Fulton County Superior Court
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Date: 10/8/2025 12:14 PM
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IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA
FAMILY DIVISION

NANCY JENNINGS, Petitioner, vs. JEFFREY GALLUPS, Respondent.	))))))))	Civil Action No. 2020CV337822

RECEIVER'S FINAL REPORT

S. Gregory Hays, solely in his capacity as Receiver herein ("**Receiver**"), appointed pursuant to the Court's *Order Compelling Compliance, Appointing Receiver, and Granting Injunctive Relief* (the "**Receivership Order**"),[1] entered in this civil action August 16, 2023 (the "**Appointment Date**"), files this *Receiver's Final Report*.

I. Incorporation of Receiver's Prior Interim Reports

The Receiver incorporates into this Final Report his November 1, 2023, *Receiver's First Interim Report*, March 20, 2024, *Receiver's Second Interim Report*, September 6, 2024, *Receiver's Third Interim Report*, and September 12, 2025, *Receiver's Fourth Interim Report.* Those reports provide a detailed description of the background of this civil action, including the Court's appointment of the Receiver, challenges faced and actions taken by the Receiver, the Receiver's disposition of property of the Receivership Estate, and legal actions and proceedings. Copies of those reports may be obtained from the Clerk of this Court, on the Receiver's website at

[1] Unless otherwise indicated, capitalized terms in this Interim Report will have the meanings attributed them in the Receivership Order and the *Receiver's First Interim Report* filed November 1, 2023, both being incorporated herein.

https://haysconsulting.net/milton-hall-surgical-associates-llc, or by request to Receiver's counsel, John Rezac, at jrezac@taylorduma.com.

II. Key Points and Developments: Business Operations and Financial Issues

MHSA and its Affiliates business (the "**Business**") was in severe financial distress at the Receiver's appointment on August 16, 2023, and operated at a loss with severe cash flow issues during the Receiver's operation of the Business from August 17, 2023, to May 31, 2024 (the "**Operating Phase**"). On May 31, 2024, the Receiver closed the Court-approved sale of all but 4 of the Business's facilities to Northside Hospital ("**Northside**"). The period after the sale to Northside starting on June 1, 2024, began the liquidation phase of the case (the **"Liquidation Phase**").

During the Operating Phase, the Business faced extensive payment pressure from landlords, doctors, vendors, and the DOJ while the Receiver worked to restore medical insurance Payor contracts. The Receiver faced an almost weekly payroll crisis and barely had funds for each payroll during the Fall of 2023 and early 2024. In addition, the Receiver faced multiple demands and lawsuits from landlords seeking to evict the Business and from unpaid vendors.

Critical to the survival of the Business was a bridge loan of $750,000 provided by Northside Hospital in March 2024 that allowed the Business to survive until the sale could be completed in May 2024. The critical importance of this Bridge Loan was discussed in the sale motion and at the hearing to approve the sale in March 2024. Without the Bridge Loan, the Business faced immediate bankruptcy, closure, and layoff of 150 employees.

During the Operating Phase of the Receivership, the Business generated approximately $15.0 million in revenue. *See* Income Statement included as **Exhibit 1** for the period from August 1, 2023, to July 31, 2024. During this time the Business did not make timely payments to landlords, doctors, equipment leasing companies, secured creditors, professionals, and the DOJ. The Receiver paid creditors to the best of his ability during the Operating Phase as the Receivership was severely impacted by the loss of Medicare and BCBS contracts. The Receiver worked closely with landlords, negotiating interim payment plans and final payout terms upon sale of the Business. Without the landlords' support and understanding, the Business would have imploded and filed bankruptcy.

The terms of the Northside Hospital Asset Purchase Agreement required payment at closing to many Receivership creditors that would continue providing services to Northside after the sale. These critical vendors and creditors were paid from the sale proceeds pursuant to the provisions in the APA.

