

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In re:

GUARDIAN ELDER CARE AT JOHNSTOWN,
LLC, d/b/a/ RICHLAND HEALTHCARE AND
REHABILITATION CENTER, *et al.*,

Debtors.¹

GUARDIAN ELDER CARE AT JOHNSTOWN,
LLC, d/b/a/ RICHLAND HEALTHCARE AND
REHABILITATION CENTER, *et al.*,

Movants,

v.

NO RESPONDENT.

Chapter 11

Case No. 24-70299 (JAD)

(Jointly Administered)

Hearing Date: February 24, 2026 at 10:00 a.m. (ET)
Objection Deadline: February 10, 2026 at 4:00 p.m. (ET)

**JOINT MOTION FOR ORDER APPROVING SETTLEMENT PURSUANT
TO RULE 9019 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

The above-captioned debtors and debtors in possession (the “Debtors”) and the Official Committee of Unsecured Creditors (the “Committee”), by and through their respective undersigned counsel, submit this motion (this “Motion”), pursuant to section 105 of title 11 of the United States Code, 11 U.S.C. § 101 *et seq.* (the “Bankruptcy Code”), Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 9019-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Western District of Pennsylvania

¹ The last four digits of Guardian Elder Care at Johnstown, LLC d/b/a Richland Healthcare and Rehabilitation Center’s federal tax identification number are 7907. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://omniagentsolutions.com/Guardian>. The Debtors’ mailing address is: 8796 Route 219, Brockway, Pennsylvania 15824.

(the “Local Rules”), for entry of an order, a proposed form of which is attached hereto as **Exhibit A** (the “Proposed Order”), approving the compromise and release agreement (the “Settlement Agreement”) by and among the Debtors, the Committee, and the Debtors’ officers, directors and members (the “D&Os,” and together, with the Debtors and the Committee collectively, the “Parties”), a copy of which is attached to the Proposed Order as **Exhibit 1**,² and granting relief. In support of this Motion, the Parties represent as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Western District of Pennsylvania (the “Court”) has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a “core” proceeding as defined in 28 U.S.C. § 157(b). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicate for the relief requested in this Motion is section 105 of the Bankruptcy Code. Such relief is further warranted under Bankruptcy Rule 9019 and Local Rule 9019-1.

BACKGROUND

3. On July 29, 2024 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court. Their respective bankruptcy cases are being jointly administered by order of the Court.

4. The Debtors were authorized to continue to operate their businesses and manage their businesses as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code.

5. On July 29, 2024, the Court entered an order directing the joint administration of

² The copy of the Settlement Agreement attached to the Proposed Order is not fully executed; however, all Parties have agreed to its terms and this Motion has been filed with the consent of such Parties. The Debtors and the Committee will attach the fully executed Settlement Agreement to the Proposed Order when it is submitted for entry.

the Debtors' chapter 11 cases pursuant to section 105(a) of the Bankruptcy Code. No trustee or examiner has been appointed in the chapter 11 cases.

6. On August 12, 2024, under section 1102(a)(1) of the Bankruptcy Code, the Office of the United States Trustee (the "U.S. Trustee") appointed the Committee.

7. The Debtors provided inpatient and outpatient services through a network of skilled nursing facilities and personal care homes.

8. Prior to the Petition Date, Guardian Healthcare's skilled nursing business was operated in separate portfolios, two of which, along with certain ancillary entities, were included in these chapter 11 cases. The "Owned Facilities Portfolio" consisted of: (i) eight (8) entities that operated skilled nursing facilities (i.e. the "Owned OpCos"), seven of which were located in Pennsylvania and one of which was located in West Virginia, and (ii) eight (8) entities that owned and leased the real property on which each of the respective OpCos was located and operated (i.e. "Owned PropCos").

9. The Owned OpCos consist of:

- Guardian Elder Care at Beaver Falls, LLC d/b/a Beaver Valley Healthcare and Rehabilitation Center;
- Guardian Elder Care at Bethel Park, LLC d/b/a Meadowcrest Healthcare and Rehabilitation Center;
- Guardian Elder Care at Greensburg, LLC d/b/a Oak Hill Healthcare and Rehabilitation Center;
- Guardian Elder Care at Lower Burrell, LLC d/b/a Belair Healthcare and Rehabilitation Center;
- Guardian Elder Care at Monongahela, LLC d/b/a Havencrest Healthcare and Rehabilitation Center;
- Guardian Elder Care at Munhall, LLC d/b/a Eldercrest Healthcare and Rehabilitation Center;
- Guardian Elder Care at Brockway, LLC d/b/a Highland View Healthcare and Rehabilitation Center; and
- Guardian Elder Care at Fairmont, LLC d/b/a Fairmont Healthcare and Rehabilitation Center.

10. Three of the Owned Opcos – operated by Debtors Guardian Elder Care at Beaver

Falls, LLC d/b/a Beaver Valley Healthcare, Rehabilitation Center, Guardian Elder Care at Fairmont, LLC d/b/a Fairmont Healthcare and Rehabilitation Center and Guardian Elder Care at Monongahela, LLC d/b/a Havencrest Healthcare and Rehabilitation Center (together, the “HUD Owned OpCos”) – operated facilities located on real estate owned by the Owned PropCos and financed via HUD-insured credit facilities, as described in further detail below; the remaining Owned OpCos (together, the “Non-HUD Owned OpCos”) did not.

