

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
CONNECTIONS COMMUNITY SUPPORT)	Case No. 21-10723 (MFW)
PROGRAMS, INC.,)	Related to ECF No. 295 and 325.
Debtor. ¹)	
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**DECLARATION OF LYNN KOVICH IN SUPPORT OF THE OBJECTION OF
CONEXIO CARE, INC. AND CORAS WELLNESS AND BEHAVIORAL HEALTH, LLC
TO THE MOTION OF PATIENT CARE OMBUDSMAN FOR ENTRY OF AN ORDER
COMPELLING COMPLIANCE OF THE DEBTOR AND CONEXIO CARE, INC. WITH
COURT ORDERS, AND FOR RELATED RELIEF**

The undersigned, Lynn Kovich, declares that:

1. I am the Chief Executive Officer of Inperium Delaware and Conexio Care, Inc. (“**Conexio**”), which, together with Coras Wellness and Behavioral Health, LLC (“**Coras**” and with Conexio, the “**Buyers**”), bought substantially all property of the bankruptcy estate of Connections Community Support Programs, Inc. (the “**Debtor**”) and operate the Debtor’s former business.

2. In my capacity as the Chief Executive Officer of Inperium Delaware and Conexio, I am generally familiar with the businesses and affairs of the Buyers, including the day-to-day operation of their businesses.

3. I am at least 18 years old, and I am otherwise competent to testify.

4. I am submitting this declaration to support the *Objection of Conexio Care, Inc. and Coras Wellness and Behavioral Health, LLC to the Motion of Patient Care Ombudsman for*

¹ The last four digits of the Debtor’s federal taxpayer identification number are 3030. The address of the Debtor’s corporate headquarters is 3812 Lancaster Pike, Wilmington, Delaware 19805.

Entry of an Order Compelling Compliance of the Debtor and Conexio Care, Inc. with Court Orders, and for Related Relief [ECF No. 295] (the “**Objection**”).²

5. Except as otherwise indicated in this declaration, all facts set forth in this declaration are based on my personal knowledge, my discussions with other officers and managers of the Buyers and the Buyers’ advisors, and my review of the relevant documents and information concerning the business and affairs of the Buyers, including their day-to-day operations, and, if I were called to testify, I could, and would, testify competently to and about the facts set forth in this declaration.

THE SALE OF THE NON-MAT ASSETS TO CONEXIO

6. On April 21, 2021, the Debtor and Conexio entered into an asset purchase agreement (the “**Non-MAT APA**”), Section 2.1 of which provides for a sale of substantially all the interests of the Debtor’s estate in any property that the Debtor used to operate certain of its programs (the “**Non-MAT Assets**”), specifically the ones that the Debtor and Conexio listed in Exhibit A to the Non-MAT APA (the “**Non-MAT Programs**”).

7. But the Non-MAT Assets did not include, among other interests of the Debtor’s estate in property, certain unassignable permits, without which or a replacement for which Conexio could not lawfully operate the Non-MAT Programs (the “**Excluded Non-MAT Permits**”).

8. On June 14, 2021, the Court approved the Debtor’s sale of the Non-MAT Assets to Conexio, by entering the *Order (I) Authorizing the Assumption, Assignment, and Sale of Certain Assets to Conexio Care, Inc., Free and Clear of All Liens, Claims, Encumbrances, and Interests; and (II) Granting Related Relief* [ECF No. 247].

² A capitalized term that is not defined in this declaration has the meaning that the term has in the Objection.

9. And the next day, on June 15, 2021, the Debtor and Conexio closed the sale of the Non-MAT Assets and entered into a Transition Services Agreement (the “**Non-MAT TSA**”), by which the Debtor temporarily allowed Conexio to use resources of the Debtor’s estate to operate the Non-MAT Programs on day one and thereby seamlessly continue providing care and other services to patients. This allowance’s purpose was to provide Conexio with enough time to set up the infrastructure that is necessary to operate the Non-MAT Programs.

THE SALE OF THE MAT ASSETS TO CORAS

10. On April 21, 2021, the Debtor and Conexio entered into another asset purchase agreement (the “**MAT APA**” and with the Non-MAT APA, the “**APAs**”), Section 2.1 of which provides for a sale of substantially all the interests of the Debtor’s estate in any property that the Debtor used to operate other of its programs (the “**MAT Assets**” and with the Non-MAT Assets, the “**Acquired Assets**”), specifically the ones that the Debtor and Conexio listed in Exhibit A to the MAT APA (the “**MAT Programs**” and with the Non-MAT Programs, the “**Assumed Programs**”).

11. But the MAT Assets did not include, among other interests of the Debtor’s estate in property, certain unassignable permits, without which or a replacement for which Conexio could not have operated (or its later assignee, Coras, could not operate) the MAT Programs lawfully (the “**Excluded MAT Permits**” and with the Excluded Non-MAT Permits, the “**Excluded Permits**”).

12. On June 14, 2021, the Court approved the Debtor’s sale of the MAT Assets to Conexio, by entering the *Order (I) Authorizing the Assumption, Assignment, and Sale of Certain Assets to Conexio Care, Inc., Free and Clear of All Liens, Claims, Encumbrances, and Interests; and (II) Granting Related Relief* [ECF No. 245].

13. Also on June 14, 2021, Conexio and Coras entered into an assignment of asset purchase agreement (the “**Assignment**”), under which Conexio assigned all its rights and other interests in or under, and delegated all its obligations under, the MAT APA to Coras.