The $10 million sale to Northside Hospital closed on May 31, 2024, and the Receiver used funds from the sale to make the required payments, as approved by the Court. A summary of the use of sale proceeds follows:

Bridge Loan Repayment	$750,000
Escrow Payment	$750,000
Department of Justice	$346,072
Secured Creditors	$969,437
Landlords	$2,753,874
Required per Northside APA	$717,609
Professional Fees	$2,426,630
Post Receiver Operating Costs	$1,054,145
Total Payments	$9,757,767

As a result of these payments, the Receiver had limited funds moving into the Liquidation Phase of the Receivership, as $750,000 of the sale proceeds was required to be held in Escrow until March 2025. During this time, the Receiver negotiated with creditors, resolved litigation, and resolved issues to have the Escrow funds released. Once the Escrow funds were released, the

Receiver had accrued additional professional fees that had been at risk of non-payment if Northside had not released the Escrow.

Attached as Exhibit 2 is a summary of the total sources and uses of funds during the Liquidation Phase after the Sale closed.

MHSA's VP of Finance and Controller resigned upon the Receiver's appointment and the Business had almost no financial or accounting staff. As a result, the Receiver had difficulty obtaining accurate financial statements during the case. The Business did not have funds to employ bookkeepers and used a few temporary accountants that did not work out well. As a result, income statements, payables, and balance sheets were not readily available and, at this point, would be prohibitively expensive to recreate. The Receiver did the best he could during his administration without generating extensive costs for financial reporting. This issue was discussed at the sale hearing in response to Respondent's request for detailed financial statements.

The Receiver used the available accounting information and bank account records and prepared and filed the 2023 and 2024 tax returns for the five entities. The Receiver is required to file 2025 tax returns for all entities and likely a 2026 tax return for MHSA which is likely the only remaining entity in Receivership in 2026. The Receiver estimates that preparing final tax returns may cost $20,000 and requests a reserve be established for this expense.

After payment of the above-mentioned creditors and professionals since the Receiver's appointment, the total remaining payables to professionals and creditors is summarized as follows:

Professional Fees Holdback Professional Fee Estimate (to be provided)	$147,000
Post Receivership Allowed Admin Claim	$600,203
General Unsecured Creditors	$2,507,945
IRS Subordinated ESRP Claim	$150,060
Petitioner's Equity Claim	$11,386,420

Funds for payment of these claims will come from Cash on Hand and potential recovery of the BCBS Claims and D&O Claims.

III. <u>Disposition of Assets</u>

A. Sale to Northside Hospital

On May 31, 2024, the Receiver closed the Court-approved sale of the majority of the Receivership's operating assets to Northside Hospital. The $10 million sale proceeds were used to pay $8.2 million. In addition, the $750,000.00 bridge financing provided by Northside Hospital in conjunction with the sale transaction enabled the Receiver to continue operating the business through the closing date, saving the jobs of over 100 employees, and negotiate settlements with landlords and other creditors, avoiding an estimated $5 million in lease termination damage liabilities.

B. Sale of Southside Facilities

On November 18, 2024, the Court authorized the Receiver's sale to Iron Magnolia, LLC of remaining medical services facilities located at: (a) 1000 Commerce Drive, Suite 200, Peachtree City, Georgia; (b) 1595 Highway 34 East, Newnan, Georgia; (c) 1365 Rock Quarry Road, Suite 300, Stockbridge, Georgia; and (d) 1015 Lafayette Parkway, Suite 130, LaGrange, Georgia, including all equipment and other personal property of the Affiliated Entities (collectively, the "**Southside Facilities**"). The Receiver closed the sale following the Court's approval. Iron Magnolia, LLC continues to operate the Southside Facilities as of the date of this Final Report.

C. Sale of Remaining Hard Assets

On March 21, 2025, the Court approved the Receiver's sale to Professional Healthcare Solutions of the Receivership Estate's remaining hard assets consisting of used office and medical equipment. The Receiver closed the sale immediately following Court approval.

