

ASSURANCE OF DISCONTINUANCE
PURSUANT TO EXECUTIVE LAW § 63(15)

BETWEEN THE ATTORNEY GENERAL OF THE STATE OF NEW YORK, for the PEOPLE OF THE STATE OF NEW YORK, and ABRAHAM OPERATIONS ASSOCIATES LLC d/b/a BETH ABRAHAM CENTER FOR REHABILITATION AND NURSING, DELAWARE OPERATIONS ASSOCIATES LLC d/b/a BUFFALO CENTER FOR REHABILITATION AND HEALTHCARE, HOLLIS OPERATING CO., LLC d/b/a HOLLISWOOD CENTER FOR REHABILITATION AND HEALTHCARE, SCHNUR OPERATIONS ASSOCIATES LLC d/b/a MARTINE CENTER FOR REHABILITATION AND NURSING, LIGHT PROPERTY HOLDINGS ASSOCIATES LLC, HOLLIS REAL ESTATE CO., LLC, LIGHT OPERATIONAL HOLDINGS ASSOCIATES LLC, LIGHT PROPERTY HOLDINGS II ASSOCIATES LLC, CENTERS FOR CARE LLC d/b/a CENTERS HEALTH CARE, CFSC DOWNSTATE, LLC, BIS FUNDING CAPITAL LLC, SKILLED STAFFING, LLC, KENNETH ROZENBERG, DARYL HAGLER, BETH ROZENBERG, JEFFREY SICKLICK, LEO LERNER, REUVEN KAUFMAN, AMIR ABRAMCHIK, ARON GITTLESAN, AHARON LANTZITSKY, JONATHAN HAGLER, and MORDECHAI ‘MOTI’ HELLMAN

DATED: November 11, 2024

WHEREAS, the State of New York (the “State”) acting by and through the Medicaid Fraud Control Unit (“MFCU”) of the Attorney General of the State of New York (the “Attorney General”), on behalf of the People of the State of New York, commenced an investigation into the care and treatment of residents at skilled nursing facilities in New York, including Beth Abraham Center for Rehabilitation and Nursing, Buffalo Center for Rehabilitation and Nursing, Holliswood Center for Rehabilitation and Healthcare, Martine Center for Rehabilitation and Nursing (collectively, the “Subject Nursing Homes”), pursuant to Executive Law §§ 63(12) and 63- c, and the New York Public Health Law (“PHL”), against the owners, operators, and affiliated persons responsible for the conditions at the nursing homes (the “MFCU Investigation”);

WHEREAS, at all times relevant hereto, Respondents Abraham Operations Associates LLC d/b/a Beth Abraham Center for Rehabilitation and Nursing, Delaware Operations Associates LLC d/b/a Buffalo Center for Rehabilitation and Nursing, Hollis Operating Co., LLC d/b/a Holliswood Center for Rehabilitation and Healthcare, and Schnur Operations Associates LLC

d/b/a Martine Center for Rehabilitation and Nursing (collectively, the “Operating Company Respondents”), are the business entities holding the New York State Department of Health (“DOH”) license to operate each of the Subject Nursing Homes.

WHEREAS, Light Property Holdings Associates LLC, Delaware Real Property Associates LLC, Hollis Real Estate Co. LLC, Light Operational Holdings Associates LLC, and Light Property Holdings II Associates LLC (the “Landlord Entities” or “Landlord Respondents”) are the business entities holding title to the real property on which the Subject Nursing Homes are located.

WHEREAS, Centers for Care LLC d/b/a Centers Health Care, and Kenneth Rozenberg and Daryl Hagler, individually and as current or former owners of Centers Health Care (collectively, the “Principal Respondents”) owned, directly and indirectly, and controlled the operations of the Subject Nursing Homes.

WHEREAS, Daryl Hagler was the majority owner of the Landlord Respondents.

WHEREAS, Beth Rozenberg, Jeffrey Sicklick, Leo Lerner, Reuven Kaufman, Amir Abramchik, David Greenberg, Elliot Kahan, Sol Blumenfeld, Aron Gittleson, and Aharon Lantzitsky owned minority interests in the Subject Nursing Homes (the “Minority Owner Operating Company Respondents”).

WHEREAS, Jonathan Hagler and Mordechai ‘Moti’ Hellman owned minority interests in the Landlord Entities (the “Minority Landlord Owner Respondents”).

WHEREAS, CFSC Downstate, LLC, BIS Funding Capital LLC, and Skilled Staffing, LLC are related parties to Centers Health Care (the “Related Party Respondents”).

WHEREAS, the Attorney General has found that Respondents Abraham Operations Associates LLC d/b/a Beth Abraham Center for Rehabilitation and Nursing, Delaware Operations Associates LLC d/b/a Buffalo Center for Rehabilitation and Nursing, Hollis Operating Co., LLC

d/b/a Holliswood Center for Rehabilitation and Healthcare, Schnur Operations Associates LLC d/b/a Martine Center for Rehabilitation and Nursing, Centers for Care LLC d/b/a Centers Health Care, Light Property Holdings Associates LLC, Delaware Real Property Associates LLC, Hollis Real Estate Co. LLC, Light Operational Holdings Associates LLC, Light Property Holdings II Associates LLC, Kenneth Rozenberg, Daryl Hagler, Beth Rozenberg, Jeffrey Sicklick, Leo Lerner, Reuven Kaufman, Amir Abramchik, David Greenberg, Elliot Kahan, Sol Blumenfeld, Aron Gittleson, Aharon Lantzitsky, Jonathan Hagler, and Mordechai ‘Moti’ Hellman engaged in the conduct set forth in the Findings of Fact below (the “Covered Conduct”) and as further set forth within the Verified Petition dated June 28, 2023, filed in the Supreme Court of the State of New York, New York County, Index # 451549/2023 (hereinafter the “Special Proceeding”);

WHEREAS, the Subject Nursing Homes have been enrolled in the New York State Medical Assistance Program (“Medicaid”) and the federal Medicare Program and received funds covering costs of nursing home and therapy services provided to Medicaid and Medicare recipients, and between January 1, 2014 to December 31, 2021, received over \$612,000,000 from those Programs to provide residential health care facility services to its residents.

WHEREAS, the Commissioner of Health, pursuant to PHL § 2801-c, requested that the Attorney General maintain an action and seek injunctive relief as to any violation of Article 28 of the PHL arising from the operations of the Subject Nursing Homes;

WHEREAS, the Attorney General commenced an Executive Law § 63(12) special proceeding under Index No. 451549/2023 against Respondents by filing an order to show cause seeking preliminary injunctive relief with a Verified Petition with supporting affidavits and other documents on June 28, 2023, in the Supreme Court for the State of New York, New York County Court, Commercial Division; (the “Special Proceeding”);

WHEREAS, the Court granted preliminary injunctive relief in the Special Proceeding through an Order dated July 21, 2023 appointing David Hoffman as an independent health care monitor (IHM) for the Subject Nursing Homes, and, through an Order dated July 27, 2023, appointing Robert H. Silbering of T&M, USA, LLC as an independent financial monitor (IFM) for the Subject Nursing Homes;

WHEREAS, the IHM and IFM have been monitoring the Subject Nursing Homes since on or about July 22, 2023, and on or about August 1, 2023, respectively, and during this time, the Centers for Medicare and Medicaid Services (“CMS”) staffing ratings for each the Subject Nursing homes have risen, based on the Subject Nursing Homes’ self-reported data to CMS, from the date CMS published staffing rating data immediately before the filing of the Verified Petition in the Special Proceeding to the date that CMS published staffing data for the third quarter of 2024, except for Martine Center, the staffing rating for which averaged 1.7 stars from October 2019 to April 2023, averaged 2.1 stars from July 2023 to October 2024, and rose to 3 stars as of July 2024, yet dropped to 2 stars in October 2024. Notably, Buffalo Center’s CMS staffing rating has risen from 1 star to 2 stars, which is still “Below Average” and in July 2022, CMS’s staffing rating methodology changed with its inclusion of a measure for staff turnover and weekend hours;

WHEREAS, the CMS Provider Information file published on October 30, 2024 reflects that each Subject Nursing Home has been operating at higher HPRD staffing levels recently compared to when the Verified Petition was filed: Beth Abraham’s data reflects 3.99 total HPRD; Martine Center’s data reflects 3.85 HPRD; Holliswood Center’s data reflects 3.93 HPRD, and Buffalo Center’s data reflects 3.81 HPRD.

The Attorney General's Findings of Fact Pursuant to Executive Law § 63(12)
(the Covered Conduct)

WHEREAS, the Attorney General made certain Findings of Fact as set forth below and within the Verified Petition that commenced this Special Proceeding.

WHEREAS, the following sets forth the Attorney General's Findings of Fact from the MFCU Investigation, hereinafter referred to as the "Covered Conduct."

A. During the period from May 1, 2013 through June 28, 2023 (the "Relevant Period"), Respondents owned, directly and indirectly, and controlled the operations of the Subject Nursing Homes and engaged in the conduct described below.

B. Through their operation and control of the Subject Nursing Homes, Respondents repeatedly and persistently obtained, received, converted, or disposed of the Subject Nursing Homes' revenue, either directly or indirectly, from the Medicaid and Medicare Programs, to which they were not entitled, in violation of Executive Law § 63(c) and thereby violated Executive Law § 63(12);

C. The Principal Respondents and Operating Company Respondents engaged in repeated and persistent fraud in their operation and control of the Subject Nursing Homes, and the Landlord Entities, the Minority Operating Company Owners and the Minority Landlord Owners, engaged in repeated and persistent fraud through the use of complex real estate transactions, including through collusive and/or self-dealing lease agreements, pursuant to which the Subject Nursing Homes paid falsely inflated rents to the Landlord Entities, in violation of Executive Law § 63(12);

D. To serve their own financial interests and those of their other businesses, the Principal Respondents controlled the Operating Company Respondents, the Landlord Entities, the Minority Operating Company Owners and the Minority Landlord Owners, and engaged in repeated

and persistent fraud by causing the Subject Nursing Homes to enter into collusive and self-dealing loans, including but not limited to exorbitantly high interest loans from themselves, and no interest loans to any nursing home located in New York State individually or jointly owned, in whole or in part, by any of Respondents, or to any nursing home outside of New York State individually or jointly owned, in whole or in part, by any of Respondents, in violation of Executive Law § 63(12);

E. Respondents engaged in repeated and persistent fraud by causing the Subject Nursing Homes to retain and pay related-party vendors, including Related Party Respondents and other vendors owned in whole or in part by the family members of or other favored persons associated with the Principal Respondents Kenneth Rozenberg and Daryl Hagler, millions of dollars for purported goods and services that were not provided and/or where the amount of payments for such goods and services far exceeded their value and what would have been paid in an arms-length transaction;

F. The Principal Respondents and the Operating Company Respondents engaged in repeated and persistent fraud and illegality in their operation and control of the Subject Nursing Homes, the Landlord Entities, the Minority Operating Company Owners and the Minority Landlord Owners by failing to seek and obtain approval from DOH for withdrawals and transfers from the Subject Nursing Homes that exceeded three percent of each facility's total reported annual revenue from the prior year; and by making material omissions and false statements and certifications to DOH on the Subject Nursing Homes' annual Cost Reports, in violation of Executive Law § 63(12);

G. The Attorney General has found that Respondents repeatedly and persistently engaged in illegality in the operation of the Subject Nursing Homes by:

