

ORDERED.

Dated: July 01, 2026


Luis E. Rivera II
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
FORT MYERS DIVISION
www.flmb.uscourts.gov

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In re: Chapter 11 Cases
CHS FL, LLC, *et al.*,¹ Case No. 2:26-bk-01087-FMR
Debtors. Jointly Administered
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**FINAL STIPULATION AND ORDER AUTHORIZING USE OF
CASH COLLATERAL AND GRANT OF ADEQUATE PROTECTION**

RECITALS

WHEREAS, on May 8, 2026 and May 13, 2026 (the “Petition Date”), the above-captioned debtors (collectively, the “Debtors”) filed respective voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (“Chapter 11 Cases”), 11 U.S.C. § 101 et seq. (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Middle District of Florida (the “Bankruptcy Court”); and

¹ The address of the Lead Debtor is 3347 Tamiami Trail E., Naples, FL 34112. The last four digits of the Debtors’ federal tax identification numbers are: (i) CHS FL, LLC (5547); (ii) CHS TX, Inc. (5886); (iii) CHS AL, LLC (0801); (iv) YesCare Corp. (5961); (v) CHS Care NY, LLC (4573); (vi) Corizon Health of New Mexico, LLC (4760); and (vii) CHS Care TX, LLC (6583).

WHEREAS, the Debtors have continued in possession and management of their businesses as health service providers to inmate populations as debtors-in-possession pursuant to Bankruptcy Code sections 1107(a) and 1108; and

WHEREAS, prior to the Petition Date, one or more of the Debtors allegedly became indebted to M2 LoanCo LLC (the “Lender”) under that certain Amended and Restated Credit Agreement (as amended and/or modified from time to time), and certain of the Debtors assert that they owe Lender approximately \$16,000,000 of principal plus accrued interest and fees (the “Senior Secured Loans and Claims”); and

WHEREAS, the Senior Secured Loans and Claims are administered by Cortland Capital Market Services LLC as collateral agent, which the Debtors assert perfected the liens and security interests of the Lender covering certain of the Debtors’ operating assets, including accounts receivable and the proceeds thereof, plus other cash and cash equivalents (hereinafter, the “Cash Collateral”)² as defined by Bankruptcy Code section 363 only to the extent subject to valid and perfected liens of the Lender; and

WHEREAS, the Debtors admit, stipulate, and acknowledge that the Lender holds a valid and duly perfected senior secured first-priority lien and security interest on substantially all of the Debtors’ operating assets (the “Collateral”), including the Cash Collateral, to secure the Senior Secured Loans and Claims; and

WHEREAS, the Debtors require access and use of the Cash Collateral to operate their businesses and, particularly, to pay employees and provide health care services; and

² Any references to the defined term Cash Collateral herein shall not be considered or deemed to constitute a finding of this Court that any cash or other assets are subject to valid and duly perfected senior secured first-priority liens.

WHEREAS, prior to the Petition Date, the Debtors receivables were paid to an affiliated entity, TN Correct Health Services, LLC (“TN Services”), which paid bills of the Debtors and funded payroll through CHS Employee Group LLC, subject to the Lender’s asserted liens; and

WHEREAS, the Lender hereby consents to the Debtors’ use of Cash Collateral on a final basis in accordance with the terms of this Stipulation and Order and Approved Budget (as defined below), with such consent not to be deemed or construed as a waiver of any rights, claims, arguments, or other entitlement to relief requested or asserted by the Lender in any other motion or proceeding, each and all of which is specifically reserved, and with all rights of the official committee of unsecured creditors appointed in these Chapter 11 Cases (the “Committee”) and other parties in interest preserved as set forth herein; and

WHEREAS, pursuant to Bankruptcy Code section 363(c)(2), the Debtors acknowledge the accounts receivable and the proceeds thereof constitute Cash Collateral to the extent subject to valid and perfected liens of the Lender, and the Debtors may not use the Cash Collateral without the Lender’s consent or further order of the Court; and

WHEREAS, the Debtors and the Lender hereby stipulate and agree to provide for the use of the Cash Collateral and to provide the Lender with adequate protection therefor as defined in Bankruptcy Code sections 361 and 363(a) upon and subject to the terms and conditions as stated below; and

WHEREAS, this Stipulation and Order has been negotiated in good faith and is fair and reasonable under the circumstances; and

WHEREAS, this case came on for a preliminary hearing on May 21, 2026, at 2:30 p.m. EST; and

WHEREAS, on June 2, 2026, the Bankruptcy Court entered its *Stipulation and Order Authorizing Interim Use of Cash Collateral and Grant of Adequate Protection* (Doc. No. 150).

