

INDIANA COMMERCIAL COURT

STATE OF INDIANA) IN THE MARION SUPERIOR COURT
) SS:
COUNTY OF MARION) CAUSE NO.:

UMB BANK, N.A., solely in its capacity as :
Trustee for the holders of the Public :
Finance Authority Bonds, :
 :
Plaintiff, :

v. :

CROSSROADS HEALTH :
MANAGEMENT LLC; PUBLIC :
FINANCE AUTHORITY; HICKORY :
HOUSE RECOVERY LLC; and :
WINTERSONG RECOVERY, LLC, d/b/a :
Hickory Treatment Center at Knox, :
 :
Defendants. :

COMPLAINT

Plaintiff UMB Bank, N.A., solely in its capacity as Trustee (the “Trustee”) under the Indenture between the Public Finance Authority and UMB Bank, N.A. as Trustee, dated as of July 1, 2023 (the “Indenture,” attached as Exhibit 1), for its Complaint against defendants Crossroads Health Management, LLC; Public Finance Authority; Hickory House Recovery LLC; and Wintersong Recovery, LLC, d/b/a Hickory Treatment Center at Knox alleges as follows:

PRELIMINARY STATEMENT

1. This action arises from the collapse of a bond-financed healthcare project in Indiana and the mismanagement and diversion of revenues generated by the healthcare facilities securing more than \$85 million in outstanding senior bonds. Plaintiff Trustee brings this action to protect the interests of the bondholders after the entity responsible for managing the project failed to perform critical obligations under the governing transaction documents and repeatedly refused to

provide financial transparency regarding the handling of project revenues pledged as collateral and assigned to the Trustee.

2. In July 2023, the Public Finance Authority issued \$85,590,000 in Series 2023A Tax-Exempt Senior Revenue Bonds (the “Senior Bonds”) and \$32,335,000 in Series 2023B Subordinate Revenue Bonds (the “Subordinate Bonds,” and together with the Senior Bonds, the “Bonds”) to finance the acquisition and startup of two addiction treatment facilities in Indiana as part of the Crossroads Health Project (the “Project”). A substantial portion of the proceeds of the Senior Bonds – more than \$63 million – and the entirety of the Subordinate Bonds were used to acquire the facilities from entities affiliated with the Project’s current manager, Crossroads Health Management LLC (the “Manager”). The Manager is controlled by Moshe Orlinsky and was engaged to manage the facilities post-closing pursuant to an Asset Management Agreement dated as of July 11, 2023 (the “Management Agreement,” attached as Exhibit 2) between the Manager and the Public Finance Authority. The Manager’s affiliates who sold the facilities received significant economic benefit from the transaction.

3. As a condition of the bond financing, the Manager was required and agreed to provide liquidity support for the Project in the event Project revenues were insufficient. Under two Liquidity Support Agreements, the Manager committed to provide up to \$6 million in liquidity support through letters of credit that could be drawn upon to cover operating deficits or debt service shortfalls. Under the Indenture’s revenue waterfall, however, amounts advanced under these liquidity support agreements would be reimbursed only after senior obligations, including debt service on the Bonds and replenishment of reserves, were satisfied. As the Project’s revenues were insufficient to pay operating expenses and debt service on the Bonds, the Manager therefore faced the prospect that draws on the letters of credit would occur and would not be repaid.

4. The financial viability of the Project depended on the Manager's timely completion of two critical items of facility improvements as required by the Management Agreement. First, the Manager was required to expand the Hickory House facility in Greenfield, Indiana from 30 beds to 45 beds. Second, the Manager was required to convert the Wintersong facility in Knox, Indiana – formerly a skilled nursing facility – into a 78-bed addiction treatment center. The Hickory House facility and the Wintersong facility are referred to collectively as the "Facilities." The Manager was required to fund the improvements, subject to reimbursement of costs up to \$1,050,000 on a basis subordinate to the payment of debt service on the Bonds. The Project's ability to generate sufficient revenues to service the Bond debt depended on the successful and prompt completion of the improvements and prompt ramp-up of the operations at the Facilities.

5. Those improvements were not completed as required by the Management Agreement. The expansion of Hickory House was not completed, and the Wintersong facility did not begin operations until nearly a year later than required by the Management Agreement; although eventually opened in October 2025, the Wintersong facility has to this date generated no cash receipts. As a result, the Facilities failed to generate the level of revenues that had been projected when the bond financing was completed.

6. Another factor that contributed to the Project's revenues falling short of projections was the apparent failure to convert the accounts receivable generated by the Facilities into cash receipts. Receivables reported by the Manager grew dramatically over time. By late 2024, the Manager reported that receivables totaled approximately \$2.7 million—roughly half of annual income—while cash balances remained low and the required revenue transfers to the Trustee to pay debt service were not being made. The Manager asserted then by way of explanation that it was intentionally delaying billing for services so that patients would exhaust their insurance

deductibles before claims were submitted and represented that once those claims were submitted the Project would quickly become “flush with cash.” Instead, receivables continued to grow and cash balances remained low. By May 2025, Manager reported \$2.77 million just in receivables 180 days or older. As noted below, receivables eventually grew further, exceeding \$6 million, almost \$5 million of which was 180 or more days old by late 2025. The Manager’s explanation morphed over time into claims of deficient or otherwise ineffective collections efforts.

7. Upon information and belief, Facility revenues were either billed or collected through entities associated with the Manager outside the Project’s designated operating accounts, or were otherwise not deposited into the Project accounts as required by the Management Agreement and the Indenture. As a result, revenues generated by the Facilities were not fully remitted to the Trustee in accordance with the revenue waterfall established by the bond documents. Upon information and belief, the Manager orchestrated this diversion in order to compensate itself for anticipated draws on the Letters of Credit.

8. The Trustee eventually drew on letters of credit, as was its right under the documents, in order to make debt service payments on the Senior Bonds. The Manager was displeased by this.

9. As the relationship between the Manager and the bondholders deteriorated, the Manager ceased providing required financial reporting and refused to produce documents and information about the Project requested by the Trustee pursuant to its express rights under the applicable documents. Meanwhile, the Project’s financial condition continued to worsen. Debt service deficiencies grew, and the Facilities’ accounts receivable aged 180 days or more ballooned to levels that exceeded the annual net income.

10. In late 2025, the Manager asserted that, due to the insufficiency of revenues, since November 2023, it had been injecting cash into the Facilities to pay for operating expenses. The Manager claimed that it had so contributed approximately \$2.8 million, and that it was entitled to have these funds repaid before payment of debt service on the Senior Bonds.

11. Due to the shortfall in revenues, to date, draws on liquidity support and reserves held under the Indenture in the aggregate amount of more than \$7 million in order to make \$10.17 million in payments that have come due on the bonds at the non-default interest rate.¹ Capitalized interest, set aside from the proceeds of the bonds, contributed \$787,424. Only \$2,300,000, or less than 23% of debt service paid to date came from the Facilities.

12. Concerned that Project revenues were being mismanaged or diverted, the Trustee retained a forensic accounting firm to investigate. The consultant's review identified irregular financial transactions and raised serious questions about the handling of Facility revenues. When the Trustee requested documentation necessary to complete that review, focusing specifically on confirming the reported outstanding receivables and on a number of suspicious transfers, the Manager refused to provide it.

13. The Facilities provide residential addiction treatment services to vulnerable patients who rely on their continued operation for care and safety. The financial instability described in this Complaint threatens not only the bondholders' collateral but also the continued safe and orderly operation of the Facilities. Specifically, because the cash derived from operations is insufficient to pay operating expenses – whether due to negligent failure to collect the accounts

¹ As detailed below, interest began to accrue on the senior bonds at the default rate following the occurrence of an Event of Default under the Indenture in October 2024. In order to preserve liquidity, bondholders have directed the Trustee to collect interest at the non-default rate at least through June 30, 2026. Trustee has fully reserved the right to collect interest at the default rate in the future.

receivable or their wrongful diversion – the Facilities appear to rely on funds paid in by the Manager. Therefore, the Facilities’ ability to continue to pay operating expenses and treat its patients is at risk. Because the Facilities lack sufficient revenues to pay operating expenses absent continuing cash contributions from the Manager, and certainly if their financial management continues to deteriorate, the continuity of care for patients currently receiving treatment could be jeopardized.