IV. <u>Remainder Assets</u>

After administering the vast majority of the Receivership Estate, the Receiver has identified remaining valuable assets (the "Remainder Assets") and has determined that further administration of those assets is in the best interests of creditors. Along with the filing of this Final Report, the Receiver is filing his *Receiver's Motion for Approval of Procedures to Wind Down and Close Receivership and for Related Relief* (the "**Motion to Close**"), seeking Court approval to segregate the Remainder Assets into a Wind-Down Receivership, continue to take reasonable steps to monetize the Remainder Assets and ultimately make a final distribution according to the Court-approved claim amounts and priorities. The Remainder Assets are as follows:

A. D&O Claims

Since the Receiver's appointment, the Receiver has conducted a thorough investigation into MHSA's prior management, including a review of MHSA's books and records and management's dealings with creditors and the United States Department of Justice. On May 5, 2025, the Receiver deposed MHSA's former Chief Executive Officer. Through his investigation, the Receiver has determined that the Receivership Estate has claims against the former CEO, including claims for negligence and mismanagement. The Receiver has delivered a demand for payment to MHSA's Director & Officer Liability insurance carrier, and is in communication with the carrier to resolve the claims under the policy coverage.

The Receiver is continuing to pursue an acceptable resolution with RSUI and, if such resolution is reached prior to the Court's scheduled October 22, 2025, hearing, the Receiver will file with the Court a report disclosing the terms of the resolution and how the resolution impacts the Receiver's plan to wind down and terminate the Receivership.

If a timely resolution is not achieved, the Receiver plans to move the D&O Claim to a Qualified Settlement Fund ("**QSF**") and will engage counsel on a contingency fee basis to file suit and pursue recovery in a separate civil action. A QSF is a government-approved trust designed to hold and distribute settlement money to claimants and minimize court supervision. QSFs are established under court or governmental authority, are subject to more limited supervision. Mr. Hays would serve as the neutral QSF Administrator and would obtain a tax ID (EIN), manage tax reporting, and pursue the litigation and make distributions to claimants. The . QSF would allow the MHSA receivership entities to be closed. It is anticipated that the Receiver will know within 45 days if this is the direction the case will take. The establishment of a QSF is a new concept to conclude this case and the Receiver and counsel to Receiver are diligently investigating how this would work and will report further to the court at the October 22nd hearing..

B. BCBS Claims

Since mid-2024, the Receiver and MHSA's billing manager, Professional Healthcare Solutions, have been in frequent (weekly/bi-weekly) communication and negotiation with BCBS regarding the Receiver's recovery of unpaid claims for services. Those services were provided during the period of July 2023 through January 2024 when the Receiver established a new contract with BCBS. The Receiver has continued to pursue recovery of those claims and has stayed in communication with the purchaser of MHSA's Southside Facilities, Iron Magnolia LLC. Iron Magnolia has the same or similar concerns respecting BCBS claims arising after mid- 2024.

The Receiver reported this activity to the Court at the September 17, 2025, status hearing. Since that hearing, BCBS has begun paying some claims of Iron Magnolia. The Receiver anticipates BCBS will soon begin paying some claims of MHSA. The Receiver cannot predict the total amount of claims that may be paid by BCBS but believes keeping the BCBS Claims in Receivership for a reasonable time is in the best interests of creditors and the most efficient and prudent way to deal with the asset.

C. Medical Malpractice Insurance Policy

The Receiver pre-paid for a tail policy to extend medical malpractice coverage. The Receiver believes that keeping the policy in Receivership until final closure of the Receivership is prudent. Because the tail coverage has been pre-paid, there is no further expense associated with keeping the coverage, and keeping the coverage in the Receivership is prudent.

V. IRS Claim

In 2024 and 2025, the IRS sent several demands to the Receiver for taxes owed by MHSA and dating back to 2016 and 2017. The most recent demands were dated February 10, 2025, and included $93,970.00 for 2016 and $58,100.82 for 2017. That is a total of $153,060.82 for taxes almost ten years ago. The IRS has previously sent demands that exceeded $185,000.

