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The State of New Jersey, Department of Health

THE STATE OF NEW JERSEY, DEPARTMENT
OF HEALTH,

Plaintiff,

vs.

INNOVA GLOUCESTER DEPTFORD BRIDGE
OPERATIONS, LLC d/b/a DEPTFORD
CENTER FOR REHABILITATION AND
HEALTHCARE, INNOVA ATLANTIC WH
OPERATIONS, LLC d/b/a HAMMONTON
CENTER FOR REHABILITATION AND
HEALTHCARE, INNOVA MASTER LEASE
ASSOCIATES, LLC, GLOUCESTER LAND
HOLDING CO., LLC, ATLANTIC HEALTH
LAND HOLDINGS, LLC. KENNETH
ROZENBERG, BETH ROZENBERG, and
DARYL HAGLER,

Defendants.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION, MERCER COUNTY
DOCKET NO. MER-C-52-24

CIVIL ACTION

**ORDER APPOINTING RECEIVER AND
GRANTING APPLICATION FOR
INJUNCTIVE RELIEF**

THIS MATTER having been brought before the Court by Riker Danzig LLP, attorneys for plaintiff, The State of New Jersey, Department of Health (“DOH”), on its Verified Complaint and proposed Order to Show Cause for appointment of a receiver and for injunctive and other relief, pursuant to Rules 4:52-1 and 4:67-2, based on the facts and legal arguments set forth in the papers submitted in support of the application; and no opposition to the application

having been filed by defendants Innova Gloucester Deptford Bridge Operations, LLC d/b/a Deptford Center for Rehabilitation and Healthcare (“Deptford Center”), Innova Atlantic WH Operations, LLC d/b/a Hammonton Center for Rehabilitation and Healthcare (“Hammonton Center”) (Deptford Center and Hammonton Center collectively, the “Center LLCs”), Innova Master Lease Associates, LLC (“IMLA”), Gloucester Land Holding Co., LLC (“GLHC”), Atlantic Health Land Holdings, LLC (“AHLH”), Kenneth Rozenberg (“Kenneth”), Beth Rozenberg (“Beth”), and Daryl Hagler (“Hagler”) (Kenneth, Beth and Hagler collectively, the “Individual Defendants”) (all defendants collectively, the “Defendants”); and for good cause shown;

IT IS on this 17th day of June, 2024,

ORDERED as follows:

a. Allen Wilen of the Eisner Advisory Group, LLC shall be and hereby is appointed Receiver, and shall assume the role of administrator or manager of the long-term care facilities operated by the Center LLCs (the “Facilities”) and take control of all day-to-day operations of the Facilities, with the power and authority to:

- (1) Hire any professionals and consultants or to undertake any studies of the Facilities the Receiver deems appropriate, including, without limitation, the hiring of temporary management services;
- (2) Make any repairs and/or improvements as are necessary to ensure the safety of the Facilities’ residents and staff;
- (3) Hire and/or discharge any employees, including, without limitation, the administrator or manager, director of nursing, or medical director of the Facilities;

- (4) Receive and/or expend in a reasonable and prudent manner the revenues of the Facilities due on the date of the entry of this Order Appointing Receiver and to become due under such order, and keep and maintain accurate books and records of the Facilities on an accrual accounting basis;
- (5) Continue the business of the Facilities and the care of the residents of the Facilities in all aspects and in substantial compliance with all applicable State and Federal regulations;
- (6) Do all acts necessary or appropriate to conserve the property and promote the health, safety, and welfare of the residents of the Facilities, including, without limitation, (i) retention of employees critical to the provision of care to residents, (ii) protection of resident rights, including by maintaining access to their Personal Needs Accounts (“PNA”) and providing period statements of PNA activity, (iii) provision of notice regarding the receivership appointment to residents and employees on an initial and periodic basis, (iv) communication with vendors and stakeholders on a periodic basis, (v) execution, modification or termination of contracts on behalf of the Center LLCs and/or the Facilities, including, without limitation their leases and vendor agreements, (vi) validation of the accuracy of reported assets, (vii) assessment of liquidity and overall billing and collections procedure, including by insuring that all residents’ Medicaid

funds are properly applied towards patient care, and (viii) payment and maintenance of employee taxes and benefits;

- (7) Obtain from Defendants and review any and all documents, including, without limitation, any and all offers, proposals, acceptances, draft agreements, term sheets or other documents, relating to any proposed or agreed Transfer of Ownership (“TOO”) of the Facilities or either Facility, and to communicate with any regulatory agency having jurisdiction over the Facilities regarding (i) the position of that agency respecting that proposed or agreed TOO, and/or (ii) any applications made or to be made to that agency relating to such proposed or agreed TOO; and/or (iii) the status of any approval(s), oversight, or other action taken or to be taken by such agency regarding any such proposed or agreed TOO;
- (8) Cooperate with the Office of the Attorney General and/or the Office of the State Comptroller in any investigation they are or may be conducting regarding the Facilities; and
- (9) Exercise such other powers as the receiver deems necessary or appropriate to implement the court order.

b. The Receiver shall be authorized to receive reasonable compensation for his expenditures and services to be paid by the Defendants and/or from the revenues of the Facilities, including, without limitation, the retention of counsel if necessary.

c. The Receiver shall be authorized to serve without bond.

d. The Defendants, their agents, employees, members, officers, directors, managers, representatives and attorneys, and all persons acting in concert or participation with them during the pendency of any receivership authorized by this Court shall be and hereby are preliminarily and permanently enjoined from taking any action that could interfere with the responsibilities or duties of such receiver, including, without limitation:

- (1) Taking any actions outside of the ordinary course of business relating to or concerning the operations of the Facilities or their property, including without limitation transferring or dissipating any assets or incurring any indebtedness or other liabilities;
- (2) Engaging in, continuing or completing any transaction(s) involving or affecting the Facilities with any agent, employee, member, officer, director, manager, representative or other persons in control of the Center LLCs, IMLA, GLHC, AHLH, or any of their respective affiliated or related persons or entities;
- (3) Refusing to cooperate in full with any receiver appointed by the Court; and
- (4) Taking any steps to alter, amend, and/or terminate the Facilities' lease agreements;

e. The Center LLCs' and the Individual Defendants' interests in the Facilities shall be transferred to an entity approved by DOH and in accordance with the applicable statutory provisions of the Healthcare Facilities Planning Act, N.J.S.A. 26:2H-1, *et seq.* and any implementing regulations.

f. The above-captioned matter and all claims in plaintiff's Verified Complaint shall proceed as a summary action pursuant to R. 4:67.

g. DOH shall provide the Court with a written update regarding the status of its review of any TOO application within thirty (30) days of the date of entry of this Order and every thirty (30) days thereafter.

h. A further case management conference shall be held on July 18, 2024 at 2:15 a.m ..

SO ORDERED:


HON. PATRICK J. BARTELS, P.J.Ch.