WHEREAS, on June 3, 2026, the Bankruptcy Court entered its *Corrective Stipulation and Order Authorizing Interim Use of Cash Collateral and Grant of Adequate Protection* (Doc No. 168).

WHEREAS, the recital paragraphs above and all acknowledgments, stipulations, admissions, and agreements contained therein are subject in all respects to Paragraph 14 of this Stipulation and Order and the rights of parties in interest preserved therein.

NOW, THEREFORE, IT IS HEREBY STIPULATED, CONSENTED TO AND AGREED BY THE UNDERSIGNED PARTIES, AND SO-ORDERED BY THE COURT, that:

1. Incorporation of Recitals. The Recitals set forth above are incorporated herein by reference and shall be deemed to be true and correct as such statements apply to each of the Debtors and the Lender, as applicable, but not other parties in interest, and shall be subject in all respects to Paragraph 14 of this Stipulation and Order. Each of the parties to this Stipulation represents that it has the right and authority to execute this Stipulation and act in accordance with its terms.

2. Use of Cash Collateral. The Debtors are authorized, pursuant to Bankruptcy Code section 363(c)(2)(B), to use Cash Collateral on the terms hereof in accordance with the Approved Budget (as defined below), with the collections to continue by TN Services for deposit into the Debtors' DIP Accounts (as defined below) based upon regular sweeps.

3. Findings Regarding Use of Cash Collateral.

a. Good cause has been shown for the entry of this Stipulation and Order to maintain the estates and allow the Debtors the opportunity to consider their restructuring options.

b. The Debtors have an immediate need to use Cash Collateral and have requested that the Lender permit the use of Cash Collateral to operate their businesses in accordance with a budget to be filed by the Debtors and served on the Lender, the United States Trustee, and the Committee (as approved by the Court, as may be amended from time to time in accordance with this Stipulation and Order, the “Approved Budget”); *provided, however*, that no Approved Budget shall include any payment to an insider unless such payment has been expressly authorized by Court order. The Debtors shall file and serve any proposed initial budget and any proposed amended budget (each, a “Proposed Budget”) on the Lender, the United States Trustee, and the Committee (a) within five (5) business days of this Order and, thereafter, (b) at least five (5) business days before any hearing to consider approval thereof, unless otherwise ordered by the Court. Entry of this Stipulation and Order shall not constitute approval of any Proposed Budget.

c. The Lender is willing to permit the Debtors to use Cash Collateral only upon the terms and conditions contained in this Stipulation and Order and in accordance with the Approved Budget. No Proposed Budget shall become an Approved Budget absent (i) the written consent of the Lender (which consent may be provided by email through counsel) or (ii) further order of the Court after notice and a hearing. If an objection is filed to the Proposed Budget, it shall not become an Approved Budget until the pending objection is resolved.

d. It is in the best interest of the Debtors’ estates that, in exchange for providing adequate protection to the Lender in accordance with Paragraph 4 of this Stipulation and Order, the Debtors be allowed to utilize Cash Collateral under the terms and conditions set forth herein and in accordance with the Approved Budget.

e. The Lender’s consent to any of the terms and provisions herein should not be viewed, used or interpreted to mean that the Lender acknowledges or agrees to any deficiency or

infirmities with respect to the value of its claims or to the effectiveness of its liens and security interest, and the Lender reserves all of its rights, claims and defenses under any of the loan or collateral documents or applicable federal or state law, it being understood that the use of Cash Collateral is serving the overall interests of the bankruptcy estates and helping to maximize collection of receivables.