14. And the next day, on June 15, 2021, the Debtor and Coras closed the sale of the MAT Assets and entered into a Transition Services Agreement (the “**MAT TSA**” and, with the Non-MAT TSA, the “**TSAs**”), by which the Debtor temporarily allowed Coras to use resources of the Debtor’s estate to operate the MAT Programs on day one and thereby seamlessly continue providing care and other services to patients. This allowance’s purpose was to provide Coras with enough time to set up the infrastructure that is necessary to operate the MAT Programs.

THE REASONS FOR THE TRANSITION SERVICES AGREEMENTS

15. Under the APAs, when the Debtor and the Buyers closed the sales of the Acquired Assets, the Debtor and its estate completely and irremovably relinquished, and the Buyers assumed, legal ownership of, responsibility for, and exclusive control over the Assumed Programs and their operation. That is, since June 15, 2021, the Buyers have had full legal and operational control over and responsibility for the provision of care and other services to the Debtor’s former patients, while the Debtor has had no control over or responsibility for the delivery of care or other services to its former patients.

16. The Debtor’s severe financial constraints forced the Debtor and the Buyers to enter into the APAs and consummate the sale of the Acquired Assets on an accelerated timeline, with the Debtor and the Buyers deferring the completing of many transitional tasks typically carried out before a sale closed, until after the sales’ closed. Therefore, the Debtor and the Buyers entered into the TSAs, which became effective on June 15, 2021, so the Buyers could utilize the personnel, specified leases, and certain other assets yet to be transferred by Debtor to

the Buyers for an interim period of time and thereby take over the Assumed Programs and their operation immediately.

17. More importantly, the TSAs provide for an interim lease of Debtor's employees to the Buyers starting on the sales' closing, so the Buyers could operate the Assumed Programs and provide associated care and other services immediately after the sales' closings. While the leased employees are still the Debtor's employees and continue to receive their compensation from the Debtor, all such employees work exclusively for and on behalf of the Buyers, which funds the full costs of their employment by the Debtors. The interim lease was necessary to give the Buyers enough time to conduct employee "on-boarding" and evaluation, including employment screening, payroll and benefits enrollment, and other pre-employment administrative tasks, which the Buyers could not have completed before the sales' closed, as is typically the case, because of the much accelerated closing timeline of the transactions. Under the terms of the TSAs, effective on August 2, 2021, the Buyers will formally employ substantially all of Debtor employees currently leased by the Buyers, all in accordance with the terms and conditions of the APAs.

18. The TSAs also provide for interim sublease arrangements for certain of the Debtor's leased locations, while the Buyers, which did not have enough time before the sales' closing to consider taking assignment of those locations' leases because of the much accelerated closing timeline of the transactions, negotiate with those locations' landlords and, if agreed on, take assignment of some of the existing lease and enter into new or modified leases to replace others.

19. In all, the TSAs provide the Buyers with access to the operational infrastructure necessary for the Buyers to operate the Assumed Programs until the Debtor can formally convey,

and the Buyers can finish building, the needed infrastructure. And, since the sales' closed, the Buyers have owned and operated the Assumed Programs on their own behalf, not as an agent of the Debtor, and for the benefit of the Buyers' patients.

**FACTS CONCERNING THE ARGUMENTS OF AND ALLEGATIONS BY
THE PATIENT CARE OMBUDSMAN**

20. Section 1.03 of the Non-MAT TSA and Section 1.03 of the MAT TSA refer to the Buyers as agents of the Debtor; however, neither of the Buyers is an agent of the Debtor. After all, the Buyers and the Debtor did not intend to create agency relationships, and the Debtor can neither control nor direct the Buyers' actions. Also, the Buyers have been operating the Assumed Programs without any oversight by, and free from the control or direction of, the Debtor, and the Debtor has not provided, either directly or indirectly through the Buyers, any services to its former patients since June 15, 2021, the date on which the Debtor transferred those patients to the Buyers.

21. Further, the Buyers have not interfered with any attempt by the Patient Care Ombudsman to fulfill his duties in the Debtor's bankruptcy case. In fact, the Buyers cannot prevent the Patient Care Ombudsman from monitoring and reporting on the quality of the patient care that the Debtor provides; after all, the Debtor currently provides no services, so there is nothing for the Buyers to prevent the Patient Care Ombudsman from monitoring or reporting on.

22. Next, the Debtor has no interest, economic or otherwise, in its former business, including the parts that the Buyers now operate, and, in Section 6.07 of the Non-MAT TSA and Section 6.07 of the MAT TSA, the Buyers have agreed to indemnify the Debtor against any liability resulting from the Buyers' use of the Debtor's licenses and permits, so the Debtor would be insulated from any liability for the Buyers' actions, which the Debtor can neither control nor direct.

23. And finally, the Debtor has no patients, and, since June 15, 2021, no one has obtained or received any services from the Debtor; therefore, the Patient Care Ombudsman has no constituency and no interests to represent and otherwise defend. Simply put, the Patient Care Ombudsman's continued service is unnecessary for the protection of the Debtor's patients, of which there are none, and the costs of continuing to monitor and report on the quality of patient care that the Debtor no longer provides, and will never again provide, are not actual, necessary costs and expenses of preserving the Debtor's estate or otherwise serving its interests.

24. In all, there is no basis to enjoin or otherwise compel the Debtor or the Buyers to allow the Patient Care Ombudsman to monitor and report on patient care that the Debtor neither provided nor was not in any material way involved in providing.

I declare, under penalty of perjury, that the foregoing is true and correct.

Executed on: July 20, 2021

/s/ Lynn Kovich
Lynn Kovich
Chief Executive Officer of Inperium Delaware
and Conexio Care, Inc.