

Prospect Medical Holdings, Inc. - Case No. 25-80002

FILED

Claim No. 2592

July 09, 2025By Omni Claims Agent
For U.S. Bankruptcy Court
Northern District of TexasOfficial Form 410**Proof of Claim**

12/24

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. **Do not send original documents;** they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Carefully read instructions included with this Proof of Claim before completing. In order to have your claim considered for payment and/or voting purposes, complete ALL applicable questions.

Part 1: Identify the Claim

1. Who is the current creditor?		Connecticut Office of the Attorney General Name of the current creditor (the person or entity to be paid for this claim)	
		Other names the creditor used with the debtor _____	
2. Has this claim been acquired from someone else?		<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes From whom? _____	
3. Where should notices and payments to the creditor be sent? Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	Where should notices to the creditor be sent?		Where should payments to the creditor be sent? (if different)
	Jeremy Pearlman Name		Name
	165 Capital Avenue Number Street		Number Street
	Hartford, CT 06106 City State ZIP Code		City State ZIP Code
	Contact Phone (860) 808-5318		Contact Phone
	Contact email jeremy.pearlman@ct.gov		Contact email
Uniform claim identifier for electronic payments in chapter 13 (if you use one) _____			
4. Does this claim amend one already filed?		<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes Claim Number on court claims registry (if known) _____ Filed On _____ MM / DD / YYYY	
5. Do you know if anyone else has filed a proof of claim for this claim?		<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes Who made the earlier filing? _____	

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Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	Last 4 digits of the debtor's account or any number you use to identify the debtor: _____
7. How much is the claim?	\$ _____	Does this amount include interest or other charges? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A). _____
8. What is the basis of the claim?	Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information See Attachment _____	
9. Is all or part of the claim secured?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	The claim is secured by a lien on property Nature of property: <input type="checkbox"/> Real Estate If the claim is secured by the debtor's principal residence, file a <i>Mortgage Proof of Claim Attachment</i> (Official Form 410-A) with this <i>Proof of Claim</i> <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: _____ Basis for perfection: _____ Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded). Value of Property: \$ _____ Amount of the claim that is secured: \$ _____ Amount of the claim that is unsecured: \$ _____ (The sum of the secured and unsecured amounts should match the amount in line 7). Amount necessary to cure any default as of the date of the petition: \$ _____ Annual Interest Rate: (when case was filed) _____% <input type="checkbox"/> Fixed <input type="checkbox"/> Variable
10. Is this claim based on a lease?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	Amount necessary to cure any default as of the date of the petition. \$ _____
11. Is this claim subject to a right of setoff?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	Identify the property: _____
12. Is this claim for the value of goods received by the debtor within 20 days before the commencement date of this case (11 U.S.C. §503(b)(9))?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	Amount of 503(b)(9) Claim: \$ _____

13. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

☒ No
☐ Yes *Check all that apply*

Amount entitled to priority

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

- ☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B). \$ _____
- ☐ Up to \$3,350* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7). \$ _____
- ☐ Wages, salaries, or commissions (up to \$15,150*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4). \$ _____
- ☐ Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8). \$ _____
- ☐ Contributions to an employee benefit plan 11 U.S.C. § 507(a)(5). \$ _____
- ☐ Other. Specify subsection of 11 U.S.C. § 507(a)(____) that applies. \$ _____

* Amounts are subject to adjustment on 4/01/25 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it.

FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(3) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

- ☐ I am the creditor.
- ☒ I am the creditor's attorney or authorized agent.
- ☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.
- ☐ I am the guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

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

Executed on date 7/9/2025
MM / DD / YYYY

Megan Wasson

Signature

Print the name of the person who is completing and signing this claim:

Name Megan M. Wasson
Full Name

Title Counsel for the State of Connecticut

Company Herbert Smith Freehills Kramer (US) LLP
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address 1177 Avenue of the Americas
Number Street
New York, NY 10036
City State ZIP Code

Contact Phone (212) 715-9100 Email megan.wasson@hsfkramer.com

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	
	§	Chapter 11
PROSPECT MEDICAL HOLDINGS, INC., <i>et al.</i> ¹ ,	§	
	§	Case No. 25-80002 (SGJ)
Debtors.	§	
	§	(Jointly Administered)
	§	

ATTACHMENT TO PROOF OF CLAIM OF THE STATE OF CONNECTICUT

1. This Attachment, the preceding Proof of Claim form, and all associated exhibits, attachments, schedules, and/or annexes are an integral part of, and an integrated set of documents, constituting the proof of claim being filed by the State of Connecticut (referred to herein as “**Connecticut**”).² All these documents collectively constitute the proof of claim for Connecticut and are sometimes referred to collectively as the “**Proof of Claim**”. Definitions, reservations, descriptions, authorizations, or statements in any one document, exhibit, attachments, schedules, and/or annexes apply to all documents, exhibits, attachments, schedules, and/or annexes.

2. Connecticut’s claims are unliquidated and include, for the avoidance of doubt, the amounts asserted in Draft Complaint attached hereto as **Exhibit A** (the “**Draft Complaint**”), and the costs and fees for the prosecution and investigation of claims referenced in the Draft Complaint.

3. Based on the conduct described in Exhibit A, Connecticut asserts that it has certain legal claims against the Defendants. Such legal claims include, but are not limited to, (a) Negligent Misrepresentation by Prospect Medical Holdings, Inc., (b) Unjust Enrichment by Prospect Medical

¹ A complete list of each of the Debtors in these Chapter 11 Cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://omniagentsolutions.com/Prospect>. The Debtors’ mailing address is 3824 Hughes Ave., Culver City, CA, 90232.

² The State of Connecticut hereby acts through the Office of the Attorney General and the Office of the Governor, on behalf of Connecticut and Connecticut’s various agencies.

Holdings Inc., (c) Undertaking and Negligent Performance of a Special Duty against Prospect Medical Holdings, Inc., (d) Violations of the Safeguard Law by Prospect Medical Holdings, Inc., and Prospect Medical Systems, LLC, (e) Violations of the Connecticut Unfair Trade Practices Act against Prospect Medical Holdings, Inc., and Prospect Medical Systems, LLC, and (f) any other claims set forth in this Proof of Claim.

4. Connecticut's claim is supported by the Draft Complaint that is attached hereto as Exhibit A. The Draft Complaint is attached for purposes of supporting this Proof of Claim only and Connecticut reserves all rights to supplement and amend the Draft Complaint (and this Proof of Claim) in accordance with applicable law, including after the completion of discovery, to add additional defendants or remove defendants as they may determine is necessary or appropriate, and to raise further and other claims or causes of action.

5. Without limitation on the foregoing, Connecticut reserves the right to amend or supplement this Proof of Claim, including, without limitation, the right to: (i) add documents; (ii) assert additional rights, claims or defenses; (iii) change priority and fix, increase or amend in any respect the amounts and claims referred to herein; and (iv) add costs or expenses that have been incurred but not yet billed or that are allowable at law, equity or otherwise.

6. Connecticut reserves the right to file additional proofs of claim for additional claims, including, without limitation, claims for administrative expenses and all other claims, at law or in equity, arising prior to, on, or after the petition date. Without limiting the foregoing sentence, this proof of claim does not assert claims that may be entitled to administrative expense priority under 11 U.S.C. § 503, or otherwise, and any claim for an administrative expense will be asserted separately as and when required by the Court.

7. Connecticut reserves any rights of recoupment and setoff,³ and, if appropriate, may exercise such rights without further order of the Bankruptcy Court and without amending this Proof of Claim.

8. Connecticut does not waive any rights or defenses at law or equity or any rights, defenses or causes of action that Connecticut has or may have against any person.

9. Connecticut reserves all rights to seek relief based on the claims asserted in the Draft Complaint against non-Debtors. Nothing in this Proof of Claim is or shall be construed as a waiver or limitation of rights or causes of action against non-Debtors or submission to the jurisdiction of the Bankruptcy Court with respect to any claims Connecticut may assert against non-Debtors.

10. This Proof of Claim (including, without limitation, the annexing of the Draft Complaint) is not intended to be, and shall not be construed as: (i) an election of remedies; (ii) a waiver of any defaults; (iii) an admission as to, or consent to, the jurisdiction of the Bankruptcy Court or a waiver to contest the jurisdiction of the Bankruptcy Court; (iv) a waiver of the right to trial by jury in the Bankruptcy Court or any other court in any proceeding, notwithstanding the designation or not of any matter as a “core proceeding” pursuant to 28 U.S.C. § 157(b)(2), and whether such jury trial right is pursuant to statute, applicable state law or the United States Constitution; (v) a waiver of any contractual right to arbitration; (vi) a release of Connecticut’s right to have any and all final orders in any and all non-core matters or proceedings entered only after a de novo review by a United States District Court judge; (vii) a waiver of the right to withdraw the reference with respect to the subject matter of this Proof of Claim, any objection thereto or other proceeding which may be commenced in these cases against or otherwise

³ Certain of Connecticut’s claims are secured to the extent of its rights of setoff and nothing herein is a waiver of its treatment of such claims as secured claims.

involving Connecticut; (viii) a waiver of sovereign immunity; or (ix) a waiver or limitation of any rights, remedies, claims, defenses or interests of Connecticut.