- a. failing to deliver adequate care to their residents, contrary to the regulations 10 NYCRR §§ 415.1(a)(1)-(2), 415.3(f), 415.11(c), 415.12, 415.13, 415.22, and 415.26; 42 CFR §§ 483.10(d)(2), 483.25, 483.35;
- b. operating the Subject Nursing Homes with insufficient staffing to provide required care pursuant to 10 NYCRR § 415.13 and 42 CFR § 483.35;
- c. continuing admissions of residents to the Subject Nursing Homes even though they operated with insufficient staff to provide required care to the residents, in violation of 10 NYCRR § 415.26(i)(1)(ii); and
- d. committing and tolerating countless acts of neglect against residents of the Subject Nursing Homes, in violation of Public Health Law (“PHL”) § 2803-d(7) by failing to provide “timely, consistent, safe, adequate and appropriate services, treatment and or care . . . including but not limited to: nutrition, medication, therapies, sanitary clothing and surroundings, and activities of daily living,” as required by 10 NYCRR § 81.1(c),

all in violation of Executive Law § 63(12);

H. Respondents repeatedly and persistently engaged in illegality in the operation of the Subject Nursing Homes by impermissibly delegating to Respondent Centers Health Care: the authority to hire and fire key management employees; maintenance and control of the Subject Nursing Homes’ books and records; authority over the disposition of the Subject Nursing Homes’ assets and incurring of liabilities on behalf of the Subject Nursing Homes; and control over the adoption and enforcement of policies regarding the operation of the Subject Nursing Homes; in violation of 10 NYCRR § 600.9;

I. Respondents repeatedly and persistently engaged in illegality in the operation of the Subject Nursing Homes by filing and/or causing to be filed false claims to Medicaid for inadequate medical care and services; converting Medicaid payments to a use or benefit other than for the intended use and benefit; and making or causing to be made false statements and/or misrepresentations of material fact in claiming Medicaid payments; all in violation 18 NYCRR § 515.2 which sets forth Unacceptable Practices under the Medicaid Program, thereby violating Executive Law § 63(12);

J. The Principal Respondents, the Landlord Entities, the Minority Operating Company Owners and the Minority Landlord Owners were unjustly enriched to the detriment of the Medicaid and Medicare programs by receiving and retaining, directly and indirectly, payments from said programs for services that were purportedly rendered by the Subject Nursing Homes, and certified as having been performed in conformance with applicable laws and regulations but were not, and that resulted in resident neglect, suffering, and humiliation.

WHEREAS, the Attorney General, on behalf of the People of the State of New York, has good and sufficient cause to assert claims against all Respondents under Executive Law §§ 63-c and 63(12), PHL § 2801-c, and other provisions of Article 28 of the PHL, the New York State False Claims Act (State Finance Law § 189(1)), the Social Security Act, and other statutes, regulations, and the common law, for restitution, damages, disgorgement, and equitable relief; and

WHEREAS, the Attorney General finds the relief and promises set forth in this AOD appropriate and in the public interest, in the interests of the current and future residents of the Subject Nursing Homes, and in furtherance of Medicaid Program integrity;

WHEREAS, the Principal Respondents and the Operating Company Respondents, the Landlord Entity Respondents, the Minority Operating Company Owner Respondents, the

Minority Landlord Owner Respondents, and the Related Party Respondents, and the Attorney General, on behalf of the People of the State of New York (collectively, the “Parties”) wish to enter into this Assurance of Discontinuance (“AOD”) as of the date set forth above to resolve any and all claims arising from the Covered Conduct described below and as further described in the Special Proceeding.

NOW THEREFORE, the Parties enter into this AOD as follows:

Section I:

QUALITY OF CARE REFORMS

Independent Healthcare Monitor

1. The Principal Respondents and the Subject Nursing Homes have retained David Hoffman & Associates PC as the IHM to verify, survey, inspect, and improve the delivery of healthcare at the Subject Nursing Homes.
2. The Attorney General and the Principal Respondents agree that David Hoffman & Associates, PC shall serve as the IHM pursuant to this AOD. The Principal Respondents and the Subject Nursing Homes shall promptly retain David Hoffman & Associates to execute the duties of the IHM under this AOD.
3. If, during the term of the IHM, the IHM becomes unable to perform the obligations as set out herein a replacement IHM shall be selected and retained in the manner set forth in Paragraphs 4 through 6 below.
4. No later than 15 calendar days from the date upon which the IHM becomes unable to perform the obligations set forth herein, Principal Respondents shall propose to MFCU a pool of at least three qualified candidates to serve as the replacement IHM (the “Replacement IHM”).

The Replacement IHM candidates or their team members shall have, at a minimum, the following qualifications:

- demonstrated expertise with respect to the delivery of health care at nursing homes, including all relevant laws and regulations;
- experience designing and or reviewing healthcare compliance programs, procedures, and internal controls, including issues relevant to nursing homes;
- the ability to access and deploy resources as necessary to discharge the Replacement IHM's duties, as described in this section, including through agents and employees; and
- sufficient independence from Respondents, other nursing home operators, and nursing home industry and trade groups, to ensure effective and impartial performance of the replacement IHM's duties as described herein.

5. The Replacement IHM may be a professional firm, and the Attorney General's power of approval shall extend to each employee designated by such firm for assignment to the engagement.

6. If the Attorney General determines, in its sole discretion, that Respondents' delay in proposing qualified Replacement IHM candidates or retaining a proposed Replacement IHM candidate approved by the Attorney General is negatively impacting implementation of this AOD, the Attorney General shall appoint a candidate of the Attorney General's choosing as IHM, and, within seven business days' notice of that appointment, Respondents shall enter into a contract with the Replacement IHM, and Respondents shall promptly pay for the services of that Replacement IHM for the duration of the monitorship. During the time that an approved Replacement IHM is not in place, the term of the IHM under this AOD and the AOD itself shall be tolled.

7. Given that the IHM has been monitoring, onsite and remotely, each of the Subject Nursing Homes for over 14 months, and making recommendations that have resulted in some operational improvements, the IHM, or its designated representatives approved by the Attorney General, shall conduct a combination of on-site and remote monitoring at each of the Subject Nursing Homes for no less than ten (10) calendar days per month during the first year of the IHM Term. The IHM shall make a recommendation to the Attorney General through MFCU upon the conclusion of the first year of the IHM Term as to a specific visitation plan for subsequent years of the IHM Term. Respondents represent and warrant to the Court and the Attorney General that they will take no action to impede, interfere with, or otherwise circumvent the performance of duties and/or responsibilities of any individual and/or entity pursuant to this AOD, including, but not limited to, the duties and responsibilities of the Principal Respondents, the IHM (as delineated in Paragraphs 8 through 29 below), the Independent Financial Monitor (“IFM”) (as delineated in Paragraphs 38 through 53 below), each of the Subject Nursing Homes’ Governing Bodies (as delineated in Paragraphs 30 to 33 below), each of the Subject Nursing Homes’ Compliance Officers, and the Chief Compliance Officer (as delineated in Paragraphs 34 to 37).

Responsibilities of the Independent Healthcare Monitor

8. It is the responsibility of the IHM to make recommendations to ensure adequate, appropriate, and timely delivery of care to the Subject Nursing Homes’ residents, regardless of whether any or all such recommendations are likely to or actually increase the operating expenses of, or decrease the gross or net revenue of, any or all of the Subject Nursing Homes. Respondents KENNETH ROZENBERG, CENTERS HEALTH CARE and the Operating Company Respondents expressly commit to the Attorney General that they will cause the Subject Nursing Homes to retain operating revenue sufficient to implement the IHM’s recommendations, and

Respondents KENNETH ROZENBERG, DARYL HAGLER and CENTERS HEALTH CARE expressly commit to the Attorney General that they will contribute, individually and collectively, any and all additional funds required, subject to the Resident Care Fund Cap, defined in Paragraph 55, to enable the Subject Nursing Homes to implement the IHM's recommendations.

9. The IHM shall have specific authority to visit and inspect the Subject Nursing Homes at any time, to review all documents maintained by Respondents and/or any third party contractors regarding the Subject Nursing Homes, to assess healthcare operations at the Subject Nursing Homes, and provide recommendations to ensure that the Subject Nursing Homes improve healthcare outcomes for their residents, and to ensure that the Subject Nursing Homes comply with the healthcare reforms set forth below, as well as applicable state and federal laws and regulations.

10. The IHM shall assess the Subject Nursing Homes' healthcare operations and ensure that residents' healthcare outcomes improve, to wit, by making recommendations to:

- a. Ensure that the Subject Nursing Homes consistently operate with sufficient staffing (certified nurse aides ["CNAs"], licensed practical nurses ["LPNs"], and registered nurses ["RNs"]) to provide all required care to the Subject Nursing Homes' existing residents and any proposed new admissions, and, at a minimum, meet the requirements of Paragraphs 25 and 26;
- b. Ensure that the Subject Nursing Homes have sufficient supervisory nursing staff, including, but not limited to RNs, to provide all required training, supervision, and support of staff, and develop individualized care plans and update such;

- c. Ensure that the Subject Nursing Homes have sufficient RN staff to conduct resident assessments, and perform other clinical duties and administer care that only RNs are authorized to provide;
- d. Limit or stop admissions to the Subject Nursing Homes when appropriate to maintain sufficient staffing to meet the needs of existing residents and proposed admissions;
- e. Provide recommendations about maintaining or increasing staffing compensation;
- f. Ensure that the Subject Nursing Homes maintain or increase staffing compensation to levels that enable the Nursing Homes to hire and retain sufficient numbers of employees to improve and prevent poor working conditions, to prevent high and inefficient turnover, and to prevent consistent use of agency, temporary, or per diem staff;
- g. Ensure that CNAs, LPNs, and RNs maintain adequate documentation of medication and care administered;
- h. Ensure that CNAs, LPNs, RNs and other staff, including supervisory staff, receive necessary and appropriate training, and maintain accurate documentation of training actually provided to staff working in the Subject Nursing Homes; and
- i. Approve policies and procedures, including, but not limited to, those relating to infection control.

11. Principal Respondents expressly commit to the Attorney General that they and the Subject Nursing Homes, their owners, the Minority Operating Company Respondents, the Subject

Nursing Homes' Governing Bodies and staff, including, the Subject Nursing Homes' Administrators, Directors of Nursing Services, Medical Directors, and Consultants shall not object to any IHM recommendation based on cost-savings or decreased gross or net revenue. Principal Respondents expressly commit to the Attorney General that they and the Subject Nursing Homes, their owners, the Minority Operating Company Respondents, the Subject Nursing Homes' Governing Bodies and staff, including, Subject Nursing Homes' Administrators, Directors of Nursing Services, Medical Directors, and Consultants shall accept and implement all recommendations made by the IHM, unless:

- a. The recommendation is prohibited by law and such position is supported by an opinion of counsel, excluding alleged positions based on 10 NYCRR §§ 405.3, 415.26(b)(4), 600.9 or 42 CFR § 483.70(d)(2);
- b. The recommendation contradicts documented physician orders and/or the documented wishes of the resident and/or his or her duly designated representative;
- c. The recommendation is otherwise medically contraindicated for the resident or residents on that unit, as determined by an RN licensed in New York State or higher-licensed New York State healthcare professional familiar with the specific resident group; or
- d. The Governing Body or any agency determines that the implementation of a recommendation would require the performance of duties that are non-delegable under 10 NYCRR §§ 405.3 and 600.9, in which case the recommendation must be presented to the Governing Body for vote, and in the event of a vote by the majority of the Governing Body members to adopt

a resolution accepting the recommendation, the Subject Nursing Homes will promptly implement it, and in the event of a vote by the majority of the Governing Body members to reject the recommendation, the reasons for such decision shall be recorded in the minutes of the meeting of the Governing Body.