Over the past year, the Receiver has diligently attempted to resolve issues with the IRS and has filed several responses to the IRS and to the Taxpayer Advocate.

On May 5, 2025, as part of the claims process approved by the Court, the Receiver filed an objection to the IRS Claim on the following grounds:

a) The IRS had not submitted a formal claim to the Receiver as required by the Court's Claims Procedures Order.

b) The IRS claim represents a potential Employer Shared Responsibility Payment ("ESRP") tax penalty claim for 2016 and 2017.

c) The claim includes substantial late fees, penalties and interest since 2017 when the IRS started trying to collect from MHSA. The IRS Claim continues to accrue penalties and interest on the ESRP claim.

d) The Receiver has previously contacted the IRS many times to dispute this potential claim and to investigate a $38,997 refund for improper levy the IRS apparently made in July 2023. The Receiver was finally able to determine the refund for this was received by MHSA.

e) Further, the IRS has not been responsive to the disputes filed by the Receiver, beginning when the Receiver first became cognizant of the claim in September 2024.

f) The Receiver understands that resolution of the IRS Claim may require seeking relief from the federal courts.

g) The Receiver nevertheless objected to the IRS claim and reserved all rights and defenses on behalf of the Receivership Estate

h) Further, the Receiver would need to reserve against the IRS claim until there is a final resolution.

The Receiver also filed an appeal of fines and penalties with the IRS 490H Response Unit on April 17,2025, and has not received any response. The key issues cited in the 85-page appeal include the following:

- Lack of timely response and communication under Taxpayer Assistance Order filed October 5, 2024. The matter was not formally closed out with the Taxpayer Advocate, and notwithstanding other reasons discussed, any Enforcement action regarding the assessment should at a minimum be suspended during the pendency of the case with the Taxpayer Advocate. There was never any formal closure in writing (or otherwise), to the best of Receiver's knowledge, regarding the matter as presented to the Taxpayer Advocate when seeking assistance with resolving this assessment.

- As communicated in prior correspondence, the company has not operated since May 31, 2024. The 100% owner is incarcerated in a Federal penitentiary for healthcare fraud. Due to the passage of time (nearly 10 years since the matter which gave rise to the penalty assessment occurred), the court-appointed Receiver is in no position to be able to challenge the propriety of the assessment. There are several questions of fact, including but not limited to, the FTE or non-FTE status of the employees involved, the inability to contact most of them as support for any position, the fact that the employees were actually employed by a related management company, and finally, the lack of records available since this matter passed nearly 10 years ago.

- The taxpayer is out of business. Penalties of this nature are generally assessed to encourage future voluntary compliance. In this case, in light of the termination of Milton Hall Surgical Associates and the fact that it is not a going concern, the incarceration of the principal Jeffrey M. Gallups, and general insolvency of the business (currently in final liquidation stage by court order), the penalty assessment serves no policy purpose, and if paid, will accomplish nothing, other than punishing aggrieved parties who truly are at risk in this matter and have been paid nothing.

In September 2025 the Receiver advised the Taxpayer Advocate that the Superior Court ordered the Receiver to file a motion to terminate the receivership by October 8, 2025, and scheduled a hearing on October 22, 2025, to address termination of the case and release of the Receiver. The Receiver advised of his plan to reserve funds for pursuing certain claims (discussed below) and make payments to the holders of Court-approved priority administrative claims. This would exhaust all cash in the Receivership.

The Receiver plans to continue pursuing claims against BCBS and a possible D&O claim. However, even considering the potential maximum recovery of these two claims, there would not be funds sufficient to satisfy the allowed post-receiver administrative claims of $600,203 and unsecured claims of $2.7 million, not including the IRS Claim of between $153,060.82 and $185,094.00.