11. Additional information regarding the Debtors and the Chapter 11 Cases, including the Debtors’ business, corporate structure, financial condition, and the reasons for and objectives of the Chapter 11 Cases, is set forth in the *Declaration of Allen Wilen in Support of First Day Motions for Relief*.

A. The D&O Claims

12. On June 11, 2025 and August 12, 2025, the Committee served notices of circumstances (claims) upon the Debtors (collectively, the “Notices”), which detailed alleged certain claims that the Committee asserted were held by the Debtors.

13. The Notices detailed how the D&Os allegedly improperly permitted certain transfers of assets of the HUD Debtors in violation of enforceable agreements and regulations prior to the Petition Date. Further, the Notices included allegations that the Non-HUD Debtors receiving the transfers lacked any reasonable means to repay them and, therefore, the actions of the D&Os allegedly demonstrated a disregard of corporate separateness of each of the HUD Debtors and constituted alleged breaches of fiduciary duties. The Notices also alleged certain non-specified transfers from the Non-HUD Debtors to insiders of the Debtors, in exchange for which the Debtors did not allegedly receive reasonably equivalent value.

14. The D&Os denied and disputed all of the allegations set forth in the Notices.

15. On November 17, 2025, the Court entered an order approving the *Stipulation between the Debtors, the Debtors' Directors and Officers, Public Credit, LLC, and the Official Committee of Unsecured Creditors to Assign Matters to Mediation* [D.I. 2530], which set November 18, 2025 as the date for a mediation (the “Mediation”) to resolve, among other things, the allegations set forth in the Notices, with the Honorable Judith K. Fitzgerald serving as the mediator (the “Mediator”).

16. On November 18, 2025, the Mediation commenced at the Debtors’ counsel’s law offices of Saul Ewing LLP, located at 1 PPG Place, Pittsburgh, PA 15222. At the Mediation, the Parties reached a resolution on the alleged claims set forth in the Notices as detailed below; however, the claims asserted in the Committee’s adversary proceeding against Public Credit at Adv. No. 25-07005 (the “Public Credit Adversary”) were not settled and remain unaffected by the settlement described herein.

17. On November 21, 2025, the Mediator filed a Certificate of Completion of Mediators Conference [Doc. No. 2537].

B. The Settlement Agreement

18. Following good faith and arm’s length negotiations at the Mediation and otherwise, the Parties have reached a comprehensive agreement that resolves the alleged claims set forth in the Notices, obviates the need to engage in costly and protracted litigation, and, most importantly, provides for the recovery of funds that may help pave the way to filing a confirmable plan of liquidation for some or all of the Debtors in an effort to wind down the Debtors’ estates. The Parties have therefore moved as expeditiously as possible to file this Motion to seek approval of the Settlement Agreement.

19. Certain material terms of the Settlement Agreement are as follows³:

- The D&Os shall cause to be paid the sum of One Million Fifty Thousand and 00/100 Dollars (\$1,050,000.00) (the “Settlement Payment”) on behalf of the D&Os to a Debtors’ estate account (“Estate Account”) designated by the Debtors and the Committee, to reflect the value related to the relevant estates, in good and immediately available funds.
- The Settlement Payment shall be paid by wire transfer or check so as to be delivered to the Estate Account in good and immediately available funds no later than thirty (30) calendar days after entry of a final and non-appealable order granting this Motion.
- Upon the receipt and clearance of the Settlement Payment in good funds, the Debtors, their estates and the Committee, on the one hand, and the D&Os, on the other hand, shall fully and forever irrevocable release each other from any and all claims and demands of any kind or nature that they asserted or could have asserted against each other from the beginning of time through and including the date of the execution of the Settlement Agreement.
- Upon the receipt and clearance of the Settlement Payment in good funds, the Debtors, their estates, the Committee and the D&Os shall fully and forever irrevocable release Starr Indemnity & Liability Company (“Starr”) from any and all claims and demands of any kind or nature that they asserted or could have asserted against Starr, based upon, arising out of, directly or indirectly resulting from, attributable to, or in any way involving any and all claims asserted in the Notices and any and all claims asserted in the Public Credit Adversary.
- The Debtors have agreed that the Committee will take the lead in preparing a joint plan of liquidation of any or all of the Debtors and winddown of the Debtors’ estates including, but not limited to, negotiations with creditor constituencies regarding the contents of and distribution of assets through the plan.

20. As described more particularly below, the Parties believe that the Settlement Agreement is in the best interests of the Debtors and their estates because, among other things, it

³ This description of the Settlement Agreement is meant only to be a summary of the key provisions of the Settlement Agreement. To the extent there is any inconsistency between this summary and the Settlement Agreement, the terms of the Settlement Agreement shall control.

(i) provides for the recovery of significant funds that may be essential to preparing and filing a plan of liquidation to wind down some or all of the Debtors' estates; and (ii) avoids the time and cost of litigating the claims identified in the Notices.

RELIEF REQUESTED

21. By this Motion, the Parties request that the Court enter an order (i) approving the Settlement Agreement under Bankruptcy Rule 901, and (ii) granting such other and further relief as this Court deems just and proper.