14. The Trustee therefore brings this action for breach of contract, conversion, and equitable relief, including the appointment of a receiver. Immediate judicial intervention is necessary because the Facilities and the revenues securing the bonds are in danger of being lost, removed, or materially injured, and because the Manager’s continued control of the Facilities threatens further deterioration of the Trustee’s collateral, continuity of care, and the safe operation of the Facilities.

PARTIES

15. Plaintiff UMB Bank, N.A., as Trustee under the Indenture (the “Trustee”) is a national banking association with its principal place of business in Kansas City, Missouri. The Trustee brings this action in that capacity for the benefit of the holders of the Bonds.

16. Defendant Crossroads Health Management LLC (the “Manager”) is a Delaware limited liability company formed in January 2023 with its headquarters in Indianapolis, Indiana. The Manager serves as the asset manager for the Project pursuant to the Management Agreement with the Public Finance Authority. The Manager’s sole member is Moshe Orlinsky.

17. Defendant Public Finance Authority (the “Authority”) is a joint powers commission and political subdivision of the State of Wisconsin. The Authority issued the Senior Bonds and the Subordinate Bonds and is the owner of the Facilities financed through the bond transaction.

18. Defendant Hickory House Recovery LLC (“Hickory House Recovery”) is the operating company responsible for the day-to-day operations of the Hickory House addiction treatment facility located in Greenfield, Indiana.

19. Defendant Wintersong Recovery, LLC, doing business as Hickory Treatment Center at Knox (“Wintersong Recovery,” and together with Hickory House Recovery, the “Operating Companies”), is the operating company responsible for the day-to-day operations of the addiction treatment facility located in Knox, Indiana.

JURISDICTION AND VENUE

20. This Court has subject matter jurisdiction over this action pursuant to Indiana Code § 33-29-1-1.5, which grants Indiana superior courts original and concurrent jurisdiction over civil actions.

21. Venue is proper in Marion County, Indiana pursuant to Section 13.08(c) of the Management Agreement, which provides that claims arising out of the Management Agreement may be brought in state or federal courts located in Indianapolis, Indiana. Venue is also proper in Marion County, Indiana because the Manager is based in Marion County and a substantial part of the events or omissions giving rise to the claims occurred in Indiana, including the operation of the Facilities, the collection and handling of Facility revenues, and the conduct giving rise to the defaults described herein.

22. Venue is further proper because the real property that is the subject of the requested receivership is located in the State of Indiana. In addition, Section 9.04(a)(vi) of the Indenture expressly contemplates that the Trustee may seek the appointment of a receiver from “an Indiana or federal court having jurisdiction.”

FACTUAL ALLEGATIONS

A. The Bond Transaction and Governing Agreements

23. The Crossroads Health Project was a bond-financed healthcare venture designed to acquire and operate addiction treatment facilities in the State of Indiana.

24. On or about July 11, 2023, the Authority issued the Bonds.

25. The net proceeds of the Bonds were used to finance the Authority's acquisition of the Facilities, including land, buildings, and equipment, and to pay certain financing costs associated with the issuance of the Bonds.

26. The two Facilities purchased were: (i) Hickory House Facility, located in Greenfield, Indiana, an addiction recovery facility that opened in March 2017; and (ii) a building in Knox, Indiana that formerly contained skilled nursing beds and was closed at the time of purchase, which was intended to be converted into the Wintersong Facility, an addiction recovery facility similar to but significantly larger than Hickory House. Ex. 13 at 2.

27. Following the issuance of the Bonds and the closing on the acquisition, the Authority became the owner of both Facilities.

28. The Subordinate Bonds were issued to the seller of the Wintersong Facility as a non-cash portion of the purchase price for the acquisition of that facility. Payment of debt service on the Subordinate Bonds is expressly subordinated to payment of debt service on the Senior Bonds.

29. The Bonds are special limited obligations of the Authority, and the sources of payment for the Bonds are the "Revenues" (as defined in the Indenture) derived from operation of the Facilities and certain related investment earnings, as well as any proceeds realized from the sale or lease of the Facilities by the Trustee. Ex. 1 § 5.01(a)(i).

30. Under the Indenture, “Revenues” include, among other things, all revenue, receipts, and income derived from operations at the Facilities and all rights to receive the same, including accounts receivable, contract rights, chattel paper, instruments, general intangibles, or other rights and all proceeds thereof. Ex. 1 Exhibit A, at 19 (definition of “Revenues”), 8 (definition of “Gross Operating Revenues”).

31. The Bonds are also secured by a Senior Mortgage and Subordinate Mortgage on each of the Facilities by the Authority in favor of the Trustee. Ex. 10, Ex. 11.

1. The Management Agreement

32. Under the Management Agreement between the Authority and the Manager, the Manager was responsible for managing and operating the Facilities and for performing numerous operational and administrative functions necessary to ensure the successful operation of the Facilities and the generation of Revenues. Ex. 2, § 3.01.

33. Among other obligations, the Manager was required to obtain and maintain (or cause its applicable subsidiaries to obtain and maintain) all certifications and permits necessary for the operation of the Facilities. Ex. 2, § 3.03.

34. Hickory House Recovery, the Manager’s and Orlinsky’s affiliate, upon information and belief is the licensed entity that holds the certifications and permits relating to the Hickory House Facility. Ex. 13 at 2.

35. Wintersong Recovery, also an affiliate of the Manager and Orlinsky, is the licensed entity that holds the certifications and permits relating to the Wintersong Facility. Ex. 12; Ex. 13 at 2.

36. Pursuant to Section 4.04(a) of the Management Agreement, Revenues generated by the Facilities are required to be deposited into designated collection accounts and transferred to operating account(s) or directly deposited into operating account(s). Ex. 2 § 4.04(a).

37. The operating account(s) through which the Manager may pay the Facilities' operating expenses are subject to Control Agreements that provide for "control" of the account by the Trustee within the meaning of the Uniform Commercial Code following the occurrence of an Event of Default (the "Operating Accounts"). Ex. 2 § 4.05(a).

38. Under Section 4.04(a) of the Management Agreement, collections accounts are not subject to Control Agreements but are automatically swept into Operating Accounts and the sweep cannot be modified without the written consent of the Trustee; thus the Trustee also has control over the collections accounts (the Operating Accounts and collections accounts subject to this mandatory sweep are referred to collectively as the "Trustee-Controlled Accounts"). Ex. 2 § 4.04(a).

39. The Facilities' Revenues are not permitted to be deposited into bank accounts other than those subject to a Control Agreement or mandatory daily sweep and any such accounts not covered by a Control Agreement or mandatory daily sweep are not "Trustee-Controlled Accounts."

40. In addition to operation of the Facilities and their Revenues, the Management Agreement also required the Manager to maintain complete and accurate financial records for the Project and to provide periodic financial reports to the Authority, the Trustee, and their representatives. Ex. 2 §§ 4.06, 4.07. The Manager was further required to provide certain financial reporting, including quarterly reports and audited financial statements at the end of each fiscal year. *See id.*

41. The Management Agreement further required the Manager to provide the Authority, the Trustee, and designated representatives with access to the Project and to Project Information, including financial records and operational documentation necessary to evaluate the performance of the Facilities. Ex. 2 § 3.13(a).

2. Liquidity Support Agreements

42. The Authority, the Manager, and the Trustee entered into Liquidity Support Agreement-1 (“LSA-1” attached as Exhibit 3), pursuant to which the Manager agreed to provide up to \$5 million to the Trustee to support payments of debt service on the Senior Bonds. That obligation was secured by a letter of credit (“LOC-1”) issued on behalf of the Manager.

