of interest privilege. Debtors also object to the extent this Interrogatory seeks a legal conclusion. The Debtors further object to this Interrogatory as premature, as this issue will be addressed in the Plan Supplement due February 20, 2025.

INTERROGATORY NO. 15:

Identify the amount of any secured claims held by HRH against each of the

Relevant Debtors as of the Petition Date, and for each such claim identify (i) the collateral securing the claims, (ii) its estimated value as of the Petition Date, (iii) whether there are any other secured claims against the same collateral, and, if so, their relative priority in relation to HRH's secured claims against the same collateral.

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. Subject to and without waiver of those objections, the Debtors incorporate the documents publicly filed in this case. By way of further response, the Debtors have not retained any professional to conduct a market value analysis of any collateral. By way of further response, see documents being produced by Debtors herewith, including Debtors' books and records, which show the book value of relevant assets, and documents relating to the liquidation analysis.

INTERROGATORY NO. 16:

Identify the amount of secured claims held by HRH against each Relevant Debtor as of the date of your response, and for each such claim identify (i) the collateral securing the claims, (ii) its estimated value as of the Petition Date, (iii) whether there are any other secured claims against the same collateral, and, if so, their relative priority in relation to HRH's secured claims against the same collateral.

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. Subject to and without waiver of those objections, the Debtors incorporate the documents

publicly filed in this case. By way of further response, the Debtors have not retained any professional to conduct a market value analysis of any collateral. By way of further response, see documents being produced by Debtors herewith, including Debtors' books and records, which show the book value of relevant assets, and documents relating to the liquidation analysis.

INTERROGATORY NO. 17:

Identify the amount of HRH's unpaid administrative expense claims against each Relevant Debtor as of the date of your response, and state and itemize the basis for such claims.

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. Subject to and without waiver of those objections, the Debtors respond that this Interrogatory is properly directed to HRH, not the Debtors.

INTERROGATORY NO. 18:

Identify any adequate protection claims HRH has against each Relevant Debtor as of the date of your response, itemize the basis for each such claim, and for each such claim identify (i) any collateral securing the claims, (ii) its estimated value as of the Petition Date, (iii) whether there are any other secured claims against the same collateral, and, if so, their relative priority in relation to HRH's secured claims against the same collateral.

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. Subject to and without waiver of those objections, the Debtors respond that this Interrogatory is properly directed to HRH, not the Debtors.

INTERROGATORY NO. 19:

Identify the components of and basis for the \$110,353,224 of “HRH Secured Claims” listed in the liquidation analysis in the Plan, including by specifying each component of the claim (e.g., new money DIP financing principal, DIP financing interest, prepetition principal, interest on prepetition principal, roll-up amounts, administrative expenses, and the like).

**Response:**

The Debtors incorporate by reference each of their General Objections as if fully set forth herein. Subject to and without waiver of those objections, the Debtors respond that this Interrogatory is properly directed to HRH, not the Debtors.

INTERROGATORY NO. 20:

Identify all facts that support Your statements in subparagraphs (i) and (ii) of the section E, of Article III of the Plan, entitled “Deemed Substantive Consolidation for Limited Purposes.”

**Response:**

Debtors object to this Interrogatory to the extent it seeks information protected by the attorney-client privilege and work product doctrine. Debtors further object to this Interrogatory to the extent

it seeks information protected from disclosure by the mediation or community of interest privilege. Debtors also object to the extent this Interrogatory seeks a legal conclusion. The Debtors further object to this Interrogatory as premature, as this issue will be addressed in the Plan Supplement due February 20, 2025.

INTERROGATORY NO. 21:

Identify all facts that support Your statement in footnote 17 in the Plan that there is “lack of adverse impact on creditor recoveries based on the proposed substantive consolidation for limited Plan purposes.”

**Response:**

Debtors object to this Interrogatory to the extent it seeks information protected by the attorney-client privilege and work product doctrine. Debtors further object to this Interrogatory to the extent it seeks information protected from disclosure by the mediation or community of interest privilege. Debtors also object to the extent this Interrogatory seeks a legal conclusion. The Debtors further object to this Interrogatory as premature, as this issue will be addressed in the Plan Supplement due February 20, 2025.

INTERROGATORY NO. 22:

Identify all bases for the Plan providing no recovery on Intercompany Claims.

**Response:**

Debtors object to this Interrogatory to the extent it seeks information protected by the attorney-client privilege and work product doctrine. Debtors further object to this Interrogatory to the extent it seeks information protected from disclosure by the mediation or community of interest privilege. Debtors also object to the extent this Interrogatory seeks a legal conclusion. The Debtors further object to this Interrogatory as premature, as this issue will be addressed in the Plan Supplement due February 20, 2025.

INTERROGATORY NO. 23:

Identify all persons who provided information used to prepare Your responses to these Interrogatories, and state for which Interrogatory or Interrogatories each such person provided such information.

**Response:**

Counsel for the Debtors in consultation with Shamiq Syed, Chief Financial Officer.

INTERROGATORY NO. 24:

Identify all witnesses You intend to call or may call in connection with the Confirmation Hearing.

**Response:**

Debtors object to this Interrogatory as premature. Debtors will identify its witnesses pursuant to the Scheduling Order entered by the Court. By way of further response, at this time, Debtors anticipate calling Shamiq Syed and other witnesses.

Dated: February 13, 2025

**DILWORTH PAXSON LLP**

/s/ Christie Callahan Comerford

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*Counsel for the Debtors*



Exhibit H

UCC R&Os to CA Interrogatories

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

CarePoint Health Systems Inc. d/b/a Just  
Health Foundation, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-12534 (JKS)

(Jointly Administered)

**RESPONSES & OBJECTIONS OF THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS TO CAREPOINT HEALTH CAPTIVE ASSURANCE COMPANY, LLC'S  
FIRST SET OF INTERROGATORIES TO THE OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS IN CONNECTION WITH PLAN CONFIRMATION**

Pursuant to Rule 33 of the Federal Rules of Civil Procedure (the “Federal Rules”), made applicable to this matter by Rules 7033 and 9014(c) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the Official Committee of Unsecured Creditors (the “Committee”) hereby submits the following responses and objections to the First Set of Interrogatories in Connection With Plan Confirmation (the “Interrogatories” and each an “Interrogatory”) served by CarePoint Health Captive Assurance Company, LLC (“Captive Assurance”). The Committee responds to the Interrogatories based on its current understanding and the information reasonably

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number are: (i) Bayonne Intermediate Holdco, LLC (7716); (ii) Benego CarePoint, LLC (2199); (iii) Briar Hill CarePoint, LLC (iv) CarePoint Health Management Associates Intermediate Holdco, LLC (none); (v) CarePoint Health Management Associates, LLC d/b/a CarePoint Health (3478); (vi) CarePoint Health Systems, Inc. d/b/a Just Health Foundation (6996); (vii) CH Hudson Holdco, LLC (3376); (viii) Christ Intermediate Holdco, LLC (3376); (ix) Evergreen Community Assets (1726); (x) Garden State Healthcare Associates, LLC (4414); (xi) Hoboken Intermediate Holdco, LLC (2105); (xii) Hudson Hospital Holdco, LLC (3869); (xiii) Hudson Hospital Opco, LLC d/b/a CarePoint Health-Christ Hospital (0608); (xiv) HUMC Holdco, LLC (3488); (xv) HUMCO Opco, LLC d/b/a CarePoint Health-Hoboken University Medical Center (7328); (xvi) IJKG, LLC (7430); (xvii) Just Health MSO, LLC (1593); (xviii) New Jersey Medical and Health Associates d/b/a CarePoint Health Medical Group (0232); (xix) Quality Care Associates, LLC (4710); (xx) Sequoia BMC Holdco, LLC (9812); and (xxi) IJKG Opco LLC d/b/a CarePoint Health-Bayonne Medical Center (2063). The address for CarePoint Health Systems Inc. is 308 Willow Avenue, Hoboken, NJ 07030.

available to it at the present time. The Committee reserves the right to amend or supplement these responses if and when additional information becomes available.

### **GENERAL OBJECTIONS**

1. The general objections (“General Objections”) set forth below apply to the Interrogatories generally and to each specific Interrogatory. Unless otherwise stated, the General Objections shall have the same force and effect as if set forth in full in response to each specific Interrogatory.

2. The Committee objects to the Interrogatories to the extent they could be interpreted to call for the disclosure of protected information and/or communications, including but not limited to (i) information and/or communications protected by the attorney-client privilege; (ii) information and/or communications prepared for or in anticipation of litigation and protected under the work product doctrine; (iii) information and/or communications protected by the consulting expert privilege; (iv) information and/or communications protected by the joint defense or common interest privilege; (v) information protected by the mediation privilege; and/or (vi) information and/or communications that are otherwise privileged, protected, or immune from discovery. The Committee’s inadvertent disclosure of any information subject to any privilege, protection, or doctrine in response to the Interrogatories does not constitute a waiver of any such privilege, protection, or doctrine and shall be governed by Federal Rule of Evidence 502(d) and any applicable protective orders.

3. The Committee objects to the Interrogatories to the extent that they seek information protected from disclosure by confidentiality or nondisclosure agreements with third parties, and will disclose any confidential information only in accordance with the provisions of such agreements and any applicable protective orders.

4. The Committee objects to the Interrogatories to the extent that they seek disclosure of information, the disclosure of which would violate any right of privacy, judicially recognized protection or privilege, court order, or agreement obligating the Committee to keep information confidential.

5. The Committee objects to the Interrogatories to the extent that they seek information concerning matters not relevant to any claim or defense in this matter or otherwise beyond the scope of permissible discovery.

6. The Committee objects to the extent the Interrogatories seek information, documents, or things not proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount in controversy, the parties' relative access to relevant information, the parties' resources, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit.

7. The Committee objects to the Interrogatories to the extent that they are vague or overly broad. To the extent an answer to an Interrogatory is not given in the technically precise form called for by such Interrogatory, the Committee objects to such Interrogatory as vague.

8. The Committee objects to the Interrogatories to the extent that they assert or contain embedded legal conclusions. Any response to such an Interrogatory is not an admission that such legal conclusion is valid.

9. The Committee objects to the Interrogatories to the extent they assert or contain embedded factual assumptions. Any response to such an Interrogatory is not an admission that such factual assumption is correct.

10. The Committee objects to the Interrogatories to the extent that they seek information already known, or equally available to, Captive Assurance. For the avoidance of doubt, this objection includes, but is not limited to, information that is publicly available.

11. The Committee objects to the Interrogatories to the extent that they purport to require the Committee to provide information not within its possession, custody, or control.

12. The Committee objects to the Interrogatories to the extent that they seek to impose obligations upon the Committee greater than those created by the Federal Rules, Bankruptcy Rules or other applicable law, rule or order.

13. The Committee objects to the Interrogatories to the extent that they require the Committee to provide information that cannot be obtained by a reasonably diligent investigation within the limited time available for responses in this matter.

14. The Committee's responses to the Interrogatories are without waiver, limitation, or prejudice to the Committee's rights at any later time, in this or in any subsequent proceedings, to raise objections to the competence, use, relevance, materiality, privilege, or admissibility of the Interrogatories, or any part thereof, or statements made in these responses to the Interrogatories, on grounds of privilege, relevancy, materiality, authenticity, hearsay, or any other ground permitted by any applicable law or rule.

15. The Committee reserves the right to modify, amend, or supplement its responses and objections to the Interrogatories, which are made based on the current status of its knowledge, understanding, and belief. The Committee's responses to the Interrogatories are not intended as an admission or a representation that additional responsive information does not exist.

16. These General Objections are applicable to each of the following responses and objections, and failure to repeat an objection in response to a specific Interrogatory shall not be

deemed a waiver of the objection. Further, if the Committee specifically repeats one or more of these General Objections in response to a specific Interrogatory, such specific objection is not a waiver of these General Objections.

17. Subject to and without waiving these General Objections, and subject to and without waiving the specific objections noted below, the Committee responds as follows to the Interrogatories:

**SPECIFIC OBJECTIONS AND RESPONSES TO THE INTERROGATORIES**

**Interrogatory No. 1:** Identify all assumptions and describe the data underlying those assumptions being used to prepare the liquidation analyses that the Debtors or the Committee have filed to date or intend to file with the Plan Supplement.

**Response:** The Committee objects to this Interrogatory as it seeks information protected by the attorney-client privilege, the work product doctrine, and/or the joint defense or common interest privilege between the Committee and the Debtors. The Committee further objects to this Interrogatory as it is overly broad and vague.

**Interrogatory No. 2:** State whether You have conducted any investigation into potential Causes of Action of the Debtors or their estates against any of the following: (i) HRH; (ii) Avery Eisenreich; or (iii) the Prior Owners.

**Response:** The Committee objects to this Interrogatory as it seeks information protected by the attorney-client privilege, the work product doctrine, and/or the joint defense or common interest privilege between the Committee and the Debtors. The Committee further objects to this Interrogatory as the term “investigation” is vague.

Notwithstanding the foregoing, and without waiving any objections, the Committee has conducted both formal and informal discovery concerning potential Claims or Causes of Action against HRH. The discovery involved the review of thousands of documents and conducting a

number of depositions. The potential Claims and Causes of Action against HRH were the subject of, and part of, the mediation supervised by The Honorable Michael B. Kaplan, Chief Judge of the United States Bankruptcy Court for the District of New Jersey. Further, the proposed releases of HRH were a critical component of the mediated resolution that undergirds the Plan. The Committee believes that the Plan provides a more favorable outcome for creditors than could have been achieved through investigation and pursuit of any Causes of Action against any party released under the Plan through lengthy and time-consuming litigation, which could have impacted the ability of the Debtors to operate and provide continuity of care to the local communities.

The Committee has conducted preliminary informal discovery, reviewed documents and has received information regarding potential Claims and Causes of Action against Avery Eisenreich and the Prior Owners.

**Interrogatory No. 3:** For each investigation identified in response to Interrogatory No. 2, identify: (i) who commissioned or ordered the investigation; (ii) who oversaw the investigation; (iii) who conducted the investigation, including any professional services firms who were hired to conduct the investigations and the related professionals, (iv) when the investigation began and concluded; (v) the cost of the investigation (or estimated cost if ongoing or not known) and who paid or will pay the costs of the investigation; (vi) any nonprivileged results of the investigation; and (viii) any person with whom the results of the investigation or any work product from the investigation has been shared.

**Response:** The Committee objects to this Interrogatory as it seeks information protected by the attorney-client privilege, the work product doctrine, and/or the joint defense or common interest privilege between the Committee and the Debtors. The Committee further objects to this Interrogatory as vague.

Notwithstanding the foregoing, and without waiving any objections, to the extent an “investigation” was “commissioned,” “ordered,” “overseen” or “conducted,” it was done on behalf of the Committee by the Committee’s court-approved retained professionals after the formation of the Committee. See the response to Interrogatory No. 2 above. All applicable professionals fees will be presented to the court for approval in due course.

**Interrogatory No. 4:** Describe all efforts by the Debtors to market the sale and purchase of land (or any option to acquire such land) which was previously purchased by J.C. Opco LLC, CH 750 Park LLC, CH Castle LLC or Avery Eisenreich and ultimately purchased by HRH, including the names and contact information for all investment bankers, brokers or other advisors related to the sale of the purchase option.

**Response:** The Committee does not have the information requested by this Interrogatory.

**Interrogatory No. 5:** Without limitation to the Relevant Period, state whether You have conducted any investigation or analysis regarding Avoidance Actions assertable by the Relevant Debtors.

**Response:** The Committee objects to this Interrogatory as it seeks information protected by the attorney-client privilege, the work product doctrine, and/or the joint defense or common interest privilege between the Committee and the Debtors. The Committee further objects to this Interrogatory as the term “investigation” is vague.

Notwithstanding the foregoing, and without waiving any objections, the Committee has not conducted any such investigation to date.

**Interrogatory No. 6:** Identify the amount of any secured claims held by HRH against each of the Relevant Debtors as of the Petition Date, and for each such claim identify (i) the collateral securing the claims, (ii) its estimated value as of the Petition Date, (iii) whether there are any other



secured claims against the same collateral, and, if so, their relative priority in relation to HRH's secured claims against the same collateral.

**Response:** The Committee objects to this Interrogatory as it seeks information protected by the attorney-client privilege, the work product doctrine, and/or the joint defense or common interest privilege between the Committee and the Debtors. The Committee further objects to this Interrogatory as it seeks information equally available to Captive Assurance.

Notwithstanding the foregoing, and without waiving any objections, the Committee refers Captive Assurance to (a) the *Declaration of Shamiq Syed in Support of First Day Pleadings* [Docket No. 23], (b) the *Motion of IJKG Opco, LLC and IJKG, LLC for Entry of Interim and Final Orders: (I) Authorizing IJKG Opco, LLC and IJKG, LLC to Obtain Temporary and Permanent Post-Petition Financing from Bayonne Medical Center Opco, LLC Pursuant to Sections 363 and 364 of the Bankruptcy Code; (II) Granting Administrative Priority Claims to DIP Lender Pursuant to Section 364 of the Bankruptcy Code; (III) Modifying the Automatic Stay to Implement the Terms of the DIP Order; and (IV) Authorizing the Use of Cash Collateral* [Docket No. 11], (c) the *Interim Order (A) Authorizing IJKG Opco, LLC and IJKG, LLC to Obtain Postpetition Financing, (B) Authorizing Debtors to Use Cash Collateral, (C) Granting Liens and Providing Superpriority Administrative Expense Status, (D) Modifying the Automatic Stay, (E) Authorizing Debtors to Enter into Agreements with Bayonne Medical Center Opco, LLC, (F) Granting Adequate Protection, (G) Scheduling a Final Hearing, and (H) Granting Related Relief* [Docket No. 128], (d) the Debtors' schedules of assets and liabilities filed with the Bankruptcy Court, and (e) any proofs of claim filed by HRH or other creditors for this information.

**Interrogatory No. 7:** Identify the amount of secured claims held by HRH against each Relevant Debtor as of the date of your response, and for each such claim identify (i) the collateral

securing the claims, (ii) its estimated value as of the Petition Date, (iii) whether there are any other secured claims against the same collateral, and, if so, their relative priority in relation to HRH's secured claims against the same collateral.

**Response:** The Committee objects to this Interrogatory as it seeks information protected by the attorney-client privilege, the work product doctrine, and/or the joint defense or common interest privilege between the Committee and the Debtors. The Committee further objects to this Interrogatory as it seeks information equally available to Captive Assurance.

Notwithstanding the foregoing, and without waiving any objections, the Committee refers Captive Assurance to (a) the *Declaration of Shamiq Syed in Support of First Day Pleadings* [Docket No. 23], (b) the *Motion of IJKG Opco, LLC and IJKG, LLC for Entry of Interim and Final Orders: (I) Authorizing IJKG Opco, LLC and IJKG, LLC to Obtain Temporary and Permanent Post-Petition Financing from Bayonne Medical Center Opco, LLC Pursuant to Sections 363 and 364 of the Bankruptcy Code; (II) Granting Administrative Priority Claims to DIP Lender Pursuant to Section 364 of the Bankruptcy Code; (III) Modifying the Automatic Stay to Implement the Terms of the DIP Order; and (IV) Authorizing the Use of Cash Collateral* [Docket No. 11], (c) the *Interim Order (A) Authorizing IJKG Opco, LLC and IJKG, LLC to Obtain Postpetition Financing, (B) Authorizing Debtors to Use Cash Collateral, (C) Granting Liens and Providing Superpriority Administrative Expense Status, (D) Modifying the Automatic Stay, (E) Authorizing Debtors to Enter into Agreements with Bayonne Medical Center Opco, LLC, (F) Granting Adequate Protection, (G) Scheduling a Final Hearing, and (H) Granting Related Relief* [Docket No. 128], (d) the *Motion of CarePoint Health Systems, Inc. for Entry of Interim and Final Orders: (I) Authorizing Debtors to Obtain Temporary and Permanent Post-Petition Financing from Bayonne Medical Center Opco, LLC Pursuant to Sections 363 and 364 of the Bankruptcy Code; (II)*

*Granting Administrative Priority Claims to DIP Lender Pursuant to Section 364 of the Bankruptcy Code; (III) Granting Adequate Protection; (IV) Modifying the Automatic Stay to Implement the Terms of the DIP Order; and (V) Authorizing Debtors to Use Cash Collateral [Docket No. 10], (e) the Interim Order (I) Authorizing Certain Debtors to Obtain Postpetition Financing from Bayonne Medical Center Opco, LLC and Granting Senior Security Interests and Superpriority Administrative Expense Status to the Lender; (II) Authorizing the Debtors' Use of Cash Collateral; (III) Granting Adequate Protection; (IV) Modifying the Automatic Stay; (V) Scheduling a Final Hearing; and (VI) Granting Related Relief [Docket No. 119], (f) the Debtors' schedules of assets and liabilities filed with the Bankruptcy Court, and (g) any proofs of claim filed by HRH or other creditors for this information.*

**Interrogatory No. 8:** Identify the amount of HRH's unpaid administrative expense claims against each Relevant Debtor as of the date of your response, and state and itemize the basis for such claims.

**Response:** The Committee does not have this information and refers Captive Assurance to HRH for this information.

**Interrogatory No. 9:** Identify any adequate protection claims HRH has against each Relevant Debtor as of the date of your response, itemize the basis for each such claim, and for each such claim identify (i) any collateral securing the claims, (ii) its estimated value as of the Petition Date, (iii) whether there are any other secured claims against the same collateral, and, if so, their relative priority in relation to HRH's secured claims against the same collateral.

**Response:** The Committee does not have this information and refers Captive Assurance to HRH for this information.

**Interrogatory No. 10:** Identify the components of and basis for the \$110,353,224 of “HRH Secured Claims” listed in the liquidation analysis in the Plan, including by specifying each component of the claim (e.g., new money DIP financing principal, DIP financing interest, prepetition principal, interest on prepetition principal, roll-up amounts, administrative expenses, and the like).

**Response:** Without waiving any of the General Objections, the components of and basis for the \$110,353,224 of “HRH Secured Claims” listed in the liquidation analysis in the Plan are as follows:

<b>Tranche</b>	<b>\$ Amt.</b>
Bayonne/Capitala Loan Agreement	\$ 6,120,000
Bayonne Debtors DIP Loan (New Money)	42,000,000
Carepoint Health Systems DIP Loan	25,000,000
Christ/HUMC DIP Loan Exit Fee	750,000
Outstanding Judgement	32,741,612
Management Fees	3,741,612
<b>Total HRH Claim</b>	<b>\$ 110,353,224</b>

**Interrogatory No. 11:** Identify the legal and factual bases for substantive consolidation under the Plan.

**Response:** The Committee objects to this Interrogatory as it seeks information protected by the attorney-client privilege, the work product doctrine, and/or the joint defense or common interest privilege between the Committee and the Debtors. The Committee further objects to this Interrogatory because it calls for the Committee to make legal arguments.

Notwithstanding the foregoing, and without waiving any objections, legal and factual bases for substantive consolidation were provided in Article III.E. of the Plan. The Plan Proponents will provide further legal and factual bases for substantive consolidation in connection with their briefing in support of confirmation of the Plan, the declaration of Shamiq Syed in support of the

Plan's limited proposed substantive consolidation that will be filed as part of the Plan Supplement, and any testimony that may be necessary at the confirmation hearing.

**Interrogatory No. 12:** Identify all facts that support Your statements in subparagraphs (i) and (ii) of the section E, of Article III of the Plan, entitled "Deemed Substantive Consolidation for Limited Purposes."

**Response:** The Committee objects to this Interrogatory as it is overly broad and vague.

Notwithstanding the foregoing, and without waiving any objections, the Plan Proponents will provide further support for the statements in subparagraphs (i) and (ii) of the section E, of Article III of the Plan in the declaration of Shamiq Syed in support of the Plan's limited proposed substantive consolidation that will be filed as part of the Plan Supplement and any testimony that may be necessary at the confirmation hearing.

**Interrogatory No. 13:** Identify all facts that support Your statement in footnote 17 in the Plan that there is a "lack of adverse impact on creditor recoveries based on the proposed substantive consolidation for limited Plan purposes."

**Response:** The Committee objects to this Interrogatory as it is overly broad and vague.

Notwithstanding the foregoing, and without waiving any objections, the Plan Proponents will provide further support for this statement in the declaration of Shamiq Syed in support of the Plan's limited proposed substantive consolidation that will be filed as part of the Plan Supplement and/or any testimony that may be necessary at the confirmation hearing.

**Interrogatory No. 14:** Identify all bases for the Plan providing no recovery on Intercompany Claims.

**Response:** The Committee objects to this Interrogatory as it seeks information protected by the attorney-client privilege, the work product doctrine, and/or the joint defense or common

interest privilege between the Committee and the Debtors. The Committee further objects to this Interrogatory as it is overly broad and vague.

Notwithstanding the foregoing, and without waiving any objections, the Plan does not provide a recovery on Intercompany Claims because the Plan contemplates substantive consolidation of the Debtors' Estates for purposes of voting and Distributions under the Plan.

**Interrogatory No. 15:** Identify all persons who provided information used to prepare Your responses to these Interrogatories, and state for which Interrogatory or Interrogatories each such person provided such information.

**Response:** Counsel for the Committee provided information used to prepare all responses to these Interrogatories, including information filed with the Bankruptcy Court and publicly available.

**Interrogatory No. 16:** Identify all witnesses You intend to call or may call in connection with the Confirmation Hearing.

**Response:** The Committee objects to this Interrogatory as it seeks information protected by the attorney-client privilege, the work product doctrine, and/or the joint defense or common interest privilege between the Committee and the Debtors.

Notwithstanding the foregoing, and without waiving any objections, at the present time, the Committee does not intend to call any witnesses in connection with the Confirmation Hearing, but reserves the right to do so based on any objections that may be filed to the Plan.

*[Remainder of Page Intentionally Blank]*

Dated: February 13, 2025

/s/ Andrew Sherman

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*Counsel to the Official Committee  
of Unsecured Creditors*

I hereby certify that the foregoing responses to the Interrogatories are true and correct to the best of my knowledge, information, and belief.

/s/ Debbie White

Debbie White

President of Health Professionals & Allied

Employees AFT-AFL/CIO, solely in her capacity as  
duly-appointed co-chair of the Official Committee

of Unsecured Creditors

Exhibit I

HRH R&Os to CA Interrogatories



**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

-----X	X	
In re	:	Chapter 11
	:	
CarePoint Health Systems Inc. d/b/a Just Health Foundation, et al. <sup>1</sup>	:	Case No. 24-12534 (JKS)
	:	
Debtors.	:	Jointly Administered
-----X	X	

**HUDSON REGIONAL HOSPITAL’S OBJECTIONS AND RESPONSES TO  
CAREPOINT HEALTH CAPTIVE ASSURANCE COMPANY, LLC’S (I) FIRST SET OF  
REQUESTS FOR PRODUCTION OF DOCUMENTS IN CONNECTION WITH PLAN  
CONFIRMATION AND (II) FIRST SET OF INTERROGATORIES IN CONNECTION  
WITH PLAN CONFIRMATION**

Hudson Regional Hospitals, LLC (“HRH”), by and through undersigned counsel, hereby responds to Carepoint Health Captive Assurance Company LLC’s (I) First Set of Requests for Production of Documents In Connection with Plan Confirmation (the “Document Requests”) and (II) First Set of Interrogatories In Connection With Plan Confirmation (“Interrogatories” and collectively with the Document Requests, the “Requests”).

**GENERAL OBJECTIONS AND RESERVATION OF RIGHTS**

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number are: (i) Bayonne Intermediate Holdco, LLC (7716); (ii) Benego CarePoint, LLC (2199); (iii) Briar Hill CarePoint, LLC (iv) CarePoint Health Management Associates Intermediate Holdco, LLC (none); (v) CarePoint Health Management Associates, LLC d/b/a CarePoint Health (3478); (vi) CarePoint Health Systems, Inc. d/b/a Just Health Foundation (6996); (vii) CH Hudson Holdco, LLC (3376); (viii) Christ Intermediate Holdco, LLC (3376); (ix) Evergreen Community Assets (1726); (x) Garden State Healthcare Associates, LLC (4414); (xi) Hoboken Intermediate Holdco, LLC (2105); (xii) Hudson Hospital Holdco, LLC (3869); (xiii) Hudson Hospital Opco, LLC d/b/a CarePoint Health-Christ Hospital (0608); (xiv) HUMC Holdco, LLC (3488); (xv) HUMCO Opco, LLC d/b/a CarePoint Health-Hoboken University Medical Center (7328); (xvi) IJKG, LLC (7430); (xvii) Just Health MSO, LLC (1593); (xviii) New Jersey Medical and Health Associates d/b/a CarePoint Health Medical Group (0232); (xix) Quality Care Associates, LLC (4710); (xx) Sequoia BMC Holdco, LLC (9812); (xxi) IJKG Opco LLC d/b/a CarePoint Health-Bayonne Medical Center (2063). The address for CarePoint Health Systems Inc. is 308 Willow Avenue, Hoboken, NJ 07030.

These General Objections and Reservations (the “General Objections”) are incorporated by reference and shall apply to HRH’s Response to each and every Request as if each General Objection is fully restated in each respective Response. Any additional objections made to each Request shall be deemed to be in addition to, not in place of, these General Objections. Nothing stated in any of the Responses shall be construed to waive, limit, or otherwise change any of these General Objections. Any and all future responses to additional discovery requests shall be subject to these General Objections whether or not the General Objections are restated therein.

1. HRH hereby reserves, and expressly does not waive, any and all rights to challenge the Requests on any basis at a later date.

2. HRH hereby reserves, and expressly does not waive, the right to object, on the grounds of competency, relevancy, materiality, privilege, admissibility or any other grounds, to the use of any documents produced in response to the Requests and/or the subject matter thereof, in this or any subsequent or other proceeding. Nothing stated herein shall be construed to be an admission of the competency, relevancy, materiality, privilege or admissibility of any materials or information referred to herein.

3. The Responses are made based on facts presently known to HRH and, therefore, are made without prejudice to HRH’s rights to supplement, amend, or otherwise change the Responses.

4. HRH hereby reserves the right to supplement, amend, or otherwise change the Responses, including, but not limited to, making additional objections to the Requests.

5. HRH objects to the Requests to the extent they purport to impose—directly or indirectly—any obligation(s) on HRH beyond the obligations set forth by the Federal Rules of

Bankruptcy Procedure (“Rules” or Fed. R. Bankr. P.”), Federal Rules of Civil Procedure (“Federal Rules” or “Fed. R. Civ. P.”), Court’s local rules (“Local Rules”), or Court.

6. HRH objects to the Requests to the extent they seek discovery beyond the scope of Fed. R. Bankr. P. 7026 and Fed. R. Civ. P. 26(b).

7. HRH objects to the Requests to the extent they seek materials or information prior to any agreement relating to maintaining confidentiality of materials produced and entry of such an agreement as an order by the Court to the extent that such is required.

8. HRH objects to the Requests to the extent they seek materials or information that are protected by any applicable privilege, including, but not limited to, the attorney-client privilege, work-product privilege, mediation privilege, and any common interest or joint defense privilege.

9. HRH objects to the Requests to the extent they seek materials or information that are properly deemed trade secrets, commercially sensitive information, proprietary business information, or highly confidential information.

10. HRH objects to the Requests to the extent they seek materials or information related to any nonparty or other third party. HRH objects to the Requests to the extent they seek materials or information not made or maintained in the regular course of HRH’s business.

11. HRH objects to the Requests to the extent they seek materials or information obtained or created for the purpose of any litigation which involves and/or relates to HRH.

12. HRH objects to the Requests to the extent they seek materials or information that do not exist. Nothing stated herein shall be construed to mean that any materials or information do, in fact, exist or construed to be an admission by HRH of the same.

13. HRH objects to the Requests to the extent they seek materials or information not in the possession, custody, or control of HRH. Nothing stated herein shall be construed to mean that any materials or information are, in fact, in HRH's possession, custody, or control or construed to be an admission by HRH of the same.

14. HRH objects to the Requests to the extent they seek disclosure of materials or information in or at an unreasonable manner, format, time, or place.

15. HRH objects to the Requests to the extent they require more than reasonable efforts to locate and produce materials or information.

16. HRH objects to the Requests to the extent they are overly broad in time and/or scope, oppressive, vague, overly burdensome and/or onerous, and/or present a burden or expense that is out of proportion with the needs of this case.

17. HRH objects to the Requests to the extent they seek—directly or indirectly—materials or information that are not relevant or otherwise reasonably calculated to lead to the discovery of relevant evidence under Fed. R. Bankr. P. 7026 and Fed. R. Civ. P. 26(b).

18. HRH objects to the Requests to the extent they seek materials or information that are publicly available, easily accessible to the requesting party, and/or already in the possession, custody, or control of the requesting party.

19. HRH objects to the Requests to the extent they seek materials or information from any party that is not HRH.

20. HRH objects to the Requests to the extent they seek materials or information that are not relevant to the Plan.

21. HRH objects to the Requests to the extent they seek materials or information that are cumulative to testimony and/or information produced and/or provided to the requesting party during prior proceedings in this matter.

### **OBJECTIONS TO THE INSTRUCTIONS**

These Objections to the Instructions are incorporated by reference and shall apply to HRH's Response to each and every Request as if each Objection to the Instructions is fully restated in each respective Response. Any additional objections made to each Request shall be deemed to be in addition to, not in place of, these Objections to the Instructions. Nothing stated in any of the Responses shall be construed to waive, limit, or otherwise change any of these Objections to the Instructions. Any and all future responses to additional discovery requests shall be subject to these Objections to the Instructions whether or not they are restated therein.

1. HRH objects to the Instructions to the extent they instruct HRH to undertake any obligation(s) not specified by the Rules, Federal Rules, Local Rules, and Court.

2. HRH objects to the Instructions to the extent they instruct HRH to produce materials or information in a manner other than the manner in which such materials or information is made and maintained in the regular course of HRH's business.

3. HRH objects to the Instructions to the extent they instruct HRH to produce materials or information that may include information deemed privileged, commercially sensitive, proprietary, or highly confidential.

### **OBJECTIONS TO THE DEFINITIONS**

These Objections to the Definitions are incorporated by reference and shall apply to HRH's Response to each and every Request as if each Objection to the Definitions is fully

restated in each respective Response. Any additional objections made to each Request shall be deemed to be in addition to, not in place of, these Objections to the Definitions. Nothing stated in any of the Responses shall be construed to waive, limit, or otherwise change any of these Objections to the Instructions. Any and all future responses to additional discovery requests shall be subject to these Objections to the Definitions whether or not they are restated therein.

1. HRH objects to the Definitions to the extent any of the Definitions suggest or demand that HRH's obligation for the production of materials or information extends beyond materials or information which are in HRH's possession, custody, or control.

2. HRH objects to the Definitions to the extent any of the Definitions suggest or demand that HRH's obligation for the production of materials or information extends beyond that which is required by the Rules, Federal Rules, Local Rules, Court, and applicable case law.

3. HRH objects to the "Relevant Period" in that it asserts that the relevant time period is May 5, 2022, to present, a time period well beyond the scope of what is relevant to plan confirmation. For purposes of responses to the Requests, HRH limits its production to the time period starting from December 18, 2024, which matches the relevant time period for which another party (Insight Management and Consulting) requested discovery. Notwithstanding the foregoing objection, HRH shall also produce to you approximately 90,000 pages of documents previously produced to other parties earlier in this case as follows: November 26, 2024 production of documents Bates Stamped MB HRH 000001 - MB HRH 070323; December 4, 2024 production of documents Bates Stamped MB SUPP000001 - MB SUPP010820; and December 7, 2024 production of documents Bates Stamped MB SUPP010821 - MB SUPP010967 (the "Prior Production"). The Prior Production does cover the time period prior to the Debtors' petition dates.

**Responses and Objections to Discovery Requests**

REQUEST NO. 1:

All documents and communications relating to a potential conversion of these chapter 11 cases to cases under chapter 7 of title 11 of the United States Code.

HRH Response:

HRH objects to Document Request No. 1 as overly broad, unduly burdensome and expensive, not proportionate to the purpose of Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b), and/or not reasonably calculated to serve any legitimate purpose under Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b).

HRH further objects to Document Request No. 1 on the basis that term “potential conversion” is vague, confusing, overly broad, subject to interpretation, undefined, and unreasonably over-inclusive

Notwithstanding these objections and without admitting or conceding that any such materials, documents or information exist or are in the possession, custody, or control of HRH, in response to Document Request No. 1, HRH agrees to produce relevant and non-privileged documents responsive to this request.

REQUEST NO. 2:

All drafts and redlines of the Plan and the Plan Term Sheet, and all documents and communications relating thereto, including any presentation materials relating to the Plan and the Plan Term Sheet.

HRH Response:

HRH objects to Document Request No. 2 as it calls for documents and communications relating to the Term Sheet that are protected by the mediation privilege.

HRH objects to Document Request No 2 overly broad, unduly burdensome and expensive, not proportionate to the purpose of Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b), and/or not reasonably calculated to serve any legitimate purpose under Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b).

Notwithstanding these objections and without admitting or conceding that any such materials, documents or information exist or are in the possession, custody, or control of

HRH, in response to Document Request No. 2, HRH agrees to produce relevant and non-privileged documents responsive to this request.

REQUEST NO. 3:

All drafts of any ancillary plan documents, including any documents that may be included in the Plan Supplement, and all documents and communications relating thereto.

HRH Response:

HRH objects to Document Request No. 3 as overly broad, unduly burdensome and expensive, not proportionate to the purpose of Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b), and/or not reasonably calculated to serve any legitimate purpose under Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b).

Notwithstanding these objections and without admitting or conceding that any such materials, documents or information exist or are in the possession, custody, or control of HRH, in response to Document Request No. 3, HRH agrees to produce relevant and non-privileged documents responsive to this request.

REQUEST NO. 4:

All drafts, documents, and communications relating to any alternative chapter 11 plan or transaction including any communications with potential third-party sources of financing or parties that have expressed interest in the Debtors or their assets, other than the Plan that was ultimately filed.

HRH Response:

HRH objects to Document Request No. 4 as overly broad, unduly burdensome and expensive, not proportionate to the purpose of Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b), and/or not reasonably calculated to serve any legitimate purpose under Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b).

HRH further objects to Document Request No. 4 on the basis that the request for “alternative chapter 11 plan”, a “potential third-party source[] of financing”, or “expressed interest” is vague, confusing, overly broad, subject to interpretation, undefined, and unreasonably over-inclusive.

Notwithstanding these objections and without admitting or conceding that any such materials, documents or information exist or are in the possession, custody, or control of HRH, in response to Document Request No. 4, HRH agrees to produce relevant and non-privileged documents responsive to this request.



REQUEST NO. 5:

All documents relating to the HRH Land Deal, as defined in the Interrogatories.

HRH Response:

HRH objects to Document Request No. 5 as overly broad, unduly burdensome and expensive, not proportionate to the purpose of Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b), and/or not reasonably calculated to serve any legitimate purpose under Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b).

Notwithstanding these objections and without admitting or conceding that any such materials, documents or information exist or are in the possession, custody, or control of HRH, in response to Document Request No. 5, HRH agrees to produce relevant and non-privileged documents responsive to this request.

REQUEST NO. 6:

All documents that You intend to use, whether as evidence or otherwise, to support the Plan.

HRH Response:

Notwithstanding these objections and without admitting or conceding that any such materials, documents or information exist or are in the possession, custody, or control of HRH, in response to Document Request No. 6, HRH agrees to produce relevant and non-privileged documents responsive to this request.

REQUEST NO. 7:

All documents and communications You have produced to other parties since the Petition Date or will produce to other parties in connection with the Plan or Confirmation Hearing.

HRH Response:

HRH objects to Document Request No. 7 as overly broad, unduly burdensome and expensive, not proportionate to the purpose of Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b), and/or not reasonably calculated to serve any legitimate purpose under Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b).

Notwithstanding these objections and without admitting or conceding that any such materials, documents or information exist or are in the possession, custody, or control of

HRH, in response to Document Request No. 7, HRH agrees to produce relevant and non-privileged documents responsive to this request.

REQUEST NO. 8:

All documents and communications, including but not limited to, drafts, indications of interest, term sheets, materials, board minutes, and presentations, reviewed in connection with or relating to Your response(s) to each of the Interrogatories.

HRH Response:

HRH objects to Document Request No. 8 as overly broad, unduly burdensome and expensive, not proportionate to the purpose of Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b), and/or not reasonably calculated to serve any legitimate purpose under Fed. R. Bankr. P. 7026 and/or Fed. R. Civ. P. 26(b).

HRH further objects to Document Request No. 8 on the basis that the request for “drafts, indications of interest, term sheets, materials, board minutes, and presentations” is vague, confusing, overly broad, subject to interpretation, undefined, and unreasonably over-inclusive.

Notwithstanding these objections and without admitting or conceding that any such materials, documents or information exist or are in the possession, custody, or control of HRH, in response to Document Request No. 8, HRH agrees to produce relevant and non-privileged documents responsive to this request.

**RESPONSES AND OBJECTIONS TO INTERROGATORIES**

INTERROGATORY NO. 1:

Identify any valuation or other analyses of the value of the land associated with Christ Hospital, and state such value.

HRH Response:

HRH objects to Interrogatory No. 1 as it seeks materials or information that are properly deemed trade secrets, commercially sensitive information, proprietary business information, or highly confidential information.

INTERROGATORY NO. 2:

Identify each person who participated in the sale and purchase of any land (or related purchase option) by HRH, which was previously purchased from the Debtors by J.C. Opco LLC, CH 750 Park LLC, CH Castle LLC or Avery Eisenreich (the “HRH Land Deal”).

HRH Response:

Yan Moshe

Mohamed Nabulsi, Esq.

Avery Eisenreich

David Sussman

INTERROGATORY NO. 3:

Identify the amount of any secured claims held by HRH against each of the Relevant Debtors as of the Petition Date, and for each such claim identify (i) the collateral securing the claims, (ii) its estimated value as of the Petition Date, (iii) whether there are any other secured claims against the same collateral, and, if so, their relative priority in relation to HRH’s secured claims against the same collateral.

HRH Response:

The information responsive to this Interrogatory, to the extent in the possession of HRH, can be found in electronically filed documents in the bankruptcy case, including but not limited to [interim orders approving DIP financing, Dkt 119, 128], and the Chapter 11 plan [Dkt 551].

INTERROGATORY NO. 4:

Identify the amount of secured claims held by HRH against each Relevant Debtor as of the date of your response, and for each such claim identify (i) the collateral securing the claims, (ii) its estimated value as of the Petition Date, (iii) whether there are any other secured claims against the same collateral, and, if so, their relative priority in relation to HRH's secured claims against the same collateral.

HRH Response:

HRH objects to Interrogatory No. 4 as being duplicative of Interrogatory No. 3.

The information responsive to this Interrogatory, to the extent in the possession of HRH, can be found in electronically filed documents in the bankruptcy case, including but not limited to [interim orders approving DIP financing, Dkt 119, 128], and the Chapter 11 plan [Dkt 551].

#### INTERROGATORY NO. 5:

Identify the amount of HRH's unpaid administrative expense claims against each Relevant Debtor as of the date of your response, and state and itemize the basis for such claims.

HRH Response:

Subject to the objections above, non-privileged documents responsive to this Interrogatory, to the extent in the possession of HRH, shall be produced.

#### INTERROGATORY NO. 6:

Identify any adequate protection claims HRH has against each Relevant Debtor as of the date of your response, itemize the basis for each such claim, and for each such claim identify (i) any collateral securing the claims, (ii) its estimated value as of the Petition Date, (iii) whether there are any other secured claims against the same collateral, and, if so, their relative priority in relation to HRH's secured claims against the same collateral.

HRH Response:

The information responsive to this Interrogatory, to the extent in the possession of HRH, can be found in electronically filed documents in the bankruptcy case, including but not limited to [interim orders approving DIP financing, Dkt 119,128], and the Chapter 11 plan [Dkt 551].

#### INTERROGATORY NO. 7:

Identify the components of and basis for the \$110,353,224 of “HRH Secured Claims” listed in the Liquidation Analysis in the Plan, including by specifying each component of the claim (e.g., new money DIP financing principal, DIP financing interest, prepetition principal, interest on prepetition principal, roll-up amounts, administrative expenses, and the like).

HRH Response:

Subject to the objections above, non-privileged documents responsive to this Interrogatory, to the extent in the possession of HRH, shall be produced.

INTERROGATORY NO. 8:

Identify all persons who provided information used to prepare Your responses to these Interrogatories, and state for which Interrogatory or Interrogatories each such person provided such information.

Yan Moshe, Dr. Nizar Kifaieh

INTERROGATORY NO. 9:

Identify all witnesses You intend to call or may call in connection with the Confirmation Hearing

HRH Response:

Dr. Nizar Kifaieh, any witnesses identified by any other party in connection with the Confirmation Hearing, including any witnesses identified by the Debtors, the Official Committee of Unsecured Creditors, and any party objecting to plan confirmation. HRH reserves the right to include other witnesses as necessary to address issues raised by parties objecting to the Plan.

These Responses and Objections were served on the requesting party by e-mail on February 13, 2025.

Dated: February 13, 2025  
Roseland, NJ

Respectfully,

MANDELBAUM BARRETT PC  
Vincent J. Roldan (Admitted *Pro Hac Vice*)  
3 Becker Farm Road, Suite 105  
Roseland, NJ 07068

Tele: 973-974-9815

Email: [vroldan@mblawfirm.com](mailto:vroldan@mblawfirm.com)

*Counsel to Hudson Regional Hospitals, LLC*

Exhibit J

Rosen Deposition Transcript [Excerpt]

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

1 UNITED STATES BANKRUPTCY COURT

2 FOR THE DISTRICT OF DELAWARE

3 -----X.

4 In Re: Case No. 24-12534 (JKS)

5 CarePoint Health Systems,

6 Debtor.

7 Chapter 11

8 -----X.

9

10

11 DEPOSITION of

12 ADAM ROSEN

13 Friday, February 28, 2025

14 1:30 p.m.

15

16

17 REPORTED VIA VIDEOCONFERENCING BY:

18

19 Gail Verbano,  
20 Registered Diplomate Reporter  
21 Certified Realtime Reporter

22

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24

25

**ORIGINAL**



In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

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Whereupon, the deposition of  
ADAM ROSEN was held at Sills Cummis & Gross One  
Riverfront Plaza, Newark, New Jersey, on  
Friday, February 28, 2025, beginning at  
approximately 1:30 p.m., the proceedings being  
recorded stenographically VIA VIDEOCONFERENCING  
by Gail Verbano, Registered Diplomate Reporter,  
Certified Realtime Reporter, Certified  
Shorthand Reporter, and transcribed under her  
direction, there being present:

- - -

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

Page 3

1 A P P E A R A N C E S:

2

3 On behalf of Debtors:

4 LAWRENCE G. McMICHAEL, ESQ.  
5 CHRISTIE CALLAHAN COMERFORD, ESQ.  
6 DILWORTH PAXSON LLP  
1650 Market Street, Suite 1200  
Philadelphia, Pennsylvania 19103  
215.575.7000

7

8 On behalf of the Official Committee of Unsecured  
9 Creditors:

10 BORIS I. MANKOVETSKIY, ESQ.  
11 ANDREW H. SHERMAN, ESQ.  
12 DAVID B. NEWMAN, ESQ.  
13 SILLS CUMMIS & GROSS P.C.  
One Riverfront Plaza  
Newark, New Jersey 07102  
973.643.7000

13

14 On behalf of CarePoint Health Captive Assurance  
15 Company, LLC:

16 MATTHEW B. HARVEY, ESQ.  
17 SOPHIE ROGERS CHURCHILL, ESQ.  
18 MORRIS, NICHOLS, ARSHT & TUNNELL LLP  
1201 North Market Street, 16th Floor  
Wilmington, Delaware 19801  
302.658.9200

19

20 On Behalf of Maple Healthcare:

21 HAROLD D. ISRAEL, ESQ.  
22 GEORGE J. SPATHIS, ESQ.  
23 LEVENFELD PEARLSTEIN, LLC  
2 North LaSalle Street, Suite 1300  
Chicago, Illinois 60602  
312.346.8380

24

25

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

Page 4

1 A P P E A R A N C E S (Cont'd):

2

3 On Behalf of Hudson Regional Hospitals, LLC

4 AVA GOLDBERGER, ESQ.

MANDELBAUM BARRETT PC

5 3 Becker Farm Road, Suite 105

Roseland, New Jersey 07068

6 973.736.4600

7

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In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

Page 5

1 - - -

## 2 I N D E X

3 - - -

4 EXAMINATION OF: PAGE

5 ADAM ROSEN

6 By Mr. Harvey .....6

7 By Mr. Harvey .....165

8

9

10

## 11 E X H I B I T S

12 ROSEN PAGE

13

14 Exhibit 1 Fourth Amended Combined Disclosure ....38  
 15 Statement and Joint Chapter 11 Plan  
 of Reorganization dated 1/24/25  
 (276 pages)

16 Exhibit 2 Notice of Filing Plan Supplement to ...72  
 17 the Combined Disclosure Statement  
 and Joint Chapter 11 Plan Proposed  
 18 by the Debtors and the Official  
 Committee of Unsecured Creditors  
 19 (264 pages)

20

21 QUESTIONS INSTRUCTED NOT TO ANSWER:

22 PAGE LINE

23 43 18

24 46 4

25 63 11

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

Page 6

1 February 28, 2025; 1:30 p.m.

2 - - -

3 ADAM ROSEN,

4 after being duly sworn or affirmed to testify to  
5 the truth, was examined and testified as follows:

6 - - -

7 EXAMINATION

8 BY MR. HARVEY:

9 Q. Good afternoon, Mr. Rosen. My  
10 name is Mathew Harvey. I'm with the firm  
11 Morris, Nichols, Arsht & Tunnell in Wilmington,  
12 Delaware. I represent a creditor in the  
13 CarePoint bankruptcy case by the name of  
14 CarePoint Health Captive Assurance Company, LLC.  
15 I'll refer to my client during the deposition as  
16 either "Captive" or "Captive Assurance."

17 Is that clear?

18 A. That's fine.

19 Q. Okay, great.

20 As you're probably aware, we're  
21 here today in connection with the bankruptcy  
22 cases of CarePoint Health Systems, Inc. and its  
23 affiliated debtors.

24 When I refer to "debtors" in this  
25 case, or "CarePoint," I'm referring, unless I

1 specify otherwise, to the companies that are the  
2 debtors in possession in the Chapter 11 cases.

3 Is that clear?

4 A. That's fine.

5 Q. And if I refer to -- if I refer  
6 to "the committee," unless I specify otherwise,  
7 I mean the Official Committee of Unsecured  
8 Creditors, which I understand you're the  
9 financial advisor?

10 Is that clear?

11 A. Yes.

12 Q. And sometimes I may refer to the  
13 debtors and the committee collectively as "plan  
14 proponents."

15 Is that also clear?

16 A. Yes.

17 Q. Great.

18 I'm sure you're aware of this,  
19 but the debtors and the committee have  
20 co-proposed a joint plan of reorganization of  
21 the debtors and are seeking bankruptcy court  
22 confirmation of that plan.

23 When I refer to "plan" today,  
24 I'll mean the fourth amended combined disclosure  
25 statement and joint Chapter 11 plan of

1 reorganization that was filed with the  
2 bankruptcy court at Docket Item 551. And unless  
3 I specify otherwise, that will include prior and  
4 future versions of the plan.

5 Is that clear?

6 A. Yes.

7 Q. And if at any time you don't  
8 understand who or what I'm referring to when I  
9 use a term, please let me know.

10 A. Okay.

11 Q. Thank you.

12 Have you ever been deposed  
13 before?

14 A. I have.

15 Q. How many times?

16 A. Several.

17 Q. Plus or minus ten?

18 A. Minus.

19 Q. Are those all in connection with  
20 Chapter 11 cases or restructurings?

21 A. No. One was in connection with  
22 serving as an expert witness. All of the others  
23 have been in connection with various elements of  
24 the Chapter 11 process.

25 Q. Let's start with the expert

1 witness one. What was the subject matter of  
2 your expert opinion in the case?

3 A. A bankruptcy sale process.

4 Q. And when you say "bankruptcy sale  
5 process," was it from the sufficiency of the  
6 process?

7 A. Adequacy of the process and the  
8 role the debtor's investment bank and board  
9 played during that process.

10 Q. Were you, in that case, on the  
11 side of the debtor or on the side of someone  
12 challenging the process?

13 A. I was the expert retained by the  
14 litigation trustee.

15 Q. Litigation trustee.

16 Was this a post hoc challenge to  
17 the sufficiency of the process?

18 A. It was in connection with  
19 pursuing D & O claims.

20 Q. And D & O claims against the  
21 debtors? Ds and Os related to the sufficiency  
22 of the process you were opining on?

23 A. Yes.

24 Q. Do you remember what case that  
25 was called?



1 A. RMS Titanic.

2 Q. For the other Chapter 11 cases,  
3 restructurings that you testified in, to the  
4 best of your knowledge, can you give me a list  
5 of those cases.

6 A. That I've testified in? I'm  
7 sorry.

8 Q. Let me back up. That you've been  
9 deposed in.

10 A. Murray Energy. Medley, LLC.

11 Q. That was a case in Delaware,  
12 wasn't it?

13 A. Yes. Drawing a blank on some of  
14 the others.

15 Filmed Entertainment, I believe.

16 Q. Films?

17 A. Filmed Entertainment,  
18 F-I-L-M-E-D.

19 Q. Filmed Entertainment.

20 A. Second Patriot Coal bankruptcy.

21 Q. Do you remember which district  
22 that case was in?

23 A. I think the second one was in  
24 Eastern Virginia, if I'm not mistaken.

25 Q. That's my recollection too.

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

Page 11

1 A. I don't recall the others.

2 Q. You don't recall the other cases?

3 I'm going to tick these off as quickly as I can.

4 In Murray Energy, were you on the  
5 debtor committee side or other?

6 A. Other.

7 Q. What was the other?

8 A. Advising a creditor.

9 Q. Was it a -- what was the nature  
10 of the creditors claims?

11 A. It was in connection with pension  
12 and OPED contributions.

13 (Interruption by the court reporter  
14 to clarify the record.)

15 MR. HARVEY: Stands for "other  
16 post employment benefits."

17 BY MR. HARVEY:

18 Q. How about for Medley, LLC?

19 A. I was the debtors investment  
20 banker.

21 Q. Investment banker, okay.

22 Was that a 363 sale process, or a  
23 standalone sale, or was it part of a claim?

24 A. Medley was part of a plan  
25 organization.

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

Page 12

1 Q. Was it a toggle claim?

2 A. Wind-down.

3 Q. Wind-down post sale?

4 A. There was no sale. It was just a  
5 wind-down of the debtor's business.

6 Q. So was the banking role there a  
7 valuation for purposes of confirming the plan as  
8 opposed to a marketing process?

9 A. It definitely was not part of a  
10 marketing process.

11 Q. Okay. How would you describe it  
12 then?

13 A. It was in connection with trying  
14 to get a plan of reorganization approved.

15 Q. Just trying to help me understand  
16 it better. Was there a dispute as to where the  
17 fulcrum security broke in that case?

18 A. There was a dispute with the SEC  
19 over claims and causes of action and, to the  
20 best of my recollection, the potential value  
21 that would be available for different  
22 stakeholders.

23 Q. Would that include allegedly  
24 defrauded investors?

25 A. Yes.

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

Page 13

1 Q. Thanks.

2 And were you doing -- as part of  
3 your work as a banker, did you have any role in  
4 assessing and valuing claims or causes of  
5 action?

6 A. Not in that role.

7 Q. Did you have any role in that  
8 case in assessing and valuing claims and causes  
9 of action?

10 A. The claims and causes of action  
11 were left to the trustee. I was not involved in  
12 those.

13 Q. So you didn't represent the  
14 trustee post effective date?

15 A. No.

16 Q. Who was your client in Filmed  
17 Entertainment?

18 A. Financial advisor to the debtor.

19 Q. Typical FA role in that case?

20 A. Yes.

21 Q. What was your role in the second  
22 Patriot Coal case?

23 A. Financial advisor to the United  
24 Mine Workers of America.

25 Q. Going back to the Murray Energy

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

Page 14

1 case, for the pension and OPED claims, you were  
2 an FA in this case?

3 A. I was the financial advisor to  
4 CONSOL Energy.

5 Q. If I remember correctly, the  
6 dispute in that case was as to who was liable  
7 for various pension and OPED claims?

8 A. Good memory.

9 Q. So I assume you provided -- you  
10 said you weren't an expert in that case, so you  
11 were just a consulting advisor?

12 A. I was a financial advisor to  
13 CONSOL.

14 Q. Any other cases you could now  
15 remember off the top of your head where you were  
16 deposed?

17 (Indiscernible cross-talk.)

18 (Interruption by the court reporter  
19 to clarify the record.)

20 BY MR. HARVEY:

21 Q. The question was, are there any  
22 other Chapter 11 cases that you could now recall  
23 where you were an advisor?

24 A. Not that I recall.

25 I was also deposed in connection

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

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1 with the Medley class as part of a lawsuit that  
2 was brought against the debtor's proposed  
3 counsel where I was -- I testified -- I'm sorry.  
4 I was deposed as a witness.

5 BY MR. NEWMAN:

6 Q. Fact witness?

7 A. I believe so, yes.

8 Q. Was the lawsuit against the  
9 debtor's proposed counsel in that case, was that  
10 in connection with their retention or separate  
11 from their retention?

12 A. That was separate from their  
13 retention.

14 Q. Do you remember what the nature  
15 of the claim was?

16 A. It was a lawsuit brought by the  
17 former principals of Medley against Lowenstein  
18 Sandler.

19 Q. Was it in the nature of a  
20 malpractice claim?

21 A. Yes.

22 Q. So those are the cases that you  
23 can recall being deposed in connection with;  
24 right?

25 A. Yes, that's everything I can

1 recall.

2 Q. Have you testified in court  
3 previously?

4 A. I have.

5 Q. For each of these cases, just to  
6 streamline things, for any of these, I think  
7 it's -- stay with the four, Murray, Medley,  
8 Filmed and Patriot -- for any of those, did you  
9 provide in-court testimony?

10 A. Yes.

11 Q. Would the in-court testimony have  
12 been on the same subject matter as your  
13 deposition?

14 A. Yes.

15 Q. In any of those cases, did the  
16 Court decline to accept your testimony in any  
17 way?

18 A. No, not that I recall.

19 Q. In the RMS Titanic case where you  
20 were offered as an expert, did you end up  
21 testifying in court?

22 A. Not yet.

23 Q. That's an ongoing case?

24 A. Yes.

25 Q. Do you know if there's -- and

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

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1 only if it's publicly available -- is there any  
2 motion to exclude you as an expert or anything  
3 of that nature?

4 A. Not that I'm aware of.

5 Q. We'll keep this at a very high  
6 level.

7 Other than the work we talked  
8 about where you've testified, is your work  
9 generally of the same nature as in these cases  
10 that you've testified? By that I mean serving  
11 as either a financial advisor or an investment  
12 banker to parties in interest in in- or  
13 out-of-court restructurings?

14 A. Yes.

15 Q. Is there any other major  
16 component of your work?

17 MR. NEWMAN: Objection. You mean  
18 in those cases or in his professional life?

19 MR. HARVEY: I mean his  
20 professional life.

21 BY MR. HARVEY:

22 Q. Your professional life apart from  
23 these cases. I think the first question was, is  
24 your other work apart from these cases generally  
25 similar in nature to these? And by that I mean



1 serving as a financial advisor or investment  
2 banker to parties in interest in in- and  
3 out-of-court restructurings.

4 A. Yes.

5 Q. And then the next question was:  
6 Is there any major component of your work  
7 outside of these cases?

8 A. No. I think that captures all of  
9 my work.

10 Q. I should have done this earlier,  
11 but -- you're doing a very good job, but I'll go  
12 over some of the preliminaries that I'm sure  
13 you've heard before because you've been deposed.

14 So, as I've been doing, I'll ask  
15 questions, and your job today is to try to  
16 answer those questions truthfully and to the  
17 best of your ability.

18 Do you understand that?

19 A. I do.

20 Q. And as now has become obvious,  
21 the court reporter is taking everything down in  
22 real time. So we will both continue to do our  
23 best to speak clearly, slowly and loudly, and  
24 try not to talk over each other so that we get a  
25 clear record of the deposition.

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

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1 Is that fair?

2 A. Yes.

3 Q. Similar to when I asked you if  
4 there was a term or a name you're not familiar  
5 with, if there's any question you don't  
6 understand or anything else about what I say you  
7 don't understand, I'd ask you to please let me  
8 know.

9 Is that fair?

10 A. Yes.

11 Q. And as I ask questions,  
12 committee's counsel may object from time to  
13 time. Unless committee counsel instructs you  
14 not to answer the question, the objection will  
15 come in, the court reporter will record it, and  
16 then I would ask that you continue to answer the  
17 question.

18 Is that clear?

19 A. Yes.

20 Q. If you need a break at any time,  
21 just let me know, and we'll take that break.  
22 And if -- the only thing I would ask is if  
23 there's a pending question, that we answer it  
24 before the break.

25 Is that okay?

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

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1 A. Yes.

2 Q. And if I need a break, I'll let  
3 you know as well. Appreciate the accommodation.

4 Is there any reason you can't  
5 testify today?

6 A. No.

7 Q. You're not on any medication or  
8 substance that could impair your ability to  
9 understand and answer my questions?

10 A. No.

11 Q. And you're prepared to answer  
12 truthfully today?

13 A. Yes.

14 Q. You, of course, understand you're  
15 under oath?

16 A. I do.

17 Q. We've covered a little bit of  
18 your professional background, but could you  
19 briefly describe for me your educational  
20 background post high school.

21 A. Sure. I received a bachelor of  
22 science from Union College, and an MBA from  
23 Fordham University.

24 Q. When was the BS from Union  
25 College? What year?

In Re: CAREPOINT HEALTH SYSTEMS

ADAM ROSEN

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1 A. 2003.

2 Q. And the MBA from Fordham?

3 A. 2009.

4 Q. What did you do between receiving  
5 your undergraduate degree and receiving your  
6 MBA? What did you do professionally?

7 A. I worked -- for a little over a  
8 year, I worked at Deloitte in their corporate  
9 restructuring group. And then I worked at FTI  
10 Consulting in their corporate finance and  
11 restructuring group.

