



'It sends a message.' Justice Department to oversee new auction for troubled nursing home giant, Genesis

By [Kay Lazar](#) Globe Staff, Updated December 12, 2025, 7 minutes ago



Courtyard Nursing Care in Medford that was operated by Genesis Healthcare. CRAIG F. WALKER/GLOBE STAFF

In a ruling described as a win for taxpayers and patients, a Texas bankruptcy judge late Thursday rejected the insider sale of [Genesis HealthCare](https://www.genesishealthcare.com/), saying the giant nursing home company’s secretive auction was “unfair” and needed to be

redone, with the Justice Department monitoring the process.

A complex case that involved thousands of pages of documents in the end was simple. [Chief Judge Stacey G. C. Jernigan](#) said the testimony she heard, and that [Joel Landau](#), the controlling owner of the private equity firm that owns Genesis, ignored a subpoena to answer troubling accusations about his actions, made her uneasy.

“I just feel way too uncomfortable about so much of what I have heard,” Jernigan said.

The [distressed nursing home company](#), with 49 facilities across New England and a history of serious health violations, sold the chain to itself in a controversial bankruptcy auction last month, in which Genesis allowed just one company to bid against it, and would not release transcripts of the shrouded proceedings.

The action allowed Genesis, which receives 80 percent of its revenue from taxpayer-funded Medicaid and Medicare programs, to wipe out much of the \$1.6 billion in claims against it. Many of those claims are from families who accused Genesis facilities of negligent care that harmed patients or resulted in their death.

The two-day bankruptcy hearing was capped by allegations that Landau threatened an investor of a competitor that submitted a higher bid to buy Genesis, a claim a Genesis lawyer denied.

Jernigan said she would formalize her decision next week, but said she would at that time ask the U.S. Trustee’s office, an arm of the Justice Department, to oversee another auction in the near future and to have access to all the bids. The Trustees’ office had filed a motion last week [asking the judge to halt approving the sale](#), until the court could determine whether it was fair and equitable and whether it was “the product of arms-length bargaining.”

Dan Simon, a Genesis lawyer, did not return a request for comment.

In its July bankruptcy filings, Genesis proposed to the court that it be acquired by ReGen Healthcare, a private equity company owned by [Landau](#). ReGen already has at least 93 percent equity in Genesis.

Transcripts from the November [bankruptcy auction](#) showed that one company, called [Genie 3 Partners, LLC](#), ultimately bid against Landau's insider contender, identified as CPE 88988, but that Genesis asked the final bids to be sealed.

Landau's CPE 88988 bid included a provision to wipe out nearly all the claims against Genesis by aggrieved families, vendors, and others. But the higher bid from Genie 3 allowed those claims to continue, giving families a chance to be compensated for their losses.

Now, those claims will be free to move forward because they will no longer be enmeshed in a new bankruptcy auction, the judge said.

Kathleen Donaghue, a New Hampshire health care worker whose mother, Dorothy Atkinson, died in 2022 after three successive falls in a Genesis-owned Lowell nursing home, said she didn't understand how the legal system initially allowed a company to make a "colossal mess" of patient care, and end up at the helm by winning the first secret auction.



Dorothy Atkinson at Christmas 2021. FAMILY PHOTO

“The devastation from losing my mother was like nothing I felt before, and it still pains me,” she said.

“No one should get away with what they did,” she added. Donaghue said her mother, once a feisty spark plug of a woman, went downhill quickly after entering the nursing home where, Donaghue said, nurses failed to check on her, help her to the bathroom, and allowed her to lay in her own urine for hours.

“These are our elders who deserve all the time and care in the world,” she said.

Daniel Desatnik, a lawyer for the committee that represented roughly 600 families and vendors with lawsuits against Genesis and its affiliates, said the judge’s decision to reject Genesis’s insider sale was “tremendously positive” for taxpayers and patients.

“It sends a message that owners of healthcare facilities will not be able to take advantage of Medicare and Medicaid funds while providing substandard care and allowing injury claims to mount,” he said. “The bankruptcy court will not permit these liabilities to be simply washed away, but will hold owners accountable while ensuring a transparent and fair process.”

John Anthony, a Florida lawyer who represented roughly 340 families, including several in Massachusetts and New Hampshire, with claims against Genesis, last week urged the judge to halt the sale and appoint an independent examiner to monitor a new auction. He said he was thrilled with the outcome and the judge’s insistence that the new auction would not be conducted in secret.

“A business owner that bankrupts his company with a goal of buying the assets out of Chapter 11 for pennies must be prepared to participate in an open auction process,” Anthony said. “Not just kabuki theater.”

The judge, in rejecting the Genesis auction results, said she tried not to read media accounts about the issue. But she said she couldn’t help noticing the coverage of objections to Genesis’s actions by three members of New England’s congressional delegation, including Senator Elizabeth Warren. The three filed their objections as an amicus brief in support of Anthony’s group of 340 families.

On Friday, Warren said in a statement, “A private equity company tried to abuse the bankruptcy system to slither out of paying what they owe to neglected seniors in its nursing homes.

This is a textbook case of why we need to get private equity out of health care altogether, and this decision is a good step forward in the fight to deliver relief for the victims of Genesis.”

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