Notices

All notices and other pleadings relating to this Proof of Claim should be addressed as follows:

To Connecticut Office of the Attorney General:

Jeremy Pearlman
Connecticut Office of the Attorney General
165 Capitol Avenue
Hartford, CT 06106
Email: Jeremy.pearlman@ct.gov

With copies to:

Herbert Smith Freehills Kramer (US) LLP
1177 Avenue of the Americas
New York, NY 10036
Attention: Adam Rogoff; Megan Wasson
Email: adam.rogoff@hsfkramer.com
megan.wasson@hsfkramer.com

EXHIBIT A

RETURN DATE:

STATE OF CONNECTICUT and
ATTORNEY GENERAL WILLIAM TONG
Plaintiffs

v.

PROSPECT MEDICAL HOLDINGS, INC. and
PROSPECT MEDICAL SYSTEMS, LLC
Defendants

SUPERIOR COURT

JUDICIAL DISTRICT
OF HARTFORD

AT HARTFORD

COMPLAINT

INTRODUCTION

1. In 2016, these Defendants bought three of Connecticut’s nonprofit, community hospitals, promising robust investment and careful quality control. They said they would improve the hospitals’ facilities and expand their services. They said they would scrupulously guard their patients’ sensitive health information. Above all else, they said they would faithfully care for the health of Connecticut’s residents.

2. None of that was true. These Defendants took Connecticut’s community hospitals private and then sold the ground out from under them to fund massive investor payouts. They got rich deceiving the State’s enforcers; throttling its healthcare infrastructure; compromising the most private information of its residents; stiffing vendors; shortchanging the State through unpaid taxes; and endangering residents through compromising on vital medical care.

3. Worse: Defendants never intended to make good. Their deceptive misrepresentations and unfair practices in Connecticut replicated their pattern of vulture capitalism across the country. As U.S. Senator Sheldon Whitehouse put it, describing an epidemic of bad

actors including Defendants and their peers: “It’s now a familiar story... [P]rivate equity buys out a hospital, saddles it with debt, and then reduces operating costs by cutting services and staff—all while investors pocket millions. Before the dust settles, the private equity firm sells and leaves town, leaving communities to pick up the pieces.”¹

4. To secure regulators’ approval to buy the hospitals, Defendants promised not to saddle the vital healthcare infrastructure with risky debt and not to fund massive investor payouts. But just two years after the purchase, they took a page from the playbooks of similar private equity firms running similar get-rich-quick schemes. They borrowed heavily on the hospitals to pay a half-billion-dollar dividend, then covered the loan with a sale-leaseback scheme, selling the hospitals’ physical plants to a real estate trust that leased the property back to Defendants in exchange for unsustainable annual lease payments.

5. Like they have done in other states, and despite their promises to build and invest, Defendants have cut healthcare services in Connecticut to the bone. By deliberately and systematically shortchanging vendors, Defendants have deprived providers and patients of essential services and equipment. The result: Cancelled procedures, delays, and even death. In 2018, according to media reports, one of Defendants’ Connecticut hospitals “mishandled two high-risk pregnancies: One woman died after delivering a stillborn baby; a second gave birth to an infant with severe encephalopathy...” Another of their hospitals “was found to have failed to properly monitor two suicidal patients on a single day in March 2019.”² Again consistent with their pattern of behavior in other states, Defendants have embarked on a scheme of demolition by neglect,

¹ Anna Claire Vollers, “*Shell Game*”: When Private Equity Comes to Town, Hospitals Can See Cutbacks, Closures, Stateline (Jan. 18, 2024, 5:00 am), <https://tinyurl.com/2tsc8j5c>.

² Peter Elkind & Doris Burke, *Investors Extracted \$400 Million From a Hospital Chain That Sometimes Couldn’t Pay for Medical Supplies or Gas for Ambulances*, ProPublica (Sep. 30, 2020, 1:27 pm), <https://tinyurl.com/yedku52m>.

effectively halting almost all inpatient services at one hospital. Defendants have even failed to pay \$67 million in state taxes.

6. And Defendants have failed to protect the sensitive information entrusted to them. Their failures led to a massive data breach in the summer of 2023 that compromised the personal, financial, and health data of more than 212,000 patients, employees, insurers, and members of employer health plans.

7. Now Connecticut and its Attorney General sue to make it right—for the State, the hospitals, their employees, their patients, and their communities. Defendants’ misrepresentations, deceptions, and unfair business practices contravene Connecticut’s firmly established public policies, violating the Connecticut Unfair Trade Practices Act and the common law’s prohibitions on negligent misrepresentation, unjust enrichment, and neglecting special duties of care. And Defendants’ failure to protect sensitive information violates the State’s Safeguards law. Plaintiffs seek orders compelling Defendants to disgorge their ill-gotten gains and pay both restitution to their victims and civil penalties to the State.

PARTIES

8. The Plaintiffs are the State of Connecticut and its Attorney General, William Tong. The Plaintiffs sue with the support and approval of Bryan Cafferelli, Connecticut’s Commissioner of Consumer Protection, and Connecticut Governor Ned Lamont. The suit is authorized by Connecticut General Statutes §§ 3-5, 3-125, 42-110m, and 42-471, and under the State’s common law powers.

9. Defendant Prospect Medical Holdings, Inc. (PMH) is a corporation incorporated in the State of Delaware. Its principal office is at 3415 South Sepulveda Boulevard, Los Angeles, CA 90034.

10. Defendant Prospect Medical Systems, LLC is a limited liability corporation incorporated in the State of Delaware. Its principal office is at 600 City Parkway West, 8th Floor, Orange, CA 92868. PMH is the sole principal of Prospect Medical Systems, LLC.

JURISDICTION AND VENUE

11. At all relevant times, PMH and Prospect Medical Systems, LLC (collectively Prospect Medical) were engaged in “trade” and “commerce” affecting consumers in Connecticut, as those terms are defined in General Statutes § 42-110a(4).

12. Prospect Medical operates as an integrated health system, owning and directly or indirectly operating medical facilities in Connecticut, including in Manchester, Vernon, and Waterbury.

13. At all relevant times, Prospect Medical possessed the “personal information” of Connecticut residents, as defined in Conn. Gen. Stat. §§ 36a-701b(a)(2) and 42-471(c).

14. Venue is proper in this Court under Conn. Gen. Stat. § 51-345(a)(3).

FACTS

I. Connecticut and Its Residents Have a Profound Interest in Strong Community Hospitals.

15. Before Defendants came to Connecticut, the Eastern Connecticut Health Network (ECHN) was a nonprofit corporation, the parent of two acute care hospitals that were pillars of their regional healthcare communities: Manchester Memorial Hospital, in Manchester, and Rockville General Hospital in Vernon. ECHN also owned or had ownership interests in several other healthcare related entities.

16. Rockville General has served eastern Connecticut since 1921. Before Defendants’ 2016 takeover, 54 of Rockville’s 102 licensed beds were staffed by 465 full-time employees. But

by September 2022, after six years in Defendants' hands, Rockville General had just 11 staffed beds, most of which went empty most nights.

17. Manchester Memorial is a long-enduring and vital part of its regional healthcare system, opening on Armistice Day, 1920. In 2022, it had almost 1,100 full-time employees; 31,736 emergency department visits; 206 staffed beds; and 46,538 total patient days.

18. Similarly: before Defendants came to Connecticut, WaterburyHEALTH was a non-stock, 501(c)(3) corporation and the parent company of an acute care teaching hospital, Waterbury Hospital, located in Waterbury. WaterburyHEALTH also held interests in other entities, joint ventures, and affiliates.

19. Waterbury Hospital has been a Brass City cornerstone since 1883. In 2022, it had 174 staffed beds; 393 licensed beds; 59,792 patient days; and 41,880 emergency department visits.

20. Protecting these institutions and strengthening the healthcare they deliver is one of Connecticut's key public policy goals. "Among all the objects sought to be secured by governmental laws," Connecticut's Appellate Court has taught, "none is more important than the protection of public health; and an imperative obligation rests on the state, through its proper instrumentalities or agencies, to take all necessary steps to promote this object." *Elf v. Dep't of Pub. Health*, 66 Conn. App. 410, 428-29 (2001).

21. Connecticut promotes quality healthcare for residents through many laws and regulations, and through state oversight and guidance. Among other things: in 2018, the General Assembly enacted General Statutes § 19a-754a, establishing the Connecticut Office of Health Strategy (OHS), which is charged with promoting "effective health planning and the provision of quality health care in the state in a manner that ensures access for all state residents to cost-effective health care services, avoids the duplication of such services and improves the availability and

financial stability of such services throughout the state.” OHS serves as a critical guardian and gatekeeper, with statutory authority to review and deny planned mergers and acquisitions of healthcare providers in the state when such transactions could reduce the quality of care available to Connecticut citizens. Conn. Gen. Stat. § 19a-486a.