12 Q. And after those roles, you  
13 enrolled in the MBA, so that might be around  
14 2007?

15 A. I started the MBA -- my MBA  
16 program in January of 2008.

17 Q. 2008, okay.

18 A. And graduated in May of 2009, at  
19 which point, I went to work at PwC in their  
20 corporate restructuring group.

21 Q. How long did you work at PwC?

22 A. Until April of 2016.

23 Q. Where did you -- what did you do  
24 after you left PwC?

25 A. I left to work at B. Riley

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1 Financial from April of 2016 until early  
2 February of 2023.

3 Q. I want to go back to PwC for a  
4 second.

5 So you were there from 2009 to  
6 2016. What was your last title when you were  
7 there?

8 A. Director.

9 Q. And how long were you a director?

10 A. I believe two to three years.

11 Q. And what was your title at

12 B. Riley when you started?

13 A. Managing director.

14 Q. And did it stay the same through  
15 the whole time you were there?

16 A. It did, yes.

17 Q. After you left B. Riley in  
18 February of 2023, what did you do next?

19 A. I joined Province.

20 Q. And you remain at Province today?

21 A. Yes.

22 Q. What was your title when you  
23 joined?

24 A. Principal.

25 Q. Is there a title below that, like

1 MD, or is that a comparable title, MD?

2 A. Managing director is the title  
3 below, principal or partner.

4 Q. And principal is the equivalent  
5 of what some other firms call partner?

6 A. Yes; I think my title now is  
7 technically partner. We had a transaction last  
8 summer that --

9 Q. -- changed the nature of the  
10 organization?

11 A. Yes.

12 Q. Understood.

13 And so you've been there since  
14 February 2023 and are there presently?

15 A. Yes.

16 Q. I only need a very brief  
17 description of this because we all have an  
18 understanding of what you do. Could you  
19 generally describe your duties as a principal at  
20 Province in a typical engagement?

21 MR. NEWMAN: Objection as to  
22 form.

23 You may answer.

24 A. In a typical engagement, I am  
25 serving as the lead advisor from Province in

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1 connection with advising whoever -- whatever our  
2 client is in that particular case or situation  
3 and overseeing the team of anywhere from two to,  
4 can be seven professionals who were working with  
5 me on that engagement.

6 BY MR. HARVEY:

7 Q. How many professionals from  
8 Province on this engagement [inaudible]?

9 MR. NEWMAN: I'm sorry?

10 BY MR. HARVEY:

11 Q. Excuse me, I should say that  
12 louder.

13 How many professionals from  
14 Province are regularly staffed on the CarePoint  
15 engagement?

16 A. Our core team on this engagement  
17 would be four other employees plus myself, is  
18 the core team.

19 Q. So five total?

20 A. Five total.

21 Q. Can you give me the names and  
22 titles of those employees.

23 A. Sure. Tate Zall, who is an  
24 analyst. Ryan Carr is a senior analyst. Tyler  
25 McLaren. I believe Tyler is either a VP, vice

1 president, or a senior vice president.

2 Paul Navid who is also a partner.

3 Those individuals are the core team.

4 Q. Okay. Paul Navid, I saw his  
5 name -- thank you, by the way.

6 Paul Navid, I saw his name, I  
7 think, on Province's retention papers.

8 A. Yes.

9 Q. Is he a co-lead of the  
10 engagement? Was he the contact for the  
11 engagement? Why was it that it was his on the  
12 retention papers and not yours?

13 A. Paul is the co-lead on the  
14 engagement. Paul has a lot of healthcare and  
15 hospital experience. Paul is proposed to serve  
16 as the litigation trustee.

17 Q. Let's talk about hospital and  
18 healthcare experience.

19 What's your experience in the  
20 healthcare and hospital space?

21 A. I've been involved in a couple of  
22 healthcare bankruptcies and restructurings.

23 Q. Can you name those?

24 A. Berkshire Medical Center. South  
25 Hills Operations. Guardian Healthcare.



1 Other cases in the healthcare  
2 space, life sciences space, Invitae. Those are  
3 the ones that I can recall.

4 Q. So I'll start in reverse order.

5 Invitae, am I correct that they  
6 are pharmaceutical and medical devices?

7 A. Pharmaceutical, yeah. Diagnostic  
8 testing.

9 Q. Diagnostic testing. That's  
10 right.

11 And they were -- that case was  
12 pending in the District of New Jersey?

13 A. It was, yes.

14 Q. And what was your role in that  
15 case?

16 A. Financial advisor to the  
17 committee.

18 Q. And then Guardian Healthcare, if  
19 I recall correctly, that's a nursing home?

20 A. A skilled nursing facility.

21 Q. And that's in western district of  
22 Pennsylvania?

23 A. Correct.

24 Q. Predominantly rural areas, if I  
25 remember correctly?

1 A. That's correct.

2 Q. South Hills Operations, very  
3 similar to Guardian, also Western District of  
4 Pennsylvania?

5 A. Yes.

6 Q. Both those cases are currently  
7 pending; right?

8 A. They were.

9 Q. If I remember correctly, Invitae,  
10 that's post confirmation now?

11 A. Correct.

12 Q. Do you have an ongoing role post  
13 confirmation?

14 A. Our firm does. I am not actively  
15 involved in it post effective date.

16 Q. What's the role there? Is it  
17 like FA to the litigation trust or limited trust  
18 or something like that?

19 A. No, I don't recall exactly what  
20 our role is post effective date on. I'm not  
21 actively involved.

22 Q. The Berkshire name you mentioned,  
23 I think, it was Berkshire Medical Group?

24 A. I guess it was called Berkshire  
25 Health Systems.

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1 Q. Okay. Berkshire Health Systems.

2 I took that down wrong.

3 A. It's a hospital up in Pittsfield,  
4 Massachusetts.

5 Q. Single hospital?

6 A. Yes.

7 Q. Do they have outpatient  
8 facilities associated with it, or is it a single  
9 building?

10 A. I don't recall what facilities  
11 they may have.

12 Q. And what was the role in that  
13 case?

14 A. Advisor to the hospital in  
15 connection with negotiations with bondholders  
16 and restructuring outstanding debt.

17 Q. And was that in court or out of  
18 court?

19 A. Out of court.

20 MR. HARVEY: If that's still  
21 ongoing, if you want to designate anything as  
22 confidential -- I'm asking if you guys want to  
23 designate as confidential, I'm fine with that.  
24 If it's concluded and there's been a press  
25 release, then that's fine too. Just let us

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1 know.

2 MR. NEWMAN: Okay.

3 BY MR. HARVEY:

4 Q. For South Hills Operations, what  
5 was the role in that case?

6 A. Financial advisor to the  
7 committee.

8 Q. And what's the role in Guardian  
9 Healthcare?

10 A. Financial advisor to the  
11 committee.

12 Q. Am I right that Sills Cummis is  
13 also their committee counsel in Guardian?

14 A. That's correct, they were  
15 co-counsel in Guardian.

16 Q. And who's committee counsel in  
17 South Hills?

18 A. Bernstein-Burkley.

19 Q. And that's the sole committee  
20 counsel in that case?

21 A. Yes.

22 Q. Who is committee counsel in the  
23 Invitae case?

24 A. White & Case.

25 Q. If you think of, during the

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1 course of this deposition, anything else related  
2 in that space, just let me know.

3 A. Okay.

4 Q. I appreciate your answers there.  
5 What did you do to prepare for  
6 today's deposition?

7 A. I reviewed various court filings.

8 Q. Can you list those court filings  
9 for me.

10 A. Fourth amended plan of  
11 reorganization. Maple's -- the two objections  
12 to the plan that Maple filed.

13 Q. By "plan," you mean the  
14 disclosure statement?

15 A. Disclosure statement, yes.

16 Q. Yes?

17 A. And I reviewed an Excel file, the  
18 latest liquidation analysis.

19 Q. Did you say the latest  
20 liquidation analysis?

21 A. There's a --

22 MR. NEWMAN: Wait for the next  
23 question.

24 BY MR. HARVEY:

25 Q. When you say "the latest

1 liquidation analysis," is that something that's  
2 been filed with the court?

3 A. I believe -- I believe so, yes.

4 Q. Was that the analysis that was  
5 filed with the court with Mr. Syed's declaration  
6 last week in plan supplement?

7 A. That was included in the plan  
8 supplement, yes.

9 Q. So that's the one you're  
10 referring to?

11 A. Yes.

12 Q. And is that Excel file  
13 co-extensive with what was filed, or is it a  
14 broader Excel file that rolls up into what was  
15 filed?

16 A. I don't understand the question.

17 Q. Looking at what FAs, like you,  
18 do, and I get these Excel files, and there's  
19 often a tab with something like a 13-week cash  
20 flow budget or liquidation analysis, and then  
21 there are many other supporting tabs with the  
22 underlying data that roll up into the first  
23 sheet.

24 So, I mean, there were five  
25 liquidation analyses filed last week, as I

1 recall -- we'll get to those in a little bit --  
2 for five of the debtors. And I'm asking if the  
3 Excel file you looked at was just the five  
4 sheets that were filed, or were there more tabs  
5 within that file that provided data or support  
6 for what rolls up into the -- what was presented  
7 to the court.

8 A. I focused my review on those five  
9 tabs. There were other worksheets in the file.

10 Q. Do you know if that file has been  
11 produced to my client?

12 MR. NEWMAN: You're talking about  
13 the worksheets?

14 BY MR. HARVEY:

15 Q. Is it all one Excel file with  
16 many sheets?

17 A. Yes.

18 Q. Do you know if that Excel file  
19 has been produced in discovery?

20 MR. NEWMAN: We would not have  
21 produced any of the worksheets unless it was  
22 produced [inaudible].

23 (Interruption by the court reporter  
24 to clarify the record.)

25 MR. NEWMAN: We would not have

1 produced any of the work product. We would have  
2 produced the five sheets, but we would not have  
3 intentionally produced any of the work product.

4 MR. HARVEY: I believe our  
5 document requests in this case included within  
6 its scope what Mr. Rosen has just testified  
7 to --

8 MR. NEWMAN: I'm saying that we  
9 probably asserted an objection to that, is my  
10 guess. So if you want to look at those, we can,  
11 or we can discuss that off line later.

12 MR. HARVEY: On the basis of  
13 privilege?

14 MR. NEWMAN: I don't have the  
15 privilege log. But if we withheld anything, it  
16 would have been listed in our project log.

17 MR. HARVEY: I'll state that,  
18 sitting here today, I don't recall that being on  
19 the privilege log, but we can revisit that  
20 issue.

21 MR. NEWMAN: I'm not going to  
22 rely on your recollection at this point, but  
23 let's move on.

24 BY MR. HARVEY:

25 Q. Let's focus on this Excel file



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1 for just a little longer, which I don't have in  
2 front of me.

3 Who created the Excel file?

4 A. The Excel file was initially  
5 created by one of my colleagues at Province.

6 Q. Where did the data that was input  
7 into the file come from?

8 A. And debtors and their management.

9 Q. And that would include Mr. Syed?

10 A. Yes.

11 Q. Did counsel review that file?

12 MR. NEWMAN: Whose counsel?

13 BY MR. HARVEY:

14 Q. Sorry. Did counsel to the  
15 committee review that file?

16 A. That file was shared with  
17 counsel.

18 Q. Do you know whether they reviewed  
19 it?

20 MR. NEWMAN: Objection as to  
21 form.

22 You can answer if you know.

23 A. I don't know if they opened the  
24 file and reviewed it.

25

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1 BY MR. HARVEY:

2 Q. Did they ever provide any  
3 comments of anything that was in the file?

4 MR. NEWMAN: That's just a "yes"  
5 or "no" or "I don't recall" at this point.

6 A. Yes.

7 BY MR. HARVEY:

8 Q. We began on this topic about  
9 asking what you reviewed in connection with  
10 preparing for the deposition. We talked about  
11 the plan, the two Maple objections to the  
12 disclosure statement, and then this Excel file  
13 that we spent some time on.

14 Was there anything else that you  
15 reviewed?

16 A. Not that I recall, no.

17 Q. And you're not here as a Rule  
18 30(b)(6) deponent for the committee. But did  
19 you have a chance to look at the topics that  
20 were submitted by my client to the committee for  
21 the Rule 30(b)(6) deposition?

22 A. I don't recall.

23 Q. Did you go back and review the  
24 plan term sheet that was filed at the end of  
25 December in connection with preparing for the

1 deposition?

2 A. Yes. Not in connection with this  
3 deposition, but I had previously reviewed --  
4 looked at the plan term.

5 Q. So you at least have some  
6 familiarity with the plan term sheet?

7 A. Yes.

8 Q. We'll come back to that.

9 Going back to the Excel file  
10 briefly, I think you said you reviewed the  
11 latest Excel file. Are there other prior or  
12 subsequent versions of that file?

13 A. Like any financial model, there  
14 are iterative versions when you're preparing a  
15 model.

16 Q. So there was a liquidation  
17 analysis that was filed with the plan, the  
18 fourth amended plan that I believe was filed on  
19 January 24th. Did that liquidation analysis  
20 come out of the same file or an earlier version  
21 of it?

22 A. Yes.

23 Q. On that liquidation analysis, do  
24 you know what date that was prepared as of? And  
25 if you don't understand my question, I can

1 unpack it for you?

2 A. If you could clarify.

3 Q. So in my experience, when  
4 preparing a liquidation analysis, it's most  
5 common -- you may disagree with me -- that the  
6 analysis makes an assumption of assets and  
7 liabilities as of some date, typically the  
8 confirmation date, the anticipated effective  
9 date of the plan.

10 So when I say what was the  
11 assumed date for the liquidation analysis, I  
12 mean was it -- I'll give you an example -- the  
13 confirmation date of the plan, the anticipated  
14 effective date of the plan, or some other date?

15 A. My understanding is that it was  
16 intended to reflect as of the effective date of  
17 the plan.

18 Q. Do you know -- do you recall what  
19 the anticipated effective date of the plan is?

20 A. Sometime in March.

21 Q. Mid-march?

22 A. I don't recall exactly.

23 Q. Certainly some time after March  
24 11th or 12th, when the confirmation hearing is  
25 scheduled?

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1 A. Yes.

2 Q. So I think we can safely say mid-  
3 to late March?

4 MR. NEWMAN: Object to form. You  
5 may answer.

6 A. Yes.

7 MS. CHURCHILL: This is going to  
8 be Rosen 1, what I'm marking.

9 - - -

10 (Whereupon, Rosen Exhibit Number 1  
11 was marked for identification.)

12 - - -

13 BY MR. HARVEY:

14 Q. Mr. Rosen, I've handed you what  
15 has been marked as Rosen Exhibit 1. I'll start  
16 with just a question: Do you recognize this  
17 document?

18 A. I do.

19 Q. And what do you recognize it to  
20 be?

21 A. The fourth amended plan.

22 Q. Do you see it's dated at the top  
23 January 24th, 2025?

24 A. Yes.

25 Q. Do you understand that to be the

1 date it was filed with the bankruptcy court?

2 A. That's my understanding.

3 Q. And the docket number on it is  
4 551?

5 A. Yes.

6 Q. If you could flip to -- it should  
7 be the very last page of this. It should be a  
8 document that's familiar to you. Let me know  
9 when you're there.

10 A. I'm there.

11 Q. Is this the -- let me ask you:  
12 What is this document?

13 If it's helpful to you, there's  
14 a prior cover page in here, I believe, at least  
15 the way it's been labeled in the plan.

16 A. This is a schedule comparing the  
17 last year of recoveries to the various classes  
18 of creditors under the proposed Chapter 11 --  
19 what was at the time the proposed Chapter 11  
20 plan versus a Chapter 7 liquidation.

21 Q. Do you understand this to be what  
22 the plan refers to as the "liquidation  
23 analysis"?

24 MR. NEWMAN: Objection as to  
25 form.

1                               You may answer.

2                               A.     Yes, I do.

3     BY MR. HARVEY:

4                               Q.     And you mentioned there that this  
5     was what was, at the time, the Chapter 11 plan.

6                               Has the Chapter 11 plan changed  
7     since this time? I'm asking specifically about  
8     the plan right now, not the analysis itself.

9                               MR. NEWMAN: Objection as to  
10    form.

11                              You may answer.

12                             A.     I believe this -- I believe this  
13    is the latest.

14    BY MR. HARVEY:

15                             Q.     So I'm looking at the -- to the  
16    far left, there's a row entitled "Sources of  
17    Recovery."

18                             Do you see that?

19                             A.     I do.

20                             Q.     And two rows down from that  
21    there's a row titled "Accounts Receivable."

22                             Do you see that?

23                             A.     I do.

24                             Q.     And then there's a column -- we  
25    get to a number to the right of it. There's a

1 column above it labeled "Asset Value/Claim  
2 Amount."

3 "Amount" is abbreviated. Would  
4 you agree with me that means "claim amount"?

5 A. Yes.

6 Q. Okay. What's the number listed  
7 there for accounts receivable in that row and  
8 column?

9 A. 179,156,914.

10 Q. And if you track that row across  
11 to the right, you get eventually -- well, in a  
12 Chapter 11 recovery, let's start there -- the  
13 next two rows of my right, next two columns in  
14 that row say "N/A."

15 I assume that mean "not  
16 applicable"?

17 A. That's my understanding.

18 Q. And then the next two columns --  
19 and that's under a column that says "Recovery  
20 Range, Low and High"; right?

21 A. Yes.

22 Q. And then if you follow that row  
23 over to the next two columns, all of these  
24 falling under a master column of "Chapter 11  
25 Recovery," I see "Recovery Range, Low and High,"



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1 both of those figures are zero dollars; is that  
2 right?

3 A. Yes.

4 Q. Why, in a Chapter 11 plan  
5 scenario that's as envisioned here, why is there  
6 zero dollar recovery on account of 179 million  
7 of accounts receivable?

8 MR. NEWMAN: You're asking in  
9 this particular case, not some --

10 MR. HARVEY: No, in this  
11 particular case.

12 A. My understanding is that the  
13 assumption is that those assets would become --  
14 would go with the reorganized debtors, and that  
15 would not be monetized and distributed pursuant  
16 to the waterfall.

17 BY MR. HARVEY:

18 Q. Okay. So I'll put it in my  
19 words, and you can tell me if you agree with me.  
20 I think I fully understand what you're saying,  
21 but I want to be sure.

22 Essentially, the accounts  
23 receivable here are being transferred to the  
24 reorganized debtor, or the purchaser become the  
25 reorganized debtor, and therefore, are

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1 unavailable to run through the waterfall for  
2 distribution to other creditors?

3 MR. NEWMAN: Objection as to  
4 form.

5 You can answer any way you need  
6 to.

7 A. That's correct, that the accounts  
8 receivable would be transferred to the  
9 reorganized debtors and would then be collected  
10 and used in operations by the reorganized  
11 debtors post effective date.

12 BY MR. HARVEY:

13 Q. So to the extent that any  
14 creditor has a lien on those accounts  
15 receivable, what happens to that -- creditor  
16 other than HRH, what happens to that creditor's  
17 lien on the accounts receivable?

18 MR. NEWMAN: He's not going to  
19 answer that question. He'll answer anything you  
20 want about this document, the information on the  
21 document; but he's not going to give you any  
22 kind of opinion as to what happens to anybody,  
23 because he's not here for that.

24 He's here to testify about what  
25 his role was, because he's here in his

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1 individual -- what his role was and Province's  
2 role in the case. If you want to ask him about  
3 the chart, feel free.

4 BY MR. HARVEY:

5 Q. I'm going to ask you a different  
6 question to start.

7 Do you have an understanding of  
8 the treatment of claims in this case?

9 A. I believe I do, yes.

10 Q. Were you involved in determining  
11 the treatment of claims in this case?

12 A. No, I was not.

13 Q. That includes secured claims?

14 A. No, I was not.

15 Q. Who was involved in determining  
16 the treatment of claims in the case?

17 A. There were discussions among, I  
18 believe, principals and professionals among the  
19 debtors, committee's attorneys, HRH and other  
20 key creditors and stakeholders; but I was not  
21 involved in any of those conversations or  
22 negotiations.

23 Q. Was anyone else from Province, to  
24 your knowledge, involved in those discussions?

25 A. Not to my knowledge.

1 Q. I'm going to go back to a  
2 question I asked a minute ago, and Mr. Newman  
3 may interject, but my question a minute ago  
4 was -- let me rephrase my question.

5 Do you have any understanding as  
6 to what happened to any lien of a creditor other  
7 than HRH on these accounts receivable as the  
8 plan goes effective?

9 MR. NEWMAN: That's a "yes," "no"  
10 or "I don't recall" at this time.

11 A. Can you repeat your question.

12 BY MR. HARVEY:

13 Q. Do you have any understanding as  
14 to what happens to any lien of a creditor, other  
15 than HRH, of these accounts receivable as the  
16 plan goes effective?

17 A. I don't.

18 Q. So sitting here today, you don't  
19 know whether the lien attaches to those accounts  
20 receivable in the hands of the reorganized  
21 debtors or whether that lien is released?

22 A. My understanding is that the lien  
23 would be released and would not attach to the  
24 accounts receivable of the reorganized debtor.

25 Q. And, if you know, what

1 compensation is the holder of that lien on the  
2 accounts receivable getting in exchange for the  
3 release of its lien on the accounts receivable?

4 MR. NEWMAN: You're going to have  
5 to ask him if that was within the purview of the  
6 retention of Province. I'm not going to allow  
7 you to sit here and just ask about the plan and  
8 his understanding of the plan if it has nothing  
9 to do with the retention of Province. Let's be  
10 very clear about that.

11 MR. HARVEY: He's an individual  
12 here. If he has knowledge of things --

13 MR. NEWMAN: I don't care if he's  
14 an individual or on behalf of Province. I'm not  
15 going to let you call a person in and just ask  
16 him his understanding of the plan if it has  
17 nothing to do with the work that Province did.

18 MR. HARVEY: Sure I can. This is  
19 a deposition --

20 MR. NEWMAN: That's what I'm  
21 telling you. You don't have to argue with me --

22 MR. HARVEY: You're telling me.  
23 I don't have to agree with you.

24 MR. NEWMAN: No, I'm not asking  
25 you to. I'm saying ask your next question and

1 we'll take them one by one, that's all.

2 MR. HARVEY: So are you  
3 instructing him not to answer the last question?

4 MR. NEWMAN: Yes.

5 MR. HARVEY: I'm going to read  
6 that question back in so we have a clear record  
7 on this.

8 MR. NEWMAN: You don't think the  
9 reporter took it down the first time?

10 MR. HARVEY: No, I think you  
11 confused the record so I'm going to ask the  
12 question again.

13 MR. NEWMAN: Okay.

14 BY MR. HARVEY:

15 Q. I believe my question was: Do  
16 you know what compensation the holder of that  
17 lien on accounts receivable is getting in  
18 exchange for the release of its lien on the  
19 accounts receivable?

20 MR. NEWMAN: If you want to lay a  
21 basis as to whether that was included in the  
22 work that Mr. Rosen did or that Province did and  
23 lay a foundation, I might let him answer, but  
24 not just a general question like that.

25 MR. HARVEY: I've already asked

1 Mr. Rosen whether he has reviewed the plan and  
2 whether he has an understanding of the plan; and  
3 I believe he's testified yes.

4 MR. NEWMAN: Okay. That's fine.

5 MR. HARVEY: So if you want to  
6 continue to coach him on how he should answer  
7 the question, we can deal with that later.

8 But I think he's a very qualified  
9 professional. I think he understands how plans  
10 work. I think he understands how liens work.  
11 He can tell me if he doesn't understand how  
12 liens work and free and clear sales work, but  
13 I'd appreciate if he could answer my question.

14 MR. NEWMAN: He's not here to be  
15 converted into your expert, okay? He will  
16 testify as to anything that he did and anything  
17 that Province did. That's the extent to which  
18 he's going to testify.

19 He's here as a fact witness, not  
20 to give you his opinions as to what he thinks  
21 the plan does and doesn't do if it wasn't within  
22 the scope of his work or the scope of Province's  
23 work. That's my position.

24 We can disagree, but you haven't  
25 even asked him about this document and what his

1 involvement in the preparation of this document  
2 was. You didn't ask him who prepared it. You  
3 didn't ask him where they got the information  
4 from. So you haven't laid even a foundation  
5 about asking about this document from this  
6 witness.

7 MR. HARVEY: I asked all those  
8 questions already, and he confirmed that this  
9 was in the version of the Excel file that he and  
10 his team at Province prepared with data from the  
11 debtors.

12 Is any of that wrong?

13 MR. NEWMAN: That doesn't mean  
14 that -- you didn't ask him who prepared the  
15 document. It was his team. Did you ask him who  
16 at the team? Did you ask him discussions with  
17 anybody at the team? Did you ask him about  
18 where these documents came from, other than he  
19 said the debtor.

20 So go ahead. I'm not stopping  
21 you from asking. We'll take it one question at  
22 a time.

23 BY MR. HARVEY:

24 Q. Mr. Rosen, I'm sorry. I'm trying  
25 not to waste your time today.



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1 Who prepared this document?

2 A. This document was prepared by  
3 myself and members of my team with input from  
4 Shamiq.

5 Q. From Shamiq.

6 Was anyone else involved in the  
7 preparation of this document?

8 A. In the ultimate -- in the  
9 preparation of this ultimate schedule, there  
10 were -- there was -- there were revisions and  
11 comments incorporated from counsel.

12 Q. You testified a moment ago that  
13 you have an understanding that these accounts  
14 receivable are being transferred to the  
15 reorganized debtor free and clear of the liens.  
16 Is that correct?

17 MR. NEWMAN: The record will  
18 reflect what he testified to. Do you have  
19 another question?

20 A. That the accounts receivable  
21 would be transferred to the reorganized debtor  
22 and will then be encumbered by, my understanding  
23 is the exit facility.

24 BY MR. HARVEY:

25 Q. Meaning HRH's liens under the

1 exit facility?

2 A. I believe there are two HRH's  
3 and --

4 Q. -- Capitala?

5 A. Capitala, exit facilities, yes.

6 Q. So my question is focused on  
7 liens that may exist now.

8 Is your understanding those liens  
9 will not attach to the accounts receivables in  
10 the hands of the reorganized debtor?

11 MR. NEWMAN: Hold on a second.

12 So let me just understand.

13 You're asking him this in his individual  
14 capacity, having nothing to do with  
15 his employment by Province and not as Province  
16 being a financial advisor to the committee;  
17 correct? Just individual opinion.

18 MR. HARVEY: He's a fact witness.

19 MR. NEWMAN: I'm asking you if  
20 that's what you're saying. Just tell me and  
21 then I'll decide whether --

22 MR. HARVEY: I'm going to tell  
23 you what I'm asking.

24 MR. NEWMAN: Okay, go ahead.

25 MR. HARVEY: He's a fact witness.

1    Whatever knowledge he has, however he obtained  
2    it, I'm entitled to ask him.  If he wants to  
3    explain to me how he got to the knowledge,  
4    that's perfectly fine, he can explain to me how  
5    he got to the knowledge.

6                    MR. NEWMAN:  I'm just asking you  
7    if you're asking these questions solely in his  
8    individual capacity, not binding -- excuse me.

9                    MR. HARVEY:  He's not a 30(b)(6).

10                   MR. NEWMAN:  If you don't let me  
11   finish, then you're just being rude.  So I'm  
12   going to say what I have to say, and you can  
13   respond, and then we can go on.

14                   And you can shake your head all  
15   you want, sir.

16                   Okay.  So just want to be clear  
17   that if you're asking him in his individual  
18   capacity, it doesn't bind Province, and it  
19   doesn't bind the committee because he's not here  
20   as a 30(b)(6).  We agree on that?

21                   MR. HARVEY:  That's perfectly  
22   fine.  I did not notice him as a corporate  
23   representative of any entity.

24                   MR. NEWMAN:  And he's not  
25   answering as if he were the financial advisor of

1 the committee; correct? Because you're asking  
2 in his individual capacity.

3 MR. HARVEY: No, he is factually  
4 the financial advisor to the committee.

5 MR. NEWMAN: But that's not the  
6 position in which you deposed him. You deposed  
7 him as an individual.

8 MR. HARVEY: Yeah, if I deposed  
9 him as an individual, not in connection with  
10 this case in his role, I would have needed a  
11 subpoena. Because he's a party's representative  
12 in this case, I'm deposing him in his capacity  
13 as a party representative --

14 MR. NEWMAN: I just want you to  
15 understand --

16 MR. HARVEY: -- not as a 30(b)(6)  
17 representative that binds the committee.

18 MR. NEWMAN: That's what I asked  
19 you -- that's what I asked you.

20 MR. HARVEY: And I clarified that  
21 to you.

22 MR. NEWMAN: No, but I'm not  
23 sure, because I want a clarification because you  
24 were unclear.

25 So it's your understanding that

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1 this witness is neither binding Province nor  
2 binding the committee by his testimony; correct?

3 MR. HARVEY: That's correct.

4 MR. NEWMAN: Okay, go ahead. Ask  
5 your question.

6 MR. HARVEY: But he is a fact  
7 witness.

8 MR. NEWMAN: There's only two  
9 types of witnesses: Fact and expert. He's not  
10 an expert. I guess we'll agree on that.

11 MR. HARVEY: He is not a  
12 corporate representative fact witness. He's  
13 still a participant in the case, and he has  
14 knowledge about facts in the case.

15 MR. NEWMAN: So then if you ask  
16 him about his knowledge about facts in the case,  
17 not just his general opinion, that's fine. Go  
18 ahead.

19 MR. HARVEY: I haven't asked him  
20 for any opinion. I've asked him what his  
21 knowledge is.

22 MR. NEWMAN: You have a question?  
23 I gave you my position. Ask the question, we'll  
24 see how it goes.

25

1 BY MR. HARVEY:

2 Q. Okay. So I was focused on liens  
3 other than the liens that were being granted in  
4 the exit facilities. So liens, for example, of  
5 Maple, or liens of any other entity that may  
6 have a lien on these accounts receivable.

7 I believe your testimony was that  
8 the accounts receivable being transferred to the  
9 reorganized debtors free and clear of those  
10 liens; is that right? To your understanding.

11 A. That is my understanding.

12 Q. And my next question was: Do you  
13 have an understanding as to what, if any,  
14 compensation the holders of those liens are  
15 getting with the release of the collateral?

16 A. My understanding is that there  
17 are different lenders who have liens on the  
18 accounts receivable. So certain of those  
19 lenders will be receiving the accounts  
20 receivable as collateral in connection with  
21 their exit facility.

22 Q. So that would only be as to  
23 Capitala and HRH? I'm not aware of any other  
24 exit facility, but if there is another exit  
25 facility --

1 MR. NEWMAN: Well, you may not  
2 be, so let him answer the question.

3 MR. HARVEY: Sure.

4 A. That's my understanding.

5 BY MR. HARVEY:

6 Q. So it would just be as to  
7 Capitala and HRH are receiving back collateral  
8 to secure their liens as part of the exit  
9 facility?

10 A. They would be receiving the  
11 accounts receivable as collateral for the exit  
12 facility, is my understanding.

13 Q. So to the extent that someone  
14 like Maple that the gentleman sitting next to me  
15 represents, has a lien on accounts receivable  
16 that exists today, and those accounts receivable  
17 are transferred to the reorganized debtor free  
18 of Maple's lien, what, to your understanding, is  
19 Maple receiving on account of its collateral --  
20 its lien on the collateral being released?

21 MR. NEWMAN: Objection to form.  
22 You can answer.

23 A. My understanding is that Maple  
24 won't be receiving any recovery.

25

1 BY MR. HARVEY:

2 Q. And would that be the same --  
3 would the same be true for any other secured  
4 creditor other than HRH and Capitala?

5 A. Are you asking with respect to  
6 the accounts receivable?

7 Q. With respect to the accounts  
8 receivable.

9 A. I believe so, yes.

10 Q. Sticking on this document for  
11 now, same column you were talking about,  
12 accounts receivable, same row, I get over to a  
13 group of columns on the right -- it's in a  
14 darker color -- "Chapter 7 Recovery."

15 Do you see that?

16 A. I do.

17 Q. And then there's some  
18 sub-columns, and the left group of sub-columns  
19 is "Recovery Range" with "Low" and "High."

20 Do you see that?

21 A. I do.

22 Q. And there's a 22 percent low and  
23 a 38 percent high. Am I reading that right?

24 A. That's correct.

25 Q. What's the basis for that



1 recovery range?

2 MR. NEWMAN: In other words,  
3 where did those come from?

4 BY MR. HARVEY:

5 Q. How did you come up with the  
6 recovery percentages?

7 MR. NEWMAN: Well, lacks  
8 foundation that he came up with those. That's  
9 why I'm asking you.

10 BY MR. HARVEY:

11 Q. Who came up with those recovery  
12 ranges?

13 A. We received input from Shamiq on  
14 what he believed the estimated recovery and  
15 realizable values would be on the AR for each of  
16 the five entities that has third-party AR  
17 outstanding.

18 Q. Is this -- by the way, on that  
19 question, is this line item, is this all  
20 third-party AR? This row by line item, this row  
21 of accounts receivable?

22 A. My understanding is that this row  
23 reflects all accounts receivable excluding  
24 intercompany receivables.

25 Q. So any third-party payor that

1 isn't a CarePoint entity, the accounts  
2 receivable due from that entity would be  
3 included in this line?

4 A. That's my understanding.

5 Q. When you say "we received  
6 information from Mr. Syed about the recovery  
7 ranges," is that the only source of information  
8 you used to come up with the recovery ranges in  
9 this document?

10 A. We didn't come up with the ranges  
11 in the values. We structured the model to allow  
12 Shamiq and, to the extent anyone else at the  
13 management team provided input, structured in a  
14 way that they would input where they would  
15 provide us the inputs or assumptions to feed  
16 into the model.

17 Q. So Province itself did not --  
18 Province itself did not develop these percentage  
19 recovery ranges?

20 A. Can you explain what you mean by  
21 "develop."

22 Q. Did Province itself make any  
23 judgment call as to what the recovery range  
24 would be, as opposed to the debtors simply  
25 providing you its estimate of the recovery

1 range?

2 A. No, we did not.

3 Q. So you rely entirely on the  
4 debtor for the ranges of recovery here in terms  
5 of percentages?

6 A. We relied on the debtor to  
7 provide the underlying raw data and the  
8 assumptions to be used to calculate these  
9 numbers.

10 Q. Okay. And then two next columns,  
11 the 38.6 million and 68.8 million, that's just  
12 an Excel formula, simple math to apply to the  
13 179-, these percentages?

14 A. Yes. I believe, if you applied  
15 the 22 percent you multiplied the  
16 179 million 156, times the 22 percent, that  
17 would -- the product would be the  
18 38 million 616.

19 Q. Okay. The accounts receivable on  
20 the left, the 179 million, is that gross  
21 accounts receivable, or is there any form of  
22 netting to get to that number?

23 A. I believe at the time this was  
24 filed, that 179 million reflected gross accounts  
25 receivable, based on information we received

1 from the debtors.

2 Q. I want to drill down a little bit  
3 more. And I'll confess to you, I'm not a  
4 healthcare receivables expert.

5 But there was a concept yesterday  
6 during Mr. Syed's deposition about, when they  
7 look at certain receivables, when they book  
8 them, they are at a value -- there is a gross  
9 receivable that is a value that they never  
10 foresee collecting; and then there is a net  
11 receivable -- and I forget the term of art --  
12 that is some percentage of that.

13 And the example he gave was that  
14 they might perform the procedure and the bill  
15 might be a million dollars. And they may, for  
16 their own internal bookkeeping, record that at a  
17 3 to 4 percent collection rate. That's the  
18 value that gets reflected in their books, is  
19 what they hope to actually collect.

20 Does that sound right to you in  
21 the broad-strokes level?

22 MS. COMERFORD: Objection.

23 MR. NEWMAN: You're -- you're  
24 asking him whether, what Mr. Syed testified to  
25 was correct.

1                   You can ask him about these  
2 numbers. You can ask him whether these numbers  
3 include receivables -- you can ask him what you  
4 want about this particular number, what he knows  
5 about this number, not what Mr. Syed may have  
6 said or testified about.

7                   So you can ask him what this  
8 number includes, how this number was calculated,  
9 what he knows about the 179-. Anything about  
10 that. But you're now asking him, "Mr. Syed said  
11 X; is that right?"

12                   He's not here to confirm what  
13 Mr. Syed said, but he'll testify about anything  
14 in this chart how the numbers came to be. Okay?  
15 BY MR. HARVEY:

16                   Q. Let's try to simplify this.  
17                   Did you understand my  
18 explanation? I'm not asking if you agree with  
19 it. Did you understand my explanation of what I  
20 understood Mr. Syed's testimony to be?

21                   MR. NEWMAN: Objection as to  
22 form. So now you want him to testify whether  
23 he --

24                   MR. HARVEY: It's a form  
25 objection.

1 MR. NEWMAN: I understand.

2 MR. HARVEY: Leave it at that.

3 BY MR. HARVEY:

4 Q. Do you understand the question?

5 MR. NEWMAN: I don't understand  
6 the question, other than you're asking him to  
7 comment on your understanding of what Mr. Syed  
8 said. He's not here to testify about that.

9 MR. HARVEY: There's no  
10 instruction not to answer, so he --

11 MR. NEWMAN: I'm going to direct  
12 him not to answer, because you're not asking him  
13 a fact question.

14 You want to ask a fact question  
15 about the numbers, ask him a fact question  
16 about the numbers. Anything you want about the  
17 numbers.

18 MR. HARVEY: I am asking the  
19 question I want to ask about the numbers.

20 MS. COMERFORD: Matt, we have an  
21 agreement that an objection by Mr. Newman covers  
22 all parties; correct?

23 MR. HARVEY: I'm fine with that.  
24 I don't need an objection twice. But I don't  
25 hear an instruction not to answer.

1 MS. COMERFORD: It's not my  
2 witness. I just want to know if I need to open  
3 my mouth to your inappropriate questions or not.

4 MR. HARVEY: If you want to argue  
5 later that I mischaracterized Mr. Syed's  
6 testimony --

7 MS. COMERFORD: I just want a  
8 stipulation that one objection applies so that I  
9 don't have to chime in after Mr. Newman every  
10 time.

11 MR. HARVEY: That's fine.

12 MR. SPATHIS: Can we go off the  
13 record for one second?

14 - - -

15 (Whereupon, a short recess was  
16 taken.)

17 - - -

18 BY MR. HARVEY:

19 Q. Welcome back, Mr. Rosen.

20 When we left off, we were talking  
21 about the accounts receivable number, the  
22 179 million reflected in the second row on this  
23 liquidation analysis. My question to you, I  
24 believe, was: Do you understand this number to  
25 be a gross or a net number?

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1                   A.     My understanding is that this  
2     \$179 million number reflects a gross AR.

3                   Q.     I'm going to come back to that in  
4     a second actually. I just wanted to ask you  
5     quick questions about the deposition break.

6                             Did you speak to anybody during  
7     the deposition break?

8                   A.     Counsel.

9                   Q.     Did you speak to counsel about  
10    the subject matter of your testimony that you've  
11    given today or are about to give?

12                  A.     No.

13                  Q.     Turning back to the accounts  
14    receivable. So when you say this is a gross  
15    amount of receivable, does "gross" mean this  
16    reflects the amount billed to the patient or the  
17    payor?

18                  A.     Yes; my understanding is that  
19    it's the total amount billed to the patient or  
20    payor and does not reflect, particularly for the  
21    practice groups, amounts that are not  
22    potentially collectible.

23                  Q.     So there's been no deduction from  
24    this amount for doubtful accounts or other  
25    amounts that the business may believe are not



1 fully collectible?

2 A. There's -- there's accounts  
3 receivable -- my understanding from Shamiq is  
4 that there are accounts receivable at the  
5 practice group entities that, for various  
6 reasons, are not either billable or collectible,  
7 and those amounts are not reflected in here.

8 So the amount of AR reflected  
9 here, this 179-, is inclusive of amounts that  
10 the debtors would, in practice, not be able to  
11 bill or would not bill.

12 Q. Inclusive of or exclusive of?

13 A. This 179- is inclusive of.

14 Q. I'm trying to understand that  
15 then.

16 So to the extent that the debtor  
17 billed somebody \$10,000 at a practice group and  
18 it believed that that \$10,000 was either -- was  
19 fully uncollectible, is that \$10,000 within this  
20 179 million or is it excluded from this  
21 179 million?

22 A. Well, I want to be clear on the  
23 term "uncollectible."

24 The way it was described to me, I  
25 believe, is that there are certain amounts that

1 are not billable. And the difference between  
2 the gross AR and the term you used before the  
3 break of net AR, is what is billable. And then  
4 when you get to the net AR, particularly for the  
5 practice groups, it's then applying and  
6 determining how much of the net AR is  
7 collectible.

8 Q. I'm going to try to go back and  
9 talk about an example I mentioned that Mr. Syed  
10 talked about yesterday. And I'm not asking you  
11 to agree with the example. I'm just going to  
12 tell you what my understanding of the example  
13 was, and I'm going to ask you a question about  
14 it.

15 Mr. Syed yesterday, I understood  
16 his testimony to be -- I'm not trying to  
17 characterize it. This is not binding on  
18 anybody. It's not binding on the committee or  
19 the debtors, my description of this.

20 What I understood Mr. Syed to  
21 say, as an example, is that they may bill a  
22 patient, for example, for a \$1 million  
23 procedure, that it was a surgical procedure.  
24 And they may know, when they send that bill out,  
25 that the most they could ever hope to collect on

1 it is 3 to 4 percent. So when they book that  
2 receivable, they book it at 30- to \$40,000  
3 representing the 3 to 4 percent; they don't book  
4 it at 1 million.

5 What I'm asking you is, on this  
6 179-, to the extent that Mr. Syed is correct --  
7 I'm not asking if you agree whether he's correct  
8 or not -- in that example, would this number  
9 include a receivable at a million dollars or  
10 would it include a receivable at 30- to 40,000?

11 MR. NEWMAN: Objection to form.

12 You can answer.

13 A. My understanding is that, in the  
14 example you just gave, the 179- includes the  
15 1 million of receivable.

16 BY MR. HARVEY:

17 Q. And so then when we get over --  
18 presumably, and you tell me your best  
19 understanding of this. When we get over to the  
20 collectability of 22 to 38, part of the reason  
21 those numbers are substantially less than 100  
22 percent is because, particularly in that  
23 example, there's a very low collection rate?

24 MR. NEWMAN: So you're asking him  
25 why these numbers are what they are. Objection

1 as to form.

2 You may answer.

3 A. For these particular numbers, my  
4 understanding, from Shamiq is that, particularly  
5 as it relates to the practice group, these  
6 numbers are higher than what they should be  
7 because the recovery ranges were applied to the  
8 gross AR when they should have been applied to  
9 the net AR.

10 So there are -- the assumptions  
11 that Shamiq and management utilized in  
12 calculating the net realizable value of the  
13 accounts receivable should have been done and I  
14 believe was done in the plan supplement  
15 liquidation analysis that were filed on net AR.

16 In this version, those recovery  
17 percentages are applied to gross AR. So it's  
18 overstating the net realizable value of accounts  
19 receivable, particularly at the practice group  
20 entities, is my understanding.

21 BY MR. HARVEY:

22 Q. You're anticipating a line of  
23 questioning I want to get to then. So what I  
24 was really getting at here is whether the 22 to  
25 38 percent -- whether what we're seeing in here

1 was reflecting a double discounting. And by  
2 that I mean that the gross amount was already --  
3 what you referred to as the gross amount, your  
4 understanding, it already reflected some sort of  
5 discount, and then a collectability -- a  
6 subsequent or different collectability discount  
7 was being applied.

8 But I think I now understand you  
9 to be saying is that, in this case, there was  
10 not the, quote/unquote, what I'm referring to as  
11 double discounting; but in an updated  
12 liquidation, there is a double discounting  
13 because you're reflecting the net receivable and  
14 the net collectible amount of that net  
15 receivable; is that right?

16 MR. NEWMAN: Objection as to  
17 form.

18 You can answer whether you agree  
19 or disagree.

20 A. My understanding it's not a  
21 double discounting.

22 BY MR. HARVEY:

23 Q. That's how I'm referring to it.  
24 If you want to characterize it a different way,  
25 that's how I conceptualize it.

1 MR. NEWMAN: How you  
2 conceptualize is irrelevant. You asked him what  
3 his understanding is?

4 MR. HARVEY: Okay.

5 MR. NEWMAN: He told you. Again,  
6 you want to go through it three more times, feel  
7 free. We'll all be here and you'll miss your  
8 planes.

9 A. My understanding from Shamiq is  
10 that the net AR, particularly at the practice  
11 group entities, is comparable to the gross AR at  
12 the three operating entities. So his  
13 application of a recovery percentage on the net  
14 AR is not a double hit to collectability or to  
15 realization of accounts receivable.

16 BY MR. HARVEY:

17 Q. Can you explain to me then what  
18 your understanding then -- when you say "net AR  
19 at the practice group entities," how that  
20 distinguishes from the gross AR of the  
21 hospitals.

22 A. My understanding is that the net  
23 AR is what is the amount that is ultimately  
24 billed or the best-case scenario, right? If  
25 they were -- if the debtors were to collect

1 everything that they invoice, they would be  
2 collecting 100 percent of net AR. That's my  
3 understanding.

4 Q. And we can move on from this for  
5 a moment this specific line of questioning and  
6 go to the -- [inaudible].

7 (Interruption by the court reporter  
8 to clarify the record.)

9 MR. HARVEY: We're going to come  
10 off this specific topic and go to a related  
11 topic, but I asked the witness to keep the  
12 one-sheet liquidation analysis in front of him  
13 for the moment.

14 - - -

15 (Whereupon, Rosen Exhibit Number 2  
16 was marked for identification.)

17 - - -

18 BY MR. HARVEY:

19 Q. I assure you we will not be  
20 asking you a question about every page of that.

21 Just for identification,  
22 Mr. Rosen, I've handed you what I believe has  
23 now been marked as Exhibit 2. It's a document  
24 that, at the beginning, says -- it's a Docket  
25 Item 730, filed with the bankruptcy court on

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1 February 20th, 2025, and it's what I think  
2 all of us restructuring professionals  
3 colloquially refer to as "the plan supplement."

4 Have I fairly characterized that  
5 document?

6 A. You have.

7 Q. Are you familiar with this  
8 document -- back up.

9 Have you reviewed this document  
10 in the past?

11 A. Yes, I have.

12 Q. And do you have at least a  
13 general familiarity with it?

14 A. I do.

15 Q. Understanding that it's several  
16 hundred pages, I'm not going to ask you if you  
17 have 100 percent familiarity. I appreciate  
18 that.

19 I want to direct your attention  
20 to -- there's a declaration of Mr. Syed in this  
21 document, and it's at Exhibit H, so it's going  
22 to be the last one in there. And towards the  
23 end of that declaration, there's what I think  
24 we'll both recognize as liquidation analyses.

25 Let me know when you're there.



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1 I can't give you the exact page numbers. It's  
2 Docket 730-8, and they began on page 15 of 27.

3 A. I'm there.

4 Q. And I'm starting at page 15 of 27  
5 at docket 730-8. Do you see that at the top?  
6 It's right after the Exhibit H.

7 I'm going to focus your  
8 attention on the first five pages here. Do you  
9 want to just take a second to flip through  
10 there? You don't need to review them at this  
11 moment, just flip through them.

12 (Witness reviews document.)

13 A. Okay.

14 Q. You recognize these five pages?

15 A. I do.

16 Q. What do you recognize them to be?

17 A. The Chapter 7 liquidation  
18 analysis scenarios for the three operating  
19 hospital entities and, I believe, the two  
20 medical groups -- physician practices.

21 Q. Thank you. And for the record,  
22 just so it's clear, this is Docket Number 730-8,  
23 pages 15 through 19.

24 And we started out earlier, when  
25 we went down the path talking about liquidation

1 analyses, about an Excel file. And I believe  
2 you testified that these five sheets were part  
3 of that broader Excel file; is that right?

4 A. Yes.

5 Q. So these represented, I assume,  
6 individual tabs in the individual sheets within  
7 that Excel file?

8 A. Yes. These are -- these were  
9 worksheets in that file.

10 Q. Okay. There are approximately 20  
11 debtors in this case; right?

12 A. Approximately. I thought there  
13 were 21, but I may be mistaken.

14 Q. Plus or minus.

15 Is there any reason why the  
16 liquidation analyses were presented on an  
17 individual basis for only five of the 20 or 21  
18 debtors?

19 A. I don't know why just these were  
20 filed.

21 Q. I want to focus your attention  
22 then on -- let me just back up one second.

23 Was the process the same for  
24 preparing these as it was for the prior earlier  
25 liquidation analysis we were looking at? By

1 that I mean that the data came from Mr. Syed and  
2 his team at the debtors, and then the actual  
3 document was prepared by you and your team at  
4 Province?

5 A. The underlying data -- all raw  
6 data and assumptions for these analyses came  
7 from the debtors' management team. The actual  
8 architecture of the model and the modeling of  
9 calculations, myself and my team handled.

10 Q. I asked you, in connection with  
11 the earlier liquidation analysis, that to the  
12 extent that there's a recovery range for assets,  
13 I think there was -- specifically on accounts  
14 receivable, to be fair, there was a recovery  
15 range for accounts receivable. I believe you  
16 testified that that recovery range came from the  
17 debtors, not from Province.

18 A. That's correct.

19 Q. And Province didn't do any  
20 independent work to verify that recovery range?

21 A. That's correct.

22 Q. And is that the same -- is the  
23 same thing true for these five documents as  
24 well, insofar as it relates to accounts  
25 receivable?

1 A. Yes, that's correct.

2 Q. I'm going to do a little math  
3 here. If you need to take out your phone to run  
4 your calculator, that's fine. If not, I can  
5 represent to you I've done the math already,  
6 but --

7 MR. NEWMAN: We're not going to  
8 be doing any math for you today.

9 MR. HARVEY: The witness can do  
10 the math.

11 MR. NEWMAN: The witness is not  
12 going to be doing any math. He'll testify about  
13 the numbers on the document.

14 MR. HARVEY: Okay. Without doing  
15 math, it's going to be difficult, but we'll go  
16 forward.

17 BY MR. HARVEY:

18 Q. So in the prior liquidation  
19 analysis we were looking at, the sum of the  
20 accounts receivable for all of the debtors was  
21 179 million and change.

22 I have that correct; right?

23 A. Yes, that's correct.

24 Q. Okay. So if I go to the first of  
25 these documents, the accounts receivable here,

1 the total is \$35,303,660.

2 Do I have that number; right?

3 A. That's correct, for the Hudson  
4 Hospital OpCo debtor.

5 Q. Thanks for clarifying the debtor.

6 If I flip to the next one for the  
7 HUMCO OpCo, which I understand to be the Hoboken  
8 University Medical Center, the total accounts  
9 receivable listed in the second line of the  
10 numbers is \$36,916,357.

11 Do I have that right?

12 A. That's correct.

13 Q. Okay. And then when I get to the  
14 next one, which is the IJKG OpCo, the Bayone  
15 Medical Center, I see \$28,587,500 for accounts  
16 receivable.

17 Do I have that right?

18 A. That's correct.

19 Q. The next entity, it's  
20 Garden State Healthcare Associates. And that's  
21 one of the physicians groups; right?

22 A. That's my understanding.

23 Q. And I see there for accounts  
24 receivable \$1,393,901.

25 Do I have that right?

1 A. That's correct.

2 Q. Okay. And I get to the last one  
3 that we were looking at, I see that as  
4 New Jersey Medical Health & Associates.

5 First, do you understand that to  
6 be the other physician group that we have been  
7 talking about?

8 A. Yes, I believe that's the primary  
9 and specialty care physicians.

10 Q. Okay. There the accounts  
11 receivable are listed as \$927,436.

12 Do I also have that right?

13 A. That's correct.

14 Q. Okay. I totaled those and added  
15 them up to be \$103,128,854.

16 Do you have any reason to  
17 disagree with that.

18 MR. NEWMAN: He'll take your  
19 representation for the purpose of these  
20 questions?

21 BY MR. HARVEY:

22 Q. Okay. If you'd like to do the  
23 math, you're welcome to --

24 MR. NEWMAN: We'll take your  
25 representation for the purpose of these

1 questions.

2 MR. HARVEY: I'm asking the  
3 witness.

4 MR. NEWMAN: I'm representing the  
5 witness, and we don't have to spend time doing  
6 the math. We're taking your representation.

7 BY MR. HARVEY:

8 Q. Mr. Rosen, will you take any  
9 representation that's the correct math?

10 A. Yes, okay.

11 Q. Okay, thank you.

12 So what's the result -- or what's  
13 the reason for the reduction from 179 million,  
14 approximately, to approximately 103 million in  
15 accounts receivable in these two analysis?

16 MR. NEWMAN: Objection as to  
17 form.

18 You may answer.

19 A. My understanding is that  
20 there's -- there were two primary updates that  
21 were made from the liquidation analysis that was  
22 attached to the fourth amended plan to the  
23 versions that were attached to Shamiq's  
24 declaration.

25 The first is the debtors provided

1 updated accounts receivable numbers. The  
2 original -- this version that was filed as part  
3 of the fourth amended plan used accounts  
4 receivable from the debtors' schedules of assets  
5 and liabilities.

6 The accounts receivable in  
7 Shamiq's declaration were as of, I believe,  
8 November 30th.

9 The second and most notable one  
10 is the accounts receivable, when you look at the  
11 "Asset Value/Claim Amount" column in the  
12 practice group entities reflects the net AR that  
13 we had been discussing a couple minutes ago.

14 BY MR. HARVEY:

15 Q. Okay. A few questions on that.  
16 Let's start with the net AR.

17 If you flip back to the first  
18 three, which I understand to be the hospitals,  
19 they also say, if I'm correct -- and tell me if  
20 I'm not -- they also say "Accounts Receivable,  
21 Net."

22 Do I have that right, first of  
23 all?

24 A. That's what the label says, yes.

25 Q. So what's the distinction between



1 "Accounts Receivable, Net" at the hospital  
2 entities versus the physician groups?

3 A. I believe the "net" reflects to  
4 the collection costs that are incorporated into  
5 the recovery ranges in the far right -- in the  
6 two far right columns.

7 Q. And is that the same, both the  
8 hospitals and the physician groups?

9 A. The same assumptions were applied  
10 regarding the cost of collection in a Chapter 7  
11 to all entities. The "net" does not refer to  
12 the asset value or claim amount in the far left  
13 column except in the sense that you're talking  
14 about.

15 Q. So to be clear, the net -- and I  
16 think I understand it now, but just to be clear,  
17 the net number in the far left column of Asset  
18 "Value/Claim Amount," the word "net" has nothing  
19 to do with that number; the word "net" has  
20 something to do with the percentages and dollars  
21 to the right of that?

22 A. That's correct.

23 Q. And that's true for all five of  
24 these analyses?

25 A. That's correct.

1 Q. In the prior analysis, there was  
2 the word "accounts receivable" without the words  
3 "net"; correct?

4 A. Yes.

5 Q. And on the right-hand column,  
6 there were percentage ranges and dollar amounts  
7 that tie to those percentage ranges.

8 Do I understand, in the prior  
9 analysis, those to be projected net recoveries?

10 A. Those are projected net  
11 recoveries in the far right columns of the  
12 version that was filed in the fourth amended  
13 plan. There -- maybe there should have been a  
14 footnote clarifying that the recovery amounts  
15 under the Chapter 7 scenario did include  
16 collection costs.

17 But that's what -- when you refer  
18 to "net," that's what "net" refers to in the  
19 liquidation analyses included in Shamiq's -- in  
20 the supplemental plan.

21 Q. So I'm trying again to understand  
22 the differences here. It sounds to me like the  
23 difference in the left-hand column, the Asset  
24 Value/Claim Amount is a difference in -- in the  
25 first analysis of numbers are what were

1 reflected in the schedules, which presumably  
2 were done as of the petition date on  
3 November 3rd?

4 A. That's my understanding.

5 Q. And then on the subsequent  
6 liquidation analyses filed for the individual --  
7 the five entity debtors, that number was as of  
8 November 30th. So roll forward approximately  
9 27 days?

10 A. That's correct.

11 Q. So that's one reason for the  
12 difference.

13 If I flip through these -- and  
14 feel free to do it yourself -- in each of these,  
15 the expected recovery range in the low and the  
16 high on an individual basis are lower than the  
17 expected low and high recovery range in the  
18 prior analysis. And take a moment to look at  
19 that if you'd like and let me know if you agree  
20 or disagree.

21 I'm not talking about the  
22 dollars here; I'm talking about the  
23 percentages.

24 A. Generally speaking, the  
25 percentage recovery ranges are lower, but I

1 don't believe it's apples to apples.

2 Q. Can you explain that.

3 A. The \$179 million number included  
4 gross AR. So the recovery percentages in the  
5 Chapter 7, scenario my understanding is that  
6 Shamiq applied the recovery percentages to gross  
7 AR when they should have been applied to net AR.

8 To the extent that net AR is  
9 used, even if you take it as of the same date,  
10 the -- the recovery percentages, the 22 percent  
11 and the 38 percent, would come down.

12 Q. I'm going to confess I'm  
13 confused, so I'm going to try to unpack this,  
14 and bear with me to help me understand this.

15 MR. NEWMAN: He explained it  
16 several times, just so we're clear. So, again,  
17 whether you understand it or not, he's given  
18 pretty clear answers multiple times.

19 MR. HARVEY: I'll see if I can  
20 clarify for myself.

21 MR. NEWMAN: That's the purpose  
22 of this deposition, but we'll give you one more  
23 shot.

24 BY MR. HARVEY:

25 Q. For the left-hand column again,

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1 the 179- in the prior analysis -- right? -- and  
2 you originally testified, I believe, that was a  
3 gross number. Right?

4 A. That was my understanding.

5 Q. But I thought a minute ago when I  
6 said -- when I looked at the lines of the new  
7 one and you said "net," you said that there  
8 probably should have been a footnote in the  
9 prior notification saying that that was net as  
10 well.

11 Did I misunderstand that  
12 testimony?

13 A. I think you misunderstood.  
14 What -- what is being referred to as "net" is  
15 not the Asset Value/Claim Amount column.

16 Q. Okay.

17 A. The net that's being referred to  
18 is the recovery range column to reflect net  
19 realizable value of the AR, inclusive of  
20 collection costs on that AR.

21 Q. Okay. I understand that. So let  
22 me just ask a clarifying question then on just  
23 what's in the left-hand column in all of these,  
24 the asset value.

25 The reduction then from the 179-

1 to the 103-, approximately \$75 million, is that  
2 entirely related to the roll-forward of the 27  
3 days from November 3rd to November 30th?

4 A. I don't know off the top of my  
5 head how much is attributable to updating the  
6 accounts receivable numbers as of  
7 November 30th and how much is attributable to  
8 incorporating the net AR for the two practice  
9 group entities into the Asset Value/Claim Amount  
10 column.

11 Q. So maybe that's where I'm  
12 misunderstanding it.

13 So the Asset Value/Claim Amount  
14 column in the original one included gross AR at  
15 the practice group entities?

16 A. Correct.

17 Q. And then on the practice group  
18 entities analyses here, the left-hand column is  
19 a net number?

20 A. That's my understanding.

21 Q. So then when there is netting to  
22 the right, that's a recovery percentage of a  
23 number that, itself, is a net number?

24 A. Correct.

25 Q. Okay. So that was, to my mind,

1 what I was referring to as a double discounting.

2 Not pejoratively, but that's what I was

3 referring to as a double discounting.

4 MR. NEWMAN: There's no question.

5 It's a statement.

6 MR. HARVEY: I'm just trying to

7 help him understand the question.

8 MR. NEWMAN: We don't have to

9 understand.

10 BY MR. HARVEY:

11 Q. So, again, to the best of your  
12 knowledge, what is the netting that is occurring  
13 in the left-hand column here?

14 A. Which left-hand column are you --

15 Q. Sorry, the left-hand column for  
16 the two practice groups entities. What's the  
17 netting that's occurring to get to the, in the  
18 case of Garden State, the 1.393? Maybe back up.

19 Is there a gross number of  
20 accounts receivable from which the 1.393 is  
21 derived in the case of Garden State?

22 A. Yes, there is.

23 Q. Do you know what that gross  
24 number is today?

25 A. I don't recall off the top of my

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1 head.

2 Q. Ballpark?

3 MR. NEWMAN: Don't guess.

4 A. I don't recall off the top of my  
5 head.

6 BY MR. HARVEY:

7 Q. Same answer for the gross number  
8 for New Jersey Medical and Health Associates?

9 A. I don't recall.

10 Q. Okay. I think earlier in your  
11 testimony, when we were talking about the  
12 liquidation analysis, I told you my  
13 understanding that usually these are prepared to  
14 reflect values as of an anticipated confirmation  
15 or an effective date. I thought you testified  
16 that was the case here and the values were as of  
17 an anticipated effective date mid- to late  
18 March.

19 Am I mischaracterizing your  
20 testimony?

21 A. Many elements of -- or certain  
22 elements of the analysis were intended to  
23 capture what was forecasted to be the  
24 outstanding claim amount or value as of an  
25 effective date. There were certain asset



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1 amounts for which the debtors only provided us  
2 financial information or data as of either the  
3 petition date, based on their souls, or as of  
4 November 30th, in the case of the accounts  
5 receivable.

6 Q. So it's February 28th today. I  
7 would assume that the debtors total amount of  
8 accounts receivable that exists today is  
9 different than what it was on the November  
10 30th. Is that a safe assumption?

11 MR. NEWMAN: Objection as form.

12 You may answer if you know.

13 A. I think it's fair to say the  
14 number is different. I haven't seen the numbers  
15 to know if they're higher or lower.

16 BY MR. HARVEY:

17 Q. What is the last date you saw a  
18 figure for accounts receivable from a debtor?  
19 As of what date? Not the last date you saw it,  
20 but what date did any accounts receivable report  
21 information reflect the snapshot as of?

22 A. I believe November 30th.

23 Q. Okay. So you haven't seen  
24 anything for December, January or February?

25 A. Definitely not for February or

1 January. I don't recall seeing anything for  
2 December.

3 Q. The debtors are past due on their  
4 monthly operating reports; is that correct?

5 A. I believe so, but I'm not  
6 entirely certain.

7 Q. I'll represent to you I have not  
8 seen a December monthly operating report filed.  
9 Have you seen a draft of a December monthly  
10 operating report?