4. Adequate Protection. The Debtors acknowledge and the Court hereby finds that the Debtors' use of Cash Collateral may potentially result in diminution in value of the Collateral ("Collateral Diminution") and, as a result, the Lender is entitled, pursuant to Bankruptcy Code sections 361, 363(c)(2), and 363(e), to adequate protection of its interest in the Collateral in an amount equal to the aggregate diminution in value of the Lender's interest in the Collateral, if any, solely to the extent necessary to protect against any actual Collateral Diminution of the Lender's valid, perfected, enforceable, unavoidable liens and security interests as of the May 19, 2026 (the "Request Date"), if any, arising from the imposition of the automatic stay pursuant to Bankruptcy Code section 362, and subject in all respects to Paragraph 14 of this Stipulation and Order. As adequate protection, the Lender is hereby granted the following postpetition liens and claims:

- a. Continuing Liens. The Lender is hereby granted valid and perfected first priority replacement liens and security interests in the Collateral (collectively, the "Replacement Liens"), effective as of the Request Date, solely to the extent of any actual Collateral Diminution as of the Request Date and solely to the same extent, validity, priority, perfection, and enforceability as the Lender's valid, perfected, enforceable, unavoidable liens and security interests as of the Petition Date, if any, subject in all respects to Paragraph 14 of this Stipulation and Order. The Replacement Liens shall be enforceable against the Debtors, their estates and any

successors thereto, including without limitation, any trustee or other estate representative appointed in these Chapter 11 Cases, or in any cases under Chapter 7 of the Bankruptcy Code solely to the extent set forth herein. Notwithstanding anything to the contrary herein, the Replacement Liens shall be subject and subordinate to the Carve-Out (as defined below) and shall not attach to: (A) claims or causes of action under chapter 5 of the Bankruptcy Code; (B) commercial tort claims; (C) claims or causes of action against the Lender, Isaac Lefkowitz, Perigrove, any affiliate or insider of the Debtors or the Lender, or any of their respective current or former officers, directors, managers, members, agents, professionals, representatives, successors, or assigns; (D) claims or causes of action seeking to challenge, avoid, recharacterize, subordinate, disallow, surcharge, or otherwise contest the Senior Secured Loans and Claims, the Lender's asserted liens and security interests, or any transfers, obligations, or liens granted to or for the benefit of the Lender or any related party; (E) proceeds of any of the foregoing; or (F) any property that was not subject to valid, perfected, enforceable, and unavoidable liens in favor of the Lender as of the Petition Date.

- b. No Section 507(b) Claim. Nothing in this Stipulation and Order grants the Lender any superpriority claim under Bankruptcy Code section 507(b). All rights of all parties in interest with respect to any request for relief under Bankruptcy Code section 507(b) are reserved, and any such request shall require further order of the Court after notice and a hearing and a showing that adequate protection previously provided was inadequate.

- c. Escrow of Excess Funds. To the extent the Debtors have excess funds in the Approved Budget and there is no superseding cash collateral order regarding use of such funds, the Debtors shall escrow the funds pending further order of this Court.

5. Carve-Out. Notwithstanding anything to the contrary herein, the Debtors' obligations to the Lender and the Replacement Liens granted herein shall be subject in all respects and subordinate to the Carve-Out. "Carve Out" shall mean only (i) earned, but unpaid professional fees incurred prior to the Termination Date (as defined below) for retained professionals of the Debtors' bankruptcy estates and the Committee, in each case as provided in the Approved Budget; (ii) the fees required to be paid to the United States Trustee under section 1930(a) of title 28 of the United States Code; (iii) all reasonable fees and expenses (including professional fees) up to \$50,000 incurred by a Chapter 7 trustee under Section 726(b) of the Bankruptcy Code or otherwise incurred by any fiduciary appointed under Bankruptcy Code sections 726, 332, and/or 1104; and (iv) the Post-Termination Professional Fee Cap (as defined below).

6. No Section 506(c) or 552(b) Waiver. Nothing in this Stipulation and Order shall constitute a waiver of the Debtors' estates' rights under Bankruptcy Code section 506(c), any rights under Bankruptcy Code section 552(b), including the equities-of-the-case exception, or the equitable doctrine of marshaling, and all rights of the Debtors, the Committee, any trustee, any examiner, any estate representative, and all other parties in interest with respect thereto are expressly reserved.