43. The Authority, the Manager, and the Trustee also entered into Liquidity Support Agreement-2 (“LSA-2,” attached as Exhibit 4 and together with LSA-1, the “Liquidity Support Agreements”), pursuant to which the Manager agreed to provide up to \$1 million to the Trustee to support payments of debt service on the Senior Bonds, secured by a second letter of credit (“LOC-2,” and together with LOC-1, the “Letters of Credit”).

44. To the extent the Manager makes advances under the Liquidity Support Agreements or amounts are drawn by the Trustee under the Letters of Credit, the Authority is obligated to reimburse the Manager solely from funds available under the Indenture. Ex. 3 § 4.1; Ex. 4 § 4.1.

45. However, under the Indenture’s payment waterfall, Revenues are first applied to debt service on the Bonds, the funding of required reserves, and other senior obligations before any funds may be used to reimburse draws on the Letters of Credit or advances under the Liquidity Support Agreements. Ex. 1 § 5.04. There is no obligation to reimburse the Manager if cash is not available under the waterfall.

3. Security for the Bonds

46. The Indenture provides that the Trustee is entitled to all Revenues derived from the operation of the Facilities and any such Revenues collected by any party other than the Trustee on behalf of the Authority. Ex. 1 § 5.01(b)(i).

47. To that end, the Management Agreement requires the Manager to deposit all revenue, receipts, and income derived from the operations at the Facilities, after payment of budgeted operating expenses and a reserve for 30 days of budgeted operating expenses, into the Revenue Fund established under the Indenture. Ex. 2 § 4.04(c)(2).

48. Once deposited into the Revenue Fund, funds are applied pursuant to the payment waterfall set forth in Section 5.04 of the Indenture. Ex. 1 § 5.04. The first priority in that waterfall is payment of debt service on the Senior Bonds. *Id.* § 5.04, *First*.

49. Assets pledged to the Trustee under the Indenture include the Revenues (defined and discussed above) (Ex. 1 § 5.01(a)), the Facilities (Ex. 1 § 5.01(b)(ii)), the Authority's rights under the Asset Management Agreement (Ex. 1 § 5.01(b)(ii)), as well as the "Manager Collateral" (Ex. 1 § 5.01(c) and Ex. 2 § 4.05(c)).

50. As security for the performance of its obligations under the Management Agreement, the Manager granted the Trustee a security interest in certain collateral including the Trustee-Controlled Accounts—into which gross operating Revenues are deposited—and the Manager's books and records relating to the Facilities. Ex. 1 § 5.01(b)(ii); Ex. 2 § 4.05(c).

51. In addition, the Authority pledged and assigned to the Trustee all of its right, title, and interest in the Management Agreement (other than certain limited "Unassigned Rights"). Ex. 1 § 5.01(b)(ii). The Trustee may enforce the Management Agreement in its own name, and the Authority also granted the Trustee an irrevocable power of attorney to exercise the Authority's rights under the Management Agreement. *Id.*

52. The Manager expressly acknowledged the assignment of the Authority's rights under the Management Agreement and agreed that the Trustee has the right to enforce the

provisions of the Management Agreement and to exercise the Authority's remedies under that agreement. Ex. 2 § 13.15.

4. The Acquisition of the Facilities from Manager Affiliates

53. A substantial portion of the proceeds – more than \$63 million – of the Senior Bonds and all of the Subordinate Bonds were used to acquire the Facilities.

54. At the time of the bond issuance, the Facilities were owned by entities affiliated with the Manager and its principal, Moshe Orlinsky. Through the bond financing, the Project acquired those facilities from those affiliated entities.

55. As a result of those transactions, the Manager and its affiliates received the economic benefit of the purchase price paid to them for the Facilities.

56. Following the closing of the bond transaction, the Facilities became the primary operating assets securing repayment of the Bonds.

B. The Manager Failed to Timely Complete Key Facility Improvements Critical to the Project's Financial Viability

57. The Project's financial projections and operating plan depended upon and assumed that the Facilities would be expanded and developed by the Manager following the closing of the bond transaction.

58. Under the Management Agreement and related transaction documents, the Manager was responsible for completing certain operational improvements necessary to increase the Facilities' capacity and revenue-generating capability. Among other things, the Manager was required to expand the Hickory House Facility in Greenfield, Indiana from 30 beds to 45 beds and to use commercially reasonable efforts to complete that work as soon as reasonably practicable. Ex. 2 § 3.01(c).

59. The Manager was also responsible for converting the Wintersong Facility, which had previously operated as a skilled nursing facility, into an addiction treatment center capable of generating substantial patient revenue. *Id.*

60. Under Section 3.01 of the Management Agreement, the Manager's entitlement to reimbursement for the expansion of the Hickory House Facility and the conversion of the Wintersong Facility was limited to \$1,050,000 in total and, only to the extent funds were available in accordance with the payment waterfall established by the Indenture. Ex.2 § 3.01.

61. The Project's ability to generate sufficient Revenues to support operating expenses and debt service obligations on the Bonds therefore depended on the successful and timely expansion, conversion, ramp-up, and operation of these Facilities.

62. The Management Agreement imposed numerous operational obligations on the Manager relating to the development, operation, and regulatory compliance of the Facilities. Among other things, the Manager was required to obtain and maintain all certifications and permits necessary to operate the Facilities and to provide customary operational services necessary to operate the Facilities in accordance with industry standards, including maintaining billing and collection systems and ensuring compliance with applicable laws and regulatory requirements. Ex. 2 §§ 3.01, 3.02, 3.03.

63. Despite these obligations, the expansion of the Hickory House Facility was never completed. The contemplated expansion required significant improvements necessary to support operation at the expanded capacity, including improvements to kitchens and food-service areas, that the Manager failed to complete.

64. In December 2024, the Manager communicated to the Trustee that it had not received approval from the City for improvements to the Hickory House kitchen. The Manager

then represented in April 2025 that, while the Hickory House Facility was fully licensed for 45 beds, the Facility would not be able to have more than 35 patients without risking the intervention from local government unless the regulatory approval issues with the kitchen were resolved first. At that time, the Manager advocated that it not be required to make any further improvements to the Hickory House Facility and that the focus should be instead on opening the Wintersong Facility.

65. The improvements made by the Manager were not adequate, and the local authorities denied approvals for the expansion to 45 beds.

66. As a result, Hickory House never achieved the expanded operating capacity that formed a key assumption of the Project's financial projections.

67. The conversion and startup of the Wintersong Facility likewise did not proceed as required by the Management Agreement. Although Wintersong was intended to become an important source of patient revenue, the Facility did not begin operations until substantially later than originally anticipated. Specifically, the Manager was required to use commercially reasonable efforts to ensure that the Wintersong Facility achieved 85% or greater occupancy by December 31, 2024. Ex. 2 § 12.04(h).

68. In April 2025, the Manager represented that Wintersong was fully licensed for 78 beds, had all required regulatory approvals, and was able to be staffed so that it could start accepting patients and ramp up operations. Nevertheless, Wintersong did not begin operations until October 2025.

69. As described below, the Manager appears to have used delays in opening Wintersong as leverage in negotiations with Trustee over forbearance from draws on the Letters of Credit.

70. Upon information and belief, the Manager also failed to comply with other operational obligations imposed by the Management Agreement. Among other things, the Manager failed to maintain effective billing and collection practices, failed to obtain or maintain certain required approvals necessary to operate the Facilities at their intended capacity, and failed to operate the Facilities in accordance with the operational standards required under the Management Agreement.

71. As a result of these failures, the Facilities did not generate the level of Revenues that had been projected when the bond financing was completed.

72. The Operating Companies, Hickory House Recovery and Wintersong Recovery, are responsible for operating the Facilities and for billing and collecting Revenues generated by those operations, including payments from patients, commercial insurers, and government payors.

73. Because the Operating Companies were responsible for the Facilities' operations and billing functions, Facility Revenues were required under the transaction documents to be routed through the Trustee-Controlled Accounts (each such account being subject to a Control Agreement or mandatory daily sweep) and remitted to the Trustee in accordance with the revenue transfer provisions of the Management Agreement and the Indenture, including the Indenture waterfall. Ex. 1 §§ 5.01(c), 5.04; Ex. 2 § 4.04.