11 A. I have not. The debtors don't  
12 share drafts of their filings with me.

13 Q. They don't share draft monthly  
14 operating reports with you before they're filed?

15 A. No.

16 Q. And you know what I mean by a  
17 monthly operating report; right?

18 A. I do.

19 Q. So if I understand it correctly,  
20 the numbers that are in both of these  
21 liquidation analyses are not a projection of the  
22 debtors' accounts receivable as of an  
23 anticipated effective date in mid- to late  
24 March?

25 MR. NEWMAN: Objection to form of

1 the question.

2 BY MR. HARVEY:

3 Q. Is that correct?

4 A. That's correct.

5 Q. Going back to the original  
6 liquidation analysis -- that's the docket, the  
7 one filed in late January -- in the Chapter 11  
8 recovery section -- I'm sorry, let me start with  
9 the Chapter 7 recovery section.

10 The Chapter 7 recovery section,  
11 when you get past the Sources of Recovery  
12 section, there's three line items that have a  
13 little minus sign in parentheses, and one is  
14 Chapter 7 trustee fees; the other is Chapter 7  
15 professional fees; and the last one is wind-down  
16 costs.

17 Do you see that?

18 A. I do.

19 Q. And for the Chapter 11 recovery,  
20 there are for, those rows -- sorry.

21 For the Chapter 7 recovery, I see  
22 there are numbers to the far right there. Am I  
23 correct that there are numbers to the far right  
24 there?

25 A. Yes.

1 Q. All negative numbers because  
2 they're expenses?

3 A. That's correct.

4 Q. And are these numbers that  
5 Province came up with or that the debtor came up  
6 with?

7 A. These are numbers based on  
8 assumptions that were provided by the debtors'  
9 management team.

10 Q. Did Province do anything to  
11 verify or test those numbers?

12 A. Can you explain what you mean by  
13 "test."

14 Q. For example, if the first line,  
15 Chapter 7 Trustee Fees, 2.28 million, did  
16 Province -- did that number come directly from  
17 the debtor, or did Province provide any input on  
18 that debtor, whether through comparing it to  
19 precedent cases or otherwise?

20 A. That particular line item is  
21 calculated, I believe, as 3 percent of the total  
22 distributable value, which is consistent with  
23 what I personally used and seen in other  
24 liquidation analyses. So that assumption, to  
25 me, made sense.

1 Q. So that's fair. And it was  
2 probably a bad example, because we both know  
3 there's a statutory fee schedule for that.

4 How about for the wind-down  
5 costs?

6 A. The wind-down costs, those were  
7 amounts that were provided by management.

8 Q. I assume, but you tell me if you  
9 have a different understanding. But my  
10 understanding of that would be that's the cost  
11 for winding down the operations and business of  
12 the debtors, including hospitals?

13 MR. NEWMAN: Why can't you ask  
14 him what his understanding is as opposed to  
15 trying to verify your assumption. It just makes  
16 it easier.

17 BY MR. HARVEY:

18 Q. Okay. Let's go with, what's your  
19 understanding of what's captured in the line  
20 item of wind-down costs?

21 A. The cost of winding down the  
22 operations.

23 Q. We're on the same page.

24 So looking at the Chapter 11 --  
25 let me back up.

1                               So if the case were converted to  
2 Chapter 7, what would happen to the claims and  
3 causes of action the debtors may possess against  
4 third parties?

5                               MR. NEWMAN: You're asking him a  
6 hypothetical question?

7                               MR. HARVEY: Just based on his  
8 experience.

9                               MR. NEWMAN: He's not going to  
10 answer any hypothetical questions. Let's move  
11 on to the next question. He's not here as a  
12 hypothetical expert witness, whether he has the  
13 knowledge or doesn't have the knowledge.

14                              Again, you want to ask him how  
15 these numbers came to be, what's behind them,  
16 his understanding, done that ... frankly, I  
17 think the horse is dead and you're still kicking  
18 it, but I haven't stopped you.

19                              He's not going to answer  
20 hypotheticals. As you said, he's a fact  
21 witness.

22 BY MR. HARVEY:

23                              Q. You read the debtors' Chapter 11  
24 plan; correct?

25                              MR. NEWMAN: You asked that

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1 multiple times. Let's not ask him again. He's  
2 not answering it again. You've asked him  
3 multiple times.

4 BY MR. HARVEY:

5 Q. I'll ask him a hypothetical: Do  
6 you have a copy of the plan in front of you.

7 MR. NEWMAN: You can ask him a  
8 hypothetical. He's not going to answer a  
9 hypothetical.

10 MR. HARVEY: No, I'm going to ask  
11 him a very concrete question here.

12 BY MR. HARVEY:

13 Q. Do you have a copy of the plan in  
14 front of you?

15 A. I do.

16 Q. What have we marked that?

17 A. Rosen 1.

18 Q. Rosen 1. Okay. Just give me a  
19 moment to find a page in here.

20 MR. NEWMAN: If you are going to  
21 ask him what's in the plan, the black and white,  
22 you're wasting our time.

23 BY MR. HARVEY:

24 Q. If you can flip, please, to page  
25 95 of the plan. It's 102 of 133 at the top.

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1 A. Okay.

2 Q. You see that there's a list of  
3 Romanettes that list various things?

4 A. Yes.

5 Q. And do you see that the lead-in  
6 sentence of that says, "The retained causes of  
7 action preserved hereunder include without  
8 limitation the following claims, rights or  
9 causes of action."

10 Do you see that?

11 A. I do.

12 Q. And then there's a list of claims  
13 and causes of action. And if you want to take a  
14 minute to review those, please feel free, but  
15 I'll tell you what my question is going to be  
16 ahead of time.

17 If Chapter 11 cases are converted  
18 to Chapter 7, would these causes of action, to  
19 the best of your understanding, be property of  
20 the Chapter 7 estate and available to be pursued  
21 by the Chapter 7 trustee?

22 MR. NEWMAN: Not going to answer.  
23 Let's move on.

24 MR. HARVEY: Are you instructing  
25 him not to answer --



1 MR. NEWMAN: Yes, I am.

2 MR. HARVEY: -- on the basis of  
3 privilege?

4 MR. NEWMAN: You're asking a  
5 hypothetical question, you're wasting our time,  
6 and you're harassing the witness. Okay? This  
7 is not a Chapter 7; this is a Chapter 11. And  
8 what may happen in a hypothetical situation is  
9 not here for this fact witness.

10 MR. HARVEY: We are reviewing a  
11 liquidation analysis.

12 MR. NEWMAN: Ask him anything you  
13 want about the liquidation analysis.

14 MR. HARVEY: I'm asking him a  
15 question about the liquidation analysis.

16 MR. NEWMAN: No, you're not.

17 MR. HARVEY: I'm laying a  
18 foundation for it.

19 We're here on a comparison of  
20 the recoveries under Chapter 11 versus the  
21 recoveries under Chapter 7, and  
22 Section 1129(a)(7) of the bankruptcy code  
23 requires you and the debtors to put on evidence  
24 of and the Court to make findings on. So I'm  
25 asking evidentiary-based questions about this.

1 If the witness doesn't have an  
2 answer and he doesn't have an understanding, he  
3 can tell me that.

4 MR. NEWMAN: Why do you think  
5 this is the witness we're putting on?

6 MR. HARVEY: Well, he's a witness  
7 whose deposition I noticed.

8 MR. NEWMAN: I understand. But  
9 you're saying we have to put on proof.

10 MR. HARVEY: I've asked you if  
11 you're going to plan to put on a witness, and  
12 your interrogatory response was no. So have you  
13 updated your interrogatory response yet?

14 MR. NEWMAN: If you read the  
15 emails going back and forth, I said we haven't  
16 determined what expert, if any expert, we're  
17 going to put on. But with your colleague over  
18 here, I said, If you want to discuss it, we're  
19 happy to do that. I received no response to  
20 that.

21 We don't know who we are going to  
22 put on in terms of any expert witnesses for our  
23 burden of proof; and also the debtors have the  
24 burden of proof for these depositions.

25 MR. HARVEY: This is not an

1 expert question. This is just his  
2 understanding. Okay?

3 MR. NEWMAN: If you want to ask  
4 him, again, about the chart --

5 MR. HARVEY: David, I'll the ask  
6 the questions I want to ask.

7 MR. NEWMAN: Go ahead.

8 MR. HARVEY: If the witness  
9 doesn't understand, then he can tell me he  
10 doesn't understand. If the witness lacks  
11 knowledge, he can do it. You can stop coaching  
12 the witness to meet your objections, and we can  
13 get out of here a lot quicker.

14 MR. NEWMAN: Well, if your only  
15 interest is getting out of here quicker, that's  
16 your issue, not mine. Okay? So we're going to  
17 do the deposition the right way, however long it  
18 takes.

19 MR. HARVEY: I'm fine with that  
20 too.

21 MR. NEWMAN: Okay. So let's just  
22 not use that as an excuse to get out of here any  
23 quicker.

24 MR. HARVEY: I was trying to be  
25 accommodating of your schedule and your

1 witness's --

2 MR. NEWMAN: I want you to do the  
3 right thing and not worry about accommodating  
4 us.

5 MR. HARVEY: Okay. I appreciate  
6 that.

7 MR. NEWMAN: Our goal here is for  
8 this witness to testify what he can testify to.  
9 You didn't ask him if he prepared anything in  
10 the plan that you're asking him about. Okay?

11 MR. HARVEY: Irrelevant to my  
12 question.

13 MR. NEWMAN: If it's irrelevant  
14 then don't show him the plan. Just ask him the  
15 questions in terms of the numbers --

16 MR. HARVEY: You told me I was  
17 asking him hypotheticals, so I'm giving him a  
18 concrete list of things so it's no longer a  
19 hypothetical, David.

20 MR. NEWMAN: It's a  
21 hypothetical --

22 MR. HARVEY: David, do you want  
23 me to swear you in and you can be the witness?

24 MR. NEWMAN: I'd love to do that,  
25 because --

1 MR. HARVEY: Everything I've  
2 heard so far is that an attorney from your firm  
3 is going to have to be the fact witness at  
4 confirmation, because everything is privileged.

5 MR. NEWMAN: I guess you'll have  
6 to take care of that, and if you want to  
7 subpoena them, go subpoena them.

8 MR. HARVEY: Let's get back to  
9 the question.

10 MR. NEWMAN: Okay, I'm ready.

11 BY MR. HARVEY:

12 Q. Do you remember the question?

13 MR. NEWMAN: I don't remember the  
14 question, so if you can have the court reporter  
15 read it back, please.

16 MR. HARVEY: Gail, do you mind  
17 reading that question back, if you can find it.

18 (Record read as follows: "If  
19 Chapter 11 cases are converted to  
20 Chapter 7, would these causes of  
21 action, to the best of your  
22 understanding, be property of the  
23 Chapter 7 estate and available to be  
24 pursued by the Chapter 7 trustee?")

25 MR. NEWMAN: So as we discussed

1 before, this witness, we all agreed is --  
2 whatever his testimony is, is not binding on the  
3 committee; correct?

4 MR. HARVEY: He is not the  
5 committee's representative as a 30(b)(6), so you  
6 are correct.

7 MR. NEWMAN: It's not binding the  
8 committee in any way, shape or form, whether  
9 he's a I 30(b)(6) or not. He's here as an  
10 individual. His testimony stands solely as an  
11 individual and not binding either Province or  
12 the committee.

13 If we agree on that, I'll let him  
14 answer.

15 MR. HARVEY: I agree that he is  
16 not a 30(b)(6) representative of either of them.

17 MR. NEWMAN: His testimony does  
18 not bind them.

19 MR. HARVEY: I agree that under  
20 your interpretation of the rule, he is not  
21 binding either of those entities for purposes of  
22 the 30(b)(6) deposition.

23 MR. NEWMAN: No, I'm not asking  
24 what my interpretation is. I'm trying to get to  
25 a stipulation with you. So I'll let him answer.

1 Okay?

2 MR. HARVEY: Let's let him  
3 answer. I'll agree with you, assuming we can  
4 move forward.

5 MR. NEWMAN: Let's go.

6 A. Yes, that is my understanding.

7 BY MR. HARVEY:

8 Q. It would be available to a  
9 Chapter 7 trustee?

10 A. Yes.

11 Q. Thank you.

12 So turning back to the  
13 liquidation analysis, if you look at the row of  
14 causes of action here and Sources of Recovery,  
15 on the right, as you get over to Chapter 7  
16 recovery, it says, high and low are both N/A,  
17 and then recovery range is both zero for both.

18 What's the basis for concluding  
19 that the causes of action would be zero dollars  
20 in the hands of a Chapter 7 trustee.

21 MR. NEWMAN: Can you just ask him  
22 first who came up with that information. Do you  
23 mind doing that?

24 MR. HARVEY: I'm happy to do  
25 that.

1 BY MR. HARVEY:

2 Q. Let me start over.

3 First question: Province  
4 prepared this document; correct?

5 MR. NEWMAN: We've been through  
6 that. We'll stipulate to that.

7 BY MR. HARVEY:

8 Q. Okay. So who came up with the  
9 numbers, the "N/A" and the zeros in the four  
10 right-hand columns of the row of Causes of  
11 Action here for Chapter 7 recovery?

12 A. I don't recall where those  
13 assumptions came from.

14 Q. Sitting here today, do you agree  
15 with those assumptions? Agree with the  
16 conclusion here that it's zero dollars?

17 MR. NEWMAN: Objection as to  
18 form.

19 You can answer if you know.

20 A. We haven't -- Province hasn't  
21 done an analysis, investigation, or valuation of  
22 cause of action.

23 BY MR. HARVEY:

24 Q. Going back down to the Chapter 7  
25 professional fees and wind-down costs as



1 expenses, do you know whether either of those  
2 line items include costs of pursuing causes of  
3 action?

4 A. I don't believe there's anything  
5 specific related to cause of action in there.  
6 My understanding is that the professional fees  
7 that are -- it's a general professional fee  
8 basket, if you will, for whoever the Chapter 7  
9 trustee would retain.

10 Q. So to your knowledge, there's  
11 nothing included in there for litigation costs  
12 for pursuing causes of action?

13 MR. NEWMAN: Madam Reporter, can  
14 you read back the last answer the witness gave,  
15 please.

16 (Whereupon, the transcript was read  
17 back by the court reporter as  
18 requested.)

19 MR. NEWMAN: Did you not hear  
20 that answer, sir?

21 MR. HARVEY: I did. I'm asking a  
22 clarifying question.

23 MR. NEWMAN: Is there anything  
24 that's not clear about that answer?

25 MR. HARVEY: My question was:

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1 "So to your knowledge, there's nothing included  
2 in there for litigation costs for pursuing  
3 causes of action?"

4 MR. NEWMAN: You can answer it  
5 again.

6 A. There's nothing explicitly baked  
7 into those numbers.

8 BY MR. HARVEY:

9 Q. Okay. So there's nothing in  
10 terms of a recovery on causes of action, and no  
11 specific line item for a cost of pursuing causes  
12 of action?

13 MR. NEWMAN: Hold on.

14 BY MR. HARVEY:

15 Q. Do I have that; right?

16 MR. NEWMAN: Excuse me,  
17 Mr. Harvey. I don't know what the issue is here  
18 and you're not understanding the witness, not  
19 hearing the witness. But he answered it. He  
20 answered it twice. And then you asked him again  
21 to bring it back to satisfy your understanding.

22 MR. HARVEY: I'm tying the  
23 answers together.

24 MR. NEWMAN: He answered both  
25 individually. All right? You're talking about

1     wasting our time. He answered the question.

2     He's not going to change his answer in the span  
3     of 45 seconds because you asked him a third  
4     time.

5                     MR. HARVEY: That was a yes-or-no  
6     question and you've now spent twice as much  
7     time --

8                     MR. NEWMAN: It doesn't make a  
9     difference. You don't seem to understand my  
10    position. It's not whether -- how long it --

11                    MR. HARVEY: I understand your  
12    position.

13                    MR. NEWMAN: Let me speak.

14                    MR. HARVEY: Okay, go ahead.

15                    MR. NEWMAN: It's not how long it  
16    takes; you've got to do it the right way. So  
17    whether it's short or long doesn't give you the  
18    right to ask the same question three times,  
19    okay?

20                    MR. HARVEY: Do you want to go to  
21    the judge say I'm harassing the witness based on  
22    that question?

23                    MR. NEWMAN: I will go to the  
24    judge and stand by you're harassing the witness  
25    based on a lot of questions.

1 MR. HARVEY: Do we have a video  
2 of this, Gail?

3 MR. NEWMAN: The video is only of  
4 the witness. The video should not be of  
5 everyone in the room.

6 MR. SPATHIS: Actually, it's the  
7 witness and you, and that's going to be very  
8 helpful.

9 MR. HARVEY: Yeah, I just want to  
10 make sure, because --

11 MR. NEWMAN: You can do whatever  
12 you want to make sure, Mr. Harvey. You've asked  
13 the question multiple times. I stand behind it,  
14 whether I'm on the video or not on the video.  
15 Okay?

16 It's a professional man.  
17 All right? He's here because -- we also put him  
18 forward because you named the wrong person. So  
19 as an accommodation, he's here. Don't ask him  
20 three times.

21 MR. HARVEY: That's actually a  
22 good point, because you told me that I should  
23 ask this gentleman questions, and now you're  
24 telling me -- you're hassling me over what  
25 capacity I'm asking questions and then telling

1 me he's not the right witness to ask questions  
2 of.

3 MR. NEWMAN: That's not what I  
4 said, sir. I said he's here in his individual  
5 capacity. I didn't say you can't ask him  
6 questions unless the questions are  
7 inappropriate.

8 So, again, you can have the  
9 colloquy. You can just go on to the next  
10 question. But you've asked him three times.  
11 I've had the reporter read it back.

12 You keep on saying, I want to be  
13 pleasant to the witness, you understand his time  
14 is valuable, but then you do the same thing over  
15 and over again. It's a good tactic, but on the  
16 other hand, it's the same question.

17 MR. HARVEY: It's not a tactic.  
18 I'm trying to tie the last two answers together,  
19 which is a reasonable question.

20 MR. NEWMAN: He answered those  
21 questions separately. To ask him as a compound  
22 question doesn't make it any better.

23 MR. HARVEY: We've now spent  
24 three minutes on this colloquy when he could  
25 have answered yes-or-no question.

1 MR. NEWMAN: And if you didn't  
2 ask him the question in the first place, which  
3 was inappropriate, we wouldn't have the  
4 colloquy. So just ask the next question,  
5 please, sir.

6 MR. HARVEY: I'd like an answer  
7 to my pending question, please.

8 THE WITNESS: Can you please  
9 repeat your question.

10 MR. HARVEY: Give me one second.

11 BY MR. HARVEY:

12 Q. So there's nothing in terms of a  
13 recovery on causes of action and no specific  
14 line item for a cost of pursuing causes of  
15 action; is that correct?

16 A. There's nothing explicitly  
17 included in that scenario, no.

18 Q. Thank you.

19 The last line here in the  
20 Sources of Recovery in the original liquidation  
21 analysis, "Estimated Value of Distribution to  
22 Beneficiaries of Litigation Trust."

23 Do you see that there?

24 A. I do.

25 Q. And I see a low range of

1 1.25 million and a high range of 2.5 million.

2 What's the basis for those  
3 figures?

4 MR. NEWMAN: Can you just ask him  
5 if he provided those figures or whether  
6 [inaudible] and then you can follow up on it.

7 MR. HARVEY: Sure.

8 BY MR. HARVEY:

9 Q. Who provided those figures?

10 A. I don't recall where those  
11 assumptions came from.

12 Q. Putting that aside, do you have  
13 any understanding as to the basis for those  
14 figures?

15 A. Not that I recall, no.

16 Q. Okay. I have for now at least  
17 one more question on this -- on this the  
18 liquidation analysis, the first one. We'll  
19 start with the first one.

20 So in the first liquidation  
21 analysis here at the bottom there's Classes 3  
22 through 12; is that right?

23 A. Yes.

24 Q. And I'm correct there's 14  
25 classes in the plan; right? If you need to look

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1 at the plan, it starts on page 4 in there, if  
2 you'd like to take a look.

3 A. Yes, I believe so.

4 Q. Is there any reason why this  
5 analysis doesn't include recoveries or line  
6 items for Classes 13 and 14?

7 MR. NEWMAN: Objection; lacks  
8 foundation.

9 You can answer.

10 Just as a matter of  
11 clarification --

12 A. I don't recall why --

13 (Indiscernible cross-talk.)

14 (Interruption by the court reporter  
15 to clarify the record.)

16 MR. NEWMAN: Just as a matter of  
17 clarification, would you ask him, if you  
18 wouldn't mind, who provided that information,  
19 just so, again, we know whether it came from A,  
20 B or C.

21 BY MR. HARVEY:

22 Q. I think you were going to answer  
23 my question to begin with, and I'm happy to  
24 clarify something if we need to.

25 MR. NEWMAN: I'm asking you, as a



1 courtesy, to clarify.

2 MR. HARVEY: Let me let him  
3 finish the pending question, and then I can ask  
4 the question as a follow-up.

5 A. I don't recall why those classes  
6 aren't listed on this for certain.

7 BY MR. HARVEY:

8 Q. Who provided the list of classes  
9 here?

10 A. The classes were -- should have  
11 been taken from the plan.

12 Q. So it would have just been  
13 someone on the Province team looking at the  
14 classes in the plan?

15 A. I believe so, yes.

16 Q. Have you heard the name Hudson  
17 Regional Hospitals, LLC before?

18 A. I have.

19 Q. What do you understand that --  
20 who do you understand that entity to be?

21 A. Can you clarify in what context  
22 you're referring to?

23 Q. Let me be more specific.

24 What is Hudson Regional  
25 Hospital's connection to the CarePoint

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1     bankruptcy cases?

2                   A.     They are a DIP lender. They are  
3     a landlord. They are a proposed acquirer.

4                   Q.     Do you know what the amount of  
5     HRH's -- I'm sorry. If I use the term "HRH" to  
6     refer to Hudson Regional Hospitals and its  
7     affiliates, is that clear to you?

8                   A.     Yes, it is.

9                   Q.     Do you know the amount of HRH's  
10    claim in the bankruptcy case?

11                  A.     I believe it's approximately  
12    \$110 million.

13                  Q.     And do you have an understanding  
14    of the components of that claim?

15                         MR. NEWMAN: Objection as to  
16    form.

17                         You can answer.

18                  A.     I believe so, yes.

19    BY MR. HARVEY:

20                  Q.     Can you provide me with a  
21    breakdown of how you arrived at the \$110  
22    million?

23                         MR. NEWMAN: I'm sorry. How -- ?

24    BY MR. HARVEY:

25                  Q.     How you arrived at the

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1     \$110 million? Put differently, the components  
2     of that \$110 million claim.

3                   MR. NEWMAN: You're asking how he  
4     arrived at that number?

5                   MR. HARVEY: He said he had an  
6     understanding of the claim, so whatever his  
7     understanding of his -- how that claim computes  
8     to \$110 million, the components of it.

9                   MR. NEWMAN: Okay.

10                  A. Approximately \$67 million of DIP  
11     funding. There's, I believe, 31 or 34 million  
12     of a judgment in lease arrears.

13                   There's approximately 6.1 or  
14     6.2 million of prepetition debt they acquired  
15     from Capitala.

16                   There's a probably \$750,000 exit  
17     fee that they're owed in connection with the  
18     CarePoint DIP.

19                   I believe those are the main  
20     components. I may be missing one, but I think  
21     those are the main components.

22     BY MR. HARVEY:

23                  Q. My rough math is that gets to  
24     roughly \$110 million.

25                  A. Okay.

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1 Q. Appreciate that. Thank you.

2 How much of the DIP -- is the  
3 \$67 million of the DIP the amount that's  
4 currently drawn on the DIP?

5 A. No.

6 Q. Do you know what the currently  
7 drawn amount on the DIP is?

8 A. As of, I believe, two weeks ago,  
9 I believe there's approximately \$31 million  
10 outstanding in aggregate.

11 Q. Okay. And what's the burn --  
12 what's the draw rate? What's the average draw  
13 on the DIP per week, if you know?

14 A. It's hard to look at it that way  
15 in terms of an average because the DIP draws  
16 fluctuate.

17 Q. Let me ask it a different way.

18 Do you have an understanding or a  
19 projection of what the drawn amount of the DIP  
20 will be as of the confirmation hearing on  
21 March 11th and 12th?

22 A. Yes, we understand that the DIPs  
23 will be fully drawn and utilized to cover the  
24 cash burn and satisfy outstanding administrative  
25 claims prior to the effective date.

1 Q. So let me unpack that question.

2 When you get to the confirmation  
3 hearing, before satisfying any outstanding  
4 administrative claims or other conditions to the  
5 effective date, do you have an estimate of what  
6 the drawn amount of the DIP will be?

7 A. I don't recall what the latest  
8 cash forecast shows in terms of what the debtors  
9 believe the outstanding amount will be.

10 Q. Would it be plus or minus 40?

11 MR. NEWMAN: Objection as to  
12 form. You can answer as long as you're not  
13 guessing.

14 A. I believe it will be in excess of  
15 \$40 million.

16 BY MR. HARVEY:

17 Q. Plus or minus 45 million?

18 MR. NEWMAN: Same objection.  
19 You can answer.

20 A. My estimate is that it would be  
21 in excess of \$45 million.

22 BY MR. HARVEY:

23 Q. Would it be in excess of  
24 50 million?

25 MR. NEWMAN: Same objection.

1                               You may answer.

2                               A.     I don't know. It depends on a  
3     number of factors.

4     BY MR. HARVEY:

5                               Q.     I understand. Obviously it  
6     depends on the needs of the business and other  
7     factors. Just trying to get a best sense of  
8     what the anticipated drawn amount is as we get  
9     to March 11.

10                              MR. NEWMAN: He's given that to  
11     you. You've asked him that question. He's  
12     answered. You made a statement. Is there  
13     another question?

14     BY MR. HARVEY:

15                              Q.     Well, do I understand it  
16     correctly, and maybe the best way to  
17     characterize it, is it's somewhere between  
18     45 and 50 million? I'm not holding you to that  
19     number.

20                              MR. NEWMAN: Objection as to  
21     form.

22                              You may answer.

23                              A.     Based on discussions with  
24     management and the debtors' advisor, it's our  
25     expectation that the DIP will be fully drawn or

1 fully utilized to cover cash flow, losses, the  
2 burn, and other emergence costs.

3 BY MR. HARVEY:

4 Q. I understand it would be used to  
5 cover emergence costs. I'm trying to figure  
6 out, when we get to March 11th -- the plan  
7 won't have been approved yet -- what's the drawn  
8 amount on the DIP at that date? I understand  
9 some of the DIP will be used for effective date  
10 closing items. But what's the drawn amount on  
11 the DIP as of, call it March 10th?

12 MR. NEWMAN: You've asked him  
13 multiple questions on that issue. He gave you  
14 specific numbers.

15 MR. HARVEY: I don't think he  
16 did.

17 MR. NEWMAN: He gave you specific  
18 numbers to the extent he says the expectation  
19 will be projected, management has discussed with  
20 us. That's what he's given you.

21 MR. HARVEY: He said he expected  
22 it to be above 45 million; he wasn't sure if it  
23 would be above 50. And then he said, with all  
24 of the amounts that need to get to closing, the  
25 effective date, it will fully drawn of the

1 67 million.

2 I'm trying to figure out, at an  
3 earlier point in time, on March 11th, is it  
4 going to be then in the 40- to 50- range, or  
5 some other number, or is it going to be the full  
6 67-?

7 MR. NEWMAN: You said you're not  
8 holding him to it, so you're asking him to  
9 guess.

10 You can do it again, answer  
11 again.

12 Objection. You may answer.

13 A. I don't know. I'd need to see a  
14 revised cash forecast from the debtors.

15 BY MR. HARVEY:

16 Q. Okay. Did the committee do any  
17 analysis of the amount of the consent judgment?  
18 Yes-or-no question.

19 MR. NEWMAN: Hold on.

20 You're asking if the committee  
21 did; not Province.

22 Okay. You can answer that "yes,"  
23 "no," or "I don't recall."

24 A. I don't recall.

25



1 BY MR. HARVEY:

2 Q. Did Province do any analysis of  
3 the amount of the consent judgment?

4 A. Not that I recall, no.

5 Q. Do you know if Sills Cummis did  
6 any analysis of the amount of the consent  
7 judgment?

8 A. Not that I recall.

9 Q. Am I correct that the plan  
10 releases the debtors' and the states' claims and  
11 causes of action against HRH and its affiliates?

12 MR. NEWMAN: Hold on a second.

13 Madam Reporter, can you read that  
14 back, please.

15 (Whereupon, the transcript was read  
16 back by the court reporter as  
17 requested.)

18 MR. NEWMAN: Mr. Harvey, I won't  
19 say with due respect: The plan says what the  
20 plan says.

21 Now you're asking his  
22 understanding. You want to show him the  
23 provision in the plan. It says what it says,  
24 and you can see if it's consistent with his  
25 belief. Otherwise, you're just asking him, as

1 an individual, doesn't bind anybody, when the  
2 plan is clear who it releases.

3 MR. HARVEY: I'm asking his  
4 personal knowledge, his personal understanding.

5 MR. NEWMAN: His personal  
6 understanding, binding nobody?

7 MR. HARVEY: Sure.

8 MR. NEWMAN: Sure, go ahead.  
9 Your personal understanding if you have one.

10 A. That is my understanding.

11 BY MR. HARVEY:

12 Q. To your knowledge, has anyone on  
13 behalf of the -- the committee itself, Province,  
14 Sills or any other professional for the  
15 committee -- done an investigation of potential  
16 claims and causes of action against HRH?

17 MR. NEWMAN: Hold on a second.

18 You can answer "yes," "no," or "I  
19 don't recall."

20 A. I don't recall.

21 BY MR. HARVEY:

22 Q. Are you aware that HRH purchased  
23 an option to acquire the land on which Christ  
24 Hospital sits?

25 A. Yes, I recall seeing that.

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1 Q. Do you have a view on the value  
2 of that land?

3 MR. NEWMAN: Hold on.

4 MR. HARVEY: Just a yes-or-no  
5 question.

6 MR. NEWMAN: You may answer.

7 Again, just want to be clear,  
8 you're asking his individual capacity. Not as a  
9 representative of Province, just in his  
10 individual capacity if he has an idea what the  
11 value is; right?

12 MR. HARVEY: Yes.

13 A. I do not. Province -- neither  
14 myself nor anyone in Province did any valuation  
15 of the land.

16 BY MR. HARVEY:

17 Q. Have you ever seen an appraisal  
18 for it?

19 A. I thought there were -- if I'm  
20 not mistaken, I thought there were certain  
21 materials that were attached to one of the  
22 parties' objections that were included in an  
23 exhibit that included some valuation -- some  
24 valuation work. I can't recall specifically  
25 what those numbers were or what they were

1     attributable to.

2                   Q.     So you recall there may have been  
3     an appraisal you saw, but you don't recall any  
4     of the dollar amounts?

5                   A.     I don't recall the specifics of  
6     it, no. That's not something that we focused  
7     on.

8                   Q.     And you said neither yourself nor  
9     anyone at Province, to your knowledge, did a  
10    valuation of the land. Did I get that right?

11                  A.     Yes, that's correct.

12                  Q.     Do you know whether anyone else  
13    on behalf of the committee, anyone from the  
14    committee themselves or any other professional,  
15    conducted such a valuation or an appraisal?

16                         MR. NEWMAN: You can answer  
17    "yes," "no," or "I don't recall" for starters.

18                  A.     Not that I'm aware of. I don't  
19    recall.

20    BY MR. HARVEY:

21                  Q.     And I'm happy to walk you through  
22    the plan on this. But if we don't want to get  
23    bogged down in the documents, I'm happy to just  
24    ask you questions, but I'll start with the  
25    high-level question:

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1 Do you have an understanding of  
2 what HRH's recovery under the plan is on account  
3 of its claims?

4 MR. NEWMAN: Hold on a second.  
5 Take a five-minute break, please. I'm not going  
6 to speak to him. I want to speak with my  
7 partners.

8 MR. HARVEY: Okay.

9 MR. NEWMAN: We're off the  
10 record.

11 - - -

12 (Whereupon, a short recess was  
13 taken.)

14 - - -

15 BY MR. HARVEY:

16 Q. Before we get into any pending  
17 question, did you speak with anyone during the  
18 break?

19 A. No, I did not.

20 Q. Thank you. I'm going to go back  
21 and read my -- I think this is my pending  
22 question:

23 Do you have an understanding of  
24 what HRH's recovery under the plan is on account  
25 of its claims?

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1 MR. NEWMAN: Objection to form.

2 You may answer.

3 A. Can you define "recovery."

4 BY MR. HARVEY:

5 Q. What it's getting in exchange for  
6 its claims.

7 A. It's receiving an exit facility  
8 in the principal amount of their claim.

9 Q. And that's the approximately  
10 \$110 million?

11 A. Yes.

12 Q. And am I right that the plan  
13 projects a 100 percent recovery on that  
14 \$110 million claim?

15 MR. NEWMAN: Objection as to form  
16 as to whether you're right or wrong, but you can  
17 give your understanding.

18 A. Yes, my understanding is the  
19 principal amount of the exit facility they're  
20 receiving is equal to the principal amount of  
21 their claim.

22 BY MR. HARVEY:

23 Q. Do you have any familiarity with  
24 the terms of that exit facility?

25 A. Only to the extent that -- what I

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1 read in the plan supplement.

2 Q. Were you involved in negotiating  
3 at all?

4 A. I was not.

5 Q. Was anyone else from Province  
6 involved in negotiating it?

7 A. Not that I'm aware of, no.

8 Q. Okay. Are you aware of whether  
9 HRH is receiving anything else under the plan on  
10 account of its allowed under-\$10-million claim?

11 A. Not that I'm aware of.

12 Q. Is HRH taking ownership of the  
13 Bayone Hospital?

14 A. Define "ownership."

15 Q. Are they going to own the equity  
16 in the Bayone Hospital if the plan goes  
17 effective?

18 A. Yes, that's my understanding.

19 Q. And we can flip through the plan,  
20 like I said, if you want. My understanding is  
21 that they were acquiring that through a credit  
22 bid of approximately \$32 million.

23 Does that comport with your  
24 understanding of how they are acquiring the  
25 Bayone Hospital?

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1 MR. NEWMAN: Objection to form.

2 You can answer.

3 A. I don't recall.

4 BY MR. HARVEY:

5 Q. Okay. Let me see if I can  
6 refresh your recollection on -- just one second.

7 MR. NEWMAN: Can I ask a  
8 question? Does it make a difference what his  
9 understanding is, if the plan says that's as you  
10 represent?

11 BY MR. HARVEY:

12 Q. This will take just one moment.  
13 If you can flip to page 87 of the plan -- sorry,  
14 it's probably 89 of the plan, starting at the  
15 bottom of 88.

16 A. 89 of 133?

17 Q. At the bottom, it's 95 of 133.

18 A. Okay.

19 Q. And here it says -- and this  
20 is -- if you want to flip to the prior page,  
21 I'll represent to you it's under a section  
22 titled "Potential Alternative Transactions."

23 A. Yes.

24 Q. And beginning at the bottom of  
25 page 88, it says -- and if you want to read it



1 to yourself, happy to have you read it to  
2 yourself. If you want me to read it or if you'd  
3 like to read it into the record, however, you'd  
4 like to proceed.

5 MR. NEWMAN: Do you want to ask  
6 him the question so when he reads it, he knows  
7 the context?

8 BY MR. HARVEY:

9 Q. Yeah, my question is whether this  
10 paragraph provides that HRH is credit bidding  
11 effectively \$32.7 million of its debt to acquire  
12 ownership of the Bayone Hospital.

13 MR. NEWMAN: So, Mr. Harvey,  
14 after several hours of sitting here, you want  
15 this gentleman, who probably bills out at an  
16 hourly rate close to ours, to tell you whether  
17 the black and white says what it says?

18 I mean, I just want to  
19 understand, because we're here for a long period  
20 of time --

21 MR. HARVEY: Well, I asked him  
22 what his understanding of it was, and he's not  
23 sure. So I'm asking him to take a look at this  
24 and see if it refreshes his recollection.

25 MR. NEWMAN: Does it make a

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1 difference anywhere?

2 MR. HARVEY: It does to me.

3 MR. NEWMAN: To you? Does it  
4 make a difference in the case?

5 MR. HARVEY: Yes.

6 A. Yes, that's correct. That does  
7 refresh my recollection.

8 BY MR. HARVEY:

9 Q. So it reflects a \$32.7 million  
10 credit bid of the debt for the acquisition of  
11 Bayone?

12 MR. NEWMAN: Objection as to  
13 form. Now you're harassing the witness.

14 But you can answer.

15 A. Yes, with respect to Bayone.

16 BY MR. HARVEY:

17 Q. Do you know whether the  
18 \$110 million that is being rolled into an exit  
19 facility, whether there's been any credit  
20 against that for the \$32 million credit bid?

21 A. Can you clarify your question.

22 Q. Sure.

23 So have you advised the company  
24 or creditors' committee in connection with the  
25 sale of assets where a credit bid was involved

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1 before?

2 MR. NEWMAN: You're asking him  
3 has he ever advised or did he advise this  
4 committee?

5 BY MR. HARVEY:

6 Q. Yes. Have you ever been involved  
7 in a case where you advised a debtor, creditors'  
8 committee, or another party in connection with  
9 the sale of assets where the purchase price  
10 consideration involved a credit bid?

11 MR. NEWMAN: I don't think he's  
12 going to be here to testify about a situation  
13 where he gave advice. If you want to ask him  
14 what happened in this case, happy to have him do  
15 that.

16 MR. HARVEY: I'm not asking for  
17 the advice he gave; I'm asking if he's ever been  
18 involved.

19 BY MR. HARVEY:

20 Q. I'm trying to establish -- and we  
21 can cut through this -- do you know what a  
22 credit bid is?

23 A. Yes, I do.

24 MR. NEWMAN: Hallelujah.

25

1 BY MR. HARVEY:

2 Q. And so if a creditor credit bids  
3 their debt to acquire assets, whatever the  
4 amount of that credit bid is would result in a  
5 dollar-for-dollar reduction of their debt  
6 against the debtor from whom they're acquiring  
7 those assets; is that right?

8 MR. NEWMAN: You're asking a  
9 hypothetical question?

10 MR. HARVEY: No, I'm asking how  
11 credit bids work, to his understanding.

12 MR. NEWMAN: Why don't you just  
13 ask him in this case? Why is that so hard for  
14 you?

15 MR. HARVEY: Because he said he  
16 didn't understand my question.

17 MR. NEWMAN: Well, I don't  
18 understand your question because it's  
19 hypothetical. So I'm saying, in this case, why  
20 don't you ask him what happens in this case.

21 MR. HARVEY: That's what I did  
22 ask him.

23 BY MR. HARVEY:

24 Q. In this case, HRH has  
25 \$110 million allowed claim. It's credit-bidding

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1     \$32.7 million of debt to acquire Bayone. I'm  
2     asking if that \$32.7 million is being credited  
3     against 110 million to reduce the \$110 million  
4     claim.

5                     MR. NEWMAN: Just your  
6     understanding, sir, if you have one.

7                     A. My understanding is that 32- of  
8     the 110- is being credit bid.

9     BY MR. HARVEY:

10                    Q. And so would the exit facility  
11     then be \$110 million, or would it then be, if my  
12     math is correct -- I'll round up to 33  
13     million -- so would it then be \$77 million to  
14     reflect the reduction for the credit bid?

15                    MR. NEWMAN: Objection as to  
16     form.

17                    You can answer.

18                    A. I don't recall. My recollection  
19     is there's a facility, did not include dollar  
20     amounts of what the size of the facility would  
21     be.

22     BY MR. HARVEY:

23                    Q. It doesn't include dollar  
24     amounts, to your recollection?

25                    A. I don't recall the exit facility

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1 including the specific dollar amount of what the  
2 aggregate size of the facility would be.

3 Q. Do you mind if we take a look at  
4 the exit credit facility?

5 A. Sure.

6 Q. You still have that very large  
7 document, the plan supplement, in front of you?

8 A. I do.

9 Q. This one is easier to find  
10 because it has very unique font. It's the one  
11 that has the Docket ID of 730-5 at the top.  
12 It's Exhibit E. Maybe halfway through.

13 Are you there?

14 MR. NEWMAN: Is there a  
15 particular page of the document?

16 BY MR. HARVEY:

17 Q. It's 730-5, and it's page 1 of  
18 83, which is the Exhibit E page. You're at the  
19 document. You're there with me, okay.

20 The very first page of the  
21 document entitled "Exit Facility Credit and  
22 Security Agreement." Do you see at the bottom  
23 there's a "whereas" clause, it's one of the  
24 lengthier ones on the page, the very last  
25 "whereas" clause?

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1 A. Yes.

2 BY MR. HARVEY:

3 Q. And then do you see -- if you  
4 want to take time to read the whole thing, let  
5 me know, but I am going to direct your attention  
6 to Romanette i. Begins with "All allowed HRH  
7 claims."

8 Do you see that?

9 A. Where are you?

10 Q. The last "whereas" clause on  
11 page 1.

12 A. Yes, I see it.

13 Q. And so the lead-in to that  
14 says -- and there's some verbiage I'm happy to  
15 read. But it says:

16 "Pursuant to the plan of  
17 reorganization -- the plan of  
18 organization -- the borrowers and  
19 the lenders have agreed that (i) all  
20 allowed HRH claims including,  
21 without limitation, the DIP loans  
22 and the other loans, debts,  
23 obligations and liabilities owed by  
24 the borrowers of their affiliates to  
25 the lender and its affiliates set

1           forth in the plan of reorganization  
2           in the aggregate amount of" -- and  
3           then it says blank dollars -- again,  
4           the repeated blank "will be  
5           converted hereby into a term loan  
6           owed by the borrowers to the lender  
7           hereunder." And that's defined as  
8           the "roll-up loan."

9                       Do I have that right?

10           A.     Yes.

11           Q.     Okay. If you would flip then --  
12           actually, let's stay on this paragraph for  
13           completeness.

14                       If you flip to -- if you start  
15           reading Romanette ii, it says:

16                       "The existing DIP credit  
17           agreement, except for those  
18           provisions contained therein which  
19           relate to the grant of liens and  
20           security interests to the lender and  
21           all of the lender's rights and  
22           remedies with respect thereto, will  
23           be superseded and replaced in its  
24           entirety by this agreement."

25                       Do you see that second



1 Romanette?

2 A. I do.

3 Q. And then the third Romanette  
4 says:

5 "The lender will provide a,  
6 quote/unquote, new money term loan  
7 to borrowers in aggregate principal  
8 amount of blank dollars" -- again,  
9 with the dollar to be expressed in  
10 numerals, in blank.

11 And then it says that's defined  
12 as the new money loan; and together with the  
13 roll-up loan, defined on the prior page, they  
14 are the exit loans.

15 Do you see that?

16 A. Yes.

17 Q. And then collectively it goes on  
18 and says that they're combined collectively as  
19 "the exit facility."

20 Do I have that right?

21 A. Yes.

22 Q. Okay. So turning back to  
23 Romanette i, it begins with, "All allowed HRH  
24 claims," and I'm going to characterize it here.  
25 It says they're going to be rolled up into part

1 of the exit facility.

2 Do you disagree with that  
3 characterization?

4 MR. NEWMAN: Objection as to  
5 form. It says what it says.

6 You can answer.

7 A. That's my understanding of what  
8 the provision says.

9 BY MR. HARVEY:

10 Q. Okay. So if you flip to the  
11 definitions here -- and it should be one of the  
12 earlier ones because it begins with the word  
13 "A." I think it's page 3 here.

14 At the bottom of the page,  
15 there's a defined term, and it says, "Allowed  
16 HRH claims."

17 A. Yes.

18 Q. And that's says, "Shall mean all  
19 allowed," quote/unquote, and then the term "HRH  
20 claims" also in quotes, "as such terms are  
21 defined in the plan of reorganization."

22 Do you see that?

23 A. I do.

24 Q. Okay. So I want to flip  
25 momentarily back to the plan of reorganization,

1 because we are cross-referencing the definition  
2 here now.

3 If you look at the plan of  
4 reorganization -- I have misplaced it. Give me  
5 one second.

6 I want to go first to -- if you  
7 go first -- because there are two defined terms.  
8 There's the term "allowed" and the term  
9 "HRH claims." Let's start with the term "HRH  
10 claims," right? And that is a page 19 on the  
11 bottom, 26 of 133 on the top. And it's in a  
12 Section 1.90. Let me know when you're there.

13 A. I'm there.

14 Q. And you can take time to read  
15 this whole definition if you want, but I think  
16 the meat and potatoes here is, at the bottom.  
17 It says:

18 "Provided, however, that the  
19 HRH claims shall be deemed allowed  
20 in the approximate estimated amount  
21 of \$110 million for all purposes  
22 under the plan, subject to final  
23 reconciliation as set forth in the  
24 HRH exit facility credit agreement  
25 except as provided in Article IX.C

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1 of the plan."

2 Do you see that?

3 A. I do.

4 Q. From that do you have an  
5 understanding that the allowed HRH claims that  
6 are being rolled into the exit facility is  
7 \$110 million?

8 MR. NEWMAN: Objection as to  
9 form.

10 You can answer.

11 A. My understanding is that one  
12 component of the exit facility is the  
13 \$110 million.

14 BY MR. HARVEY:

15 Q. So then going back, is there  
16 crediting of the \$32.7 million credit bid for  
17 Bayone against that \$110 million?

18 MR. NEWMAN: That was asked and  
19 answered. If you have a different answer, you  
20 can give it now.

21 A. Are you asking me if the  
22 \$32 million credit bid reduces the amount of  
23 what's defined as the roll-up loan in the exit  
24 document? That's not my understanding.

25 Q. So the -- so to clarify, HRH will

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1 receive Bayone, and then it will also receive an  
2 allowed \$110 million claim that rolls into an  
3 exit facility?

4 MR. NEWMAN: He's asking your  
5 understanding.

6 A. My understanding is that a  
7 component \$110 million claim is what's being  
8 credited.

9 BY MR. HARVEY:

10 Q. But then there's no deduction  
11 from the \$110 million that's rolling into the  
12 exit facility for that amount that's been  
13 credited?

14 A. My understanding -- and I was not  
15 involved in the drafting or negotiation of the  
16 exit facility or the plan -- is that the roll-up  
17 loan, as defined in the exit facility, is  
18 contemplated to be approximately \$110 million.

19 Q. I'm sorry, I'm not trying to be  
20 repetitive here. Without a reduction of that  
21 amount for whatever is credit bid for Bayone?

22 A. Correct. That's my  
23 understanding.

24 Q. I appreciate it. Thank you.  
25 Is HRH receiving any other

1 monetary consideration under the plan on account  
2 of its claims?

3 MR. NEWMAN: Just to your  
4 knowledge. You can answer.

5 A. Not that I'm aware of.

6 BY MR. HARVEY:

7 Q. I want to draw your attention to  
8 another provision in the plan.

9 If you can flip to page 86 of the  
10 plan. It's 86 at the bottom, 93 of 133 at the  
11 top.

12 A. Okay.

13 Q. Have you read this provision  
14 before?

15 A. I have.

16 Q. Do you have an understanding of  
17 the terms of this provision?

18 A. I do.

19 Q. Am I correct in reading this  
20 provision that HRH will receive certain sharing  
21 of litigation claim proceeds on account of its  
22 allowed claim?

23 MR. NEWMAN: Objection as to  
24 form. Do you just want to ask him what his  
25 understanding is rather than to confirm your

1 understanding.

2 BY MR. HARVEY:

3 Q. That's fine too.

4 What's your understanding of what  
5 this provision provides in terms of payments to  
6 HRH?

7 MR. NEWMAN: Objection as to  
8 form.

9 So let me just make sure I  
10 understand. You want him to read that  
11 paragraph, right, and tell you what that  
12 paragraph says?

13 MR. HARVEY: I want to understand  
14 what his understanding of it is. However he  
15 wants to get there -- if he has a current  
16 understanding, he wants to testify to that,  
17 that's fine. If he wants to refresh his  
18 recollection --

19 MR. NEWMAN: He can read the  
20 paragraph to you and say that's his  
21 understanding, if you're happy with that,  
22 because the paragraph says what it is. We've  
23 been through multiple depositions. We all know  
24 what the paragraph says; correct? You've heard  
25 it more than I have.

1                   So all I'm trying to figure out  
2   is if you're asking him to read the paragraph  
3   and tell you what it says, he can read the  
4   paragraph and say that's what it says.

5   BY MR. HARVEY:

6                   Q.    I don't need you to read the  
7   paragraph to me, Mr. Rosen. I'm just asking if  
8   you have an understanding of how it works. I  
9   think you said you do, and so I'm asking you  
10   vis-a-vis HRH, what do you understand HRH to be  
11   receiving under this provision?

12                  A.    My understanding is that HRH may  
13   receive, to the extent there are net proceeds  
14   available for distribution, or that there's any  
15   recovery value realized on account of cause of  
16   action, they would receive a distribution on  
17   account of the litigation trust funding, the  
18   seed money that they provided the litigation  
19   trust.

20   BY MR. HARVEY:

21                  Q.    Just on account of the seed  
22   money?

23                  A.    That was my understanding.

24                  Q.    And am I correct, the seed money  
25   is \$3.5 million?



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1 A. Yes.

2 Q. So once they receive  
3 \$3.5 million, they won't receive anything else  
4 from the litigation trust?

5 A. No, that's not my understanding.

6 Q. Okay. So what else would they  
7 receive from the litigation trust after the  
8 \$3.5 million?

9 A. There's a sharing mechanism.

10 Q. And is that sharing mechanism, is  
11 there -- whatever they're receiving under that  
12 sharing, is that on account of their claim in  
13 the bankruptcy case, or is that on account of  
14 the funding they're providing to the trust?

15 MR. NEWMAN: Just say that again  
16 please.

17 BY MR. HARVEY:

18 Q. Is the sharing that they're  
19 receiving under this provision, is that on  
20 account of the seed money loan they're  
21 providing, or is it on account of their allowed  
22 claim in the bankruptcy case?

23 MR. NEWMAN: Objection to form.

24 You can answer.

25 A. My understanding is that it's on

1 account of the seed money they're putting in,  
2 and it's structured in a way that's analogous to  
3 how litigation funding parties typically  
4 structure their arrangements.

5 BY MR. HARVEY:

6 Q. Okay. I see a provision in here  
7 that says that -- it's about halfway through.  
8 And it says -- it begins with "Provided,  
9 however," and it says:

10 "Notwithstanding anything to  
11 the contrary or in any document  
12 related to the plan, if there's a  
13 bona fide dispute as to whether  
14 obligations under the HRH exit  
15 facility are satisfied in full  
16 through allocation of net proceeds  
17 of litigation claims, the amount of  
18 the allowed HRH claim shall be  
19 determined by agreement of HRH, the  
20 reorganized debtors, and the  
21 litigation trustee or, in the event  
22 the parties cannot reach a  
23 consensual agreement, by order of  
24 the court."

25 Do you see that provision?

1 A. I do.

2 Q. So if the sharing that's being  
3 provided here to HRH is on account of their  
4 funding of the trust, not on account of their  
5 claim, why is there any reference in here to  
6 their allowed claim?

7 MR. NEWMAN: Objection as to  
8 form. He said he didn't draft it.

9 A. I wasn't involved in the  
10 negotiation of the litigation trust.

11 BY MR. HARVEY:

12 Q. Let me ask you another question.

13 Is there crediting between the  
14 recoveries, on the one hand, received through  
15 this litigation trust sharing and, on the other  
16 hand, received by HRH through the exit facility?  
17 Is there any netting or crediting?

18 MR. NEWMAN: Objection as to  
19 form.

20 BY MR. HARVEY:

21 Q. If you know.

22 MR. NEWMAN: If you have an  
23 understanding, you can give it.

24 A. I don't have an understanding of  
25 it.

1 BY MR. HARVEY:

2 Q. Okay. Do you know whether HRH is  
3 receiving a release under the plan?

4 A. My understanding is that they  
5 are.

6 Q. Do you know what consideration,  
7 if any, HRH is paying in exchange for that  
8 release?

9 MR. NEWMAN: Objection as to  
10 form.

11 If you have an understanding, you  
12 may give it.

13 A. My understanding is that there's  
14 approximately \$170 million of claims that they,  
15 through the reorganized debtor, are assuming.

16 BY MR. HARVEY:

17 Q. And that's operational claims or  
18 trade claims, things of that nature? What type  
19 of claims are those?

20 A. 110 million of it would be the  
21 HRH claims. The reorganized debtors would be  
22 assuming the Capitala claims of approximately  
23 19 million, if I'm not mistaken. There's the  
24 200,000 for the New Jersey Department of Health  
25 payments.

1 Q. \$200,000, you said?

2 A. The payments that are owed to the  
3 Department of Health.

4 Q. Is that the Class 13 -- there's a  
5 provision for 200,000 payments over something  
6 like four or five years?

7 A. Yes, correct.

8 Q. Okay.

9 A. And that the liabilities related  
10 to the payroll withholding are being assumed by  
11 the reorganized debtor of -- I believe that's  
12 approximately 24 million.

13 Q. Anything else?

14 A. Administrative claims to the  
15 extent not paid on or before the effective date,  
16 to the extent that they're paid in the ordinary  
17 course of reorganized debtors. So the -- my  
18 understanding is the admin claims are in excess  
19 of approximately \$10 million now.

20 Q. So when I took Mr. Kifaieh's  
21 deposition two days ago --

22 MR. NEWMAN: I think yesterday.

23 MR. HARVEY: Sorry, the days are  
24 running together.

25

1 BY MR. HARVEY:

2 Q. -- he mentioned that they --  
3 although the number in the exit facility is  
4 blank for the new money loan, it's going to be  
5 expected to be approximately \$70 million.

6 Have you heard that figure  
7 before?

8 A. I have not. That was why, when  
9 you asked me if I knew the size of the exit  
10 facility a few minutes ago, I said I did not  
11 know, because I didn't know what the new money  
12 component of it would be.

13 Q. The number you gave me of the  
14 amount of debt they're assuming off the top of  
15 your head was 180 million; right?

16 MR. NEWMAN: Objection as to  
17 form.

18 You can answer.

19 BY MR. HARVEY:

20 Q. Just a moment ago.

21 A. I think it rolls up to  
22 approximately 170-, 180 million.

23 Q. Okay. And you said 110 million  
24 of that is the rollover of the DIP into the exit  
25 facility?

1 MR. NEWMAN: He did say that.

2 A. That's my understanding.

3 BY MR. HARVEY:

4 Q. Do you know if the remaining  
5 70 million -- and I guess I'll just ask for you  
6 to assume that what Mr. Kifaieh told me was  
7 true --

8 MR. NEWMAN: Doctor.

9 MR. HARVEY: Dr. Kifaieh. Thank  
10 you. I'm very bad at that.

11 BY MR. HARVEY:

12 Q. -- Dr. Kifaieh. told me was true,  
13 do you know if that 70 million is being used to  
14 pay these other liabilities that, to my math,  
15 approximates \$70 million?

16 MR. NEWMAN: Objection as to  
17 form.

18 You can give your understanding  
19 if you have one.

20 A. I don't have an understanding of  
21 how the reorganized debtors plan to utilize any  
22 borrowing availability under their exit  
23 facility.

24 BY MR. HARVEY:

25 Q. Have you reviewed any of their

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1 plan projections?

2 A. I saw that there were projections  
3 attached to -- I'm sorry. I saw that there were  
4 projections included as an exhibit to the plan  
5 supplement.

6 Q. Were you involved in preparing  
7 those at all?

8 A. I was not.

9 Q. Did you review them before they  
10 were filed?

11 A. I did not.

12 Q. Has Province been asked to do any  
13 analysis regarding the feasibility of the  
14 debtors' plan?

15 A. Not yet, no.

16 Q. Do you know whether the  
17 committee -- and by "the committee," I mean its  
18 advisors including Province, Sills or anyone  
19 else -- do you know whether the committee has  
20 conducted any investigation into potential  
21 claims and causes of action against HRH and its  
22 affiliates?

23 MR. NEWMAN: That's a "yes,"  
24 "no," or an "I don't recall" for the moment.

25 A. I don't recall.



1 BY MR. HARVEY:

2 Q. Is there anything that would  
3 refresh your recollection?

4 MR. NEWMAN: If there is, it  
5 would be privileged, so he wouldn't --

6 MR. HARVEY: If there's existence  
7 of a document, I don't know that the existence  
8 of a document would be privileged. I'm  
9 definitely not going to ask you about the  
10 substance of anything.

11 A. Not that I recall or I'm aware of  
12 right now.

13 BY MR. HARVEY:

14 Q. Okay. So no investigative report  
15 or analysis that you ever recall seeing  
16 regarding claims and causes of action against  
17 HRH?

18 MR. NEWMAN: That's a "yes,"  
19 "no," or "I don't recall" for starters.

20 A. Not that I recall.

21 MR. HARVEY: Can I just have a  
22 moment.

23 (Discussion off the record.)

24 BY MR. HARVEY:

25 Q. Did you have any involvement in

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1 what I'll call the classification scheme in the  
2 plan? And if you need me to clarify that  
3 question --

4 MR. NEWMAN: Why don't you  
5 clarify it, please.

6 BY MR. HARVEY:

7 Q. Did you have any involvement in  
8 the creation and structuring of the classes in  
9 the plan?

10 A. No, I did not.

11 Q. Did anyone from Province have any  
12 involvement?

13 A. Not that I'm aware of.

14 Q. Do you know who was responsible  
15 for coming up with the plan classes?

16 MR. NEWMAN: You've re-asked that  
17 before when we went through the document.

18 BY MR. HARVEY:

19 Q. I think I asked that of  
20 Ms. White. Did I ask that of you? If I asked  
21 that of you --

22 (Indiscernible cross-talk.)

23 (Interruption by the court reporter  
24 to clarify the record.)

25 MR. NEWMAN: You asked it of him

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1 when you looked at the liquidation analysis.

2 The document listed the classes, and I said  
3 could you please clarify and ask him where that  
4 information came from.

5 MR. HARVEY: You have a better  
6 memory than I do. I appreciate it. Thank you.

7 MR. NEWMAN: Not much else works,  
8 but the memory does.

9 Can your colleagues go in the  
10 meantime, while you're seeing if you have  
11 anything further?

12 MR. HARVEY: In anyone has  
13 anything, I'm happy to let you go. I may be  
14 done.

15 MR. SPATHIS: Sure I think I only  
16 have a couple of question.

17 - - -

18 EXAMINATION

19 - - -

20 BY MR. SPATHIS:

21 Q. Good afternoon, Mr. Rosen. There  
22 was some --

23 MR. NEWMAN: Could you tell him  
24 who you represent, just so he knows.

25

1 BY MR. SPATHIS:

2 Q. George Spathis. I represent  
3 Maple Healthcare.

4 And in the context of your  
5 examination with Mr. Harvey, you testified that  
6 it was your understanding that Maple will not be  
7 receiving anything under the plan in connection  
8 with its -- with its secured claims.

9 Do you recall that testimony?

10 A. Yes, I do.

11 Q. What's the basis for your  
12 understanding -- that understanding?

13 A. That's what the fourth amended  
14 plan exclusion statement states.

15 Q. Other than reading it there, you  
16 don't have any understanding as to why they put  
17 the number zero in -- on page 4 of the plan?

18 A. I'm not sure I understand the  
19 question.

20 Q. Sure.

21 Do you have an independent  
22 understanding as to why Maple would have  
23 received anything in connection with its secured  
24 claims?

25 MR. NEWMAN: Independent of

1 whatever that number in the document?

2 BY MR. SPATHIS:

3 Q. Correct. The document says what  
4 it says. I don't need to know that you can read  
5 what it says. I just want to understand if you  
6 have something independent, if you're going to  
7 get up and explain why it is that Maple isn't  
8 going to or shouldn't be receiving anything.

9 A. My independent understanding is  
10 that, if you were to look at the liquidation  
11 analysis on a combined basis, there would be no  
12 value available for distribution to Maple on  
13 account -- there's no value available for  
14 distribution to Maple on account of its secured  
15 claims.

16 Q. Okay. So this -- your  
17 understanding is the zero is not a function of  
18 it doesn't have a secured claim, but there just  
19 may not be enough to satisfy the secured claims  
20 above it? Is that what I understand?

21 MR. NEWMAN: Hold on.

22 I just want to make sure that  
23 you're not asking him to opine one way or the  
24 other on the -- whether there is a claim or not  
25 a claim, just -- right?

1 MR. SPATHIS: I'm not. And I  
2 just want to make sure I understood what he said  
3 before.

4 A. From a pure value standpoint and  
5 waterfall standpoint, based on what I have seen,  
6 there's not sufficient value that would flow to  
7 Maple on account of its secured claim.

8 BY MR. SPATHIS:

9 Q. Okay. Are you aware as to who --  
10 what entity has a first position with respect to  
11 the assets of Garden State or New Jersey  
12 Medical?

13 A. My understanding is that the --  
14 what I believe is called the Bayone-Maple loan  
15 agreement has claims against the practice  
16 entities.

17 Q. Not following you.  
18 Can you explain what you just  
19 said.

20 A. That the Bayone-Maple loan  
21 agreement is collateralized by the assets of  
22 the -- particularly, the receivables of the  
23 practice entities.

24 Q. Okay. And do you know who has  
25 the first-position liens with respect to the

1 practice entities, Garden State and New Jersey  
2 Medical?

3 MR. NEWMAN: You mean the  
4 accounts receivable?

5 MR. SPATHIS: Yeah, the patient  
6 accounts receivable.

7 A. If I'm not mistaken, I thought it  
8 was the Bayone-Maple loan.

9 BY MR. SPATHIS:

10 Q. Okay. So Maple has that. Okay.

11 So with respect to -- I just want  
12 to understand, because you've said that, based  
13 on what your understanding is, the waterfall  
14 wouldn't generate enough to satisfy all the  
15 secured creditors and Maple might be out of the  
16 money.