12. All IHM recommendations regarding staffing levels, staffing compensation, and resident admissions shall be made to ensure the Subject Nursing Homes have sufficient staffing to provide required care for their existing residents and any prospective admissions.

13. Each Subject Nursing Home's Governing Body, as defined in Paragraphs 30 to 33 below, shall consult with and consider the recommendations of the IHM before hiring any Administrator, Assistant Administrator, Director of Nursing, Assistant Director of Nursing, Medical Director, Director of Admissions, or MDS Coordinator. Each Subject Nursing Home's Governing Body shall accept and implement the IHM's recommendations regarding such hiring- and shall not object based on any form of cost savings or any objection based on decreased gross or net revenue.

14. If the Principal Respondents and/or the Subject Nursing Homes fail to adopt the IHM's recommendation based on factors delineated in Par. 11(a) to (d), the Principal Respondents and/or the IHM shall promptly present such failure, no later than within two business days, to the Attorney General, including Respondents' documented reasons for not implementing such recommendation. No later than three (3) business days after such presentation, the Attorney General will make, in its sole discretion, a determination to accept or reject the IHM's recommendation, and will inform the IHM, the Governing Body and Respondents of the Attorney

General's determination in writing and setting forth the basis therefore. Respondents agree to implement promptly any IHM recommendation that the Attorney General accepts.

15. In the event that Respondents fail to implement any recommendation of the IHM that is approved by the Governing Body, following written notice to Respondents by the IHM of said failure, and a five-business-day opportunity to cure such a failure, pursuant to Par. 21(c), Respondents shall pay to MFCU an assessment of Five Thousand dollars (\$5,000.00) per day, from the date of the Governing Body's approval of the resolution adopting the recommendation to the date of implementation, which payment Respondents shall make by wire transfer to the Attorney General's office through MFCU. In the event that Respondents fail to implement any recommendation of the IHM that is accepted by the Attorney General, following written notice to Respondents of said failure and a five-business-day opportunity to cure such a failure, pursuant to Par. 21(c), Respondents shall pay to MFCU an assessment of Five Thousand dollars (\$5,000.00) per day, from the date of the Attorney General's notice of acceptance of the IHM recommendation to the date of implementation, which payment Respondents shall make by wire transfer to the Attorney General's office through MFCU. Whether Respondents have sufficiently cured any such failure to implement an IHM recommendation rests within the sole discretion of the Attorney General.

16. Each of the Subject Nursing Homes' Governing Bodies shall consider and accept the IHM's recommendations to terminate any employees from the positions listed in Paragraph 13 above, and any other employment position, unless documented good cause, other than any form of cost-savings, exists to decline to follow the IHM's recommendation. In the event of a vote by the majority of one of the Subject Nursing Homes' Governing Body members to reject the

recommendation, the reasons for such decision shall be recorded in the minutes of the meeting of that Governing Body.

17. The Principal and Operating Company Respondents agree that the Subject Nursing Homes will implement the IHM's staffing and compensation recommendations by hiring full-time employees instead of independent contractors, per diem workers, or temporary workers. Temporary, per diem, or agency staffing may only be retained to ensure compliance with minimum staffing mandates in the event of immediate need, under criteria promulgated by the IHM. In the event that temporary, per diem, or agency staffing is utilized to comply with minimum staffing mandates, Respondent-owners will thoroughly document the efforts they undertook to hire full-time and/or part-time employees before resorting to utilizing temporary, per diem, or agency staffing.

18. The Principal and Operating Company Respondents agree that the Subject Nursing Homes shall fully and promptly cooperate with the IHM and shall ensure that the Subject Nursing Homes' officers, employees, agents, and related-party vendors fully and promptly cooperate with the IHM.

19. The IHM and contractually-designated agents will be provided with real-time 24-hour-per-day remote access to all of the Subject Nursing Homes' Electronic Medical Records ("EMR"), pursuant to a Health Insurance Portability and Accountability Act Business Associate Agreement, including, but not limited to, therapy records and Point of Care systems, and will be granted the highest-level access permissions to such systems in order to enable viewing of all edits made at any time to any records by any user, person, or systems administrator, including, but not limited to, the times of scheduled medication and/or treatment administration, the purported times of medication and/or treatment administration, and the accompanying metadata.

20. Given that the IHM has been monitoring, onsite and remotely, each of the Subject Nursing Homes for over 14 months, and making recommendations that have resulted in increased staffing rating levels and some operational improvements, the IHM's Initial Term of Engagement ("IHM Term") will be until July 31, 2026, subject to any tolling under Paragraphs 4 through 6 and this Paragraph 20. Pursuant to Paragraphs 4 through 6, Principal and Operating Company Respondents will promptly retain a substitute IHM, with prior approval from MFCU, in the event the initial IHM is unable to complete the appointment prior to the conclusion of the IHM Term. The IHM Term and the term of this AOD shall be extended, on a facility-by-facility basis, in one-year increments, upon occurrence of any of the following during the final calendar year of the monitorship of the Subject Nursing Homes:

- a. A finding by DOH of Immediate Jeopardy, Level L, as to conditions at any of the Subject Nursing Homes;
- b. The new designation of one of the Subject Nursing Homes, as a candidate for the Special Focus Facility program established by the U.S. Department of Health and Human Services, CMS, except where such finding was the direct result of a recommendation made by the IHM that was objected to by the Principal Respondents in accordance with Paragraphs 11(a) through (d) and 22 and any of the Subject Nursing Homes failed to comply with their duties under Paragraph 23.
- c. A determination by the IHM, subject to review by the Attorney General, that the Principal Respondents and/or the Subject Nursing Homes have materially failed to comply with any recommendation of the IHM hereunder, so long as the IHM provided the Principal Respondents with

written notice of the material failure to comply and that material failure was not cured within five (5) business days of such notice.

- d. A determination by the IFM, subject to review by the Attorney General, that the Principal Respondents and/or the Subject Nursing Homes have materially failed to comply with any financial obligations or any obligation in Paragraphs 38 through 53, so long as the IFM provided the Principal Respondents with written notice of the material failure to comply and that material failure was not cured within five (5) business days of such notice.

21. For the avoidance of doubt, multiple occurrences of the above conditions during a calendar year will result in a one-year extension, not a multiple-year extension.

Objections to Recommendations of Independent Healthcare Monitor

22. No objection to the recommendations of the IHM shall be grounds for failure to comply with such instruction, except for the reasons set forth in Par. 11(a) to (d), and any such objection is subject to Paragraphs 23 and 24 below.

23. In all cases of objections raised, which can only be raised pursuant to Paragraph 11(a) to (d) and 22, the Subject Nursing Homes shall proceed with appropriate medical care for the residents provided that same is not contraindicated by the attending physician or duly designated representative authorized to make health care decisions, including but not limited to a Health Care Agent, Health Care Surrogate or Guardian. Within one business day of the determination of any objection under Paragraphs 11(a) to (d) and 22, the Director of Nursing and/or Administrator of the Subject Nursing Home(s) shall memorialize the objection in writing addressed to the IHM and, if demanded in the sole discretion of the IHM, such objection shall be attested to be valid on the grounds of the originally posited objection by a physician licensed and

practicing in New York State within twenty-four (24) hours of such demand. The Attorney General shall review and approve any objections under Paragraphs 11(a) to (d) and 22 or confirm the IHM instructions within three (3) business days in writing.

24. Under no circumstances shall the impact on gross or net revenues of carrying out a recommendation of the IHM be a valid basis for an objection to such recommendation.

Staffing and Direct Care Improvements

25. Principal and Operating Company Respondents commit to the Attorney General that the Subject Nursing Homes will institute all direct care improvements and revise all care systems recommended by the IHM in accordance with this AOD, to assure that all caregivers are properly trained and supervised, and that each and every resident of the Subject Nursing Homes is treated with dignity and respect; that caregivers provide timely, consistent, safe, appropriate, adequate, and professional services at all times; that there will be improvements in the provision of care as recommended by the IHM; and that the Covered Conduct shall not be repeated. For the same reasons, subject to Paragraph 11(a) through (d), the Principal Respondents and the Operating Company Respondents commit that the Subject Nursing Homes will promptly implement all policies recommended by the IHM in accordance with this AOD, as delineated in Paragraph 11, absent any objection raised under Paragraph 22 based solely on any ground in Paragraphs 11(a) through (d) and unrelated to any cost-savings.

26. Principal and Operating Company Respondents shall cause the Subject Nursing Homes to increase staffing (RN, LPN, and CNA) in accordance with the IHM's recommendations, provided, however, that under no circumstances shall the Subject Nursing Homes' staffing levels fall below the greater of: (i) 3.5 hours of care per resident per day; or (ii) such quantitative level required to provide nursing and related services to attain or maintain the highest practicable

physical, mental, and psychosocial well-being of each resident, as determined by resident assessments, individual plans of care, as deemed necessary by the IHM (together, Par. 26(i) and 26(ii) shall be called the “HPRD Minimum”). In so doing, Principal Respondents and the Operating Company Respondents shall increase and advertise salaries and benefits to such levels as recommended by the IHM for the Subject Nursing Homes to attract and retain qualified employees to meet the HPRD Minimum, without regard to net revenue. In this regard, the Principal Respondents agree that any offer of compensation by the Subject Nursing Homes to prospective and existing full-time employees that is too low, as determined by the IHM to attract and retain full-time employees, fails to qualify as any alleged “labor shortage” and will not qualify as a defense for failure to meet this material obligation under this AOD. Principal Respondents will engage staffing recruiters that are not related parties; if recommended by the IHM, retain outside employment consultants not previously engaged by Principal Respondents that are not related parties; make efforts to obtain all requisite regulatory approvals to sponsor CNA training programs for prospective CNAs of the Subject Nursing Homes and, if approved, offer such programs, at no cost to students; and implement any additional programs recommended by the IHM necessary to promptly achieve the IHM’s staffing recommendations as well as the HPRD Minimum.

27. The Principal and Operating Company Respondents shall, at a minimum, maintain specific direct care and supervisory staffing improvements at each Subject Nursing Home as directed by the IHM and shall implement further increases in direct care and supervisory staffing as directed by the IHM for a period of the term of this AOD plus two (2) additional years. Such improvements shall also include, but are not limited to, the requirements that:

- a. A Registered Nurse be assigned to, and work on, each unit on all shifts, and no Registered Nurse assigned to work on any such unit shall, under any

circumstances, have any duties related to processing the admissions of new residents;

- b. A Registered Nurse be exclusively dedicated to processing the admissions of new residents and may do other administrative tasks that do not conflict with any duties related to the processing of the admissions of new residents, provided that said Registered Nurse shall not have any direct care responsibilities for any residents;
- c. Staffing coordinators shall only utilize temporary, per diem, or agency in staff in the event of immediate need, pursuant to criteria promulgated by the IHM, pursuant to Par. 17; and
- d. For purposes of this AOD, staffing needs arising from typical patterns of callouts or other consistent or routine staffing needs shall not constitute immediate need.

28. Respondents expressly commit to the Attorney General that they will raise compensation for all staff positions to the extent recommended as necessary by the IHM to meet Respondents' obligations hereunder to hire sufficient numbers of qualified staff to provide all required care to the residents of the Subject Nursing Homes. Respondents expressly agree they will not object to any IHM recommendation regarding compensation on the basis of any alleged staffing shortage or on the alleged basis that any union would prevent or object to the Subject Nursing Homes increasing compensation for any positions or members. The IHM will provide quarterly reports to Respondents CENTERS and KENNETH ROZENBERG and to the Attorney General that assess Respondents' compliance with this AOD. Within one week of the end of the IHM Term, the IHM will also provide a final report ("Final Report") to Respondents CENTERS

and KENNETH ROZENBERG, the Attorney General, and the IFM. The Final Report shall contain the IHM's findings regarding the Subject Nursing Homes, including but not limited to areas of improvement, and recommendations for appropriate areas for future expenditures, including with respect to Remaining Funds (as defined in Paragraph 61) in the Resident Care Fund. The Attorney General may require that the IHM clarify or expand on the matters addressed in such reports, and that Respondents respond in writing to the Attorney General and the IHM to any aspect of said reports. The IHM and the Attorney General shall have access to copies of all reports required to be prepared pursuant to this AOD.