7. Filing Mechanics. Subject in all respects to Paragraphs 4 and 14 of this Stipulation and Order, and solely with respect to the Replacement Liens granted herein, the security interests and liens herein granted, including the Replacement Liens (i) are and shall be in addition to, and not in substitution of, all security interests, liens, encumbrances, and rights of set-off existing in

favor of the Lender on the Petition Date, or other rights of the Lender currently existing or hereinafter arising and (ii) shall secure, in whole or in part, the payment of the secured indebtedness, if any, owed to the Lender. This Stipulation and Order shall be sufficient evidence of the validity, perfection, and priority of the Replacement Liens without the necessity of filing or recording any financing statement or other instrument or document which may otherwise be required under the law or regulation of any jurisdiction, or the taking of any other action (including, for the avoidance of doubt, entering into any deposit account control agreement) to validate or perfect with applicable non-bankruptcy law the Replacement Liens or to entitle the Lender to the priorities granted herein. Notwithstanding the foregoing, the Lender is authorized to file, as it deems necessary or advisable in its sole discretion, such financing statements, mortgages, notices of lien, and other similar documents to perfect in accordance with applicable non-bankruptcy law or to otherwise evidence the applicable Replacement Liens, and all such financing statements, mortgages, notices, and other documents shall be deemed to have been filed or recorded as of the Petition Date. However, no such filing or recordation shall be necessary or required in order to create or perfect the Replacement Liens.

8. Modification of the Automatic Stay. The automatic stay imposed by section 362(a) of the Bankruptcy Code is hereby modified, solely to the extent necessary to permit the Debtors (a) to grant the Replacement Liens authorized by this Stipulation and Order, subject in all respects to Paragraphs 4 and 14 hereof, and (b) to perform such acts as may be necessary to evidence the Replacement Liens authorized herein.

9. Budget Stipulations by Debtor. The Debtors' obligations and acknowledgements in connection with the use of Cash Collateral are as follows:

a. The Debtors can only use Cash Collateral to pay for the agreed monthly operating expenses as set forth in the Approved Budget. Ordinary expenses shall be defined as those items set forth in the Approved Budget and shall be in amounts which do not exceed the amount specified therein for each category of expenses, subject to a monthly variance of five percent (5%) per line item and ten percent (10%) of the total monthly budget (the “Allowed Variances”). The Debtors shall obtain either the Lender’s written permission (which may be via email) or further order of the Court before making or incurring any obligation or making or incurring any expenditures of Cash Collateral in excess of the Allowed Variances.

b. The Debtors shall promptly, in cooperation with the Lender but at the sole expense of the Debtors as set forth in the Approved Budget, open and establish Debtor-in-Possession bank accounts (the “DIP Accounts”), with all funds in the DIP Accounts to remain subject to the Lender’s lien and security interest hereunder, if any, subject in all respects to Paragraph 14 of this Stipulation and Order.

c. The Debtors shall report the collection and expenditures of the Cash Collateral as part of the Debtors’ monthly operating reports, which the Debtors shall file with the Court in accordance with the guidelines of the United States Trustee on a timely basis. The Debtors shall also provide the Committee with the same weekly budget variance reporting and other reports, including, but not limited to, (a) retroactive budget-to-actuals for the prior week and month, and (b) go-forward 13-week budget forecasts.

d. Notwithstanding anything to the contrary in this Stipulation and Order, no transfer or payment made by or on behalf of the Debtors pursuant to the Approved Budget shall constitute or be deemed to constitute a waiver, release, or limitation of the rights of the Debtors, their estates, the Committee, any chapter 7 or chapter 11 trustee, any examiner, any estate representative, or any

other party in interest to (i) contest or challenge the appropriateness, validity, or amount of any such transfer or payment, (ii) seek to invalidate, avoid, or recover any such transfer or payment under any applicable provision of the Bankruptcy Code or applicable non-bankruptcy law, or (iii) seek the return, disgorgement, or clawback of any amounts so transferred or paid. All rights of all parties with respect to any such transfer or payment are expressly preserved.

10. Disposition of Collateral. Subject to Paragraph 14 of this Stipulation and Order, the Debtors shall not sell, transfer, lease, encumber, or otherwise dispose of any portion of the Lender's Collateral outside of the ordinary course of business without further order of the Court.