BASIS FOR REQUESTED RELIEF

22. Bankruptcy Rule 9019 states in pertinent part that:

[o]n Motion by the trustee and after notice and a hearing, the court may approve a compromise and settlement. Notice shall be given to creditors, the United States Trustee, the debtor and indenture trustees as provided in Rule 2002 and to any other entity as the court may direct.

Fed. R. Bankr. P. 9019.

23. Compromises pursuant to Bankruptcy Rule 9019 are favored in the bankruptcy context “[t]o minimize litigation and expedite the administration of a bankruptcy estate.” *Martin v. Myers (In re Martin)*, 91 F.3d 389, 393 (3d Cir. 1996). “The authority to approve a compromise [or] settlement is within the sound discretion of the bankruptcy court.” *In re Northwestern Corp.*, 2008 WL 2704341, at *6 (Bankr. D. Del. Jul. 10, 2008) (quoting *Key3media Group, Inc. v. Pulver.Com, Inc. (In re Key3media Grp., Inc.)*, 336 B.R. 87, 92 (Bankr. D. Del. 2005) (“In exercising this discretion, the bankruptcy court must determine whether the compromise is fair, reasonable, and in the best interests of the estate.”)); *see also In re Louise’s, Inc.*, 211 B.R. 798, 801 (D. Del. 1997) (same); *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968) (stipulations must be “fair and equitable”).

24. Bankruptcy Rule 9019(a) empowers bankruptcy courts to approve settlements “if they are in the best interests of the estate.” *Vaughn v. Drexel Burnham Lambert Grp., Inc. (In re Drexel Burnham Lambert Grp., Inc.)*, 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991). The Court should not substitute its judgment for that of the Debtor. *In re Neshaminy Office Building Assocs.*, 62 B.R. 798, 803 (E.D. Pa. 1986). The responsibility of the Court is not to decide whether the settlement is the best possible compromise, but instead to consider whether “the settlement is within the reasonable range of litigation possibilities.” *In re World Health Alternatives, Inc.*, 344 B.R. 291, 296 (Bankr. D. Del. 2006); *see also In re W.T. Grant Co.*, 699 F.2d 599, 608 (2d Cir. 1983).

25. In determining whether a settlement should be approved under Bankruptcy Rule 9019, the Court must “assess and balance the value of the claim that is being compromised against the value to the estate of the acceptance of the compromise proposal.” *In re Martin*, 91 F.3d at 393. In striking this balance, the Court should consider “(i) the probability of success in the litigation; (ii) the likely difficulties in collection; (iii) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and (iv) the paramount interest of the creditors.” *Id.*

26. As applied to the present case, a review of these factors demonstrates that the Settlement Agreement should be approved. First, while the D&Os believe they possess meritorious defenses, the outcome of the claims alleged in the Notices is uncertain. The Parties have thus taken into account the probabilities of success with respect to the various issues alleged in the Notices and believe that the terms of the Settlement Agreement fall within the range of reasonableness.

27. Second, with respect to the likely difficulties in collection, this Court should consider the time it takes to get from ruling to collection in its difficulty in collections assessment. The practicality of the situation is that, if this Court does not approve the Settlement Agreement, the Parties will likely engage in protracted litigation for months (if not years) over the issues alleged in the Notices. The Debtors and the Committee also believe that any prevailing Party would be thrust into the appellate process, which could drastically delay the ability to bring these Chapter 11 cases to their conclusion. For these reasons, the Parties believe that this factor also supports approving the Settlement Agreement.

28. Second, the complexity, expense, inconvenience and delay associated with litigating the claims alleged in the Notices also weighs in favor of compromise.⁴ The Notices, and the claims alleged therein, are at a preliminary stage. The Parties have not exchanged meaningful discovery and have thus far avoided significant motion practice. Should the claims alleged in the Notices required continued pursuit, the Parties face protracted and costly discovery and motion practice that would require months (if not years) to litigate, to the detriment of the Debtors' estates. Such challenges and costs are eliminated through entry into the Settlement Agreement eliminates.

29. Finally with respect to the paramount interest of the creditors, the Committee – i.e., the statutory committee appointed by the United States Trustee to advance the interests of all unsecured creditors in these Chapter 11 cases – supports this Settlement Agreement. The Settlement Agreement is also supported by the Debtors, as well as the D&Os and Starr.

30. Recognizing that comprises like the one embodied in the Settlement Agreement are favored in bankruptcies, *see In re Martin*, 91 F.3d at 393, the Parties submit that the facts and

⁴ The second *Martin* factor – i.e. the likely difficulty in collection – does not appear to be an issue here; however, the Debtors and Committee submit that the delays and costs that would result from continued litigation of this matter weigh in favor of Court approval of the settlement.

circumstances surrounding the claims alleged in the Notices, and the overall impact on the outcome of these Chapter 11 cases, irrefutably favor approval of the Settlement Agreement.