74. Upon information and belief based on the events discussed below, Revenues generated by the Facilities were billed or collected through the Operating Companies and/or other entities affiliated with the Manager, but were not deposited into the Trustee-Controlled Accounts and remitted in accordance with the Management Agreement and the Indenture.

C. As Accounts Receivable Were Growing, the Manager Used the Delayed Opening of Wintersong as Leverage to Avoid Draws on the Letters of Credit

75. The Manager's failure to expand Hickory House and to timely open and ramp-up Wintersong, together with failure to monetize the receivables described herein, eventually led to insufficient Revenues to make the deposits for Debt Service required under the Indenture and made draws on the Letters of Credit – which the Manager was incentivized to avoid – inevitable.

76. Section 5.04 of the Indenture requires that, on or before the 25th day of each month, amounts on deposit in the Revenue Fund be transferred to the Senior Debt Service Account in amounts sufficient to fund upcoming debt service on the Senior Bonds. Ex. 1 § 5.04, *First*. These deposits are intended to ensure that sufficient funds are accumulated in advance of each semiannual debt service payment.

77. Initially, these obligations were satisfied using capitalized interest that had been set aside with the Trustee at closing from the proceeds of the Senior Bonds. As that capitalized interest was depleted, however, the Manager failed to deposit Revenues sufficient to fund the required monthly transfers.

78. Beginning August 25, 2024 and, except for two debt service payments on June 30, 2025 and December 31, 2025 as described below, in every month since, there were insufficient amounts in the Revenue Fund to make the required deposits to the Senior Debt Service Account.

79. Under Section 9.02(d) of the Indenture, the failure to make deposits to the Senior Debt Service Account for three months within any six-month period constitutes an Event of Default. Ex. 1 § 9.02(d).

80. The third consecutive missed deposit occurred on October 25, 2024, at which time an Event of Default arose under Section 9.02(d) of the Indenture. Ex. 1 § 9.02(d). As a result,

under Section 9.04(e) of the Indenture, interest on the Senior Bonds began to accrue at the Default Rate.

81. On the eve of the January 1, 2025, debt service payment on the bonds, funds on deposit with the Trustee were insufficient to pay the upcoming debt service payment in full. No deposits of Revenues had been made with the Trustee, and only \$787,424 in capitalized interest set aside from the Bond proceeds remained. As a result, the Trustee was entitled to draw no less than \$2,601,993 on the Letters of Credit.

82. In a conversation with the Trustee on December 10, 2024, Orlinsky, on behalf of the Manager, requested that the Trustee refrain from drawing on the Letters of Credit and use instead reserves held under the Indenture, stating that financial performance was bound to improve.

83. Orlinsky also reported during that conversation that the Facilities were carrying millions in outstanding patient receivables. Orlinsky represented that the Manager was intentionally delaying billing for services for as long as six months so that patients would exhaust their insurance deductibles before claims were submitted, and the Facilities could later submit claims to insurers rather than pursuing payment directly from patients. He claimed that once those claims were submitted, the Facilities would be paid quickly and the Project would quickly become “flush with cash.”

84. Acting at the direction of the majority of the Bondholders, the Trustee declined the requested forbearance and drew \$2,601,993.89 on the Letters of Credit. Ex. 14.

85. The Manager was displeased with the Trustee’s exercise of its rights, and the parties’ relationship deteriorated.

86. The immediate effect was the Manager’s refusal to provide information regarding the financial performance of the Project. Specifically, the bondholders requested that the Manager

provide certain financial information, including cashflow statements, accounts receivable aging, bank statements, and an explanation of certain payables that were unclear, in order to investigate the growing accounts receivable. The Manager refused to provide this information to the Trustee because of the Trustee's refusal to agree forbear from drawing on the Letters of Credit in the future. Ex. 14.

87. The Manager used its non-compliance with other provisions of the Management Agreement, including its failure to timely open the Wintersong Facility, as leverage in negotiations with the Trustee.

88. For example, in or around April 2025, the Manager represented that Wintersong was effectively ready to open, and that the Manager would open and operate the Facility so it could begin generating revenue, but requested that the Manager's concerns regarding future draws on the Letters of Credit be resolved.

89. The Manager did not open the Wintersong Facility until substantially later, in or around October 2025, after executing a tolling agreement with the Trustee on June 30, 2025 in which the Trustee agreed to delay drawing on the Letters of Credit for the July 1, 2025 debt service payment. Ex. 8. At the time the Manager opened the Wintersong Facility, the parties were negotiating a similar deferral in connection with the January 1, 2026 debt service payment; the parties executed an amended and restated tolling agreement deferring a full draw on the Letters of Credit for that payment on December 31, 2025. Ex. 9.

90. Consistent with the agreed tolling arrangements, the Trustee drew \$1,841,942.92 from the Debt Service Reserve Fund in connection with the July 1, 2025 debt service payment, instead of drawing that amount on the Letters of Credit. In connection with the January 1, 2026 debt service payment, the Trustee drew \$1,189,418.75 on the Debt Service Reserve Fund and only

\$1,300,000 on the Letters of Credit. Per each of the tolling agreements, the Trustee reserved the right to draw on the Letters of Credit at a future date to replenish the Debt Service Reserve Fund.² In summary, these draws, combined with the Letters of Credit draws in connection with the January 1, 2025 debt service payment, resulted in depletion of liquidity support and reserves in the total amount of \$10.17 million.

91. Additionally, in the context of negotiating the requested forbearance on the Letters of Credit, the Manager reported in late 2025 that it had contributed approximately \$2.8 million of its own funds to support Facility operations since November 2023, and that the Manager believed it was entitled to reimbursement for those contributions before payment of debt service on the Bonds. Ex. 16. However, the Management Agreement does not permit the Manager to expend its own funds for operating expenses. Ex. 2 § 1.02(c).

92. The timing of those events gives rise to a reasonable inference that Wintersong was opened only after the Manager had sufficient comfort that its demands would be met, and that the Manager used the delayed opening of Wintersong, and its own apparent financial contributions, as leverage in discussions with the Trustee and bondholders concerning the Manager's liquidity support obligations and the draws on the Letters of Credit.

D. The Manager Repeatedly Refused to Provide Documentation in Violation of the Management Agreement

93. As noted, the Trustee's decision to draw on the Letters of Credit caused the Manager's cooperation with requests for information to cease entirely, and there were many occasions in which the Manager refused to timely provide requested financial records necessary for the Trustee and the bondholders to evaluate the financial condition of the Project.

² On March 23, 2026, the Trustee drew the \$2,098,006.11 remaining on the Letters of Credit, consistent with the tolling agreement. This amount was insufficient to fully replenish the draws on the Debt Service Reserve Fund, which have totaled \$3,031,361.67.

94. For example, the Manager also failed to deliver the Project's audited financial statements on a timely basis as required under the Management Agreement. Ex. 2 § 4.07(a). The audited financial statements for the fiscal year ending December 31, 2023 were not delivered by the deadline required under the Management Agreement and were provided only after the Trustee had issued a notice of default. The audited financial statements for the fiscal year ending December 31, 2024 have not been delivered to date.

95. In addition, except for one quarterly report covering the second quarter of 2025, all periodic quarterly reporting required by the Management Agreement ceased and no quarterly reports were provided after the fourth quarter of 2024.

96. The Manager has also refused to provide the documentation necessary to verify the existence or collectability of its patient accounts receivables, despite repeated requests throughout 2025 and early 2026. The Trustee still does not have this information and thus cannot determine whether patient payments were actually received but deposited into accounts other than those required by the bond documents; or, if patient payments were not collected, whether the reported receivables are collectible.

97. Financial reporting produced by the Manager also created significant uncertainty regarding the location and custody of Project funds. Quarterly reporting as of September 30, 2024 reflected more than \$2.7 million described as being held in a "Surplus Fund." Ex. 5. Under the Indenture, however, the Surplus Fund is maintained by the Trustee, and the Surplus Fund maintained a zero balance at all times. The Manager did not provide a clear explanation of where those funds were held or how they were being controlled.