17 But with respect to claims on  
18 which there's first position, how would they be  
19 out of the money with respect to those claims?  
20 Just as it relates to the practice groups.

21 MR. NEWMAN: Objection as to  
22 form.

23 You may answer if you understand.

24 A. Are you asking if I look at it on  
25 an entity-by-entity basis?

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1 BY MR. SPATHIS:

2 Q. Yes.

3 A. If you look at it on an  
4 entity-by-entity basis and disregard the  
5 substantive consolidation, then there may  
6 potentially be value available.

7 Q. Do you know whether substantive  
8 consolidation or deemed substantive  
9 consolidation would have any impact on the  
10 rights of secured creditors?

11 MR. NEWMAN: Objection as to  
12 form.

13 You may answer.

14 A. Can you be specific as to which  
15 secured creditors you're referring to?

16 BY MR. SPATHIS:

17 Q. Maple, for instance, or Maple's  
18 claims with respect to -- Maple's first-position  
19 lien with respect to the patient accounts  
20 receivable, whatever the assets of the two  
21 practice entities that you referred to,  
22 Garden State and New Jersey Medical.

23 MR. NEWMAN: Same objections.

24 If you have an understanding, you  
25 can answer.



1                   A.     My understanding, that using the  
2     substantive consolidation for purposes of  
3     recoveries would not result in any value flowing  
4     to Maple on account of the Bayone-Maple loan  
5     agreement.

6     BY MR. SPATHIS:

7                   Q.     And what's the basis of your  
8     understanding?

9                   A.     Math.

10                  Q.     Does your understanding take into  
11     account the priority system within the  
12     bankruptcy code?

13                  MR. NEWMAN: Well, he's not going  
14     to give you a legal answer. Again, he can give  
15     you his understanding, just his individual  
16     understanding.

17                  If you know.

18                  A.     My understanding of -- of -- what  
19     the recovery -- of there being no value  
20     available was based on the concept of  
21     substantive consolidation for purposes of  
22     creditor distributions.

23     BY MR. SPATHIS:

24                  Q.     Okay. So if I understand  
25     correctly your testimony, to the extent

1 substantive consolidation allows all of the  
2 secured claims to get lumped together, you don't  
3 anticipate there being enough to pay Maple. Is  
4 that what I understand? On its secured claims.

5 MR. NEWMAN: Is there something  
6 that he said before that you didn't hear?  
7 Because he answered the question.

8 MR. SPATHIS: He didn't answer --

9 MR. NEWMAN: He didn't answer to  
10 your satisfaction or clarity, but he answered  
11 the question.

12 MR. SPATHIS: He answered the  
13 question -- this is a slightly different  
14 question, because I just -- I want to understand  
15 because he qualified it with respect to  
16 substantive consolidation. I just want to make  
17 sure that we're on the same page so I can stop  
18 asking questions. Okay?

19 MR. NEWMAN: Well, I don't know  
20 if you are going to be on the same page.

21 But to your understanding, you  
22 can answer that question.

23 A. Can you just repeat your  
24 question, please.

25 MR. HARVEY: Madam Court

1 Reporter, would you read it back.

2 (Whereupon, the transcript was read  
3 back by the court reporter as  
4 requested.)

5 A. Correct. That is my  
6 understanding.

7 BY MR. SPATHIS:

8 Q. And if substantive consolidation  
9 does not allow you to aggregate all of the  
10 secured claims, your understanding might not be  
11 accurate then? Might not be correct?

12 MR. NEWMAN: Hold on.

13 MR. SPATHIS: Here, let me --  
14 withdraw that question.

15 That's fine. Withdraw the  
16 question. I'll pass the witness. Thank you.

17 Hold on, let me just ask one  
18 more.

19 No, I'll pass the witness.

20 Thank you.

21 MR. HARVEY: Thank you. I just  
22 have a few more questions, Mr. Rosen.

23 - - -

24 FURTHER EXAMINATION

25 - - -

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1 BY MR. HARVEY:

2 Q. I think you mentioned earlier  
3 that your colleague, Mr. Navid, has been  
4 identified as the litigation trustee.

5 Do I have that right?

6 A. That's correct.

7 Q. Were you involved in the process  
8 of selecting the litigation trustee?

9 A. I had spoken with Mr. Navid about  
10 it.

11 Q. Do you know whether any other  
12 candidates were considered for that position?

13 A. I don't know.

14 Q. Do you know whether the committee  
15 took a vote on whether to nominate Mr. Navid for  
16 that position?

17 MR. NEWMAN: That's a "yes" or  
18 "no" or "I don't recall," at least for starters.

19 A. I don't know.

20 BY MR. HARVEY:

21 Q. I asked if you knew if anyone  
22 else was considered for the position. Do you  
23 know if anyone else was interviewed for the  
24 position?

25 A. I don't know.

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1 Q. Are you familiar of the concept  
2 of, in this case, the oversight committee of the  
3 litigation trust?

4 A. I am.

5 Q. Do you know who the members of  
6 that committee are, as identified in plan  
7 supplement?

8 MR. NEWMAN: Hold on a second.  
9 Are they identified in the plan  
10 supplement?

11 MR. HARVEY: They are.

12 A. Yes. There are five members.

13 BY MR. HARVEY:

14 Q. And are those members, they're  
15 members of what is now the creditors' committee?

16 A. Yes, that's my understanding.

17 Q. Do you know how they were  
18 selected?

19 A. I don't recall, no.

20 Q. Do you know if there was any  
21 process by which creditors outside the  
22 creditors' committee could be considered for  
23 that oversight committee?

24 A. I don't know.

25 Q. Do you know whether the

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1 litigation trustee, your colleague Mr. Navid,  
2 has selected any professionals yet?

3 A. Not that I'm aware of.

4 Q. Do you contemplate that he would  
5 select Province as one of his professionals?

6 MR. NEWMAN: Objection as to  
7 form.

8 Don't answer that.

9 A. I have not --

10 MR. NEWMAN: Unless he's spoken  
11 with Mr. Navid.

12 A. I have not specifically discussed  
13 that with Paul.

14 Q. [Inaudible] -- hire Province?

15 THE COURT REORTER: What's the  
16 question?

17 MR. NEWMAN: Don't answer the  
18 question. Let's move on. We spent too much  
19 time trying to figure out what's in Mr. Navid's  
20 head. Let's go on.

21 MR. HARVEY: I'm just asking what  
22 his belief is.

23 MR. NEWMAN: I understand that,  
24 and he's not going to answer. It's a foolish  
25 question.

1 MR. HARVEY: What's the basis on  
2 which you're instructing him not to answer that?

3 MR. NEWMAN: It's irrelevant.  
4 You're harassing the witness. He doesn't know  
5 what's in Mr. Navid's head.

6 MR. HARVEY: How do you know it's  
7 irrelevant. You haven't seen my confirmation  
8 objection yet.

9 MR. NEWMAN: Ask your next  
10 question, please.

11 MR. HARVEY: I want to know the  
12 basis on which you're instructing him not to  
13 answer.

14 MR. NEWMAN: I just gave it to  
15 you.

16 MR. HARVEY: Your belief that  
17 it's irrelevant?

18 MR. NEWMAN: It's irrelevant.  
19 You're harassing. You're --

20 MR. HARVEY: Have you read the  
21 court's rules regarding objections at  
22 depositions and instructions not to answer? If  
23 you want to say I'm harassing, you go to the  
24 court and ask to end this deposition five  
25 minutes before it's over, or he can answer the

1 question. But unless it's on the basis of  
2 privilege, I request that he answer the  
3 question.

4 MR. NEWMAN: You're asking him  
5 what Mr. Navid anticipates doing. That's an  
6 inappropriate --

7 MR. HARVEY: No, I asked him  
8 whether he believes Mr. Navid will hire  
9 Province.

10 MR. NEWMAN: Does it make a  
11 difference in any way, shape or form other than  
12 keeping us here another few minutes?

13 MR. HARVEY: Makes a difference  
14 to my case.

15 MR. NEWMAN: It does? Explain to  
16 me. You want to make a proffer off the record?

17 MR. HARVEY: I don't need to give  
18 you relevance.

19 MR. NEWMAN: Let's move on.  
20 Let's move on. You can bring it to the judge.

21 MR. HARVEY: I'd like you to  
22 answer --

23 MR. NEWMAN: He's not answering  
24 the question. Let's move on.

25 MR. HARVEY: Are you following



1 your counsel's --

2 (Interruption by the court reporter  
3 to clarify the record.)

4 BY MR. HARVEY:

5 Q. Let me ask the question for the  
6 record, so it's clear.

7 My question was: Do you believe  
8 Mr. Navid will hire your firm, Province, as a  
9 professional for the litigation trust?

10 MR. NEWMAN: Objection as to  
11 form.

12 You may answer.

13 A. I don't know. I haven't  
14 discussed that with Mr. Navid.

15 MR. NEWMAN: Next question.

16 BY MR. HARVEY:

17 Q. Do you know whether Mr. Navid  
18 intends to hire Sills Cummis as a professional  
19 for the litigation trust?

20 MR. NEWMAN: You have to ask him  
21 if he discussed it, unless he's a soothsayer and  
22 knows what's in Mr. Navid's mind.

23 MR. HARVEY: I am asking his  
24 belief.

25 MR. NEWMAN: You didn't ask him

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1 his belief.

2 MR. HARVEY: I think that's  
3 exactly what I asked.

4 A. I don't know. I haven't  
5 discussed that with Mr. Navid, and I don't know  
6 what conversations Mr. Navid may or may not have  
7 had with Sills.

8 MR. HARVEY: That's it. Thank  
9 you.

10 MR. NEWMAN: Madam Court  
11 Reporter, we're all done.

12 (Signature having been waived, the  
13 deposition of ADAM ROSEN was  
14 concluded at 4:49 p.m.)

15

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## 1 CERTIFICATE OF SHORTHAND REPORTER

2

3

I, Gail Inghram Verbano,

4

Registered Diplomat Reporter, Certified

5

Realtime Reporter, Certified Shorthand Reporter

6

(CA) and Notary Public, the officer before whom

7

the foregoing proceedings were taken, do hereby

8

certify that the foregoing transcript is a true

9

and correct record of the proceedings; that

10

said proceedings were taken by me

11

stenographically and thereafter reduced to

12

typewriting under my supervision; and that I am

13

neither counsel for, related to, nor employed

14

by any of the parties to this case and have no

15

interest, financial or otherwise, in its

16

outcome.

17

18

19

*Gail L. Inghram Verbano*

20

21

Gail Inghram Verbano, CSR, RDR, CRR

22

CA-CSR No. 8635

23

24

25

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Exhibit K

Syed 2025 Deposition Transcript [Excerpt]



IN RE: CarePoint Health Systems

SHAMIQ SYED

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

-----X.

In Re: Case No. 24-12534 (JKS)

CarePoint Health Systems,

Debtor.

Chapter 11

-----X.

DEPOSITION of

SHAMIQ SYED

Thursday, February 27, 2025

1:13 p.m.

**COPY**

REPORTED VIA VIDEOCONFERENCING BY:

Gail Verbano,  
Registered Diplomate Reporter  
Certified Realtime Reporter

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6  
7                   Whereupon, the deposition of  
8 SHAMIQ SYED was held at Sills Cummis & Gross,  
9 One Riverfront Plaza, Newark, New Jersey, on  
10 Thursday, February 27, 2025, beginning at  
11 approximately 1:13 p.m., the proceedings being  
12 recorded stenographically VIA VIDEOCONFERENCING  
13 by Gail Verbano, Registered Diplomate Reporter,  
14 Certified Realtime Reporter, Certified  
15 Shorthand Reporter, and transcribed under her  
16 direction, there being present:

17                   -     -     -  
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22  
23  
24  
25

IN RE: CarePoint Health Systems

SHAMIQ SYED

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SHAMIQ SYED

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21

22

23

24

25

1 February 27, 2025; 1:13 p.m.

2 - - -

3 SHAMIQ SYED,

4 after being duly sworn or affirmed to testify to  
5 the truth, was examined and testified as follows:

6 - - -

7 EXAMINATION

8 - - -

9 BY MR. ANGELO:

10 Q. All right. Good afternoon,  
11 Mr. Syed. Can you please state your full name  
12 for the record.

13 A. **Shamiq Syed.**

14 Q. Have you been deposed before?

15 A. **I have.**

16 Q. Just to go over the ground rules,  
17 so we can do that, the court reporter can't  
18 record your answers if we're both talking at the  
19 same time, so please try to wait until I finish  
20 my question to give me your answer, and I'll do  
21 my best not to interrupt you.

22 Do you understand?

23 A. **I do.**

24 Q. All your answers need to be  
25 verbal. The court reporter can't take down nods



1 of the head or other gestures.

2 If anything I say is unclear,  
3 please don't hesitate to ask me to clarify. If  
4 you don't, I'm going to assume that you  
5 understood the question. Okay?

6 **A. Okay.**

7 Q. When did you find about this  
8 deposition?

9 **A. Two days ago.**

10 Q. What, if anything, did you do to  
11 prepare to testify on the topics designated?

12 **A. I worked with my counsel, and we**  
13 **went through the list of topics and we discussed**  
14 **them.**

15 Q. Did you review any documents in  
16 preparation for the deposition?

17 **A. Probably just the plan, yeah.**

18 Q. Did you review any of your --  
19 strike that.

20 You remember you were deposed  
21 back in December; right?

22 **A. I do.**

23 Q. Is there anything you want to  
24 change or update that would be otherwise  
25 incorrect in that testimony?

1 MR. NEWMAN: Objection as to form.

2 MR. McMICHAEL: His prior  
3 deposition testimony was not a designated  
4 30(b)(6) topic so we did not review it with him.

5 MR. ANGELO: I think it was.  
6 That's fair.

7 MR. McMICHAEL: He can answer the  
8 question. I'm not instructing him not to answer,  
9 but I'm just pointing out that neither the  
10 witness nor we have reviewed his prior testimony  
11 so --

12 **A. I'm not aware of any inaccuracies**  
13 **in my prior testimony.**

14 BY MR. ANGELO:

15 Q. Okay. Thank you.

16 Mr. Syed, do you have an  
17 undergrad degree in accounting?

18 **A. I do.**

19 Q. Did you graduate with honors?

20 **A. I did.**

21 Q. Do you have an MBA?

22 **A. I don't.**

23 Q. Do you have any valuation  
24 credentials?

25 **A. I don't know what that means.**

1 Q. Do you have any -- have you taken  
2 any specific courses regarding the valuation of  
3 assets?

4 A. No.

5 Q. Have you ever testified as a  
6 valuation expert?

7 A. No.

8 Q. Have you ever testified as an  
9 expert?

10 A. I've testified.

11 Q. On what topic?

12 A. On this case.

13 Q. No other cases?

14 A. No.

15 Q. Have you ever valued accounts  
16 receivable?

17 A. I have at different clients, as  
18 needed.

19 Q. How many times would you say?

20 A. Hard to put a specific number on  
21 it, but multiple times.

22 Q. Five?

23 A. More than that, probably.

24 Q. Twenty?

25 A. Probably less than.

1 Q. Ten? Somewhere between --

2 A. Somewhere between five and 20.

3 Q. Okay. Were any of those in the  
4 context of a medical accounts receivable?

5 A. They're in the healthcare space.  
6 Not necessarily patient accounts receivable, but  
7 they were in a healthcare space.

8 Q. When you say "healthcare space,"  
9 were they hospital-based?

10 A. No.

11 Q. What were they?

12 A. It was a medical equipment  
13 supplier.

14 Q. About when did you value those  
15 AR?

16 A. That was around 2020, 2019.

17 Q. And for what purpose?

18 A. Chapter 11.

19 Q. Have you ever run a revenue cycle  
20 management program?

21 A. Run, no.

22 Q. Have you -- before this case,  
23 have you ever served as an officer of an entity  
24 operating a hospital?

25 A. No.

1 Q. Before this case, you ever served  
2 as an officer of any healthcare company?

3 A. No.

4 Q. Is it fair to say that you're a  
5 turnaround management specialist?

6 A. I would say so.

7 Q. And what do you do normally in  
8 that capacity?

9 A. Operational turnaround, financial  
10 turnaround, restructuring of organizations.

11 Q. What are your responsibilities as  
12 the CFO of CarePoint?

13 A. Liquidity management; leading it  
14 through Chapter 11; day-to-day operations;  
15 negotiating with vendors; dealing with employee  
16 issues. I mean, anything and everything outside  
17 of clinical operations generally falls under my  
18 purview.

19 Q. If an entity can only collect  
20 15 percent of its accounts receivable, has no  
21 other assets and can't pay its own expenses,  
22 does it make sense to continue operating that  
23 entity?

24 MR. McMICHAEL: Objection.

25

1 BY MR. ANGELO:

2 Q. You can answer.

3 **A. Depends.**

4 Q. For whom does it make sense to  
5 operate?

6 MR. NEWMAN: Objection as to form.

7 MR. McMICHAEL: You can answer.

8 **A. Okay. I mean, if -- if there**  
9 **is -- if there is a value being provided by the**  
10 **entity -- yeah, that's a -- it depends on the**  
11 **context. You have to look at the full picture.**

12 BY MR. ANGELO:

13 Q. Does it make sense for the  
14 entity's creditors to continue operating the  
15 business when it can't pay its own expenses?

16 MR. NEWMAN: Objection to form.

17 **A. Depends.**

18 MR. ANGELO: Can we go off the  
19 record for a second? Thank you.

20 (Discussion off the record.)

21 BY MR. ANGELO:

22 Q. Mr. Syed, have you ever provided  
23 a historical aging summary analysis report?

24 **A. Historical aging -- I mean -- I**  
25 **need to understand what -- what specifically are**

1     **you referring to?**

2                     MR. ANGELO: Mark this as SV1.

3     I'm sorry I don't have copies, but ...

4                     -     -     -

5                     (Whereupon, S.V. Exhibit Number 1 was  
6                     marked for identification.)

7                     -     -     -

8     BY MR. ANGELO:

9                     Q. Do you recognize this document?

10                    MR. NEWMAN: Hold on.

11                    MR. ANGELO: Just pass it around.

12                    MR. NEWMAN: Just let everybody  
13     see it for a second.

14                    MR. ANGELO: It was produced in  
15     discovery by the debtors.

16                    MR. McMICHAEL: While everyone is  
17     looking at it, why don't we actually mark it so  
18     we can at least keep track.

19     BY MR. ANGELO:

20                    Q. Do you recognize this document,  
21     Mr. Syed?

22                    A. I think this is the -- one of the  
23     practice's AR, aging.

24                    Q. Do you know when it was prepared?

25                    A. If I'm going by the date on the

1 document, January 10th.

2 Q. Do you know why it was prepared?

3 A. Probably because of the discovery  
4 requests through Strategic Ventures.

5 Q. Did you have any role in  
6 preparing it?

7 A. I did not.

8 Q. How did you -- okay. You didn't  
9 have a role in preparing it. Do you know who  
10 had a role in preparing it?

11 A. Someone from CarePoint.

12 Q. If you look at the columns to the  
13 right starting with 271 to 300 days, do you see  
14 that all of those columns --

15 A. Zero.

16 Q. Zero. And for all the columns to  
17 the right are also zero?

18 A. Yep, I do.

19 Q. Who determined that there's  
20 absolutely no value for any account receivable  
21 over 270 days old?

22 MR. NEWMAN: Objection as to form.

23 A. I don't know.

24 BY MR. ANGELO:

25 Q. Take a look at the column that is



1 labeled "241 to 271 days."

2 **A. Uh-huh.**

3 Q. At the very bottom, do you see  
4 the percentage?

5 **A. Yes.**

6 Q. What percentage does that say?

7 **A. 2.13.**

8 Q. So according to this document, if  
9 I have 2 million in AR that's 270 days old, that  
10 AR would be worth 2.13 percent, or approximately  
11 \$42,000; right?

12 **A. I don't think that's what it**  
13 **says. I think it says that 241 to 270 days is**  
14 **2.1 percent of the total aging -- aged claims.**

15 Q. Thank you for clarifying.

16 If you look at the very bottom,  
17 outside of the table, you see the -- you see  
18 the numbers 10,499,940?

19 **A. I do.**

20 Q. And do you see "less allowances"?

21 **A. Yes.**

22 Q. Can you -- if you know, can you  
23 explain what the allowances there are.

24 **A. So the 10 million 499, I believe,**  
25 **is AR at a gross number. We have a PCR**

1 percentage. Basically, you know, the list price  
2 is not what we actually end up collecting. So  
3 the allowance is -- I'm not sure if that's the  
4 actual PCR percentage because I didn't prepare  
5 this document. But 10 million is gross charges.  
6 And I don't know if that allowance number  
7 includes net of PCR and the bad debt.

8 But if -- just looking at this  
9 without any other detail behind it, my  
10 understanding is that it's gross and net AR.

11 Q. Do you believe this document  
12 accurately reflects the value of Garden State's  
13 AR including AR over 270 days?

14 MR. NEWMAN: Objection as to form.

15 A. To the best of my knowledge,  
16 yeah.

17 BY MR. ANGELO:

18 Q. If you really believe the total  
19 value of Garden State's AR is \$1,393,901 why  
20 don't you just turn over the AR to Maple and  
21 Garden State --

22 MR. McMICHAEL: Objection.

23 BY MR. ANGELO:

24 Q. -- to collect against it?

25 MR. NEWMAN: Objection.

1                   **A.     Because CarePoint can use every**  
2   **dollar. We're very significantly still**  
3   **insolvent. We are running at a deficit. We**  
4   **need the money to keep the hospitals open.**

5   BY MR. ANGELO:

6                   Q.     So you believe there's -- I'll  
7   withdraw.

8                   I want to ask you about Garden  
9   State Healthcare Associates, LLC; New Jersey  
10   Medical and Health Associates, d/b/a CarePoint  
11   Health and Medical Group, and's Quality Care  
12   Associates. I'll refer to Garden State as GS,  
13   Garden State Healthcare as GS.

14                  **A.     All right.**

15                  Q.     So let's start with GS.

16                  GS employs all the physicians  
17   working at the three debtors hospitals; right?

18                  **A.     Correct.**

19                  Q.     And those physicians provide  
20   medical services for patients at each of the  
21   three debtor hospitals?

22                  **A.     Correct.**

23                  Q.     Do Garden State physicians  
24   provide medical services to patients for which a  
25   third-party payor pays the medical bills?

1                   **A.     You're talking about insurance**  
2   **company pays --**

3                   Q.     Third-party payor.

4                   **A.     Yes.   Yes.**

5                   Q.     Does Garden State -- does GS also  
6   provide medical services to patients that  
7   constitute charity care?

8                   **A.     Yeah.**

9                   Q.     And "charity care" refers to  
10   medical services provided to uninsured or  
11   underinsured patients; right?

12                  **A.     Correct.**

13                  Q.     Does Garden State provide those  
14   charity care services at the debtor hospitals?

15                  **A.     It does.**

16                  Q.     At all three hospitals?

17                  **A.     Yes.**

18                  Q.     Approximately what percentage of  
19   Garden State services provided at the three  
20   debtor hospitals constitute charity care?

21                  **A.     I mean, I'll tell you the**  
22   **hospitals, in general, see 40 percent charity**  
23   **care population, whether they're all seen by**  
24   **Garden State -- I mean, we have ED docs,**  
25   **emergency room doctors that -- there's a**

1 contractor third-party vendor, and a lot of  
2 charity care comes into the ER, doesn't get  
3 admitted to inpatient and leaves. I can't tell  
4 you, sitting here, what percentage of charity  
5 care is seen by Garden State versus  
6 non-Garden State.

7 Q. To clarify about the ER doctors  
8 specifically, aren't those contracted through  
9 Garden State?

10 A. They are.

11 Q. So that charity care would  
12 technically be Garden State charity care; right?

13 A. It's not Garden State -- I mean,  
14 so the ER docs are -- the vendor is paid through  
15 Garden State, but those docs are working at the  
16 hospitals, and that bill is ultimately paid by  
17 the hospitals because Garden State doesn't make  
18 anywhere near enough money to pay its own  
19 payroll, bills or AP or anything, so ...

20 Q. Okay. Let's turn to the other  
21 group, New Jersey Medical and Health Associates.  
22 I'm going to refer to that as just "Medical  
23 Group."

24 A. Sure.

25 Q. In what business is Medical Group

1 engaged?

2 **A. They're independent medical**  
3 **practices outside of the hospitals that provide**  
4 **downstream patient volume to the hospitals.**

5 Q. And like Garden State, the  
6 Medical Group employs physicians; right?

7 **A. Correct. And non-physicians as**  
8 **well.**

9 Q. What other employees does the  
10 Medical Group have?

11 **A. They have the back office staff**  
12 **for the Medical Group practices. That's part of**  
13 **Medical Group also.**

14 Q. It's not part of Quality Care,  
15 it's part of the Medical Group?

16 **A. It's -- Quality Care staff that**  
17 **work in Medical Group, but they're technically**  
18 **paid through Quality. But when -- when you say**  
19 **"Medical Group," when I'm referring to the**  
20 **practice outside -- but, yes, they're paid**  
21 **through Quality.**

22 Q. Okay. So the Medical Group only  
23 employs physicians?

24 **A. Correct.**

25 Q. And the Medical Group's

1 physicians provide medical services for patients  
2 outside the hospital; right?

3 **A. Correct.**

4 Q. In contrast Garden State  
5 physicians provide medical services for patients  
6 inside a hospital; right?

7 **A. Correct.**

8 Q. Approximately how many patients  
9 do -- does the Medical Group serve? If you  
10 know.

11 **A. I don't know.**

12 Q. Does Garden State or Medical  
13 Group have more physicians?

14 **A. Garden State.**

15 Q. About how many?  
16 How many more physicians does  
17 Garden State have than Medical Group?

18 **A. A little more than 2X.**

19 Q. Are there any differences between  
20 the types of medical services provided by  
21 Garden State and those provided by the Medical  
22 Group?

23 **A. There's different specialties of  
24 providers, both.**

25 Q. Do the Medical Group's physicians

1 provide medical services to patients for which a  
2 third-party payor or insurance company pays the  
3 medical bills?

4 **A. Yes.**

5 Q. Does the Medical Group also  
6 provide medical services to patients that  
7 constitute charity care?

8 **A. I believe so. I'm not 100**  
9 **percent certain, but I believe so.**

10 Q. Does the Medical Group provide  
11 those charity care services at the debtor  
12 hospitals?

13 **A. Medical Group doesn't work at the**  
14 **debtor hospitals. Garden State does.**

15 Q. What percentage of all charity  
16 care services provided outside of the hospitals  
17 is provided by Medical Group, if any?

18 **A. I'm not sure.**

19 Q. Are the three debtor hospitals  
20 DSH or disproportionate share hospitals?

21 **A. Yes.**

22 Q. And that's because of the amount  
23 of charity care they provide to patients; right?

24 **A. Correct.**

25 Q. And those hospitals receive



1 government funding for providing charity care;  
2 right?

3 **A. That's right.**

4 Q. Those sources include Medicare  
5 DHS payments, Medicaid DHS payments, and the  
6 New Jersey County Option Hospital Fee Program;  
7 right?

8 **A. Correct.**

9 Q. Are there any other sources of  
10 governmental payments for charity care?

11 **A. There are grant programs that we**  
12 **have to apply for. And you run specific**  
13 **programs and you get reimbursement from the**  
14 **government, such as the Ryan White program;**  
15 **that's for HIV patients. Usually charity care**  
16 **is a Giant Steps program for substance abuse**  
17 **patients, which is also provided by the**  
18 **government.**

19 **Those are some that come to mind**  
20 **off the top of my head.**

21 Q. What's the approximate total  
22 amount of all such payments that the hospitals  
23 received in 2024?

24 **A. County option was around**  
25 **28 million. Charity care, I don't recall off**

1 the top of my head. But I -- we be presented  
2 financials with plan projections that has '24  
3 actuals in there, so real numbers in there and  
4 other operating revenue.

5 But if I recall correctly, all of  
6 it combined is around 40 million.

7 Q. In 2024, did the New Jersey  
8 Department of Health repeatedly advance charity  
9 care payments to CarePoint to assist with  
10 payroll shortfalls?

11 A. No, not payroll shortfalls. They  
12 paid charity care in ordinary course of paying  
13 charity care.

14 Q. But there were advances?

15 A. In 2024, the Department of Health  
16 lent us a little over \$10 million, and it was a  
17 loan but -- and the loan came with certain  
18 conditions, such as appointing a State monitor,  
19 retaining a financial advisory firm, and  
20 planning an operational loan financial  
21 turnaround. So they did loan us money with  
22 certain caveats.

23 Q. What's the approximate total  
24 amount of all governmental charity care payments  
25 that the hospitals received in 2023?

1                   **A. I don't know off the top of my**  
2   **head.**

3                   Q. What about 2022?

4                   **A. I don't know off the top of my**  
5   **head.**

6                   Q. Would it be more than 10 million?

7                   **A. Charity care alone?**

8                   Q. Sure, yes.

9                   **A. I would say so.**

10                  Q. More than 20?

11                  **A. Probably not.**

12                  Q. So for each fiscal quarter, the  
13   debtors should receive approximately  
14   \$9.5 million in New Jersey County Option  
15   Hospital Fee payments; correct?

16                  **A. The 9.5 is based off of the**  
17   **recent increase in the program. Before that it**  
18   **was around 7 million. So 9.5 is a recent**  
19   **development. Last year we got around 7 million**  
20   **a quarter, 28 million bucks.**

21                  Q. Did the New Jersey Department of  
22   Health make a quarterly payment of more than  
23   \$9.5 million to the debtors even though the  
24   debtors failed to pay the \$5 million quarterly  
25   fee required under the New Jersey County

1 Optional Hospital Fee Program?

2 A. Again, it wasn't 9.5. So the --  
3 CarePoint was advanced charity care funds even  
4 though the charity care contribution was not  
5 made by the hospital.

6 So CarePoint is delinquent in  
7 charity care payments, back to the charity care  
8 program. We have come up with an agreement with  
9 Hudson County where, going forward, all the  
10 payments are going to come into an account -- an  
11 escrow account managed by Dilworth, where the  
12 payments will come in there and -- so, going  
13 forward, it's a little over 9 million bucks.

14 They're going to withhold the  
15 amount of payments that are owed to the county,  
16 which are made the following month, and  
17 1 million in arrears. We're about 15 million  
18 behind or in deficit to the County, so in 15  
19 quarters we'll be caught up on all of the county  
20 payments.

21 So the plan was -- my  
22 understanding is there was a plan that was filed  
23 and no one objected to it, so I think that plan  
24 is in place and effective.

25 Q. All government charity care

1 payments are made in a lump sum; right?

2           **A. It comes in -- no, it doesn't --**  
3 **it's not one lump sum every year. It comes in**  
4 **over the course of the year.**

5           Q. Does it come in quarterly?

6           **A. Quarterly, I believe, yes.**

7           Q. Are governmental charity care  
8 payments based on the dollar amount of charity  
9 care services provided, or the number of  
10 patients receiving charitable care, both, or  
11 something else?

12           **A. Number of patients. Number of**  
13 **patients in the year before. So we're getting**  
14 **'23 charity care payments in 2025.**

15           Q. In your view, governmental  
16 charity care payments are not made on a  
17 patient-by-patient level that can be allocated  
18 to Garden State; correct?

19           **A. Correct.**

20           Q. Have you ever considered whether  
21 to allocate them based on number of payments,  
22 charged invoices, or some other basis?

23           **A. It would be too tedious,**  
24 **cumbersome, and hard to allocate based on**  
25 **patient-by-patient basis.**

1 Q. So who pays Garden State for the  
2 services that physicians provide to charity care  
3 patients?

4 A. CarePoint pays for everything for  
5 Garden State. Garden State -- I submitted an  
6 exhibit during our last -- my last deposition.

7 Garden State doesn't have enough  
8 in collections to cover its own payroll, its own  
9 AR, its own expenses -- I'm sorry -- its own AP  
10 its own expenses. Garden State, Medical Group  
11 and Quality are subsidized over 50 million bucks  
12 every single year, going back at least until  
13 2015.

14 So who's paying for the charity  
15 care patients? It's CarePoint, CarePoint  
16 hospitals.

17 Q. Give me one second.

18 A. Sure.

19 Q. Are you familiar with Quality  
20 Care Associates, LLC?

21 A. I am.

22 Q. What is it?

23 A. It is the back office for the  
24 medical groups.

25 Q. Does it provide -- when you

1 say -- when you say "back office," can you --

2 **A. So it's front desk staff, billing**  
3 **staff, staff that answers phone calls, and**  
4 **nurses in the medical -- medical groups. It's**  
5 **anything but the actual physician providers.**

6 Q. What about billing and  
7 collections?

8 **A. That's not done by Quality, no.**

9 Q. Do you recall saying in your  
10 prior deposition that the net equity of  
11 Garden State is approximately 5.5 million?

12 **A. I don't.**

13 Q. What about if you look at  
14 Garden State Medical Group and Quality Care  
15 together, there's negative equity of  
16 approximately 80 million?

17 **A. Sounds about right.**

18 Q. Why would you lump them all  
19 together, Garden State Medical Group and  
20 Quality?

21 **A. Because there's massive**  
22 **intercompany liabilities, massive intercompany**  
23 **transactions across all three entities.**

24 **Quality owes Garden State money.**  
25 **Garden State owes -- I mean, they all owe each**

1 other money. You got to look at, you know, from  
2 Garden State's roughly \$30 million of assets, or  
3 whatever, \$32 million of assets, 30 million of  
4 it is intercompanies owed from the other two  
5 entities.

6 So you have to look at them  
7 together, because a standalone doesn't paint the  
8 full picture of what the entities' financial  
9 situation or balance sheet truly looks like.

10 Q. So other than the intercompany  
11 receivables, is there any other reason why they  
12 should be considered together?

13 A. They're -- so before we filed for  
14 bankruptcy -- so we refer to them collectively  
15 as "the practices." Garden State, Medical  
16 Group, and Quality are referred as "the  
17 practices" internally as CarePoint.

18 The practices are funded -- were  
19 basically treated as one entity by the hospital.  
20 So if we needed to subsidize payroll, we would  
21 say, Hey, we need to subsidize payroll for the  
22 practices. That included Quality, Medical  
23 Group, and Garden State.

24 The hospitals always treated the  
25 practices as -- in -- as one kind of entity.



1 The vendors that are being paid through -- say  
2 we're paying a vendor of the practices. And  
3 there's one person overseeing the practices, you  
4 know, ensuring the physicians are hired for  
5 Garden State, Medical Group, et cetera.  
6 They're -- operationally, they're treated as one  
7 combined entity.

8 So, in practice, we treat it as  
9 one entity. On financials, due to all the  
10 intercompany transactions, they should be viewed  
11 on a consolidated basis. And that's -- that's  
12 just how historically the practices have been  
13 treated, and that's how we consider them.

14 Q. Approximately how much does  
15 Quality Care owe to Garden State?

16 A. Quality Care. I don't recall off  
17 the top of my head. There's a lot of  
18 intercompany transactions there. It's either  
19 25 or 30 million.

20 Q. What's the basis of that debt?

21 A. So there's -- again, so all these  
22 intercompany transactions. There's money  
23 flowing from one entity to another. CarePoint  
24 obviously doesn't have enough cash flow to cover  
25 its operations, so there is money being lent

1 back and forth on the practice's side.

2 They had -- CarePoint hospitals  
3 don't have audited financials from '22 onwards.  
4 I don't know the last time the practices have  
5 been audited, because they were not owned by  
6 CarePoint prior to September 2024; they were  
7 owned by Sequoia, which is the former owners.

8 So there's just -- the balance  
9 sheet just hasn't been cleaned up. It could be  
10 years and years of intercompany transactions  
11 that have piled up in there. That's the basis  
12 of the intercompany liabilities between the  
13 entities.

14 Just for an example, Garden State  
15 has a due from JHA. JHA is Jersey Health  
16 Alliance. My understanding is that entity has  
17 been defunct since 2014.

18 So these financials haven't been  
19 audited. They haven't been cleaned up. There's  
20 just a lot of legacy noise in there. But that  
21 intercompany transaction of 25, 30 million could  
22 be years of borrowings from -- or to Quality  
23 that is just the books that have never been  
24 cleaned up.

25 Q. At your last deposition, you

1 testified that: "The \$31 million that is owed  
2 to Garden State is not from Quality. I'm going  
3 to look at that."

4 Did you look into that after your  
5 left deposition?

6 A. I did. And I actually updated  
7 the spreadsheet of the intercompany transactions  
8 through -- as of November 31st, 2024. I'm  
9 happy to provide that after this deposition.

10 But, yes, off the top of my head,  
11 I don't -- I don't recall whether it's Quality  
12 or it's Medical Group, but I do know one of  
13 those two entities owes roughly 30 million bucks  
14 to Garden State.

15 Q. You mentioned before about the  
16 change of ownership of the Medical Group in, I  
17 think you said, September of 2024?

18 A. Yes.

19 Q. Can you tell us what the  
20 ownership structure was prior to September 2024?

21 A. Sure. Sequoia owned New Jersey  
22 Medical Healthcare Associates -- sorry.

23 So Sequoia owned -- Sequoia owned  
24 the practices. Sequoia donated the practices to  
25 CarePoint before we filed.

1 Q. Okay. Do you know who Dr. Mark  
2 Spektor?

3 A. I've heard the name.

4 Q. Is he involved in any way in the  
5 practice group entities?

6 A. Not currently to my knowledge.

7 Q. Okay. I want to turn to accounts  
8 receivable and collections specifically.  
9 Do you know what a bad debt  
10 policy is?

11 A. I know what bad debt is. When  
12 you say "bad debt policy," I assume it's a  
13 policy around recognition of bad debt.

14 Q. Does Garden State have such a  
15 policy?

16 A. I am not aware of a specific bad  
17 debt policy, but I wouldn't be surprised if  
18 there was one at Garden State.

19 Q. Would you be surprised if it  
20 differed depending on the type of accounts  
21 receivable?

22 A. No, because we have commercial  
23 payors and insurance payors, and we have  
24 Medicare, Medicaid insurance payors. Some are  
25 more realizable than the others, so I wouldn't

1 be surprised if it differs by payor.

2 Q. What factors does Garden State  
3 consider before writing off an account  
4 receivable?

5 A. Definitely age of the receivable.  
6 That's probably the biggest factor, because aged  
7 receivables are usually denied by insurance  
8 payors.

9 So the combination of the age and  
10 the type of payor, commercial or non-commercial,  
11 would be the factors in deciding -- and,  
12 obviously, documentation, too. If there's -- if  
13 there's a case that was seen by a doctor a year  
14 ago and there's insufficient documentation, the  
15 claim is being denied due to lack of  
16 documentation, it will probably be written off  
17 because we won't be able to go back and the get  
18 the type of documentation needed to submit a  
19 successful claim.

20 Q. Does Garden State have a policy  
21 regarding when an account receivable is sent to  
22 collections?

23 A. I don't know.

24 Q. Do you know when Garden State  
25 would send an account receivable to collections?

1                   **A.     No.**

2                   MR. ANGELO: I'm going to show you  
3 a number of balance sheets that have been  
4 produced in discovery. I think you're familiar  
5 with them. But really just want to authenticate  
6 them.

7                   They are -- the first we'll do is  
8 the balance sheet for the period ending December  
9 31st of 2022. I have copies of that.

10                   -     -     -

11                   (Whereupon, S.V. Exhibit Number 2 was  
12 marked for identification.)

13                   -     -     -

14 BY MR. ANGELO:

15                   Q. Mr. Syed, as of December 31st,  
16 2022, the total balance of Garden State's  
17 accounts receivable was \$290,821,571; right?

18                   **A. Hang on. As of December 2022,**  
19 **accounts receivable for Garden State, is**  
20 **5 million 725. Where do you see 200 million?**  
21 **Where are you looking?**

22                   Q. And it's 5,725,557?

23                   **A. That's correct.**

24                   Q. At any point in time, did -- I'm  
25 done with that.

1                   **A.     Okay.**

2                   Q.     At any point in time, did  
3     Garden State stop reporting charity care and  
4     self-pay on its accounts receivable?

5                   **A.     No.   The accounts receivable for**  
6     **Garden State are the accounts receivable.  They**  
7     **wouldn't stop reporting charity care and**  
8     **self-pays.  Should be part of the accounts**  
9     **receivable population.**

10                  Q.     Post-petition, do you know what  
11     Garden State has collected in AR from  
12     non-government payors?

13                  **A.     Not off the top of my head.**

14                  Q.     What about government payors?

15                  **A.     Not off the top of my head.**

16                  Q.     What government payors make  
17     accounts receivable payments for services  
18     provided by Garden State?

19                  **A.     Medicare, Medicaid.**

20                  Q.     What are the categories of  
21     non-government payors that make up accounts  
22     receivable for services provided by  
23     Garden State?

24                  **A.     It's all our commercial payors --**  
25     **Aetna, United, Horizon, so on and so forth.**

1 Q. How much was swept from  
2 Garden State's accounts post-petition?

3 A. Swept? We didn't sweep anything  
4 from Garden State.

5 Your colleague, Kurt Gwynne, had  
6 objected and basically said money cannot flow  
7 from Garden State to the hospitals at one of the  
8 initial hearings, so we've been complying with  
9 that.

10 Money sent post-petition,  
11 Garden State gets its collections, and then  
12 there's a subsidy required every two weeks to  
13 make payroll at Garden State, so the hospitals  
14 fund Garden State, and then Garden State pays  
15 out of the payroll. There's no money that's  
16 been swept from Garden State back to the  
17 hospitals or anywhere else.

18 Q. The debtors prepare sources and  
19 uses of cash as part of their financial  
20 statements; right?

21 A. Yes.

22 Q. What are billing services?

23 A. Revenue cycle companies that  
24 collect patient claims for us.

25 Q. Collection services are different



1 than billing services; correct?

2           **A.**    I'd have to look at the specific  
3 line items you're referring to. But when you  
4 said billing, in my mind, I was thinking of our  
5 RCM company. But our billing and collection  
6 is -- I consider it -- that's our revenue cycle.

7           Q.    So your RCM company does both  
8 billing and collection?

9           **A.**    **Yes.**

10                  MR. ANGELO: I'm going to mark  
11 SV3.

12                               -   -   -

13                  (Whereupon, S.V. Exhibit Number 3 was  
14 marked for identification.)

15                               -   -   -

16 BY MR. ANGELO:

17                  Q.    New Jersey Medical and Health  
18 Associates LLC and Garden State Healthcare  
19 Associates entered into a billing services  
20 agreement with Sierra Health Group; correct?

21                  **A.**    **That's what this document says,**  
22 **yes.**

23                  Q.    And pursuant to the billing  
24 services agreement, Sierra Health was engaged to  
25 prepare and submit for payment patient insurance

1 claims and, when applicable, supplemental  
2 statements to the appropriate reimbursing  
3 agencies; correct?

4 **A. If that's what the contract says.**  
5 **This is my first time looking at this contract,**  
6 **so ...**

7 Q. Okay. Okay.

8 Under the service agreement,  
9 Sierra Health was the exclusive billing services  
10 entity for Garden State; correct?

11 **A. That's what the contract says.**

12 Q. Do you know if Sierra Health --  
13 and I'll refer to as Sierra Health Group LLC as  
14 Sierra Health.

15 Do you know if Sierra Health  
16 issued invoices for services provided by  
17 Garden State?

18 **A. I don't know. This is**  
19 **significantly before my time.**

20 Q. Have you ever heard of Sierra  
21 Health before?

22 **A. The only context I've heard**  
23 **Sierra Health is in, and my understanding is we**  
24 **changed rev cycle companies for the practices at**  
25 **the end of 2023, where we changed from Sierra**

1 Health to ECW. And that's the only context  
2 under which I've heard of Sierra Health.

3 I've never engaged with them. I  
4 don't know what their contract says. I don't  
5 know what invoices they sent. I don't know  
6 anything about them.

7 Q. Okay. And that transition that  
8 you just mentioned, that didn't go smoothly, did  
9 it?

10 A. I was told anecdotally by several  
11 people, that transition was not optimal.

12 Q. Are you familiar with the company  
13 TriZetto?

14 A. Yes. I've heard the name. They  
15 are the clearinghouse when Sierra was involved.

16 Q. And just briefly describe what a  
17 clearinghouse does in this context.

18 A. They just verify payments coming  
19 across -- it's like -- I guess it's playing the  
20 role of a bank between a collection company.

21 Q. Do you recognize the name  
22 Transworld Systems, Inc., or TSI?

23 A. No.

24 Q. In October/November of 2023,  
25 TriZetto stopped pricing Garden State claims for

1 approximately two months due to non-payment of  
2 TriZetto's fees; correct?

3 **A. I don't know. I wasn't there.**

4 Q. In early 2024, TSI also refused  
5 to send any more letters on Garden State's  
6 behalf -- collection letters; correct?

7 **A. Not aware.**

8 Q. Okay. From the point you joined  
9 CarePoint in, I believe it was February 2024,  
10 until the bankruptcy petition date, Garden State  
11 had no collection agency retained to collect its  
12 accounts receivable; correct?

13 **A. That's not true. We had ECW.**

14 Q. ECW was collecting or billing?

15 **A. I think they were doing both.**

16 Q. Doing both, okay.

17 On February 8th, 2024,  
18 Garden State issued a termination notice under  
19 the billing services agreement with Sierra  
20 Health; correct?

21 **A. I don't know. My capacity when I**  
22 **joined in 2024 was as a consultant helping --**  
23 **preparing cash -- 13-week cash flow statements.**  
24 **I wasn't involved in operational decisions such**  
25 **as getting rid of rev cycle vendors at**

1     **CarePoint.**

2                   Q.     When you started at CarePoint, do  
3     you know who the rev cycle manager was?

4                   A.     When I started in my official  
5     capacity at CarePoint in July?

6                   Q.     Yes.

7                   A.     The rev cycle manager for the  
8     practices -- there were two. There was Darian  
9     Rodriguez, who is no longer with the company;  
10    and there was Sangeeta, her last name slipped my  
11    mind. She was also -- she was involved in the  
12    practices' billing.

13                  Q.     They were both CarePoint  
14    employees?

15                  A.     Yes.

16                  Q.     So there was no outside company  
17    working with revenue cycle management?

18                  A.     No. So they were in-house  
19    CarePoint employees, but they were managing ECW.  
20    ECW was still there. ECW was the outside  
21    company.

22                  Q.     And so ECW, as I understand it --  
23    and correct me if I'm wrong. ECW is the system  
24    on which health data and patient data is stored?

25                  A.     The claims are in ECW, yes.

1 Q. Okay. So does ECW provide  
2 billing services?

3 A. For the practices, yes.

4 Q. For the practice, but not for the  
5 hospital?

6 A. No.

7 Q. So the hospitals have separate  
8 billing collection services from the practice  
9 group?

10 A. Correct.

11 Q. Okay. I want to turn back to  
12 TriZetto I mentioned a few minutes ago. So  
13 they're the clearinghouse for claims, meaning  
14 they reviewed bills for compliance with  
15 third-party payor requirements; right?

16 A. That's my understanding, yes.

17 Q. When ECW replaced -- when ECW  
18 became the billing company for the practice  
19 groups, were there any claims sitting in  
20 TriZetto' system?

21 A. I don't know.

22 Q. Are you aware of any point that  
23 billing or collection of claims submitted by  
24 Garden State went uncollected or unbilled?

25 A. As I said, the transition that

1 happened between Sierra and ECW was not smooth.

2 And my understanding is there was a gap in the  
3 way that transition happened.

4 That was definitely impacted by  
5 the fact that we didn't have the ability to pay  
6 Sierra and TriZetto to help us work through a  
7 smooth transition so we could pay both payors.  
8 So obviously our rev cycle company walked out --  
9 even on the hospital side walked out on us due  
10 to non-payment issues. So there wasn't a proper  
11 handoff, which definitely impacted claims.

12 So I mean -- again, I've heard  
13 anecdotally that the transaction wasn't smooth,  
14 and it could have gone a lot better if we had  
15 the funds to pay for a proper transition.

16 Q. At any point in time did  
17 CarePoint lose access to the ECW database?

18 A. ECW turned us off due to  
19 non-payment, and we had to pay them and come  
20 back on.

21 Actually, that's on the medical  
22 records side, because ECW is also our EMR, our  
23 electronic medical record. I don't know if they  
24 ever turned us off at the patient claims side.

25 Q. Approximately when did ECW take

1 over the billing services for Garden State?

2 **A. Early 2024.**

3 Q. ECW was not responsible for  
4 billing patients or third-party payors for  
5 services provided by Garden State before they  
6 went live; correct?

7 **A. Sorry, can you repeat the**  
8 **question.**

9 Q. I'll rephrase it.

10 Was ECW responsible for billing  
11 patients or third-party payors for services  
12 provided to Garden State prior to when ECW went  
13 live?

14 **A. I wouldn't think so.**

15 Q. Okay. Am I correct that  
16 Garden State took no collection action in 2024?

17 **A. No. As I said, we contracted**  
18 **ECW, and we collected in 2024. I don't know if**  
19 **we collected efficiently, but we collected.**

20 Q. Is there a certain person at  
21 CarePoint in charge of running collection  
22 actions?

23 **A. We have a chief revenue -- we had**  
24 **a chief revenue cycle officer. We have someone**  
25 **that is now a system lead of revenue cycle**



1     **that's stepped into that role recently.**

2                   Q.     How long before a receivable is  
3     sent to collection?

4                   MR. NEWMAN:   Sorry, one more time?

5     BY MR. ANGELO:

6                   Q.     How long before a receivable is  
7     sent to collection?

8                   A.     **I don't know.**

9                   Q.     Are there any restrictions on  
10    accounts that are sent to collection?

11                  A.     **Restrictions on accounts?**

12                  Q.     Types of accounts.

13                  A.     **I'm not sure.**

14                  Q.     Do you know what collections  
15    actions were taken such as, for example, credit  
16    reporting?

17                  A.     **I don't know.**

18                  Q.     Dunning letters?

19                  A.     **Not aware.**

20                  Q.     Commencement of lawsuits?

21                  A.     **Not aware.**

22                  Q.     Judgment enforcement?

23                  A.     **Not aware.**

24                  Q.     Is there any collection action  
25    that Garden State won't take?

1                   **A.     I -- I don't know.**

2                   Q.     How much in Garden State's  
3     accounts receivable were approved to be sent to  
4     a collection agency in 2020?

5                   **A.     I don't know.**

6                   Q.     Same answer for every other year?

7                   **A.     Yeah.**

8                   MR. ANGELO: I think we've been  
9     going for about an hour, so maybe we can pause  
10    here.

11                  **A.     Sure.**

12                  MR. ANGELO: Off the record.

13                                 -     -     -

14                  (Whereupon, a short recess was taken.)

15                                 -     -     -

16     BY MR. ANGELO:

17                  Q.     Mr. Syed, I'm not going to have  
18     too much longer, but I want to turn to stuff  
19     that doesn't involve AR and billing.

20                  **A.     Thank you.**

21                  Q.     Are you familiar with the company  
22     Pendrick Capital?

23                  **A.     I've heard the name, yes.**

24                  Q.     Are you aware of what they do?

25                  **A.     They advance you cash on**

1     **receivables.**

2                   Q.     Have they ever advanced CarePoint  
3     cash on receivables?

4                   A.     I believe they did, before I came  
5     on CarePoint in any capacity, yes.

6                   Q.     Do you know if any of those  
7     receivables were Garden State's receivables?

8                   A.     The contract lists the three  
9     hospitals and the practices. But I looked at  
10    the list of the receivables that were sold to  
11    Pendrick, and it was all the hospital  
12    receivables only.

13                  Q.     When you say "hospital  
14    receivables," do you mean essentially for using  
15    the hospital facilities? Is that how it's  
16    broken down, versus services? Or can you  
17    explain?

18                  A.     Yes, it's hospital patient claims  
19    that were sold to Pendrick.

20                  Q.     Understood. So to the best of  
21    your knowledge, none of Garden State's were  
22    sold.

23                  A.     There were no Garden State  
24    receivables sold to the best of my knowledge.

25                  Q.     Did Pendrick and CarePoint ever

1 enter into an account leasing agreement?

2 **A. I don't know what that is.**

3 Q. Were there any further  
4 discussions about Pendrick either fronting  
5 CarePoint money on account of its account  
6 receivables after you became CFO?

7 **A. No.**

8 Q. What about with any other  
9 company?

10 **A. So we entered into these**  
11 **agreements with the merchant advance lenders,**  
12 **and that was technically an advance on**  
13 **receivables too. So -- but that wasn't a -- as**  
14 **formalized of an agreement as Pendrick was,**  
15 **where Pendrick had a list of actual receivables**  
16 **they're going after. But with MCA's it was**  
17 **more, Hey, we'll give you cash and we'll just**  
18 **daily debit until we collect our return on our**  
19 **money back. So it wasn't tied to any specific**  
20 **receivables.**

21 Q. Are you familiar with what PIP  
22 receivables are?

23 **A. Personal injury, yes.**

24 Q. Would any of those receivables be  
25 Garden State receivables?

1                   A.    I don't think so. We only did  
2   PIP cases in Bayone, I believe.

3                   Q.    Does that include -- does that  
4   include motor vehicle or MVA claims?

5                   A.    So it's no-fault, worker comp,  
6   and personal injury, yeah.

7                   Q.    What of the current plans for the  
8   practice group entities, Garden State and the  
9   Medical Group and the Quality Care, after the  
10   effective date of the plan?

11                  A.    We're still exploring options.  
12   One option that was being actively explored was  
13   to offload the medical groups to a third-party  
14   company, because we're obviously losing money on  
15   them. So that was explored extensively.

16                         What we have been doing very  
17   aggressively is, in the bankruptcy, we've been  
18   rejecting a lot of our medical group leases  
19   because we have empty space in the hospitals,  
20   and we're moving those providers into the  
21   hospitals so we at least save on the rent, and  
22   that would help make these practices less -- the  
23   medical group practices less insolvent. So we  
24   are moving them into the hospital.

25                         So we've already moved the GI

1 practice that was in Hoboken outside the  
2 hospital. We moved it into the hospital on the  
3 sixth floor. We're moving -- we're doing that  
4 across the practices.

5 So for Medical Group  
6 specifically, we're -- we're consolidating  
7 spend; we're trying to reduce our overhead;  
8 we're getting out of bad leases.

9 We renegotiated a lease with a  
10 landlord. There was a landlord for a medical  
11 group that we owed \$200,000 in arrears to, and  
12 we told him we're going to reject his lease and  
13 move out if he doesn't wipe the slate clean, and  
14 he agreed to do so. So there's a lot of --  
15 we're attacking it on all fronts.

16 Q. Just to be clear -- and apologize  
17 for interrupting. But just to be clear, these  
18 are for New Jersey Medical Group, outside  
19 physicians?

20 A. Correct.

21 Q. Are there any leases that  
22 Garden State has?

23 A. No. For Garden State what we're  
24 doing is we are negotiating with individual  
25 physicians.

1                   So there's -- for example,  
2     there's a bariatric physician whose downstream  
3     revenue has frankly dried up because no one --  
4     the demand for bariatric surgery is down due to  
5     Ozempic and other drugs such as that. So we  
6     have negotiated his payment -- we've negotiated  
7     his salary down considerably.

8                   We're doing that across the  
9     physicians. So if a physician is not performing  
10    over the last two years in terms of revenue  
11    being generated for the hospital, we're  
12    aggressively negotiating provider contracts on  
13    Garden State side.

14                  And that also works on the -- for  
15    the Garden State vendors. For example, the ER  
16    docs that are being -- the ER docs that are  
17    contracted by Garden State, we found a  
18    competitor rate that was better, and we told  
19    them to either match it or don't have -- they  
20    would be replaced.

21                  So we're taking very aggressive  
22    approaches at trying to curb the losses being  
23    suffered by the practices. And also, what we're  
24    doing is we are -- we're transitioning rev  
25    cycle, again, to a company called Clinical

1 Spectrum for the practices.

2 Q. Okay.

3 A. I just signed the contract with  
4 them last week. They seem extremely  
5 knowledgeable. They recognize the pay points we  
6 had in terms of collections, and they are very  
7 eager to get started. And the transition  
8 between ECW and that, so we're doing a proper  
9 handoff this time. We learned from our previous  
10 mistakes.

11 But we are paying ECW through the  
12 transition. The hand off begins April 1st, is  
13 when the Clinical Spectrum kicks off.

14 Q. Are they taking over for ECW?

15 A. Yes.

16 Q. What's the role of Rajan-Krishna  
17 Billing?

18 A. His name is Rajan Kandha.

19 Q. Okay.

20 A. And he has a company called  
21 Krishna & Rama Billing.

22 Q. Krishna & Rama Billing. I'm  
23 sorry.

24 A. So Krishna & Rama Billing was the  
25 revenue cycle company for the hospitals.



1 Q. Okay.

2 A. And he was overseeing the  
3 physician billing, and he was overseeing ECW  
4 billing for Garden State and the practices.

5 He wasn't doing the actual  
6 billing and collecting for the practices. ECW  
7 still was.

8 Q. Okay.

9 A. But he was the chief revenue  
10 cycle officer that was put in place by Dr. Shah  
11 from Insight before he abruptly walked away.

12 Q. When you say "was," is he no  
13 longer with CarePoint?

14 A. He is still with CarePoint. He's  
15 transitioning out, because HRH wanted someone  
16 else to be the head of rev cycle going forward.

17 Q. So the plan currently is to  
18 outsource the medical groups to an external  
19 management company; correct?

20 A. No. That is a plan that was  
21 being explored.

22 Q. Okay. Is there any reason to  
23 keep the medical group entities going after the  
24 effective date?

25 A. Yeah. There's -- there's -- you

1 know, there's some medical group practices that  
2 are profitable. There's a medical group  
3 practice that we have in downtown Jersey City  
4 that is a fully commercial patient base.

5 Q. And sorry. Is this Garden State  
6 or CarePoint Medical Group?

7 A. That's Medical Group.

8 Q. Medical Group, okay.

9 So Garden State specifically, any  
10 reason that you can think of to keep that entity  
11 running past the effective date of the plan?

12 A. Those are our doctors in  
13 hospitals we need to keep the entity going.

14 Q. So you need a separate entity  
15 from the hospitals to employ those physicians?

16 A. So we haven't considered the --  
17 what the go-forward org structure would look  
18 like. Obviously, if you've seen the org chart  
19 of the filing entities, we have some  
20 intermediate HoldCo's all over the place. We do  
21 want to collapse all of that.

22 The reason Garden State was  
23 separate before was because they were owned by  
24 Sequoia; they weren't part of CarePoint.

25 Now that Garden State and the

1 practices are part of CarePoint, and now,  
2 post-mergence, we'll probably do some sort of  
3 restructuring where -- and I don't know what  
4 that go-forward structure looks like. But we do  
5 want to simplify our org chart and maybe move  
6 Garden State physicians to the hospital.

7 I don't know what the go-forward  
8 state looks like. But we're talking about kind  
9 of a future state that wouldn't be a separated  
10 entity. That's not been finalized.

11 Q. Is one of the reasons why you're  
12 considering Garden State remaining as a separate  
13 entity is so you can collect their AR?

14 A. We would collect their AR  
15 regardless, whether it remains a separate entity  
16 or not. We run out their claims, would collect  
17 their AR regardless. We're not leaving money on  
18 the table.

19 Q. You said the hospitals need every  
20 dollar.

21 A. Right.

22 Q. I want to discuss your  
23 declaration that you submitted in connection  
24 with the plan supplement regarding the  
25 substantive consolidation.

1                   One of the things that you  
2   discussed was the difficulty in unscrambling  
3   litigation claims; and you pointed, as an  
4   example, to the pre-petition Aetna settlement.

5                   Do you recall that?

6                   **A. I do. I mean -- it would be**  
7   **helpful to have a copy --**

8                   Q. Sure.

9                   MR. McMICHAEL: We're marking  
10 this?

11                  MR. ANGELO: Yep, SV4.

12                                 -   -   -

13                  (Whereupon, S.V. Exhibit Number 4 was  
14 marked for identification.)

15                                 -   -   -

16                  MR. McMICHAEL: Do you have  
17 copies?

18                  **THE WITNESS: Do you want this one**  
19 **because it's marked?**

20                  MR. ANGELO: Yeah, that's mine.  
21 Thank you. You can see what I was thinking.

22 BY MR. ANGELO:

23                  Q. Just to repeat my question: One  
24 of your points in your declaration is that it  
25 would be difficult to unscramble the litigation

1 assets or litigation claims amongst the debtors.

2 **A. Could you point me to this**  
3 **reference.**

4 Q. Yep, sure can.

5 Page 4, bottom paragraph 13,  
6 where you say "The litigation plan proceeds  
7 cannot be fairly or reasonably allocated on a  
8 debtor-by-debtor basis."

9 **A. Yep.**

10 (Witness reviews document.)

11 **A. Yes; that's correct.**

12 Q. And are you familiar with the  
13 pre-petition settlement with Aetna?

14 **A. I am.**

15 Q. And do you recall how much that  
16 settlement was -- how much cash the hospitals  
17 got for that settlement?

18 **A. Hospitals didn't get any cash.**  
19 **Our pre-petition secured lender got cash.**

20 MR. ANGELO: Off the record.

21 (Discussion off the record.)

22 BY MR. ANGELO:

23 Q. So just to be clear, the  
24 pre-petition settlement with Aetna CarePoint  
25 didn't get any of that money?

1                   **A. CarePoint did not receive any**  
2 **cash. The settlement --**

3                   Q. You don't need to go into the  
4 terms of the settlement. That's okay. We'll  
5 move on:

6                   **A. It went to the pre-petition**  
7 **secured lender.**

8                   Q. Right, thank you.

9                   Looking again at your deposition  
10 SV4 -- excuse me -- your declaration  
11 transcript -- late in the day -- one of the  
12 things that you say -- I'm trying to find it --  
13 okay. Paragraph 10, page 3 --

14                  **A. Yep.**

15                  Q. You say that there's not money to  
16 prepare, solicit, confirm and administer 21  
17 separate plans.

18                  **A. That's correct.**

19                  Q. Is there enough money to confirm  
20 plans for all the hospital-related entities and  
21 a plan for -- a single plan for them versus a  
22 single plan for the practice groups?