II. To Gain Control of Connecticut’s Community Hospitals, PMH Promises Investment and Responsible Oversight.

22. Defendants came to Connecticut in 2015 seeking to buy ECHN and WaterburyHEALTH. But the State would not simply give them carte blanche to assume control over essential community assets. Instead, the State—through the Attorney General’s Office, the Department of Public Health, and the Office of Health Care Access—required PMH to commit to investment and responsible oversight. Defendants had to testify about their plans at public hearings in the spring of 2016; to apply for, and receive, a State-issued Certificate of Need for the purchases, explaining their intentions; and to enter into a state-approved Asset Purchase Agreement.

23. At each of those steps, Defendants made three key promises. First: they promised responsible stewardship—and, in particular, they said they would not compromise the hospitals’ assets by taking on new debt. Second: they promised increased investment to improve and expand services. Third: they promised locally controlled quality monitoring and improvement systems.

24. ***Responsible stewardship of assets.*** Defendants’ Certificate of Need Application, submitted in October 2015, promised not to compromise the hospitals’ assets. Asked whether the proposed transaction would put ECHN’s assets at risk, PMH issued a firm denial: “ECHN’s assets will not be placed at unreasonable risk. Rather, ECHN’s assets will be strengthened by the proposed acquisition. [PMH] is a \$1.3 billion revenue healthcare organization and has the financial capacity to provide the capital necessary for this transaction.” Samuel Lee, PMH’s then-CEO,

submitted an affidavit attesting that information provided in the Application was true and accurate to the best of his knowledge.

25. Defendants also told Connecticut regulators that they would not take on additional debt. In testimony on May 3, 2016, Steven Aleman, then PMH's chief financial officer, claimed that PMH's diversification gave it a "steady and predictable cash flow," allowing it to "satisfy acquisition commitments without taking on additional debt." PMH, he claimed, would "leverage the strength of our financial performance, the cash generation to reinvest that into our facilities." And, not to worry: "[W]e also have taken a very conservative approach to taking on debt...."

26. ***Increased investment and service expansion.*** Defendants also promised that they would heavily invest in the hospitals. The Application argued that PMH was uniquely positioned, as a for-profit, to infuse new capital into the hospital systems. Among its many promises, PMH said it would upgrade and replace infrastructure; improve data collection and documentation; facilitate electronic medical records sharing; expand and add needed services; recruit and retain physicians; and improve medical equipment to give patients better access to state-of-the-art technology for diagnosis, care, and treatment.

27. In testimony before regulators, Jonathan Spees, then PMH's Vice President of Merger and Acquisitions, promised long-term investment: "[W]ith respect to the [\$75 million] capital expenditure commitment . . . that is a minimum capital commitment... We have access to capital, and we're in the business of investing capital in our facilities to help them grow and perform better, so while we've made this minimum commitment to the extent there's a need and appropriate investment of additional capital, we have the resources to do that. . . . One thing that's really important . . . is that this is a very long-term commitment, so we're not just talking about

what's going to happen in the next year or two years, but 10 and 20 years down the road, and, so, this commitment gives assurance to the community.”

28. In pre-filed testimony submitted on April 26, 2016, Spees asserted that PMH “will provide sufficient capital to meet deferred, current and future capital needs for [Waterbury Hospital’s] physical plant to ensure state of the art health care delivery through an update of facilities, equipment and technology. [PMH’s] capital and access to capital will mean that [Waterbury Hospital] will have the financial resources to purchase new technology, upgrade its facilities, attract skilled providers, and upgrade electronic health records, in addition to investing in service line development, physical alignment and recruitment and development of increasing ambulatory access.”

29. Tom Reardon, then President of Prospect East—a Massachusetts-based division of Prospect Medical—promised investment and growth, not contraction and service restrictions. “We don’t shrink hospitals,” he testified. “We grow hospitals. . . . We’re not talking about slash and burn here.” And he swore: “We’re a growth company. We’re not a contraction company.” Crocket promised that “ECHN will have improved access to capital and greater financial strength to insure its long-term financial viability.”

30. Mitchell Lew, PMH’s then-president, echoed that promise of a sustained commitment to investment: “We haven’t closed hospitals, and we don’t close services,” he insisted. “We’re in this for the long term, OK?”

31. **Local quality control.** Lew repeatedly touted PMH’s commitment to quality. He testified: “[W]e’re not bringing California’s quality program to Connecticut”; “Quality is going to be the highest priority”; and “we expand programs and services to improve access and quality . . .

we are absolutely committed to quality, and we've achieved the highest quality scores across our medical groups.”

32. PMH representatives promised that local teams would be responsible for quality control. According to testimony from Von Crocket, then PMH's Senior Vice President: “[I]t has always been and will continue to be important for this organization, I mean [PMH] and ECHN. . . to make sure the local team is empowered and remains empowered to resolve issues quickly and timely and appropriately . . . we look to hold our local teams accountable in real time and not have to go through a corporate approval process or off-site approval associated with that.”

33. Crockett also claimed that quality meant close monitoring by local officers and increased investment “so in the event that a hospital is lacking the resources, they can provide resources or identify what resources need to be provided. . . . Going forward, one of the big things that we anticipate happening is, instead of being reactive, we want to be proactive.”

34. State regulators believed what Defendants told them. In 2016, when they approved the sale and privatization, regulators counted on Defendants keeping their word by avoiding debt; safeguarding assets; investing in facilities and expanding services; and implementing a system of locally based quality control. But Defendants did not make good.

III. Defendants Implement Their Deceptive Scheme to Get Rich by Selling Off and Shortchanging Connecticut's Vital Healthcare Assets.

A. Defendants sell the land out from under the hospitals to fund massive dividends.

35. Defendants were not telling the truth when they promised to avoid debt and safeguard the hospitals' assets. Instead, just two years after taking control, Defendants sold the hospitals' most important assets, lining their own pockets while saddling the hospitals with unsustainable long-term obligations.

36. In 2018, Defendants took out a \$1.12 billion loan, secured by the physical assets of the three Connecticut hospitals and other hospitals they owned in other states. To pay back the massive loan, PMH sold the hospitals' land and buildings to a real estate investment trust that, in return, leased the properties back to PMH. Thanks to this sale-leaseback agreement, the hospitals are on the hook indefinitely for huge annual lease payments simply to use their own facilities.

37. The hospitals' loss was Defendants' gain. Once they secured the \$1.12 billion loan, Defendants began preparing to issue a \$600 million dividend to their private shareholders and executives. When a national agency responded by lowering PMH's credit rating, Defendants trimmed the payout—to a mere \$457 million. That boondoggle included \$90 million for Lee.

38. On information and belief, and according to press reports: very little, if any, of the money from the \$1.12 billion loan secured by hospital properties in Connecticut was reinvested in the Connecticut hospitals.

39. Despite its promises to regulators, Prospect always knew it would strip-mine Connecticut's hospitals, selling out their past and future for short-term profits.

40. Defendants' debt-dividend-leaseback scheme is a now-familiar private equity trick. As U.S. Senator Chuck Grassley described the scheme, familiar from iterations across the country: "Since coming under private equity ownership, many hospitals . . . have experienced significant staffing reductions and substandard health care, and have been stripped of valuable assets, including their real estate, leaving them saddled with debt."³

41. For instance: Private equity shops perpetrated this exact scheme a few years ago with a chain of hospitals known as Lifepoint Health. After a complex welter of self-dealing

³ Press Release, Senator Chuck Grassley, *Senate Budget Committee Digs Into Impact Of Private Equity Ownership In America's Hospitals* (Dec. 6, 2023), <https://tinyurl.com/y3d2455b>.

transactions, Apollo Global Management sold the land out from under ten hospitals in a sale leaseback agreement with the same real estate speculators, Medical Property Trust, who bought the Connecticut hospitals' assets. In the end, just like here: residents who need healthcare paid the price for private equity firms' enrichment schemes.

42. Cerberus Capital, another private equity shop, did the same thing in Massachusetts in 2015. Cerberus first bought a nonprofit healthcare system and took it private. What happened next is eerily familiar. As one journalist described it: "Cerberus arranged to sell off all the hospital real estate to... Medical Properties Trust, in a sale-leaseback deal, for \$1.2 billion. Per the terms of the sale-leaseback, Steward had to now pay rent on the real estate that it once owned. Cerberus then paid itself \$800 million, breaking off the majority of the funds that Medical Properties Trust paid for the real estate, before exiting the investment."⁴

43. It is impossible to look at Cerberus' precedent and not recognize the template for the scam that Defendants perpetrated in Connecticut. By now, the pattern is too well-established nationally to be anything but fully intentional: "[S]elling a hospital's property for quick cash and then leasing it back," as one analysis put it recently, is one "of the industry's favorite profit-making tools."⁵

44. Another way to know that Defendants' cynical deception was no accident: they have done it before, strip-mining hospitals to funnel wealth into their pockets and the pockets of their investors. In 2013, Defendants paid out \$88 million to their primary investor, Leonard Green & Partners, LLP. The next year, when Defendants sought to convert two Rhode Island hospitals

⁴ Robert Kuttner, *Reversing Private Equity's Looting of Hospitals*, The American Prospect (Feb. 13, 2024), <https://tinyurl.com/3awu5hk5>.

