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Judge Reopens Genesis Bids Over Insider-Tied Buyer Concerns (1)

By Angélica Serrano-Román 2025-12-12T13:24:45000-05:00

The judge overseeing Genesis Healthcare's bankruptcy ordered bidding for its nursing-home business reopened after determining she couldn't approve a proposed sale to a buyer tied to insider and health-care entrepreneur Joel Landau.

Judge Stacey Jernigan of the US Bankruptcy Court for the Northern District of Texas said she couldn't sign off on liability releases for Landau, co-founder of Pinta Capital Partners, who was behind the sale of the business to affiliate CPE 88988 LLC. She cited concerns about Landau's controlling interest, his absence from the hearing, and the need for heightened scrutiny.

She made her remarks from the bench Thursday, surprising a courtroom after two days of arguments and testimony. She previously indicated she would rule after a separate hearing next week.

Daniel S. Desatnik of Proskauer Rose LLP, representing a committee of unsecured creditors and present at the hearing, said the judge decided to not approve the sale to the Landau-affiliated insider stalking horse. The judge would instead would look to reopen the auction and appoint the Department of Justice's bankruptcy monitor, the US Trustee, as an independent monitor, as requested by the agency, he said.

She would also look to appoint the committee's investment banker, Andrew Turnbull of Houlihan Lokey, to lead the auction.

Genesis said in a statement Friday that its normal operations won't be affected by the decision and it "understands and shares the bankruptcy court's desire to ensure the best outcome for the patients, residents, professionals and communities."

"As attention from outside parties has increased recently, we want to clarify that the bankruptcy court, and not Genesis, will ultimately determine the best overall candidate for go-forward ownership of Genesis, its skilled nursing facilities, and other ancillary businesses upon emergence from bankruptcy," Genesis said.

Three Bidders

Three potential bidders include the current stalking-horse bid, Genie 3 Partners, and Olumie Capital. Genie 3 had argued that its offer was higher and that the sale process was skewed to favor an insider buyer, and Olumie was excluded from the auction.

Genesis had chosen no backup bidder.

A contested issue during the hearing was also the comparison between the affiliate's final bid and Genie 3's, with the parties differing on the amounts. Jernigan had requested more clarity on the calculations behind the offers.

The two-day sale hearing was marked by heavy scrutiny from rival bidders, creditors, and the US government over potential irregularities in the auction process. A group of Democratic lawmakers also urged the court to appoint an independent examiner to investigate the selection of an insider to buy its assets.

Landau didn't attend the hearing, despite being requested to do so and receiving notices to appear for a deposition.

"Judge Jernigan's decision to reject the insider sale is a tremendously positive development for patients and creditors," Desatnik told Bloomberg Law. "Bankruptcy court will not permit these liabilities to be simply washed away, but will hold owners accountable while ensuring a transparent and fair process."

Claims for Sale

Jernigan directed the parties to find common ground consistent with her orders and said the process will be fully open going forward, said John Anthony from Anthony & Partners LLC, an attorney for the health-care negligence claimants who objected to the sale.

But one key determination she made, he said, was that claims against the insiders, such as Landau and Pinta, "would not be for sale."

"Judge Jernigan prudently rejected the Genesis' cloak and dagger auction process, in favor of an open process to occur in the near future," Anthony said. "So potential bidders will naturally have faith in this process, leading to more robust bidding. This ultimately translates to a bigger recovery for all creditors, including my 342 healthcare negligence victims."

No formal order has been issued on the judge's findings, but at the Dec. 17 hearing, the parties expect to learn the timing of the next auction and related logistics.

Daniel M. Simon, representing Genesis, said during the hearing that the nursing home operator had concerns about Genie because it discovered during the auction that a principal was barred from federal health-care programs under settlement agreements with the government.

But Genie's attorney, Elizabeth Green of BakerHostetler LLP, responded that the principal had no role in the bid or the company's future operations.

Neither Landau nor Genesis' attorneys at McDermott Will & Schulte LLP immediately responded to a request for comment.

The case is Genesis Healthcare Inc., Bankr. N.D. Tex., No. 25-80185, hearing 12/11/25 .

(Updates with comment from Genesis beginning in sixth paragraph.)

— With assistance from James Nani.

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