NOTICE

31. Notice of this Motion will be given to the following parties, or in lieu thereof, to their counsel: (i) the Office of the United States Trustee for the Western District of PA; (ii) counsel to the Committee; (iii) counsel to S&T Bank; (iv) counsel to the Cuarzo Landlords (as defined in the First Day Declaration); (v) counsel to KeyBank, N.A.; (vi) counsel to Public Credit LLC; (vii) the Pennsylvania Department of Health; (viii) the Pennsylvania Department of Human Services; (ix) the United States Attorney for the Middle and Western Districts of Pennsylvania and the Northern District of West Virginia; (x) the offices of the attorneys general for the states in which the Debtors operate; (xi) the Internal Revenue Service; (xii) the Unions (as defined in the First Day Declarations); (xiii) counsel to Star; (xiv) the Ds and Os; and (xv) any party that has requested notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

[remainder of page left intentionally blank]

WHEREFORE, the Debtors and the Committee respectfully request that this Court enter an order, substantially in the form of the Proposed Order, approving the Settlement Agreement and granting such other further relief as is just and proper.

Date: January 27, 2026

Respectfully submitted,

SAUL EWING LLP

/s/ Jeffrey C. Hampton

Michael J. Joyce (PA Bar No. 311303)
One PPG Place, Suite 3010
Pittsburgh, PA 15222
Telephone: (412) 209-2539
Email: michael.joyce@saul.com

-and-

Jeffrey C. Hampton (PA Bar No. 59131)
Maxwell M. Hanamirian (PA Bar No. 335764)
1735 Market Street, Suite 3400
Philadelphia, PA 19103
Telephone: (215) 972-7777
Email: jeffrey.hampton@saul.com
maxwell.hanamirian@saul.com

-and-

Mark Minuti (admitted *pro hac vice*)
Monique B. DiSabatino (PA Bar No. 306448)
Paige N. Topper (admitted *pro hac vice*)
1201 N. Market Street, Suite 2300
Wilmington, DE 19801
Telephone: (302) 421-6800
Email: mark.minuti@saul.com
monique.disabatino@saul.com
paige.topper@saul.com

Counsel for Debtors and Debtors in Possession

BERNSTEIN-BURKLEY, P.C.

/s/ Kirk B. Burkley

Kirk B. Burkley (PA Bar No. 89511)
601 Grant Street, 9th Floor
Pittsburgh, PA 15219
Telephone: (412) 456-8100
Email: kburkley@bernsteinlaw.com

-and-

SILLS CUMMIS & GROSS, P.C.

Andrew H. Sherman (admitted *pro hac vice*)
Boris I. Mankovetskiy (admitted *pro hac vice*)
One Riverfront Plaza
Newark, NJ 07102
Telephone: (973) 643-7000
Email: asherman@sillscummis.com
bmankovetskiy@sillscummis.com

Counsel for the Official Committee of Unsecured Creditors

EXHIBIT A

(Proposed Order)

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In re:

GUARDIAN ELDER CARE AT JOHNSTOWN,
LLC, d/b/a/ RICHLAND HEALTHCARE AND
REHABILITATION CENTER, *et al.*,

Debtors.¹

Chapter 11

Case No. 24-70299 (JAD)

(Jointly Administered)

GUARDIAN ELDER CARE AT JOHNSTOWN,
LLC, d/b/a/ RICHLAND HEALTHCARE AND
REHABILITATION CENTER, *et al.*,

Movants,

v.

NO RESPONDENT.

Related to Docket No. __

**ORDER APPROVING SETTLEMENT PURSUANT TO RULE
9019 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

Upon the motion (the “Motion”)² of the Debtors and the Committee, seeking entry of an order, pursuant to section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019 approving the Settlement Agreement attached hereto as **Exhibit 1**; and due and proper notice of the Motion having been given; and it appearing that no other or further notice of the Motion is required; and it appearing that the Court has jurisdiction to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334; and it appearing that this is a core proceeding pursuant to 28 U.S.C. §§ 1408

¹ The last four digits of Guardian Elder Care at Johnstown, LLC d/b/a Richland Healthcare and Rehabilitation Center’s federal tax identification number are 7907. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://omniagentsolutions.com/Guardian>. The Debtors’ mailing address is: 8796 Route 219, Brockway, Pennsylvania 15824.

² Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

and 1409; and the Court having reviewed and considered the Motion and the Settlement Agreement, and any responses thereto; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement is approved in all respects.
3. The parties to the Settlement Agreement are authorized to take all appropriate steps required to effectuate the terms of the Settlement Agreement.
4. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.
5. This Court shall retain jurisdiction with respect to all matters arising from or related to the interpretation and enforcement of this Order and the Settlement Agreement.

Dated: _____, 2026

HONORABLE JEFFERY A. DELLER
UNITED STATES BANKRUPTCY JUDGE

SETTLEMENT AGREEMENT

This Settlement Agreement (the “Settlement Agreement” or the “Agreement”) is being entered in by and among the Guardian Elder Care at Johnstown, LLC d/b/a Richland Healthcare and Rehabilitation Center and its affiliated debtors and debtors-in-possession (collectively, the “Debtors”) in the jointly administered bankruptcy cases In re Guardian Elder Care at Johnstown, LLC d/b/a Richland Healthcare and Rehabilitation Center, et al., Case No. 24-70299 (JAD) (Bankr. W. D. Pa.) (the “Bankruptcy Cases”) in the United States Bankruptcy Court for the Western District of Pennsylvania (the “Bankruptcy Court”), the Debtors’ officers, directors and members including, but not limited to, Raymond L Calhoun, Peter C. Varischetti, Nicholas D. Varischetti, Michael J. Herald, John Gallick and Armando T. Fortunato (collectively, the “D&Os”) and the Official Committee of Unsecured Creditors (the “Committee” and with the Debtors and the D&Os, each a “Party” and collectively, the “Parties”). The “Effective Date” shall be the date on which this Settlement Agreement has been approved by the Bankruptcy Court in the Bankruptcy Cases.

