

SETTLEMENT PAYMENT DEFAULT QUESTIONS AND ANSWERS¹

Notice: The following is for informational purposes only. It should not be cited or relied upon as legal authority. It should not be used as a substitute for reference to the Plan, Default Notice, or Termination Notice, each addressed below. This information should not substitute for the advice of competent legal counsel. The PI/WD Trustee and his lawyers are not your lawyers and will not provide you with legal advice.

Question: Was there a Settlement Payment Default?

Answer: Yes.

- **Default Notice.** On February 25, 2026, the Trusts filed the *Notice of Settlement Payment Default and Settlement Payment Default Cure Notice* [Dkt. No. 2612] (the “Default Notice”) and provided written notice to the Settlement Parties’ counsel in accordance with Article IV.B.2 of the Plan, that the Settlement Parties failed to make the Installment Settlement Payment due on February 17, 2026, in the amount of \$2,012,022.75. *See* Dkt. No. 1955-4; Dkt. No. 2602-1.
- **Termination Notice.** Pursuant to the Default Notice and the Plan, the Settlement Parties were required to cure this default within five (5) Business Days, or Wednesday, March 4, 2026. The Settlement Parties failed to cure the default by this deadline. As a result, on March 5, 2026, the PI/WD Trust and the GUC Trust filed a *Notice of Failure to Cure Settlement Payment Default; Automatic Termination of Channeling Injunction; and Deadline to Commence Causes of Action Against Released Parties* [Dkt. No. 2617] (the “Termination Notice”).
- **Termination.** As set forth in the Termination Notice, because the Settlement Parties failed to cure the payment default, all plan injunctions, stays, or releases provided in favor of the Released Parties that were in effect under the Plan were deemed terminated.

Question: What happens when there is a termination event?

¹ Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the *First Modified Joint Chapter 11 Plan of the Tort Claimants’ Committee, Official Committee of Unsecured Creditors, and Debtor* [Dkt. No. 2014 at Ex. B] (the “Plan”).

Answer: Claimants can commence or continue litigation.

- **Released Parties.** With the Channeling Injunction terminated, Claimants can commence or continue litigation against the Released Parties—including, among others, YesCare Corp., its wholly owned subsidiaries (including CHS TX, Inc.), and Yitzchak Lefkowitz a/k/a Isaac Lefkowitz—to recover on account of their injuries. *See* Dkt. No. 2014, Art. IX.I.
- **Plan Releases.** The Plan includes two releases. The first is the “Estate Release,” which is set forth in Article IX.C of the Plan. This is the release offered by the Debtor and its Estate in favor of the Released Parties. The second is the “Consensual Claimant Release,” which is set forth in Article IX.D of the Plan. This is the release offered by Consenting Claimants in favor of the Released Parties. Under the Plan, the Estate Release and the Consenting Claimant Release do not go into effect until the Final Payment Date. Thus, to obtain the benefits of both releases, the Settlement Parties had to make all the Installment Settlement Payments. The Estate Release and the Consenting Claimant Release did not go into effect. The only injunction in place was the Channeling Injunction, which served as a bridge between the Effective Date (March 31, 2025) and the Final Payment Date (which did not occur). The Channeling Injunction offered the Released Parties various protections. But those protections ended when the Settlement Parties failed to cure the payment default.

Question: Why did the Plan allow for payment over 30 months?

Answer: The Committees preferred the Settlement Parties to fund the full amount of the Settlement—*i.e.*, \$50 million—on the Effective Date.

The Settlement Parties would not agree to a lump sum, insisting on 30 months of payments. The Plan allowed this arrangement while imposing consequences for missed payments.

Those consequences included: (1) the Estate Release set forth in Article IX.C of the Plan will not going into effect; (2) the Consensual Claimant Release set forth in Article IX.D of the Plan not going into effect; and (3) the Channeling Injunction set forth in Article IX.I of the Plan terminating. In addition, under the Plan, the DIP Loan (approximately \$23 million) that was used to fund the

Debtor's bankruptcy case was deemed fully and forever discharged and released on March 31, 2025, the Effective Date. *See* Plan at Art. II.C.

Thus, the failure to make the payments as agreed meant the Settlement Parties would not get the benefit of the Estate Release or the Consensual Claimant Release and would forfeit the right to receive payment on account of the \$23 million DIP Loan.

Question: Can I continue or commence litigation against Tehum Care Services, Inc. (f/k/a Corizon Health, Inc.) (the “Debtor”)?

Answer: Yes, but only to an extent.

- **No Assets.** The Debtor continues to exist under the Plan, but it has no assets. The divisional merger that occurred before the bankruptcy case left the Debtor with no operating assets. And, under the Plan, the Retained Causes of Action became property of the Trusts and can be prosecuted for the benefit of Claimants.
- Under the Plan, Claimants who elected to “Opt-Out” of the Consensual Claimant Release so that they could seek recoveries from YesCare Corp. and/or CHS TX, Inc. under the doctrine of successor liability had the ability to name and assert claims against the Debtor solely to the extent necessary to preserve and maintain their claims against YesCare Corp. and/or CHS TX, Inc. *See* Plan at Art. IX.K. Since the Channeling Injunction terminated effective on March 5, 2026, all Claimants can now name and assert claims against the Debtor to the extent necessary to preserve and maintain their claims against the Released Parties.
- However, termination of the Channeling Injunction did not alter the Trusts’ assumption of liability for Channeled Claims under the Plan. As of the Effective Date, the Debtor’s liability for all Channeled PI/WD Claims was assumed by the PI/WD Trust, and the Debtor’s liability for all Channeled GUC Claims was assumed by the GUC Trust. The PI/WD Trust Distribution Procedures remain in place to liquidate Channeled PI/WD Claims. Holders of Channeled Claims remain beneficiaries of their respective Trusts. This is important because if the Trusts are successful in litigation against any of the Released Parties (as discussed below), they may be able to make future distributions to Channeled Claimants.

Question: What claims can I assert?

Answer: Please consult with an attorney before commencing or continuing litigation. Trustees for the Trusts and their lawyers are not your lawyers. The Trustees and their lawyers will not represent you and will not advise you.

However, we suggest that you consider the disclosures contained in the Disclosure Statement filed on October 2, 2024, at Dkt. No. 1740 (Art. III.A.9).

Question: How long do I have to file a lawsuit?

Answer: June 3, 2026.

Pursuant to the Confirmation Order and the Plan, all Statute of Limitations for all Claims and Causes of Action against the Released Parties held by the Debtor, the Estate, the PI/WD Trust, the GUC Trust, and Holders of Channeled Claims were be tolled and extended to the first Business Day that is ninety (90) days after the termination of the Channeling Injunction, which is June 3, 2026.

Question: What are the Trusts doing?

Answer: Preparing for litigation. As described in the Disclosure Statement filed on October 2, 2024, at Dkt. No. 1740 (Art. III.A.9), the Trusts anticipate asserting, *inter alia*, avoidance claims and claims for breach of fiduciary duty and corporate theft. Any litigation recoveries will become trust assets and will be distributed in accordance with the Plan. The Trusts will make a copy of the complaint that they file available for Claimants to review after it is filed.

Question: Do the Trusts have funds sufficient to prosecute the Retained Causes of Action?

Answer: Yes. Before they defaulted, the Settlement Parties made multiple Installment Settlement Payments. *See* Dkt. No. 2602, Ex. 1. The PI/WD Trust has established a reserve to pursue recoveries from the Settlement Parties. As provided in Plan, the PI/WD Trust and GUC Trust will coordinate their shared efforts and equally divide any recovery after payment of any related fees and costs.