11. Prohibition on Granting of Additional Liens and Interests. No liens, claims, interests, or priority status having a lien or administrative priority superior to or *pari passu* with that of the Replacement Liens granted by this Stipulation and Order shall be granted without further order of the Court; *provided, however*, that nothing herein shall limit the rights preserved under Paragraph 14 of this Stipulation and Order or the rights of any party in interest to seek further relief from the Court.

12. Events of Default/Termination Date. Unless Lender otherwise agrees in writing, this Stipulation and Order shall terminate (the "Termination Date") upon the earliest of any of the following events (the "Events of Default") after three (3) business days' written notice (the "Remedies Notice Period") from the Lender to the Debtors (which may be via email between counsel), with a copy to the Office of the United States Trustee and the Committee, with an opportunity to cure solely within the Remedies Notice Period: (a) the Debtors' failure to perform any of the terms, provisions, and covenants under this Stipulation and Order; (b) default by the Debtors in timely monthly financial reporting as required under this Stipulation and Order and/or the United States Trustee guidelines; or (c) the expiration of the period covered by the then-

effective Approved Budget, unless otherwise agreed by the Lender or ordered by the Court. During the Remedies Notice Period, the Debtors shall be permitted to use Cash Collateral solely to fund operating expenses in accordance with the Approved Budget. On the Termination Date, (a) Lender's consent to use Cash Collateral shall be deemed withdrawn and (b) subject to the Carve-Out and any further order of the Court, the Debtors' authorization to use Cash Collateral for any purpose shall be terminated. The post-Termination Date carve out for professionals shall be capped at \$250,000 for professionals retained by the Debtors' estates and the Committee (the "Post-Termination Professional Fee Cap"), subject to Court approval of the underlying fees and expenses. Nothing herein shall prejudice the rights of the Debtors, the Committee, or any other party in interest to contest the occurrence of any Event of Default or to seek further use of Cash Collateral upon notice and a hearing.

13. No Liability to Third-Parties. This Court's authorization of the Debtors' use of Cash Collateral under the terms set forth herein shall not constitute evidence of the Lender's (i) liability to any third-party, and (ii) fiduciary duty to the Debtors, their creditors or their estates. Notwithstanding the foregoing, nothing herein shall constitute a finding or adjudication regarding the Lender's, or any of its owners, members, principals, managers, or insiders', liability, control, status, duties, or obligations on any basis other than this Court's authorization of the Debtors' use of Cash Collateral and the Lender's consent thereto, and all rights of the Committee and other parties in interest with respect thereto are reserved.

14. Challenge Period. Although the Debtors acknowledge the extent, validity and priority of the Senior Secured Loans and Claims, such acknowledgments, stipulations, admissions, and agreements shall not be binding on the Committee, any chapter 7 or chapter 11 trustee, any examiner, any estate representative, winddown officer, or any other party in interest unless and

until the Challenge Period (as defined below) has expired without the timely commencement of a Challenge (as defined below) or the timely filing of a motion seeking standing to commence a Challenge. Any trustee, winddown officer, creditor, committee or other party-in-interest with appropriate standing may investigate the facts and file a complaint or an objection to the Lender's claim. The deadline to assert a challenge shall be the Challenge Period set forth herein. Nothing in this Stipulation and Order vests or confers on any Person (as defined in the Bankruptcy Code), including any statutory or non-statutory committees appointed or formed in these Chapter 11 Cases, standing or authority to pursue any claim or cause of action belonging to the Debtors or their estates, including, without limitation, any Challenge described in this paragraph; *provided, however*, that nothing herein shall impair or limit the right of any such Person to seek standing or authority to pursue any such Challenge, claim, or cause of action, and all such rights are expressly preserved.

a. For purposes of this Stipulation and Order, the "Challenge Period" shall mean the period ending on the later of: (i) ninety (90) days after the appointment of the Committee; (ii) any such later date as may be agreed to in writing by the Lender and the Committee (without the need for any further Court order); (iii) sixty (60) days following the conversion of any case to chapter 7 or appointment of a winddown officer, and (iv) any such later date as may be ordered by the Court.