RECITALS

WHEREAS, on July 29, 2024 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court;

WHEREAS, on August 12, 2024, under section 1102(a)(1) of the Bankruptcy Code, the Office of the United States Trustee (the “U.S. Trustee”) appointed the Committee;

WHEREAS, prior to the Petition Date, the Debtors’ skilled nursing business were operated in three separate portfolios, two of which are presently impacted by these Bankruptcy Cases;

WHEREAS, the “Owned Facilities Portfolio” consisted of: (i) eight (8) entities that operated skilled nursing facilities (i.e. the “Owned OpCos”), seven of which were located in Pennsylvania and one of which was located in West Virginia, with approximately 494 beds and 461 employees, and (ii) eight (8) entities that owned and leased the real property on which each of the respective OpCos were located and operated (i.e. “Owned PropCos”);

WHEREAS, The Owned OpCos consist of:

- Guardian Elder Care at Beaver Falls, LLC d/b/a Beaver Valley Healthcare and Rehabilitation Center;
- Guardian Elder Care at Bethel Park, LLC d/b/a Meadowcrest Healthcare and Rehabilitation Center;

- Guardian Elder Care at Greensburg, LLC d/b/a Oak Hill Healthcare and Rehabilitation Center;
- Guardian Elder Care at Lower Burrell, LLC d/b/a Belair Healthcare and Rehabilitation Center;
- Guardian Elder Care at Monongahela, LLC d/b/a Havencrest Healthcare and Rehabilitation Center;
- Guardian Elder Care at Munhall, LLC d/b/a Eldercrest Healthcare and Rehabilitation Center;
- Guardian Elder Care at Brockway, LLC d/b/a Highland View Healthcare and Rehabilitation Center; and
- Guardian Elder Care at Fairmont, LLC d/b/a Fairmont Healthcare and Rehabilitation Center;

WHEREAS, three of the Owned OpCos – operated by Debtors Guardian Elder Care at Beaver Falls, LLC d/b/a Beaver Valley Healthcare, Rehabilitation Center, Guardian Elder Care at Fairmont, LLC d/b/a Fairmont Healthcare and Rehabilitation Center and Guardian Elder Care at Monongahela, LLC d/b/a Havencrest Healthcare and Rehabilitation Center (together, the “HUD Owned OpCos”) – operated facilities located on real estate owned by the Owned PropCos and financed via HUD-insured credit facilities, as described in further detail below; the remaining Owned OpCos (together, the “Non-HUD Owned OpCos”) did not;

WHEREAS, on June 11, 2025 and August 12, 2025, the Committee served notices of circumstances (claims) upon the Debtors (the “Notices”), which alleged certain claims that the Committee asserted were held by the Debtors against the D&Os;

WHEREAS, the Committee’s Notices identified certain transfers of property between and among the Debtors, primarily from the HUD Owned OpCos to Non-HUD Owned OpCos, that were alleged to give rise to claims against the D&Os, as well as other alleged breaches of fiduciary duties (both duty of care and duty of loyalty);

WHEREAS, the D&Os dispute the claims alleged by the Committee;

WHEREAS, on November 17, 2025, the Court entered an order approving the *Stipulation Between the Debtors, the Debtors’ Directors and Officers, Public Credit, LLC, and the Official*

Committee of Unsecured Creditors to Assign Matters to Mediation [Doc. No. 2530] which set November 18, 2025 as the date for a mediation (the “Mediation”) to resolve, among other things, the Notice with the Honorable Judith K. Fitzgerald serving as the mediator (the “Mediator”);

WHEREAS, on November 18, 2025, the Mediation commenced at the Debtors’ counsel’s law offices of Saul Ewing LLP located at 1 PPG Place, Pittsburgh, PA 15222;

WHEREAS, at the Mediation, the Parties reached a resolution on the alleged claims set forth in the Notices as detailed herein;

WHEREAS, the Parties desire to settle and resolve any and all disputes, claims, and/or allegations identified within the Notices that the Committee has asserted, or as of the date of this Agreement have been asserted by the Committee, the Debtors or their estates or could have asserted by the Committee, the Debtors or their estates, against the D&Os, without the need for further litigation, thereby avoiding the future expense, inconvenience, uncertainty, and distraction with those issues;

WHEREAS, the Parties deem it to be in their mutual interests to amicably and finally settle all matters in dispute described in the Notice in accordance with the terms set forth herein;

NOW THEREFORE, in consideration of the mutual promises and releases contained herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereto, each intending to be legally bound, hereby agree as follows:

1. **RECITALS.** The Parties acknowledge the accuracy of the foregoing Recitals and make them part of this Agreement by incorporation.