E. The Manager Failed to Perform Required Revenue Sweeps

98. In addition, under the transaction documents, after retaining a reserve for budgeted operating expenses for the following thirty days, the Manager was required to sweep all remaining cash to the Trustee twice each month. Ex. 2. § 4.04(c)(2).

99. Section 5.04 of the Indenture requires monthly transfers to the Senior Debt Service Account in amounts sufficient to make in full the upcoming semi-annual debt service payments due on each January 1 and July 1.

100. This revenue sweep structure is designed to ensure that the Facilities' revenues are applied in an orderly and transparent manner toward operating expenses and debt service obligations owed to the bondholders.

101. The Manager did not comply with this requirement. Instead, transfers to the Trustee occurred on only three days, two of which were immediately prior to the scheduled semiannual debt service payments of July 1, 2025 and January 1, 2026.

F. Events of Default and Notices Thereof

102. These failures constituted material breaches of the Management Agreement and additional Events of Default under the transaction documents.

103. Under Section 8.01(b)(12) of the Management Agreement, the occurrence and continuation of an Event of Default under the Indenture or any other Bond Document constitutes a Manager Termination Default under the Management Agreement. Ex. 2 § 8.01(b)(12).

104. As a result of the Manager's lack of cooperation on financial reporting, the Trustee was compelled to declare an Event of Default under the applicable agreements.

105. First, on February 6, 2025, the Trustee formally declared the Event of Default in a written Declaration and Notice of Default delivered to the Manager and the Authority. Ex. 7. The Trustee declared an Event of Default under Indenture Section 9.02(d) due to the failure to deposit

funds sufficient to make installments into the Senior Debt Service Fund for at least 3 months in a single 6 month period.

106. The Trustee further noted that the Event of Default under the Indenture also constituted an Event of Default under Section 4.1 of each of the Senior Mortgages securing the Bonds. *See also* Ex. 10.

107. Second, on February 6, 2025, the Trustee also declared a Manager Termination Default under the Management Agreement pursuant to Section 8.01(b)(12) of the Management Agreement. Ex. 6. A Manager Termination Default occurs under that provision upon the occurrence of an Event of Default under the Indenture.

108. In the same notice, the Trustee identified several material defaults under the Management Agreement with respect to the Manager's failure to provide required financial records and other Project Information, including:

- a. the failure to deliver audited financial statements and related financial certifications on a timely basis as required by Section 4.07(a)(ii) of the Management Agreement, including the failure to timely deliver the 2023 audited financial statements and the continuing failure to deliver the audited financial statements for the fiscal year ending December 31, 2024;
- b. the failure to deliver calculations of the Debt Service Coverage Ratio for the four consecutive calendar quarters ending September 30, 2024;
- c. the failure to deliver the Approved Operating Plan and Budget and Approved Capital Budget for the fiscal year beginning January 1, 2025; and
- d. the failure to provide requested Project Information, including cash flow statements, accounts receivable aging reports, certification documentation

for the Hickory House expansion, and explanations of certain payables and management fee accruals. Ex. 6.

109. The Trustee further advised the Manager that the continued failure to deliver the requested reports and information would constitute additional Manager Termination Defaults under the Management Agreement. *Id.*

110. Although the Trustee declared the existence of the Manager Termination Defaults, it did not at that time issue an Owner Termination Notice terminating the Management Agreement. Instead, the Trustee expressly reserved all rights and remedies under the Management Agreement, the Indenture, and the other bond documents. *Id.*

G. Growing Patient Accounts Receivable and Diversion of Revenues

111. Under the bond documents, Revenues generated by the Facilities were required to flow through designated collection and operating accounts and, after payment of operating expenses and maintenance of a thirty-day operating reserve, be remitted to the Trustee on a semi-monthly basis.

112. As the Project's financial condition deteriorated, however, the financial reporting provided by the Manager revealed a growing disparity between the Revenues that should have been generated by the Facilities and the cash actually being remitted to the Trustee.

113. The Manager's representation that the Facilities would soon become "flush with cash" did not materialize. Whether because the receivables were not properly billed and collected or because Revenues that were collected were not deposited into the required Trustee-Controlled Accounts, the result was the same: Revenues generated by the Facilities were not remitted to the Trustee as required by the Indenture. Instead, the Facilities' reported accounts receivable continued to grow dramatically.

114. By May 2025, Manager reported \$2.77 million just in receivables 180 days or older.
Ex. 15.

115. By late 2025, the Facilities were reporting more than \$6 million in outstanding accounts receivable, with a substantial portion of those receivables more than 180 days old. At Hickory House alone, approximately \$5 million of receivables had aged beyond 180 days, an amount that exceeded the facility's annual net income. The Manager later acknowledged that some indeterminate portion of those receivables was likely uncollectible.

116. The financial reporting provided by the Manager regarding its own alleged financial contributions was incomplete and difficult to reconcile with other Project financial information. For example, financial reports as of September 30, 2024 reflected significant balances that appeared to represent obligations owed to the Manager. When bondholder representatives requested clarification regarding those entries, the Manager did not provide any explanation.

117. The Manager and its agents at times conflated contributions allegedly made to fund capital improvements, such as the expansion of Hickory House or the conversion of Wintersong, which were contemplated under the Management Agreement, with contributions allegedly made to fund operating expenses. These explanations were inconsistent with the reporting that had previously been provided to the Trustee and the bondholders.

118. It makes no business sense to commit funds, time, and energy to provide patient care only to then fail to collect the vast bulk of the generated receivables. Nor is there a logical explanation for then clandestinely and voluntarily contributing \$2.8 million to backfill for the uncollected receivable without an assurance of repayment.

119. Rather, upon information and belief, as early as November 2023, as the Project's Revenues fell short of projections due to the failure to expand Hickory House and open Wintersong

and as draws on the Manager's letters of credit became increasingly likely, the Manager began diverting Revenues generated by the Facilities while contributing a portion of the diverted cash back to the Facilities to fund operating expenses.

120. Upon information and belief, this was done to enable the Manager to impermissibly and clandestinely make itself whole for the inevitable draws on the Letters of Credit, and then subsequently seek to recover the cash returned to the Facilities as a reimbursement due to the Manager.

121. Upon further information and belief, some Facility Revenues were either billed through entities affiliated with the Manager outside the Trustee-Controlled Accounts or were otherwise not deposited into the Trustee-Controlled Accounts required by the Management Agreement and the Indenture. Those Revenues were therefore not remitted to the Trustee in accordance with the revenue waterfall established by the bond documents; nor were they used to pay operating expenses.

122. Instead, the Facilities' financial reporting continued to reflect large and growing accounts receivable balances.

H. Forensic Accounting Analysis Reveals Significant Deficiencies

123. As concerns about the Project's financial reporting grew, the bondholders retained the accounting firm PYA, P.C. to conduct a forensic review of the available financial information. PYA's analysis identified irregular financial transactions and raised additional questions regarding the handling of Facility Revenues.