IRS Insolvency Statute 31 U.S.C. § 3713(a)2(b) provides an exception to the government's usual claim priority status. The section defines "Administrative Expense" as expenses incurred for the general welfare of creditors and include court costs and expenses incurred to collect and preserve assets. This Court has approved over $600,000 in post-receiver appointment administrative expenses, which would constitute Administrative Expenses under the IRS statute.

However, the Receivership Estate has less than $280,000 and after payment of professional fee holdbacks and current professional fees. less than $50,000 will remain.

Based on the IRS statute, the Receiver concludes that the nearly-10-year-old IRS Claim is subordinate to administrative expenses. The Taxpayer Advocate referred this issue to the ACS requesting the FPLP block 2016 and 2017. The Taxpayer Advocate is waiting for a response. The Receiver plans to distribute funds in order of priority as provided by this Court's order approving claims, with priority to administrative creditors. The Taxpayer Advocate advises that the Receiver will not d not face any personal liability on account of the IRS Claim for so proceeding.

Additionally, the Receiver is monitoring related litigation involving IRS ERSP claims, in which the United States District Court for the Northern District of Texas ruled in favor of the taxpayer and against the IRS. *See Faulk Co., Inc. v. United States Dept. of Health and Human Svcs.*, Case No. 4:24-cv-00609 (N.D. Tex. April 10, 2024). The IRS has appealed that decision to the United States Circuit Court for the Fifth Circuit. *See Faulk Co., Inc. v. Kennedy*, Case No. 25-10773 (5th Cir.). A recent filing suggests the IRS has not made a determination if it will pursue the appeal. It appears if the IRS does not pursue the Faulk case, the IRS claims will essentially be forfeited against MHSA.

The Receiver has diligently attempted to resolve this issue with the IRS, with no final resolution. However, it is clear that administrative expenses in the Receivership will exceed funds currently available for distribution to unsecured creditors. Pursuant to IRS guidance, the administrative expenses have priority over the IRS claim.

VI. <u>Claims Process</u>

By order entered June 27, 2025, as further modified by order entered September 12, 2025 (collectively, the "**Claims Allowance Order**"), the Court allowed certain creditor claims in amounts and classifications identified in the Claims Allowance Order. Remaining allowed claims payable are identified in **Exhibit 3** attached to this Final Report.

VII. Legal Matters

Over the course of the Receivership, the Receiver and his attorneys have pursued and/or defended the rights of the Receivership Estate in no fewer than 8 separate legal actions, including lawsuits in multiple Georgia counties brought by landlords and other creditors seeking money damages and/or petitions to evict the business from various MHSA facilities. The issuance of eviction orders would have significantly impaired the Receiver's ability to market and sell the Receivership assets and likely would have forced the Receiver to cease business operations and put the Businesses in bankruptcy. The Receiver successfully defended against all eviction proceedings, due in part to the willingness of the Receiver, on the one hand, and landlords and their attorneys, on the other, to find reasonable, practical solutions to these landlord/tenant disputes.

Additionally, the Receiver had to defend the interests of the Receivership Estate from actions taken by the United States Department of Justice, which dispute was heard in the United States District Court for the Northern District of Georgia, Atlanta Division, and for which the Receiver and DOJ were required to mediate. Had the DOJ prevailed in that dispute, the Receivership Estate would have had to pay a considerable judgment which would have resulted in the Receiver's filing bankruptcy for all Affiliated Entities and their assets. Resolving the dispute with the DOJ enabled the Receiver to continue operating the business through the sale to Northside Hospital and the sale of the Southside Facilities.

VIII. <u>Respondent's Bankruptcy Case</u>

On March 21, 2024, Respondent filed a Voluntary Petition under Chapter 13 of the Bankruptcy Code, Case No. 24-12653, United States Bankruptcy Court, Southern District of Florida, and subsequently converted the case to Chapter 7. The duly appointed Chapter 7 Trustee has administered Respondent's bankruptcy estate and, with Bankruptcy Court approval, has liquidated certain assets, including life insurance policies and Respondent's Fort Lauderdale, Florida real property.