2. **FINANCIAL CONSIDERATION.** The D&Os shall cause to be paid the sum of One Million Fifty Thousand and 00/100 Dollars (\$1,050,000.00) (the “Settlement Payment”) on behalf of the D&Os to a Debtors’ estate account (“Estate Account”) designated by the Debtors and

the Committee, to reflect the value related to the relevant estates, in good and immediately available funds.

3. **PAYMENT OF THE SETTLEMENT PAYMENT.** The Settlement Payment shall be paid by wire transfer or check so as to be delivered to the Estate Account designated by the Debtors and the Committee in good and immediately available funds no later than thirty (30) calendar days after the Bankruptcy Court's entry of the order granting the motion (provided that such order is final and non-appealable).

4. **BANKRUPTCY COURT APPROVAL.** The enforceability of this Settlement Agreement is conditioned on the Bankruptcy Court's approval of this Settlement Agreement under Federal Rule of Bankruptcy Procedure 9019.

5. **RELEASE.** Upon the receipt and clearance of the Settlement Payment in good funds, the Debtors, their estates and the Committee on the one hand and the D&Os on the other hand, on their own behalf and on behalf of their respective past and present affiliates, subsidiaries, parents, and each of their predecessors-in-interest, successors-in-interest and their respective officers, employees, directors, agents, executives, assigns, successors, heirs, executors, administrators, and legal representatives, past and present, hereby fully and forever irrevocable release each other from any and all claims and demands of any kind or nature that they asserted or could have asserted against each other from the beginning of time through and including the date of the execution of the Settlement Agreement, including, but not limited to any and all debts, suits, accounts, actions, causes of action, controversies, charges, claims, crossclaims, counterclaims, complaints, assertions of right, assessments, bills, controversies, covenants, disputes, liabilities, costs, expenses, attorneys' fees, losses, judgments, settlements, promises, duties, responsibilities, damages, declarations of rights, monetary and non-monetary relief, and demands of any kind or nature, now existing or hereafter arising, whether at law, equity or otherwise, known or unknown,

whether asserted or unasserted, whether determined, determinable or otherwise, based upon, arising out of, directly or indirectly resulting from, attributable to, or in any way involving the Notices, the Owned OpCos, the HUD Owned OpCos, the Non-HUD Owned OpCos, and any and all claims asserted in the Committee's adversary proceeding against Public Credit at Adv. No. 25-07005 (the "Public Credit Adversary"). Any claims against individual Committee members shall not be released and will be unaffected by the Settlement Agreement. Nothing in the Settlement Agreement or the motion to approve same shall be deemed to release, waive, modify or otherwise impact or impair any claims that have been or are asserted in the future by the Committee and/or the Debtors against any persons or entities other than the D&Os, including without limitation, any and all claims asserted in the Public Credit Adversary. For purposes of clarity and the avoidance of doubt, any and all rights, claims and defenses in or relating to the Public Credit Adversary shall be unaffected by this Agreement and none of the releases and/or waivers contained herein shall impair the Committee's right and ability to prosecute the Public Credit Adversary and/or be deemed a waiver thereof.

6. RELEASE OF STARR INDEMNITY & LIABILITY COMPANY. Upon the receipt and clearance of the Settlement Payment in good funds, the Debtors, their estates, the Committee and the D&Os, on their own behalf and on behalf of their respective past and present affiliates, subsidiaries, parents, and each of their predecessors-in-interest, successors-in-interest and their respective officers, employees, directors, agents, executives, assigns, successors, heirs, executors, administrators, and legal representatives, past and present, hereby fully and forever irrevocable release Starr Indemnity & Liability Company ("Starr") from any and all claims and demands of any kind or nature that they asserted or could have asserted against Starr, based upon, arising out of, directly or indirectly resulting from, attributable to, or in any way involving any and all claims asserted in the Notices and any and all claims asserted in the Public Credit Adversary.

7. **PLAN SUPPORT.** The Debtors agree that the Committee will take the lead in preparing a joint plan of liquidation of any or all of the Debtors and winddown of the Debtors' estates including, but not limited to, negotiations with creditor constituencies regarding the contents of and distribution of assets through the plan. For the avoidance of doubt, confirmation of a chapter 11 plan is not necessary to effectuate this Agreement.

8. **REPRESENTATIONS AND WARRANTIES OF THE DEBTORS.** As a material inducement for the Parties to enter into this Agreement, the Debtors hereby represent and warrant to the other Parties that, subject to approval of this Agreement by the Bankruptcy Court, each Debtor has full power and authority (and all necessary action has been taken) to execute, deliver and perform its obligations under this Agreement, and upon entry of the order approving this Agreement by the Bankruptcy Court, this Agreement will be binding upon and enforceable against the Debtors in accordance with its terms.

9. **REPRESENTATIONS AND WARRANTIES OF THE COMMITTEE.** As a material inducement for the Parties to enter into this Agreement, the Committee hereby represents and warrants to the other Parties that each member of the Committee is duly organized, validly existing. Subject to approval of this Agreement by the Bankruptcy Court, the Committee has full power and authority (and all necessary action has been taken) to execute, deliver and perform its obligations under this Agreement, and this Agreement will be binding upon and enforceable against the Committee in accordance with its terms.