⁵ Lauren Coleman-Lochner & Steven Church, *Private Equity Is No Longer a Reliable Last Resort for Troubled Hospitals*, Bloomberg CityLab (Sep. 12, 2023, 5:30 am), <https://tinyurl.com/34sac84r>.

from nonprofit to for-profit status, they promised the state’s Attorney General “that this was a one-time event and that there are no plans to make a similar distribution in the foreseeable future.”⁶

45. In recent years, Defendants have paid out \$645 million in dividends to their main investors and leadership—including \$128 million to Lee and \$131 million to other executives. They have done that by loading up the hospitals with debt and unsustainable long-term obligations. They have also done that by cutting expenses to the bone, in defiance of their promise to invest in, support, and sustain their hospitals.

B. Defendants shortchange patients, vendors, and the State.

46. Defendants were also not telling the truth when they promised to invest in high-quality healthcare at the three Connecticut hospitals. Instead, they have systematically starved the hospitals of resources. Here, too, their strategy of deception, misrepresentation, and unfair practices echoes their practices in states across the country.

47. ***Remote control of quality and funding.*** Defendants told regulators that they would put local experts in the driver’s seat, empowering them to decide on investments and quality control. That was not true. Look at how Defendants have choked off funding at ECHN.

48. Hospital administrators draw money from two main accounts to pay ECHN’s bills. One is a payroll account from which salaries are paid. The other is the operational account, used to pay vendors, supplies, and taxes, among other financial obligations.

49. ECHN collects all payments from Medicare, Medicaid, and other health insurers into a single account. At the end of every day, PMH sweeps all funds from this account and does not allow ECHN to use these funds to pay vendors, supplies, taxes, or other expenses. Instead,

⁶ State of Rhode Island Department of the Attorney General, *Final Decision* 48 (May 16, 2014), [5-16-14AGFinalDecision.pdf \(ri.gov\)](#).

PMH's policy or practice is to allot insufficient funds to ECHN's operational account, so that ECHN cannot pay its operational expenses.

50. Despite PMH's representation that the "local team" would be empowered to control quality and approve expenditures, and would not have to go through "corporate" in California, PMH not only required its Connecticut hospitals to seek approval to pay expenditures but routinely refuses to allow its Connecticut hospitals to pay vendors. And vendors, in turn, have delayed or refused to provide necessary services and equipment.

51. This strategy of centralized control over expenses to slash hospital investment and funding is a hallmark of Defendants' management approach that predates their incursion into Connecticut. As a former Prospect CFO put it, reflecting on Lee's practices going back to the early-2000s: "He was very proud of making it impossible to get a dollar out. . . . He would just not pay people as a way to negotiate. He would shut off things you'd say it was crazy to shut off."⁷

52. In other words: Defendants' broken promise of local control over funding was not a good faith change in strategy. It was the plan all along. That is why, for instance, Defendants did the same thing in Rhode Island, where it owned two (formerly nonprofit) hospitals. The Rhode Island Department of Health found that "[m]uch of the financial decision-making for these two hospitals happens in California. Prospect Medical Holdings sweeps all patient care revenue from Roger Williams and Fatima every day and then returns an operating allowance back to the hospitals once a week. The amounts of these allowances vary and are determined by Prospect Medical Holdings. The amounts of these allowances are inadequate to pay vendors in a timely manner, leading to interruptions in services."⁸

⁷ Elkind & Burke, *supra* note 2.

⁸ Press Release, Rhode Island Department of Health, *RIDOH Issues Compliance Order to Owners of Roger Williams and Fatima Hospitals* (Nov. 9, 2023), <https://www.ri.gov/press/view/46694>.

53. ***Demolition by neglect.*** Defendants told Connecticut regulators that PMH builds, not destroys. They committed to expanding, not restricting, services. But they have embarked on a deliberate strategy of demolition by neglect with Rockville General, systematically starving the hospital of resources and shutting down services.

54. Before Defendants' takeover, 54 of Rockville's 102 licensed beds were staffed by 465 full-time employees. But by September 2022, after six years in Defendants' hands, Rockville General had just 11 staffed beds. And in 2022, all patients spent only a total 304 days in Rockville's beds—down from 14,571 bed/days just three years earlier. In other words: the average number of patients sleeping at the hospital each night dropped to less than one.

55. Today, because of Defendants' disinvestment and neglect, Rockville has shuttered all but its emergency room and behavioral health services, performing no inpatient surgeries. And while Defendants drew down \$7.4 million in COVID relief funding from the federal government for Rockville, and \$1.8 million in state COVID relief funding, the hospital “did not treat a single COVID patient overnight . . . despite obtaining the waiver to close its surgical services for this purpose.”⁹

56. Again: Defendants' pattern of demolishing community hospitals through neglect predates their incursion into Connecticut, and the repetition over time belies any claim of good faith.

57. In 2012, for instance, PMH bought Nix Health System—then a profitable system with a 208-bed hospital in downtown San Antonio. It took only seven years for Defendants to defund the hospital and drive it into the ground: “In 2019,” one media outlet reported, “after

⁹ Katy Golvala & Jenna Carlesso, *In 2016, Rockville Was a Bustling Local Hospital. Then Prospect Medical Took Over*, CT Mirror (Dec. 29, 2023, 12:00 pm), <https://tinyurl.com/2j83pb64>.

repeatedly promising to keep at least part of the system open, Prospect shut it all, laying off nearly 1,000 employees.”¹⁰

58. Meanwhile, in Pennsylvania, Defendants forced the closure of a community hospital through a deliberate strategy of cutting essential expenditures. In 2022, Defendants asked regulators for permission to close Delaware County Memorial Hospital and convert it “from an acute care hospital into a behavioral health care provider.”¹¹ When regulators balked, Defendants simply shuttered unit after unit, choking funding until the state health department was forced to shut down the hospital’s emergency department in 2023 “because Prospect’s ‘failure to adequately staff the hospital’ made admissions unsafe.”¹²

59. ***Cutting off funding for vital services and equipment.*** Defendants told Connecticut regulators that they were deeply committed to growth and that they had the resources to robustly fund healthcare services at the Connecticut hospitals. That, too, was not true.

60. Instead, Defendants have implemented a deliberate, long-term strategy of running up profit margins by refusing to pay vendors for necessary services and equipment and even withholding tax payments from the State. By 2023, one account had Defendants owing more than \$40 million to vendors—with disastrous consequences for patient care.¹³ Examples of Defendants’ systematic refusal to meet the financial commitments necessary to run hospitals effectively and safely are myriad—with troubling, and even fatal, results for patients:

¹⁰ Elkind & Burke, *supra* note 2.

¹¹ Petition for Rule to Show Cause ¶ 1, *CKHS v. Prospect Med. Holdings*, No. CV-2022-007161 (Delaware County Court of Common Pleas Nov. 15, 2022).

¹² Walter Perez, *Officials: Delaware County Memorial Emergency Dept. Closed Due to “Failure to Adequately Staff,”* 6 Action News (Nov. 7, 2023), <https://tinyurl.com/2jkbzwmr>.

¹³ Dave Altimari *et al.*, *Hospital execs to Lamont, lawmakers: Seal the Yale-Prospect deal*, CT Mirror (Sep. 26, 2023, 9:25 pm), <https://tinyurl.com/3rr32wsh>.

- a. According to a press report, a patient died at Waterbury Hospital after a vendor delayed blood testing because Defendants refused timely payment.¹⁴
- b. PMH was put on a credit hold by a provider of rapid COVID tests, resulting in ECHN and WaterburyHEALTH being unable at times to test hospital patients timely for COVID. The hospitals were forced to use COVID tests that take on average 4-5 hours for results, rather than 15-20 minutes for the rapid tests that have become industry standard, forcing patients to wait for hours for COVID test results.
- c. PMH denied payment to repair x-ray machines for Evergreen Medical Associates, a subsidiary of ECHN and the sole provider of x-rays for ECHN's orthopedic practices. As a result, Evergreen Medical Associates has had to rent an x-ray machine in lieu of replacement, limiting use of the x-ray machine and resulting in delays in patient care.
- d. ECHN has had to borrow antibiotics and medications to fill patients' orders because it had not received an account payable allocation from PMH.
- e. PMH failed to adequately fund necessary software upgrades, leading to widespread malfunctioning of the mobile workstations used by nurses at its Connecticut hospitals to record hospital patients' medical records. As a result, Defendants' hospitals have lost data, leading to significant delays in patient care and potential risks to patients.
- f. PMH failed to pay a vendor who provided courier services, printer/toner support, and print shop staffing. As a result, ECHN could not print discharge instructions or

¹⁴ Livi Stanford, *CT Public Health Report Cites Violations at Waterbury Hospital*, Waterbury Republican-American (Dec. 23, 2023), <https://tinyurl.com/yws8mn9z>.

prescriptions for emergency department patients; food delivery to off-site behavioral locations had to be delayed; and the delivery of test results for mammograms, among other tests, from ECHN Women's Center to ECHN hospitals had to be delayed.