124. PYA concluded, among other findings, that:

- a. The Manager's claim that it was intentionally delaying billing for several months to allow patients to exhaust their insurance deductibles is inconsistent with sound healthcare management practices, and the

significant concentration of patient receivables in the 180-day-and-older category would generally be considered indicative of serious deficiencies in billing and collection processes;

- b. The absence of independently audited financial statements is particularly significant in light of the Manager's reported balance of patient accounts receivable, because that audit would include procedures designed to verify the accuracy, existence, and collectability of patient accounts receivable;
- c. The Manager's characterizations of cash flows as transfers to the Surplus Fund are inconsistent with the actual activity and balances reflected in the Trustee's records and do not accurately reflect the Facilities' cash flow position;
- d. There was sufficient cash on hand in Trustee-Controlled Accounts on several occasions during the period August 2023 to December 2025 to perform the semi-monthly revenue sweeps required by Section 4.04(c)(2) of the Management Agreement, but the Manager did not perform the sweeps, and as a result, the Manager retained and controlled revenues that were required to be remitted to the Trustee on a predictable and recurring basis;
- e. There were periods during which the Facilities would have lacked sufficient cash to pay operating expenses absent contributions from the Manager, consistent with the Facilities' limited operating cash inflows and significant uncollected patient accounts receivable;

- f. Activity in Trustee-Controlled Accounts reflects the commingling of Hickory House's revenues in bank accounts and transactions involving the Manager and affiliates of the Manager outside of Trustee-Controlled Accounts, despite that the bond documents do not permit the Facilities' Revenues to be transferred through, held in, or disbursed from bank accounts that are not Trustee-Controlled Accounts, nor do they authorize the payment of Facilities' operating expenses from any bank accounts that are not Trustee-Controlled Accounts;
- g. There were certain irregular fund transfers, including a transfer of \$1.4 million from Hickory House to the Trustee that was improperly recorded as a receivable from the Manager; and
- h. Financial records provided to PYA contained errors and inconsistencies that reflect deficiencies in the Manager's oversight and financial reporting practices, including discrepancies in occupancy reports, and missing line items on income statements and balance sheets.

125. The Trustee subsequently requested documents and information necessary to trace the flow of Facility Revenues, including accounts receivable aging reports, billing records, and general ledger detail. The Trustee also requested that the Manager explain a number of questionable transfers of Facility Revenues, including transfers to apparent affiliates of the Manager. Ex. 17. Despite its contractual obligations to do so, Ex. 2 § 3.13(a), the Manager refused to produce the requested materials or provide the requested explanations. Ex. 17.

126. The Manager's refusal to provide this information, combined with the Manager's failure to deliver a 2024 audit, which would have included an audit and verification of the

receivables, left the Trustee with no meaningful way to evaluate the Manager's representations concerning the receivables and impeded PYA's ability to perform a full tracing of the flow of the Facilities' Revenues.

127. Prior to the request for information concerning the receivables and for an explanation of the suspicious transactions, the Manager had provided certain financial information to the Trustee and the bondholders relating to cash receipts and net income generated by the Facilities. The Manager's sudden refusal to provide information regarding the receivables and the questionable transfers suggests that the information would be damaging to the Manager if produced.

128. Thus, the Manager's willingness to provide information regarding cash receipts and net income while refusing to provide information regarding accounts receivable gives rise to a reasonable inference that the handling of receivables and billing practices would reveal the diversion and conversion of Revenues generated by the Facilities.

129. The combination of (i) the Manager's failure to make required revenue sweeps, (ii) the rapid growth of severely aged reported accounts receivable, (iii) the Manager's shifting explanations regarding those receivables, (iv) irregular financial transactions identified in the forensic review, and (v) the Manager's refusal to provide financial records necessary to trace the flow of funds gives rise to a reasonable inference that Facility Revenues have been diverted, misapplied, or otherwise withheld from the Trustee.

I. Contractual Receivership Rights

130. The bond documents expressly authorize the appointment of a receiver upon the occurrence of an Event of Default.

131. Section 9.04(a)(vi) of the Indenture provides that, upon the occurrence and continuation of an Event of Default, the Trustee may request that an Indiana or federal court having

jurisdiction appoint a receiver over the assets pledged under the Indenture and the Revenues derived from those assets. Ex. 1 § 9.04(a)(vi).

132. The assets pledged under the Indenture include not only cash Revenues but also the right to receive payments generated by the Facilities, including accounts receivable and other rights to payment arising from the provision of patient services. Ex. 1 § 5.01(a)(i), Exhibit A, at 19 (definition of “Revenues”), 8 (definition of “Gross Operating Revenues”).

133. The Management Agreement further provides that the Trustee and the Authority are entitled to access to “Project Information,” which is broadly defined to include financial records, operational records, and other information necessary to operate and manage the Facilities. Ex. 2 §§ 3.13(a), 5.03. Project Information and other Manager Collateral are pledged as collateral to the Trustee. Ex. 1 §§ 5.01(b)(ii), 3.13(a); Ex. 2 § 4.05(c).

134. The Trustee therefore seeks the appointment of a receiver with authority over the Facilities, the Revenues generated by the Facilities, including accounts receivable and rights to payment, the operating accounts through which those Revenues are received or transferred, and all Project Information necessary to operate and manage the Facilities.

135. The Indenture further provides that the Trustee, acting for the benefit of the bondholders, is entitled to exercise all rights and remedies available under the Indenture, the Management Agreement, and applicable law.

136. The contractual conditions for the Trustee to seek the appointment of a receiver have therefore been satisfied.

J. Imminent Risk to Collateral and Continuity of Care Necessitates Judicial Intervention

137. As a result of the foregoing Manager conduct, the Facilities and the Revenues securing the Bonds are at substantial risk of loss, dissipation, or material injury.

138. As described above, the Facilities provide residential addiction treatment services to vulnerable patients who depend on their continued operation for care and safety. Because the Facilities' operating Revenues appear insufficient to meet operating expenses, and because the Facilities appear to rely on funds contributed by the Manager, the Facilities' ability to continue operating safely is at risk. The appointment of a receiver is therefore necessary not only to protect the bondholders' collateral but also to ensure the continued safe and orderly operation of the Facilities.

139. The Manager has failed to comply with the revenue control mechanisms established by the bond documents, including the required semi-monthly revenue sweeps and monthly deposits to the Senior Debt Service Account. The Manager has also failed to deliver required financial reporting, has permitted the Facilities' accounts receivable to become severely aged, and has refused to provide financial records necessary to trace the flow of Facility Revenues.

140. These failures have impaired the Trustee's ability to monitor the financial condition of the Facilities and to ensure that Revenues are being applied in accordance with the Indenture and related bond documents.

141. Absent judicial intervention, the Facilities and the Revenues securing the Bonds remain at risk of further deterioration, diversion, or loss, and continuity of patient care is at risk. Immediate court supervision is therefore necessary to preserve the Facilities, protect the pledged Revenues, and safeguard not only the interests of the Trustee and the bondholders but also the well-being of patients.

142. The Authority, as issuer of the Bonds and a party to the Indenture and Management Agreement, did not participate in the conduct described above and is not alleged to have engaged in wrongdoing. Rather, the Authority, like the bondholders, suffered as a result of the Manager's

breaches of the Management Agreement and apparent mismanagement of the Project. The Authority is named as a defendant in this action because it is a party to the governing transaction documents and because certain relief sought herein, including the enforcement of rights under the Indenture and the appointment of a receiver, necessarily involves the Authority's participation.

COUNT I
Breach of Contract
(Against Crossroads Health Management LLC)

143. Plaintiff repeats and realleges the allegations set forth in the preceding paragraphs as if fully set forth herein.

144. The Manager entered into the Asset Management Agreement dated as of July 1, 2023 (the "Management Agreement") with the Public Finance Authority in connection with the bond transaction. The Management Agreement constitutes a valid and binding contract. The Trustee is entitled to enforce the Management Agreement pursuant to the Indenture and related bond documents.

145. Under the Management Agreement and related bond documents, the Manager was obligated, among other things, to:

- a. manage and operate the Facilities in accordance with the requirements of the transaction documents and applicable industry standards;
- b. complete the Hickory House extension and the conversion of Wintersong;
- c. deliver audited financial statements, financial certifications, and other required reporting on a timely basis;
- d. deliver the Approved Operating Plan and Budget and Approved Capital Budget for each fiscal year;

- e. provide Project Information requested by the bondholder representative;
and
- f. ensure that Facility Revenues were deposited into the designated Trustee-Controlled Accounts and remitted to the Trustee in accordance with the revenue waterfall established by the Indenture.