29. The IHM shall provide reports or information, in addition to quarterly reports described above, to the Attorney General at such times and in such manner as the Attorney General designates, concerning all activities under this AOD.

Reform of Governing Body

30. The Principal Respondents shall form a new governing body for each Subject Nursing Home that is legally responsible for the overall management and operation of the facility, as required by 10 NYCRR § 415.26(b) (the "Governing Body"), within thirty (30) days of the Effective Date, or after receiving approval from DOH and/or the Public Health and Health Planning Council ("PHHPC"), as required by 10 NYCRR §§ 401.3(b) and 415, if such approval is required. The Governing Body will be comprised of five (5) members who are qualified individuals under 10 NYCRR §§ 415.2 and 600.9.

31. The Governing Body shall adopt by-laws at their first meeting, which will take place no later than sixty (60) days from the Effective Date. Such by-laws are subject to the approval of the Attorney General and DOH.

32. The Governing Body shall meet in formal session at least quarterly during the term of this AOD. Minutes of the meetings of the Governing Body shall be taken and shall include all of the recommendations made by the IHM, discussion of such recommendations, and the resolutions reflecting approval of the recommendations made by the IHM, and any objections thereto, including any reasons stated. The minutes shall be provided to the Attorney General after ratification by the Governing Body or within thirty-five (35) days of each meeting, whichever time period is shorter. The IHM shall not be deemed a Director or Member of the entity licensed pursuant to Article 28 of the Public Health Law. Unless invited to make a presentation to the Governing Body by an approved resolution of the Governing Body, counsel representing any member of the Governing Body shall not orally address the Governing Body or otherwise disrupt any ongoing board meeting. Violation of this provision shall result in the prohibition of said counsel and any lawyers from the same firm from attending, in any form, future board meetings of the Governing Body.

33. Nothing in this AOD shall limit the Governing Body's additional, rights, duties, and obligations under other applicable law, including but not limited to the requirement under 10 NYCRR § 415.27(b)(4), that a member of the Governing Body also be a member of the Subject Nursing Homes' Quality Assurance and Performance Improvement Committee.

HEALTHCARE COMPLIANCE REFORMS

Chief Compliance Officer

34. Within thirty (30) days of the Effective Date, Centers Health Care and Kenneth Rozenberg will appoint a Chief Compliance Officer who is responsible for ensuring an effective healthcare and regulatory compliance program at each Subject Nursing Home, who shall periodically report directly to the Governing Body.

35. The Chief Compliance Officer shall be a full-time, salaried employee who assists each Centers-Affiliated Nursing Home with its compliance obligations and whose primary duty shall be ensuring healthcare compliance at each Centers-Affiliated Nursing Home. The Chief Compliance Officer shall have a minimum of one of the following: (i) five (5) years of healthcare experience as a Skilled Nursing Facility Administrator; (ii) relevant experience that includes serving as a healthcare facility Compliance Officer; (iii) experience as an attorney whose practice focused primarily on the healthcare industry; (iv) experience as a Director of Nursing Services at a skilled nursing facility; or (v) equivalent relevant experience, as determined by the IHM. Centers Health Care and Kenneth Rozenberg shall consult with the IHM before selecting a Chief Compliance Officer. Any such Chief Compliance Officer shall not be an excluded person under federal and state healthcare programs nor previously subject to any healthcare administrative suspension or sanction in any jurisdiction. Under no circumstances will the Chief Compliance Officer be related by birth or marriage to any of the individual Respondents or hold or acquire any ownership interest in any business enterprise related in any manner to Respondents.

36. The Chief Compliance Officer will maintain a robust compliance program designed to ensure that: a) the improvements as required by the IHM recommendations are fully implemented at the Subject Nursing Homes subject to Paragraphs 8 to 29; b) that each Centers-Affiliated Nursing Home complies with the PHL, Social Services Law § 363-d, and the corresponding rules and regulations thereunder to avoid violation of healthcare requirements; and c) that each Centers-Affiliated Nursing Home complies with the Social Security Act and related regulations, and the rules and regulations of the Medicaid Program, as well as other state and federal laws, to avoid violation of the requirements for appropriate claims to government insurance programs.

Facility Compliance Officer

37. Respondents shall ensure that each of the Subject Nursing Homes hires a full-time Facility Compliance Officer to coordinate with the Chief Compliance Officer to develop an effective compliance program at each of the Subject Nursing Homes, as required by 18 NYCRR § 521-1.4(b)(1) and NY Social Services Law § 363-D, and to ensure compliance with all state and federal rules, regulations, and statutes; DOH Guidance; and the Terms of this AOD.

Section II:

FINANCIAL REFORMS

Independent Financial Monitor

38. The Principal Respondents have retained Robert H. Silbering of T&M, USA, LLC an Independent Financial Monitor (the “IFM”), who has expertise in financial fraud investigations and nursing home financial monitoring, to perform independent financial monitoring duties pursuant to the Court Order dated July 27, 2023. The IFM will verify and audit transfers of funds from the Subject Nursing Homes to any Related Party, and prepare audited financial reports for each of the Subject Nursing Homes on a quarterly basis. The IFM will provide the audited financial reports for each of the Subject Nursing Homes to the Attorney General within thirty (30) days of their completion.

39. The term of engagement of the IFM (“IFM Term”) shall be, at a minimum, the term of this AOD, subject to extensions contemplated in Paragraphs 62 and 83 and any tolling under Paragraphs 41 to 44.

40. The Principal Respondents and the Attorney General agree that Robert H. Silbering of T&M, USA, LLC is qualified to continue serving as the IFM and shall serve as the IFM pursuant

to this AOD. The Principal Respondents and the Subject Nursing Homes shall promptly retain Robert H. Silbering of T&M, USA, LLC to execute the duties of the IFM under this AOD.

41. If, during the IFM Term, the IFM becomes unable to perform the obligations as set out herein, or if the Attorney General, in its sole discretion, determines that the IFM cannot fulfill such obligations to the Attorney General's satisfaction, which determination and the basis therefore shall be set forth in writing and provided to the Principal Respondents, the Attorney General shall notify the Principal Respondents to discharge and replace the IFM in accordance with the provisions set forth in Paragraphs 42 through 44 below.

42. No later than 15 calendar days from the date upon which the IFM becomes unable to perform the obligations set forth herein, Principal Respondents shall propose to MFCU a pool of at least three qualified candidates to serve as the replacement IFM (the "Replacement IFM"). The Replacement IFM candidates or their team members shall have, at a minimum, the following qualifications:

- Ability to access and deploy resources as necessary to discharge the IFM's duties, as described in this section, including through agency and employees; and
- Sufficient independence from Respondents, other nursing home operators, and nursing home industry and trade groups, to ensure effective and impartial performance of the IFM's duties as described in this section.

43. The Replacement IFM may be a professional firm, and the Attorney General's power of approval shall extend to each employee designated by such firm for assignment to the engagement.

44. If the Attorney General determines, in its sole discretion, that Respondents' delay in proposing qualified Replacement IFM candidates or retaining a proposed Replacement IFM

candidate approved by the Attorney General is negatively impacting implementation of this AOD, the Attorney General shall appoint a candidate of the Attorney General's choosing as IFM, and within seven business days' notice of the appointment, Respondents shall enter into a contract with the Replacement IFM and shall promptly pay for the services of that Replacement IFM for the duration of the monitorship. During the time that an approved Replacement IFM is not in place, the term of the IFM under this AOD and the AOD itself shall be tolled.

45. The IFM will issue reports directly to the Attorney General, with a copy to the Principal Respondents, and the activity of the IFM shall not be directed by any of the Parties hereto.

46. The IFM will be retained in order to verify Respondents' compliance with all terms of this AOD that bear, in any respect, on the financial condition of the Subject Nursing Homes, the requirements under this AOD, and the legal duties of the Subject Nursing Homes to comply with all applicable laws regarding reporting and recording of all assets transferred from, and all obligations and encumbrances assumed by, the Subject Nursing Homes, through any disclosed or undisclosed related party transaction, salary, distribution, loan, or other transfer from or to any Subject Nursing Home, including but not limited to:

- a. Expenditures required or prohibited by any Respondent under this AOD, including but not limited to expenditures under the Resident Care Fund, as defined in Paragraph 55;
- b. Availability of funds to carry out any transaction required by this AOD, including but not limited to expenditures under the Resident Care Fund, as defined in Paragraph 55;
- c. Compliance with the financial reform-related requirements of this AOD.

47. Respondents will give the IFM all authority necessary to immediately and directly access and reproduce in any form (but not edit or modify) all information concerning the Subject Nursing Homes, including but not limited to, direct electronic access to all banking accounts on an equal basis to any account holder or agent thereof, and all systems maintained by respondents in connection with the financial transactions of the Subject Nursing Homes.

48. No less frequently than on a monthly basis, the Principal Respondents and the Operating Company Respondents shall provide the IFM with unconditional (1) access to the following financial records of, or for, the Subject Nursing Homes: (a) cash disbursement and cash receipt journals; (b) general ledger; and (c) sales and purchase journals; and (2) a list of each individual or entity named on the records described in part (1) of this Paragraph that is a Related Party; and (d) any of the books and records of the Subject Nursing Homes and Related Parties, as well as access to any accountant or accounting firm for the Subject Nursing Homes, which in the IFM's sole discretion, is necessary to carry out the IFM's requirements under the AOD.

49. The IFM will receive and review copies of all bank records for the subject nursing homes on any schedule that the IFM determines necessary to carry out its functions.

50. Consistent with Paragraph 15 of the court order dated July 27, 2023 ("the IFM Order"), Principal Respondents and Operating Company Respondents shall provide the IFM, upon request, supporting documentation regarding any transaction between any of the Subject Nursing Homes and any Related Party, including but not limited to invoices, contracts, and evidence of goods or services provided. The Principal Respondents and Operating Company Respondents shall comply with any such requests within five (5) business days.

51. Consistent with Paragraph 16 of the IFM Order, Principal Respondents and Operating Company Respondents shall provide the IFM, upon request, access to individuals with

knowledge about any specified transaction between any of the Subject Nursing Homes and any Related Party. The IFM shall specify the transaction or transactions about which the IFM is seeking information. The Principal Respondents and Operating Company Respondents shall comply with such requests within give (5) business days.

52. The IFM shall respond to any reasonable requests for additional information from the Attorney General.

53. Principal Respondents and Operating Company Respondents shall cause their employees and agents to promptly comply with instruction from the IFM on the same time frame as said employees and agents could carry out the request if made by Respondents. Any objection to such instruction shall be memorialized and conveyed to the IFM and the Attorney General and will be subject to review and correction in the ordinary course of business of the IFM and the Attorney General. Respondents' objection to any instruction by the IFM shall not be grounds for failure to carry out the instruction absent a determination of good cause by the Attorney General and/or the IFM.