- g. PMH failed to pay a vendor contracted to check prospective employees' criminal records. When that vendor terminated the contract for nonpayment, ECHN could not check arrest records for potential hires, putting patient safety at risk.
- h. PMH failed to pay Waterbury Hospital and Manchester Memorial Hospital's elevator supplier, resulting in inoperable elevators at the hospital. As a result, hospital staff were forced to carry patients up and down the stairs, posing a substantial risk to patient safety.
- i. PMH failed to provide adequate funds to their Connecticut hospitals to maintain the cameras and lights in the hospital parking lots, leading to criminal activity and a clear risk to patient, employee, and visitor safety risk.
- j. Waterbury Hospital's Neonatal Intensive Care Unit and Well Baby Nursery/Postpartum Unit were unable to provide patients with on-site bilirubin testing due to PMH's failure to pay vendors for adequate laboratory testing supplies.
- k. PMH has fallen behind in payments to physician practice groups, including doctors who provide urology and pulmonary expertise to its Connecticut hospitals. Some of these groups have been owed as much as \$500,000, putting a financial strain on the practices and putting their services at risk. In November 2023, Dr. Saud Anwar, a Connecticut legislator who also works as a cardiologist at Manchester Memorial attested to the care implications of PMH's strategy of slow suffocation. According

to Dr. Anwar, surgeries were being postponed because PMH was not paying for anesthesia services: “Things are very, very limited and difficult, and literally people are making decisions on a single day [basis] at times. . . . It’s almost to the point that it’s at the brink and suddenly things fall to the point of being unsafe.”¹⁵

1. In June 2022, the sole provider of anesthesia services for Waterbury Hospital, North American Partners in Anesthesia (Connecticut), P.C. (“NAPA-CT”), filed a lawsuit against PMH’s subsidiary for failure to pay for services provided by NAPA-CT for the period between October 2020 and October 2021. NAPA-CT claims PMH owes more than \$3.2 million for unpaid anesthesia services. NAPA-CT engaged in good faith efforts to engage with PMH to remedy the past due amounts, prior to the lawsuit. Despite NAPA-CT’s good faith efforts, PMH continued to accept anesthesia services from NAPA-CT without providing payment for such services.¹⁶
- m. PMH has failed to stay current on its payment obligations to physician groups providing essential hospital services, including Anesthesia Associates of Willimantic (“AAW”) the sole provider of anesthesia services at ECHN. PMH has fallen months behind in payments to AAW despite invoice reminders, in-person meetings with ECHN CEO, and corporate attorney involvement. AAW has indicated it would be reducing the services it provides to ECHN due to the lack of payment.
- n. PMH failed to pay the Connecticut Hospital Association (“CHA”), a non-profit organization that provides services to its member hospitals to ensure healthcare

¹⁵ Jenna Carlesso & Dave Altimari, *Medical staff, CT Legislators Rally for Prospect Hospitals’ Sale to Yale New Haven Health*, CT Mirror (Nov. 13, 2023, 5:43 pm), <https://tinyurl.com/23pduuc3>.

¹⁶ *North American Partners in Anesthesia (Connecticut), P.C. v. Prospect Waterbury Hospital*, Superior Court, judicial district of Waterbury, Docket No. UWY-CV-22-6065813-S.

quality, increase efficiency and effectiveness, limit costs, and enhances revenue, among other services. Starting in July 2021, CHA provided specialized services and membership benefits to PMH, accumulating an unpaid balance of approximately \$1.7 million. Since then, PMH has repeatedly represented to CHA that it would pay the outstanding balance. PMH has failed to pay for the services provided by CHA, requiring CHA to file a lawsuit against PMH for breach of contract, among other claims.¹⁷

61. Furthermore, PMH has failed to pay Medical Properties Trust at least \$56 million in accrued rent and interest, as part of the sale-leaseback agreement PMH entered into with Medical Properties Trust.

62. PMH has also failed to meet its obligations to fund its pension plan for its own employees. PMH reportedly owes at least \$4 million to the Pension Benefit Guaranty Corporation for missed pension contributions, which recently filed liens against the assets of PMH and related entities.

63. Prospect has also short-changed the State itself. In Connecticut, hospitals and other healthcare providers pay an annual tax based on revenues. But Prospect has been stiffing the state since the spring of 2022. So, on December 18, 2023, the State filed tax liens on PMH for \$67 million in unpaid taxes.

64. PMH misleads vendors and physician groups for whom it has outstanding balances with by representing that it will remedy such outstanding balances within an agreed upon amount of time. Vendors and physician groups acting in good faith under PMH's representations continue to provide services to PMH's hospitals, despite the outstanding balances. PMH takes advantage of

¹⁷ *Connecticut Hospital Assn., Inc. v. Prospect Medical Holdings, Inc.*, Superior Court, judicial district of Hartford, Docket No. HHD-CV-24-5083244-S.

these good faith actors by continuing to accept their services while failing to follow through on their representations to remedy the outstanding balances until such good faith actors terminate services with PMH or take further legal action. PMH serially engages in this conduct to extract short term financial gain at the expense of Connecticut businesses.

65. Defendants' deliberate defunding and disinvestment is not limited to Connecticut. Instead, its strategy of stripping hospitals of their resources is part of a long-term, national scheme to enrich Defendants at the cost of quality hospital care. As Mike Heather, Prospect's CFO from 2004 to 2013, described Defendants' longstanding scheme: "Their model was really about just bare minimum." Their facilities, Heather explained, "were sort of war-zone hospitals. They were very, very dirt cheap in every respect."¹⁸

66. Defendants' strategy of suffocating patient care in its gurney goes back at least to 2000, when Lee took charge at Alta, a California hospital chain. A journalist's account of Lee's value-extraction strategy at Alta foreshadows Connecticut's experiences: "Critical medical equipment and supplies, including drugs and tracheotomy kits, were 'routinely unavailable' at Alta's hospitals because bills hadn't been paid, according to a breach of contract suit later filed by a former Alta chief operating officer named Michael White. . . . Emergency room staff in at least one Alta hospital lacked chemical reagents needed to perform critical enzyme tests on heart attack patients, according to another former Alta executive who sued the company. Employees sometimes had to spend their own money to buy toilet paper for patients."¹⁹ In 2007, Lee engineered Alta's sale to PMH, collecting a \$50 million payout and taking the reins at PMH.

¹⁸ Elkind & Burke, *supra* note 2.

¹⁹ *Id.*

67. No surprise, given the rich incentives, that Defendants have implemented their hunger games strategy at hospitals across the country.

68. Start with California, where PMH itself started out. In 2015, at PMH's Southern California Hospital at Culver City, state inspectors were forced to "shut down all elective surgery at the hospital for eight days, citing a 'widespread pattern' of poor infection control and sterility; the problems resulted from inadequate heating and cooling systems."²⁰ That same year, the federal Center for Medicaid and Medicare Services hit the hospital with an "Immediate Jeopardy" finding, meaning that the hospital's noncompliance with safety requirements has caused, or is likely to cause, serious injury, harm, impairment, or death.

69. A 2018 California state inspection found the pharmacy staff at PMH's Culver City hospital had for months ignored findings of "fungal air growth," "bacterial organisms" and mold in equipment used to mix patient medications in a sterile environment. According to the report, Culver City's neglect led to dispensing about 21,000 doses of "adulterated dangerous drugs" to patients over a nine-month period. In September 2019, California's attorney general formally charged PMH's executives, including Lee, the hospital, and its supervising pharmacists, with "gross negligence," launching proceedings to revoke or suspend the hospital's pharmacy permit.²¹

70. During the COVID-19 crisis, PMH cut costs by denying adequate protective gear to its Culver City staff. According to media reports, "nurses unable to get proper protective gear for a time donned plastic garbage bags."²² One ER secretary "says she became infected after being denied a mask despite working in close quarters with COVID-19 patients."²³

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ *Id.*

71. Other effects of PMH’s slash-and-burn approach at Culver City include antiquated pipes that leak or burst when the heating or central air systems are turned on, and an elevator left inoperable for over a year, requiring hospital staff to bring some patients needing MRI scans to a rented trailer in the parking lot. Ultimately, Culver City nurses went on strike in June 2021 because of Defendants’ pattern of understaffing, ignoring safety repairs, and neglecting funding for facility upgrades. One of the striking nurses put it simply: “All we ask is for the hospital to finally put patients and staff first, not profits.”²⁴

72. Next look to Rhode Island, where PMH bought two formerly-nonprofit hospitals in 2013—Roger Williams Medical Center and Our Lady of Fatima Hospital. To get regulators’ permission to take the hospitals private, Defendants made many of the same promises as they did in Connecticut, including committing to robustly funding the two hospitals into the future.