b. For purposes of this Stipulation and Order, a "Challenge" shall mean any objection, claim, cause of action, defense, setoff, recoupment, request for recharacterization, subordination, disallowance, avoidance, disgorgement, surcharge, marshaling, or other challenge concerning: (i) the existence, amount, validity, perfection, enforceability, priority, extent, or avoidability of the Senior Secured Loans and Claims, the Lender's asserted liens and security interests, or any asserted interest in Cash Collateral or other Collateral; (ii) any payments, transfers, obligations,

liens, or security interests made, granted, incurred, or asserted in favor of the Lender or any related party; or (iii) any claims or causes of action arising under the Bankruptcy Code or applicable non-bankruptcy law, including avoidance actions, commercial tort claims, lender-liability claims, breach-of-fiduciary-duty claims, equitable subordination claims, and recharacterization claims.

c. Prior to the expiration of the Challenge Period, the Committee, any chapter 7 or chapter 11 trustee, winddown officer, examiner, estate representative, or any other party in interest with requisite standing may file a motion seeking standing and authority to commence a Challenge. The timely filing of such a motion shall toll the expiration of the Challenge Period solely with respect to the party filing such motion and solely with respect to the Challenges described in the proposed pleading attached to such motion until the earlier of: (i) the date such motion is withdrawn; (ii) the date the Court enters a final order denying such motion; or (iii) two (2) business days after entry of a final order granting such motion, unless otherwise ordered by the Court. For the avoidance of doubt, no party shall assert that the Committee or any other party in interest is barred from seeking or obtaining standing to commence a Challenge solely by reason of any limitation on creditor derivative standing under otherwise applicable non-bankruptcy law, and all rights of all parties are otherwise reserved with respect to any such standing motion.

d. If no Challenge or motion seeking standing to commence a Challenge is timely filed prior to the expiration of the Challenge Period, then, without further order of the Court, the Debtors' acknowledgments, stipulations, admissions, and agreements contained herein shall become binding on the Committee and other parties in interest solely to the extent provided in this Stipulation and Order. If a Challenge is timely commenced, the Debtors' acknowledgments, stipulations, admissions, and agreements contained herein shall remain binding only to the extent

such acknowledgments, stipulations, admissions, or agreements are not expressly and successfully challenged by final order of the Court.

e. Notwithstanding anything to the contrary herein, up to \$250,000 (the “Investigation Budget”) of Cash Collateral may be used for allowed fees and expenses incurred by the Committee and its professionals in connection with investigating the Senior Secured Loans and Claims, the Lender’s asserted liens and security interests, and any related claims or causes of action, prior to the expiration of the Challenge Period. The Committee may seek allowance of fees and expenses in excess of the Investigation Budget for cause shown upon notice and a hearing.

15. Binding Effect of Stipulation and Order. Immediately upon entry by this Court (notwithstanding any applicable law or rule to the contrary), the terms and provisions of this Stipulation and Order shall become valid and binding upon the Debtors and the Lender, subject in all respects to Paragraph 14 of this Stipulation and Order. For the avoidance of doubt, the acknowledgments, stipulations, admissions, agreements, and releases contained herein shall not bind the Committee, any chapter 7 or chapter 11 trustee, any examiner, any estate representative, or any other party in interest except as expressly provided in Paragraph 14 of this Stipulation and Order.

16. Retention of Jurisdiction. This Court shall retain jurisdiction to enforce this Stipulation and Order and determine any disputes arising hereunder.

17. Conflicts. To the extent there exists any conflict between provisions of this Stipulation and Order and the terms of the loan documents between the Lender and the Debtors, the provisions of this Stipulation and Order shall govern.

18. Further Budgets. Without limiting Paragraph 3(b), the Debtors shall file a notice of any Proposed Budget for further use of Cash Collateral at least five (5) business days prior to

seeking approval thereof, unless otherwise ordered by the Court. The Debtors shall serve such notice and Proposed Budget on the Lender, the United States Trustee, and the Committee. Any objections by the Committee or the Lender to a Proposed Budget shall be preserved and may be heard at the same hearing or such other hearing as the Court may schedule.

Attorney Michael R. Dal Lago, or the Debtors' proposed noticing agent Omni Agent Solutions, Inc., is directed to serve a copy of this Order on interested parties who do not receive service by CM/ECF and file a proof of service within three (3) days of entry of the order.