Section III:

MONETARY RELIEF AND REFORMS

Payments Relating to Restitution and Resident Care

54. The Principal Respondents shall pay the sum of Eight Million Seven Hundred and Fifty dollars (\$8,750,000.00) (the "Restitution Funds"), representing repayment of money paid by the State of New York and CMS for the state and federal shares of Medicaid claims and Medicare claims submitted by Subject Nursing Homes in satisfaction of the Attorney General's civil claims arising from the Covered Conduct. Such payment shall be made within ten business days of the Effective Date of this AOD, by wire transfer to MFCU.

Resident Care Fund

55. Within ten (10) business days of the Effective Date, the Principal Respondents shall establish a fund to be used exclusively for the benefit of the residents of the Subject Nursing Homes (the “Resident Care Fund”) that shall be utilized to fund all IHM recommended improvements in care, subject to Paragraphs 8 through 29. All transfers from the Resident Care Fund, as well as expenditures made using funds therefrom, are subject to approval by the IFM. For the avoidance of doubt, the IFM shall promptly approve all expenditures recommended by the IHM, unless the IFM determines that such an expenditure constitutes a potential or actual violation of this AOD based on the IFM’s exercise of financial review duties under the AOD. In such case, the IFM shall promptly confer with the IHM to reach a resolution that complies with this AOD which Respondents shall promptly implement. The Resident Care Fund shall be established at a financial institution licensed in the State of New York, subject to the approval by the Attorney General. The Resident Care Fund shall be funded by Respondents in the amount of at least \$35,000,000, subject to a maximum cap notwithstanding anything else to the contrary of \$36,000,000 (“Resident Care Fund Cap”). Absent consent of the IFM, Attorney General, and Principal Respondents, the Resident Care Fund shall not be used for capital improvements.

56. Proof of payment made by Principal Respondents into the Subject Nursing Homes’ Resident Care Fund shall be provided to the Attorney General within one business day of payment thereof.

57. The Subject Nursing Homes’ Resident Care Fund shall be funded upon an initial payment of Eleven Million Dollars (\$11,000,000) within ten (10) business days of the Effective Date.

58. The Subject Nursing Homes' Resident Care Fund shall be further funded with the Twenty Four Million Dollars and Zero Cents (\$24,000,000), in twelve monthly installments of Two Million Dollars and Zero Cents (\$2,000,000), deposited as the 10th of each calendar month is 2025 (starting January 10, 2025, and ending on December 10, 2025).

59. Additional funding in increments of One Million Dollars and Zero Cents (\$1,000,000.00) shall be funded to replenish the Resident Care Fund should it have a balance under Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) subject to a total Resident Care Fund Cap of \$36,000,000. Any such payment shall be made within ten (10) business days of Respondents being notified that the Resident Care Fund has a balance under Five Hundred Thousand Dollars and Zero Cents (\$500,000.00). In the event that Respondents' funding of the Resident Care Fund reaches the Resident Care Fund Cap of \$36,000,000, Respondents shall notify the Attorney General and the IFM in writing, such that the IFM can independently verify same. Once the IFM verifies such, the IFM shall notify Respondents and the Attorney General that the Resident Care Fund cap has been reached, and the Attorney General shall notify Respondents in writing that they are relieved of any further payment obligations under Paragraphs 55-59 above.

60. The parties expect that the funds in the Resident Care Fund will be completely expended during the term of this AOD, in accordance with its provisions. Under no circumstance can Respondents withdraw funds from the Resident Care Fund except as contemplated by the provisions of this AOD.

61. The parties expect that the funds in the Resident Care Fund will be completely expended during the term of the AOD, in accordance with its provisions. However, should funds remain in the Resident Care Fund at the end of the term of the AOD (the "Remaining Funds"), Respondents agree that any such Remaining Funds shall be used for the benefit of the Subject

Nursing Home residents in a manner consistent with the recommendations of the IHM during the Term of the AOD. Such purposes shall include, but not be limited to, enhanced staffing, enhanced compensation for direct care staff, quality of care improvements, improved infection control mechanisms, improved compliance functions and improved employee compensation and benefits.

62. Should there be Remaining Funds in the Resident Care Fund at the end of the AOD term, Respondents further agree to extend the term of the IFM for as long as there is a balance in the Resident Care Fund (“RCF Extended IFM Term”). For the avoidance of doubt, in the event of an RCF Extended IFM Term, said extension shall have no bearing on the expiration of the term of the AOD. During any such RCF Extended IFM Term, the IFM’s responsibilities would be limited to (a) reviewing all proposed transfers from the Resident Care Fund, and (b) after reviewing all IHM’s Reports, including but not limited to the Final Report as defined in Paragraph 28, as a basis for understanding appropriate Resident Care Fund expenditures, and considering any communications with the IHM, approving only those transfers consistent with and appropriate under the IHM’s recommendations. During any such RCF Extended IFM Term, absent consent of the IFM, Attorney General, and Principal Respondents, the Resident Care Fund shall not be used for capital improvements.

63. When the Remaining Funds have been fully depleted and no monies remain in the Resident Care Fund, Respondents shall notify the Attorney General and the IFM in writing, such that the IFM can independently verify same. Upon depletion of the Remaining Funds, the RCF Extended IFM Term shall end.

64. Principal Respondents shall promptly pay the expenses of the monitors appointed hereunder within fifteen (15) days after submission by each monitor of a monthly invoice or such other demand as the respective monitors and the Principal Respondents agree. However, at no

point shall the payment of the monitors be drawn or otherwise derived from the funds or operating accounts of the Subject Nursing Homes, or the Resident Care Fund.

65. In the event that the IHM determines that additional funds are needed to implement necessary quality assurance reforms at the Subject Nursing Homes and specifies the basis of said determination, the funds required, and the supporting calculations regarding same, the Principal Respondents shall, subject to the Resident Care Fund Cap, make additional payments into the Resident Care Fund to fund such improvements, which will be subject to review and verification by the IHM.

66. All funds paid into the Resident Care Fund by Respondents, and/or transferred into the Subject Nursing Homes' Resident Care Fund at the direction of Respondents, are additional to and not in limitation of Respondents' obligation, as Medicaid providers, to provide appropriate, adequate, and timely care for the residents of its nursing homes regardless of cost. Accordingly, the Resident Care Fund shall be funded by the Principal Respondents but shall not be funded by the Principal Respondents with Medicaid or Medicare payments made to the Subject Nursing Homes or Medicaid or Medicare payments made to any other nursing home individually or partly owned by any of Respondents.

Correction of Cost Reports

67. Principal Respondents shall correct the cost reports filed with DOH for the Subject Nursing Homes, from 2018 forward, where applicable, by fully completing all required cost report schedules, by providing new certifications, where required, for said cost reports, and to submit, within ninety (90) days, such revised cost reports in their entirety to the Attorney General and DOH. Notwithstanding Paragraph 93, the New York State Office of the Medicaid Inspector General ("OMIG") retains the right to audit said corrected cost reports filed by or on behalf of the

Subject Nursing Homes and Kenneth Rozenberg and reserves all administrative remedies with respect to those filings.

68. If the Principal Respondents need additional time to complete the cost reports, they will request a reasonable extension from the Attorney General. The Attorney General will not unreasonably withhold consent for such extension.

69. No portion of the payments required under this AOD nor any related expense on the part of the Subject Nursing Homes shall be claimed as reimbursable costs under the Medicaid Program.

70. No portion of the payments required under this AOD nor any related expense shall be claimed on any government contract or rate application by Respondents unless such payment is mandated by the IHM and the IFM as a necessary and essential capital improvement to the facility.

71. Respondents are prohibited from making any withdrawals from the Resident Care Fund.

72. The Parties recognize that the Subject Nursing Homes need sufficient funds in order to operate in compliance with their many legal duties and obligations, and that the prompt removal and/or transfer of revenue from the facilities to the Related Entities prior to ensuring the residents receive requisite care is incompatible with meeting this need. Accordingly, the Principal Respondents agree not to cause any draws or distributions to be made from the Subject Nursing Homes, unless and until at the end of any calendar year: (1) the Subject Nursing Homes' revenue exceeds their expenses; (2) any such draw or distribution is limited to the amount that the Subject Nursing Homes' revenue exceeds its expenses, provided that there has been no finding by the Attorney General that Principal Respondents are in violation of the requirements of this AOD and

all applicable laws, rules, and regulations; and (3) the IFM approves of such draw and/or distribution after consultation with the IHM. Such draw or distribution shall never be taken if it exceeds any legally mandated cap.

73. The Principal Respondents commit that the Subject Nursing Homes shall make no payments to any Related Parties or any management or consulting entities with which the Subject Nursing Homes do business unless such payments are approved by the IFM pursuant to Paragraph 46. For purposes of this Paragraph, the IFM will only approve such transfers and distributions and encumbrances and other debts after ensuring compliance with all applicable laws, rules, and regulations and that: (1) the transfer of any funds, including those purportedly for rent, consulting, or management fee payments, to any Respondent-Owner, other owner, any Related Entities, any “existing or future related entities,” or any management or consulting entity is: (i) of an amount that is reasonable and/or reflects arms-length negotiation rather than self-dealing or collusion, (ii) for services or goods of sufficient quality and value (iii) for a legitimate business purpose and for the benefit of the Subject Nursing Homes’ residents; and that (2) the assumption of any debt or other obligation by the Subject Nursing Homes is: (i) of an amount that results from arms-length negotiation rather than self-dealing or collusion, (ii) for services or goods of sufficient quality and value, and (iii) for a legitimate business purpose and for the benefit of the Subject Nursing Homes’ residents.

74. Respondents shall not make donations, other charitable transfers, or loans from the Subject Nursing Homes during the term of this AOD.

75. Under no circumstances shall funding of the IHM or the IFM, or any related contractual or non-contractual litigation costs, be charged directly or indirectly to the Subject

Nursing Homes. Under no circumstances shall funding of the IHM or the IFM, or any litigation costs, be charged directly or indirectly to the Resident Care Fund.

Reimbursement of Costs of Investigation

76. Respondents, other than the Subject Nursing Homes, shall pay a sum of \$250,000 as reimbursement of the costs of investigation incurred by the Office of the Attorney General (hereinafter “Costs of Investigation”).

77. The Costs of Investigation shall be tendered to the Office of the Attorney General on or before forty-five (45) days from the Effective Date.

No Financial Impact on Other Healthcare Facilities

78. Under no circumstances shall Respondents cause, permit, or suffer the funding of any reform required by this AOD, including, but not limited to, the costs of the IHM or the IFM, increased staffing, healthcare compliance, or any related contractual or non-contractual litigation costs, to be charged directly or indirectly to any other nursing home in New York or elsewhere in the United States.

79. Under no circumstances shall Respondents cause, permit, or suffer any reform required by this AOD, including, but not limited to, the costs of the IHM or the IFM, increased staffing, healthcare compliance, or any contractual or non-contractual litigation costs, to cause reduction in the staffing level or quality of care to residents of any other nursing home owned, operated, managed, or controlled by any of Respondents in New York or elsewhere in the United States.

Section IV:

PROHIBITION AGAINST VIOLATING NEW YORK LAW AND THIS

ASSURANCE OF DISCONTINUANCE

80. In operating the Subject Nursing Homes and/or any other healthcare business, the Respondents shall not directly or indirectly, engage or attempt to engage in violations of the law, including, but not limited to, the New York State Penal Law, Executive Law §§ 63(12) and 63-c, the Social Services Law, the PHL, the State Finance Law and the rules and regulations governing New York nursing homes and the New York State Medicaid Program.