73. Instead of keeping those promises, these Defendants did what they do. Prospect’s “[u]npaid vendors,” the Rhode Island health department revealed in 2023, “have included suppliers of hip joints, catheters, endoscopes, and eye lenses.” Because Prospect was stiffing vendors, the hospitals have had to cancel services including “endoscopies, eye surgeries, and a spinal surgery.”²⁵ “In Rhode Island... hospital employees at Our Lady of Fatima were threatened with discipline for wearing their own masks, even though the hospital didn’t have enough to give them.”²⁶

74. As part of its Rhode Island takeovers, PMH also promised to stabilize an underfunded employee pension. But after an initial one-time payment, PMH disclaimed all

²⁴ Press Release, National Nurses United, *Culver City Nurses to Hold Informational Picket for Patient Safety* (Jun. 29, 2021), <https://tinyurl.com/3s42jbfe>.

²⁵ Press Release, Rhode Island Department of Health, *RIDOH Issues Compliance Order to Owners of Roger Williams and Fatima Hospitals* (Nov. 9, 2023), <https://www.ri.gov/press/view/46694>.

²⁶ Elkind & Burke, *supra* note 2.

responsibility. When the fund was declared insolvent in 2017, after three years of PMH's neglect, the court-appointed receiver filed multiple lawsuits accusing PMH of omissions and half-truths actionable as fraud, and demanding PMH make the fund whole.²⁷

75. In 2021, when PMH's liabilities exceeded its assets by over \$1 billion after Defendants perpetrated their investor payoff scheme, the Rhode Island Attorney General sought additional assurances that PMH would adequately fund the two Rhode Island hospitals. PMH committed to \$72 million in new capital expenditures through the end of 2026; paying all operating losses over the next five years; and putting \$80 million in escrow in the event of insolvency or failure to comply.

76. But, once again, PMH did not make good. In 2023, Rhode Island's Attorney General sued PMH for noncompliance with the 2021 assurances, alleging that PMH had overdue accounts payable totaling over \$18.9 million. The outstanding bills included payments to vendors who provide staffing, supplies and equipment, and HVAC repairs.

77. The same pattern continues in Pennsylvania, where PMH bought the four-hospital Crozer Keystone system in 2015. There, too, Defendants made big promises—including \$200 million in capital improvements within five years, \$171 million in pension benefit funding, and endowing a community healthcare foundation for \$53 million.

78. Defendants began to break their promises almost immediately, according to press reports—including by deferring \$21.5 million of the community healthcare foundation funding for 90 days, and then refusing to make the payment altogether.

79. As in California, Rhode Island, and Connecticut, Defendants cut funding in Pennsylvania. "What happens," asked a local public radio station, "when a hospital doesn't pay its

²⁷ *Id.*

bills? Patients still pay the price.”²⁸ News accounts detailed refusals to fix broken-down ambulances, and failure to pay vendors who insert IV lines, sell medication packaging, and provide hospital security.

80. Defendants’ disinvestment in Pennsylvania included short-staffing their hospitals. According to press reports, hospital workers in the Crozer Keystone system have reported staffing shortages, sometimes forcing delays of scheduled medical procedures. The shortages led to a national class action lawsuit against PMH, claiming insufficient staffing regularly forces hospital employees to work unpaid through meal breaks.

81. Defendants’ strategy of disinvestment has already effectively shut down multiple Pennsylvania hospitals. In November 2022, regulators closed the emergency department at Delaware County Memorial Hospital after concluding that Defendants’ understaffing posed a health and safety risk. But even before that, Defendants had successively closed vital services at the hospital—like the maternity, intensive care, and surgical units. This followed Defendants’ decision in September 2022 to close Springfield Hospital, another Pennsylvania hospital, and convert it into an ambulatory surgical center.

82. In Pennsylvania, as in the other states where Defendants hurt patients by betraying their promises of investment, Defendants’ reckless siphoning of resources from hospitals put patients at risk. As in California, Defendants’ Pennsylvania hospitals were hit with an “immediate jeopardy” finding. This one came in November 2018, after regulators found “patient-safety violations in a mental health ward at 300-bed Crozer-Chester Medical Center, the system’s largest hospital. According to state health department inspectors, video monitors at a nurses’ station for

²⁸ Kenny Cooper, *Unpaid Bills: Prospect, Crozer Health Struggling to Pay Vendors for Vital Hospital Services*, WHYY (Mar. 14, 2023), <https://tinyurl.com/59r4vjt8>.

maintaining watch over suicidal patients were turned off or ignored; an activity room was left unattended as psychiatric patients milled about; patients were placed in restraints or in seclusion without proper documentation; and facilities in the locked unit treating elderly psychiatric patients, some of them suicidal, presented multiple hanging hazards.”²⁹

83. All this looks uncomfortably familiar in Connecticut. After all: Defendants’ hospitals in Connecticut have also earned Immediate Jeopardy findings. In 2018, “Manchester Memorial Hospital mishandled two high-risk pregnancies: One woman died after delivering a stillborn baby; a second gave birth to an infant with severe encephalopathy, a form of brain damage, after an emergency cesarean section was performed too late.” Meanwhile, “Waterbury Hospital was found to have failed to properly monitor two suicidal patients on a single day in March 2019. In one case, staff returned a belt to an ‘actively suicidal’ psychiatric patient who then used it to hang himself in his hospital bathroom. After his death, the hospital failed to notify police. A second patient attempted suicide by tying hospital socks around his neck after being left unwatched while a nurse went to lunch.”³⁰

IV. Defendants Violate Their Commitments and Obligations to Safeguard Personal Data.

A. Defendants have multiple legal duties to safeguard personal data.

84. Defendants have clear legal duties, and a profound moral responsibility, to safeguard the enormous amount of information that they hold for patients, vendors, employees, and the participants in employer health plans. Those legal duties reflect Connecticut’s public policy to safeguard personal information, especially Social Security numbers, and to protect medical

²⁹ Elkind & Burke, *supra* note 2.

³⁰ *Id.*

records, including diagnoses. Patients must be able to provide intimate details to be treated properly, and exposure of health data chills that free flow of information. Over and over, Defendants promised that they would keep their stakeholders' most private financial and healthcare information safe. Defendants broke those promises, too.

85. In the regular course of business, Defendants collect and maintain sensitive personal information—information that can be associated with individuals, including patients, employees, contractors, and members of health plans. That information varies by individual but includes many of the most private kinds of financial and health information, like names, addresses, dates of birth, Social Security numbers, driver's license numbers, contact information, demographic information, medical record numbers, patient account numbers, health insurance information, diagnosis and treatment information, prescription information, provider names, dates of service, and facilities of service.

86. ***Contractual duties.*** Defendants have contractual duties to their business partners requiring them to safeguard personal information. Through Prospect Medical Systems, LLC, Prospect Medical is responsible for certain activities related to the care of health plan members. These activities include claims processing and utilization management and review. It also includes credentialing and medical management performed on behalf of Prospect Medical affiliates; subsidiaries, including independent physician associations; the Prospect Health Plan; and other third-party medical groups that contract with health plans. All these relationships require Defendants to safeguard information.

87. ***Statutory responsibilities.*** Prospect Medical also receives, uses, and maintains electronic Protected Health Information (ePHI) subject to the requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). 42 U.S.C. §§ 1320d, *et seq.* HIPAA and its

regulations require Prospect Medical to implement appropriate administrative, physical, and technical safeguards to ensure the confidentiality, integrity, and security of ePHI, and command Prospect Medical to disclose how it uses and protects PHI.

88. ***Representations and promises.*** Defendants represented that they would protect the personal information and ePHI of patients, employees, vendors, and participants in their employee plans. On information and belief, in addition to publicly posted representations, Prospect Medical also made representations in its patient forms, its contracts, and its policies and procedures, which were provided at times to counterparties.

89. Under Defendants' management, for example, ECHN represented that it would not disclose protected health information without a patient's written permission. Through WaterburyHEALTH, Defendants told patients that Defendants were required by law to maintain the privacy of protected health information. And, by implication, WaterburyHEALTH represented that it would comply with the law—including HIPAA and its regulations.

90. Through both ECHN and WaterburyHEALTH, Defendants represented to employer health plans and Business Associates (as that term is defined in HIPAA) in Business Associate Agreements (as that term is defined in HIPAA) that they comply with HIPAA and other privacy laws and that they employ reasonable data security measures.

91. Prospect Medical also represented to its employees and contractors that it would not share personal information with unauthorized third parties.

B. Defendants fail to keep data safe.

92. Defendants violated all these responsibilities and commitments. They failed to keep personal, healthcare, and financial information safe.

93. An unauthorized Threat Actor gained access to Prospect Medical’s IT systems on July 31, 2023 by exploiting a vulnerability on a Citrix Netscaler device and leveraging compromised user credentials. A forensic examination conducted by Prospect Medical could not identify the specific vulnerability or vulnerabilities that the Threat Actor exploited because Prospect Medical failed to retain the relevant logs.

94. Even after Prospect Medical detected the unusual activity and took its systems offline, the Threat Actor remained. The Threat Actor conducted reconnaissance within Prospect Medical’s network environment undetected from August 1 to August 3, 2023, moving throughout no fewer than eleven systems, enabling remote access, and installing SystemBC malware that permitted exfiltration of files containing personal information.