146. The Manager materially breached the Management Agreement by, among other things:

- a. violating Section 1.02(c) of the Management Agreement by allegedly paying operating expenses with the Manager's own funds;
- b. violating Section 3.01 of the Management Agreement by failing to complete the required expansion of the Hickory House Facility;
- c. violating Section 12.04(h) of the Management Agreement by failing to use commercially reasonable efforts to achieve the required occupancy levels at the Wintersong Facility;
- d. violating Section 3.02 of the Management Agreement by failing to provide customary operational services necessary to operate the Facilities, including maintaining appropriate billing and collection procedures and ensuring regulatory compliance;
- e. violating Section 3.03 of the Management Agreement by failing to timely obtain required permits and certifications necessary to operate the Facilities;
- f. violating Section 3.13 of the Management Agreement by refusing to provide access to Project records and information requested by the Trustee and the bondholders;

- g. violating Section 4.04 of the Management Agreement by failing to deposit and transfer Facility Revenues in accordance with the required revenue transfer procedures;
- h. violating Section 4.06 of the Management Agreement by failing to maintain accurate financial records for the Project; and
- i. violating Section 4.07 of the Management Agreement by failing to timely deliver audited financial statements and related financial reports required under the Management Agreement, including the late delivery of the 2023 audit and the failure to deliver the audit for the fiscal year ending December 31, 2024.

147. As a direct and proximate result of the Manager's breaches, the Trustee and the bondholders have suffered damages, including the loss of debt service payments, impairment of the collateral securing the Bonds, and the diminution in value of the Facilities, in an amount to be determined at trial.

148. The Trustee has performed all conditions required of it under the Management Agreement and the related bond documents or has been excused therefrom as a result of the Manager's breaches and defaults.

COUNT II
Breach of Contract
(Against the Public Finance Authority)

149. Plaintiff incorporates the allegations in each of the preceding paragraphs as if fully set forth herein.

150. The Authority entered into the Indenture with the Trustee in connection with the issuance of the Bonds. The Indenture constitutes a valid and binding contract between the Authority and the Trustee.

151. Under the Indenture and the related bond documents, the Authority granted security interests and other rights in the Facilities and their Revenues for the benefit of the Trustee and the bondholders, assigned the Revenues generated by the Facilities to the Trustee, and agreed that such Revenues would be applied in accordance with the revenue waterfall established by the Indenture.

152. Trustee was entitled, under Section 5.01 of the Indenture, to receive all Revenues from the facilities subject only to the payment of operating expenses and the 30-day reserve. As noted above, failure to deposit with the Trustee sufficient Revenues to make monthly installments of debt service on the Bonds for three months in any six month period constitutes an Event of Default under the Indenture Section 9.02(d).

153. The Authority breached its obligations under the Indenture and the related bond documents by, among other things, failing to make the required deposits of Revenues with the Trustee. This failure was due, among other things, to the Manager's breaches of the Management Agreement detailed above.

154. As a direct and proximate result of the Authority's breaches, the Trustee and the bondholders have suffered damages in an amount to be determined at trial.

155. The Trustee has performed all conditions required of it under the Indenture and the related bond documents or has been excused therefrom as a result of the Authority's breaches and defaults.

COUNT III
Appointment of Receiver
(Against All Defendants)

156. Plaintiff incorporates the allegations in each of the preceding paragraphs as if fully set forth herein.

157. Pursuant to the Indenture and Indiana Code § 32-30-5-1 *et seq.*, the Trustee is entitled to the appointment of a receiver over (a) the Facilities, the Revenues generated by the Facilities, and the related accounts, books, and records associated with the operation of the Facilities; and (b) Manager and the Operating Companies.

158. The Indenture expressly authorizes the Trustee, upon the occurrence and continuation of an Event of Default, to seek the appointment of a receiver over the assets pledged under the Indenture and the Revenues derived from those assets.

159. An Event of Default has occurred and is continuing under Section 9.02(d) of the Indenture, and the Trustee formally declared that Event of Default on February 6, 2025. That default also constitutes an Event of Default under the Senior Mortgages.

160. The appointment of a receiver is warranted under Indiana Code § 32-30-5-1(b)(3), which authorizes the appointment of a receiver when property or Revenues in controversy are in danger of being lost, removed, or materially injured.

161. As described above, the Manager has failed to comply with the financial controls established by the bond documents, has failed to make required deposits and revenue sweeps, has permitted the Facilities' accounts receivable to become severely aged, has refused to provide financial records necessary for the Trustee to monitor the financial condition of the Facilities and trace the flow of Revenues, and, upon information and belief, has diverted or permitted the diversion of Revenues generated by the Facilities.

162. These circumstances demonstrate that the Facilities and the Revenues securing the Bonds are at risk of loss, diversion, or material injury absent judicial intervention.

163. The appointment of a receiver is also warranted under Indiana Code § 32-30-5-1(b)(5) because the Facilities are in imminent danger of insolvency. The Manager has failed to fund required debt service obligations, has failed to remit Revenues in accordance with the bond documents, and has permitted significant deterioration in the Facilities' receivables and financial reporting systems. PYA has identified instances in which the Facilities would have lacked sufficient cash to pay operating expenses absent contributions from the Manager.

164. The appointment of a receiver is further necessary under Indiana Code § 32-30-5-1(b)(6) to preserve the Facilities and secure the Revenues pledged for the benefit of the Trustee and the bondholders.

165. The appointment of a receiver is also appropriate under Indiana Code § 32-30-5-1(b)(8) "to secure ample justice to the parties."

166. No adequate remedy at law exists. The Manager has no material assets apart from those associated with the Project, and a monetary judgment alone would not protect the Facilities or the Revenues pledged as collateral for the Bonds.

167. The Trustee therefore requests the appointment of a receiver with authority over:

- a. the Facilities, including the Hickory House Facility located in Greenfield, Indiana and the Wintersong Facility located in Knox, Indiana;
- b. all Revenues generated by the Facilities, including cash receipts, accounts receivable, and all rights to payment arising from the provision of services at the Facilities;

- c. the bank accounts through which Facility Revenues are received or transferred;
- d. all books, records, and financial information relating to the Facilities and their operations, including all “Project Information” as defined in the Management Agreement; and
- e. the Manager and the Operating Companies, to the extent necessary to ensure that the Facilities are operated in accordance with the transaction documents and to preserve the collateral securing the Bonds.

168. The receiver should be vested with the powers provided under Indiana Code § 32-30-5 and the bond documents, including the authority to operate the Facilities, collect Revenues, pursue accounts receivable, make required deposits to the Trustee, and take all actions necessary to preserve and protect the collateral securing the Bonds.

COUNT IV
Conversion

(Against Crossroads Health Management LLC, Hickory House Recovery LLC, and Wintersong Recovery, LLC)

169. Plaintiff repeats and realleges the allegations set forth in the preceding paragraphs as if fully set forth herein.

170. Under the Indenture, all gross operating Revenues generated by the Facilities constitute collateral securing the Series 2023 Bonds and are pledged for the benefit of the Trustee and the bondholders.

171. These Revenues, including payments received from patients, commercial insurers, and government payors, constitute a specific and identifiable fund in which the Trustee holds a perfected security interest pursuant to the Indenture and the related bond documents.

172. The Revenues generated by the Facilities are billed or collected through the Operating Companies and/or other entities affiliated with the Manager and were required to be deposited into the designated Trustee-Controlled Accounts and remitted in accordance with the Indenture and the Management Agreement.

173. Under the bond documents, those Revenues were required to be deposited into designated Trustee-Controlled Accounts and remitted to the Trustee in accordance with the revenue waterfall established by the Indenture.

174. On information and belief, the Operating Companies and the Manager, acting under the direction and control of Moshe Orlinsky, exercised unauthorized dominion and control over Facility Revenues by retaining those Revenues in accounts under their control that are not Trustee-Controlled Accounts or by diverting those Revenues from the designated Trustee-Controlled Accounts required under the Management Agreement and the Indenture.

175. On information and belief, instead of complying with the required revenue transfer mechanisms, the Operating Companies and Manager retained Revenues generated by the Facilities and transferred funds only intermittently and in amounts that did not reflect the full Revenues to which the Trustee was entitled.

176. Upon information and belief, the Operating Companies participated in or facilitated the diversion of Facility Revenues.

177. The Operating Companies and the Manager knew or should have known that the Revenues they received and retained were pledged collateral required to be remitted to the Trustee for the benefit of the bondholders.