23                  **A. I would say probably not. I**  
24 **mean, we are -- our -- we've borrowed**  
25 **\$35 million from HRH since November 3rd, just to**

1 stay afloat, and that's not paying all the admin  
2 claims. We have AP building up. We have pro  
3 fee reserve that's been building up.

4 We are barely getting by at our  
5 current situation. I would think two separate  
6 plans would probably be -- I'm not going to say  
7 it's going to be double the cost, but it's going  
8 to be more expensive than probably doing just  
9 one plan.

10 Q. Okay. I want to look at some of  
11 the exhibits to your declaration.

12 A. Sure.

13 Q. Start with Exhibit A. And  
14 specifically, the Garden State Healthcare  
15 Chapter 7 liquidation analysis scenario.

16 A. Yeah.

17 Q. The note there where it says --  
18 I'll read it: "Accounts receivable recovery  
19 ranges are net of collection fees of 15 percent  
20 and 5 percent in the low- and high-recovery  
21 scenarios respectively."

22 How did you come up with the  
23 15 percent and 5 percent figures?

24 A. So we looked at the aging  
25 buckets, and then we looked at the type of

1 payors -- commercial and non-commercial payors.

2 And then we -- I mean, this is a Chapter 7  
3 scenario.

4 So we assume -- between Chapter 7  
5 trustee being appointed and a team going out,  
6 working claims and then just the condition and  
7 age of all the claims that are out there, we  
8 assumed that there would be -- and, as I said,  
9 there was not a proper handoff of the claim --  
10 between rev cycle companies the last time this  
11 transition happened, we believe that there would  
12 be significant deterioration of AR by the time a  
13 Chapter 7 trustee gets involved and starts  
14 working these claims, based on the age of the  
15 claims and the type of payor claims that are out  
16 there.

17 Q. The number that's under Sources  
18 of Recovery, Accounts Receivable Net, Total  
19 Asset Value and Claim amount \$1,393,191, how did  
20 you get that number?

21 A. That's the number on the sheet  
22 right here.

23 Q. Okay. Do you know how that  
24 number was calculated?

25 A. It's not the -- so that



1 10 million of AR that's in here, that's gross.  
2 That's before -- so that's the list price, so to  
3 speak. That's not what we actually end up  
4 collecting.

5 After -- so after a PCR  
6 percentage, a supply to a claim, there's a  
7 significant discount with the claim that's  
8 actually being realized. And my  
9 understanding -- there has to be some bad debt  
10 number kind of included in that as well. But  
11 the 1.4 million, roughly, is our best estimate  
12 of what the value of AR is for Garden State on  
13 our books today, or as of the petition date  
14 as --

15 Q. So did you -- do the debtors have  
16 someone actually value this AR?

17 A. We actually are in the process of  
18 having someone value this AR. We hired a  
19 valuation expert through Ankura, and he's in the  
20 process of valuing it.

21 Q. Staying on this page, if go you  
22 down to "Cash Proceeds Available for  
23 Administrative Claims," the first number in that  
24 row, \$12,580,280.

25 A. Yes.

1 Q. What does that amount consist of?

2 A. This is going to be -- I mean,  
3 admin claims. It's going to be payroll for the  
4 Garden State docs. It's going to be the  
5 Garden State vendors. There are ED docs in  
6 there. There's anesthesia docs in there. Those  
7 are contracted vendors.

8 There's -- yeah, it's going to  
9 be -- it's going to be all kind of operating --  
10 we -- again, AR has been kind of -- sorry -- AP  
11 has been building up. That's all the admin  
12 claims.

13 Q. Does that number include  
14 intercompany post-petition claims?

15 A. It shouldn't. But without  
16 looking at the underlying detail, I can't  
17 confirm or deny that. But it shouldn't.

18 Q. And correct me if I'm wrong:  
19 Garden State is currently operating at a loss?

20 A. Yes.

21 Q. Has been since the petition date?

22 A. Yes.

23 Q. And so it's been operating at a  
24 loss, and it incurred over \$12.5 million of  
25 admin claims post-petition?

1                   **A. Yes. Insurance is probably in**  
2     there too. Med mal, there's -- as part of  
3     restructuring, we let a lot of doctors go. We  
4     have to tail out their coverage. Tail coverages  
5     alone, like, \$400,000. I could see that  
6     building up pretty quick.

7                   Q. Skip ahead to Exhibit B, "The  
8     Medical Practice Group Cash Burn."

9                   **A. Yep.**

10                  Q. In the note at the bottom, the  
11     third line reads, "Net cash flow reflects, 1,  
12     third-party practice cash receipts minus, 2,  
13     payroll and benefits, plus accounts payable  
14     payments."

15                             Can you tell us what the  
16     third-party practice cash receipts consist of.

17                  **A. That's the collections.**

18                  Q. That is it?

19                  **A. That's it.**

20                  Q. And the other one is  
21     self-explanatory.

22                             On the far right in those boxes  
23     on the side where it says, "Funding from other  
24     entities," can you explain that? What does that  
25     mean?

1                   A.     That's the amount of cash  
2     CarePoint hospitals, the three hospitals --  
3     Christ, Hoboken and Bayone Medical Center --  
4     sent to the practices to subsidize their  
5     operations.

6                   Q.     And, again, tell us what "Medical  
7     Practice Group Net Cash Flow" refers to.

8                   A.     The net cash flow is patient  
9     receipts minus payroll and AP.

10                  Q.     You combined all three Medical  
11     Group entities for this chart; correct?

12                  A.     Correct.

13                  Q.     And explain your reasoning again  
14     for that.

15                  A.     We treat the practices as one --  
16     as one entity, generally, when we -- when we're  
17     dealing with them an operational basis. We fund  
18     their payrolls together. We pay their vendors  
19     together. We treat them as just one entity from  
20     an operational standpoint.

21                  Q.     Turn to Exhibit C, the second  
22     chart, "Non-cash Intercompany Activity." Does  
23     anything on here have anything to do with the  
24     medical group entities?

25                  A.     Lab-related, no. [Reading sotto

1     voce].

2                     Not -- I mean, so this is an  
3     example of -- but the -- this particular example  
4     does not have anything to do with the practices,  
5     no.

6                     Q.     Did Garden State hold itself out  
7     to public creditors as a separate entity,  
8     Garden State Healthcare, or was it considered  
9     part of CarePoint?

10                    **A.     Considered part of CarePoint.**

11                    Q.     From inception?

12                    **A.     I wasn't around during inception.**

13                    Q.     Okay. Since you've been here.

14                    **A.     Since I've been here, it's been**  
15 **part of CarePoint, yes.**

16                    Q.     Were creditors invoiced from  
17     Garden State or from another entity?

18                    **A.     Creditors -- it depends on the**  
19 **creditor. There's creditors that are employees**  
20 **from Garden State, and there's creditors that**  
21 **invoice the hospitals even though it's on behalf**  
22 **of Garden State. But it depends on the**  
23 **situation.**

24                    Q.     And payments, are they generally  
25     made directly to Garden State if they're

1      invoiced to by Garden State?

2                   A.     Payments are made through  
3      Garden State.  If it's invoiced to Garden State,  
4      it's made through Garden State.  But the --  
5      the -- it's usually funding that comes from the  
6      hospital, so it's split across all three  
7      hospitals evenly.

8                   Q.     So --

9                   A.     I'll give an example.

10                  Q.     Sure.

11                  A.     Anesthesia, we have to pay --  
12      there's one anesthesia group called Resolute  
13      Perioperative that has to be paid \$110,000 every  
14      week; and that amount is funded equally by -- or  
15      roughly equally by the three hospitals.

16                  Q.     Understood.

17                             So another thing -- is it your  
18      contention that the -- every debtor entity  
19      effectively pools together their resources in  
20      order for the hospitals to operate?

21                  A.     They borrow money from each  
22      other.  They pool resources together to the  
23      extent it's needed.  But, yeah, they do.  
24      They -- cash pools around and, yes, they collate  
25      their resources to the extent it's needed.

1 Q. Okay. Are there any specific --  
2 what -- let me rephrase.

3 What kind of vendors does  
4 Garden State have?

5 A. They have an anesthesia vendor.  
6 They have ER docs. They have --

7 Q. So only physician services,  
8 basically?

9 A. No, they have non-physician  
10 services too. Those -- the ones I mentioned  
11 come to mind quicker because we pay them every  
12 single week.

13 Q. Sure.

14 A. There's definitely non-physician  
15 vendors that are contracted. Sage, for example,  
16 is a financial software where the practices'  
17 accounting records are kept. That's -- that's  
18 paid -- paid through the practices.

19 Q. So if -- if all of these debtors'  
20 finances are hopelessly scrambled, how is it  
21 that you can get down to the penny on  
22 intercompany receivables for each debtor?

23 MR. NEWMAN: Objection as to form.

24 A. We -- I'm not, you know, if --  
25 if -- you know, just going back to the Resolute

1 example, if the payment is split across three  
2 hospitals, we know how much the three hospitals  
3 gave to Garden State; and that's an intercompany  
4 transaction that's recorded, and we -- I mean,  
5 we keep track of the intercompany transactions.  
6 But the volume and the amount and the -- I mean  
7 it's -- the amount of intercompany transactions  
8 that are happening daily, weekly just to kind  
9 of --

10 For example, in order to make  
11 payroll today, I had to make Hoboken Hospital  
12 payroll today. I had to move money from Christ  
13 over to Hoboken in order to just make payroll.

14 And then in order to make the  
15 practices' payroll today, Garden State payroll,  
16 I had to move money from all three hospitals to  
17 the practices in order to make their payroll.

18 We're keeping track of those  
19 transactions, but it is, in terms of volume, I  
20 mean, hundreds of thousands of transactions. I  
21 mean, we're doing our best to keep track of it,  
22 but it is very, very tedious, cumbersome  
23 process.

24 BY MR. ANGELO:

25 Q. The debtors amended



1 Garden State's schedules at least once.

2 A. Correct.

3 Q. And obviously the biggest  
4 amendment to that was the amount of intercompany  
5 receivables. I think it went from about 117  
6 million down to about 36 million.

7 Can you tell us why?

8 A. Yeah, so we -- I relied on our  
9 financial advisor, Ankura, to help prepare the  
10 SOFAs and schedules. And when they were summing  
11 up the trial balance, they had missed certain  
12 intercompany offset line items in that summary;  
13 so when it was brought to my attention, we  
14 corrected it promptly.

15 Q. Okay. With respect to  
16 Garden State's accounts payables, is there  
17 anything other than the physician payroll?

18 A. Yeah. There's -- oh,  
19 Garden State?

20 Q. Yep.

21 A. Yeah, there's -- there's --  
22 there's IT vendors. There's the collection  
23 company. There's -- there's the service  
24 providers.

25 Q. So there are others?

1                   **A.     There are others, yeah.**

2                   Q.     You've said numerous times today  
3     and when we met before that the practice groups  
4     are just -- have been and are being funded  
5     completely by the hospitals.

6                   **A.     (Nods head.)**

7                   Q.     Hypothetically -- and I know I'm  
8     not supposed to do hypotheticals, but bear with  
9     me -- in a perfect world, if everything was  
10    running smoothly and billing was done correctly  
11    and on time and accurately with the correct  
12    company, would Garden State need to be borrowing  
13    from the hospitals?

14                  MR. NEWMAN:  Objection as to form.

15                  **A.     I can't say.  I don't know.**

16                  BY MR. ANGELO:

17                  Q.     So is there any world in which  
18    you can see Garden State being sustainable?

19                  MR. NEWMAN:  Objection as to form.

20                  **A.     It's hard to say.  I don't know.**

21                  BY MR. ANGELO:

22                  Q.     Even -- okay, I won't do  
23    hypotheticals anymore.

24                  On the effective date, will the  
25    hospitals be separate legal entities?

1                   A.     I'm not sure I understand the  
2     question.

3                   Q.     Will they remain separate  
4     entities, the hospitals? The hospital operating  
5     entities?

6                   A.     Yeah, the operating entities will  
7     be separate entities. They have separate  
8     certificate of needs, they have separate  
9     Medicare numbers. The hospitals are going to be  
10    separate entities, yes.

11                  Q.     Are you familiar with who the  
12    prior owners are, as defined under the plan?

13                  A.     I have heard of them.

14                  Q.     Do you believe that they deserve  
15    the treatment they're getting under the plan?

16                             MR. NEWMAN: Objection to form.

17                  A.     I have -- I don't know.

18    BY MR. ANGELO:

19                  Q.     Do you know what the treatment is  
20    under the plan?

21                  A.     Yeah. The former owners -- are  
22    we talking about Maple or are we --

23                  Q.     Well, we'll talk about Class 9,  
24    the prior owner claims.

25                  A.     My understanding is they're

1 getting nothing.

2 Q. You were CFO when the purchase  
3 option for the Christ Hospital property was  
4 pulled; right?

5 A. Correct.

6 Q. Were you involved in any of those  
7 discussions regarding the purchase option being  
8 pulled?

9 A. The extent of my involvement was  
10 I just got notes passed to me by my counsel here  
11 telling me, "Make sure you pay rent or the  
12 option is going to get pulled."

13 Q. Did you pay rent?

14 A. We didn't, and the option got  
15 pulled.

16 Q. When the option got pulled, had  
17 you paid rent?

18 A. We paid rent a month and a half  
19 late. But the option got pulled, and then I was  
20 informed that the option may be reinstated if we  
21 paid the next month's rent on time, and it was a  
22 whole back-and-forth conversation.

23 I've never spoken to the  
24 landlord. That was -- that was -- those  
25 conversations were happening between the CEO,

1 the former CEO, and the landlords. And they  
2 were trying to put the option back into place.  
3 I was more focused on just trying to keep the  
4 hospitals afloat.

5 Q. When the option was pulled, what  
6 was outstanding under the lease?

7 A. At least two months rent.

8 Q. Plus interest, fees, penalties?

9 A. Yeah, absolutely.

10 MR. ANGELO: Reserve the right to  
11 do any cleanup and follow-up, but that's it for  
12 me. I pass the witness.

13 Madam Court Reporter, this is  
14 George Spathis. I'll be picking up the  
15 examination from here.

16 THE COURT REPORTER: Could we have  
17 a quick break?

18 MR. SPATHIS: Sure.

19 THE COURT REPORTER: Thank you.

20 - - -

21 (Whereupon, a short recess was taken.)

22 - - -

23 EXAMINATION

24 - - -

25

1 BY MR. SPATHIS:

2 Q. Let's go back on the record.

3 Good afternoon, Mr. Syed. My name is George  
4 Spathis. I represent Maple Healthcare.

5 Let me apologize in advance. I  
6 want to just explain a little bit about the  
7 process today and why it might seem a little  
8 inefficient.

9 You have previously given  
10 testimony in this case, both as an individual  
11 witness and as a 30(b)(6) witness; correct?

12 **A. Correct.**

13 Q. And I'll tell you that the  
14 obligations are slightly different.

15 You've been noticed -- your  
16 deposition was noticed again in both capacities.  
17 But it's important, at least in my perspective,  
18 from my perspective, that we maintain a clear  
19 record of the testimony that you are offering in  
20 a representative capacity on behalf of the  
21 debtors.

22 So we're going to -- I'm going to  
23 do my examination, my 30(b)(6) examination that  
24 is for your representative capacity. I'll turn  
25 it over, because I know there's another 30(b)(6)

1 notice relating to the debtors. And then I  
2 suspect that, even though you will have  
3 testified extensively, there will probably be  
4 some examination in your individual capacity,  
5 probably limited, because you've been very good  
6 about answering these questions.

7 So it's going to feel like we're  
8 retreading over some of this stuff. I don't  
9 know any way to avoid it, but I wanted to  
10 apologize in advance. You're a good sport.  
11 Your time is valuable, and we appreciate your  
12 time here.

13 So going back to what I started  
14 with is, you understand there's a difference  
15 between testifying in your individual capacity  
16 and as a representative; correct?

17 **A. Correct.**

18 Q. Do you understand what your  
19 obligations as a representative of the debtors  
20 is?

21 **A. That I have to be knowledgeable**  
22 **about the list of topics that have been**  
23 **provided.**

24 Q. You have to take steps to prepare  
25 yourself to answer questions regarding the

1 topics that were provided to you; correct?

2 **A. Correct.**

3 Q. And case law will suggest that  
4 preparation requires, among other things,  
5 talking to colleagues, present and former;  
6 looking at documents; doing the investigation  
7 necessary to answer questions.

8 Do you understand that?

9 **A. I do.**

10 Q. And in this particular case, the  
11 only thing I've heard you say so far is you met  
12 with counsel once to go over the topics.  
13 Correct?

14 **A. Correct.**

15 Q. You didn't speak to any -- any  
16 other members of CarePoint, any other persons in  
17 order to prepare a response -- or to prepare to  
18 answer questions today?

19 **A. I had some conversations -- while**  
20 **I was meeting with my counsel, I asked my**  
21 **finance team, my accounting team some questions**  
22 **about some of the topics, and they provided me**  
23 **with responses.**

24 Q. Were those responses in writing  
25 or --



1                   **A.     No, it was verbal.**

2                   Q.     Okay.  Who did you speak to?

3                   **A.     Don Alcuino.**

4                   Q.     Can you spell that, please.

5                   **A.     D-O-N, A-L-C-U-I-N-O.**

6                   Q.     N-O?

7                   **A.     N-O.**

8                   Q.     Okay.  And what's his position?

9                   **A.     He's the SVP of financial for**  
10 **CarePoint.**

11                  Q.     Okay.

12                  **A.     And I spoke to Palma, P-A-L-M-A,**  
13 **Nappi, N-A-P-P-I.  And she's the treasurer for**  
14 **CarePoint.**

15                  Q.     Okay.  Other than those two  
16 colleagues, do you recall talking to anybody  
17 else in anticipation or preparation for this  
18 testimony today?

19                  **A.     Christie Comerford, who is also**  
20 **at Dilworth.**

21                  Q.     Counsel?

22                  **A.     Counsel.**

23                  Q.     Did you review -- you said  
24 previously that you looked at the plan, the  
25 current plan.

1 Did you review any other  
2 documents, again, for the purposes of testifying  
3 to the topics on the various notices, 30(b)(6)  
4 notices that you received?

5 **A. I looked at my First Day**  
6 **declaration. I looked at some of our financial**  
7 **statements. That's probably it.**

8 Q. Have all of the financial  
9 statements that you looked at been produced in  
10 this case?

11 **A. Yes.**

12 Q. Do you recall which financial  
13 statements you looked at?

14 **A. I looked at the SOFA schedules**  
15 **that are filed.**

16 Q. SOFA schedules filed in the  
17 bankruptcy court?

18 **A. Correct.**

19 Q. That's the only financial  
20 statements that you looked at?

21 **A. I think so, yeah. I don't really**  
22 **recall.**

23 MR. SPATHIS: Let me show you what  
24 I'm marking as Exhibit 5. We're just going to  
25 continue the numbering.

1 - - -

2 (Whereupon, Exhibit Number 5 was marked  
3 for identification.)

4 - - -

5 BY MR. SPATHIS:

6 Q. For the record, I've marked as  
7 Exhibit 5 a copy of the original Notice of  
8 Deposition of the Debtors Pursuant to  
9 Rule 30(b)(6) and Bankruptcy Rule 7030, which  
10 has been filed in this case. It's Docket  
11 Number 735.

12 And I'll represent to you, sir,  
13 that there was an amended, but the only thing it  
14 amended was date and time. The rider that has  
15 the topics and the definitions is exactly the  
16 same.

17 You've seen this document;  
18 correct?

19 A. No, but this document was  
20 summarized for me by counsel, and I read through  
21 the examination topics that were provided to me  
22 in an email.

23 Q. Okay. So we're going to work off  
24 of this document, if that's all right.

25 A. Sure.

1 Q. Okay. Topic number 1 -- I'll  
2 read it into the record:

3 "The value of the  
4 Maple-Bayone collateral as of the  
5 petition date by category as well as  
6 the documents that support or relate  
7 to the valuation, including all  
8 valuations of such Maple-Bayone  
9 collateral, or any category thereof,  
10 performed in anticipation of or  
11 since the filing of the bankruptcy,  
12 and the person most knowledgeable  
13 regarding the value of each category  
14 of Maple Bayone collateral."

15 "Maple Bayone collateral" is a  
16 defined term. I want to make certain that you  
17 see it so that we're talking about the same  
18 thing.

19 A. [Reading sotto voce].

20 Okay.

21 Q. You recall that there was an  
22 amended and restated loan agreement for an  
23 entity that I'll refer to as IJKG OpCo, LLC?

24 A. Do I recall -- I'm aware.

25 Q. You're aware?

1                   **A.     Yeah.**

2                   Q.     Okay. And are you aware that the  
3     loan names them -- names them, but also makes a  
4     provision allowing for other, now, debtors to  
5     borrow under that facility.

6                             Do you know whether any other  
7     entities borrowed under that IJKG OpCo, LLC  
8     facility?

9                   **A.     So my understanding is -- I mean,**  
10    **so -- so IJGK has its own tranche of debt, as do**  
11    **the other two OpCos.**

12                             My understanding is there's --  
13    there was the Capitala piece, as of the petition  
14    date, which was bought by HRH. It was around  
15    \$6.9 million on the books. And then after that  
16    there is the Maple debt.

17                             So it's -- I mean, does that  
18    answer your question?

19                   Q.     Yes and no.

20                             Are you aware of that  
21    Garden State and New Jersey Medical and Health  
22    Associates LLC also were borrowers separately  
23    under this exact same facility?

24                   **A.     No.**

25                   Q.     Okay. So let's just start then

1 with the IJKG OpCo, LLC.

2 What's the value of -- do you  
3 know what the collateral that was pledged as  
4 part of that facility, IJKG OpCo, LLC?

5 **A. It's the AR.**

6 Q. Just the AR?

7 **A. Just the -- just -- I mean -- I**  
8 **mean, that doesn't own -- the hospital doesn't**  
9 **own its land, and a lot of its assets were**  
10 **leased. So my understanding is AR is the only**  
11 **real realizable value in these hospitals.**

12 Q. Okay. Is it your position that  
13 it's the only thing that was pledged or,  
14 frankly, the only thing of value that was  
15 pledged?

16 MR. McMICHAEL: Objection as to  
17 form.

18 BY MR. SPATHIS:

19 Q. You can answer.

20 **A. I don't know what else is**  
21 **pledged, but I'm just -- I would say that's the**  
22 **only thing of value that's probably pledged.**

23 Q. The document, the facility  
24 itself, would be the best source of a  
25 description of the collateral. Fair enough?

1                   **A. Fair.**

2                   Q. Then let's just focus on the ARs,  
3 the one thing.

4                   What is the -- what was the value  
5 of the Maple/Bayone AR or the --

6                   **A. Bayone AR, the IJKG OpCo, LLC AR**  
7 **as of the filing date?**

8                   Q. Yeah.

9                   **A. Yeah, was around \$28 million.**

10                  Q. What did you do to determine that  
11 amount?

12                  **A. I looked at our AR schedules as**  
13 **of the filing date, the SOFA schedules.**

14                  Q. You didn't look at any other  
15 category. But your testimony is, essentially,  
16 that would be really the only collateral of  
17 value to the lender?

18                  **A. Yes, that's to the best of my**  
19 **knowledge.**

20                  Q. Was that true as of the petition  
21 date? Was there no equipment?

22                  **A. My understanding is we leased**  
23 **most of the equipment. We have massive, massive**  
24 **leases with Mazuma, with End One, STG Capital,**  
25 **with First Financial. I mean, we have equipment**

1 leases out the wazoo.

2 So my understanding is most of  
3 the equipment is leased. The land is obviously  
4 not owned by the hospital. So for IJKG OpCo,  
5 LLC, the accounts receivable is the true -- this  
6 is -- is realizable collateral. I'm not aware  
7 of any other pieces of value.

8 Q. Did you -- you said you went to  
9 the schedules, the original schedules --

10 A. Yes.

11 Q. -- that were filed in support of  
12 the petition?

13 A. Yes.

14 Q. Are you aware that in the IJKG  
15 OpCo, LLC schedules, there are categories for  
16 cash and cash equivalents, patient AR,  
17 investments, sums due from related parties, and  
18 prepaid expenses?

19 A. Okay.

20 Q. Are you aware of that?

21 A. Yes.

22 Q. Sounds right?

23 A. Sounds right.

24 Q. Do you know what cash was on hand  
25 as of -- that would be in the schedules; right?



1                   **A.     Close to zero.**

2                   Q.     Actually, it wasn't.

3                             But what about investments?

4                   **A.     Should be pretty de minimis, I**  
5 **would imagine.**

6                   Q.     Okay. So would it be fair to say  
7 that the -- whatever the schedules reflect in  
8 terms of identifying the collateral and  
9 estimating the value, would be the company's  
10 best estimate of what the value was as of the  
11 petition date?

12                  **A.     Yes. And I'm trying to recall if**  
13 **they included the claims that were aged over a**  
14 **certain category, because we had CIGNA and Aetna**  
15 **claims that were over 365 days. And those**  
16 **should be excluded because those claims are**  
17 **being dumped with the lawsuit. There's a**  
18 **CIGNA/Aetna lawsuit litigation.**

19                  Q.     As you sit here today, you don't  
20 know whether the \$28 million --

21                  **A.     The 28 million should be**  
22 **excluding those CIGNA/Aetna lawsuits.**

23                  Q.     Okay. So some of the receivables  
24 that were the subject of litigation or disputes  
25 at this point with CIGNA and Aetna would have

1 been attributable to Bayone Hospital; correct?

2 **A. Correct.**

3 Q. But excluded from the \$28 million  
4 number?

5 **A. That's my understanding.**

6 Q. Okay. Is there any way to know  
7 what the -- to independently value the --  
8 collectively the Aetna and --

9 **A. CIGNA.**

10 Q. -- CIGNA pieces of AR,  
11 approximately how much was attributable to  
12 Bayone?

13 **A. I don't know off the top of my**  
14 **head.**

15 Q. When we talk about patient AR as  
16 of the petition date, all of that patient AR  
17 would have related to medical services rendered  
18 prior to the petition date; correct?

19 **A. Correct.**

20 Q. In fact, as of the petition date,  
21 there would have been at least some pre-petition  
22 services rendered for which a patient had not  
23 even been billed; correct?

24 **A. Correct.**

25 Q. What's the average time or range

1 of times between the time that you see a patient  
2 and a bill going out?

3 A. Should be within 30 days.

4 Q. Okay. So there could be -- there  
5 could be a roughly -- hopefully there's only a  
6 30-day lag between -- but services performed --  
7 strike that.

8 A. I understand what you're trying  
9 to get to. But I would like to caveat the  
10 30-day number with the fact that we changed rev  
11 cycle company on the hospital side too. R1 was  
12 rev cycle company. We changed over to Krishna &  
13 Rama billing at the behest of our former CEO,  
14 Dr. Shah.

15 So we literally changed our rev  
16 cycle companies, which is why, when you look at  
17 our November collections, they're pretty  
18 terrible, even worse than the rest of all of  
19 2024 was prior to filing. We dropped to almost  
20 \$4 million a week average, which was the lowest  
21 point in all of 2024, because we changed rev  
22 cycle companies.

23 So I wouldn't be surprised if  
24 that 30-day period was longer because of the  
25 fact that we changed rev cycles. And we're

1 changing rev cycles again after HRH stepped in  
2 here, because now HRH is just putting their  
3 own -- so this is -- this is a -- I mean,  
4 there's a lot of changes going on. So that  
5 30-day period is an ideal case scenario, but I  
6 wouldn't be surprised if we exceeded that  
7 significantly.

8 Q. Fully understand. So let me just  
9 make sure we have common ground on this issue.

10 It is possible, in fact it's  
11 probably likely, that invoices that went out  
12 somewhere between 30 and 60 days after the  
13 petition date related to services that were  
14 performed or rendered pre-petition?

15 A. Yes.

16 Q. Okay. And where that cutoff is  
17 we don't know, but --

18 A. Don't know.

19 Q. Okay. Who would be the person --  
20 person most knowledgeable at the company  
21 regarding the value of the AR, the Bayone AR, as  
22 of the petition date?

23 A. The SVP of finance Don Alcuino.

24 Q. And he is one of the persons that  
25 you talked to; correct?

1                   **A.     Correct.**

2                   Q.     Let's look at Topic 2:

3                             "The current value of the  
4                   Maple-Bayone collateral, by  
5                   category, as well as the documents  
6                   that support or relate to that  
7                   valuation, including all valuations  
8                   of such Maple-Bayone collateral, or  
9                   any category thereof, performed in  
10                  anticipation or since the filing of  
11                  the bankruptcy; and the person most  
12                  knowledgeable regarding the value of  
13                  such category of the Maple Bayone  
14                  collateral."

15                  **A.     We're happy to provide the**  
16                  **borrowing base calculations. So basically by**  
17                  **age category, by payor type, and by hospital.**  
18                  **That is a report that we used to provide to**  
19                  **Capitala on a monthly basis. Happy to provide**  
20                  **that to you guys.**

21                  Q.     Well, do you have that number?  
22                  Do you know what that number is of the current  
23                  value?

24                  **A.     It's going to be around**  
25                  **28 million. It's not going to -- I doubt it's**

1     gone substantially higher. It's going to be  
2     around that number.

3             Q.     Is that a coincidence, that the  
4     \$28 million current value is 28 million and the  
5     value at the time of the decision was  
6     28 million?

7             A.     So -- so we're obviously  
8     collecting on the claims, and then we're --

9             Q.     Hope so.

10            A.     And -- and we continue to see  
11    more patients. So I would -- I can't imagine  
12    the AR has either been collected so aggressively  
13    that that number has gone down in a matter of  
14    two, three months, or the fact that we have  
15    seen -- that our patient census has gone up  
16    through the roof.

17            I mean, we're getting surgical  
18    volume, et cetera, in. But, I mean, if I had to  
19    guess, I would say it's a little bit higher than  
20    28 million, but I would say it's within the same  
21    ballpark.

22            Q.     Okay. So you talked about  
23    borrowing base certificates that you provided to  
24    Capitala?

25            A.     Borrowing base calculations, yes.

1 Q. And do you continue to prepare or  
2 provide borrowing base certificates to anybody?

3 A. Only to Capitala. Only for  
4 Christ and Hoboken, since they don't own the  
5 Bayone debt anymore.

6 Q. And have you produced -- has the  
7 company or have the debtors produced the  
8 borrowing base certificates for the two  
9 hospitals for which you do provide certificates  
10 to Capitala?

11 A. Did we send it to Capitala? Is  
12 that your --

13 Q. No, no. Have you produced those?

14 A. I believe so, yeah.

15 Q. Topic 3:

16 "The value of the  
17 Maple-Hudson collateral as of the  
18 petition date by category, as well  
19 as the documents that support or  
20 relate to the valuation, including  
21 all valuations of such Maple-Hudson  
22 collateral or any category, thereof,  
23 performed in anticipation of or  
24 since the filing of the bankruptcy,  
25 and the persons most knowledgeable

1                   regarding the value of each  
2                   category."

3                   **A.     So the value is going to be**  
4                   **around 32 million.**

5                   Q.     As of the petition date; correct?

6                   **A.     Correct.**

7                   Q.     And where -- what did you do to  
8                   determine that number?

9                   **A.     The same exact procedure to value**  
10                  **the AR of Bayone and its -- we used the same**  
11                  **methodology across all three hospitals.**

12                  Q.     So this is relying essentially on  
13                  the schedules that were prepared in support of  
14                  the filing?

15                  **A.     Correct.**

16                  Q.     And would you -- in referring to  
17                  "Maple-Hudson collateral," you're again -- is  
18                  it -- am I correct in that, again, your focus is  
19                  entirely on patient AR?

20                  **A.     Correct.**

21                  Q.     Okay. So if there's other  
22                  categories of assets in the schedules, you did  
23                  not focus on that; but whatever the description  
24                  is in the values there would be the company's  
25                  best estimate of what the value would be; is



1 that a fair statement?

2 MR. NEWMAN: Objection as to form.

3 MR. SPATHIS: It's an  
4 unintelligible question, so let me thank you --

5 MR. McMICHAEL: Sustained.

6 BY MR. SPATHIS:

7 Q. The statement -- the schedules  
8 that were filed on behalf of Hudson would  
9 reflect, at the time, the company's best  
10 estimate of the value of all of its assets;  
11 correct?

12 A. Correct.

13 Q. Including the accounts receivable  
14 on which you're focused?

15 A. Correct.

16 Q. Okay. And Hudson also had a  
17 lending -- Hudson Hospital OpCo, LLC had a  
18 separate lending facility with Maple; correct?

19 A. Hudson OpCo had a loan with  
20 Maple; correct.

21 Q. Okay. So two different  
22 borrowers, Bayone and Hudson. Two different  
23 facilities; correct?

24 A. Correct.

25 Q. Okay. And the document itself

1 would be probably the best source of  
2 understanding what was pledged for security for  
3 that loan; correct?

4 **A. Correct.**

5 Q. Okay. But, again, your focus  
6 is -- your focus is on the AR, because that's  
7 where the only real value is, in your  
8 estimation?

9 **A. Correct.**

10 Q. Your source for that --

11 **A. Just want to clarify. You**  
12 **know -- you look at our financials. Again, we**  
13 **haven't had audited financials since '21 because**  
14 **you know, we were trying to do something with**  
15 **our landlord; and our landlord sued our auditor;**  
16 **auditor got conflicted out; then we didn't have**  
17 **money to pay for an audit.**

18 **But if you look at our**  
19 **financials, there's also intangible assets.**  
20 **There's a value for the brand, which, frankly,**  
21 **should be zero. So that -- in my view, the**  
22 **accounts receivable is the only true value of --**  
23 **valuable asset that these hospitals own.**

24 Q. When is the last time the debtors  
25 filed the operating reports?

1                   A.     The MORs?   The monthly operating  
2     reports?

3                   Q.     Yeah.

4                   A.     We filed the November monthly  
5     operating reports, sometime in January, early  
6     January.

7                             We were intending to have our  
8     December monthly operating reports filed by now.  
9     But between all the discovery requests, all the  
10    transition plans with HRH and everything, my  
11    accounting and financial team is being inundated  
12    with, we frankly are falling behind.

13                            My goal is to have the December  
14    financials -- because, again, it's a year-end  
15    financial, so there's a lot of things that have  
16    to be done in order to close our books for the  
17    year.

18                            So my intent is to have the  
19    December financials completed by tomorrow, at  
20    which point we will hand them off to our  
21    financial advisor, Ankura. And they are going  
22    to do a sprint to get the MORs done for  
23    December. So we intend to have December filed,  
24    optimistically, by the end of next week. But  
25    certainly before the plan confirmation hearing,

1     **we're going to have the December MORs filed.**

2                   Q.     With respect to -- we talked --  
3     in connection with the Bayone, we talked about  
4     the lag between seeing a patient and generating  
5     a bill.

6                   **A.     Right.**

7                   Q.     And then recognizing -- you don't  
8     recognize AR until a bill goes out; correct?

9                   **A.     Correct.**

10                  Q.     Okay. The same would be true  
11     with respect to Hudson: All of the AR that  
12     shows up on -- the patient AR that shows up on  
13     the schedules relates to pre-petition services;  
14     correct?

15                  **A.     On the schedule to be**  
16     **pre-petition services. Correct.**

17                  Q.     And then there's probably --  
18     again, unless from some fluke -- there's  
19     probably a 30 to 60-day window, at least,  
20     post-petition where invoices went out relating  
21     entirely to services that were pre-petition;  
22     correct?

23                  **A.     I'd like to correct one thing I**  
24     **said, where, you know, the AR is recorded only**  
25     **when the patient bill goes out.**

1 I'm not sure that's correct.

2 I -- I wouldn't be surprised if -- because we  
3 record on our AR a gross charge level; right?  
4 So on a gross level, we have hundreds of  
5 millions of dollars in accounts receivable, but  
6 our PCR percentage is 3 to 4 percent, so we  
7 collect on that. And that after the PCR  
8 percentage you come to this 28-, \$32 million  
9 number.

10 So I wouldn't be surprised if a  
11 patient shows up on our AR on a -- at least on  
12 the gross basis, sooner than the patient bill  
13 going out. Maybe after -- I actually don't know  
14 how quickly after a patient is discharged it  
15 shows up on our AR. I'd have to look into that.

16 Q. Okay. So you're not disputing  
17 the idea that some invoice -- some bill -- some  
18 AR that is -- that shows up in that  
19 30-day/60-day window doesn't relate to -- a good  
20 chunk of it or most of it is going to relate to,  
21 but you don't know exactly the correlation  
22 between the treatment of the patient and when it  
23 would show up on the AR?

24 A. Correct.

25 Q. But there will be a lag?

1                   A.     Correct. Right.

2                   Q.     So you used "PCR." And forgive  
3 me, what when you use "PCR," what -- can you  
4 explain?

5                   A.     So, you know, there's a list  
6 price, and then what we actually end up  
7 collecting. So, you know, a patient that comes  
8 in and gets a surgical procedure done, you  
9 know -- I'm going to make up numbers. The case  
10 is going to say it's -- on a gross basis I'll  
11 say it's a million dollars, and -- and, you  
12 know -- we don't collect anywhere near that. We  
13 end up collecting 3 to 4 percent of that on our  
14 actual collection.

15                         So the \$28 million for Bayone and  
16 the \$32 million for Hudson is after the PCR  
17 percentage has been applied. So on a gross  
18 basis, the AR is in hundreds of million dollars.

19                   Q.     So the numbers we talked about,  
20 28 and 32, that's not a gross number that's a  
21 net? That's an actual, in theory, collectable  
22 number.

23                   A.     Yeah, but that's not -- before  
24 you account for bad debt --

25                   Q.     I get it. Bad coding.

1                   **A.     Bad coding, all that.**

2                   Q.     Okay.

3                   **A.     Who knows what.    Yes.**

4                   Q.     And then would the same be  
5     true -- Topic 4 talks about the current value  
6     for the Maple-Hudson collateral.

7                             Do you know what the current  
8     value of the AR?

9                   **A.     It's in the same ballpark, again,**  
10    **as the petition value.    So it's going to be**  
11    **around 32, 33 million.**

12                  Q.     Okay.   And, again, would these be  
13    reflected in borrowing base certificates?

14                  **A.     They should be, yes.**

15                  Q.     Okay.   And you talked about the  
16    companies or the debtors are in the process of  
17    having some third-party value AR; correct?

18                  **A.     They are.**

19                  Q.     Prior to that, prior to that  
20    engagement of a third-party professional, did  
21    the company engage somebody to value AR in the  
22    ordinary course of business?

23                  **A.     Not that I'm aware of.**

24                  Q.     Is there somebody within the  
25    organization that you task or was tasked with

1 estimating the value, coming up with the values  
2 that would get into the petition for the  
3 borrowing base certificates?

4           **A. Yes, it's the same person,**  
5 **Don Alcuino. Effectively, we looked at PCR**  
6 **percentages. What was actually collected on the**  
7 **gross receivables historically by payor and by**  
8 **the age category, and we apply that to our**  
9 **receivables to estimate what we think we're**  
10 **going to collect.**

11           **So -- so -- yeah, the same -- the**  
12 **same individual that I mentioned before, he**  
13 **would be the best person -- I mean, he's**  
14 **effectively tasked with valuing our AR.**

15           **Q. The numbers that you gave --**  
16 **28 million, 32 million, petition date, current**  
17 **value -- that's, again, after the PCR adjustment**  
18 **is made; right?**

19           **A. But before any bad debt**  
20 **collected, yeah.**

21           **Q. You know from experience, even if**  
22 **it's all essentially collectible, you don't**  
23 **collect it all?**

24           **A. Exactly, yeah.**

25           **Q. And a good rev cycle manager can**



1 help you maximize collection; correct?

2 **A. Correct.**

3 Q. Sometimes it's just a matter of  
4 luck?

5 **A. Correct.**

6 Q. I think that maybe dispenses with  
7 Topic 5. Just indulge me for a second.

8 **A. Sure.**

9 Q. So those numbers, again -- 28, 32  
10 million -- that wasn't adjusted based on age --  
11 or -- did aging factor into those numbers at  
12 all?

13 **A. Yes, because we -- anything over  
14 365 would be included in that 28/32.**

15 Q. Sure.

16 **A. Basically, the Aetna/CIGNA claims  
17 that are aged out, they would be excluded. So  
18 aging is a factor.**

19 Q. Well, we've previously talked  
20 about -- and we talked about it in connection  
21 with Bayone.

22 The Bayone -- there were some  
23 Bayone receivables that weren't captured in that  
24 number that are the subject of disputes with  
25 Aetna and CIGNA; correct?

1                   **A.     Correct.**

2                   Q.     Would the same be true with  
3     Hudson?

4                   **A.     Correct.**

5                   Q.     And I think it was your  
6     testimony: Once a receivable hits 365 days, it  
7     can't show up on your financial as an asset;  
8     correct?

9                   **A.     That is my understanding, yes.**

10                  Q.     Did you follow that same sort of  
11     guidance in terms of putting it on your  
12     schedules?

13                  **A.     Yes.**

14                  Q.     Okay. So all of the -- when  
15     we're talking about the numbers of receivables,  
16     current value as of petition date, it was -- it  
17     was after the PCR adjustment, unrelated to the  
18     CIGNA and Aetna claims, and everything had to  
19     have been less than 365 in terms of aging?

20                  **A.     That's right.**

21                  Q.     So there was additional  
22     receivables; but in your experience, it probably  
23     has some negligible value?

24                  **A.     Yeah. I mean, we've submitted**  
25     **claims that are older than the year, and it just**

1 comes back denied from the insurance company.

2 They just deny it due to age of the claim.

3 Q. And some of that was  
4 self-inflicted? Again, the lack of resources  
5 cost you the assistance of professionals that  
6 would have put you in a better position to  
7 collect some of those receivables; right?

8 A. Not only that. I mean, but  
9 similar to Garden State, our rev cycle company  
10 for the hospitals, Med Metrics, walked out on us  
11 due to non-payment, so -- and we had to change  
12 rev cycle companies multiple times even on the  
13 hospital side.

14 So, yes, there's definitely --  
15 the hospitals being financially distressed had a  
16 lot to do with it.

17 Q. I think I can tick off -- I think  
18 you've really covered the --

19 MR. NEWMAN: All 14?

20 MR. SPATHIS: No, no. I just want  
21 to make sure you weren't sleeping.

22 MR. NEWMAN: I can assure you I  
23 won't be sleeping.

24 BY MR. SPATHIS:

25 Q. I appreciate the time you spent

1 walking me through those details.

2 **A. No problem.**

3 Q. I want to talk about the proposed  
4 treatment and classification of Maple's secured  
5 claims.

6 **A. Sure. What number are we on?**

7 Q. Topic 8.

8 **A. 8, okay.**

9 Q. What's the legal basis for the  
10 proposed treatment of the classifications of  
11 Maple secured claims?

12 MR. McMICHAEL: Objection.

13 MR. NEWMAN: Objection as to form.

14 BY MR. SPATHIS:

15 Q. You can answer, go ahead.

16 **A. I'm not a lawyer.**

17 MR. McMICHAEL: Yeah, I have an  
18 additional objection. It's an improper 30(b)(6)  
19 topic.

20 MR. SPATHIS: That would have been  
21 an objection you would have had to make before  
22 the examination.

23 MR. McMICHAEL: I disagree with  
24 that. This was served less than a week ago.

25 MR. SPATHIS: It was served a week

1 ago. So are you directing him not to answer?

2 MR. McMICHAEL: No, he can --

3 look, you can ask him about facts. You can't ask  
4 him about legal theories.

5 BY MR. SPATHIS:

6 Q. So here's what I would propose.  
7 If you discussed with people -- your  
8 contemporaries in the hospital, not with your  
9 lawyers -- about a legal basis for treating  
10 the -- Maple secured claims asserted under the  
11 plan, that's all I want to ask for.

12 You didn't have any of those  
13 conversations?

14 A. I didn't have those discussions,  
15 no.

16 Q. You relied on counsel for how to  
17 classify claims?

18 A. Correct.

19 Q. Okay. Fine.

20 Let's move on. I think 9 was  
21 duplicative, so let's move to 10.

22 What's "The factual basis for the  
23 proposed treatment and classification under the  
24 plan of the Maple secured claims"? And then  
25 also asks for "the documents that support or

1 relate to that classification, the person most  
2 knowledgeable regarding the classification."

3 **A. So, I mean, they have a secured**  
4 **claim. It's UCC1. They have a secured claim.**  
5 **I mean, that's -- that's the factual basis,**  
6 **right, for the claim.**

7 Q. Well, but -- all of their secured  
8 claims are lumped together. Is there a factual  
9 reason -- you understood that Maple has a series  
10 of secured claims; right?

11 **A. At each hospital.**

12 Q. Yeah.

13 **A. Yeah.**

14 Q. And you know the precise amount  
15 of each of those?

16 **A. I do.**

17 Q. So there's no reason that they  
18 couldn't be separately -- classified separately?

19 **A. We classified Maple secured**  
20 **claims and then Maple unsecured claims. I'm not**  
21 **sure we would break it out.**

22 Q. Some people would tell you that  
23 the code requires you to schedule each secured  
24 claim separately.

25 MR. NEWMAN: Objection as to form.

1 That's your statement. Is there a question?

2 BY MR. SPATHIS:

3 Q. Is there any reason, factually,  
4 that you couldn't schedule each of the secured  
5 claims separately?

6 MR. McMICHAEL: Are you asking  
7 about what's in the questions?

8 MR. SPATHIS: The plan.

9 MR. McMICHAEL: You said  
10 "schedule."

11 MR. SPATHIS: Scheduled in the  
12 plan, but thank you for -- for --

13 MR. McMICHAEL: They are scheduled  
14 separately in the schedules.

15 BY MR. SPATHIS:

16 Q. Yes, they are scheduled  
17 separately, but they're not separately  
18 classified in the plan.

19 Is there a reason that they  
20 couldn't be?

21 A. I relied on my legal counsel to  
22 draft the classification of the category of  
23 the -- scheduling -- what's the word you  
24 used? -- classified. The way the secured claims  
25 were classified in the plan.

1                                   And my understanding is that  
2   secured claims have to be classified  
3   individually. So we have Capitala. Even though  
4   they have multiple secured claims, Capitala is  
5   scheduled in one section. And Maple secured and  
6   then Maple unsecured. So, again, I'm not a  
7   lawyer, so ...

8   BY MR. SPATHIS:

9                                   Q.   Fair enough.

10                                  Did you have any conversations  
11   with your colleagues in preparation for this  
12   regarding this topic?

13                                A.   With my legal counsel, not  
14   colleagues.

15                                Q.   Okay. Try to ask this in a way  
16   that doesn't elicit objections.

17                                  Fair to say that you didn't  
18   provide -- you're not aware of -- you weren't  
19   the one telling them how you wanted claims  
20   classified in the plan; correct?

21                                A.   I wasn't the one telling them  
22   that, no.

23                                Q.   Are you aware of any of your  
24   colleagues sort of driving that decision as to  
25   how things would get classified?



1                   **A.     No.**

2                   Q.     This would be something that you  
3     relied on entirely upon counsel?

4                   **A.     Correct.**

5                   Q.     Then I think we can dispense with  
6     the rest of 10.

7                             I'd like to move down to 13  
8     which refers to:

9                             "The projected recovery to  
10                   which Maple would be entitled on  
11                   account of the Maple secured  
12                   claims," which is a defined term --  
13                   "the documents that support or  
14                   relate to the calculation, and the  
15                   persons most knowledgeable regarding  
16                   projected recovery."

17                            What's the projected recovery on  
18     Maple secured claims?

19                   **A.     We haven't done any projected**  
20     **recoveries. It's -- I mean, between -- so I**  
21     **mean, there was obviously a pre-petition secured**  
22     **lender ahead of Maple. Then we have the DIP**  
23     **loans that are coming in that is now 35 million**  
24     **across all three hospitals.**

25                            And then -- so it's -- and then

1 we obviously have to get to plan confirmation  
2 and effective date, and there's a lot of bills  
3 to pay by then as well. So I -- I'm -- I don't  
4 know what the projected recovery would be.

5 Q. You understand that with respect  
6 to the receivables of Garden State and  
7 New Jersey Medical, that Maple has actually the  
8 first position?

9 A. I'm aware, yes.

10 Q. Do you know what the projected  
11 recovery on just those claims would be?

12 A. Potentially, 2 million.

13 But I would also -- I was having  
14 this conversation earlier. It's -- it's -- I  
15 understand Maple has a first lien secured  
16 position, and I understand that DIP loan is only  
17 on the hospitals and not on the practices.

18 But the DIP funds were drawn by  
19 the hospitals and given to the practices,  
20 substantial amounts of it, post-petition. So,  
21 again, I'm not going to opine on the legality of  
22 kind of where Maple's secured claim for the  
23 practices ends up.

24 But if there was nothing else  
25 there, if we don't consider the DIP and any

1 post-petition amounts, then, yes, there's a  
2 \$2 million recovery. But just the fact that DIP  
3 loans were lent to the practices -- again,  
4 that's part of the reason there's -- the  
5 projected recovery, it's hard to -- hard to --  
6 hard to put a number on it.

7 Q. Is there a reason in the plan  
8 that, with respect to Maple secured claims --  
9 I'm using that term because they all get lumped  
10 together in one -- that there's -- at least on  
11 the chart it says there's going to be no  
12 recovery.

13 A. It's -- it's -- again, it's hard  
14 to tell; right? We have 20 million of  
15 pre-petition secured lender -- well, all three  
16 hospitals, 27 million of pre-petition secured  
17 lender debt, plus \$35 million of DIP to date.

18 And I don't know how much more is  
19 going to get added on between all the -- all the  
20 costs to get to plan effective, plus all the  
21 admin claims.

22 It's -- it's hard to tell where  
23 we're going to land, given where we are right  
24 now.

25 Q. So let's see if we can find

1 common ground here.

2 Would it be fair to say that your  
3 uncertainty as to whether Maple will actually  
4 see that 2 million as part of its secured claim  
5 is not sharing the legalities -- the legal  
6 machinations of how the use of DIP funds might  
7 factor into Maple's priority? Is that the --  
8 what's giving you some equivocation here?

9 MR. NEWMAN: Objection as to form.

10 BY MR. SPATHIS:

11 Q. Go ahead.

12 A. I don't know what "equivocation"  
13 means, but --

14 Q. You said it's -- you said that  
15 Maple secured claim, just with respect to  
16 Garden State and New Jersey Medical, is probably  
17 around \$2 million. That's the projected  
18 recovery. That doesn't account for the  
19 possibility that the use of DIP proceeds might  
20 alter the priorities.

21 Is that a fair statement?

22 A. That's -- I'm not saying that's a  
23 projected recovery. That's the value of the AR  
24 on the books, and then not subject to the  
25 hold -- that's, again, the PCR, not subject to

1 bad debt, blah, blah, blah.

2 But, yeah -- and not accounting  
3 for DIP and whatever we end up with with that.  
4 It's -- it's hard to say what a projected  
5 recovery is going to be.

6 Q. Okay. But in the plan, you have  
7 a projected recovery of zero.

8 A. Yeah.

9 MR. NEWMAN: Objection; asked and  
10 answered. Now you're starting to argue with the  
11 witness because you're not getting the answer you  
12 want.

13 BY MR. SPATHIS:

14 Q. Why is that?

15 A. Because the DIP amount of money  
16 that has been lent in by the hospitals to the  
17 practices is substantially more than the  
18 \$2 million of AR at the practices.

19 Q. Do you know that that -- it makes  
20 a legal difference?

21 MR. NEWMAN: Objection as to form.

22 BY MR. SPATHIS:

23 Q. You can answer.

24 A. I don't know. But I do see it as  
25 an issue that needs to be resolved.

1 Q. Okay. Did you have any input  
2 into the projected value -- projected recovery  
3 of zero with respect to the Maple secured  
4 claims?

5 A. I might have had a conversation  
6 with my counsel about it.

7 Q. Do you know anybody else in the  
8 company -- family of companies, debtors -- that  
9 provided information that was used to put the  
10 projected recovery of zero with respect to the  
11 Maple secured claims?

12 A. I'm not aware of anyone else.

13 MR. SPATHIS: Can we take a  
14 five-minute break? I'm going to see what  
15 documents I may have to use, but I think I'm  
16 through most of the outline, so ...

17 MR. McMICHAEL: Okay.

18 MR. SPATHIS: Thank you, guys.

19 - - -

20 (Whereupon, a short recess was taken.)

21 - - -

22 - - -

23 BY MR. SPATHIS:

24 Q. Just a couple more questions with  
25 respect to the 30(b)(6) examination.

1                   **A.     Sure.**

2                   Q.     Do the debtors provide variance  
3     reports to the DIP lender?

4                   **A.     They do.**

5                   Q.     Is there any reason -- do you  
6     maintain those DIP reports? I mean, the  
7     variance reports?

8                   **A.     My financial advisor prepares**  
9     **them, Ankura, and I review them in detail, and**  
10    **then we provide it to the DIP lender.**

11                  Q.     Have they been produced in  
12    discovery?

13                  **A.     I'm not sure if they've been**  
14    **asked -- they're going to be produced. We have**  
15    **them.**

16                  Q.     The DIP order says we're supposed  
17    to get them. We haven't received any. Again,  
18    that may be an oversight.

19                  **A.     I can send it to you right now.**

20                  Q.     That would be great.

21                         MR. McMICHAEL: You can wait until  
22    afterwards.

23    BY MR. SPATHIS:

24                  Q.     So just to clarify: The debtors  
25    have met their obligations to the DIP lender to

1 provide variance reports on the schedule that's  
2 in the DIP order.

3 **A. Correct.**

4 Q. Okay. And for one reason or  
5 another, those haven't been provided to  
6 everybody, but we'll rectify that at some point  
7 after the deposition is concluded.

8 **A. They've been -- I know I sent**  
9 **them to the re-org committee. I sent them to**  
10 **the DIP lender. I sent them to the pre-petition**  
11 **secured lender. Maybe I just didn't have**  
12 **Maple's contact. I don't know. But --**

13 Q. Fair enough.

14 **A. -- it's -- it's not being**  
15 **withheld for any particular reason or --**

16 MR. McMICHAEL: Just forward it.

17 **A. We'll make sure Maple gets them**  
18 **going forward.**

19 MR. SPATHIS: That concludes,  
20 then, the Rule 30(b)(6) examination that Maple  
21 had noticed. I'm going to pass to a counsel who  
22 I think also served a 30(b)(6) notice.

23 I will have -- I probably will  
24 have some more questions for you in your  
25 personal capacity. You did provide a



1 declaration. But for now, I want to thank you  
2 for -- for the time that you took to prepare and  
3 to testify. So thank you.

4 **THE WITNESS: Thank you.**

5 - - -

6 (Whereupon, a short recess was taken.)

7 - - -

8 EXAMINATION

9 - - -

10 BY MS. CHURCHILL:

11 Q. Good afternoon.

12 **A. Good afternoon.**

13 Q. My name is Sophie Rogers  
14 Churchill. I'm with the law firm of Morris,  
15 Nichols, Arsht & Tunnell, and we represent  
16 CarePoint Health Captive Insurance Company, LLC.  
17 I'm going to refer them as "The Captive." I  
18 think that's their [indiscernible] name.

19 Does that work for you?

20 **A. That works for me.**

21 Q. I'm going to have some follow-up  
22 questions first from the other presenters  
23 clarification. So I'm sorry if I jump around  
24 topics at first. Then I will get to my initial  
25 questioning, but I do think we can streamline it

1 a little bit based on the testimony you've  
2 already given today.

3 If you need clarification on  
4 anything I ask you, just let me know.

5 **A. Sure.**

6 MS. CHURCHILL: Let's start with  
7 marking an exhibit.

8 - - -

9 (Whereupon, Exhibit Number 6 was marked  
10 for identification.)

11 - - -

12 BY MS. CHURCHILL:

13 Q. Have you seen this document  
14 before?

15 **A. I have not.**

16 Q. So you haven't reviewed it?

17 **A. But my counsel summarized the**  
18 **30(b)(6) examination topics for me in an email**  
19 **across all the 30(b)(6) topics, so I've prepared**  
20 **for the topics.**

21 Q. So they're standard questions  
22 that everyone has asked about the 30(b)(6)  
23 topics and the notices.

24 If I asked you the same  
25 questions, would your answer be the same that

1 you gave to everybody else?

2 **A. Yes.**

3 Q. Okay. Thank you.

4 Just a couple of cleanup

5 questions about some of the testimony you gave  
6 before.

7 So Mr. Anglo asked you questions  
8 about a \$10 million loan from the New Jersey  
9 Department of Health.

10 Do you recall that?

11 **A. I do.**

12 Q. Was that loan secured?

13 **A. I don't think so, no.**

14 Q. No? Okay.

15 Which debtor or debtors were the  
16 borrower on that loan?

17 **A. I don't think they gave it to an  
18 individual hospital; they gave it to the system.  
19 So it's CarePoint Health Systems, Inc.**

20 Q. Was any other debtor a guarantor  
21 or obligor?

22 **A. Without having the loan document  
23 in front of me, it's hard to tell, but I don't  
24 think so.**

25 Q. All right. That's fair.

1 Mr. Anglo also asked you if --  
2 how much accounts receivable has been collected  
3 by Garden State post-petition.

4 Do you remember that?

5 **A. I do.**

6 Q. And you said that you didn't know  
7 off the top of your head; is that right?

8 **A. That's right.**

9 Q. Do you have an estimate or a  
10 ballpark?

11 **A. It's really hard to tell. Just,**  
12 **again, given the whole transition of rev cycle**  
13 **that's happening again right now, and it's -- I**  
14 **don't want to guess.**

15 Q. But you don't know if it could be  
16 in the millions?

17 MR. NEWMAN: Objection as to form.

18 **A. Again, I don't want to guess.**

19 BY MS. CHURCHILL:

20 Q. All right. You also said earlier  
21 that the debtors have borrowed \$35 million from  
22 HRH since November 3rd.

23 Do you remember that?

24 **A. I do.**

25 Q. Do you mean that that is the

1 amount that's been drawn on the DIP so far  
2 post-petition?

3 **A. Correct, across all three**  
4 **hospitals.**

5 Q. Okay. Is that as of today?

6 **A. Probably as of yesterday.**

7 Q. Okay. Thank you.

8 And then you said that Ankura is  
9 in the process of valuing the accounts  
10 receivable; right?

11 **A. Correct.**

12 Q. Who asked them to run that  
13 valuation process?

14 **A. I think my counsel did. We were**  
15 **getting all the objections and discovery**  
16 **requests to various parties, I believe --**

17 **THE WITNESS: I think you did.**  
18 **Did you ask Louis Robichaud to --**

19 **A. I believe he did. Someone showed**  
20 **up and said, "We're valuing your accounts**  
21 **receivables."**

22 **I said, "Great."**

23 Q. Okay. I will accept that.

24 Do you know when Ankura started  
25 the process?

1                   **A.     This week.**

2                   Q.     Okay. Do you know how long it's  
3 going to take?

4                   **A.     I don't know.**

5                   Q.     Is anybody going to be providing  
6 a report when Ankura is done?

7                   **A.     I would hope so.**

8                   Q.     Will they provide that to the  
9 debtors?

10                  **A.     Probably.**

11                  Q.     If it's done before the  
12 confirmation hearing, do you think it's going to  
13 come up at the confirmation hearing?

14                             MR. McMICHAEL: Objection.

15                             MR. NEWMAN: Objection.

16                             MR. McMICHAEL: Let me just  
17 interrupt for a second, just to make this easy,  
18 the expert that we've retained is for litigation  
19 purposes as a rebuttal expert to the expert that  
20 you've retained. So we will provide a rebuttal  
21 report, in accordance with the current schedule,  
22 whatever it is.

23                             MS. CHURCHILL: Okay. Thank you.

24 BY MS. CHURCHILL:

25                   Q.     All right. You also mentioned

1 earlier in a response to a question from  
2 Mr. Spathis that the debtor's landlord had sued  
3 the debtor's collection agent.

4 Do I remember that correctly?

5 **A. No. Auditor.**

6 Q. Is it an auditor? Thank you.  
7 I'm glad I asked the question.

8 What property does that landlord  
9 own?

10 **A. He owns Christ Hospital and**  
11 **Hoboken University Medical Center.**

12 Q. Is that the landlord that's  
13 affiliated with HRH?

14 **A. He's not affiliated with HRH.**  
15 **No. HRH landlord owns Bayone.**

16 Q. Okay. Which landlord is it?

17 **A. The one that owns Bayone?**

18 Q. The one that sued the auditors.

19 **A. Avery Eisenreich. He owns**  
20 **Hoboken and Christ.**

21 Q. You said earlier that you relied  
22 on debtor's counsel to prepare the  
23 classification of Maple's claims; right?

24 **A. Correct.**

25 Q. Is that true for all the other

1 classes too?

2 **A. That's correct.**

3 Q. Okay. So are you aware of a  
4 business reason for the classification of any of  
5 the claims?

6 **A. Business reason? We were trying**  
7 **to -- I don't think there was a business reason.**  
8 **I think it was just trying to stay compliant**  
9 **with the bankruptcy code and -- yeah, I'm not**  
10 **aware of a business reason per se.**

11 Q. Okay. And then you also  
12 testified earlier that Garden State is losing  
13 money; right?

14 **A. Yes.**

15 Q. And that's remained true on a  
16 post-petition basis?

17 **A. Yes.**

18 Q. How much is it losing per month?

19 **A. I can -- I can talk across all**  
20 **the practices combined because, I know how much**  
21 **we subsidize the practices on a biweekly basis.**

22 **So per month, the practices are**  
23 **currently losing roughly 3-1/2 million.**

24 Q. Okay. And Garden State  
25 specifically is operating at a loss?



1                   **A.     Yes.**

2                   Q.     Why is it in Chapter 11?

3                   **A.     Why is Garden State in**  
4 **Chapter 11? Because we have a ton of**  
5 **liabilities that were -- and we're trying to**  
6 **emerge CarePoint from bankruptcy and --**  
7 **CarePoint and the practices as collective, and**  
8 **we want to be a solvent entity going forward.**

9                   Q.     Okay. But if the Garden State  
10 estate, as its own debtor, is administratively  
11 insolvent, why hasn't it been put into  
12 Chapter 7?