95. On August 3, 2023, the Threat Actor deployed malicious computer code or malware—a form of ransomware known as Rhysida—into Prospect Medical’s IT systems.³¹ Once deployed, the ransomware encrypted files on Prospect Medical’s servers. While deploying the ransomware, the Threat Actor also altered access controls so that Prospect Medical was locked out of some of its own systems.

96. The data breach was a predictable threat that Prospect Medical should have been ready for, especially given the stakes. Ransomware is a known, persistent threat among hospitals and hospital systems. The Federal Bureau of Investigation, the Cybersecurity and Infrastructure Security Agency, and the Multi-State Information Sharing and Analysis Center have long warned

³¹ Conn. Gen. Stat. § 53-451 (c) defines “ransomware” as “any computer contaminant or lock placed or introduced without authorization into a computer, computer system or computer network that restricts access by an authorized person to the computer, computer system, computer network, or any data held by the computer, computer system or computer network, but does not include authentication required to upgrade or access purchased content or the blocking of access to subscription content in the case of nonpayment for such access, and ‘computer contaminant’ means any set of computer instructions that are designed to modify, damage, destroy, record or transmit data held by a computer, computer system or computer network without the intent or permission of the owner of the data.”

of the threats of ransomware and routinely recommend a host of techniques to prevent, detect, or mitigate ransomware attacks. These techniques generally include patching and remediating known exploited vulnerabilities; enabling multifactor authentication as part of access controls; and segmenting networks to prevent the spread of ransomware.

97. Prospect Medical failed to implement reasonable data security measures to prevent, detect, limit, or recover from the data breach. Among other things, Prospect Medical failed to sufficiently log and monitor system activity; regularly and accurately assess and mitigate risks to sensitive data; update its security program to protect against known cybersecurity threats; and implement access controls. Upon information and belief, Prospect Medical did not operate a Security Operations Center.

98. Prospect Medical further failed to implement or follow its own data security policies in areas including:

- a. *Logging and monitoring.* Prospect Medical's policies mandate a one-year default logging period, but the forensic examination could not identify the specific vulnerability or vulnerabilities that the Threat Actor exploited because of Defendants failed to properly retain relevant logs.
- b. *Access controls, including maintenance of user credentials, proper configuration and rotation of passwords, and multifactor authentication for remote access.* Although Prospect Medical's policies require appropriate access controls, Prospect Medical's systems were accessed by use of at least sixteen compromised credentials. In a December 2023 self-assessment, Prospect Medical identified issues related with access control in which users were inappropriately assigned

administrative level privileges. In that same self-assessment, Prospect Medical noted a spike in the number of credentials compromised by phishing scams.

- c. *Appropriate segmentation of IT systems to halt unauthorized movement and access through the network.* The Threat Actor moved through at least eleven systems undetected, even after Prospect Medical had shut down its systems to contain the threat.
- d. *Maintaining an incident response plan to enable Prospect Medical to recover quickly from a security incident.* Prospect Medical did not have formal information system contingency planning policies and procedures in place.
- e. *Timely patching and addressing vulnerabilities.* Prospect Medical's own risk assessments and documents indicate that Prospect Medical needed to work on common vulnerability exposures and Common Configuration Enumeration with high risk, including gaps in antivirus coverage. In a December 2022 self-assessment, Prospect Medical recognized that it needed to create benchmarks and communicate the benchmarks to its organizations to address misconfigured systems. But Prospect Medical failed to develop and implement an appropriate remediation plan.

99. Further, Prospect Medical's organizational structure contributed to security deficiencies. The structure did not create appropriate and uniform accountability for implementing data security measures across Prospect Medical's many healthcare organizations.

C. Defendants' data protection failures cause serious negative consequences for patients and others.

100. During the breach, Prospect Medical took its systems offline—with serious negative consequences for patient care.

101. On August 3, 2023, ECHN and WaterburyHEALTH were forced to implement “downtime procedures,” with medical staff resorting to burdensome manual paper charting and reporting.

102. At the same time, ECHN and WaterburyHEALTH activated “Full Code Triage,” diverting all incoming ambulance traffic, stroke, and trauma patients to other area hospitals. Manchester Memorial diverted all EMS/Ambulance service from August 3 to September 11, 2023. Rockville General diverted stroke patients after 5:00 p.m. each weekday and all day on weekends from August 3 to September 11, 2023. And Waterbury Hospital diverted all ambulance traffic from August 3 to August 5, 2023 and diverted all stroke and trauma patients from August 3 to August 16, 2023.

103. Hundreds of thousands of Connecticut residents saw their private data compromised by the breach. On September 29, 2023, November 13, 2023, and February 29, 2024, Prospect Medical sent notices warning 212,369 Connecticut residents that their personal information had been compromised. Of those impacted, the vast majority were patients whose data included names, addresses, dates of birth, diagnoses, lab results, medications and other treatment information, health insurance information, provider/facility names, dates of treatment, and financial information. Others impacted included employees and vendors, whose data included names and Social Security numbers.

104. Because of the data breach, 212,369 Connecticut residents are subject to an increased risk of identity theft and medical identity theft and live in fear or uncertainty about how their sensitive personal information might be misused. And, from at least August 22 to September 11, 2023, the Threat Actor posted private data for sale on the dark web, including personal information and ePHI taken from Prospect Medical’s IT systems.

105. In total, the Threat Actor claims to have exfiltrated one terabyte of files and 1.3 terabytes of data. One terabyte of data equals about 6.5 million document pages.

CAUSES OF ACTION

COUNT ONE: Negligent Misrepresentation Against Prospect Medical Holdings, Inc.

1. Plaintiffs reallege and incorporate by reference the allegations set forth in each of the preceding paragraphs of this Complaint.

2. PMH misrepresented its finances and plans. It testified, and represented in its Application, that it would (1) be a responsible steward of the hospitals' assets and would avoid new debt; (2) keep control of the hospitals local; and (3) invest significantly in the hospitals, expanding services and improving quality.

3. PMH knew or should have known these representations were false. It took on over \$1.1 billion in debt just two years after buying the hospitals, sold the hospitals' real estate, and left the hospitals with unsustainable ongoing lease obligations. It did all this to enrich Defendants at the expense of the hospitals. It also implemented a strategy of systematic underfunding and disinvestment—including by shifting control of expenditures to California. And these betrayals did not represent a good-faith change in strategy or circumstances. Instead, they were typical of PMH's longterm business strategy, and reflect an industry-wide approach to stripping local community hospitals of their vital assets.

4. The State reasonably relied on PMH's representations when it approved the sale of the hospitals to PMH.

5. PMH's knowing misrepresentations caused the State pecuniary harm. PMH's strategy of mining the hospitals for assets and loading them with ongoing obligations, while

refusing to pay its bills, has cost the State dearly. Among other things: PMH now owes the State more than \$67 million in unpaid hospital taxes.

6. The State's residents are aggrieved because PMH's failure to honor its commitment to provide its hospitals with adequate financial resources has resulted in adverse patient impacts that range from the inconvenient—such as a failure to provide rapid COVID tests to patients, or failure to provide discharge papers because paper supplies ran short—to the life-threatening, such as surgeries being postponed because of a lack of adequate supplies or equipment.

COUNT TWO: Unjust Enrichment Against Prospect Medical Holdings, Inc.

7. Plaintiffs reallege and incorporate by reference the allegations set forth in each of the preceding paragraphs of this Complaint.

8. PMH has reaped enormous profits and gains from the State's approval of their hospital purchase in Connecticut, all while degrading health care services, stripping away the hospitals' main assets, and strapping millions of dollars of ongoing financial obligations to the three Connecticut hospitals.

9. PMH undertook the wrongful conduct alleged in this Complaint to increase profits all while refusing to operate the hospitals in the manner promised to the State and failing to expend the capital necessary for the hospitals to function properly.

10. Without justification, PMH has refused and failed to operate the ECHN and WaterburyHEALTH hospitals in accordance with their prior representations, and so the State of Connecticut, its municipalities, and its residents have incurred damages.

11. PMH's failure to perform has operated to the detriment of the State of Connecticut, its municipalities, and its residents.

12. PMH has been enriched themselves at the expense of the State of Connecticut.

COUNT THREE: Undertaking and Negligent Performance of Special Duty Against Prospect Medical Holdings, Inc.

13. Plaintiffs reallege and incorporate by reference the allegations set forth in each of the preceding paragraphs of this Complaint.

14. Beginning in March 2016 and continuing to the present, PMH represented that it would undertake a special responsibility and duty to Connecticut's residents, to the municipalities that PMH's Connecticut hospitals serve, and to healthcare providers and regulators to provide hospital services—including emergency health care services, surgical procedures, and patient testing, and safeguarding patients' personal information.

15. PMH undertook to render those services recognizing that the services were necessary to protect public health, including in the municipalities that relied on PMH to provide basic hospital services to their residents.

16. PMH has failed to fulfill, and continues to fail to fulfill and to breach, the special responsibility and duty it assumed.