178. By exercising unauthorized dominion and control over Facility Revenues in which the Trustee held a security interest to which the Trustee was entitled, the Operating Companies and the Manager committed conversion.

179. As a direct and proximate result of the Defendants' conversion of the Trustee's collateral, the Trustee has suffered damages, including the loss of debt service payments and the loss of Revenues that should have been remitted to the Trustee in accordance with the bond documents, in an amount to be determined at trial.

COUNT V
Criminal Conversion Under Crime Victims Relief Act
(Against Crossroads Health Management LLC, Hickory House Recovery LLC, and
Wintersong Recovery, LLC)

180. Plaintiff repeats and realleges the allegations set forth in the preceding paragraphs as if fully set forth herein.

181. Under the Indenture, all gross operating Revenues generated by the Facilities constitute collateral securing the Series 2023 Bonds and are pledged for the benefit of the Trustee and the bondholders.

182. These Revenues, including payments received from patients, commercial insurers, and government payors, constitute a specific and identifiable fund in which the Trustee holds a perfected security interest pursuant to the Indenture and the related bond documents.

183. The Revenues generated by the Facilities are billed or collected through the Operating Companies and/or other entities affiliated with the Manager and were required to be deposited into the designated Trustee-Controlled Accounts and remitted in accordance with the Indenture and the Management Agreement.

184. Under the bond documents, those Revenues were required to be deposited into designated Trustee-Controlled Accounts and remitted to the Trustee in accordance with the revenue waterfall established by the Indenture.

185. On information and belief, the Operating Companies and the Manager, acting under the direction and control of Moshe Orlinsky, exercised unauthorized dominion and control over Facility Revenues by retaining those Revenues in accounts under their control that are not one of the Trustee-Controlled Accounts or by diverting those Revenues from the designated Trustee-Controlled Accounts required under the Management Agreement and the Indenture.

186. Instead of complying with the required revenue transfer mechanisms, the Operating Companies and Manager retained Revenues generated by the Facilities and transferred funds only intermittently and in amounts that did not reflect the full Revenues to which the Trustee was entitled.

187. Upon information and belief, the Manager and the Operating Companies also participated in or facilitated the diversion of Facility Revenues.

188. The Operating Companies and the Manager knowingly or intentionally retained Revenues that were pledged collateral required to be remitted to the Trustee for the benefit of the bondholders.

189. By knowingly or intentionally exercising unauthorized dominion and control over Facility Revenues in which the Trustee held a security interest to which the Trustee was entitled, the Operating Companies and the Manager committed criminal conversion under Indiana Code § 35-43-4-3.

190. As a direct and proximate result of the Defendants' conversion of the Trustee's collateral, the Trustee has suffered damages, including the loss of debt service payments and the

loss of Revenues that should have been remitted to the Trustee in accordance with the bond documents, in an amount to be determined at trial.

191. As a direct and proximate result of the Defendants' conversion of the Trustee's collateral, the Trustee is entitled to treble damages under the Indiana Crime Victims Act, Indiana Code §§ 34-24-3-1; 35-43-4-3(a).

COUNT VI
Constructive Trust
(Against Crossroads Health Management LLC, Hickory House Recovery LLC and Wintersong Recovery, LLC)

192. Plaintiff incorporates the allegations in each of the preceding paragraphs as if fully set forth herein.

193. Under the Indenture, the gross operating Revenues generated by the Facilities were pledged as collateral securing the Bonds and were required to be held and applied for the benefit of the Trustee and the bondholders.

194. In addition, under Indenture Section 5.01(b)(i), Trustee is entitled to receive all Revenues (subject only to reserving for 30 days of budgeted operating reserve), and any Revenues collected by the Authority or on behalf of the Authority by any party other than Trustee are deemed to be held by the Authority as agent for the Trustee.

195. These Revenues, including payments received from patients, commercial insurers, and government payors, constitute identifiable funds that were required to be deposited into designated Trustee-Controlled Accounts and remitted to the Trustee in accordance with the revenue waterfall established by the Indenture.

196. On information and belief, the Manager, Crossroads Health Management LLC, as well as the Operating Companies, Hickory House Recovery LLC and Wintersong Recovery, LLC, received and retained Facility Revenues that were pledged as collateral for the Bonds.

197. On information and belief, rather than transferring those Revenues to the Trustee as required by the bond documents, the Manager and the Operating Companies retained the Revenues and/or diverted them from their intended purpose.

198. Through their retention and diversion of Facility Revenues, the Manager and the Operating Companies have been unjustly enriched at the expense of the Trustee and the bondholders.

199. Equity requires that these Revenues and any funds traceable to them be held in constructive trust for the benefit of the Trustee and the bondholders.

200. The Trustee therefore requests that the Court impose a constructive trust over all Facility Revenues received, retained, or diverted by the Operating Companies and/or the Manager, together with all funds traceable to those Revenues, and order the Operating Companies and/or the Manager to disgorge those funds to the Trustee for application in accordance with the Indenture.

PRAYER FOR RELIEF

WHEREFORE, there is no just reason for delay and Plaintiff UMB Bank, N.A., as Trustee, respectfully requests that the Court enter final judgment in its favor and grant the following relief:

- a. On Count I (Breach of Contract against Crossroads Health Management LLC), a final judgment and award of compensatory damages in an amount to be determined at trial, including damages resulting from the Manager's breaches of the Management Agreement, and the related bond documents, together with pre-judgment and post-judgment interest as permitted by law;
- b. On Count II (Breach of Contract against the Public Finance Authority), a final judgment and award of compensatory damages in an amount to be determined at trial, together with pre-judgment and post-judgment interest as permitted by law;

- c. On Count III (Appointment of Receiver against all Defendants), an order appointing a receiver with authority over:
- i. the Facilities, including the Hickory House facility located in Greenfield, Indiana and the Wintersong facility located in Knox, Indiana;
 - ii. all Revenues generated by the Facilities, including accounts receivable and all rights to payment arising from the provision of services at the Facilities;
 - iii. the bank accounts through which Facility Revenues are received or transferred;
 - iv. all Project Information, financial records, and operational records relating to the Facilities and their management; and
 - v. the Manager and the Operating Companies, to the extent necessary to preserve and protect the collateral securing the Bonds and ensure the continued operation of the Facilities;
- with the receiver to be vested with the powers provided under Indiana Code § 32-30-5 and the bond documents;
- d. On Count IV (Conversion against Crossroads Health Management LLC, Hickory House Recovery LLC and Wintersong Recovery, LLC), a final judgment and award of damages jointly and severally against Crossroads Health Management LLC, Hickory House Recovery LLC and Wintersong Recovery, LLC representing the value of Facility Revenues converted by the Manager and Operating Companies, together with pre-judgment and post-judgment interest as permitted by law;
- e. On Count V (Criminal Conversion against Crossroads Health Management LLC, Hickory House Recovery LLC and Wintersong Recovery, LLC), a final judgment and

- award of treble damages jointly and severally against Crossroads Health Management LLC, Hickory House Recovery LLC and Wintersong Recovery, LLC representing three times the value of Facility Revenues converted by the Manager and Operating Companies, together with pre-judgment and post-judgment interest as permitted by law;
- f. On Count VI (Constructive Trust against Crossroads Health Management LLC, Hickory House Recovery LLC and Wintersong Recovery, LLC), an order imposing a constructive trust over all Facility Revenues received, retained, or diverted by the Manager and the Operating Companies and over all funds traceable to those Revenues, and directing that such funds be disgorged to the Trustee for application in accordance with the Indenture;
 - g. A final judgment and award of the Trustee's reasonable attorneys' fees and costs, jointly and severally against all Defendants, to the extent permitted by the Indenture, the Management Agreement, the Senior Mortgages, and applicable law; and
 - h. Such other and further relief as the Court deems just and proper.

[Signature Page Follows]

Dated: March 23, 2026

Respectfully submitted,

/s/ Mark R. Owens

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**pro hac vice application forthcoming*

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