13                   MR. McMICHAEL: He did not say it  
14 was administratively insolvent.

15                   MS. CHURCHILL: All right. Lay  
16 some foundation.

17 BY MS. CHURCHILL:

18                   Q.     Is Garden State administratively  
19 insolvent?

20                   MR. McMICHAEL: Objection; it's a  
21 legal conclusion.

22                   Do you know what  
23 "administratively insolvent" means?

24                   **THE WITNESS: I do, but it's --**  
25 **yeah, I guess.**

1 MR. McMICHAEL: You can testify as  
2 to your understanding if you know.

3 A. My understanding is  
4 administratively insolvent is, it goes into  
5 liquidation. It's shutting down. That's  
6 administratively insolvent.

7 MR. McMICHAEL: Actually not what  
8 "administratively insolvent" means. As I  
9 suspected, it's a legal conclusion.

10 THE WITNESS: It can't pay its  
11 admin bills.

12 MR. McMICHAEL: That's close.

13 BY MS. CHURCHILL:

14 Q. Is Garden State paying its  
15 administrative bills?

16 A. To the best of its ability so  
17 far, yes.

18 Q. Is it current on all of its  
19 bills?

20 A. None of the debtors are current  
21 on all of its bills. We have trade AP building  
22 up.

23 Q. Is that true on a post-petition  
24 basis too?

25 A. Yes.

1 Q. Okay. I have some questions  
2 specifically about the plan. That's where most  
3 of my topics are going to be focused today.

4 For my next couple of questions,  
5 please keep in mind that I'm not asking you for  
6 any privileged information.

7 A. Yes.

8 Q. Do you understand that?

9 A. Yes.

10 Q. The debtors, the committee, and  
11 HRH participated in mediation relating, among  
12 other things, to the management agreements, and  
13 the DIP motions in bankruptcy cases; is that  
14 right?

15 A. Can you repeat that one more  
16 time. I just want to make sure I caught all of  
17 it.

18 Q. The debtors, the committee and  
19 HRH participated in a mediation that related to  
20 the management agreements, the DIP motions and  
21 other things in the case; is that right?

22 A. That's right.

23 Q. When did that mediation take  
24 place?

25 A. Sometime in December.

1 Q. Were you there?

2 A. I was there.

3 Q. For the whole thing?

4 A. Maybe not 100 percent of it,  
5 because I had to keep going next door to  
6 actually work. But I was there for a  
7 substantial part of it.

8 Q. Were there any other managers or  
9 principals from the debtors that attended?

10 A. Dr. Moulick was there briefly,  
11 the CEO, from the debtors. I don't think anyone  
12 else was there, no.

13 Q. Okay. And am I right that there  
14 was a plan term sheet that was created as a  
15 result of that mediation?

16 A. That's correct.

17 Q. And that plan term sheet was  
18 filed with the bankruptcy court?

19 A. So there was a term sheet that  
20 was as a result of the mediation. I don't know  
21 if that specific -- I mean, I know the plan term  
22 sheet got filed much later, which is a lot more  
23 comprehensive.

24 I think maybe a summarized  
25 version of the mediation results were -- were --

1 I guess we came up with the summarized version  
2 of it at the end of the mediation. And then the  
3 plan term sheet was after a lot more discussions  
4 and conversations with various classes, parties.  
5 And we obviously had the whole -- had the  
6 hearing with all the objections, and we had to  
7 get all those comments in, reservation of rights  
8 across the board.

9 So I'm not going to say the plan  
10 was a direct output of the mediation, but the  
11 mediation -- there were a few steps, but yes,  
12 that was step one.

13 Q. Right. Okay. And to be clear, I  
14 wasn't asking about the plan. I was just asking  
15 about the term sheet.

16 But what I'm hearing, and please  
17 correct me if I'm wrong, is that mediation  
18 resulted in a conceptual plan term sheet; the  
19 parties continued to negotiate; and then  
20 sometime later a plan term sheet was filed.

21 Does that sound right?

22 A. Correct.

23 Q. All right. I'm going to pull up  
24 the plan term sheet.

25 A. Okay.

1 Q. And I think that's the last time  
2 I'm going to use the word "mediation."

3 MS. CHURCHILL: This is going to  
4 be 7.

5 - - -

6 (Whereupon, Exhibit Number 7 was marked  
7 for identification.)

8 - - -

9 BY MS. CHURCHILL:

10 Q. Have you seen this before?

11 A. I have.

12 Q. And this is the plan term sheet  
13 that was filed with the bankruptcy court that we  
14 were just talking about right; correct?

15 A. Correct.

16 Q. And this -- do you agree that  
17 this term sheet was designed to reflect the  
18 terms that the parties had agreed to for a  
19 future plan of reorganization?

20 A. That's my understanding.

21 Q. Okay. So let's look at page 3 of  
22 the term sheet. And there's a -- it's page 3 at  
23 the bottom, but if you're looking at the file  
24 stamp, at the top it says --

25 A. I got it.

1 Q. You're there.

2 A. Yeah.

3 Q. Okay. So the very bottom of this  
4 table it starts, the section for "Proposed  
5 Treatment of Claims and Interests," and then it  
6 carries over to the next page.

7 A. Yeah.

8 Q. And then reading on, it lists  
9 administrative expense claims, priority tax  
10 claims, priority non-tax claims.

11 Do you see that?

12 A. Yes, I do.

13 Q. And then it goes on to list  
14 Classes 1 through 6.

15 Do you see that?

16 A. I do.

17 Q. And there's no classes after 6?

18 A. Correct.

19 MS. CHURCHILL: Okay. This is a  
20 bigger document. It's going to be 8.

21 - - -

22 (Whereupon, Exhibit Number 8 was marked  
23 for identification.)

24 - - -

25

1 BY MS. CHURCHILL:

2 Q. Have you seen this document  
3 before today?

4 A. This is the plan disclosure  
5 and -- yeah, the plan of reorganization. Yes, I  
6 have.

7 Q. And this is the first one that  
8 was filed -- I'm sorry. This was filed on  
9 January 8th; right?

10 A. Correct.

11 Q. This was the first one that was  
12 filed in the case?

13 A. Correct.

14 Q. Did you sign off on this version  
15 of the plan?

16 A. I did.

17 Q. Who drafted it?

18 A. My counsel and UCC.

19 Q. Do you know who had the pen on it  
20 first?

21 A. I don't.

22 Q. Okay. But it was a collaborative  
23 effort between the debtors and the UCC?

24 A. That's my understanding.

25 Q. Was anybody else involved?



1                   **A. I'm sure HRH's counsel was**  
2   **involved, considering they're the DIP lenders**  
3   **and -- yeah.**

4                   Q. Do you know if anybody else  
5   besides HRH or the committee?

6                   **A. I don't.**

7                   Q. Okay. Let's go to page 49 of  
8   this plan. 49 at the bottom.

9                   **A. Yep.**

10                  Q. You got there faster than I did.

11                  **A. I got lucky. I just flipped and**  
12   **it opened to 49.**

13                  Q. Okay. And this is the chart that  
14   shows the different classifications -- excuse  
15   me -- the different classes of claims; is that  
16   right?

17                  **A. That's right.**

18                  Q. How many classes are listed here?

19                  **A. 12.**

20                  Q. Do you know how we got from six  
21   classes in the plan term sheet to 12 classes in  
22   the first version of the plan that was filed?

23                  **A. I don't know how we specifically**  
24   **got there, but we probably realized that there's**  
25   **more classes of claims than were initially**

1     **contemplated; and we listed them all.**

2                   Q.     Do you know who made that change?

3                   **A.     I don't.**

4                   Q.     And you don't know why they were  
5     added, specifically?

6                   **A.     I don't. I defer to my legal**  
7     **counsel for that.**

8                   Q.     Okay. And then am I correct that  
9     the current version of the plan has 14 classes?  
10    I can refresh your recollection if you need.

11                  **A.     Yeah, that would be helpful.**

12                  Q.     We're looking at what I think is  
13    Exhibit 2; and I think page 4 is where you want  
14    to start, if my memory serves.

15                         MR. ANGELO: I'm sorry, did we  
16    mark the plan?

17                         MS. CHURCHILL: Has anybody marked  
18    the plan?

19                         (Incidental comments off the  
20    microphone.)

21    BY MS. CHURCHILL:

22                   Q.     All right. So that's Docket  
23    Number 551; right?

24                   **A.     Yes.**

25                   Q.     All right. It's the fourth

1 amended plan?

2 **A. Fourth Amended Combined**  
3 **Disclosure Statement, Plan of Reorganization;**  
4 **correct.**

5 Q. Okay. Thank you. And that's the  
6 plan that's currently out for solicitation of  
7 votes; right?

8 **A. That is correct.**

9 Q. Okay. So I think -- and I  
10 actually don't have it in front of me, but if  
11 you look on page 4 at the bottom.

12 **A. 14.**

13 Q. 14 classes?

14 **A. Correct.**

15 Q. Okay. But then -- thank you.

16 If you're comparing the chart in  
17 that plan to the chart of classes of claims in  
18 first plan that was filed which, I think, is  
19 underneath your hand -- the first 12 classes are  
20 the same; right? And you can take a minute to  
21 look.

22 **A. Maple secured. Maple secured.**  
23 **Other secured claims. Numbered claims. Prior**  
24 **owner of claims. Intercompany claims.**

25 **Sorry -- I don't need to be**

1 reading these out loud. I see two different  
2 claims added to the bottom -- classes of claims  
3 added to the bottom.

4 Q. I think how you have them open  
5 next to you is actually perfect for my next  
6 question, because I want to compare some of the  
7 dollar amounts for some of these classes.

8 So if you're looking at Class 1  
9 HRH claims in both charts.

10 A. Okay.

11 Q. Do you see how, in the first  
12 plan, the estimated dollar amount is 88 million?

13 A. Yes.

14 Q. And then in the fourth amended  
15 plan it's 110.3 million?

16 A. Correct.

17 Q. What was the basis for that  
18 change?

19 A. The increased DIP need probably.  
20 And -- yeah, I mean -- I recall the 110 million  
21 number, and I recall the HRH finance team  
22 sending me the breakout of it, and we had some  
23 discussions around it. But I -- I don't recall  
24 off the top of my head.

25 Happy to provide something that

1 shows -- I think those -- I'm not sure who  
2 requested that breakout, but we provided the  
3 answer for the 110 million. Someone had  
4 requested it.

5 Q. Okay. I might ask you about that  
6 later, but I don't want to get bogged down on it  
7 now, so I'm just going to make a note.

8 In the same chart, Class 2  
9 Capitala claims in the first plan it was listed  
10 as TBA.

11 Do you see that?

12 A. Yes.

13 Q. And then the fourth plan it's  
14 \$19.7 million.

15 Do you see that?

16 A. Correct.

17 Q. Same question: Do you know the  
18 basis for that change?

19 A. That's their pre-petition secured  
20 amount on the books, 19.7 [inaudible].

21 (Interruption by the court reporter to  
22 clarify the record.)

23 Q. And then you said -- I don't know  
24 why it's TBD there.

25 Did you get that Gail? I just

1 want to make sure we're all caught up.

2 (Interruption by the court reporter to  
3 clarify the record.)

4 Q. What's the basis of the change  
5 between the TBD that's listed for Capitala  
6 secured claims in the first plan and the  
7 \$19.7 million that's listed for Capitala secured  
8 claims in the fourth plan?

9 **A. I don't know. But the 19.7 is**  
10 **their pre-petition secured amount on the books.**

11 Q. And you don't know why it was TBD  
12 in the first place; right?

13 **A. Correct.**

14 Q. Thanks. That was easier.

15 I want to ask you the same  
16 question for Class 3. I'm not going to go  
17 through all of them. But for Class 3, same  
18 thing: It was listed TBD in the first plan.

19 Do you see that?

20 **A. I do see that.**

21 Q. And then 55 million in the fourth  
22 plan.

23 **A. I don't -- I don't know why that**  
24 **was changed.**

25 Q. Okay. And then you noted earlier

1 there are two new in classes in the fourth plan;  
2 right? Classes 13 and 14?

3 **A. Correct.**

4 Q. So Class 13 specifically, do you  
5 know why this one was added?

6 **A. Because the Department of Health**  
7 **objected to the plan saying their claim is not**  
8 **listed on there, so we added it.**

9 Q. Was their claim previously  
10 accounted for in a different class in the prior  
11 versions of the plan?

12 **A. I don't think so, which is why we**  
13 **added it.**

14 Q. Okay. How did the debtors  
15 determine what the recovery for Class 13 was  
16 going to be?

17 **A. I believe there was a discussion**  
18 **with the state monitor that's on site, and we**  
19 **came to an agreement.**

20 Q. Okay. So you said you came to an  
21 agreement. So was the claim on the debtors'  
22 books -- strike that. Never mind. I'll move  
23 on.

24 Is their claim secured?

25 **A. Again, without looking at the**

1 loan document, it's hard for me to know. But I  
2 don't recall it being secured, but I could be  
3 wrong. And then I don't know what entity, but I  
4 do know it was just a loan that was given to  
5 CarePoint Health Systems on -- under a few  
6 conditions.

7 Q. Were any of the other debtors  
8 borrowers?

9 A. I'd have to look at the loan  
10 document to speak to that.

11 Q. All right. Let's talk about The  
12 Captive's claims for a moment. So if you're  
13 looking specifically at the fourth plan, they're  
14 in Class 9; right?

15 Actually I'm going to strike that  
16 question.

17 Are you aware that The Captive's  
18 unsecured claims were previously included in  
19 Class 9?

20 A. Am I aware that The Captive's  
21 claims were included in -- previously included?

22 Q. In the prior versions of the  
23 plan.

24 A. I was not aware, no.

25 Q. Okay. Do you know which class



1 Captive's claims are in now?

2 **A. I'm not 100 percent sure, no.**

3 Q. All right. Let's talk about the  
4 liquidation analysis, which is actually, I  
5 believe, attached to the fourth amendment plan  
6 that you have in front of you. I think it's  
7 docket number 551-2, so it's the last page.

8 **A. Yes.**

9 Q. Have you seen this before?

10 **A. I have.**

11 Q. Who prepared this?

12 **A. The UCC financial advisor,**  
13 **Province, prepared this.**

14 Q. Where did they get the data to  
15 put it together?

16 **A. From the SOFAs and schedules.**

17 Q. Did you assist in the preparation  
18 at all?

19 **A. I did not assist in preparation.**  
20 **I assisted in reviewing it.**

21 Q. Okay. So did you sign off on it  
22 before it was filed with the plan?

23 **A. I did.**

24 Q. How did you make yourself  
25 comfortable that it was correct?

1                   A.     We looked at the AR recoveries --  
2     I mean -- so going back, AR is the only true  
3     value -- valuable asset at these hospitals, in  
4     my opinion.

5                   So we scrutinized the AR  
6     recoveries; put a percentage of low and high  
7     recovery by type of payor, whether it's a  
8     commercial or non-commercial payor; and we gave  
9     a percentage of recovery based on the aging  
10    bucket that the collection was sitting in by  
11    each debtor entity.

12                  And I reviewed that with our SVP  
13    of finance. I reviewed that with our head of  
14    rev cycle, and I got their input on what would  
15    be -- whether these recovery percentages were  
16    reasonable in a liquidation scenario. And so I  
17    got input from several people.

18                  So Province prepared it. I  
19    kicked the tires with my whole team on it. We  
20    gave feedback back to Province. They made some  
21    more edits. It went back and forth quite a bit.  
22    And finally we arrived at an iteration that  
23    would be found acceptable.

24                  Q.     Okay. That's very helpful.  
25    Thank you.

1 Do you know if any of those  
2 documents or -- I'll just call them documents  
3 that you were putting together or looking at in  
4 reviewing this liquidation analysis were  
5 produced to anybody in the case?

6 **A. I -- I don't know if they were**  
7 **produced. Again, I never held the pen on this.**  
8 **I was reviewing the output and giving my**  
9 **feedback to Province.**

10 MS. CHURCHILL: Okay. I think all  
11 of those documents would have been responsive to  
12 one of our requests for production. And I'll go  
13 back and verify, but I don't think we received  
14 any of those. So I'll check, and we will follow  
15 up, and if we haven't received them, we'll  
16 request that they be produced.

17 MR. McMICHAEL: Fine.

18 BY MS. CHURCHILL:

19 Q. All right. So setting aside that  
20 liquidation analysis for a moment, there have  
21 been updated Chapter 7 liquidation analyses  
22 filed on a per-debtor basis with the plan  
23 supplement; right?

24 **A. Correct.**

25 Q. Let's -- I think, that one has

1       been marked as well as SV 4.

2                       Do you have that in front of you?

3                       **A.     Probably do.**

4                       Q.     If it's helpful, they were  
5       attached to your declaration in the plan  
6       supplement.

7                       **A.     Yeah, got it.**

8                       Q.     I'm going to take a moment and  
9       make sure that I have a copy.

10                      **A.     You didn't memorize it?**

11                      Q.     I'm almost there.

12                      **A.     Almost there?**

13                      Q.     So this is your declaration  
14       signed by you; right?

15                      **A.     Correct.**

16                      Q.     And it's being used as part of  
17       your testimony in support of the plan?

18                      **A.     Correct.**

19                      Q.     Who prepared these liquidation  
20       analyses?

21                      **A.     Province.**

22                      Q.     Okay. And, again, I'm trying to  
23       economize here. So if I asked you all the same  
24       questions about the first liquidation analysis,  
25       do your answers apply to these liquidation

1 analyses as well?

2 **A. They do.**

3 Q. You underwent the same process  
4 for reviewing and signing off on it?

5 **A. That's correct.**

6 Q. Okay. If we flip through these,  
7 I see liquidation analyses for one, two, three,  
8 four, five debtors; is that right?

9 **A. Five debtors. Correct.**

10 Q. Did the debtors or Province  
11 prepare liquidation analysis for any of the  
12 other debtors?

13 **A. Yes. They -- there was one**  
14 **for -- I believe there was one for every debtor;**  
15 **but not every debtor has cash in AR or debt**  
16 **assigned to them, so -- but I believe they're**  
17 **for every debtor. But you know, there were**  
18 **blank sheets on a lot of them.**

19 Q. Is that why they weren't filed?

20 **A. I -- I don't know.**

21 MS. CHURCHILL: Okay. I'm just  
22 going to say the same thing: I think those would  
23 have been responsive to some of our document  
24 requests, and I'm certain we don't have those.  
25 So I'll ask those be produced as well.

1 MR. McMICHAEL: Okay. We'll look  
2 at it, get back to you, once you tell us what you  
3 need.

4 BY MS. CHURCHILL:

5 Q. Okay. Switching topics. And I  
6 think you can close the plan for now.

7 Do you have a view of the value  
8 of the land that Christ Hospital sits on?

9 MR. NEWMAN: Objection as to form.

10 A. I've heard a number of  
11 speculative values. It's hard to say.

12 The land is currently zoned as a  
13 medical-use property. As it currently stands,  
14 it's medical use. It's probably not that  
15 valuable relative to how much -- how valuable it  
16 would be if it was rezoned as commercial.

17 So there's -- I've heard ranges.  
18 I've heard lots of theories on what its value  
19 is. I don't have an opinion or I don't know for  
20 a fact what the value is.

21 BY MS. CHURCHILL:

22 Q. Okay. Can you tell me what you  
23 you've heard, what ranges you're referring to.

24 A. So my understanding is -- so the  
25 purchase option was for 55 million, so that's a

1 value.

2 And I've heard that once it's  
3 rezoned for commercial use and you can build  
4 condos on it and blah, blah, blah, it could be  
5 worth anywhere around 150 million. So it's --  
6 and everything in between.

7 Q. Okay. And who did you hear the  
8 \$150 million number from?

9 A. Probably my CEO, who is basically  
10 saying, Hey, this thing is worth X.

11 I've heard the \$150 million  
12 number just being thrown around quite a bit.  
13 It's kind of like when there's a drug bust and  
14 they say street value versus actual; right? So  
15 I think that's --

16 Sorry. That's a terrible analogy  
17 but that's all I can think of.

18 Q. That's helpful. Thank you.  
19 Do you know how much it would  
20 cost to rezone?

21 A. I have no idea.

22 Q. Okay. But you haven't seen any  
23 appraisals for it or anything like that?

24 A. No.

25 Q. Okay. It was short-lived.

1 I need you to open back up the  
2 liquidation analysis in the fourth amended plan.  
3 So that's -- I don't know which exhibit number  
4 it is, but it's DI 551-2.

5 Yes. Docket 551 -- sorry -- and  
6 then the liquidation analysis is the very last  
7 page.

8 **A. Yeah.**

9 Q. So I'm looking at the Sources of  
10 Recovery on the left, specifically the causes of  
11 action near the bottom of that section.

12 Do you see where I'm looking?

13 **A. I do.**

14 Q. And do you see that they're  
15 listed in the Chapter 11 recovery section as not  
16 applicable and TBD?

17 **A. I do.**

18 Q. Do you know why they're listed  
19 that way, without a dollar amount?

20 **A. I don't.**

21 Q. Do the debtors have an estimate  
22 of what the value of those causes of action are?

23 **A. We don't.**

24 MS. CHURCHILL: Okay. So this is  
25 going to be marked as 9.



1 - - -

2 (Whereupon, Exhibit Number 9 was marked  
3 for identification.)

4 - - -

5 BY MS. CHURCHILL:

6 Q. Have you seen this before?

7 A. I've heard of this. I don't know  
8 if I've seen this specific document, but I've --  
9 yes, I've heard of this document.

10 Q. So you know what it is?

11 A. There are questions by The  
12 Captive that were answered by our counsel.

13 Q. Okay. Did you or any other  
14 manager or principal have any input into the  
15 answers that were given to these questions?

16 A. I don't recall. When was this  
17 filed?

18 Q. This wasn't filed with the Court.  
19 It was -- the questions were delivered to the  
20 debtors, I believe, on January 30th, but  
21 someone could correct me if I'm wrong on the  
22 dates there. And then we received responses on  
23 February 13th.

24 A. So I worked with our counsel on a  
25 whole bunch of interrogatories so -- and, yeah,

1 it was our team that worked with counsel in  
2 responding to not just Captive's but a bunch of  
3 interrogatories.

4 Q. Okay. I want to direct your  
5 attention to page 5, Interrogatory Number 5.

6 A. Okay.

7 Q. Can you just read this -- can you  
8 read this to yourself first, the Interrogatory  
9 Number 5 and then the response, and tell me when  
10 you're done.

11 (Witness reviews document.)

12 A. Okay.

13 Q. Do you understand the question  
14 that was asked here?

15 A. Are there -- that debtors have  
16 conducted any investigation into causes of  
17 action by HRH, Avery, and prior owners.

18 MS. CHURCHILL: Okay. I'm sorry.  
19 Gail can you just read that response back.

20 (Whereupon, the transcript was read  
21 back by the court reporter as  
22 requested.)

23 BY MS. CHURCHILL:

24 Q. Can I just clarify. The question  
25 says: "Investigations into potential causes of

1 action of the debtors or their estates against  
2 any of the following."

3 So do you understand that it's  
4 asking about causes of action that the debtors  
5 might have against HRH, Avery Eisenrich, and the  
6 prior owners?

7 **A. I do.**

8 Q. Okay. I just wanted to clarify  
9 that for the record.

10 **A. That's fine. I summarized it too**  
11 **much.**

12 Q. Do you understand the response  
13 that was given?

14 **A. I do.**

15 Q. So if I asked you the same  
16 question now that's in Interrogatory 5, would  
17 your answer be the same?

18 **A. It would be.**

19 Q. Okay. All right. I'm finished  
20 with this. I'm going to ask you about the  
21 litigation trust.

22 **A. Okay.**

23 Q. Do you know who has been  
24 identified as the litigation trustee?

25 **A. The UCC. I mean --**

1 MR. McMICHAEL: Do you want the  
2 name of the person?

3 BY MS. CHURCHILL:

4 Q. Yeah. Do you know the name of  
5 the person?

6 A. I don't.

7 Q. Do you know how the litigation  
8 trustee was selected?

9 A. No.

10 Q. Do you know who selected the  
11 litigation trustee?

12 A. No.

13 Q. Was it somebody from the debtors  
14 or the committee?

15 A. So what I know about the  
16 litigation trust is that HRH is providing the  
17 seed money; and there's a litigation trust being  
18 formed; and there's going to be litigation  
19 claims, causes of action, et cetera that are  
20 going to be handed to the litigation trust. And  
21 there's -- and part of the plan and the  
22 mediation that happened was what the -- what  
23 this litigation trust gets and how they split  
24 the pie, so to speak, on any potential  
25 recoveries.

1 Q. Okay. So I'll get back to  
2 splitting the pie in a moment. But just  
3 sticking on the governance of the litigation  
4 trust for now, who participated in the  
5 negotiations about who was going to serve on the  
6 litigation trust committee? Oversight  
7 committee, excuse me.

8 A. It would have been the debtors,  
9 HRH and UCC. I'm not sure if the re-org  
10 committee was involved in it. Actually, I don't  
11 think they were.

12 Q. Okay. And you don't know who has  
13 been selected to be on the oversight committee?

14 A. I don't.

15 Q. Do you know if the litigation  
16 trust has selected any professionals? Counsel  
17 or financial advisors?

18 A. I would imagine that's Sills.

19 Q. Okay.

20 A. Yeah.

21 Q. Why do you assume that?

22 A. Because they were involved in the  
23 negotiation and the mediation which resulted in  
24 this litigation trust being formed. So I assume  
25 it's Sills. They are representing the UCC.

1 Q. Okay. But that decision hasn't  
2 been made yet, to your knowledge?

3 A. No.

4 Q. Okay. Do you know what assets  
5 are being transferred to the litigation trust?

6 A. My understanding is there's --  
7 there's potential causes of actions against  
8 former owners, potentially Insight, CIGNA,  
9 and -- I mean, it's -- yeah, there's litigation.  
10 And then obviously, the seed money. But  
11 that's -- that's my understanding.

12 Q. Okay. What about claims against  
13 RWJ Barnabas?

14 A. I don't know if that's part of --  
15 my understanding is, all claims are being  
16 transferred to the litigation trust. I don't  
17 think the emerging debtor entity is retaining  
18 any of those claims that are existing. I don't  
19 think that anything has been carved out, but I'm  
20 not 100 percent sure.

21 Q. Okay. Can we go back to the  
22 split of the proceeds in the litigation trust  
23 that you mentioned earlier.

24 Do you know how that split works?

25 A. It's been a while. But my

1 understanding is the seed money gets repaid  
2 first; then the UCC gets 10 percent recovery,  
3 16.5 million; and then after that there's some  
4 sort of split of -- the details after that  
5 escape me.

6 Q. Do you know who came up with the  
7 split?

8 A. This was all part of the  
9 mediation.

10 Q. Okay. Have the debtors shopped  
11 this around to anybody else?

12 MR. McMICHAEL: What do you mean?  
13 Shop what around?

14 BY MS. CHURCHILL:

15 Q. Do you need me to clarify the  
16 question?

17 A. Yes.

18 MR. NEWMAN: Yeah, we do. Because  
19 we can't advise him and make an objection if we  
20 don't know.

21 BY MS. CHURCHILL:

22 Q. The contribution of seed money  
23 into the litigation trust, is that in exchange  
24 for receiving proceeds from the trust?

25 A. I would presume so. Without seed

1     **money, there is no trust.**

2                   Q.     So have the debtors asked anybody  
3     else if they would contribute seed money into  
4     litigation trust?

5                   A.     I am not aware of asking anyone  
6     else for seed money.

7                   Q.     Has anybody else offered?

8                   A.     I'm not aware of anyone offering  
9     seed money.

10                  Q.     Okay. Do you know -- so do you  
11     recall, earlier when we looked at the chart of  
12     classifications under the fourth amended plan,  
13     HRH is receiving an estimated claim amount of  
14     \$110.3 million?

15                  A.     Yes, I do.

16                  Q.     Do you know, if HRH recovers any  
17     money on account of that claim, does their  
18     recovery against the litigation trust go down?

19                  A.     Sorry, can you repeat the  
20     question.

21                  Q.     Sure. And let me rephrase.

22                             Is HRH's recovery against the  
23     litigation trust offset at all by the recovery  
24     it gets on account of its \$110 million claim?  
25     Exit facility, excuse me.



1                   **A.     I'm not certain.**

2                   Q.     Okay. Are you aware that the  
3 plan purports to transfer assets to the  
4 litigation trust free and clear of any liens on  
5 the assets?

6                   **A.     "The assets" being the causes of**  
7 **action?**

8                   Q.     Right.

9                   **A.     I would imagine so.**

10                  Q.     Okay. Do you know if there are  
11 any creditors that have liens on the causes of  
12 action?

13                  **A.     Capitala did on the CIGNA claim.**

14                  Q.     Can you just clarify what you  
15 mean by it "did."

16                  **A.     Or -- I mean, Capitala got an**  
17 **interest in the Aetna/CIGNA claims in exchange**  
18 **for some cash back in 2022, is what I've been**  
19 **told. So my understanding is -- and that's how**  
20 **they got paid out from that settlement, right**  
21 **before we filed.**

22                               **So my understanding is they have**  
23 **rights to the CIGNA claim as well.**

24                  Q.     Okay. Can you think of anybody  
25 else that has liens on the causes of action?

1                   **A.     Anybody else that has liens on**  
2     **the causes of action.**

3                   **I believe Capitala controls**  
4     **Sequoia's vote on the -- on the CIGNA claim**  
5     **piece. So -- I'm a bit murky on those details.**  
6     **I don't know if there's any other claims or not.**

7                   **Q.     Do you know if Maple has claims**  
8     **on the causes of action?**

9                   **A.     I'm not aware.**

10                  **Q.     Okay. What happens to the liens,**  
11     **whether it's Capitala's or somebody else's, on**  
12     **those causes of action under the plan?**

13                  **A.     I don't know.**

14                  **Q.     Okay. Let's go back to your**  
15     **declaration about substantive consolidation,**  
16     **which I believe is SV4.**

17                  **A.     Okay.**

18                  **Q.     Is there anything in this**  
19     **declaration that needs to be -- that you need to**  
20     **amend?**

21                  **A.     Not that I'm aware of.**

22                  **Q.     Did anybody help you prepare this**  
23     **declaration?**

24                  **A.     My counsel.**

25                  **Q.     So I want to look at -- let me**

1 just ask first: Anybody else other than  
2 counsel?

3 **A. The UCC's financial advisor**  
4 **helped me with the exhibits. We -- I think we**  
5 **got some comments from UCC back as well, but**  
6 **that's -- that's it.**

7 Q. And you ultimately signed off?

8 **A. I signed off on this, yes.**

9 Q. Can I direct you to paragraph 29.

10 **A. Okay.**

11 Q. So you say:

12 "In sum the debtors regularly  
13 held themselves out to the public  
14 and creditors as an integrated,  
15 consolidated enterprise consisting  
16 of three hospitals under the brand  
17 name CarePoint Health, and many  
18 creditors dealt with the debtors as  
19 a single enterprise."

20 Did I read that correctly?

21 **A. You did.**

22 Q. What's your basis for making that  
23 statement?

24 **A. The rest of this declaration. I**  
25 **mean, we've purchased -- I can give some**

1 examples.

2 The board -- there's one board  
3 that oversees the operations of all the  
4 hospitals and the practices.

5 There's -- we purchased insurance  
6 through our insurance broker for all the  
7 hospitals combined.

8 There's vendors that refer to us  
9 as "CarePoint."

10 Our pre-petition secured loans  
11 are cross-collateralized across the hospitals.

12 We have a shared services center,  
13 MSO, which is the back office for all the  
14 hospitals.

15 There's a system for human  
16 resources. There's a system lead for rev cycle.  
17 There's a system lead for finance. It's --  
18 it's -- the hospitals are managed as -- on an  
19 operational basis, they are managed as one  
20 entity.

21 Q. Okay. Specifically with this  
22 last clause in the sentence, it says, "Many  
23 creditors dealt with the debtors as a single  
24 enterprise."

25 A. Correct.

1 Q. Did you talk to any creditors  
2 about their view on this?

3 A. I mean, I know that's how  
4 creditors -- I mean, they view CarePoint as a  
5 system. I'll give you an example.

6 There is a -- there's a paving  
7 vendor that we owed a lot of money to. And we  
8 filed for bankruptcy, and he said that he would  
9 come reclaim his material -- effectively, he  
10 wants to come tear up the parking lot that he  
11 finished; and he doesn't only want to do that  
12 for Christ, he wants to do that for Christ and  
13 Hoboken, even though he was only contracted to  
14 do Christ.

15 So that's one example. There's  
16 hundreds of other examples where the -- the --  
17 creditors treat CarePoint as one entity.

18 For example, IHP, the In-House  
19 Physicians group that we contract, even though  
20 it's contracted with Garden State, they work at  
21 all three hospitals. When they look for a  
22 payment, they call -- they don't call anyone at  
23 Garden State; they submit their time to each  
24 individual hospital, and their time sheets are  
25 put together, and they're paid one lump sum out

1 of Garden State, even though it's for services  
2 being provided to each individual hospital.

3 Same for anesthesia. Same for  
4 cath lab supplies. That's a lot of creditors  
5 that deal with CarePoint as a single entity.

6 Q. Okay. Did the debtors file  
7 separate tax returns?

8 A. We do.

9 Q. All of them? All the debtors?

10 A. All the debtors, yeah.

11 Q. I'm nearing the end.

12 The debtors have a single board  
13 of trustees; right?

14 A. Correct.

15 Q. I think I heard you say that.  
16 How many people are on the board of trustees?

17 A. It's 12 or 13.

18 Q. Does that include the people who  
19 were on the reorganization committee?

20 A. No. Including them it would be  
21 15, 16.

22 Q. Okay. Are there any other  
23 subcommittees besides the reorganization  
24 committee?

25 A. The individual hospitals have a

1 clinical-level board, it's not a fiduciary-level  
2 board that makes clinical decisions. And -- and  
3 I only think it's at Christ and Hoboken. I  
4 don't think it's at Bayone. But they -- they  
5 review clinical operations and whatnot.

6 But they -- they don't really  
7 have any fiduciary or any real teeth in terms of  
8 making decisions as to entering into loans or  
9 filing for bankruptcy and whatnot.

10 So the main hospital board, which  
11 is the main fiduciary with the community  
12 representatives from each of the hospitals,  
13 that's the main board. But there's no other  
14 subcommittees or anything; they're just the  
15 re-org committee.

16 Q. Okay. What is the -- and for  
17 lack of a better term, I'm going to call it "the  
18 clinical committee," the one that you just  
19 referred to.

20 A. Yes.

21 Q. What is it supposed to do?

22 A. They just review metrics,  
23 operational metrics -- you know, discharges;  
24 length of stay; number of surgeries;  
25 inpatient/outpatient volumes; staffing needs.

1 Yeah -- at an individual hospital level.

2 They're more operations-based.

3 Q. Okay. How often does the board  
4 of trustees meet?

5 A. It's ad hoc. After we filed for  
6 bankruptcy, we met pretty frequently. We met  
7 every week for a while. And then after that,  
8 we've been meeting at least once a month as  
9 issues have come up.

10 And certainly board members -- we  
11 have local mayors on the board. There's an  
12 issue that came up in the bankruptcy  
13 proceedings, and one of the mayors wanted to  
14 meet and have some discussions around it, so we  
15 had an ad hoc meeting for that.

16 So there's no set schedule  
17 per se, but we meet as frequently as needed.

18 Q. Does anybody have the ability to  
19 call a board meeting?

20 A. The chairman for sure, the  
21 chairman of the board of trustees.

22 Q. Okay. But any of the other  
23 trustees?

24 A. Yeah. For example, if a board  
25 member sends a note out to the rest of the board



1 saying, "We need to meet to discuss X topic," we  
2 find a time to convene and meet.

3 Q. Okay. Who normally attends the  
4 board meetings?

5 MR. NEWMAN: Objection as to form.

6 A. We have community representatives  
7 from each of the cities. And then we have two  
8 mayors. We have the chairman. Then we have the  
9 re-org committee, and then we have other  
10 non- --- non- -- local committee members, like  
11 the QFCHA, and there's a few other basically  
12 from the state and the county level.

13 But -- so our board meetings are  
14 virtual.

15 BY MS. CHURCHILL:

16 Q. Yes.

17 A. So we usually have a pretty solid  
18 attendance because it doesn't need to be in  
19 person.

20 Q. Okay. And just so I understand,  
21 when you're talking about community members and  
22 mayors that attend, are they on the board or are  
23 they joining the meetings as non-members?

24 A. They're on the board.

25 Q. Okay. Thank you.

1 Are there -- do people ever  
2 attend the meetings that aren't board members?

3 A. Yes. Me and our board secretary.  
4 Those are the two people -- and --

5 Yeah, my counsel shows up. I  
6 forgot about him. Yes, he shows up to our board  
7 meetings now.

8 But we actually -- yes, so  
9 there's a person from Dilworth that is licensed  
10 in New Jersey, that was -- that also -- and I'm  
11 forgetting your colleague's name, but she  
12 advises the board on legal matters. If the  
13 board needs legal advice, she attends.

14 But, yes, we do have counsel on  
15 the board as well, attending board meetings that  
16 are not part of the board.

17 HRH is part of the board. I  
18 forget to mention that now, as part of the  
19 whole -- HRH has three board seats.

20 Q. Okay. And you mentioned earlier  
21 a couple of mayors, and that there was a mayor  
22 who called a meeting because of some issue that  
23 arose; is that right?

24 A. Yes.

25 Q. What was the issue?

1                   A.     He was hearing a lot of noise  
2     about the PTO reset that we had done at the  
3     hospitals.

4                   So CarePoint had this terrible  
5     policy where -- and that's not applicable,  
6     really, I've never seen that anywhere else,  
7     where PTO would never expire. People could  
8     carry over PTO forever. So people were carrying  
9     over PTO for, like, 10 years. So there's  
10    roughly like \$20 million of PTO accrued on the  
11    books.

12                  So we had to put an end to that  
13    practice and -- just because it was unfair for  
14    HRH to assume that massive liability, especially  
15    if we're doing RIFs and whatnot. We'd have to  
16    pay out large amounts of money for this.

17                  So when we -- when we basically  
18    reset the PTO for everyone, we capped everyone  
19    at 40 hours and reset the PTO -- there was a lot  
20    of noise from unions and employees. And they  
21    obviously went to their mayor and complained.

22                  And the mayor was basically said,  
23    "Why did this happen? We need to have a meeting  
24    to discuss this."

25                  We had the meeting, and we

1 explained to him that we were doing what was the  
2 right thing to do in terms of fiduciary duty to  
3 the hospital, for the business. In order to  
4 make this hospital sustainable going forward,  
5 this was one of the things that had to be done  
6 to fix this bad policy.

7 And that -- that was basically --  
8 that's why the mayor reached out. And we  
9 explained our position, and he was in agreement.

10 Q. What did that happen?

11 A. When did the meeting happen or --

12 Q. When did -- yeah, when did the  
13 meeting happen?

14 A. The meeting happened second week  
15 of February.

16 Q. Of 2025?

17 A. Yes, 2025.

18 Q. Okay. When was the PTO policy  
19 changed?

20 A. Early January.

21 Q. Of 2025?

22 A. Yes.

23 Q. Was this something that HRH  
24 requested?

25 A. No; it was something I suggested

1 to HRH.

2 Q. Okay. Do you know if the board's  
3 emails were searched in response to any of the  
4 requests for production that were received in  
5 the case?

6 A. So I connected our counsel to our  
7 IT team, and they literally did a download of  
8 all the emails, is my understanding and -- for  
9 CarePoint emails. So that should have been --  
10 yeah, my understanding is we've been a pretty  
11 open book in terms of providing emails and  
12 whatnot, so ...

13 Q. Yeah "all CarePoint emails" would  
14 include the board, managers, employees; right?

15 A. It wouldn't include the board,  
16 because board members don't have CarePoint  
17 emails.

18 It would include all my emails.  
19 All the CEO's emails, who is the chairman of the  
20 board. But all -- if the chairman of the  
21 board's emails are there, then you have -- all  
22 board-related discussion emails are in there.

23 You're not going to get Mayor  
24 Ravi Bhalla's private emails. I think that's  
25 maybe out of scope. I don't know. But

1 that's -- he doesn't have a CarePoint email  
2 address. Neither does Mayor Ravi Bhalla.

3 Q. So anybody without a CarePoint  
4 email address was not searched?

5 A. I would imagine so, yeah.

6 Q. Okay. Why did the debtors decide  
7 to create the reorganization committee or  
8 appoint the reorganization committee?

9 A. In order to demonstrate to the  
10 judge that there was a fair and equitable  
11 process being run, something that we were doing,  
12 what's in the best interests of the debtors, and  
13 we weren't being -- you know, unfairly -- it  
14 was -- it wasn't -- you know, the deal  
15 parameters, the plan and whatnot was not  
16 unfairly treating -- you know, or giving favor  
17 to one party versus another.

18 So the re-org committee is two  
19 former judges and a consulting partner, and  
20 they've been very involved. As I said they get  
21 the budget to actuals, which I've sent to  
22 everyone except Maple. I'll get to that.

23 But they've reviewed the plan  
24 projections, the liquidation analysis. They  
25 attend the board meetings, they've -- they've

1 read through the plan. They've been pretty  
2 involved.

3 Q. Do they make recommendations to  
4 the rest of the board?

5 A. They've given their opinion. I  
6 mean, you know -- yeah, they've given their  
7 opinion.

8 Q. On what topics?

9 A. I mean, one specific thing that  
10 comes to mind is, you know, it's -- it's not  
11 even an opinion. It's just that they speak from  
12 their experience. So for example, PNC Bank told  
13 us that we have to switch bank accounts and so  
14 and gave us a deadline to switch bank accounts  
15 by.

16 So we went over to -- we were  
17 going to switch to Bayone Community Bank, and  
18 then -- and OceanFirst, and then one of the  
19 re-org committee members basically said that,  
20 Hey, make sure this is on the list of banks  
21 approved by the US Trustee in the bankruptcy  
22 case.

23 And so -- so they kind of give us  
24 their input and guidance to keep us within the  
25 lines, since they're really experienced in

1     **bankruptcy cases.**

2                   Q.     Okay, thank you.

3                   Do you know what kind of  
4     decisions they make?

5                   A.     **The re-org committee?**

6                   Q.     Yes.

7                   A.     I mean, they -- not specifically.  
8     They're on -- they're on the board to be kind of  
9     an independent voice of reason and just make  
10    sure this is a fair and equitable process. I'm  
11    not aware of any specific, you know, decisions  
12    they've made per se.

13                  Q.     Okay. And I think this is my  
14    last question on this: Is there anything that  
15    the debtors cannot do without the reorganization  
16    committee's consent?

17                  A.     **Debtors cannot do?**

18                  Q.     And I can rephrase it out of the  
19    negative, if that's easier.

20                  A.     **Yeah, that would be easier.**

21                  Q.     Is there anything that the  
22    debtors are required to have the  
23    reorganization's consent for?

24                  A.     I mean, they're voting board  
25    members, and three votes is substantial. And I



1 don't know if they can unilaterally override the  
2 rest of the board, but we don't have a  
3 contentious board, really. Everyone is on --  
4 everyone is kind of on the same wavelength. So  
5 I think the re-org and the rest of the board get  
6 along pretty well.

7 MS. CHURCHILL: Okay. Can we go  
8 off the record for a minute.

9 (Discussion off the record.)

10 MS. CHURCHILL: I am finished with  
11 my questions. I really appreciate your time, and  
12 I'm going to pass you over to the next  
13 questioner.

14 - - -

15 FURTHER EXAMINATION

16 - - -

17 BY MR. ANGELO:

18 Q. Mr. Syed, you mentioned before  
19 that all board meetings are virtual; right?

20 A. Yes, it.

21 Q. Are they recorded or otherwise  
22 documented?

23 A. There's board minutes, yes.

24 Q. But they're not video?

25 A. I don't think so.

1 Q. The last one question is in the  
2 context of HRH's claims under the plan that I  
3 have.

4 When did the debtors begin  
5 discussions about obtaining a DIP financing with  
6 HRH?

7 A. When Insight pulled out.

8 Q. When was that about?

9 A. October 27th Insight quit.

10 Q. Before that there were no  
11 discussions?

12 A. No. Well, no, sorry, let me take  
13 that back.

14 HRH was going to provide a DIP  
15 only for Bayone, and asset sale and whatnot. So  
16 not -- the DIP for a Christ and Hoboken  
17 discussion came into play when Insight left.

18 Q. Right. What about the Bayone  
19 DIP, when did that start? What did the  
20 discussions about the Bayone DIP started?

21 A. It started, you know, after the  
22 Delaware judgment for the default judgment that  
23 happened. Dr. Shah from Insight and Dr. Moulick  
24 wanted to come up with the deal with HRH, and  
25 there was a four-hospital deal that was

1 contemplated. And as part of that, there were  
2 multiple agreements that were negotiated, and  
3 one of the agreements that was papered at that  
4 point was the HRH DIP loan.

5 Q. Was that September of 2024?

6 A. September 2024 is when the  
7 discussion started. And it might have been  
8 October by the time they were -- the DIP  
9 documents were drafted.

10 Q. When HRH and the debtors were  
11 discussing the DIP financing and the  
12 restructuring, did the two parties enter into a  
13 confidentiality or nondisclosure agreement?

14 A. We've had an NDA since January,  
15 when there was a -- there was an LOI that was  
16 entered into. So we've had a nondisclosure  
17 agreement with HRH for a long time.

18 Q. Were the debtors aware that HRH  
19 was also negotiating its own purchase option  
20 with the owners of Christ Hospital while  
21 negotiating the DIP financing?

22 A. Part of the four-hospital system  
23 with Insight and HRH and part of those four  
24 agreements, one of the agreements was that HRH  
25 would exercise the Christ purchase option, and

1 it would lease the hospital -- the land to  
2 Christ Hospital for zero dollars, and they would  
3 work on the rezoning. And after building out  
4 whatever commercial property those built, after  
5 the costs of them were recouped, there would be  
6 some sort of profit split on top of that.

7 So this whole deal that was kind  
8 of contemplated, which all went away as Insight  
9 pulled out, but -- yeah, HRH was -- because  
10 CarePoint couldn't pay its rent on time and the  
11 purchase option was pulled, so we knew that HRH  
12 was engaging with the landlord during the time  
13 period, yes.

14 Q. And during this time period,  
15 there was an NDA in place?

16 A. Between HRH and CarePoint. So  
17 there was an NDA in place since January, since  
18 before I came to CarePoint, there's been an NDA  
19 in place with HRH.

20 Q. And do you recall when the owners  
21 of the Christ Hospital real estate pulled the  
22 debtors' purchase option?

23 A. They pulled it multiple times  
24 over the year, but the last time I recall was  
25 sometime in September.

1 Q. And at that time, you were  
2 negotiating the DIP with HRH?

3 A. For Bayone only.

4 MR. ANGELO: Okay. No further  
5 questions. I appreciate your time.

6 MR. McMICHAEL: Okay.

7 - - -

8 FURTHER EXAMINATION

9 - - -

10 BY MR. SPATHIS:

11 Q. We were talking about the  
12 litigation trust.

13 A. Okay.

14 Q. And you testified in response to  
15 questions that counsel asked that you were not  
16 aware of any carve-out, that all claims that  
17 belonged to the debtor or the -- were going to  
18 go -- port into this trust?

19 A. Correct.

20 Q. Were you aware -- let me show you  
21 what I've marked as Exhibit 10.

22 - - -

23 (Whereupon, Exhibit Number 10 was  
24 marked for identification.)

25 - - -

1 MR. McMICHAEL: Maple 10?

2 MR. SPATHIS: Yeah, I just put  
3 "10."

4 BY MR. SPATHIS:

5 Q. For the record, I've marked as  
6 Exhibit 10 executed Collateral Sharing Agreement  
7 dated November 4th, 2022.

8 Have you seen this document  
9 before?

10 A. I don't think so.

11 Q. Have you ever heard about this  
12 document?

13 A. I have. Your colleague who  
14 walked into the room earlier this morning  
15 mentioned collateral sharing. I have heard of  
16 it in various capacities, yeah.

17 Q. The litigation involving Aetna  
18 and CIGNA, I want to -- maybe already resolved,  
19 but there is litigation or may be litigation  
20 relating to receivables; correct?

21 A. Correct.

22 Q. And Maple, among other security  
23 creditors, have liens on those receivables;  
24 correct?

25 A. Correct.

1 Q. Have you done anything to value  
2 Maple's adequate protection claim?

3 **A. I don't think so.**

4 Q. Are you aware that this  
5 collateral agreement represents an agreement of  
6 the -- again, these are before the debtors --  
7 secured creditors regarding how proceeds of  
8 litigation involving pledged collateral, AR,  
9 would be shared?

10 **A. Can you repeat the question.**

11 MR. SPATHIS: Can you repeat the  
12 question, please.

13 (Whereupon, the transcript was read  
14 back by the court reporter as  
15 requested.)

16 MR. NEWMAN: Objection as to form.

17 **A. No, I'm not aware.**

18 BY MR. SPATHIS:

19 Q. Okay. Agreement says what it  
20 says.

21 **A. Yeah.**

22 Q. Do the debtors have any  
23 tax-related obligations -- like, past due --  
24 Well, you testified in your  
25 depositions about payroll tax obligations.

1 There was a period of time under Dr. Moulick's  
2 control where times were so tough that you  
3 withheld payroll but you didn't tender that  
4 money; correct?

5 MR. McMICHAEL: Objection;  
6 misstates the facts. You got the wrong doctor.

7 MR. SPATHIS: Don't think I did.  
8 Whatever.

9 BY MR. SPATHIS:

10 Q. There was a period of time where  
11 the company wasn't tendering to the IRS the  
12 withholdings that were properly withheld.

13 Do you recall that?

14 **A. We were paying payroll to the**  
15 **employees, and we were not remitting the payroll**  
16 **taxes to the taxing authority.**

17 BY MR. SPATHIS:

18 Q. That was something that happened  
19 after you came -- or -- when did that begin?

20 **A. That began in Q1 of 2024.**

21 Q. Okay. Are there any -- besides  
22 the outstanding obligations that relate to the  
23 decision to not tender the withheld portion to  
24 the government, are there any other tax-related  
25 obligations?



1                   A.     Yeah, given our severely  
2     distressed nature, we haven't paid our tax  
3     preparer firm. We hadn't paid them, so we  
4     haven't filed tax returns for several entities  
5     for 2022 and 2023 -- I mean, '24 is not late  
6     yet. But for '23 and '22 my understanding is my  
7     understanding there are several tax returns that  
8     have to be filed.

9                   Q.     Okay.

10                  A.     So this tax firm had already  
11     prepared the tax returns, and they wouldn't file  
12     it unless we paid them. We couldn't pay them on  
13     a pre-petition obligation because they'd already  
14     done the work.

15                                 So we asked HRH to pay the tax  
16     bill on our behalf so we could at least get the  
17     returns filed and get -- and then get going  
18     on -- so we have filed 2020, 2021. Returns are  
19     already completed, just not filed. Now the tax  
20     preparer is working on preparing the returns for  
21     2022 and 2023 and then subsequently 2024.

22                  Q.     So there may be some interest  
23     penalties in connection with the late filings of  
24     the returns?

25                  A.     Absolutely. And to the extent

1     **there's taxes due based on those returns, yes.**

2                   Q.     But nothing that dates back to  
3     the control of the prior owners; correct?

4                   **A.     I'm not aware.**

5                   Q.     You're not aware?

6                             We talked a little bit earlier --  
7     in the course of the earlier examination, the  
8     30(b)(6), we talked about the two separate  
9     facilities, the Bayone secured loans in 2019,  
10    and the Hudson secured facility.

11                            Do you remember that?

12                   **A.     Yes.**

13                   Q.     Okay. Do you know who negotiated  
14    the loans on behalf of the borrowers, the  
15    facility agreement on behalf of the borrowers?

16                   **A.     I don't know.**

17                   Q.     Do you know what the purpose of  
18    the loans were?

19                   **A.     CarePoint needed money.**

20                   Q.     Proper purpose?

21                   **A.     I don't -- I don't know of any**  
22    **other specific need besides liquidity.**

23                   Q.     Do you know what the -- do you  
24    have --

25                            Do you know what the financial

1 condition of the hospital was in mid-2019?

2 **A. No.**

3 Q. Do you know whether, at the time  
4 these loans were made, the hospitals were paying  
5 their debts as they became due?

6 **A. I -- I don't know.**

7 Q. Do you know whether each of the  
8 borrowers, as part of the facilities, made reps  
9 and warranties about their own solvency at the  
10 time of the loans?

11 **A. Significantly before my team.**

12 **I'm not aware.**

13 Q. Do you know whether there were  
14 other sources of secured credit available to the  
15 hospitals at the time of these loans?

16 **A. I don't know.**

17 Q. You know that the loans were  
18 secured; right?

19 **A. Yes.**

20 Q. Were you aware of -- strike that.  
21 Do you know how -- do you know  
22 whether the terms of the 2019 loan were  
23 commercially reasonable?

24 **A. I don't.**

25 MR. NEWMAN: Objection to form.

1 BY MR. SPATHIS:

2 Q. Do you know how they compare to  
3 the terms of the DIP facility?

4 **A. I don't know.**

5 Q. Do you know of any individual or  
6 harm that came to any of the debtors as a result  
7 of having funds made available to them through  
8 these two facilities?

9 MR. NEWMAN: Objection as to form.

10 **A. Through this Maple-Bayone.**

11 BY MR. SPATHIS:

12 Q. Maple-Bayone and Maple-Hudson?

13 **A. No, not aware.**

14 Q. Any information or any knowledge  
15 regarding bad faith on the part of the lenders  
16 at the time these -- in connection with these  
17 loans?

18 **A. No.**

19 Q. The loans were all documented as  
20 loans; correct?

21 **A. Yes.**

22 Q. They were -- they were identified  
23 collateral, and UCCs were filed; correct?

24 **A. That's my understanding.**

25 Q. And there were reps and

1 warranties made in connection with every one of  
2 the loans; right?

3 **A. That's what's in the loan**  
4 **document.**

5 Q. I'm not going to -- I don't think  
6 we need to bring it out. They say what they  
7 say.

8 **A. Yes.**

9 Q. Are you aware of multiple  
10 forbearance agreements that occurred after 2019?

11 **A. No.**

12 Q. Were you aware that the -- were  
13 you aware that the forbearance agreements  
14 reaffirmed the reps and warranties of the oral  
15 facilities?

16 **A. I don't.**

17 Q. Do you know that the last  
18 forbearance agreement came -- was signed by  
19 Dr. Moulick and came roughly six months after  
20 the prior owners had donated the hospitals --  
21 essentially ceded control to a different group?

22 **A. I don't.**

23 Q. The -- with respect to Garden,  
24 you said there was no sweep of the account.  
25 Earlier you testified; right?

1                   **A.     Yeah.**

2                   Q.     Garden revenue went to pay Garden  
3     expenses?

4                   **A.     Correct.**

5                   Q.     Although they needed help from  
6     the hospitals to actually pay all of the  
7     expenses; right?

8                   **A.     Yes.**

9                   Q.     Was the same true with respect to  
10    the other hospitals -- or the other debtors?  
11    Did their money -- the money that they  
12    collected, attributable to them, go first to pay  
13    their expenses?

14                             Again, I know it wasn't enough.  
15    But did the money pay their own expenses first  
16    and foremost?

17                   **A.     No.   We specifically went out of**  
18    **our way to not touch Garden State money or bring**  
19    **Garden State money into the hospitals even**  
20    **though we may have had a liquidity crunch at the**  
21    **hospital, because of the objections Strategic**  
22    **Ventures filed during one of the First Day**  
23    **hearings.**

24                             **So I'll give an example of today.**  
25                             **We had to make Hoboken payroll.**

1 We took Christ collections that came in today,  
2 and we moved that money to Hoboken, we didn't  
3 use it for Christ, and we paid Hoboken, just to  
4 make sure we got the payroll out on time.

5 Q. You have the information that it  
6 was necessary to prepare liquidation analyses  
7 for each individual debtor; correct?

8 A. Correct.

9 Q. When you prepared -- your first  
10 introduction to the CarePoint Hospital system  
11 was preparing rolling 13-week budgets; correct?

12 A. Correct.

13 Q. And you prepared a budget for  
14 every one of the debtors; correct?

15 A. No.

16 Q. You prepared multiple individual  
17 13-week, not just a single consolidated one;  
18 correct?

19 A. I prepared a consolidated one  
20 which had tabs for three hospitals.

21 Q. So each of the hospitals had its  
22 own 13-week budget; correct? Rolling 13 --

23 A. Correct.

24 Q. And then they rolled up into one  
25 consolidated 13-week budget?

1                   **A.     Correct.**

2                   Q.     Fair enough.

3                             And there were intercompany  
4 transfers; correct?

5                   **A.     Yeah.   Yeah.**

6                   Q.     Every time one entity paid the  
7 debt of another, it was recorded as an  
8 intercompany obligation; correct?

9                   **A.     Correct.**

10                  Q.     To the penny; correct?

11                  **A.     To the penny; correct.**

12                  Q.     And even though somebody may --  
13 or you may not look at it as ever collectable,  
14 you continue to record it and you continue to  
15 keep it on the books; correct?

16                  **A.     Correct.**

17                  Q.     You filed four form -- IRS form  
18 990s for the -- not-for-profit hospital;  
19 correct?

20                  **A.     Correct.**

21                  Q.     Two not-for-profit hospitals;  
22 correct?

23                  **A.     That's right.**

24                  Q.     And on those you have to -- have  
25 to report the individual hospital's income,



1 receipts and disbursements; correct?

2 **A. I believe so. I relied on my**  
3 **accounting staff to file that.**

4 Q. Cross-collateralization is --  
5 of -- is not a unique or novel concept, is it?

6 MR. NEWMAN: Objection as to form.

7 **A. I don't know what you mean.**

8 BY MR. SPATHIS:

9 Q. Well, is it uncommon for a lender  
10 to demand, when there are multiple related  
11 affiliates, to ask for cross-collateralization  
12 even though you're only lending to one?

13 MR. NEWMAN: Objection as to form.  
14 He's here as a fact witness, not as an expert.

15 BY MR. SPATHIS:

16 Q. You can answer. You have no  
17 opinion?

18 **A. I don't know that that's standard**  
19 **or -- if -- if a single entity is doing well, I**  
20 **would imagine they would -- obviously the lender**  
21 **will want to secure it as much as possible. But**  
22 **yeah.**

23 BY MR. SPATHIS:

24 Q. Fair enough.

25 Centralized management of a

1 series of affiliated companies, that's not  
2 something new or novel, is it?

3 MR. NEWMAN: Objection as to form;  
4 lacks foundation.

5 A. I'm not sure what you're asking.

6 BY MR. SPATHIS:

7 Q. There's an efficiency to be  
8 gained by having centralized management --  
9 certain functions -- accounting, and having --  
10 sitting at the top rather than having a  
11 department in each of --

12 A. Yeah, absolutely.

13 Q. And that's not unique to this  
14 particular hospital group; right?

15 A. I don't think so.

16 Q. Who is the paver that you were  
17 talking about?

18 A. Randazzo Paving.

19 Q. Did you talk to the paver?

20 A. I did. He called in on the 341  
21 meeting and started yelling at me.

22 Q. The paver contracted with which  
23 organization?

24 A. I don't know.

25 Q. Which debtor?

1                   A.     I don't know.

2                   Q.     He had a contract with one of the  
3     debtors; correct?

4                   A.     I don't know. I have to look at  
5     the contract.

6                   Q.     And do you know -- did he submit  
7     an invoice?

8                   A.     I'm sure he did.

9                   Q.     Did he submit it to the entity  
10    that he contracted with?

11                  A.     Again, without looking at the  
12    contract or the invoice, I don't know.

13                             This paving company, we stopped  
14    doing business with them two years before I  
15    joined, and we just owed them money. And we  
16    were making \$5,000-a-week payment to them over  
17    several months. And we just stopped paying it  
18    once we filed for bankruptcy, and -- yeah. So I  
19    don't know what the arrangement was.

20                  Q.     And you talked about him  
21    coming -- he called in and threatened to not  
22    only take it from -- the asphalt from the lot  
23    that he paved, but from a different lot as well;  
24    correct?

25                  A.     Correct.

1 Q. But he didn't do that  
2 pre-petition; right?

3 A. What do you mean?

4 Q. Well, he only did that after you  
5 sent him a notice of bankruptcy; correct?

6 A. Correct.

7 Q. Not you, but the debtors sent a  
8 notice of bankruptcy.

9 And that notice said these are  
10 all jointly administered cases and listed all of  
11 these other debtors; correct?

12 A. He did that when we stopped  
13 paying him.

14 Q. But that was -- did he threaten  
15 to rip out somebody else's asphalt before the  
16 petition was filed?

17 A. No, because we were paying him  
18 weekly.

19 Q. Okay. I want to know the --  
20 you've said that you the public -- I looked at  
21 it. I want to know the foundation for that.  
22 Because it's one thing for you to infer what the  
23 public knew. It's another thing for you to  
24 testify, like, that you know how the public  
25 perceived this entity.

1 Most of the creditors dealt with  
2 a individual entity; correct?

3 **A. Microsoft is paid through the**  
4 **MSO. They deal with CarePoint as one entity.**  
5 **Comms Solutions is telephone for all the**  
6 **hospitals and all the practices. They bill us**  
7 **as one entity.**

8 Q. Okay, got it. Stop for a second.

9 MR. NEWMAN: Whoa, whoa, whoa.  
10 Let him finish.

11 MR. SPATHIS: Hold on.

12 MR. NEWMAN: Let him finish,  
13 because that way you don't let him come back to  
14 answer that question.

15 BY MR. SPATHIS:

16 Q. With respect to contracts -- so  
17 the MSO has responsibility for management across  
18 the hospitals; correct?

19 **A. Correct.**

20 Q. So when the entity that sits atop  
21 contracts for all of -- there's certain  
22 contracts that get signed at the top, at the  
23 management level, for all of the entities;  
24 correct? You identified two?

25 **A. Yes.**

1 Q. Microsoft and telephone.

2 MR. NEWMAN: He stopped because  
3 you stopped him from answering.

4 BY MR. SPATHIS:

5 Q. Okay. What other -- not at the  
6 management level. I understand why that  
7 would -- why, at the management level, you'd get  
8 one contract.