17. PMH's failure to use due care in performing the special responsibility and duty that it voluntarily undertook to perform has harmed the public and the State of Connecticut and has increased the risk of harm to the public and damages to the State of Connecticut. The damages done include increasing the cost of health care for the State and its residents beyond what they would have been had PMH not undertaken and failed to perform such special responsibility and duty properly.

18. As a result of PMH's conduct, the State of Connecticut has suffered and will continue to suffer substantial injuries and damages for which the State of Connecticut is entitled to relief.

COUNT FOUR: Violations of the Safeguards Law Against Prospect Medical Holdings, Inc and Prospect Medical Systems, LLC

19. Plaintiffs reallege and incorporate by reference the allegations set forth in each of the preceding paragraphs of this Complaint.

20. General Statutes § 42-471(a) provides: “any person in possession of personal information of another person shall safeguard the data, computer files, and documents containing the information from misuse by third parties... .”

21. Prospect Medical is a “person” as that term is defined by General Statutes § 1-1(k).

22. Prospect Medical was in possession of “personal information” of Connecticut residents as that term is defined in General Statutes § 42-471(c).

23. Prospect Medical failed to safeguard personal information of Connecticut residents from misuse by a third party. Prospect Medical therefore failed to safeguard personal information in violation of General Statutes § 42-471(a).

COUNT FIVE: Civil Penalties (Violations of Safeguards Law) Against Prospect Medical Holdings, Inc. and Prospect Medical Systems, LLC

24. Plaintiffs reallege and incorporate by reference the allegations set forth in each of the preceding paragraphs of this Complaint.

25. Prospect Medical engaged in the acts or practices alleged herein in violation of General Statutes § 42-471(a). Under General Statutes § 42-471(e)(1) such violations constitute per se unfair trade practices in violation of CUTPA, the Connecticut Unfair Trade Practices Act. Prospect Medical is liable for civil penalties of up to \$5,000 per willful violation under General Statutes § 42-110o(b).

COUNT SIX: Violations of CUTPA Against Prospect Medical Holdings, Inc and Prospect Medical Systems, LLC

26. Plaintiffs reallege and incorporate by reference the allegations set forth in each of the preceding paragraphs of this Complaint.

27. CUTPA provides that “[n]o person shall engage in unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce.” Conn. Gen. Stat. § 42-110b(a).

28. Under CUTPA, the terms “trade” and “commerce” mean “the advertising, the sale or rent or lease, the offering for sale or rent or lease, or the distribution of any services and any property, tangible or intangible, real, personal or mixed, and any other article, commodity, or thing of value in this state.” Conn. Gen. Stat. § 42-110b(a).

29. While engaged in trade or commerce in Connecticut, Prospect Medical violated CUTPA by representing to patients, health plans, insurers, and employees that it protects the personal information of Connecticut residents, either implicitly by collecting personal information or explicitly as set forth in the allegations.

30. Contrary to these representations, Prospect Medical failed to protect personal information and ePHI. Its representations and omissions were likely to mislead patients, health plans, insurers, and employees acting reasonably under the circumstances into believing that personal information and ePHI was safeguarded from misuse by third parties. And its representations and omissions were material to its victims’ decisions about whether to entrust Prospect Medical with personal information and ePHI.

31. Prospect Medical, in the course of conducting its business, failed to implement and maintain reasonable security procedures and practices appropriate to protect the personal

information and ePHI of Connecticut residents, and so did not protect that personal information from unauthorized access, use, destruction, modification, or disclosure.

32. Prospect Medical failed to (a) maintain proper logs, (b) patch and update IT assets, such as the Citrix Netscaler device, (c) secure and maintain access controls, such as credentials and passwords, (d) employ multifactor authentication, (e) patch or remediate known vulnerabilities, (f) have a proper incident response plan in place, and (g) enforce and communicate its information security policies and procedures.

33. By engaging in these acts or practices, Prospect Medical violated the public policy of the State of Connecticut, including the public policies articulated in General Statutes § 42-471, which requires the protection of personal information from misuse, and in General Statutes § 52-146o, which prohibits the impermissible disclosure of patient information by a health care provider. Prospect Medical also violated the public policy articulated in HIPAA, which prohibits the impermissible disclosure of ePHI.

34. Prospect Medical's acts or practices, as described in this Complaint, are oppressive, unethical, immoral, and unscrupulous.

35. Prospect Medical's acts or practices, as described in this Complaint, caused substantial injury to consumers.

36. Prospect Medical therefore engaged in unfair and/or deceptive acts and practices in violation of General Statutes § 42-110b(a).

COUNT SEVEN: Civil Penalties (Violations of CUTPA) Against Prospect Medical Holdings, Inc and Prospect Medical Systems, LLC

37. Plaintiffs reallege and incorporate by reference the allegations set forth in each of the preceding paragraphs of this Complaint.

38. Prospect Medical engaged in the acts and practices alleged in this Complaint when it knew or should have known that its conduct was unfair or deceptive, in violation of General Statutes § 42-110b(a). Prospect Medical is liable for civil penalties of up to \$5,000 per willful violation under General Statutes § 42-110o(b).

COUNT EIGHT: Violations of CUTPA (Breach Plus) Against Prospect Medical Holdings, Inc.

39. Plaintiffs reallege and incorporate by reference the allegations set forth in each of the preceding paragraphs of this Complaint.

40. While engaged in trade or commerce in Connecticut, PMH violated CUTPA by misleading Connecticut businesses, including vendors and physician groups which PMH or its related entities contract with, into reasonably believing that PMH would remedy outstanding balances by repeatedly promising to pay for past services rendered. Such promises to pay for services were material to vendors' decisions to continue doing business with PMH. Acting in good faith under such PMH representations, Connecticut businesses continued to provide services to PMH hospitals under the assumption that PMH would follow through on their representations to remedy past due balances.

41. Contrary to these representations, PMH, acting in bad faith, continued to accept services from Connecticut businesses without fulfilling its obligations to pay past due balances. PMH serially engages in this conduct for short term financial gains until Connecticut businesses terminate services or pursue further legal action.

42. PMH has engaged in a series of unremedied breaches of contract that unfairly seek to extract short term financial gains at the expense of contractual counterparties.

43. PMH's acts or practices, as described in this Complaint, constitute aggravating circumstances beyond that of a mere breach of contract in that PMH: regularly breaches contracts

with vendors and physician groups in an effort to maximize profit; misrepresents to vendors and physician groups that it will fulfill outstanding balances; and continues to accept services from vendors and physician groups without rendering payment for such services.

44. By engaging in these acts or practices, PMH violated the public policy of the State of Connecticut, including the policies of good faith and fair dealing in contracts, the policies against nondisclosure and misrepresentation to contractual counterparties, and the policy against unjust enrichment.

45. PMH's acts or practices, as described in this Complaint, are oppressive, unethical, immoral, and unscrupulous.

46. PMH's acts or practices, as described in this Complaint, caused substantial injury to consumers.

47. PMH therefore engaged in unfair and/or deceptive acts and practices in violation of General Statutes § 42-110b(a).

COUNT NINE: Civil Penalties (Violations of CUTPA) Against Prospect Medical Holdings, Inc.

48. Plaintiffs reallege and incorporate by reference the allegations set forth in each of the preceding paragraphs of this Complaint.

49. PMH engaged in the acts and practices alleged in Count Nine of this Complaint when it knew or should have known that its conduct was unfair or deceptive, in violation of General Statutes § 42-110b(a). PMH is liable for civil penalties of up to \$5,000 per willful violation under General Statutes § 42-110o(b).

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully ask this Court to enter judgment against Defendants and enter an Order:

1. Finding that Defendants Prospect Medical Holdings, Inc and Prospect Medical Systems LLC violated General Statutes § 42-471 by failing to safeguard personal information from misuse by third parties;

2. Finding that Defendants violated General Statutes § 42-110b, *et seq.*, by engaging in the unlawful acts and practices alleged herein, and permanently enjoining Defendants from continuing to engage in such unlawful acts and practices;

3. Finding that Defendants made negligent misrepresentations that induced the State into approving the sale of the hospitals to PMH, causing pecuniary harm as a result;

4. Requiring Defendants to pay restitution and/or disgorgement for the unjust benefit they have received from their wrongful conduct, together with interests and costs.

5. Requiring Defendants to disgorge all profits and gains achieved in whole or in part through their breach of the special responsibility and duty they assumed.

6. Requiring Defendants to pay civil penalties for failing to safeguard the personal information of each of 212,369 Connecticut residents from misuse under General Statutes § 42-471(e);

7. Requiring Defendants to pay civil penalties for each violation of CUTPA under General Statutes § 42-110o(b);

8. Requiring Defendants to pay all costs and fees for the prosecution and investigation of this action under General Statutes § 42-110m; and

9. Granting any such further relief that this Court may deem appropriate.

The State states that the amount in demand is more than Fifteen Thousand Dollars (\$15,000.00), exclusive of interests and costs.

Dated at Hartford, Connecticut this ____ day of _____, 2025.

PLAINTIFF,
STATE OF CONNECTICUT

WILLIAM TONG
ATTORNEY GENERAL

By: _____

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