10. **NO ADMISSION OF FAULT, LIABILITY, OR WRONGDOING.** The Parties hereby acknowledge and agree that, by entering into this Settlement Agreement, no Party is admitting any unlawful or otherwise wrongful conduct or liability, responsibility, or coverage of any kind. This Settlement Agreement shall not be offered by or be admissible as evidence against any Party nor will it be cited or referred to by any Party in any action or proceeding except in an

action to enforce or construe this Settlement Agreement. In any proceeding to enforce this Settlement Agreement in which this Settlement Agreement is admitted into evidence or otherwise considered, this Settlement Agreement will not constitute an admission by any Party or a waiver of any claims or defenses any Party may assert.

11. ACKNOWLEDGEMENT OF VOLUNTARY AGREEMENT. Each Party severally acknowledges that no promise, inducement, or agreement not expressed herein has been made to it or him or her, that this Settlement Agreement contains the entire agreement between or among the Parties concerning the matters described in this Settlement Agreement, and, except as expressly provided herein, that there are no third party beneficiaries to this Settlement Agreement. Each Party further acknowledges and affirms that it has been given adequate opportunity to review and consider this Settlement Agreement and that it has been advised by counsel in respect thereof. Each Party severally acknowledges and agrees that the terms of this Agreement were negotiated, not boilerplate; that each Party is represented by counsel in connection with this Agreement; that this Agreement is an arms-length transaction; and that the Parties are knowledgeable in business matters.

12. NO WAIVER. The failure of any Party to enforce any provision hereof shall not be construed as a waiver of such provision, or any other provision, or of such Party's rights to enforce such provision in the future.

13. ENTIRE AGREEMENT. This Settlement Agreement constitutes the entire agreement and understanding among the Parties, canceling and superseding all previous understandings and agreements among the Parties relating to the subject matter of this Settlement Agreement. Except as provided herein, the Parties have made no other promises to each other, and there are no other agreements or understandings, either oral or in writing, affecting this Settlement Agreement or relating to the subject matter of this Settlement Agreement. This Settlement

Agreement may be modified or supplemented only in a writing executed by all of the Parties (or their authorized attorneys) or their successors, on or after the Effective Date. The Parties through their authorized counsel participated materially in the drafting of this Settlement Agreement. None of the Parties hereto shall be considered the drafter of this Settlement Agreement or any provision thereof for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter thereof. No provision of this Settlement Agreement is to be interpreted for or against any Party because that Party or that Party's representative or counsel drafted such provision.

14. GOVERNING LAW; JURISDICTION. The internal laws of the Commonwealth of Pennsylvania applicable to contracts made and wholly performed therein shall govern the validity, construction, performance and effect of this Agreement. Each of the Parties hereby irrevocably and unconditionally agrees that any legal action, suit, dispute or proceeding arising under, out of or in connection with this Agreement shall be brought in the Bankruptcy Court (for so long as the Bankruptcy Court has jurisdiction) and otherwise in the Federal or State courts of competent jurisdiction located in the County of Allegheny, Commonwealth of Pennsylvania, and each of the Parties hereto irrevocably accepts and submits itself to the exclusive jurisdiction of such courts, generally and unconditionally, and waives any objections as to venue or inconvenient forum. Notwithstanding the foregoing consent to jurisdiction, so long as the Bankruptcy Court has jurisdiction, each of the Parties agrees that the Bankruptcy Court shall have exclusive jurisdiction with respect to any matter under or arising out of or in connection with this Agreement, and hereby submits to the jurisdiction of the Bankruptcy Court.

15. EXECUTION. This Settlement Agreement may be executed in counterparts (including by means of telecopied or emailed signature pages), each of which is deemed to be an

original and all of which taken together shall constitute one and the same agreement. Signatures transmitted by electronic means shall be considered valid signatures.

16. **HEADINGS.** The headings of the sections and subsections hereof are for purposes of convenience only, and shall not be deemed to amend, modify, limit, or in any way affect the meaning of any of the provisions hereof.

17. **BINDING AGREEMENT.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto as well as their respective affiliates, subsidiaries, assigns, officers, directors, members, managers, employees, representatives, administrators, executors, agents, all successors-in-interest, and those persons in active concert or participation with them. The Parties' rights or obligations under this Agreement shall not be assigned without the consent of the other Parties, which consent shall not be unreasonably withheld.

18. **GOOD FAITH COMPLIANCE; FURTHER ASSURANCES.** Each Party hereto agrees to cooperate in good faith and to do all things necessary to effectuate this Agreement. Each Party hereto agrees to execute such other documents as may be reasonably requested by any other Party to effectuate the terms of this Agreement.

19. **COUNTERPARTS; ELECTRONIC SIGNATURES.** This Agreement may be signed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Agreement. Signatures transmitted and delivered by facsimile or e-mail transmission shall have the same force and effect as original signatures.