9 But average trade creditor, are  
10 they dealing with the management service  
11 organization? Management? Or are they dealing  
12 with individual debtors?

13 **A. The anesthesia vendor is**  
14 **contracted by Garden State, and they staff each**  
15 **individual hospital.**

16 Q. Okay.

17 **A. Same with the ER vendor, the ER**  
18 **vendor.**

19 Q. That's a contractor --

20 MR. NEWMAN: Let him finish his  
21 answer, Counsel. No matter what you want to  
22 do -- excuse me.

23 MR. SPATHIS: He's not your  
24 witness.

25 MR. NEWMAN: Excuse me. It

1 doesn't make a difference if he's my witness.  
2 You don't have the right to stop any witness from  
3 finishing their answer, whether it's my witness  
4 or Joe's witness. You can follow up after, but  
5 you're constantly doing it, and you continue to  
6 do it. Let him finish his answer, just as a  
7 matter of courtesy, never mind professionalism.  
8 Just let him finish.

9 MR. SPATHIS: That's rich.

10 MR. NEWMAN: But it's accurate.  
11 And that's why we have a video.

12 MR. McMICHAEL: As I mentioned  
13 earlier, Mr. Newman is much faster than I am, so  
14 I'm not going to repeat his objections. But let  
15 him finish his answer.

16 **A. There's -- there's vendors**  
17 **contracted by Garden State that work in all the**  
18 **hospitals. There's vendors contracted by MSO**  
19 **that work at all the hospitals.**

20 **There's vendors that contracted**  
21 **by Systems, Inc. that work at all the hospitals.**

22 **There are vendors that are**  
23 **contracted at each individual hospital as well.**  
24 **So, for example, if there's a -- you know, a --**  
25 **PSE&G. They build utility and they build by**

1 hospital; right? But a cleaning company, such  
2 as Vanguard, which cleans all of our hospitals,  
3 they have, they -- some hospitals are bigger  
4 than the others, and they -- they have one  
5 contract with CarePoint but they bill us for  
6 separate hospitals because they require more  
7 staff.

8 BY MR. SPATHIS:

9 Q. Okay.

10 A. So it's a mix and match. But  
11 there are vendors -- we have IT -- all the IT  
12 vendors, Meditech is across all hospitals.

13 Q. So there's -- would it be fair to  
14 say that there's a mix of contracts. Some of  
15 them are a single contract that will provide  
16 either goods or services to all of the  
17 hospitals; and some will be contracts at the  
18 individual hospital or individual entity level?

19 A. Yeah, but there's also creditors  
20 that list -- I've seen a single contract that  
21 lists all the entities.

22 Q. Okay.

23 A. Right? So there's -- yeah, I  
24 mean, it's -- it's --

25 Q. So all of the entities are part



1 of that contract, not just one entity for all of  
2 them?

3 **A. Yeah, I've seen one entity for**  
4 **all. I've seen all entities listed when people**  
5 **want to cross-collateralize their claim.**

6 Q. And when there's a contract at  
7 the management service level, the management  
8 company level, are the costs of -- the  
9 associated costs spread out -- at least for  
10 financial statement purposes, are those expenses  
11 spread out, then, to all of the different  
12 entities that get the benefit of those goods or  
13 services?

14 **A. They are.**

15 Q. Tell me how -- besides this paver  
16 who, post-petition, after he got the notice,  
17 threatened to take somebody else's asphalt, how  
18 do you know what the public -- how the public  
19 sees the entities, how they look at them as a  
20 single entity?

21 **A. If you -- I mean, CarePoint has**  
22 **been in the news quite a bit as of late,**  
23 **especially before we filed. If you Google**  
24 **articles about CarePoint, people talk about**  
25 **CarePoint as a health system. They talk about**

1 if CarePoint filed for bankruptcy, it represents  
2 half the hospitals in Hudson County. We talk  
3 about -- there's articles about there will be a  
4 healthcare desert if CarePoint shuts down.

5 CarePoint is a Health System, and  
6 it is the public's perception, it's the  
7 employees' perception that we are one entity.

8 There's physicians that work  
9 across all three hospitals. There's a physician  
10 this week that performed surgeries at all three  
11 hospitals, and he's paid out of Garden State,  
12 and he went to each one.

13 Q. Is that unusual?

14 A. No, I'm just saying that's --  
15 it's considered a system.

16 If there's -- we have a lab at  
17 Christ Hospital. We don't have a lab at Bayone  
18 and Hoboken, so all the lab expenses are -- all  
19 the lab work being done in all three hospitals  
20 is sent to Christ. Christ does all the lab  
21 work, sends the results back.

22 And the cost is burdened by  
23 Christ. The revenue is recognized by Christ.  
24 And there's intercompany transactions that are  
25 recorded to reflect such, but it is -- it is

1 treated as one system.

2 We have a "thermectomy" center in  
3 Christ Hospital, and that's the only hospital  
4 that has one. So if there's a patient that  
5 comes in for a stroke at the other two  
6 hospitals, he gets transferred there.

7 It's -- it is -- all our cancer  
8 radiation services are provided in Bayone. If  
9 we have a cancer patient that comes into  
10 Hoboken, he's immediately taken to Bayone.

11 So it's -- we operate as a  
12 three-hospital system, with Hudson Regional  
13 coming onboard, we are operating a four-hospital  
14 system now.

15 Q. The -- if -- it was Bayone that  
16 has the lab? No, Christ has the lab.

17 A. Christ has the lab.

18 Q. If Christ didn't have the lab,  
19 you would send it to a lab that was completely  
20 independent of --

21 A. Third-party lab, yeah.

22 MR. SPATHIS: I've got -- anybody  
23 else have -- you said had some questions?

24 I'll pass the witness. Thank you  
25 again.

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1 THE WITNESS: Thank you.

2 (Discussion off the record.)

3 MR. SPATHIS: Anybody else? I

4 believe we are done.

5 (Signature having been waived, the  
6 deposition of SHAMIQ SYED was concluded  
7 at 6:04 p.m.)

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## 1 CERTIFICATE OF SHORTHAND REPORTER

2

3 I, Gail Verbano, Registered

4 Diplomat Reporter, Certified Realtime

5 Reporter, Realtime Systems Administrator,

6 CA-Certified Shorthand Reporter No. 8635, and

7 Notary Public, the officer before whom the

8 foregoing proceedings were taken, do hereby

9 certify that the foregoing transcript is a true

10 and correct record of the proceedings; that

11 said proceedings were taken by me

12 stenographically and thereafter reduced to

13 typewriting under my supervision; and that I am

14 neither counsel for, related to, nor employed

15 by any of the parties to this case and have no

16 interest, financial or otherwise, in its

17 outcome.

18

19

20 *Gail L. Inghram Verbano*

21 Gail Verbano,

22 BA, RDR, CRR, RSA, CA-CSR No. 8635

23

24

25

26

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SHAMIQ SYEDIndex: yelling..zoned

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**Z**

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**zoned** 150:12



Exhibit L

Resolutions Appointing Reorg Comm

**RESOLUTIONS  
OF  
THE BOARD OF TRUSTEES  
OF  
CAREPOINT HEALTH SYSTEMS INC.**

The Board of Trustees (the “**Board of Trustees**”) of CarePoint Health Systems Inc., a New Jersey nonprofit corporation (the “**Corporation**”), at a duly convened meeting of the Board of Trustees, have adopted the following resolutions as of the date set forth below.

**WHEREAS**, on October 19, 2024, the Board of Trustees previously authorized the filing of voluntary petitions for relief (the “**Voluntary Petitions**”) under Chapter 11 of Title 11 of the United States Code (11 U.S.C. §§ 101 *et seq.*, the “**Bankruptcy Code**”) of entities directly and beneficially owned and controlled by the Corporation and authorized the consent to an involuntary petition for relief filed against IJGG Opco LLC d/b/a CarePoint Health – Bayonne Medical Center (the “**Involuntary Petition**” and together with the Voluntary Petitions, the “**Bankruptcy Petitions**”) under the Bankruptcy Code;

**WHEREAS**, on November 3, 2024, the Bankruptcy Petitions were filed in the United States Bankruptcy Court for the District of Delaware (collectively, the “**Bankruptcy Cases**”) and the Bankruptcy Cases are jointly administered under lead case number 24-2534 (JKS);

**WHEREAS**, in connection with the Bankruptcy Cases, on December 13, 2024, the Board of Trustees (i) elected three (3) new trustees to fill vacancies in the Board of Trustees, specifically Clifford A. Zucker, Honorable Judith Fitzgerald (US Bankruptcy Judge, retired) and Honorable Kevin Gross (US Bankruptcy Judge, retired) (collectively, the “**New Trustees**”) and (ii) established a restructuring committee (the “**Restructuring Committee**”) composed of the New Trustees to supervise and control all restructuring activities in connection with the Bankruptcy Cases, subject to the power of the whole Board of Trustees to approve Material Transactions;

**WHEREAS**, Material Transaction shall mean a sale of substantially all of the assets of a debtor, a merger, a liquidation or closure of a hospital, a long term hospital management agreement or affiliation and the proposal of a plan of reorganization;

**WHEREAS**, on any vote on a Material Transaction, each Trustee has an obligation to disclose any interest or relationship that may relate in any way to the Material Transaction, and upon such disclosure, the whole board, excluding the disclosing Trustee, shall vote on whether the facts or relationship disclosed is a disabling conflict that disqualifies that Trustee from voting on the transaction. All votes regarding conflicts will be recorded and preserved in the minutes of the board meeting in which the vote was taken;

**WHEREAS**, the Board is permitted to elect the New Trustees pursuant to Section 3.5 of the Corporation’s Bylaws (the “**Bylaws**”) and establish the Restructuring Committee pursuant to Section 5.1 of the Bylaws; and

**WHEREAS**, at a duly noticed special meeting of the Board of Trustees on December 20, 2024, at which a quorum was present and in accordance with the requirements of the Corporation’s

governing documents, the Board of Trustees has adopted the following resolutions (the “**Resolutions**”):

**NOW, THEREFORE, BE IT**

**FURTHER RESOLVED**, that each of the New Trustees shall serve until the earlier of: (i) the effective date of a confirmed Chapter 11 plan of the Corporation or (ii) his/her resignation or removal pursuant to the Bylaws.

**FURTHER RESOLVED**, that, in the judgment of the Board of Trustees, it is desirable and in the best interest of the Corporation to establish the Restructuring Committee pursuant to Section 5.1 of the Bylaws; and it is

**FURTHER RESOLVED**, that the Restructuring Committee shall initially be composed of the following Trustees: Clifford A. Zucker, Hon. Judith Fitzgerald, and Hon. Kevin Gross; and members of the Restructuring Committee shall receive compensation for their services pursuant to an agreement between the Corporation and such Trustees, equal to \$45,000 per month per Trustee plus reimbursement of all reasonable expenses incurred by such Trustees in service to the Corporation; and it is

**FURTHER RESOLVED**, that the Restructuring Committee shall supervise and control all restructuring activities in connection with the Bankruptcy Cases, subject to the power of the whole Board of Trustees to approve Material Transactions; provided that on any vote on a Material Transaction, each Trustee has an obligation to disclose any interest or relationship that may relate in any way to the Material Transaction, and upon such disclosure, the whole board, excluding the disclosing Trustee, shall vote on whether the facts or relationship disclosed is a disabling conflict that disqualifies that Trustee from voting on the transaction. All votes regarding conflicts will be recorded and preserved in the minutes of the board meeting in which the vote was taken; and it is

**FURTHER RESOLVED**, that the Restructuring Committee shall be dissolved immediately upon the earlier of: (i) the effective date of a confirmed Chapter 11 plan of reorganization for the Corporation or (ii) an action of the Board dissolving the Restructuring Committee; and it is

**FURTHER RESOLVED**, that in connection with the performance of its duties, the Restructuring Committee shall have unrestricted access to information of the Corporation and assistance from the officers, employees and advisors of the Corporation; and it is

**FURTHER RESOLVED**, that the Restructuring Committee shall be furnished with such other resources and support from the Corporation as the Restructuring Committee and the Board shall deem necessary, advisable or appropriate; and it is

**FURTHER RESOLVED**, that all acts, actions and transactions relating to the matters contemplated by the foregoing Resolutions done in the name of and on behalf of the Corporation, which acts (i) would have been approved by the foregoing Resolutions except that such acts were taken before these Resolutions were certified or (ii) were approved by prior resolutions, are hereby in all respects, approved and ratified; and it is

**FURTHER RESOLVED**, that these Resolutions shall be signed by the Secretary of the Corporation and retained with minutes of the proceedings of the Board of Trustees.

Effective as of: December 13, 2024

*[signature page follows]*

**CERTIFICATION**

I, Justin Drew, as Secretary of the Board of Trustees of CarePoint Health Systems Inc., a New Jersey non-profit corporation (the “**Corporation**”) do hereby certify that the foregoing resolutions were adopted by the Board of Trustees of the Corporation at a meeting of the Board of Trustees on December20th, 2024.

Dated: December20th, 2024



Name: Justin Drew

Title: Chief of Staff

Exhibit M

White Deposition Transcript [Excerpt]

IN RE CAREPOINT HEALTH SYSTEMS INC. ET AL.

DEBORAH WHITE

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

-----X.

In Re: Case No. 24-12534 (JKS)

CarePoint Health Systems,

Debtor.

Chapter 11

-----X.

DEPOSITION of

DEBORAH WHITE

Friday, February 28, 2025

8:10 a.m.

REPORTED VIA VIDEOCONFERENCING BY:

Gail Verbano,  
Registered Diplomate Reporter  
Certified Realtime Reporter

**ORIGINAL**

IN RE CAREPOINT HEALTH SYSTEMS INC. ET AL.

DEBORAH WHITE

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Whereupon, the deposition of  
DEBORAH WHITE was held at Sills Cummis & Gross  
One Riverfront Plaza, Newark, New Jersey, on  
Friday, February 28, 2025, beginning at  
approximately 8:10 a.m., the proceedings being  
recorded stenographically VIA VIDEOCONFERENCING  
by Gail Verbano, Registered Diplomate Reporter,  
Certified Realtime Reporter, Certified  
Shorthand Reporter, and transcribed under her  
direction, there being present:

- - -



IN RE CAREPOINT HEALTH SYSTEMS INC. ET AL.

DEBORAH WHITE

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1 A P P E A R A N C E S:

2

3 On behalf of Debtors:

4 LAWRENCE G. McMICHAEL, ESQ.  
5 CHRISTIE CALLAHAN COMERFORD, ESQ.  
6 DILWORTH PAXSON LLP  
1650 Market Street, Suite 1200  
Philadelphia, Pennsylvania 19103  
215.575.7000

7

8 On behalf of the Official Committee of Unsecured  
9 Creditors:

10 BORIS I. MANKOVETSKIY, ESQ.  
ANDREW H. SHERMAN, ESQ.  
11 DAVID B. NEWMAN, ESQ.  
SILLS CUMMIS & GROSS P.C.  
One Riverfront Plaza  
12 Newark, New Jersey 07102  
973.643.7000

13

14 On behalf of CarePoint Health Captive Assurance  
15 Company, LLC:

16 MATTHEW B. HARVEY, ESQ.  
SOPHIE ROGERS CHURCHILL, ESQ.  
MORRIS, NICHOLS, ARSHT & TUNNELL LLP  
17 1201 North Market Street, 16th Floor  
Wilmington, Delaware 19801  
18 302.658.9200

19

20 On Behalf of Maple Healthcare:

21 HAROLD D. ISRAEL, ESQ.  
GEORGE J. SPATHIS, ESQ.  
22 LEVENFELD PEARLSTEIN, LLC  
2 North LaSalle Street, Suite 1300  
23 Chicago, Illinois 60602  
312.346.8380

24

25 A P P E A R A N C E S (Cont'd):

IN RE CAREPOINT HEALTH SYSTEMS INC. ET AL.

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1

2 On Behalf of Hudson Regional Hospitals, Llc

3 AVA GOLDBERGER, ESQ.  
4 MANDELBAUM BARRETT PC  
5 3 Becker Farm Road, Suite 105  
Roseland, New Jersey 07068  
973.736.4600

6

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## I N D E X

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EXAMINATION OF:

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DEBORAH WHITE

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14

WHITE

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16

17

Exhibit 2 Notice of Filing Plan Term Sheet .....29  
 for CarePoint Health Systems, Inc.  
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Exhibit 3 Maple Healthcare's Amended Notice .....54  
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 (9 pages)

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1 UNANSWERED QUESTIONS:

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1 February 28, 2025; 11:10 a.m.

2 - - -

3 DEBORAH WHITE,

4 after being duly sworn or affirmed to testify to  
5 the truth, was examined and testified as follows:

6 - - -

7 EXAMINATION

8 BY MR. HARVEY:

9 Q. Good morning, Ms. White. My name  
10 is Matt Harvey. I'm an attorney with a firm  
11 called Morris, Nichols, Arsht & Tunnell in  
12 Wilmington, Delaware.

13 I represent an entity called  
14 CarePoint Health Captive Insurance Company LLC.  
15 I'll refer to my client as "The Captive" or  
16 "Captive Assurance."

17 Is that clear for you?

18 MR. NEWMAN: Objection -- just  
19 checking. Just a test of the emergency  
20 broadcasting facility.

21 BY MR. HARVEY:

22 Q. Is that clear to you?

23 A. Yes, okay great.

24 Q. We're here today in connection  
25 with the bankruptcy cases of CarePoint Health

IN RE CAREPOINT HEALTH SYSTEMS INC. ET AL.

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1 Systems and its affiliates. I'm going to refer  
2 to CarePoint either as "CarePoint" or "the  
3 Debtors," and I mean by them, all of the debtors  
4 in the Chapter 11 cases.

5 Is that clear to you?

6 **A. Yes.**

7 Q. And I know the Debtors and the --  
8 excuse me. Let me back up.

9 I know you're a member -- I  
10 believe you're a member of the Official  
11 Committee of Unsecured Creditors in the case; is  
12 that correct?

13 **A. Yes.**

14 Q. And so if I refer to that  
15 committee -- the Official Committee of Unsecured  
16 Creditors as simply "the committee," will that  
17 be clear to you?

18 **A. Yes.**

19 Q. Thank you.

20 As you're probably aware, the  
21 debtors and committee have proposed a joint plan  
22 of reorganization in the case.

23 Are you aware of that?

24 **A. Yes.**

25 Q. The current title of the plan is

1 the "Fourth Amended Combined Disclosure  
2 Statement and Joint Chapter 11 Plan of  
3 Reorganization." I'm going to refer to that  
4 document as "the plan," and unless I specify  
5 otherwise, I mean all prior and future versions  
6 of that plan.

7 Is that clear to you?

8 **A. Yes.**

9 Q. Great.

10 And if at any point you don't  
11 understand a term I'm referring to or person I'm  
12 referring to, just please let me know, and I'll  
13 clarify.

14 **A. Okay.**

15 Q. Have you ever been deposed  
16 before?

17 **A. Once.**

18 Q. When was that?

19 **A. I can't recall.**

20 Q. Do you remember what it was in  
21 connection with?

22 **A. It was a family matter.**

23 Q. Personal matter?

24 **A. Yes.**

25 Q. Okay. Since it's been a while,

1 I'm going to take a few minutes to go over what  
2 you can expect today.

3 I'll be asking questions, and  
4 your job is to answer truthfully and the best of  
5 your knowledge.

6 Is that fair?

7 **A. Yes.**

8 Q. The court reporter, as we've  
9 somewhat gone over this morning, is taking down  
10 everything we say in real time. And so that we  
11 have a clear record, I'll do my best to speak  
12 slowly and clearly and not talk over you, and  
13 I'd ask you to do the same.

14 Is that all right?

15 **A. Yes.**

16 Q. If there's anything that you  
17 don't understand or any of my questions are  
18 unclear in any way, you'll let me know.

19 Is that fair?

20 **A. Yes.**

21 Q. As I ask questions, your counsel  
22 may object from time to time. Unless your  
23 counsel instructs you not to answer, the  
24 question will come in, and the court reporter  
25 will record it, and you can answer the question.



1 Is that clear?

2 **A. Yes.**

3 Q. If you need a break at any time,  
4 please let me know, and we'll take a break; and  
5 I'll do the same.

6 **A. Okay.**

7 Q. Is there any reason you can't  
8 testify today?

9 **A. No.**

10 Q. Are there any medications or  
11 substances that you're on that would impair your  
12 ability to understand my questions?

13 **A. No.**

14 Q. Are you able to answer  
15 truthfully?

16 **A. Yes.**

17 Q. And you understand you're under  
18 oath; correct?

19 **A. Yes.**

20 Q. Let's start with a little bit of  
21 your personal background. Could you describe  
22 for me your general post-high school.

23 **A. I have a bachelor in nursing.**

24 Q. And where did you obtain that  
25 from?

1                   **A. Rutgers.**

2                   Q. And do you have any professional  
3                   certifications?

4                   **A. No.**

5                   Q. What's your current occupation?

6                   **A. President of Health Professionals**  
7                   **and Allied Employees.**

8                   Q. And that's a labor union?

9                   **A. Yes.**

10                  Q. Are you a practicing nurse as  
11                  well?

12                  **A. No.**

13                  Q. How long have you had that  
14                  position?

15                  **A. As president? Six years.**

16                  Q. And did you have any official  
17                  position at the union prior to becoming  
18                  president?

19                  **A. I was a local president for the**  
20                  **hospital I worked.**

21                  Q. The local president, okay.  
22                               How long did you have that  
23                  position?

24                  **A. Eight years.**

25                  Q. At that time, were you still a

1 practicing nurse?

2 A. Yes.

3 Q. Is that an elected position, the  
4 current position you're in as president?

5 A. Yes.

6 Q. Is it a compensated position?

7 A. Yes.

8 Q. Have you been involved in a  
9 Chapter 11 bankruptcy case before?

10 A. No.

11 Q. First time?

12 A. Yes.

13 - - -

14 (Whereupon, White Exhibit Number 1  
15 was marked for identification.)

16 - - -

17 BY MR. HARVEY:

18 Q. Ms. White, I've handed you a  
19 document that, at the top, you'll see there's a  
20 Document ID, 726. See that at the very top in  
21 the caption?

22 A. Yes.

23 Q. Okay. Have you seen this  
24 document before?

25 A. Yes.

1 Q. When did you first see it?

2 A. Can I just say that I saw this  
3 (indicating) --

4 Q. And you're pointing there to the  
5 definition page?

6 A. And page -- what's labeled as 2.

7 Q. Okay.

8 A. And then last page -- maybe not  
9 the last page. Just the definitions, 2 and 3.

10 Q. Just to help clarify for the  
11 record, there's an Exhibit A to this document,  
12 which is just a blank page. It says  
13 "Exhibit A."

14 A. Yeah.

15 Q. And then following that, there's  
16 a series of definitions. Following that,  
17 there's a series of examination topics.

18 So do I understand your testimony  
19 to be you reviewed the definitions of the  
20 examination topics? You've seen those before?

21 A. Yes.

22 Q. I kind of compounded a question  
23 there. My first question was have you seen this  
24 document before. And I believe your answer is  
25 the definitions and the examination topics, you

1 said yes.

2 **A. Yes.**

3 Q. And ask a slight variation of  
4 that question.

5 Have you had the definitions and  
6 examination topics?

7 **A. I did.**

8 Q. I think I also had a question  
9 about when did you -- do you recall when you  
10 first saw these?

11 **A. So the pages I told you about, I  
12 saw them -- I looked at them yesterday.**

13 Q. That was the first time you  
14 looked at them?

15 **A. I don't recall if it was the  
16 first time I saw them.**

17 Q. Okay. Do you see at the top,  
18 it's dated February 20th?

19 **A. Yes.**

20 Q. Do you recall if any time between  
21 February 20th and yesterday, whether you  
22 saw --

23 **A. Okay. If you want a definitive  
24 answer, I don't recall when I looked at them or  
25 if I looked at them prior to this. I'm assuming**

**1 I did, but I can't assume anything here.**

2 Q. Okay. That's fine.

3 Do you understand you're being  
4 deposed today as a representative of the  
5 creditors committee?

**6 A. I do.**

7 Q. Do you believe that you're  
8 prepared to answer questions on the topics  
9 listed in this document -- examination topics  
10 listed in this document, to the extent of the  
11 committee's knowledge about those topics?

12 MR. NEWMAN: Let's just say that  
13 I indicated objections to these topics. I'm not  
14 going to stop Ms. White testifying about them,  
15 but just note that there's an objection that I  
16 sent out.

17 MR. HARVEY: I understand.

**18 A. Repeat the question, please. I**  
**19 don't recall what your question was.**

20 MR. HARVEY: Gail, do you mind  
21 reading back the question.

22 (Whereupon, the transcript was read  
23 back by the court reporter as  
24 requested.)

**25 A. To the best of my ability.**

1 BY MR. HARVEY:

2 Q. What did you do to prepare  
3 yourself to answer questions on those topics?

4 A. I met with counsel.

5 Q. And by "counsel," do you mean  
6 Mr. Newman?

7 A. I mean Mr. Newman, Andrew, Boris.  
8 The three counsel members along this side of the  
9 table.

10 Q. So the committee's counsel that's  
11 sitting on your side of the table?

12 A. Yes.

13 Q. Did you meet with anyone else?

14 A. No.

15 Q. You didn't meet with any other  
16 members of the creditors committee?

17 A. No.

18 Q. Did you discuss this deposition  
19 or any of the topics of this deposition with  
20 them at any time?

21 A. No.

22 Q. Did you meet with any  
23 representative of Province?

24 A. Do you mean one on one or in the  
25 context of the committee?

1 MR. NEWMAN: The question is  
2 unclear. You mean in preparation for the  
3 deposition?

4 MR. HARVEY: Yeah, I should  
5 clarify.

6 **A. No.**

7 BY MR. HARVEY:

8 Q. No preparation for the  
9 deposition?

10 **A. No.**

11 Q. Did you review any documents in  
12 preparation for the deposition?

13 **A. The last few documents as part of**  
14 **this packet, I did review yesterday.**

15 Q. And could you specify for me what  
16 you mean by those documents.

17 **A. Ones I -- let's go over it again.**

18 Q. Sure.

19 **A. The blank page, Exhibit A,**  
20 **definitions, examination topics. I believe**  
21 **that's it.**

22 Q. I think what you mean is you  
23 reviewed the document that's in front of you, or  
24 the portions of the document --

25 **A. Yes.**



1 Q. -- that's in front of you that  
2 you referenced.

3 Did you review any documents  
4 apart from anything that's in this document?

5 A. No.

6 Q. So you didn't review a copy of  
7 the plan that's been filed in the case?

8 A. No.

9 Q. What about the plan supplement  
10 that's been filed in the case?

11 A. No.

12 Q. Did you review any financial  
13 projections related to the plan for the  
14 bankruptcy case?

15 A. No.

16 Q. Did you review any of the debts  
17 schedules of assets and liabilities?

18 A. No.

19 Q. The debtors statement of  
20 financial affairs?

21 A. No.

22 Q. Okay. I'm trying to avoid  
23 cumulative questions here, so I'll take you at  
24 your representation that the only thing you  
25 reviewed is this document?

1 MR. NEWMAN: That's what she  
2 testified to.

3 MR. HARVEY: Thank you.

4 BY MR. HARVEY:

5 Q. Did anyone in connection with the  
6 discovery in this case -- did anyone ask you to  
7 preserve or search your emails in response to  
8 discovery?

9 A. I don't believe so, no.

10 Q. Do you know whether you're  
11 expected to be called as a witness at the plan  
12 confirmation hearing in this case?

13 MR. NEWMAN: Hold on.

14 I'm going to object and direct  
15 her not to answer to the extent her knowledge  
16 comes from conversations with counsel. If she  
17 has an independent reason to know whether she's  
18 going to be a witness, she can testify.

19 But if you know only as a result  
20 of conversations with counsel, you should not  
21 answer that question.

22 MR. HARVEY: Just so I understand  
23 your position, is that based on attorney-client  
24 privilege or a position of work product?

25 MR. NEWMAN: Both.

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1 MR. HARVEY: Okay. I'll just  
2 state for the record that we disagree.

3 MR. NEWMAN: It won't be the  
4 first time.

5 BY MR. HARVEY:

6 Q. Do you know whether any other  
7 member of the creditors committee has been asked  
8 to serve as a witness in connection with the  
9 confirmation hearing?

10 MR. NEWMAN: Same direction. So  
11 if you know the answer to that as a result of  
12 conversations with counsel, you should not  
13 answer. If you have an independent reason to  
14 know, you can answer.

15 MR. HARVEY: Again, we take an  
16 issue.

17 MR. NEWMAN: Counsel, if you want  
18 to ask her, you can ask her.

19 MR. SPATHIS: Are you not  
20 answering the question because the only basis is  
21 that you heard it from counsel?

22 **THE WITNESS: I only heard it**  
23 **from counsel.**

24 MR. SPATHIS: And that's with  
25 respect to both of those questions; correct?

1                                   **THE WITNESS: Yes.**

2                                   MR. NEWMAN: Thank you.

3 BY MR. HARVEY:

4                           Q. Am I correct that you're the  
5 chairperson of the creditors committee?

6                           **A. Yes.**

7                           Q. When was the creditors committee  
8 formed in this case?

9                           **A. I don't have an exact date for**  
10 **you.**

11                          Q. Was it in November 2024?

12                          **A. It was subsequent to the**  
13 **bankruptcy. I don't know the exact date.**

14                          Q. Do you know who else is on the  
15 creditors committee?

16                          **A. I know some.**

17                          Q. Could you list those for me?

18                          **A. By name?**

19                          Q. If you know. I understand that  
20 there may be entities that sit on the committee,  
21 and there may be individuals from those entities  
22 that you interface with. So whatever  
23 information you have, I'll take that.

24                          **A. There's -- I know a couple. I**  
25 **don't know all of them.**

1 CIR, which is part of SEIU.

2 PSEG. There's a nursing agency. And, I'm  
3 sorry, the rest escape me.

4 Q. How often does the creditors  
5 committee meet?

6 MR. NEWMAN: How often have they  
7 met?

8 BY MR. HARVEY:

9 Q. Let's start with that.  
10 How often, if you know -- how  
11 often has the creditors committee met?

12 A. I can't give you an exact number.

13 Q. Would you say that they meet  
14 monthly?

15 MR. NEWMAN: Do you want to know  
16 how many times they have met? Because you're  
17 asking a future question. So if you want to  
18 know factually how many times they have met,  
19 Ms. White will be happy to respond.

20 BY MR. HARVEY:

21 Q. I'm trying to understand the  
22 frequency of how often the committee meets, the  
23 cadence of the meetings.

24 MR. NEWMAN: Objection as to  
25 form, lacks foundation.

1                   You can answer.

2                   **A.     Usually once a week, unless**  
3                   **something comes up.**

4           BY MR. HARVEY:

5                   Q.     So you have -- sounds like you  
6                   have regular meetings weekly unless there's some  
7                   special issue that needs to be addressed in  
8                   advance of a weekly meeting. Is that fair?

9                   **A.     Or unless there's no need to**  
10                  **meet, in which case, that will be communicated**  
11                  **as well.**

12                  Q.     And then the meeting is  
13                  cancelled?

14                  **A.     Yes.**

15                  Q.     Are the committee's meetings  
16                  recorded in any way?

17                  **A.     No.**

18                  Q.     Do you know if anyone takes  
19                  minutes of the meetings?

20                  **A.     No one takes minutes.**

21                  Q.     Has anyone ever circulated notes  
22                  of a meeting of the committee?

23                  **A.     I haven't, and I haven't seen**  
24                  **any.**

25                  Q.     Do you yourself take notes?

1                   **A.     No.**

2                   Q.     Are you aware of whether any  
3     committee member takes notes of meetings?

4                   **A.     No.**

5                   Q.     How does the committee make its  
6     decisions?

7                   **A.     Oral votes.**

8                   Q.     And is it by simple majority?

9                   **A.     Yes.**

10                  Q.     I assume all members have an  
11     equal vote.

12                  **A.     Yes.**

13                  Q.     Do you know whether the committee  
14     has bylaws or any other governing documents?

15                  **A.     Yes.**

16                         MR. HARVEY: I don't know, David,  
17     if you produced a copy of those bylaws. Would  
18     you have an issue of producing those?

19                         MR. NEWMAN: I don't know whether  
20     we have or not. I have no problem producing  
21     them to you.

22                                 And just getting back to another  
23     issue in terms of the names of all the people  
24     and entities on the committee, I don't think  
25     there's any secret. You probably know them.

1 But if you don't, you want us to give you a  
2 list, we're happy to do that.

3 MR. HARVEY: That's fine. Thank  
4 you. Let you know.

5 BY MR. HARVEY:

6 Q. I mentioned earlier that there's  
7 a Chapter 11 plan that's up for approval in the  
8 bankruptcy case.

9 Have you ever read that plan?

10 **A. Yes, I've read parts of it.**

11 Q. Do you recall when that was?

12 **A. No, I don't recall exactly when**  
13 **that was.**

14 Q. Would you say you're familiar  
15 with the terms of the plan generally?

16 MR. NEWMAN: Objection as to  
17 form.

18 You may answer.

19 **A. I would not say I'm familiar with**  
20 **all of the terms of the plan. I couldn't name**  
21 **them.**

22 BY MR. HARVEY:

23 Q. What terms of the plan are you  
24 familiar with?

25 **A. Right now I can't name any of**



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1     **them.**

2                   Q.     Let me ask you a specific  
3     question then.

4                   Do you understand how general  
5     unsecured creditors are being treated under the  
6     plan?

7                   MR. NEWMAN:   I'm going to direct  
8     her not to answer to the extent she has  
9     information that she learned from counsel that  
10    would be responsive.

11                  If you have an independent source  
12    to respond, you may do so.

13                  **A.    I have no independent knowledge**  
14    **other than from counsel.**

15    BY MR. HARVEY:

16                  Q.     So you don't have any independent  
17    knowledge from your prior review of the plan as  
18    to the treatment of --

19                  **A.    No, I would have --**

20                  MR. NEWMAN:   Let him finish.

21                  **THE WITNESS:   Sorry.**

22    BY MR. HARVEY:

23                  Q.     Just to clarify, you don't have  
24    any knowledge -- the plan is a public document.  
25    You understand that; correct?

1                   **A.     Yes.**

2                   Q.     So you don't have any independent  
3     knowledge or understanding of the treatment of  
4     general unsecured creditors from reviewing the  
5     plan?

6                   **A.     No.**

7                   MR. NEWMAN: That's independent  
8     of whatever she knows from counsel.

9     BY MR. HARVEY:

10                  Q.     Let me break that down then.

11                  Obviously, something that you  
12     learned solely from counsel, counsel is going to  
13     take the position is privileged. We may  
14     disagree with that, so I'm not asking you to  
15     reveal that, because he's instructed you not to.

16                  But there's a publicly available  
17     document, plan, and I believe you testified you  
18     read it at some point, or at least portions of  
19     it. I'm asking you, based on your reading of  
20     the plan, do you have an understanding as to the  
21     treatment of general unsecured creditors?

22                  MR. NEWMAN: I think the witness  
23     has already answered, but you can answer again.

24                  **A.     I really have no knowledge other**  
25     **than what has been provided by counsel. No**

1     **independent knowledge.**

2                                 -   -   -

3                     (Whereupon, White Exhibit Number 2  
4                     was marked for identification.)

5                                 -   -   -

6     BY MR. HARVEY:

7                     Q.    Ms. White, I've handed you what's  
8     been marked as Exhibit White 2. And for the  
9     record, it's Document Number 378 as filed in the  
10    CarePoint cases in the bankruptcy court, and its  
11    title is "Notice of Filing of Plan Term Sheet."

12                     Ms. White, have you seen this  
13    document before?

14                     A.    I think so. I'm going to say  
15    that, because I can't tell you exactly when or  
16    where, but ...

17                     Q.    Let me be a little more specific.  
18    If you flip to the fourth page in here -- it's  
19    labeled page 2 of 15 at the top -- there's some  
20    red text at the top?

21                     A.    Yes.

22                     Q.    I believe the first part of the  
23    document is the notice of filing with the  
24    bankruptcy court, and this document is what I  
25    understand to constitute the plan term sheet.

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1 Have you seen this portion of the  
2 document before?

3 **A. I believe so.**

4 Q. And I think you said you don't  
5 recall when you've seen it. Is that correct?

6 **A. That's correct.**

7 Q. So this document, as indicated by  
8 the stamp at the top, was filed with the  
9 bankruptcy court on December 30th, 2024.

10 Do you know whether you saw this  
11 document before it was filed with the bankruptcy  
12 court?

13 **A. I can't tell you when I saw it.**  
14 **I don't recall.**

15 Q. Were you and the creditors  
16 committee ever asked to review and approve this  
17 document?

18 **A. I believe so. I can't tell you**  
19 **when.**

20 Q. Do you recall whether the  
21 document was ever presented to the creditors  
22 committee?

23 **A. I believe so, but I can't tell**  
24 **you when.**

25 Q. Do you know if any other

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1 documents were presented in connection with  
2 it -- for example, a PowerPoint presentation or  
3 an analysis?

4 **A. I don't recall.**

5 Q. Did the committee have a meeting  
6 in which it was asked to vote on whether the  
7 committee should support the entry into this  
8 document?

9 **A. We had many votes. It was one of**  
10 **them, I believe.**

11 Q. So to the best of your  
12 recollection, the committee had a meeting in  
13 which it voted on whether to support --

14 **A. Yes.**

15 Q. -- the submission of this  
16 document?

17 MR. NEWMAN: Just let him finish  
18 and then answer.

19 BY MR. HARVEY:

20 Q. Do you recall at that meeting  
21 whether anyone made a motion to approve this  
22 document?

23 **A. All votes we took had a motion**  
24 **and a second and a vote. So it would have had**  
25 **to have been motions, second and voted on.**

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DEBORAH WHITE

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1 Q. Sitting here today, can you  
2 recall who made the motion to approve it?

3 A. No.

4 Q. Do you recall who seconded the  
5 motion to approve it?

6 A. No.

7 Q. Do you recall the outcome of the  
8 vote?

9 A. To support.

10 Q. Do you remember whether that vote  
11 was unanimous?

12 A. I don't recall.

13 Q. Do you know if there's a record  
14 of whether that vote was unanimous?

15 A. There is no record. There are no  
16 minutes.

17 Q. Do you recall whether anyone  
18 expressed any reservations or disagreements with  
19 whether to enter into the term sheet?

20 MR. NEWMAN: That discussion was  
21 in the presence of the counsel. You should not  
22 answer based on attorney-client privilege. If  
23 you have some independent knowledge of that, you  
24 can respond.

25 A. It was in the presence of

1 **counsel.**

2 MR. HARVEY: Let me just clarify  
3 here, David.

4 Is your position that whether  
5 there was a disagreement is itself privileged?  
6 I'm not asking what the basis of the  
7 disagreement was or what the discussion about  
8 the disagreement was. I'm just asking whether  
9 any member of the committee expressed  
10 reservations or disagreement about entering into  
11 this agreement?

12 MR. NEWMAN: I'll let her answer  
13 just that answer.

14 So that's a "yes," "no" or "I  
15 don't recall."

16 **A. I don't recall.**

17 BY MR. HARVEY:

18 Q. I'm going to shift back over to  
19 the plan now.

20 Do you understand that the plan  
21 proposes to establish a litigation trust?

22 MR. NEWMAN: Hold on.

23 Just answer "yes," "no," or "I  
24 don't recall" to that for the moment.

25 **A. Say the question again.**

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1 BY MR. HARVEY:

2 Q. Do you understand that the plan  
3 proposes to establish a litigation trust?

4 A. I don't.

5 Q. If I represent to you that the  
6 plan creates a litigation trust, do you know who  
7 was been identified as the trustee of that  
8 litigation trust?

9 MR. NEWMAN: Objection as to  
10 form.

11 You may answer if you know who  
12 that person is.

13 A. I don't know.

14 BY MR. HARVEY:

15 Q. So if you don't know who the  
16 litigation -- the trustee of the litigation  
17 trust is, do you have any knowledge as to how  
18 the litigation trustee was selected?

19 A. No.

20 Q. And so I assume then you don't  
21 have any knowledge about who participated in any  
22 negotiations about the identity or selection of  
23 the litigation trustee?

24 A. That's correct.

25 Q. And I want to clarify for these



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1 last few questions. Is your answer you simply  
2 don't have knowledge, or is your answer that you  
3 have no knowledge -- you have knowledge but you  
4 have knowledge independent of what you learned  
5 from counsel?

6 **A. I have no knowledge at this**  
7 **moment.**

8 Q. Period?

9 **A. Period. And what I would know**  
10 **would have been in the context of what counsel**  
11 **spoke about at any given moment.**

12 Q. But just -- I hate to retread  
13 some ground, but I should have been clearer to  
14 begin with.

15 Independent of anything you  
16 learned -- whether through counsel or not,  
17 sitting here today, you don't know the identity  
18 of the litigation trustee?

19 **A. That's correct.**

20 Q. And whether you learned it  
21 through counsel or not, you don't know how the  
22 litigation trustee was selected?

23 **A. True.**

24 Q. And whether you learned it  
25 through counsel or not, you don't know who, if

1 anyone, participated in negotiations about  
2 identifying and selecting a litigation trustee?

3 **A. True.**

4 Q. Do you know who Paul Navid is?

5 **A. No.**

6 Q. Have you ever heard of the  
7 concept of an oversight committee for the  
8 litigation trustee?

9 **A. No.**

10 Q. Just to clarify, since you have  
11 no knowledge of the concept or the existence of  
12 an oversight committee for the litigation trust,  
13 I assume you have no knowledge of -- to the  
14 members of that oversight committee?

15 MR. NEWMAN: Objection as to  
16 form.

17 You may answer.

18 **A. No.**

19 BY MR. HARVEY:

20 Q. Do you have any knowledge as to  
21 whether the litigation trust or the litigation  
22 trustee has selected any professionals?

23 **A. No.**

24 Q. Again to clarify: That's whether  
25 it came through counsel or otherwise, you have

1 no knowledge?

2 MR. NEWMAN: Lacks foundation  
3 that there's been counsel appointed by the  
4 committee.

5 MR. HARVEY: I understand that.  
6 Or the litigation trust. I'm just asking  
7 whether --

8 MR. NEWMAN: Well, she can't know  
9 the names if the committee wasn't formed or the  
10 professionals were appointed, so --

11 MR. HARVEY: I agree with you. I  
12 agree with you, but just -- let me back up.

13 BY MR. HARVEY:

14 Q. Have you been part of any  
15 discussion in which the topic of the selection  
16 of professionals for the litigation trust has  
17 come up?

18 MR. NEWMAN: That's just a "yes"  
19 or "no" or "I don't recall."

20 **A. I don't recall.**

21 BY MR. HARVEY:

22 Q. Do you know what assets of the  
23 debtors, if any are being transferred to the  
24 litigation trust?

25 MR. NEWMAN: To the extent you

1 have information that would be responsive to  
2 that question and you got that information as a  
3 result of conversations or communications with  
4 counsel, you should not answer based on the  
5 attorney-client privilege. But if you have  
6 independent knowledge that would give you  
7 information responsive, you can respond to the  
8 question.

9 **A. I have no independent knowledge.**

10 BY MR. HARVEY:

11 Q. Let me go back to my original  
12 question, which was just do you know what, if  
13 any, assets of the debtors are being transferred  
14 to the litigation trust? Not asking you what  
15 those assets are, just do you have?

16 MR. NEWMAN: That's a "yes," "no"  
17 or "I don't recall."

18 **A. No.**

19 BY MR. HARVEY:

20 Q. Do you know -- let me back up.

21 Do you know whether you've  
22 received it through counsel or otherwise, how --  
23 excuse me -- do you have any information on how  
24 the proceeds of the litigation trust are being  
25 allocated?

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1 MR. NEWMAN: "Yes," "no," or "I  
2 don't recall."

3 **A. No.**

4 BY MR. HARVEY:

5 Q. Do you understand that the plan  
6 is releasing certain causes of action that the  
7 debtors may have against certain parties?

8 MR. NEWMAN: Hold on a second.

9 You can answer "yes," "no," or "I  
10 don't recall," at least initially.

11 **A. Can you repeat the question.**

12 BY MR. HARVEY:

13 Q. Do you understand that the plan  
14 is releasing causes of action that the debtors  
15 may have against certain parties?

16 MR. NEWMAN: Hold on a second.

17 MR. HARVEY: I'm just looking for  
18 a "yes" or "no" or "I don't recall."

19 MR. NEWMAN: Well, but your  
20 question has the topic imputed into the  
21 question. That's the concern I'm having.

22 MR. HARVEY: Is it a foundation  
23 issue or a privilege issue?

24 MR. NEWMAN: It's a privilege  
25 issue. And since the question includes the

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1 subject matter, I'm just thinking about it for a  
2 minute.

3 I'm sorry. Can you have the  
4 question read again.

5 MR. HARVEY: Please read it back.

6 (Whereupon, the transcript was read  
7 back by the court reporter as  
8 requested.)

9 MR. NEWMAN: I'm going to direct  
10 her not to answer based on attorney-client  
11 privilege, if you learned that as a result of  
12 communications with counsel. If you have  
13 independent knowledge, you can respond to  
14 Mr. Harvey's question.

15 **A. I have no independent knowledge.**

16 BY MR. HARVEY:

17 Q. Let me ask a variation of this  
18 question then.

19 Do you know whether the plan is  
20 releasing causes of action that the debtors may  
21 have against certain parties?

22 MR. NEWMAN: You can answer that  
23 "yes" or "no" or "I don't recall," at least  
24 initially.

25 **A. I don't recall.**

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1 BY MR. HARVEY:

2 Q. There's a defined term in the  
3 plan released parties. Are you familiar with  
4 that defined term?

5 MR. NEWMAN: "yes" or "no" or "I  
6 don't recall" first off.

7 **A. No.**

8 BY MR. HARVEY:

9 Q. So if I asked you if, for  
10 example, whether you knew if Hudson Regional  
11 Hospitals was receiving release under the plan,  
12 do you have any information on that?

13 MR. NEWMAN: Give her the same  
14 direction with regard to attorney-client  
15 privilege, so I don't have to repeat the whole  
16 thing.

17 **A. And I'm going to say no.**

18 BY MR. HARVEY:

19 Q. To be clear, my question was do  
20 you have any knowledge as to whether HRH -- I'm  
21 sorry. I'm going to refer to Hudson Regional  
22 Hospitals as HRH.

23 Do you understand what that  
24 means?

25 **A. I do.**

1 Q. So I'm just asking you whether  
2 you have any knowledge as to whether HRH is a  
3 released party under the plan?

4 MR. NEWMAN: I'm going to give  
5 her the same instruction with regard to  
6 attorney-client privilege. If you have  
7 independent knowledge, you can respond. If not,  
8 you should not.

9 A. I have no independent knowledge.

10 MR. HARVEY: And to be clear, I'm  
11 just asking if she has knowledge, not what that  
12 knowledge is.

13 MR. NEWMAN: No, you asked a  
14 longer question about that, again, that included  
15 substantive information. You asked whether HRH  
16 is going to be released, or whatever the  
17 substance of the question was. And if she got  
18 information with regard to that, then I'm  
19 asserting the privilege.

20 I mean, Mr. Harvey, you could  
21 spend all day doing this. It should be pretty  
22 apparent to you that whatever the witness knows,  
23 she knows as a result of attorney-client  
24 privileged communications.

25 So you can go through every



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1 topic -- and you're free to, but I'm not going  
2 to -- but you're going to get the same answer  
3 because, as a member of the committee, that's  
4 how she learned whatever she learned.

5 So if you infuse your questions  
6 with the subject matter, that's a concern.  
7 That's why I raised the privilege. So, again,  
8 you can sit here as long as you want, as your  
9 colleagues can, but it's going to be the same  
10 thing.

11 MR. HARVEY: Let me ask another  
12 question.

13 BY MR. HARVEY:

14 Q. Is HRH, to your knowledge, a  
15 released party under the plan?

16 MR. NEWMAN: Again, to the extent  
17 she learned that information as a result of  
18 attorney-client communications, she's not going  
19 to respond.

20 If you have independent  
21 knowledge, you can respond.

22 **A. I have no independent knowledge.**

23 BY MR. HARVEY:

24 Q. Earlier when we talked about a  
25 different topic, I noted for you the plan is a

1 public document; right?

2 **A. Correct.**

3 Q. And you said at some point you  
4 reviewed the plan?

5 MR. NEWMAN: We've gone over  
6 this. She answered that. Whatever the record  
7 says.

8 BY MR. HARVEY:

9 Q. Can you humor me and answer that  
10 question?

11 **A. Is that a -- is that a question**  
12 **you asked me before?**

13 Q. Well, then we haven't been over  
14 it then, so --

15 MR. NEWMAN: No, no, no. The  
16 record reflects what we've been over. Just ask  
17 a fresh question and let's --

18 BY MR. HARVEY:

19 Q. Am I correct that you reviewed  
20 the plan at some point?

21 **A. Yes.**

22 Q. Do you recall from your review of  
23 the plan whether HRH is a released party under  
24 the plan?

25 **A. No.**

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1 Q. To be clear, your answer is you  
2 don't recall whether they are?

3 A. Yes.

4 Q. Do you know whether the  
5 committee -- and by "the committee," I mean  
6 including its professionals or anyone acting on  
7 its behalf -- whether they conducted any  
8 investigation into the claims or causes of  
9 action against HRH?

10 MR. NEWMAN: I'll let you answer  
11 "yes," "no" or "I don't recall" in the first  
12 instance.

13 A. I don't recall.

14 BY MR. HARVEY:

15 Q. Do you recall whether you were  
16 ever presented with any information about  
17 potential claims or causes of action against  
18 HRH?

19 MR. NEWMAN: You can answer that  
20 "yes," "no" or "I don't recall."

21 A. I don't recall.

22 BY MR. HARVEY:

23 Q. Do you recall whether there was  
24 ever a vote of the committee on whether to  
25 approve releases of HRH in the plan?

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1 MR. NEWMAN: Separate and apart  
2 from voting on the plan, just on that individual  
3 subject.

4 MR. HARVEY: Any vote at which  
5 you understood that to be an issue.

6 MR. NEWMAN: Well, let's be fair,  
7 because you asked the first question whether  
8 there was a vote on the release issue. Then you  
9 changed the question. So I'm trying to figure  
10 out whether you're asking -- and she'll answer,  
11 just for the sake of clarity -- whether there  
12 was a vote on the issue of release, or was there  
13 a vote on the plan which included that issue?  
14 Different things.

15 BY MR. HARVEY:

16 Q. Let's start with my original  
17 question: Do you recall whether there was ever  
18 a vote of the committee on whether to approve  
19 releases of HRH?

20 A. I don't recall.

21 Q. Do you recall whether there was  
22 ever a vote of the committee to approve any  
23 transaction in which a feature of the  
24 transaction was a release of HRH?

25 MR. NEWMAN: Objection as to

1 form.

2 You can answer.

3 **A. I don't recall.**

4 BY MR. HARVEY:

5 Q. Do you recall, in connection with  
6 the committee's vote to approve the term sheet,  
7 whether there was any discussion about a release  
8 of HRH?

9 MR. NEWMAN: You can answer  
10 "yes," "no," or "I don't recall."

11 **A. I don't recall.**

12 BY MR. HARVEY:

13 Q. I don't think I've asked you yet  
14 whether the committee voted to approve the plan  
15 itself that's on file.

16 Do you recall whether the  
17 committee ever had a vote to approve the plan on  
18 file? That is distinguished from the plan term  
19 sheet.

20 **A. I believe so, but I can't tell**  
21 **you when.**

22 Q. To the extent the committee had a  
23 vote to approve the plan, do you recall if, in  
24 connection with the discussions about that vote,  
25 there was any discussion of the release of HRH

1 under the plan?

2 MR. NEWMAN: You can answer that  
3 "yes," "no," or "I don't recall" in response.

4 **A. I don't recall.**

5 BY MR. HARVEY:

6 Q. Have you ever heard anything  
7 about a lawsuit by CarePoint against  
8 RWJ Barnabas?

9 MR. NEWMAN: You can answer  
10 "yes," "no" or "I don't recall" for starters.

11 **A. I may have read it in the news.**

12 BY MR. HARVEY:

13 Q. So you may have read it in the  
14 news. Do you remember --

15 **A. A while back.**

16 Q. You do recall it was publicized  
17 in the news?

18 **A. Yes. That's where I would have**  
19 **read about it.**

20 Q. Do you recall whether there was  
21 any discussions with -- sorry, backup.

22 Do you recall ever hearing  
23 anything about that lawsuit while you've been  
24 serving on the committee?

25 MR. NEWMAN: Again, you can start

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1 with "yes" or "no" or "I don't recall."

2 **A. No.**

3 BY MR. HARVEY:

4 Q. Do you recall reading about?

5 **A. I don't recall reading about it**  
6 **since I've sat on the committee.**

7 Q. And you don't recall ever hearing  
8 about it in the committee meeting?

9 **A. I don't recall talking about it.**

10 Q. Are you familiar with the fact  
11 that the plan in the bankruptcy case creates  
12 various classes of claims?

13 MR. NEWMAN: You can "yes" or  
14 "no" or "I don't recall" for starters.

15 **A. Classes as in -- I'm not sure I**  
16 **understand.**

17 BY MR. HARVEY:

18 Q. Let me try to explain it.

19 **A. Yeah.**

20 Q. I'll just represent something to  
21 you and maybe it will help you understand.

22 It's typical, in a bankruptcy  
23 plan, that creditors of different priorities or  
24 different types of claims are placed in  
25 different classes; and then each class of claims

1 that are similar to each other receives a  
2 treatment under the plan, some payment under the  
3 plan.

4 Do you know whether the plan in  
5 this case does anything like that?

6 **A. I don't -- I don't know whether**  
7 **the plan specifically lists it out.**

8 Q. Do you know whether the plan term  
9 sheet contemplated classes of claims?

10 **A. I don't recall.**

11 Q. There was a mediation in this  
12 case; am I correct?

13 **A. Yes.**

14 Q. And am I right that occurred in  
15 December?

16 **A. I don't recall when. I think it**  
17 **was in December.**

18 Q. Did you personally attend that  
19 mediation? Did you attend virtually by Zoom, or  
20 telephone?

21 **A. No.**

22 Q. Do you recall whether you  
23 received regular updates during the course of  
24 that mediation?

25 **A. We got some updates.**



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1 Q. Do you recall the frequency of  
2 those updates?

3 A. Like I said, we usually met once  
4 a week, unless there was an update that needed  
5 to be communicated.

6 Q. If I represent to you that there  
7 are 14 classes of claims in the plan -- I could  
8 show you the plan if that would help -- 14  
9 classes of claims, do you have any knowledge as  
10 to the basis for the creation of those classes  
11 of claims?

12 MR. NEWMAN: Answer "yes," "no"  
13 or "I don't recall" for starters.

14 A. I do not, no.

15 BY MR. HARVEY:

16 Q. If I represented to you that  
17 there are six classes of claims in the original  
18 plan term sheet that was filed as opposed to the  
19 14 that are currently in the plan, do you have  
20 any knowledge as to the basis for the creation  
21 of those six calculations of claims?

22 MR. NEWMAN: Again, you can  
23 answer "yes" or "no" or "I don't recall" for  
24 starters.

25 A. I don't.

1 BY MR. HARVEY:

2 Q. You don't have any --

3 A. -- knowledge.

4 Q. So I assume then, and you can  
5 correct me if I'm wrong, you wouldn't have any  
6 knowledge as how it evolved from six classes to  
7 14 classes?

8 A. Correct.

9 Q. Have you ever heard the term --  
10 you need a break?

11 A. No, no, I'm okay.

12 Q. Have you ever heard the term  
13 "substantive consolidation"?

14 A. No. I just did now, but no.

15 Q. That was the very first time you  
16 heard it?

17 A. Yes.

18 Q. I'll ask a variation of that  
19 question. I think I know the answer.

20 Have you ever heard the term  
21 "deemed substantive consolidation"?

22 A. No.

23 Q. So I assume if I ask you if  
24 you're aware whether the plan contemplates a  
25 deemed substantive consolidation for voting and

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1 distribution purposes, your answer would be no?

2 MR. NEWMAN: The answer is -- the  
3 question, you can answer "yes" or "no" or "I  
4 don't recall."

5 BY MR. HARVEY:

6 Q. Let me rephrase the question.  
7 Do you know whether the plan  
8 contemplates deemed substantive consolidation  
9 for voting and distribution purposes?

10 A. No, I do not.

11 MR. HARVEY: If you're okay with  
12 this, David, what I would do, just to keep  
13 things moving -- we value your time, don't want  
14 to keep you here longer than we need to -- is, I  
15 know George has a few questions, as long as  
16 you're okay if me reserving if I come up with  
17 anything else I want to ask --

18 MR. NEWMAN: No problem.

19 MR. HARVEY: -- just to keep  
20 things moving.

21 All right. I'll pass the witness  
22 to my colleague here and reserving to -- with  
23 the understanding from the committee counsel to  
24 potentially ask some additional questions.

25

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1 - - -

2 (Whereupon, a short recess was  
3 taken.)

4 - - -

5 (Whereupon, White Exhibit Number 3  
6 was marked for identification.)

7 - - -

8 EXAMINATION

9 - - -

10 BY MR. SPATHIS:

11 Q. Ms. White, I put in front of you  
12 something that I've marked as White Exhibit 3.  
13 For the record, White --

14 MR. NEWMAN: Do you have copies?

15 MR. SPATHIS: I'm sorry, yes.

16 BY MR. SPATHIS:

17 Q. For the record, White Exhibit 3  
18 is Maple Healthcare's Amended Notice f  
19 Deposition of the Official Committee of  
20 Unsecured Creditors with the rider and  
21 definitions attached.

22 Have you seen the rider and  
23 definitions section of this document before?

24 A. This looks like the one I  
25 received that I answered about the first round

1 of questioning, with the definitions --

2 Q. Yeah.

3 A. -- and the examination topics.

4 It looks shorter.

5 Q. So did you -- this was a separate  
6 document. You've not even seen this document  
7 before?

8 A. (Shakes head.)

9 Q. Did anybody -- did anybody  
10 instruct you as to what your obligations were as  
11 a corporate representative of the committee?

12 MR. NEWMAN: That's a "yes," "no"  
13 or "I don't recall."

14 A. Your question -- say your  
15 question again.

16 MR. HARVEY: Could you read the  
17 question back, please.

18 (Whereupon, the transcript was read  
19 back by the court reporter as  
20 requested.)

21 MR. NEWMAN: "Yes" or "no" or "I  
22 don't recall."

23 A. I don't recall.

24 BY MR. SPATHIS:

25 Q. Did anybody tell you that, as a

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1 designated representative of the committee, you  
2 were obligated to speak to other members of the  
3 committee to prepare yourself to answer  
4 questions on the examination topics?

5 MR. NEWMAN: Direct her not to  
6 answer. Covered by the attorney-client  
7 privilege.

8 MR. SPATHIS: How would --  
9 Counsel, how would --

10 MR. NEWMAN: I'm not going to  
11 colloquy with you. We can disagree.

12 MR. SPATHIS: I do disagree.

13 MR. NEWMAN: That's fine.

14 BY MR. SPATHIS:

15 Q. Let's look at the examination  
16 topics then on page 6. There's just two. It  
17 says:

18 "To the extent the committee  
19 contends that Maple is not entitled  
20 to any recovery on the account of  
21 Maple's secured claims" -- which is  
22 a defined term -- "the basis for  
23 those contentions, all facts that  
24 support the contentions, all  
25 documents that relate to that

1 contention, and the persons most  
2 knowledgeable regarding the  
3 contention."

4 Do you see that?

5 **A. I do.**

6 Q. Does the committee contend that  
7 Maple is not entitled to any recovery on account  
8 of the Maple secured claims?

9 MR. NEWMAN: She's aware of that  
10 through conversations with counsel. She's not  
11 going to respond.

12 BY MR. SPATHIS:

13 Q. Did you, as a representative of  
14 the committee, go to other members of the  
15 committee -- not with respect to counsel -- to  
16 determine whether the committee's contention is  
17 that Maple is not entitled to recover anything  
18 in the amount of the secured claims?

19 **A. I did not.**

20 Q. Did you talk to -- do you have an  
21 understanding of the factual basis for that  
22 contention?

23 MR. NEWMAN: She learned through  
24 that counsel. That's just a backdoor -- excuse  
25 me before you jump in -- that's a backdoor way

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1 of trying to get beyond the privilege.

2 So if the discussion with counsel  
3 involved that issue and giving advice, it's a  
4 mixed bag. So I don't know that this witness  
5 can separate those two, if she even has  
6 knowledge.

7 MR. SPATHIS: Are you directing  
8 her not to answer?

9 MR. NEWMAN: I'm directing her  
10 not to answer to the extent she learned anything  
11 from counsel with regard to this particular  
12 issue.

13 MR. SPATHIS: I don't think my  
14 question was -- I said -- fair enough.

15 BY MR. SPATHIS:

16 Q. Did you discuss with members --  
17 in preparation for your examination today, as  
18 the representative of the committee, did you  
19 speak with anybody on the committee about  
20 whether or not Maple is entitled to any recovery  
21 on account of its secured claims?

22 A. No.

23 Q. Did you speak to anybody on the  
24 committee in connection with your obligation as  
25 a representative to determine what the basis for



1 a contention that Maple is entitled to any  
2 secured claims?

3 MR. NEWMAN: I'll object to the  
4 form with regard to her obligation.

5 But you can answer the question.

6 **A. No.**

7 BY MR. SPATHIS:

8 Q. Did you make an effort, by  
9 reaching out to anybody other than counsel, to  
10 determine what facts support the committee's  
11 contention that Maple is not entitled to any  
12 recovery on the account of the Maple secured  
13 claims?

14 **A. No.**

15 Q. Did you do anything to  
16 investigate to prepare yourself to answer  
17 questions with respect to Topic 1?

18 MR. NEWMAN: Other than speaking  
19 with counsel? Is that your question?

20 MR. SPATHIS: No.

21 BY MR. SPATHIS:

22 Q. Did you do anything to prepare  
23 yourself to answer questions with respect to  
24 Topic 1?

25 MR. NEWMAN: Are you -- your

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1 question is -- are you asking if that includes  
2 counsel or doesn't include counsel.