81. The Attorney General retains the right, under Executive Law § 63(15), to compel compliance with this AOD, including, without limitation, Respondents' obligations under Paragraph 27. Evidence of a material breach of this AOD shall constitute prima facie proof of violation of the applicable law in any civil action or proceeding thereafter commenced by the Attorney General. Should it be determined that a breach or other violation of this AOD by Respondents has occurred, said breaching party shall pay the Attorney General the cost, if any, of such determination and of enforcing this AOD, including without limitation, reasonable legal fees, expenses, and court costs, including those between the breaching party and the Attorney General.

Section V:

COOPERATION WITH IHM, IFM and THE ATTORNEY GENERAL

82. Respondents will fully cooperate with the IHM and IFM. Such cooperation will include but will not be limited to: i) providing the IHM or IFM with access to all books and records of Respondents as contemplated by the duties of the IHM or IFM [Paragraphs 8 through 29, and 38 through 53, respectively, above]; ii) providing the IHM and/or IFM with access to all employees, personal assistants, agents, or contractors of Respondents reasonably necessary for the IHM or IFM to carry out their respective responsibilities under this AOD at a convenient time, place and manner that the IHM or IFM shall direct, and instructing such persons that responding to all inquiries by the IHM or IFM related to the performance of his duties under this AOD is required by Respondents; iii) advising the IHM or IFM of any significant programmatic or policy changes at Respondents relating to compliance with or the IHM or IFM's responsibilities under this AOD prior to implementation of such changes. If the IHM or IFM should find that any action taken by Respondents may violate this AOD, the IHM or IFM will promptly advise Respondents and Attorney General in writing ("Violation Report"). In addition, the IHM and IFM will provide quarterly reports to Respondents and to the Attorney General that assess Respondents' compliance with this AOD ("Quarterly Reports") Together, the Violation Reports and the Quarterly Reports shall be referred to as "Reports." The Attorney General may require that the IHM or IFM clarify or expand on the matters addressed in such Reports, and that Respondents respond in writing, within five business days after written notice thereof pursuant to Paragraph 105, to the Attorney General and the IHM or IFM to any aspect of said Reports. The IHM or IFM and the Attorney General shall have access to copies of all Reports, and their underlying data, required to be prepared pursuant to this AOD. The IHM and/or IFM may communicate confidentially with the Attorney General.

83. If the Attorney General deems: (a) Respondents' responses to the Reports to be inadequate, and such inadequacy is not cured by Respondents within fifteen (15) days after written notice thereof pursuant to Paragraph 105; or (b) Respondents' conduct underlying any Report to be a material violation of the AOD, and such failure is not cured by Respondents within fifteen (15) days after written notice thereof pursuant to Paragraph 105; or (c) Respondents' conduct violates their obligations in Paragraph 84, then the Attorney General may elect to (i) require Respondents to extend the term of the IHM and/or IFM, and, therefore the AOD, for an additional period of up to one year for any such determination; (ii) rescind the AOD unilaterally, lift the stay on the Special Proceeding and/or refile the Special Proceeding and return the parties to the *status quo ante*; or (iii) take any other action authorized by law to remedy the deficiencies identified by the Attorney General. Respondents acknowledge that no alleged "staffing shortages", "industry standard" practices, or ongoing COVID-19 pandemic or new pandemic or other infectious disease emergencies shall constitute any objection to extension of this AOD, or any reason for its modification in any way. Notwithstanding Paragraphs 93 and 94, OMIG retains the right and discretion to seek exclusion of Respondents based on the Covered Conduct if the Attorney General deems any of Respondents have materially failed to comply with the AOD and the noncompliance is not cured within fifteen days after the Attorney General sends notice thereof pursuant to Paragraph 105. If the Attorney General elects to rescind the AOD and lift the stay on or refile the Special Proceeding, Respondents agree not to plead, argue or raise any defenses under the theories of statutes of limitation, laches or estoppel or similar theories to any Civil Claims relating to the Covered Conduct except to the extent that such defenses were available as of the date of the commencement of the Special Proceeding.

84. Respondents shall fully and promptly cooperate with the Attorney General with respect to any investigation by the Attorney General, and related proceedings and actions, of any person or entity, including but not limited to any Respondents' current and former employees. This includes, without limitation, Respondents using its best efforts to ensure that its officers, directors, employees, and agents fully and promptly cooperate with any such investigation and related proceedings and actions. Cooperation shall include, without limitation: (a) production, by Respondents and their agents voluntarily and without service of subpoena, pursuant to 10 NYCRR § 415.30 and 18 NYCRR § 504.3, of any information and all documents, including but not limited to surveillance camera video footage, and other tangible evidence requested by the Attorney General (except where prohibited by statute), and any compilations or summaries of information or data that the Attorney General requests be prepared; (b) without the necessity of a subpoena, directing any Respondent's officers, directors, employees and agents to attend any proceedings at which the presence of any such persons is requested by the Attorney General and directing such persons to answer any and all inquiries that may be put by the Attorney General to any of them at any proceedings or otherwise ("proceedings" include, but are not limited to, any meetings, interviews, depositions, hearings, grand jury session, trial or other proceedings); (c) promptly, fully, fairly and truthfully disclosing all information and producing all records, including but not limited to surveillance camera video footage, and other evidence in its possession relevant to all inquiries made by the Attorney General concerning any fraudulent or criminal conduct whatsoever about which it has any knowledge or information; and (d) Respondents shall not jeopardize the safety of any investigator or the confidentiality of any aspect of the MFCU Investigation, or any other investigation by the Attorney General, including sharing or disclosing evidence, documents, or other information with others during the course of the investigation, without the consent of the

Attorney General. Nothing herein shall prevent Respondents from providing information to other government agencies or as otherwise required by law. Nothing set forth above shall require Respondents or any officer, director, employee or agent to provide information which is subject to the attorney client or work product privileges. Any notice pursuant to this paragraph shall be provided to Paragraph 105.

85. If Respondents violate the requirements of Paragraph 84 above in any material respect, as determined solely by the Attorney General, the Attorney General may pursue any action, criminal, civil or administrative, against any person or entity for any crime or other violation of law that it has committed, as authorized by law, without limitation. As to any criminal prosecution brought by the Attorney General for violation of law committed within five (5) years prior to the date of this AOD or for any violation of law committed on or after the date of this AOD, or the pendency of this AOD, Respondents hereby waives any claim that such prosecution is time-barred on grounds of speedy trial, pre-indictment delay, speedy arraignment or any statute of limitations. The exercise of any individual's constitutional rights shall not be deemed a failure by Respondents to cooperate in violation of this AOD.

86. For the term of this AOD, Respondents shall maintain custody of, or make arrangements to have maintained, all documents and records of Respondents related to the Covered Conduct.

Section VI

LIMITATIONS ON CHANGES IN OPERATION OF THE SUBJECT NURSING HOMES

87. Except as expressly set forth herein, the Principal Respondents and Operating Company Respondents will operate the Subject Nursing Homes as a skilled nursing facilities and Kenneth Rozenberg will retain an ownership interest in the Subject Nursing Homes until the

expiration of this AOD. Any proposed new operators as set forth in any Certificate of Need shall confirm acceptance of this AOD on behalf of the proposed new licensed entity in a writing acceptable to the Attorney General. During the term of this AOD, including any extended term pursuant to Paragraphs 4 through 6, 20, 62 or 83, the Principal Respondents and Operating Company Respondents shall not file, nor cause to be filed, any application or plan to close any of the Subject Nursing Homes, nor cause or suffer to be caused, any act or series of acts or omissions to act that would close the Subject Nursing Homes or lead to its closure due to financial distress or financial expenditure, decline in patient census, reduction in services, loss of licensure or certifications, or deterioration of physical plant. Respondents agree that, in the event that the transfer of any ownership interest of more than five percent (5%) in any Subject Nursing Home is contemplated by Respondents, whether initiated by Respondents or any other person, engaged in by any owner, officer, Administrator, or financial employee of Respondents, said proposed transferring owner shall provide Ninety (90) days' notice in writing to DOH. Said time period shall be independent of any other obligation under nursing home regulations as to changes of ownership and this obligation shall not supersede or replace any other notice required by law or regulation. Respondents shall not offer, accept, propose or market any of the Subject Nursing Homes for sale, or transfer ownership interest therein, nor suffer any person to do the same, without causing and requiring such terms of sale or transfer to include in writing adoption and continuation of all obligations under the AOD to the proposed buyer or transferee, including without limitation Paragraph 72. During the Term of the AOD, and the two-year period during which Respondents have agreed to maintain staffing levels recommended by the IHM pursuant to Paragraph 27, any such proposed sale or transfer shall be subject to the approval of the Attorney General, and, as required by law, DOH and, as applicable, PHHPC.

88. Any notice required to be provided pursuant to Paragraph 87 shall include, to the extent known by the Centers Healthcare Respondents Parties, the names of all business entities, related individuals, and the full terms of such transactions.

Section V:

FORBEARANCES AND RELIEF

89. The Effective Date of this AOD shall be the date that the last signatory executes this AOD. The term of this AOD shall be three years from the date upon which the IHM and IFM have commenced their duties under this AOD, subject to extensions contemplated in Paragraphs 4 through 6, 20, 62 and 83.

90. In consideration of the State entering into this AOD, Respondents release and forever discharge the State, including but not limited to, MFCU, DOH, and OMIG and any past or present employee or agent of the State, from any and all claims, debts, sums of money, contracts, agreements, damages, and liability of any kind or nature whatsoever, in law or in equity, which Respondents have had as of the date of this AOD arising out of the MFCU Investigation, the New York County Special Proceeding, and any investigation of the Subject Nursing Homes by any party hereto up to and including the Execution Date of this AOD or the court proceedings referred to in Paragraph 99(c) and (d).

91. Respondents neither admit nor deny the Attorney General's Findings of Fact, but in the interests of resolving the MFCU Investigation, agree to the remedies and relief set forth in this AOD. Respondents agree that none of the remedies set forth herein violate any statutory or constitutional right of Respondents. The Parties agree that the Attorney General's Findings of Fact and the Covered Conduct are admissible only in a proceeding by the Attorney General to enforce this AOD and/or to enforce any violation of the law.

92. Subject to the exceptions set forth in Paragraphs 94 and 97, and conditioned upon Respondents' full compliance with, and successful completion of, all terms and conditions of this AOD, including for the duration of any extended term, the State releases Respondents, from any and all civil monetary causes of action that the State has for the Covered Conduct under Executive Law §§ 63(12) and 63-c; New York Social Services Law § 145-b; the New York False Claims Act (New York State Finance Law §§ 187 *et seq.*); and/or sanctions or penalties under the Public Health Law and/or provisions of Titles 10 and 18 of the New York Codes, Rules and Regulations, or the common law or equitable theories of payment by mistake, disgorgement, unjust enrichment, and breach of contract. Subject to Respondents' successful completion of all terms of this AOD, including for the duration of any extended term, the Attorney General will not prosecute Respondents for any crime arising from the Covered Conduct.

93. Subject to the exceptions set forth in Paragraphs 83 and 97 and upon Respondents' successful completion of all other terms of this AOD, including for the duration of any extended term, the NYS Department of Health ("DOH") and the Office of the Medical Inspector General ("OMIG") will not impose, based on the Covered Conduct, any:

- a. Administrative Financial Penalty;
- b. Administrative Compliance Obligation; or
- c. Exclusion from the New York State Medicaid Program.

94. Subject to the exceptions set forth in Paragraphs 83 and 97 and Respondents' full compliance with the terms of this AOD, DOH, the State Office for the Aging, and OMIG will not recommend, based on the Covered Conduct, any exclusion from the Medicare Program or any other federal or state health care financing or delivery program.