20. **SEVERABILITY.** If any provision of this Agreement is deemed by a court of competent jurisdiction to be illegal, invalid or unenforceable under present or future laws, it is the intention of the Parties that the remainder of the Agreement shall not be affected thereby, and each remaining term and provision of this Agreement will be valid and be enforced to the fullest extent permitted by law, and to the extent permitted and possible, the illegal, invalid or unenforceable

term shall be deemed replaced by a term that is legal, valid and enforceable and that comes closest to expressing the intention of such invalid or unenforceable term.

21. NO THIRD PARTY BENEFICIARIES. Except as expressly provided in this Agreement, nothing in this Agreement shall be construed to give any person, other than the Parties, their successors, and their permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

22. DRAFTING. All of the provisions of this Agreement will be deemed to have been drafted jointly by the Parties hereto, with each Party equally responsible for the choice of words and form of this Agreement. No provision of this Agreement is to be interpreted for or against any Party because that Party or its legal representative drafted such provision.

23. ATTORNEY REPRESENTATION. In negotiation, preparation and execution of this Agreement, the Parties hereby acknowledge that each Party has been represented by its own counsel and that each Party has had an opportunity to consult with an attorney of its own choosing prior to the execution of this Agreement and has been advised that it is in its best interests to do so. The Parties have read this Agreement in its entirety and fully understand the terms and provisions contained herein. The Parties execute this Agreement freely and voluntarily and accept the terms, conditions and provisions of this Agreement, and state that the execution by each of them of this Agreement is free from any coercion whatsoever.

24. SURVIVAL. The representations and warranties made herein, as well as the other promises on the part of the Parties set forth herein, shall survive the execution of this Agreement. This Agreement shall survive confirmation of a chapter 11 plan, the establishment of any liquidating trust or similar agreement, the appointment of any plan administrator or liquidating trustee pursuant to a confirmed chapter 11 plan, the conversion to chapter 7, or the dismissal of the Debtors' Bankruptcy Cases.

25. LANGUAGE. As the context requires, all words used herein in the singular shall extend to and include the plural, all words used in the plural shall extend to and include the singular, and all words used in any gender shall extend to and include the other gender or be neutral.

NOTICES. All notices, requests and other communications hereunder must be in writing and will be deemed given: (i) when sent by electronic mail, unless a failure of delivery message is received by the sender; (ii) the next business day after sent by Airborne, Federal Express, or a comparably reliable national air courier service (i.e., one which delivers service in at least 48 states) provided that any such courier service provides written evidence of delivery; and (iii) three (3) business days after deposited in the United States Mail, postage prepaid, Registered or Certified Mail, Return Receipt Requested, addressed to the parties hereto at the respective addresses specified herein, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith.

If to the D&Os:	Fox Rothschild LLP 2001 Market Street, Suite 1700 Philadelphia, PA 19103 Attn: William H. Stassen E-mail: wstassen@foxrothschild.com
If to the Debtors:	Guardian Eldercare at Johnstown, LLC, et. al. 111 Wood Avenue South Iselin, NJ 08830-2700 Attn: Allen Wilen E-mail: allen.wilen@eisneramper.com
With a copy to:	Saul Ewing LLP Centre Square West 1500 Market Street, 38th Floor Philadelphia, PA 19102 Attn: Jeffrey Hampton E-mail: jhampton@saul.com
If to the Committee:	Highmark, Inc. Fifth Avenue Place 120 Fifth Avenue, Suite 3112 Pittsburgh, PA 15222 Attn: Stephen Pickios E-mail: stephen.pickios@highmarkhealth.org

With a copy to:

Bernstein-Burkley, P.C.
601 Grant St., 9th Floor
Pittsburgh, PA 15219
Attn: Kirk Burkley
E-mail: kburkley@bernsteinlaw.com

-and-

SILLS CUMMIS & GROSS, P.C.
Andrew H. Sherman
One Riverfront Plaza
Newark, NJ 07102
Email: asherman@sillscummis.com

[REMAINDER OF THIS PAGE INTENTIONALLY
LEFT BLANK WITH SIGNATURE PAGE FOLLOWING]

IN WITNESS WHEREOF, we have hereunto set our hands and seals upon this Settlement
Agreement and Release this _____ day of January, 2026, intending to be legally bound hereby.

**GUARDIAN ELDERCARE AT JOHNSTOWN, LLC
d/b/a/ RICHLAND HEALTHCARE AND
REHABILITATION CENTER, et al.**

Sworn to and subscribed
before me this _____ day
of _____, 2026

By: _____
(sign)

Name: _____

Notary Public

Title: _____
(print)

**OFFICIAL COMMITTEE OF UNSECURED
CREDITORS**

Sworn to and subscribed
before me this _____ day
of _____, 2026

By: _____
(sign)

Name: _____

Notary Public

Sworn to and subscribed
before me this _____ day
of _____, 2026

Raymond L. Calhoun

Notary Public

Sworn to and subscribed
before me this _____ day
of _____, 2026

Peter C. Varischetti

Notary Public

Sworn to and subscribed
before me this ____ day
of _____, 2026

Nicholas D. Varischetti

Notary Public

Sworn to and subscribed
before me this ____ day
of _____, 2026

Michael J. Herald

Notary Public

Sworn to and subscribed
before me this ____ day
of _____, 2026

John. Gallick

Notary Public

Sworn to and subscribed
before me this ____ day
of _____, 2026

Armando T. Fortunato

Notary Public