The Receiver and the Chapter 7 Trustee have communicated and cooperated with each other throughout the course of the Receivership and the Bankruptcy Case. The Receiver will continue to provide the bankruptcy trustee notice of filings in the Receivership. Otherwise, the Receiver does not anticipate any further need for the Receiver and trustee to confer regarding these two cases. The bankruptcy case remains open pending the Trustee's further administration of the Bankruptcy Estate.

IX. <u>Receiver's Next Steps</u>

The Receiver's next steps are set forth in the Motion to Close. In summary, the Receiver is seeking Court approval to terminate the Receivership as to all but MHSA and the Remainder Assets. The Remainder Assets would be administered in the Wind-Down Receivership and distributions would be made from any recovery on account of the Remainder Assets.

Respectfully submitted, October 8, 2025.

TAYLOR DUMA LLP

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Exhjibit 1

MILTON HALL SURGICAL ASSOCIATES, LLC AND AFFILIATES
Consolidated Income Statement 08/01/2023-7/31/2024

	Milton Hall Management	Milton Hall Surgical Associates	Alpharetta Surgery Center	ENTI	HCENTI	Consolidated
Income						
Professional Fees	$ 150	$ 12,236,547	$ 1,706,099	$ 561,004	$ 478,925	$ 14,982,725
Management Fees	(1,870)			(163,669)		(165,539)
Other Revenue	-	-	-	182,430	-	182,430
Total Income	**$ (1,720)**	**$ 12,236,547**	**$ 1,706,099**	**$ 579,765**	**$ 478,925**	**$ 14,999,617**
Expense						
Employee Expenses						
Salaries & Wages	$ 869,112	$ 4,303,669	$ 668,116	$ 274,974	$ 27,354	$ 6,143,225
Shared Revenue	-	571,483	-	-	-	571,483
Payroll Taxes	69,516	189,865	23,711	17,793	1,908	302,793
Insurance	272,338	93,665	19,794	23,322	2,137	411,257
Contract Labor	596,957	85,460	135,669	6,663	-	824,749
Other Employee Expenses	262,946	49,657	4,151	18,349	-	335,103
Total Employee Expenses	**$ 2,070,869**	**$ 5,293,799**	**$ 851,441**	**$ 341,102**	**$ 31,399**	**$ 8,588,610**
Medical Expenses						
Drugs & Medical Supplies	$ 907,289	$ 23,590	$ 51,329	$ 28,497	$ 28,858	$ 1,039,564
Allergy Services	98,754	22,658	-	-	-	121,413
Medical Equipment and Repairs	10,622	44,437	63	-	-	55,122
Medical DME	18,121	-	-	-	-	18,121
Anesthesia Services	53,096	-	6,433	20,676	-	80,205
Other Medical Expenses	460,394	-	120	4,248	-	464,762
Total Medical Expenses	**$ 1,548,276**	**$ 90,685**	**$ 57,946**	**$ 53,421**	**$ 28,858**	**$ 1,779,186**
Occupancy Expenses						
Rent	$ 1,972,669	$ 198,595	$ 20,162	$ 15,313	$ -	$ 2,206,739
Utilities	223,143	8,712	5,274	-	-	237,129
Other Occupancy Expenses	197,025	50,636	10,644	421	2,826	261,553
Total Occupancy Expenses	**$ 2,392,837**	**$ 257,943**	**$ 36,080**	**$ 15,734**	**$ 2,826**	**$ 2,705,420**
Technology Expenses	**$ 227,396**	**$ 342,396**	**$ 656**	**$ 445**	**$ 1,808**	**$ 572,701**
Marketing Expenses	**$ -**	**$ 10,337**	**$ -**	**$ -**	**$ -**	**$ 10,337**
Administrative Expenses						
Legal & Accounting	$ 109,953	$ 267,524	$ -	$ -	$ -	$ 377,477
Credit Card Fees & Collection E	114,739	-	16,492	5,201	-	136,432
Office Expenses	481,871	60,269	503		-	542,642
Bad Debt Expense	-	-	-	-	-	-
Consulting	64,702	1,614	-	-	-	66,316
Contributions	-	-	-	-	-	-
Business Development	-	-	-	-	-	-
Administrative Expenses	**$ 771,265**	**$ 329,406**	**$ 16,995**	**$ 5,201**	**$ -**	**$ 1,122,867**
Management Fees	**$ -**	**$ 69,784**	**$ 19,727**	**$ 4,675**	**$ 11,809**	**$ 105,994**
Interest Expense	**5,204**	**5,852**	**317**	**-**	**-**	**11,373**
Depreciation and Amortization Expense	**125,726**	**9,426**	**5,882**	**14,120**	**-**	**155,153**
Total Expense	**$ 7,141,572**	**$ 6,409,628**	**$ 989,043**	**$ 434,697**	**$ 76,700**	**$ 15,051,641**
Net Income	**$ (7,143,292)**	**$ 5,826,919**	**$ 717,056**	**$ 145,068**	**$ 402,225**	**$ (52,025)**