95. The Parties agree that the fact of entry by Respondents into this AOD shall not, by itself, be construed by the Attorney General and New York State Office for the Aging (“NYSOFA”), and/or DOH against Respondents during DOH’s review and recommendation of any Certificate of Need (“CON”) or other application. Nothing in this paragraph shall preclude consideration of the Covered Conduct underlying the AOD, or subsequent compliance with the AOD, during DOH’s and NYSOFA’s review and recommendation of any CON or other application.

96. Respondents acknowledge that certain licensing applications require approval by the PHHPC, and neither the Attorney General, New York State’s Office for the Aging, nor DOH can require PHHPC to approve such applications.

97. Notwithstanding any term of this AOD, the State does not release any person or entity from any of the following liabilities:

- a. Any civil, criminal, or administrative liability arising under state tax laws;
- b. Any federal administrative liability, including mandatory or permissive exclusion from the Medicaid and/or Medicare Programs;
- c. Any state administrative liability for overpayments from rate audits for cost reports;
- d. Any state administrative liability for violations of PHL § 2895-b and PHL § 2828;
- e. Any state sanction for any Board of Examiners of Nursing Home Administrators (BENHA) action regarding any Nursing Home Administrator License of any Respondent;

f. Any liability to the State of New York (or its agencies) for any conduct other than the Covered Conduct; and

g. Any liability based on the obligations set forth in this AOD.

98. Nothing in this AOD shall relieve Respondents' obligations as imposed by any applicable State or federal law, regulation, or other applicable law.

99. Upon execution of the AOD, the Parties shall promptly: (a) file a stipulation with the Court seeking a stay for the term of this AOD including any injunctive relief ordered by the court, or, in the alternative, to discontinue the Special Proceeding, filed under Index No. 451549/2023 without prejudice and without costs, penalties, or fees, except as provided in this AOD, pursuant to a court order in which the court retains jurisdiction for purposes of enforcing the AOD; (b) promptly withdraw without prejudice any and all notices of appeal and/or applications for a stay filed with respect to any decision and/or order issued in the Special Proceeding under Index No. 451549/2023; (c) promptly file a stipulation of discontinuance with prejudice of the Article 78 proceeding originally filed in New York, New York County, under with Index No. 650953/2024 by Abraham Operations Associates LLC d/b/a Beth Abraham Center for Rehabilitation and Nursing; Delaware Operations Associates LLC d/b/a Buffalo Center for Rehabilitation and Nursing; Hollis Operating Co., LLC d/b/a Holliswood Center for Rehabilitation and Healthcare; Schnur Operations Associates LLC d/b/a Martine Center for Rehabilitation and Nursing; Light Operational Holdings Associates LLC; Centers for Care LLC d/b/a Centers for Health Care; and Kenneth Rozenberg and currently pending in New York Supreme Court, Albany County, under Index No. 905566/2024, without costs, penalties, or fees; and (d) file a stipulation with the Supreme Court Kings County, under Index No. 507319/2024, in which Brooklyn Center for Rehabilitation and Residential Health Care withdraws with prejudice and without costs,

penalties, or fees, its motion to quash the Attorney General's Executive Law 63(12) subpoena and its opposition to the Attorney General's cross-motion to compel. To the extent the parties seek and obtain a stay, as contemplated in subsection (a) of this paragraph, upon the conclusion of the term of this AOD, the parties shall submit a stipulation to the Court lifting the stay and discontinuing the Special Proceeding.

Persons Not Parties to This AOD

100. This AOD shall not confer any rights upon any persons or entities other than the State, the Attorney General, DOH, OMIG, and Respondents. Nothing in this AOD shall be deemed or interpreted to create any third-party beneficiaries or third-party rights of action, or confer any rights to any third parties to enforce the terms of this AOD.

101. Nothing in this AOD shall be construed as limiting the rights or authority of MFCU, DOH, OMIG, or any other state agency to engage in any and all activities to which they are legally entitled.

102. Because MFCU deems this AOD to be in the best interests of the current and future residents of the Subject Nursing homes and serves Medicaid program integrity, provided Respondents are in full compliance with the terms of this AOD, MFCU agrees to use its best efforts to encourage DOH, OMIG, the United States Department of Health and Human Services Office of the Inspector General, and CMS to refrain from excluding, based on the Covered Conduct, the Subject Nursing Homes as federal healthcare program providers.

103. The Principal Respondents represent that they can bind the Subject Nursing Homes to all acts required under this AOD.

104. This AOD is binding upon all Parties and upon the assigns, heirs, transferees, purchasers, and any successors-in-interest of Respondents.

Section VI:

NOTICE, TERM OF ASSURANCE OF DISCONTINUANCE, AND

OTHER PROVISIONS

105. Respondents agree that service upon their counsel will be deemed good and sufficient service for purposes of notice and/or the commencement by the Attorney General of any future proceeding in connection with this AOD. Respondents agree to notify the Attorney General of any change in counsel or designated agent for service of process immediately. Any notices pursuant to this AOD shall be in writing and shall, unless expressly provided otherwise herein, be given by hand delivery or express courier, with a simultaneous delivery by electronic mail, at the addresses designated below:

IF TO THE ATTORNEY GENERAL:

New York State Attorney General
Medicaid Fraud Control Unit
Attn: Amy Held, Director
Medicaid Fraud Control Unit
28 Liberty Street
New York, New York 10005
Tel.: 212-417-5250
Email: MFCUNotices@ag.ny.gov

IF TO RESPONDENTS:

Motty Shulman
Centricity Law PLLC
442 Fifth Avenue
Suite 2352
New York, NY 10018
Tel: 646-580-1230
Email: ms@centricitylegal.com

106. In any proceeding or action relating to this AOD, email transmission of a copy of any papers to the persons set forth herein in Paragraph 105, with email confirmation of receipt, shall be deemed good and sufficient service on Respondents.

107. Each Respondent will notify MFCU of any change of such Respondent's residence and business addresses within ten (10) days of such change. Any notice to the Attorney General under this AOD, including any determination subject to approval by the Attorney General, shall be given with sufficient time, in the Attorney General's discretion, to exercise review and consideration of the determination to be made. In no event shall the Attorney General's silence on an issue requiring the Attorney General's consent be deemed consent, waiver, or approval. Notwithstanding the foregoing, the Attorney General shall not unreasonably delay review of the application for any such consent, waiver, or approval.

Explicit Conditions Precedent to Performance by the State

108. Respondents' obligations under this AOD are explicit conditions precedent to the administrative forbearances and relief granted by the Attorney General, DOH, and OMIG in Paragraphs 92, 93, 94 and 95, which are subject to Paragraph 97 above, and, in the event Respondents violate such conditions, the Attorney General, DOH, and OMIG shall be relieved of the obligations set forth in Paragraphs 92, 93, 94, 95 and 102, and may pursue all civil, criminal, and administrative remedies otherwise available under the law. Specifically, with respect to the Attorney General's civil claims based on the Covered Conduct described generally herein, and related conduct comprising details regarding the Covered Conduct, Respondents expressly agree, on behalf of themselves, their employees, representatives, assigns, and agents, including the Landlord Entities, the Minority Operating Company Owners and the Minority Landlord Owners, such civil claims are tolled and agree not to assert as a defense to any such civil claims any statute of limitations defense

that did not exist as of the Effective Date of this AOD. Nothing herein shall be deemed an admission by Respondents that such claim is valid or that the Attorney General, DOH, or OMIG is entitled to any such remedy. Notwithstanding such violations and action by the Attorney General, DOH, or OMIG, Respondents' obligations hereunder shall remain in full force and effect.

No Relief in Bankruptcy

109. Respondents shall not file, nor suffer any person to file, a proceeding in bankruptcy that would avoid any Respondent's obligations hereunder.

- a) Respondents' obligations under this AOD may not be avoided pursuant to 11 U.S.C. § 547, and Respondents shall not argue or otherwise take the position in any such case, proceeding, or action that (i) Respondents' obligations under this AOD may be avoided under 11 U.S.C. § 547; (ii) any Respondent or business entity controlled by Respondents was insolvent at the time this AOD was entered into, or became insolvent as a result of the payments made to the State; or (iii) the mutual promises, covenants and obligations set forth in this AOD do not constitute a contemporaneous exchange for new value given to Respondents.
- b) If any of Respondents' obligations hereunder are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the State, at its sole option, may initiate a proceeding against Respondents for the monetary and/or injunctive claims that would otherwise be covered by the releases provided in Paragraphs 92, 93, 94 and 95 above. Respondents agrees that (i) any such claims, actions, or proceedings brought by the State are not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the action, case, or proceedings described in the first clause of this

Paragraph, and Respondents shall not argue or otherwise contend that the State's claims, actions, or proceedings are subject to an automatic stay; (ii) Respondents shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claims, actions, or proceedings that are brought by the State within sixty (60) calendar days of written notification to Respondents that the releases have been rescinded pursuant to this AOD, except to the extent such defenses were available on the Effective Date of this AOD; and (iii) the State has a valid claim against Respondents in the amounts set forth in Section II, and the State may pursue its claim in the case, action or proceeding referenced in the first clause of this Paragraph, as well as any other case, action or proceeding, including but not limited to by filing a claim in any bankruptcy proceeding.

110. This AOD shall be governed by, and construed in accordance with, the laws of the State of New York without regard to choice of law or conflict of laws principles.

111. Any action by the Attorney General to enforce the terms of this AOD and any action of Respondents in relation to this AOD shall be brought in the Commercial Division of the Supreme Court, New York County (the "Court"), pursuant to Paragraphs 81 and 91. The Parties waive any objection that any of them may now have or hereafter may have to this venue, and waive any objections based on personal jurisdiction, whether concerning this AOD or for any related suit, action, or proceeding, and irrevocably consent to the jurisdiction of the Court and shall accept and acknowledge service upon a designated agent in any such suit, action, or proceeding.

112. Respondents consent to the designation of the following attorney as their agent for service of process in any proceeding to enforce this AOD. Such agent may not be changed or

revoked except by a written amendment executed by the Attorney General. The designated agents for service of process are those provided in Paragraph 105.

113. Any omission or determination by the Attorney General, DOH, OMIG, or any agency of the State of New York to excuse or fail to act to require the strict performance by Respondents of any of the provisions of this AOD shall not be deemed a waiver of any of the provisions hereof, and the State, DOH, and OMIG notwithstanding such lapse, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this AOD to be performed by Respondents.

114. This AOD contains the entire agreement and understanding of the Parties. There are no additional promises or terms of the AOD other than those contained herein. The terms or provisions of this AOD may not be changed, waived, modified, or varied in any manner whatsoever unless in a writing duly signed by all Parties.

115. The AOD may be executed in one or more counterparts, whether original, or by facsimile or portable document format (.pdf), each of which shall be deemed an original, and all executed counterparts shall be deemed to be one and the same instrument.

116. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this AOD.

117. Respondents will send the Attorney General inked signature pages, which shall be maintained by the Attorney General.

118. The AOD shall be deemed to have been mutually prepared by the Parties hereto and shall not be construed against any of them solely by reason of authorship.

119. Respondents acknowledge that they have entered this AOD freely and voluntarily and upon due deliberation with the advice of counsel. Respondents agree that the conduct found

by the MFCU Investigation exposed Respondents to substantial liability and that the forbearances and other terms granted by the State are valuable consideration for Respondents' payments and other obligations hereunder.

120. Respondents and their affiliates, officers, directors, agents, trustees, or employees agree not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any finding in the AOD or creating the impression that this AOD is without factual basis. Nothing in this Paragraph affects Respondents': (a) testimonial obligations, or (b) right to take legal or factual positions in defense of litigation or other legal proceedings to which the Attorney General, the Commissioner of Health, or OMIG are not a party.

