
In Re: Pawtucket SNF Operator, LLC :
d/b/a Pawtucket Falls Healthcare Center : **C.A. No. PC-2023-02239**
:

ORDER

The Receiver’s Petition for Instructions regarding approval and resolution of certain operational and other administrative expenses of the Receivership Estate came on for hearing before this Court on December 19, 2023. After hearing thereon, and in consideration of the memoranda filed, representations made to the Court and recommendations by the Receiver, the Court, as pursuant to the Consent Order entered by this Court on July 14, 2023 (“Consent Order”), the Court’s inherent equitable authority, and the Court’s authority as pursuant to R.I. Gen. Laws §23-17.11-1 *et seq.* it is hereby ORDERED:

1. In accord with the Consent Order entered by the Court on July 14, 2023 and without a finding of liability, Pawtucket SNF Operations, LLC and Pawtucket SNF Real Estate, LLC (collectively, the “Manager/Operator”) and the Petitioner, Pawtucket SNF Operator, LLC (hereinafter, the “Licensee”), shall do as follows:

- a. Deposit \$496,000 into an account at the direction of the Receiver on or before December 22, 2023, for the Receiver’s use to pay operational claims brought against Pawtucket Falls Healthcare Center for services provided during the Receivership term that cannot be funded by revenues generated by Pawtucket Falls Healthcare Center in accord with the claims process to be established herein.

- b. Deposit \$215,000 into an escrow account at the direction of the Receiver, on or before December 22, 2023, to fund Court-approved administrative fees and expenses of the Receivership Estate. The escrow shall be broken and the \$215,000 shall be immediately paid to the Receiver on or before January 1, 2024, with three (3) days advanced notice to the Court.

2. The Receiver is authorized to proceed with a claims process with regard to post-petition claims, including those set forth in Exhibit A1 of the Receiver's Petition for Instructions. The claims process shall be as follows:

- a. The Receiver, forthwith, shall notify such persons or entities that a claims process will be established and that the Receiver is authorized hereby to compromise said potential claims;
- b. The Receiver shall send notice to such potential claimants of a supplemental claims bar date to be established no later than January 15, 2024;
- c. The Receiver shall file a Report and Recommendation with the Court on any such claims on or before February 15, 2023;
- d. As a condition of paying such potential claims and/or claims, the potential claimant/claimant shall reaffirm the release in Section 9.

3. The Receivership Estate assigns pre-October 16, 2023 accounts receivable of Pawtucket Falls Healthcare Center to the Manager/Operator or its designee. The Receivership Estate is not assigning any post-October 16, 2023 receivables. The Receiver will cooperate in ceding control of and Violet SNF Holdco LLC will endeavor to facilitate the collection of pre-October 16, 2023 accounts receivable and will promptly remit any collections of such accounts

receivable to Manager/Operator or its designee. Furthermore, the Receivership Estate is not assigning any further rights, claims, or causes of action.

4. The Court reaffirms that the Court-approved Buyer is not responsible for and no claims can be brought against the Court-approved Buyer for operational expenses incurred by the Receivership Estate in operating Pawtucket Falls Healthcare Center prior to January 1, 2024. In turn, the Court sets a date of January 1, 2024 for a closing on the Court-approved purchase and sale with time being of the essence.

5. As to the payor claims identified in the Receiver's Petition for Instructions, the Receiver is authorized and directed to notify those potential claimants of a supplemental claims bar date of January 1, 2024.

6. As to those claims set forth in Exhibit A2 to the Receiver's Petition for Instructions, those claims are denied. Notwithstanding, the Receiver shall notify all such claimants and establish a date of January 1, 2024 for any objections to be filed by such claimants to this Order denying said claims;

7. The Receiver's administrative fees and expenses as set forth in the Receiver's Petition for Instructions are approved and the Court deems those fees and expenses to be incurred in the best interest of the Receivership Estate. Notwithstanding, in accord with Section 1(b), above, the Manager/Operator and Licensee shall be limited to funding the \$215,000 set forth in that Section.

8. The Court approves and confirms the acts and doings of the Receiver, and the Receivership Estate, inclusive of Receiver's counsel and persons/entities performing under Court-approved contracts with the Receivership Estate (hereinafter, the "Receivership Estate"), as consistent with the Appointing Order presented to and entered by the Court in accord with an

assented to Petition submitted by the Licensee, the Rhode Island Department of Health and the Rhode Island Department of Attorney General representing the Rhode Island Department of Health. Furthermore, the Court finds that the acts and doings of the Receiver, and the Receivership Estate have been wholly consistent with instructions from this Court.

9. As an inducement for the Receivership Estate and the parties identified hereto to utilize the Consent Order as a vehicle to set aside any disputes with regard to operational funding and employ the terms of that Consent Order to advance operational funding, the Receivership Estate, the Manager/Operator and the Licensee, inclusive of any affiliates, members, agents or representatives of those entities, jointly waive and release any claims that may exist as of the date of this Order and to the end of time in any way regarding or relating to Pawtucket Falls Healthcare Center. Said waiver and release as it relates to the Manager/Operator and the Licensee shall include a waiver and release of any creditors of the Receivership Estate. The release and waiver being granted by the Receivership Estate in accord with this Order is expressly conditioned upon the Manager/Operator and the Licensee's performance of the terms set forth herein. The Court shall retain jurisdiction to enforce said waiver and release. Moreover, the Court shall retain jurisdiction to enforce the terms of this Order. This release does not apply to any issues in dispute by and between Manager/Operator and Licensee.

10. To the extent the Receiver was petitioning to determine the Manager/Operator and/or Licensee's liability for the costs and expenses of the Receivership Estate, including operational expenses, said Petition is deemed to have passed. In turn, this Order cannot be used as precedent by the Receivership Estate or any creditor thereof to seek any further funding. Notwithstanding, the Receiver retains the right to enforce this Order and any prior Consent Orders which provided and/or committed operational funding.

11. The Court finds that Manager/Operator has contributed more than \$1.3 million dollars since Pawtucket Falls Healthcare Center was placed in receivership to fund its operational expenses and ensure the health, safety, and welfare of the nursing home's residents even though its legal obligation to make those payments has been in dispute.

12. Manager/Operator has agreed to make the additional payments as set forth in this Order as well as the \$250,000 previously committed under this Court's orders to fund the additional operating costs of Pawtucket Falls Healthcare Center to ensure it remains open until its sale and is not forced to shut down, which is the in best interests of the State of Rhode Island and the health, safety, and welfare of the nursing home's residents.

Pawtucket SNF Operations, LLC and
Pawtucket SNF Real Estate, LLC
By their Attorney,

/s/W. Mark Russo

W. Mark Russo #3937, in and only in his
Capacity as Receiver for Pawtucket SNF
Operator, LLC d/b/a Pawtucket Falls
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Pawtucket SNF Operators, LLC
By their Attorney,

/s/John A. Dorsey

John A. Dorsey (#8373) as Attorney for
W. Mark Russo (#3937), in and only in
his Capacity as Receiver for Pawtucket
SNF Operations, LLC
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ENTERED as an Order of this Court this 19th day of December, 2023.

ENTER:

SS

/s/ Brian P. Stern
Associate Justice

BY ORDER:

/s/ Sharon Santiago
Deputy Clerk

J.

December 20, 2023 ^{Clerk}

Certificate of Service

I certify that on the 20th day of December, 2023, the within document was electronically filed and electronically served through the Rhode Island Judiciary Electronic Filing System, on all parties registered to receive electronic service in this matter. The document is available for viewing and/or downloading from the Rhode Island Judiciary's Electronic Filing System.

/s/W. Mark Russo