3 You have to respond, because  
4 otherwise, I'll direct her not to answer. So  
5 I'm just asking you to break it out for me.

6 MR. SPATHIS: Why doesn't she  
7 answer this question, and then I'll ask her  
8 whether --

9 MR. NEWMAN: Because the question  
10 isn't clear to a lay witness whether that  
11 includes or doesn't include conversations with  
12 counsel. I know you want to be fair to the  
13 witness. I'm just asking you to break it out.

14 MR. SPATHIS: I'll ask my  
15 question.

16 BY MR. SPATHIS:

17 Q. Did you do anything -- I'm not  
18 going to ask you -- did you do anything to  
19 prepare yourself to answer questions about Topic  
20 Number 1?

21 **A. I spoke with counsel.**

22 Q. Is that the only thing you did?

23 **A. That's the only thing I did.**

24 Q. Did you seek documents from  
25 anybody to educate yourself regarding this

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1 topic?

2 MR. NEWMAN: What topic is that?

3 MR. SPATHIS: Topic number 1. I  
4 read it already.

5 MR. NEWMAN: Why don't you read  
6 it again so she understands the full question,  
7 if she did look for documents and did research  
8 with regard to that topic, just to be clear.

9 BY MR. SPATHIS:

10 Q. Topic Number 1 -- I've already  
11 read. It's in front of you. You can read it.

12 MR. NEWMAN: Okay. So what's the  
13 question now?

14 BY MR. SPATHIS:

15 Q. Did you do anything to -- did you  
16 look for or ask for documents so that you could  
17 independently answer questions regarding this?

18 A. No.

19 Q. So let me see if I can  
20 short-circuit this.

21 I would ask you same questions  
22 with respect to Topic Number 2, which asks  
23 effectively the same thing but with respect to  
24 Maple's unsecured claims.

25 You understand there's a

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1 difference between secured and unsecured?

2 **A. I see it here.**

3 Q. Do you have any understanding of  
4 the difference between?

5 **A. Not much.**

6 Q. Would the -- if I asked you the  
7 same questions with respect to the second  
8 examination topic, would the answers be the  
9 same?

10 MR. NEWMAN: Would you mind just  
11 reading the topic?

12 **A. Yes.**

13 MR. SPATHIS: Yeah, I wouldn't  
14 mind at all.

15 MR. NEWMAN: Good.

16 BY MR. SPATHIS:

17 Q. The second examination topic is,  
18 "To the extent that" -- there's a stray  
19 backslash.

20 "To the extent the committee  
21 contends that Maple is not entitled  
22 to any recovery on account of the  
23 Maple unsecured claims, the basis  
24 for the contention, all facts that  
25 support the contention, all

1 documents that support or relate to  
2 that contention, and the person most  
3 knowledgeable regarding that  
4 contention."

5 Did you do anything to prepare  
6 yourself to answer questions regarding  
7 Number 2?

8 MR. NEWMAN: Including  
9 discussions with counsel, just so we're clear.

10 **A. I discussed -- anything I**  
11 **discussed, I discussed with counsel.**

12 BY MR. SPATHIS:

13 Q. And do you know whether the  
14 committee contends that Maple is not entitled to  
15 any recovery on account of the unsecured claims?

16 **A. Do I know? No.**

17 Q. Do you know who the person most  
18 knowledgeable regarding the committee's position  
19 regarding recovery on Maple's secured claims is?

20 **A. The attorneys.**

21 Q. Is there any member of the  
22 committee who would have knowledge regarding  
23 this topic?

24 **A. Our attorneys would.**

25 Q. Attorneys aren't members of the

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1 committee, though.

2 **A. They provide us with --**

3 (Indiscernible cross-talk.)

4 (Interruption by the court reporter  
5 to clarify the record.)

6 (Whereupon, the transcript was read  
7 back by the court reporter as  
8 requested.)

9 MR. NEWMAN: You said?

10 **A. Only information that we have.**

11 BY MR. SPATHIS:

12 Q. Okay. Just so the record is  
13 clear, excluding counsel, which represents the  
14 committee -- I'm just talking about the members  
15 of the committee.

16 Have you done anything to  
17 determine who the person at -- members of the  
18 committee who are most knowledgeable regarding  
19 its position with respect to recovery on the  
20 account of the Maple secured claim?

21 MR. NEWMAN: Objection as to  
22 form; lacks foundation, assumes people on the  
23 committee would be more knowledgeable.

24 You can answer.

25 **A. I have done no**

1 **information-gathering from the other members of**  
2 **the committee.**

3 BY MR. SPATHIS:

4 Q. Okay. And the same question if I  
5 asked about persons most knowledgeable regarding  
6 Topic Number 2: The answer would be the same?

7 **A. I have no idea.**

8 MR. SPATHIS: I'm going to pass  
9 the witness. I'm reserving, because I  
10 respectfully disagree with the notion that a  
11 attorney who prepares --

12 MR. NEWMAN: Is this argument or  
13 colloquy.

14 MR. SPATHIS: No.

15 MR. NEWMAN: I am asking you  
16 whether you have a question. We're not going to  
17 have colloquy.

18 MR. SPATHIS: I said I pass the  
19 witness.

20 MR. NEWMAN: You reserve your  
21 right. I got it.

22 MR. SPATHIS: I'm reserving the  
23 right to recall her as a witness. Fair enough?

24 MR. NEWMAN: That's fine.

25 MR. SPATHIS: I don't want you

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1 coming back and saying, "You never stated on the  
2 record why." I'm prepared to offer that. But  
3 as long as that's not necessarily, then I'll  
4 pass it back to my colleague.

5 Thank you very much for your time  
6 and participation.

7 **THE WITNESS: Sure.**

8 MR. HARVEY: For the record, this  
9 is Mathew Harvey from Morris, Nichols.

10 MR. NEWMAN: Let me just respond.  
11 Also, just the record should note that we served  
12 an email this morning indicating that we  
13 objected to the topics. And just to respond  
14 about your reservation, if you think it's  
15 appropriate to ask that of a committee who is  
16 not involved in the bankruptcy, what her  
17 understanding is of substantive consolidation --

18 MR. SPATHIS: Is there a  
19 question?

20 MR. NEWMAN: I'm responding so  
21 the record is clear. I'm not asking any  
22 questions. But you made a statement, so I'm  
23 responding. Aren't I entitled to do that?

24 MR. SPATHIS: No.

25 MR. NEWMAN: I'm not?



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1 MR. SPATHIS: No. You told me  
2 not to discuss it, so I don't know why you're  
3 putting a soliloquy on the record.

4 MR. NEWMAN: Okay.

5 MR. SPATHIS: I will say, you did  
6 not respond -- you didn't serve objections to my  
7 amended notice. And maybe I'm wrong. Maybe  
8 things get done differently in this district.  
9 But serving an objection at 6:00 in the morning  
10 on the day of the exam wouldn't carry any water,  
11 any weight in my position, but we can agree to  
12 disagree.

13 MR. NEWMAN: We can. And if you  
14 raise it with the Court, we'll respond  
15 accordingly.

16 Anybody else have questions?

17 MR. HARVEY: Yes, this is Matthew  
18 Harvey from Morris, Nichols again for Captive  
19 Assurance. And thank you, Counsel, for your  
20 indulgence taking things a little out of order  
21 to keep things moving.

22 I just have a few follow-up  
23 questions for Ms. White. Try to get you out of  
24 here as soon as we can.

25 - - -

1 FURTHER EXAMINATION

2 - - -

3 BY MR. HARVEY:

4 Q. I asked earlier some questions  
5 about the releases of HRH under the plan.

6 Do you recall that?

7 **A. Yes.**

8 Q. And I asked whether you were  
9 aware whether the committee had done any  
10 investigation of claims or causes of action  
11 against HRH.

12 Do you recall that question?

13 **A. Yes.**

14 Q. And if I remember correctly, your  
15 answer was, you didn't know whether they had  
16 done an investigation.

17 **A. Correct.**

18 Q. Have you seen any written  
19 document, whether it's an analysis or an  
20 investigative report or anything like that,  
21 regarding potential claims or causes of action  
22 against HRH?

23 **A. No.**

24 Q. Are you aware of whether any such  
25 document exists?

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1                   **A.     No.**

2                   Q.     Have you seen any other written  
3     document about claims or causes of action  
4     against HRH?

5                   MR. NEWMAN:   You asked if she'd  
6     seen any documents.   She said no.   And now  
7     you're asking if she's seen any other documents.  
8     BY MR. HARVEY:

9                   Q.     I'm just clarifying.   I think I  
10    was focused on the investigative reports or  
11    analysis.   Any other written document?

12                  **A.     No.**

13                  Q.     And are you aware of whether any  
14    other written document exists regarding claims  
15    or causes of action against HRH?

16                  **A.     I'm not.**

17                  Q.     And I think -- I apologize if you  
18    already answered this.   We don't have the  
19    realtime transcript in front of us or else I  
20    would have scrolled back through, but I want to  
21    make sure I understand the answer.

22                  Sitting here today, you have no  
23    knowledge as to the selection process for the  
24    litigation trustee?

25                  **A.     Correct.**

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1 Q. And you have no knowledge as to  
2 the selection process for the oversight  
3 committee of the litigation trust?

4 MR. NEWMAN: Objection as to  
5 form. I think we went through this, and as I  
6 said, it lacks foundation that there's even such  
7 a committee.

8 You can answer.

9 A. I have no knowledge.

10 BY MR. HARVEY:

11 Q. And I think you testified earlier  
12 that you had no knowledge as to who the identity  
13 of the litigation trustee is. Correct?

14 MR. NEWMAN: If you think she  
15 testified about it earlier, why are you asking  
16 her again?

17 MR. HARVEY: I want to make  
18 sure --

19 MR. NEWMAN: There's a record.

20 MR. HARVEY: I'm not 100 percent  
21 sure I asked these questions, so I just -- I  
22 have two or three more questions on this.

23 MR. NEWMAN: I think you  
24 started -- you prefaced the question with "I  
25 think I asked her earlier" about such-and-such.

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1 MR. HARVEY: I did, and I'm just  
2 making sure I'm getting clarifying answer.

3 MR. NEWMAN: Were you not clear  
4 the first time?

5 MR. HARVEY: I may not have been.

6 MR. NEWMAN: Why didn't you  
7 clarify at the time? Because now you're just  
8 harassing by asking the same question.

9 MR. HARVEY: I don't believe I'm  
10 harassing the witness.

11 MR. NEWMAN: You don't think so,  
12 by asking the same questions over.

13 MR. HARVEY: No. I'm doing this  
14 in a very even and polite tone.

15 MR. NEWMAN: I'm not saying  
16 you're not being polite. But asking the same  
17 questions, whether you ask them nicely or not,  
18 is still harassing the witness.

19 MR. HARVEY: We have now spent  
20 more time on whether I'm harassing the witness  
21 than the questions and answers --

22 MR. NEWMAN: Maybe we have. But  
23 it's still not appropriate to ask the same  
24 questions again just to clarify when there's no  
25 need to clarify.

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1 Go ahead. I didn't direct her  
2 not to answer.

3 BY MR. HARVEY:

4 Q. Okay. This threw me off, so I  
5 may repeat myself again now.

6 Sitting here today, you have no  
7 knowledge of the identity of the proposed  
8 litigation trustee; is that correct?

9 **A. That's correct.**

10 Q. And you have -- sitting here  
11 today, you have no knowledge of the identity of  
12 the proposed oversight committee of the  
13 litigation trust?

14 MR. NEWMAN: Objection as to  
15 form; lacks foundation.

16 You can answer.

17 **A. Yes, that's correct.**

18 BY MR. HARVEY:

19 Q. Yes, you have no knowledge?

20 **A. Yes.**

21 Q. I asked you a few questions  
22 earlier about terms you hadn't heard of before:  
23 Substantive consolidation, deemed substantive  
24 consolidation.

25 Do you recall those questions?

1                   **A.     Yes.**

2                   Q.     To the extent that the plan  
3     provides for deemed substantive consolidation,  
4     do you have any knowledge about any of the  
5     factual basis for deemed substantive  
6     consolidation?

7                   **A.     No.**

8                   Q.     And I think I have maybe one more  
9     question.

10                             Sitting here today, do you have  
11     any knowledge as to the bases for the  
12     classification of claims under the plan?

13                             MR. NEWMAN:  Objection as to  
14     form.

15                             You can answer.

16                   **A.     No.**

17                             MR. HARVEY:  I think that's it.  
18     Give me one second to confer with my colleagues.

19                             (Pause.)

20     BY MR. HARVEY:

21                   Q.     Sorry, I do have a few quick  
22     clarifying questions.

23                             I asked you earlier, I said there  
24     was an entity called Hudson Regional Hospitals,  
25     which I referred to as HRH, and you said that

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1 was okay.

2 Do you know who Hudson Regional  
3 Hospitals is?

4 MR. NEWMAN: Objection as to  
5 form. Can you just clarify what that means?  
6 It's a building? It's a hospital.

7 BY MR. HARVEY:

8 Q. Let me back up. There's an  
9 entity called Hudson Regional Hospitals, LLC.  
10 Have you heard of that entity  
11 before?

12 A. Yes.

13 Q. What's your understanding of that  
14 entity?

15 A. They're one of our employers. We  
16 represent members at Hudson Regional Hospital  
17 currently. And I understand that they are  
18 potential buyers of the CarePoint system.

19 Q. Do you have any other -- let me  
20 back up.

21 Are you -- do you have any  
22 knowledge as to whether any affiliates of HRH or  
23 Hudson Regional Hospitals are also involved in  
24 the CarePoint Chapter 11 cases?

25 MR. NEWMAN: I think that's



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1 protected by the privilege. But if I let her  
2 answer -- if you agree it's not a waiver, I'll  
3 let her answer.

4 MR. HARVEY: It's just knowledge  
5 for now. I agree her answer to this question is  
6 not a waiver.

7 MR. NEWMAN: Thank you.  
8 You can answer.

9 **A. I don't understand the question.**

10 BY MR. HARVEY:

11 Q. Let me try to rephrase it.

12 Are you aware -- I'll just ask  
13 the question. We'll clarify it if we need to.

14 Are you aware whether any  
15 entities or individuals affiliated with HRH are  
16 also involved in the CarePoint Chapter 11 cases?

17 **A. No, I'm -- I'm not going to sit**  
18 **here and tell you I do know.**

19 Q. Have you ever heard of an entity  
20 called East 29th Street?

21 **A. No.**

22 Q. A name similar to that?

23 **A. No.**

24 Q. And you said your understanding  
25 of HRH's role in the Chapter 11 cases is it's

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1 the potential acquirer? Is that right?

2 **A. The system. Yes.**

3 Q. The system.

4 Do you know whether they're a  
5 creditor of the CarePoint debtors?

6 MR. NEWMAN: Again, if you agree  
7 that letting her answer is not a waiver of the  
8 privilege, I'll let her answer.

9 MR. HARVEY: I can agree to that.

10 **A. I don't.**

11 BY MR. HARVEY:

12 Q. Do you know whether they have any  
13 other role in the Chapter 11 cases other than as  
14 acquirer?

15 MR. NEWMAN: Again, same  
16 stipulation, I'll let her answer. Fair?

17 MR. HARVEY: That's fair.

18 **A. You mean like -- I do know  
19 they're the debtor in possession, but I can't  
20 tell you exactly what that means except --**

21 BY MR. HARVEY:

22 Q. You mean that HRH is the debtor  
23 in possession?

24 **A. Yeah.**

25 Q. Okay. So that would just be your

1 understanding, that HRH is the debtor in  
2 possession?

3 **A. Yes.**

4 Q. But no other capacity or role  
5 that you're aware?

6 **A. No.**

7 MR. HARVEY: I would just make  
8 the similar reservation, David, on the record,  
9 as to whether the witness was adequately  
10 prepared for the 30(b)(6) topics. I did see  
11 your objection this morning. We disagree that  
12 the limited nature of the objection and the  
13 timing is adequate. I assume you reserve all  
14 rights on that as well.

15 MR. NEWMAN: We reserve all  
16 rights.

17 MR. HARVEY: So we'll reserve the  
18 right to seek to recall Ms. White as a witness  
19 if appropriate. And, again, you reserve all of  
20 your objections.

21 MR. NEWMAN: I indeed do.

22 MR. HARVEY: Anything else? Any  
23 other administrative matters on our end?

24 No? That's it.

25 Thank you. Thank you for your

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1 time, Ms. White.

2 MR. NEWMAN: Thank you.

3 **THE WITNESS: Thank you.**

4 (Signature having been waived, the  
5 deposition of DEBORAH WHITE was  
6 concluded at 12:30 p.m.)

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## 1 CERTIFICATE OF SHORTHAND REPORTER

2  
3 I, Gail Inghram Verbano,  
4 Registered Diplomat Reporter, Certified  
5 Realtime Reporter, Certified Shorthand Reporter  
6 (CA) and Notary Public, the officer before whom  
7 the foregoing proceedings were taken, do hereby  
8 certify that the foregoing transcript is a true  
9 and correct record of the proceedings; that  
10 said proceedings were taken by me  
11 stenographically and thereafter reduced to  
12 typewriting under my supervision; and that I am  
13 neither counsel for, related to, nor employed  
14 by any of the parties to this case and have no  
15 interest, financial or otherwise, in its  
16 outcome.

17  
18 *Gail Verbano*  
19  
20

21 Gail Inghram Verbano, CSR, RDR, CRR  
22 CA-CSR No. 8635  
23  
24  
25

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Zucker Deposition Transcript [Excerpt]

IN RE HEALTH SYSTEMS INC. ET AL.

CLIFFORD ZUCKER

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

- - - - -x  
IN RE: Chapter 11  
Case No. 24-12534 (JKS)  
Health Systems (Jointly Administered)  
Inc. d/b/a Just Health  
Foundation, et al.  
  
Debtors.  
- - - - -x

DEPOSITION OF:  
CLIFFORD ZUCKER  
Wednesday, February 26, 2025  
3:34 p.m.

Remotely Reported by: Karen Friedlander,  
CCR-NJ, NYRCR, RDR, CRR  
Job No.: 8791



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CLIFFORD ZUCKER

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1 (CLIFFORD ZUCKER, having been  
2 duly sworn as a witness, testified as follows:)

3 EXAMINATION

4 BY MS. CHURCHILL:

5 Q. Good afternoon, Mr. Zucker. I  
6 don't believe we've met. I'm Sophie Rogers  
7 Churchill; Morris, Nichols, Arsht & Tunnell. As  
8 I have already said a couple of times today, I  
9 represent CarePoint Health Captive Assurance  
10 Company, LLC.

11 Going forward I'm just going to  
12 refer to us as the Captive. So if I make that  
13 reference and you don't understand what I'm  
14 talking about, please just let me know.

15 We are here today in connection  
16 with a case of CarePoint Health Systems, Inc.,  
17 and its affiliated debtors. And when I refer to  
18 the debtors, I may refer to the debtors in  
19 possession in the CarePoint bankruptcy cases.

20 Is that clear?

21 A. Yes.

22 Q. Thank you. The debtors and the  
23 committee have co-proposed a joint plan of  
24 reorganization and are seeking to have the  
25 bankruptcy court confirm that plan.

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1 And when I refer to the "plan," I  
2 mean the Fourth Amended Combined Disclosure  
3 Statement and Plan -- Joint Chapter 11 Plan of  
4 reorganization that was filed with the  
5 bankruptcy court. And it also means any former  
6 or future versions of the plan.

7 Is that clear?

8 **A. Yes.**

9 Q. And if at any point you don't  
10 understand who or what I'm referring to, please,  
11 just let me know.

12 **A. Will do.**

13 Q. Okay. I'm going to try and get  
14 some introductory questions out of the way  
15 first.

16 Have you ever been deposed  
17 before?

18 **A. Yes.**

19 Q. How many times were you deposed?

20 **A. A thousand.**

21 Q. Have any of them been in  
22 connection with CarePoint?

23 **A. No.**

24 Q. Do you know about when your  
25 depositions occurred?

1                   **A.           When was the last time I was**  
2 **deposed?**

3                   Q.           Sure, let's start with that.

4                   **A.           I think preCOVID.**

5                   Q.           What was it -- what was it in  
6 connection with?

7                   **A.           One of the cases I was involved**  
8 **with about five years ago, so...**

9                                 (Reporter seeks clarification.)

10 BY MS. CHURCHILL:

11                  Q.           I'm sorry. Can you tell us where  
12 the microphone is?

13                                 Okay. So I'm going to keep going  
14 while we do that.

15                                 Have all of your past depositions  
16 been in connection with bankruptcy cases that  
17 you've been involved with?

18                  **A.           Yes.**

19                  Q.           So I'm just going to take a few  
20 minutes to go over what you can expect today.  
21 I'm sure you're familiar with this, because  
22 you've been deposed before.

23                                 I will be asking you questions.  
24 Your job is to answer those questions truthfully  
25 and to the best of your ability.

1 Is that fair?

2 **A. Yes.**

3 Q. The court reporter is taking  
4 everything down in real time, so we'll both just  
5 have to do our best to speak slowly and clearly  
6 and not speak over each other to get a clear  
7 record. And if the court reporter ever can't  
8 hear us, I expect that she will tell us.

9 Is that fair?

10 **A. Yes.**

11 Q. If I ask you anything that you  
12 don't understand or if I am unclear in any way,  
13 will you please ask me to clarify?

14 **A. Yes.**

15 Q. And as I ask questions, I'm sure  
16 you're aware, debtors' counsel may object from  
17 time to time. Unless debtors' counsel instructs  
18 you not to answer, the objection will come in,  
19 the court reporter will record it, and then you  
20 can answer.

21 Does that work?

22 **A. Yes.**

23 MR. NEWMAN: Just to be clear,  
24 other counsel may -- Newman speaking -- other  
25 counsel may also object.

1 BY MS. CHURCHILL:

2 Q. If you need a break at any time,  
3 let me know and I will do the same. I just ask  
4 that we get any pending -- any pending question  
5 answered before we leave for the break.

6 Is that okay?

7 A. Yes.

8 Q. Is there any reason you can't  
9 testify today?

10 A. No.

11 Q. Are you on any medication or  
12 substance that would impair your ability to  
13 understand my questions?

14 A. Nope.

15 Q. Are you able to answer  
16 truthfully?

17 A. Yes.

18 Q. And do you understand that you  
19 are under oath?

20 A. Yes.

21 Q. Thank you. Can you just give me  
22 a general background of your education?

23 A. Graduated college, BS, BA,  
24 finance and accounting from Boston University.  
25 That's the last level other than my



1       **certifications I received beyond that.**

2                   Q.           What other certifications do you  
3       have?

4                   A.           **CPA, Certified Public Accountant,**  
5       **CFF, Certified in Financial Forensics, and CGMA,**  
6       **Chartered Global Management Accountant.**

7                   Q.           And are those certifications all  
8       current?

9                   A.           **Yes.**

10                  Q.           What is your current occupation?

11                  A.           **I'm a consultant.**

12                  Q.           With a firm?

13                  A.           **FTI Consulting.**

14                  Q.           How long have you been there?

15                  A.           **Six and a half years.**

16                  Q.           What's your role as a consultant?

17                  A.           **I'm a senior managing director**  
18       **there. I spend the bulk of my time representing**  
19       **inner structuring space, representing either**  
20       **creditors, companies, lenders.**

21                  Q.           And do you provide consulting  
22       advice on particular topics?

23                  A.           **I spend the bulk of my time in**  
24       **the health care sector.**

25                  Q.           What about before you were a

1 consultant at FTI, what was your previous  
2 employment?

3 **A. I was a partner at CohnReznick,**  
4 **which, I think, is the 13th largest accounting**  
5 **firm nationally, in a similar role.**

6 Q. Have you ever served on any other  
7 reorganization committees before?

8 **A. No.**

9 Q. Have you ever served on any  
10 boards of directors?

11 **A. Yes.**

12 Q. Which ones?

13 **A. On the board of directors of the**  
14 **ABI, the American Bankruptcy Institute.**

15 Q. Are you still on that board?

16 **A. Yes.**

17 Q. Any others?

18 **A. No.**

19 Q. How many Chapter 11 cases have  
20 you worked on?

21 **A. Dozens. I mean --**

22 Q. Can you --

23 **A. Hundred-plus.**

24 Q. Can you name any significant  
25 ones?

1                   A.           Sure. Very Health Care, Steward  
2 Health Care, Pipeline Health Care, the Brooklyn  
3 Hospital, Parkway Hospital, Saint Michael's  
4 Hospital, Hoboken Hospital last time around,  
5 Christ Hospital last time around.

6                   Q.           What was your role in all of  
7 this?

8                   A.           I was either company side, i.e.,  
9 the debtor, or I was representing the Unsecured  
10 Creditors' Committee.

11                  Q.           Thank you. All right. What did  
12 you do to prepare for today's deposition?

13                               (Reporter seeks clarification.)

14                   THE WITNESS: Sorry. I briefly  
15 met with counsel before the deposition.

16 BY MS. CHURCHILL:

17                  Q.           Did you talk to anyone other than  
18 counsel?

19                  A.           Committee counsel came into the  
20 room a couple times. No.

21                  Q.           What did you talk with committee  
22 counsel about?

23                               (Reporter seeks clarification.)

24                   MR. McMICHAEL: Objection. It's  
25 privileged. The objection is it that -- it is

1 covered by joint interest privilege.

2 MR. NEWMAN: And Newman, join in  
3 that objection.

4 MR. McMICHAEL: Yeah. Don't  
5 answer the question.

6 MS. CHURCHILL: Thank you.

7 BY MS. CHURCHILL:

8 Q. Did you review any documents in  
9 preparation for today's deposition?

10 A. **Just the latest budget.**

11 Q. Has that budget been produced to  
12 anybody?

13 A. **I don't know.**

14 Q. Are you referring to a DIP budget  
15 in the case or some other budget?

16 A. **Projection model.**

17 Q. As of when?

18 When was the budget created, I'll  
19 start with?

20 A. **I don't know when it was created.**  
21 **I received it end of last week.**

22 Q. Who did you receive it from?

23 A. **Counsel.**

24 Q. Okay. And do you know who made  
25 it?

1                   **A.           Prepared by the hospital.**

2                   Q.           And, I'm sorry, to go back to  
3           your prior answer, just to make the record  
4           clear, you mean debtors' counsel provided it to  
5           you?

6                   **A.           That is correct.**

7                   Q.           Thank you.

8                               All right. When was the  
9           Reorganization Committee formed?

10                  **A.           Early December.**

11                  Q.           When did you get involved in it?

12                  **A.           Early to mid-December.**

13                  Q.           And you don't know the exact  
14           date. Is that right?

15                  **A.           I would say somewhere between the**  
16           **7th and the 15th.**

17                  Q.           Who got you involved?

18                  **A.           Debtors' counsel.**

19                  Q.           Who else is on the Reorganization  
20           Committee?

21                  **A.           Judge Gross, Judge Fitzgerald.**

22                  Q.           And what is the committee's  
23           mandate? And I apologize, I mean the  
24           Reorganization Committee, not the Unsecured  
25           Creditors' Committee?

1                   **A.           The mandate is to shepherd --**  
2   **yeah, assist the board with the reorganization**  
3   **aspect of the Chapter 11.**

4                   Q.           Is there a specific task that the  
5   Reorganization Committee has been asked to do in  
6   furtherance of that mandate?

7                   **A.           It's in the declaration that we**  
8   **have gotten, you know, initially.**

9                   Q.           Which declaration is that?

10                  **A.           The resolution of the board**  
11   **giving us our roles and responsibilities.**

12                  Q.           And have those been produced to  
13   us?

14                  **A.           I don't know the answer.**

15                  Q.           Okay. We would ask that they  
16   have been -- they would be produced to us in  
17   Response to our Interrogatories. We did ask for  
18   board minutes and resolutions.

19                         MR. HARVEY: This is Matt Harvey  
20   for the record. Those have already been  
21   produced. If you could just direct us to the  
22   Bates numbers. I don't think we've seen them  
23   yet. So it's possible they're there. If not,  
24   we'd ask that they be produced.

25                         **THE WITNESS:   Yeah, I have no**

1     **idea.**

2     BY MS. CHURCHILL:

3             Q.           Does the Reorganization Committee  
4     have its own advisors?

5             **A.           No.**

6             Q.           It doesn't have its own counsel?

7             **A.           Our meetings are governed by**  
8     **debtors' counsel.**

9             Q.           Can you explain that? What does  
10    it mean that the meetings are governed by  
11    debtors' counsel?

12            **A.           Counsel is on the phone for most**  
13    **of the calls and meetings that we had.**

14            Q.           Okay. But the Reorganization  
15    Committee doesn't have its own counsel, you're  
16    talking about debtors' counsel?

17            **A.           Correct.**

18            Q.           Did the Reorganization Committee  
19    ever consider getting its own counsel?

20            **A.           I do not believe so.**

21            Q.           Why not?

22            **A.           I would defer to my judges on the**  
23    **Reorg Committee for the legal side of that.**

24            Q.           All right.

25                         How often does the Reorganization

1 Committee meet?

2 **A. When necessary.**

3 Q. So there's no specific schedule?

4 **A. Correct.**

5 Q. Would you say that meetings have  
6 become necessary throughout the case on a weekly  
7 basis, on a monthly basis?

8 **A. I would say weekly.**

9 Q. And you said debtors' counsel  
10 attend every single meeting?

11 **A. Not every meeting.**

12 Q. How often does --

13 **A. Most.**

14 Q. Most of them.

15 Does committee counsel ever  
16 attend meetings?

17 **A. No.**

18 Q. Does anybody else ever attend the  
19 meetings?

20 **A. Are you talking just the Reorg  
21 Committee?**

22 Q. The Reorg Committee.

23 **A. No.**

24 Q. Does the Reorg Committee attend  
25 other regular meetings?



1                   **A.           We participate in Board of**  
2   **Trustees meetings that are regularly scheduled.**

3                   Q.           How often are those?

4                   **A.           As needed, but at least monthly.**

5                   Q.           And the Reorg Committee goes to  
6   every meeting or just some of them?

7                   **A.           We are members of the Board of**  
8   **Trustees in our individual capacity, so**  
9   **therefore we are supposed to be at each meeting.**

10                  Q.           Okay. Are the Reorganization  
11   Committee meetings ever recorded in any way?

12                  **A.           No.**

13                  Q.           Does anybody keep minutes?

14                  **A.           No.**

15                  Q.           Does anybody take notes?

16                  **A.           They may. These are in person**  
17   **for the most part.**

18                  Q.           All right.

19                  **A.           Or on Zoom. Teams.**

20                  Q.           Okay. How does the  
21   Reorganization Committee make decisions?

22                  **A.           Discussion.**

23                  Q.           Is there a vote?

24                  **A.           I think recommendations and for**  
25   **nonagreement, then I guess there would be a**

1 **vote.**

2 Q. So you make recommendations. Do  
3 you mean -- to whom?

4 **A. To counsel.**

5 Q. Debtors' counsel?

6 **A. Debtors' counsel.**

7 Q. Anybody else?

8 **A. To the board in the whole.**

9 Q. Okay. So when the Reorganization  
10 Committee is deciding on its recommendations,  
11 how does it come to its recommendation?

12 Does the committee itself take a  
13 vote amongst the three of you, or do you have  
14 any sort of formal resolution process?

15 (Reporter seeks clarification.)

16 **THE WITNESS: I said, you could**  
17 **say there's a vote, but if we're all in**  
18 **agreement, then there's really no vote.**

19 BY MS. CHURCHILL:

20 Q. So it's mostly -- it's normally  
21 more of an informal discussion than the Reorg  
22 Committee comes to a recommendation that it  
23 gives to debtors' counsel.

24 Is that fair?

25 **A. That is fair.**

1 Q. Or sometimes it gives it directly  
2 to the board, the debtors, the Board of  
3 Trustees?

4 A. If asked, but it's typically  
5 through counsel.

6 Q. Okay. Can you think of a time  
7 that the Reorg Committee ever gave a  
8 recommendation directly to the debtors' Board of  
9 Trustees?

10 A. Not through counsel?

11 Q. Right.

12 A. No.

13 Q. Okay. Does the Reorg Committee  
14 have bylaws or any other governing documents?

15 A. Just what's in the resolution.

16 Q. The resolution that appointed the  
17 committee?

18 A. Correct.

19 Q. So how do your recommendations  
20 get communicated, debtors' counsel specifically?

21 A. The committee's?

22 Q. The committee's.

23 A. Usually verbally.

24 Q. Over the phone?

25 A. Usually verbally over the phone.

1     **There could be email correspondence that**  
2     **individuals have put out there.**

3             Q.           Do you ever give recommendations  
4     to debtors' counsel as a member of the committee  
5     but not as the committee?

6                        I'm just trying to unpack your  
7     clarification that you made a second ago.

8             **A.           I do not.**

9             Q.           Do other members of the  
10    committee?

11            **A.           Possible.**

12            Q.           But you don't know for sure?

13            **A.           Just whatever email traffic goes**  
14    **back and forth, you know, language**  
15    **clarifications, that type of stuff.**

16            Q.           Okay. So sometimes it will be  
17    emails between, like, an individual member of  
18    the committee and debtors' counsel clarifying  
19    language or asking questions, that sort of  
20    thing.

21                        But does that count as an  
22    official reorg recommendation or is that just  
23    typical correspondence?

24            **A.           Typical correspondence.**

25            Q.           Okay. It's my understanding that

1 the Reorg Committee is charged with  
2 investigating potential claims and causes of  
3 action against the debtors' current -- current,  
4 excuse me, directors and officers.

5 Is that correct?

6 **A. I think that's what it says.**

7 Q. What is your understanding of  
8 what the Reorg Committee is supposed to be  
9 doing?

10 **A. At or around confirmation, we**  
11 **could -- we will have to review any findings**  
12 **that are out there regarding potential causes of**  
13 **action or litigation and opine on them.**

14 Q. Okay. Are these -- who are these  
15 findings coming from, that you're reviewing?

16 **A. Based on the plan that was filed,**  
17 **my understanding was it could be coming from the**  
18 **Unsecured Creditors Committee. It could be**  
19 **coming from, you know, other parties.**

20 Q. Who are the potential causes of  
21 action against that these findings are being  
22 given to the Reorg Committee to review?

23 **A. I don't know, because we haven't**  
24 **gotten any yet.**

25 Q. Okay. So what has the Reorg

1 Committee been recommending, then, if it doesn't  
2 have findings to review?

3 **A. We've been dealing with**  
4 **ushering -- assisting the company in getting out**  
5 **of bankruptcy, getting to a plan, getting a**  
6 **buyer, getting the brand out there.**

7 **Q.** And to date, the Reorg Committee  
8 has received no findings to review relating to  
9 any potential investigation or cause of action.

10 Is that what you said?

11 **A. To the best of my knowledge,**  
12 **that's correct.**

13 **Q.** And based on your prior answer,  
14 is it true that the Reorg Committee is not doing  
15 any independent investigations? It's -- you may  
16 answer.

17 **A. Correct.**

18 **Q.** All right. Did anybody ask you  
19 to reserve or search through your emails in  
20 response to any discovery requests in this case?

21 **A. No.**

22 **Q.** I want to talk about plan. Have  
23 you read the plan?

24 **A. Yes.**

25 **Q.** The whole -- the entire plan?

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1                   **A.           At different points in time, yes.**

2                   Q.           Okay.

3                   **A.           There were a lot of revisions.**

4                   Q.           So have you read all of the most  
5           current provisions of the plan?

6                   **A.           I believe so.**

7                   Q.           And you're generally familiar  
8           with the terms of the plan?

9                   **A.           Yes.**

10                  Q.           Do you know who the released  
11           parties are under the plan?

12                  **A.           Not definitively. Not without**  
13           **referring to the document.**

14                  Q.           Okay.

15                               (Court reporter seeks  
16           clarification.)

17                               MR. HARVEY: Let's mark this.

18                               MS. CHURCHILL: Yeah, let's mark  
19           it Zucker 1.

20                               MR. HARVEY: I think I'm saying  
21           your last name right.

22                               **THE WITNESS: Zucker, but that's**  
23           **fine.**

24                               MR. HARVEY: For the court  
25           reporter, we're going to mark this Zucker 1.

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1 And we will email you a copy of it, but it's the  
2 Chapter 11 plan filed in the bankruptcy case at  
3 Docket item 551 for reference. Keep a marked  
4 copy here and we can email you a copy, too, if  
5 that works.

6 MR. McMICHAEL: You can mark the  
7 copy that the witness is looking at.

8 MS. CHURCHILL: Mr. Zucker, do  
9 you mind trading me?

10 (Zucker 1, Chapter 11 Plan,  
11 marked for identification.)

12 BY MS. CHURCHILL:

13 Q. Okay. So I asked you about who  
14 the released parties are under the plan. I'd  
15 like you to turn to page 26 of the plan, which  
16 if you're looking at the file stamp, it's  
17 page 33 of 133 at the top.

18 And if you can read the  
19 definition of the released parties at the  
20 bottom. It's Section 1.160, and it carries over  
21 to the next page.

22 A. **"Released parties means**  
23 **collectively the following entities, each in**  
24 **their capacity as such: A, HRH, including its**  
25 **affiliate subsidiaries and designees, including,**



1 without limitation, 29 East 29th Street  
2 Holdings, LLC; NJMHMC, LLC dba Hudson Regional  
3 Hospital; the DIP lender; the newly-formed  
4 management services organization who shall  
5 administrator the four-hospital system as  
6 contemplated by the MSA; and the respective  
7 former, present, and future owners, officers,  
8 directors, managers, employees, independent  
9 contractors, attorneys, agents, and  
10 representatives.

11 "B, the UCC, its professionals  
12 and its members, only in their capacity as such.

13 "And C, the Reorganization  
14 Committee and the debtors' professionals whose  
15 retention was approved by the Court.

16 "For the avoidance of doubt and  
17 notwithstanding anything to the contrary herein,  
18 all potential claims against the debtors,  
19 current Ds and Os, including, without  
20 limitation, Dr. Achintya Moulick are subject to  
21 and shall be addressed consistent with article  
22 IX.D of the plan. And such parties are not  
23 released parties as defined herein."

24 Q. Does that refresh your  
25 recollection of who is a released party of the

1 plan?

2 **A. Yes.**

3 Q. So am I understanding your prior  
4 testimony correctly that the Reorg Committee has  
5 done no investigation of any of the parties that  
6 are included in this list of released parties?

7 **A. Correct.**

8 Q. And did I also understand you,  
9 that the Reorganization has received no findings  
10 that it is -- would be expected to review in  
11 relation to potential causes of action against  
12 any of these released parties?

13 **A. That is correct.**

14 Q. And that includes HRH -- excuse  
15 me. Let me spell that out. Does that include  
16 Hudson Regional Hospitals, LLC?

17 **A. Yes.**

18 MS. CHURCHILL: Can I have 4,  
19 Matt.

20 BY MS. CHURCHILL:

21 Q. Are you aware of any antitrust  
22 lawsuit the debtors filed against RWJ Barnabas?

23 **A. I've heard that there's an action**  
24 **out there.**

25 Q. Have you discussed it at all in

1 the Reorg Committee?

2 **A. With --**

3 MR. McMICHAEL: You can answer  
4 the question yes or no.

5 **THE WITNESS: Yeah.**

6 MR. McMICHAEL: Just don't get  
7 into conversations with counsel.

8 BY MS. CHURCHILL:

9 Q. I'm sorry, was that a yes?

10 **A. Yes. Yes.**

11 Q. And to be clear, I'm not asking  
12 you for privileged information.

13 Have the members of the Reorg  
14 Committee discussed it without counsel present?

15 **A. Not that I'm aware of.**

16 Q. Have you read any documents  
17 related to any such litigation?

18 **A. No.**

19 Q. Do you know if anybody else on  
20 the Reorg Committee has?

21 **A. Do not.**

22 Q. I'm going to ask you a couple  
23 more questions about the plan and certain claims  
24 that are classified in the plan.

25 So do you know what, and I'm

1 going to refer to Hudson Regional Hospital as  
2 HRH.

3 Is that a familiar term?

4 **A. Yes.**

5 Q. Okay. Do you know what HRH's  
6 allowed claim is under the plan?

7 **A. Not offhand.**

8 Q. I will refer you -- we're still  
9 in Zucker Exhibit 1, and I will refer you to  
10 page 4 of the plan.

11 Do you see the tombstone there  
12 that describes the first class of claims, and  
13 then it goes on the next pages to describe the  
14 treatment of all of the claims?

15 **A. Yes.**

16 Q. Okay. Do you see in class 1,  
17 where HRH claims describes the treatment in the  
18 third column from the left, and in final column,  
19 it says: "The estimated amount is 110 million"?

20 **A. Yes.**

21 Q. Do you have an understanding of  
22 the basis of this claim?

23 **A. Somewhat.**

24 Q. What is that understanding?

25 MR. McMICHAEL: Do you know about

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1 independently of your discussions with me or any  
2 counsel?

3 **THE WITNESS: Discussions with**  
4 **you.**

5 BY MS. CHURCHILL:

6 Q. Well, to be clear, I'm only  
7 asking for facts here. I'm not asking for any  
8 legal advice or anything that counsel would have  
9 told you regarding legal advice about this.  
10 Facts are not privileged.

11 MR. McMICHAEL: Yeah, if you have  
12 knowledge of the basis of HRH's claim  
13 independent of communications made, or  
14 anybody -- or any other lawyer, or committee,  
15 you can answer the question. I mean, for  
16 instance, if you understood from reading this  
17 document what you think the HRH claim came from,  
18 or from reading some other document, you could  
19 answer the question.

20 If you can't, you can't. Just  
21 say it.

22 **THE WITNESS: No basis other than**  
23 **discussions with counsel.**

24 BY MS. CHURCHILL:

25 Q. All right.

1 Does the Reorganization Committee  
2 have any independent view as to whether this is  
3 the correct estimated amount for HRH's claim?

4 **A. Do not.**

5 Q. Does the Reorganization Committee  
6 have any basis to form a view?

7 **A. Not that I'm aware of.**

8 Q. Has the Reorganization Committee  
9 asked about it at all?

10 **A. Not that I recall.**

11 Q. Have the debtors hired an  
12 investment banker in this case?

13 **A. Not that I recall.**

14 Q. Do you know if the debtors hired  
15 an investment banker prepetition?

16 **A. I do not.**

17 Q. Do you know if the committee has  
18 hired an investment banker?

19 MR. NEWMAN: Which committee?

20 MS. CHURCHILL: Thank you for  
21 clarifying.

22 BY MS. CHURCHILL:

23 Q. The Official Committee of the  
24 Unsecured Creditors.

25 **A. They have a financial advisor. I**

1     **don't know if they are an investment banker or**  
2     **not.**

3                   Q.           Okay. Without a banker, who  
4     conducted the marketing process for the debtors?

5                   A.           **It's my understanding that the**  
6     **debtor had previously marketed the assets.**

7                   Q.           I'm sorry, I did not mean to  
8     interrupt. Were you finished?

9                   A.           **Yeah.**

10                  Q.           Thank you.

11                               Do you know which advisors?

12                  A.           **I believe it was Ann Curra.**

13                  Q.           Do you have any information about  
14     that marketing process?

15                  A.           **Only through discussions with**  
16     **counsel.**

17                  Q.           I'd like you to turn to page 87  
18     of the plan, please. We're still in Zucker  
19     Exhibit 1.

20                               And you've read this section  
21     before, right? Oh, I apologize. To be clear,  
22     I'm looking at Section E at the bottom,  
23     "potential alternative transactions."

24                               MR. McMICHAEL: What page are you  
25     on?

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1 MS. CHURCHILL: 87. If you're  
2 looking at the file stamp at the top, it's 94 of  
3 133.

4 THE WITNESS: Yes.

5 BY MS. CHURCHILL:

6 Q. Yes, you've read the section?

7 A. Yes.

8 Q. And you're generally familiar  
9 with its term?

10 A. Yes.

11 Q. All right. You don't have to  
12 read it out loud, but just read to yourself the  
13 first paragraph.

14 The second sentence in, it says:  
15 "Any bid for a proposed alternative transaction  
16 must be submitted no later than the date that is  
17 21 calendar days after conditional approval of  
18 the disclosure statement."

19 And then it defines that as the  
20 bid deadline. Do you see that?

21 A. Yes.

22 Q. Have you ever been in a case  
23 where a going concern business was sold in 21  
24 days without a banker marketing it?

25 A. I may have. Can't recall.



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1 Q. You can't think of a specific  
2 example?

3 A. No.

4 Q. All right. I'm going to switch  
5 topics. I'd like to talk about the  
6 classification scheme under the plan.

7 MS. CHURCHILL: Can you please  
8 hand me tab 3, Matt.

9 Okay. Ms. Friedlander, we're  
10 marking this document as Zucker Exhibit 2.  
11 (Zucker 2, Tab 3, marked for identification.)

12 BY MS. CHURCHILL:

13 Q. Mr. Zucker, have you seen this  
14 document before?

15 MR. NEWMAN: Newman, asking if  
16 the questioner would identify the document for  
17 the record, so the record is clear what the  
18 witness is looking at.

19 MS. CHURCHILL: Thank you,  
20 Mr. Newman. I'm going to get to that next. I  
21 just want to -- to identify this.

22 MR. NEWMAN: You asked him  
23 whether he's seen it before. That doesn't  
24 identify it.

25 THE WITNESS: Yes, I believe so.

1 BY MS. CHURCHILL:

2 Q. And what is this document?

3 A. **Preliminary plan term sheet.**

4 Q. Do you know if you've read this  
5 document before?

6 A. **I believe I've read it in the**  
7 **past.**

8 Q. Do you know if the version you  
9 read was this version that was filed at Docket  
10 Number 378?

11 A. **Unsure.**

12 Q. Okay. I'd like you to turn to  
13 page 3 of the term sheet, which is, if you're  
14 looking at the file stamp, it's Docket Number  
15 378-1, page 4 of 15.

16 Are you there?

17 A. **Yes.**

18 Q. Thank you.

19 So at the bottom, it starts with  
20 the new section of the chart, "Proposed  
21 Treatment of Claims and Interests." And then  
22 the chart continues on to the next page. And if  
23 you flip through all the pages, do you see how  
24 many classes are listed there?

25 A. **Yes.**

1 Q. What was the Reorganization  
2 Committee's role in coming up with this  
3 classification scheme?

4 A. They didn't have a role in the  
5 class designations that I'm aware of.

6 Q. Did you have any input?

7 A. There may have been input on  
8 iterations, but this document was drawn up, I  
9 believe, between the debtor and the Committee.

10 Q. And did anybody ask the  
11 Reorganization Committee to sign off on it  
12 before it was filed?

13 A. We were shown drafts and asked to  
14 review it.

15 Q. Did the Reorganization Committee  
16 provide comments?

17 A. There was discussion around it.  
18 I'm assuming that there were comments also.

19 Q. Did you see any comments?

20 A. I don't recall.

21 Q. Did you make any comments?

22 A. I don't recall.

23 Q. So the Reorganization Committee  
24 didn't have any comments to the classification  
25 scheme that's in this document?

1                   **A.           Not that I recall.**

2                   Q.           Okay.

3                               And I don't mean to jump around.

4    I realized in my first question about this

5    document I asked you if you had seen how many

6    classes are in the -- are listed here, and you

7    said yes.

8                               Can you just state for the record

9    how many classes are listed here?

10                  **A.           Class 1 through 6.**

11                  Q.           And there's nothing after 6? Let

12   me clarify. There are no classes after 6?

13                  **A.           No.**

14                  Q.           Thank you.

15                               Okay. Did the Reorganization

16   Committee have any input into the classification

17   scheme that ultimately ended up in the plan?

18                  **A.           I don't think so.**

19                  Q.           Did the Reorganization Committee

20   ask any questions about it?

21                  **A.           What about?**

22                  Q.           The classification scheme in the

23   plan?

24                  **A.           I don't recall.**

25                  Q.           Did anybody ask the

1 Reorganization Committee to review the proposed  
2 classification scheme in the plan before it was  
3 filed?

4 **A. We were asked to review the plan.**

5 Q. Okay. The plan generally, but  
6 not specifically the classification scheme; is  
7 that right?

8 **A. To the best of my knowledge,**  
9 **correct.**

10 Q. And you're not aware of anybody  
11 from the Reorganization Committee commenting on  
12 the classification scheme in the plan?

13 **A. I don't recall.**

14 Q. Okay. I'd like to turn back to  
15 the plan now classification, which is Zucker 1.  
16 If you could please flip to page 4 again. If  
17 you're looking at the file stamp on the top,  
18 it's page 11 of 133.

19 Do you know the basis for any of  
20 the classifications in these classes?

21 **A. Specifically, no.**

22 Q. What do you mean by,  
23 "specifically"?

24 **A. The basis, the estimate.**

25 Q. Do you know generally?

1                   **A.           Repeat the question.**

2                   Q.           Do you have any understanding of  
3           the basis for the separate classifications of  
4           these classes in the plan?

5                   MR. McMICHAEL: Other than  
6           through conversations with counsel.

7                   **THE WITNESS: No.**

8           BY MS. CHURCHILL:

9                   Q.           Okay. So if I asked you separate  
10          questions about each of these classes, would  
11          your answers all be speculative?

12                  MR. McMICHAEL: I'm not sure the  
13          witness can answer a question like that. I  
14          mean, if you want to ask questions, just ask the  
15          questions, see what the answer is.

16                  **A particular, you know, document**  
17          **could refresh his recollection about something.**

18                  MS. CHURCHILL: Okay. Thank you,  
19          Mr. McMichael.

20          BY MS. CHURCHILL:

21                  Q.           I said, do you know why Class 2  
22          Capitala claims were classified separately from  
23          other secured claims, or from other claims  
24          generally?

25                  MR. McMICHAEL: Same, same

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1 caution. If you can answer without referring to  
2 conversations with counsel, you can answer.

3 **THE WITNESS: No. Strictly**  
4 **conversations with counsel.**

5 BY MS. CHURCHILL:

6 Q. Okay. What about Class 3  
7 Capitala specialty lending claims; do you know  
8 why those were classified separately?

9 MR. McMICHAEL: Same.

10 **THE WITNESS: Same answer.**

11 MR. McMICHAEL: I'm not going to  
12 repeat or interrupt each time, but just assume,  
13 if you have knowledge outside of conversations  
14 with counsel, you can, you can answer.

15 BY MS. CHURCHILL:

16 Q. Mr. Zucker, can you just review  
17 the rest of the classes and let me know if the  
18 answer would be the same or different for any of  
19 them?

20 **A. Same answer for all.**

21 Q. Okay. And how many classes of  
22 claims are included in this plan?

23 **A. There are 14 classes listed.**

24 Q. And there were six classes listed  
25 in the plan term sheet; is that right?

1                   **A.           Yes.**

2                   Q.           Do you know how we got from six  
3 to 14 classes?

4                   **A.           I do not.**

5                   Q.           Have you asked anybody?

6                   **A.           No.**

7                   Q.           All right. I'm going to switch  
8 topics now. Are you aware that the plan  
9 contemplates a clean substantive consolidated  
10 for voting and distribution?

11                  **A.           I believe that's accurate.**

12                  Q.           What is your understanding of  
13 what a deemed substantive consolidation?

14                               MR. McMICHAEL: Same instruction.  
15 If you have an understanding independent of the  
16 conversations with counsel, you can answer the  
17 question.

18                               **THE WITNESS: Claims against a**  
19 **particular entity versus all the entities. So**  
20 **if you take the individual entities and add them**  
21 **together for voting purposes, you're**  
22 **consolidating what is there, versus it being**  
23 **against a specific entity and each entity having**  
24 **their own voting rights.**

25 BY MS. CHURCHILL:



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1 Q. Okay. Do you know who came up  
2 with this feature in this plan?

3 A. Do not.

4 Q. Is the Reorg Committee consulted  
5 at all on this?

6 A. I don't recall.

7 MR. McMICHAEL: When you say  
8 "consulted on this," you mean specifically on  
9 consolidation?

10 MS. CHURCHILL: Exactly. Thank  
11 you for clarifying.

12 BY MS. CHURCHILL:

13 Q. Is the answer the same?

14 A. Yes.

15 Q. Thank you. Does the  
16 Reorganization Committee have a view on the  
17 deemed substantive consolidation of the plan?

18 (Reporter seeks clarification.)

19 THE WITNESS: I'm not sure.

20 I got it. Facing the wrong  
21 direction.

22 Yes.

23 BY MS. CHURCHILL:

24 Q. I won't be offended if you're not  
25 looking at me when you answer.

1                   **A.           It's hard.**

2                   Q.           Has Reorganization Committee  
3 discussed it at all?

4                   **A.           It may have with counsel.**

5                   Q.           Were you present in any of those  
6 discussions?

7                   **A.           I don't recall.**

8                   Q.           When you say they may have had  
9 these discussions, can you clarify what the  
10 uncertainty is?

11                  **A.           I had a lot of conversations with**  
12 **counsel regarding the plan. It may have come up**  
13 **in one of those conversations with any one of**  
14 **us, I just don't recall.**

15                  Q.           What is your view on the deemed  
16 substantive consolidation plan?

17                               MR. NEWMAN: Objection as to  
18 form.

19                               MS. CHURCHILL: Let me restate my  
20 question. Thank you.

21 BY MS. CHURCHILL:

22                  Q.           Do you have a view on the deemed  
23 substantive consolidation of the plans?

24                               MR. NEWMAN: In his individual  
25 capacity?

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1 MS. CHURCHILL: As a member of  
2 the Reorganization Committee.

3 MR. NEWMAN: Objection to the  
4 form.

5 MR. ISRAEL: Can you answer it,  
6 if you understand it?

7 **THE WITNESS: Yeah.**

8 MR. NEWMAN: Oh, I'm not  
9 directing. I just making an objection for the  
10 record. I don't have the ability to direct.

11 MR. McMICHAEL: I can do that and  
12 I'm not directing him not to answer. If you  
13 have a view, you can answer.

14 **THE WITNESS: If I, specifically,**  
15 **or I, the Reorg Committee?**

16 BY MS. CHURCHILL:

17 Q. Either. You were a member of the  
18 Reorganization Committee, so either.

19 MR. NEWMAN: With due respect,  
20 he's here, I think, as a 30(b)(6) witness, not  
21 in his individual capacity. Am I wrong? If I'm  
22 wrong, I apologize, I take it back.

23 (Reporter seeks clarification.)

24 MR. NEWMAN: I said I'm sorry if  
25 I was wrong, I take it back.

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1 MS. CHURCHILL: No response. The  
2 witness can answer.

3 THE WITNESS: Can you ask it  
4 again?

5 BY MS. CHURCHILL:

6 Q. Yes. I will repeat the question.  
7 Do you have a view of the  
8 substantive consolidation in the plan?

9 A. No.

10 MS. CHURCHILL: Can we take a  
11 five-minute break?

12 MR. ISRAEL: Sure.

13 MS. CHURCHILL: We can go off the  
14 record.

15 (RECESS TAKEN AT 3:04 P.M.)

16 (RECESS ENDED AT 3:15 P.M.)

17 MS. CHURCHILL: All right.

18 Mr. Zucker, I appreciate your time today. I  
19 have no further questions.

20 I understand that Mr. Spathis, to  
21 my right, has a few questions, so I will turn  
22 this over to him.

23 THE WITNESS: Thank you.

24 EXAMINATION

25 BY MR. SPATHIS:

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1 Q. Thank you. Good afternoon,  
2 Mr. Zucker. Referring back to Zucker Exhibit 1,  
3 the plan, on page 6, the fourth classification  
4 is "Maple secured claims."

5 Do you see that?

6 A. Yes.

7 Q. Do you know the nature of those  
8 claims they're based off?

9 A. Discussions with counsel.

10 Q. Consistent with your  
11 recollection, or your understanding, those were  
12 based on secured loans?

13 A. They were based on loans.  
14 Secured or not, I don't know.

15 Q. Well, they are classified in the  
16 plan as secured claims, right?

17 A. Yep.

18 Q. Why is the projected recovery  
19 zero?

20 A. Don't know.

21 Q. Have you ever seen a plan where a  
22 secured client has projected recovery of zero?

23 MR. NEWMAN: Objection as to  
24 form, Newman.

25 BY MR. SPATHIS:

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1 Q. You can answer.

2 A. If there's an -- if it's  
3 impaired, there is always the potential that  
4 it's zero. Can't say the reason here.

5 Q. Has the -- has the projected  
6 recovery under class 4 claims been a topic of  
7 conversation among the restructuring committee?

8 A. I don't recall.

9 Q. How about Maple's unsecured  
10 claims?

11 (Reporter asks for  
12 clarification.)

13 MR. SPATHIS: He said, "I don't  
14 recall."

15 BY MR. SPATHIS:

16 Q. How about Maple's unsecured  
17 claims?

18 A. Same answer.

19 Q. Have you had any conversations  
20 with any representative of HRH about its need to  
21 have the receivables that are subject to  
22 Maple's -- the subject of Maple's secured claims  
23 in order to operate the hospitals on the  
24 going-forward basis?

25 A. No.

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1 Q. Have you had any conversation  
2 with anybody who told you that that was a need  
3 that HRH has expressed?

4 A. Not that I recall.

5 MR. SPATHIS: One moment.

6 I'll pass the witness.

7 Anybody else? Looks like you're  
8 done. I'm assuming you'll reserve signature.

9 MR. McMICHAEL: Yeah, whatever  
10 the normal practice is here.

11 (Off the record.)

12 MR. NEWMAN: Committee does not  
13 need a copy. That's Newman.

14 MS. CHURCHILL: Captive Assurance  
15 would like a copy.

16 MR. SPATHIS: Maple would like a  
17 copy.

18 MR. McMICHAEL: And the debtors  
19 would need a copy.

20 MS. GOLDBERGER: Mandelbaum  
21 Barrett would like a copy.

22 (3:21 p.m.)

23

24

25

## 1 CERTIFICATE

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I, Karen Friedlander, a  
Certified Court Reporter of the State of New  
Jersey, do hereby certify that prior to the  
commencement of the examination, the witness  
and/or witnesses were sworn by me to testify to  
the truth and nothing but the truth.

I do further certify that the  
foregoing is a true and accurate computer-aided  
transcript of the testimony as taken  
stenographically by and before me at the time,  
place and on the date hereinbefore set forth.

I do further certify that I am  
neither of counsel nor attorney for any party in  
this action that I am not interested in the  
event nor outcome of this litigation.

*Karen Friedlander*

S/Karen Friedlander  
Certified Court Reporter  
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Dated: 2-26-25



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Exhibit O

Kifaieh Email to NJDOH

**From:** "Nizar Kifaieh" <nkifaieh@hudsonregionalhospital.com>

**To:** "Iannaccone, Robert [DOH]" <robert.iannaccone@doh.nj.gov>, "Yan Moshe" <ym@HudsonRegionalHospital.com>, "Pamela Flores" <pflores@hudsonregionalhospital.com>, "Grywalski, John" <jgrywalski@hudsonregionalhospital.com>

**Subject:** Re: Weekly Call with Robert Iannaccone [DOH]

**Date:** Mon, 20 Jan 2025 15:27:38 +0000

**Importance:** Normal

**Inline-Images:** image001.jpg; image002.png

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Good morning. No worries.


Yes our team reached out to the DOH attorney and he agreed to our request from what we are told.

This is critical for us.

Thank you

---

Nizar Kifaieh, MD,MBA, CPE, FACEP  
President and CEO  
Hudson Regional Hospital  
nkifaieh@hudsonregionalhospital.com

signature\_801828753

---

**From:** Iannaccone, Robert [DOH] <robert.iannaccone@doh.nj.gov>

**Date:** Monday, January 20, 2025 at 10:02 AM

**To:** Nizar Kifaieh <nkifaieh@hudsonregionalhospital.com>, Yan Moshe <ym@HudsonRegionalHospital.com>, Pamela Flores <pflores@hudsonregionalhospital.com>, Grywalski, John <jgrywalski@hudsonregionalhospital.com>

**Subject:** RE: Weekly Call with Robert Iannaccone [DOH]

**[HRH IT Security Alert!]** This is an external email. Use caution clicking links or opening attachments.

Sorry I missed this morning's call. Shoveling after our morning huddle. Call me if you need anything.

I received an inquiry from the NJDOH attorney:

***Under the Bankruptcy Code, a debtor cannot confirm a chapter 11 plan unless, among other things, at least one class of "impaired" claims votes in favor of the plan.***

***What became apparent during the arguments on Friday is that the Debtors will have a hard time finding an impaired class of claims to vote in favor of the Plan. Assuming that is true, the Debtors cannot, as a matter of law, confirm a plan in these cases, which will result in a liquidation of the hospitals.***

*In light of the foregoing, both HRH and the Committee/Debtors reached out to me this weekend and floated the concept of placing DOH in a separate class with respect to its \$10.6M emergency loan claim and proposing to pay DOH something on account of that claim (HRH suggested \$200K over 5 years). The thought would be that (i) DOH's claim can be separately classified from other unsecured claims because facially it is a secured claim and (ii) DOH would vote in favor of the Plan.*

I have a call with the attorney maybe at 11:00 AM. If you have any concerns about this possible path please let me know. After this morning's call I will send you an update. Important that we keep the path of keeping these hospitals open moving.

-----Original Appointment-----

**From:** Nizar Kifaieh <nkifaieh@hudsonregionalhospital.com>

**Sent:** Wednesday, November 20, 2024 4:49 PM

**To:** Nizar Kifaieh; Iannaccone, Robert [DOH]; Yan Moshe; Pamela Flores; Grywalski, John

**Subject:** Weekly Call with Robert Iannaccone [DOH]

**When:** Monday, January 20, 2025 9:30 AM-10:00 AM (UTC-05:00) Eastern Time (US & Canada).

**Where:** Dial-in Number Below

The dial in number is: tel:425-436-6330,,4029696.

If you have any questions, please feel free to contact me.

Thank you,

**Stephanie Martinez**

Executive Assistant to Nizar Kifaieh, MD

Paralegal to Harry G. Kapralos, Esq.

Hudson Regional Hospital

p: (201) 392-3082 | m: (201) 466-1908 | f: (201) 392-3218

e: [smartinez@hudsonregionalhospital.com](mailto:smartinez@hudsonregionalhospital.com)

a: 55 Meadowlands Parkway, Secaucus, NJ 07094



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