121. The Attorney General may delegate any power or function hereunder to Deputy Attorneys General, Assistant Attorneys General, or other agents appointed pursuant to the Attorney General's authority and may delegate any right or oversight function to a different State agency or officer. Respondents may not transfer or delegate any duty or obligation without written consent of the Attorney General.

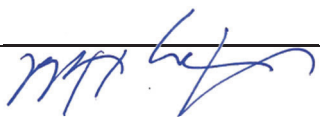
122. In the event that one or more of the provisions contained in this AOD shall for any reason be held invalid, illegal, or unenforceable in any respect, Respondents shall not assert that such invalidity, illegality, or unenforceability affect any other provision of this AOD.

123. This AOD shall remain effective notwithstanding the death or incapacity of any individual, or any appeal, collateral attack, or any challenge to any criminal conviction, plea, or sentencing of any individual, including, but not limited to, the reversal, modification, or dismissal of all or any portion of such conviction and sentence, or the conviction, plea or sentencing of any person. The undersigned represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

124. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which shall constitute one and the same AOD.

WHEREFORE, the Parties have read the foregoing AOD and accept and agree to the provisions contained herein and hereby have caused this AOD to be signed as of the day and date adjacent to their signature.

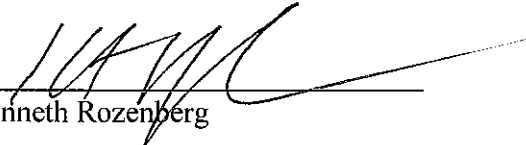
THE STATE OF NEW YORK

LETTIA JAMES
Attorney General of the State of New York
By: 

Amy Held
Director, Medicaid Fraud Control Unit

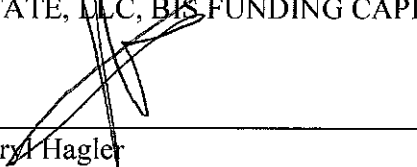
Dated: 11/14/24

KENNETH ROZENBERG, individually and on behalf of ABRAHAM OPERATIONS ASSOCIATES LLC d/b/a BETH ABRAHAM CENTER FOR REHABILITATION AND NURSING; DELAWARE OPERATIONS ASSOCIATES LLC d/b/a BUFFALO CENTER FOR REHABILITATION AND NURSING; HOLLIS OPERATING CO., LLC d/b/a HOLLISWOOD CENTER FOR REHABILITATION AND HEALTHCARE; SCHNUR OPERATIONS ASSOCIATES LLC d/b/a MARTINE CENTER FOR REHABILITATION AND NURSING; LIGHT OPERATIONAL HOLDINGS ASSOCIATES LLC; CENTERS FOR CARE LLC d/b/a CENTERS HEALTH CARE; SKILLED STAFFING LLC.

By: 
Kenneth Rozenberg

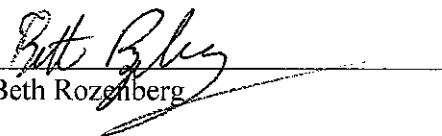
November 11, 2024
Dated: _____

DARYL HAGLER, individually and on behalf of LIGHT PROPERTY HOLDINGS ASSOCIATES LLC, DELAWARE REAL PROPERTY ASSOCIATES LLC, HOLLIS REAL ESTATE CO., LLC, LIGHT PROPERTY HOLDINGS II ASSOCIATES, LLC, CFSC DOWNSSTATE, LLC, BIS FUNDING CAPITAL LLC.

By: 
Daryl Hagler

November 11, 2024
Dated: _____

BETH ROZENBERG, individually

By: 
Beth Rozenberg

November 11, 2024
Dated: _____

JEFFREY SICKLICK, individually

By: _____
Jeffrey Sicklick

Dated: _____

LEO LERNER, individually

By: _____
Leo Lerner

Dated: _____

KENNETH ROZENBERG, individually and on behalf of ABRAHAM OPERATIONS ASSOCIATES LLC d/b/a BETH ABRAHAM CENTER FOR REHABILITATION AND NURSING; DELAWARE OPERATIONS ASSOCIATES LLC d/b/a BUFFALO CENTER FOR REHABILITATION AND NURSING; HOLLIS OPERATING CO., LLC d/b/a HOLLISWOOD CENTER FOR REHABILITATION AND HEALTHCARE; SCHNUR OPERATIONS ASSOCIATES LLC d/b/a MARTINE CENTER FOR REHABILITATION AND NURSING; LIGHT OPERATIONAL HOLDINGS ASSOCIATES LLC; CENTERS FOR CARE LLC d/b/a CENTERS HEALTH CARE; SKILLED STAFFING LLC.

By: _____
Kenneth Rozenberg

Dated: _____

DARYL HAGLER, individually and on behalf of LIGHT PROPERTY HOLDINGS ASSOCIATES LLC, DELAWARE REAL PROPERTY ASSOCIATES LLC, HOLLIS REAL ESTATE CO., LLC, LIGHT PROPERTY HOLDINGS II ASSOCIATES, LLC, CFSC DOWNSTATE, LLC, BIS FUNDING CAPITAL LLC.

By: _____
Daryl Hagler

Dated: _____

BETH ROZENBERG, individually

By: _____
Beth Rozenberg

Dated: _____

JEFFREY SICKLICK, individually

By: _____
Jeffrey Sicklick

November 12, 2024
Dated: _____

LEO LERNER, individually

By: _____
Leo Lerner

Dated: _____

KENNETH ROZENBERG, individually and on behalf of ABRAHAM OPERATIONS ASSOCIATES LLC d/b/a BETH ABRAHAM CENTER FOR REHABILITATION AND NURSING; DELAWARE OPERATIONS ASSOCIATES LLC d/b/a BUFFALO CENTER FOR REHABILITATION AND NURSING; HOLLIS OPERATING CO., LLC d/b/a HOLLISWOOD CENTER FOR REHABILITATION AND HEALTHCARE; SCHNUR OPERATIONS ASSOCIATES LLC d/b/a MARTINE CENTER FOR REHABILITATION AND NURSING; LIGHT OPERATIONAL HOLDINGS ASSOCIATES LLC; CENTERS FOR CARE LLC d/b/a CENTERS HEALTH CARE; SKILLED STAFFING LLC.

By: _____
Kenneth Rozenberg

Dated: _____

DARYL HAGLER, individually and on behalf of LIGHT PROPERTY HOLDINGS ASSOCIATES LLC, DELAWARE REAL PROPERTY ASSOCIATES LLC, HOLLIS REAL ESTATE CO., LLC, LIGHT PROPERTY HOLDINGS II ASSOCIATES, LLC, CFSC DOWNSTATE, LLC, BIS FUNDING CAPITAL LLC.

By: _____
Daryl Hagler

Dated: _____

BETH ROZENBERG, individually

By: _____
Beth Rozenberg

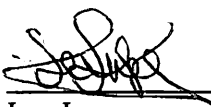
Dated: _____

JEFFREY SICKLICK, individually

By: _____
Jeffrey Sicklick

Dated: _____

LEO LERNER, individually

By:  _____
Leo Lerner

November 13, 2024

Dated: _____

REUVEN KAUFMAN, individually

By: _____
Reuven Kaufman

Dated: _____

AMIR ABRAMCHIK, individually

By: 
Amir Abramchik

November 11, 2024

Dated: _____

DAVID GREENBERG, individually

By: _____
David Greenberg

Dated: _____

ELLIOT KAHAN, individually

By: _____
Elliot Kahan


Dated: _____

SOL BLUMENFELD, individually

By: _____
Sol Blumenfeld

Dated: _____

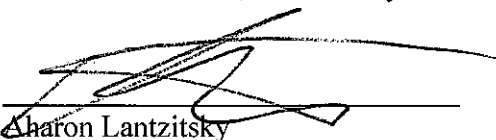
ARON GITTLESON, individually

By: 
Aron Gittleson

November 11, 2024

Dated: _____

AHARON LANTZITSKY, individually

By: 
Aharon Lantzitsky

November 11, 2024

Dated: _____

REUVEN KAUFMAN, individually

By: _____
Reuven Kaufman

Dated: _____

AMIR ABRAMCHIK, individually

By: _____
Amir Abramchik

Dated: _____

DAVID GREENBERG, individually

By:  _____
David Greenberg

November 12, 2024

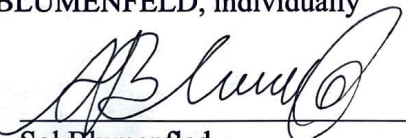
Dated: _____

ELLIOT KAHAN, individually

By: _____
Elliot Kahan

Dated: _____

SOL BLUMENFELD, individually

By:  _____
Sol Blumenfeld

November 12, 2024

Dated: _____

ARON GITTLESON, individually

By: _____
Aron Gittleson

Dated: _____

AHARON LANTZITSKY, individually

By: _____
Aharon Lantzitsky

Dated: _____

REUVEN KAUFMAN, individually

By: _____
Reuven Kaufman

Dated: _____

AMIR ABRAMCHIK, individually

By: _____
Amir Abramchik

Dated: _____

DAVID GREENBERG, individually

By: _____
David Greenberg

Dated: _____

ELLIOT KAHAN, individually

By:  _____
Elliot Kahan

Dated: 11/12/24

SOL BLUMENFELD, individually

By: _____
Sol Blumenfeld

Dated: _____

ARON GITTLESON, individually

By: _____
Aron Gittleson

Dated: _____

AHARON LANTZITSKY, individually

By: _____
Aharon Lantzitsky

Dated: _____

REUVEN KAUFMAN, individually

By: 
Reuven Kaufman

Dated: 11/12/2024

AMIR ABRAMCHIK, individually

By: _____
Amir Abramchik

Dated: _____

DAVID GREENBERG, individually

By: _____
David Greenberg

Dated: _____

ELLIOT KAHAN, individually

By: _____
Elliot Kahan

Dated: _____

SOL BLUMENFELD, individually

By: _____
Sol Blumenfeld

Dated: _____

ARON GITTLESON, individually

By: _____
Aron Gittleson

Dated: _____

AHARON LANTZITSKY, individually

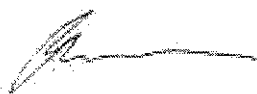
By: _____
Aharon Lantzitsky

Dated: _____

MORDECHAI "MOTT" HELLMAN, individually

November 14, 2024

By:



Mordechai "Moti" Hellman

Dated:

JONATHAN HAGLER, individually

By:

Jonathan Hagler

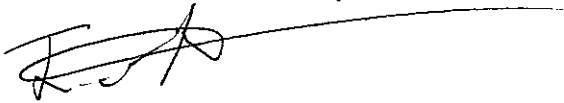
Dated:

MORDECHAI "MOTI" HELLMAN, individually

By: _____
Mordechai "Moti" Hellman

Dated: _____

JONATHAN HAGLER, individually

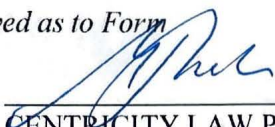
By:  _____
Jonathan Hagler

November 11, 2024

Dated: _____

Approved as to Form

By: _____


CENTRICITY LAW PLLC
Motty Shulman, Esq.
442 5th Avenue, Suite 2352
New York, New York 10018
(646) 580-1230

Dated: _____

Nov. 14, 2024

By: _____

HINMAN STRAUB
Sean Doolan, Esq.
121 State Street
Albany, New York 12207
(518) 436-0751

Dated: _____

Counsel for Respondents

Approved as to Form

By: _____

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Dated: _____

By: _____

HINMAN STRAUB
Sean Doolan, Esq.
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Albany, New York 12207
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Dated: 11-14-24

Counsel for Respondents