Exhibit 2

	Sources of Funds	Uses of Funds
Sale to Northside	**$9,250,000.00**	
JP Morgan Chase as E/A for Northside Hospital	$750,000.00	
Northside Hospital	$8,500,000.00	
Collections	**$89,589.92**	
Premium Refund	**$61,432.77**	
Other Receipts	**$40,673.38**	
Landlord		**$3,077,264.17**
1100 Medical Office (Cumming)		$101,838.51
ARHC NSMARA01, LLC (Marietta / East Cobb)		$147,282.97
Commerce Professional Center (Peachtree City)		$141,526.07
CPI/AHP Brookhaven MOB Owner, LLC		$972,419.12
Davis Matthews & Quigley, P.C.		$323,390.41
GAHC3 Stockbridge GA MOB II, LLC (Stockbridge)		$125,373.00
GAHC4 LAWRENCEVILLE GA MOB II LLC		$91,443.00
HealthCare Realty Trust		$158,431.38
LaGrange Med Ventures (LaGrange)		$129,108.07
RG Medical Properties III, LLC (2365 Old Milton, MOB, LLC)		$488,664.00
SFG Operating		$257,603.00
White Oak Holdings (Newnan)		$140,184.64
Secured Debt		**$1,494,437.38**
Georgia Banking Company		$446,311.31
Highland Capital Corp.		$99,753.25
McKesson Corporation W		$263,900.84
Small Business Administration		$159,471.98
Stryker Flex Financial (Via Fox Rothschild)		$525,000.00
Operating Expenses		**$686,000.00**
Milton Hall Surgical Associates, LLC		$686,000.00
Northside Assumed Contract		**$191,358.55**
Clearwave Corporation		$86,850.50
Pebel Advisors, Inc. (Vanguard Cleaning)		$58,123.81
Quick Silver Logistics Network, LLC		$6,264.24
Tungsten Medical Network		$40,120.00
Government		**$346,894.54**
Dawson County Tax Commissioner		$593.88
Department of Justice		$346,072.37
Hall County Tax Commissioner		$228.29
Doctor Expenses		**$284,670.50**
Dr. Karen for moving/contract		$85,000.00
Dr. Lloyd Clinical Liaison Fees		$83,333.00
Dr. Lloyd Legal Fees		$11,000.00
GAO Anesthesia Services		$105,337.50
Taylor Duma / Special Master & Receiver Counsel		**$1,210,643.57**
Receiver		**$964,126.68**
Professional (Contract)		**$732,303.47**
Petitioner Counsel		**$155,491.04**
Vendor		**$9,888.10**
Grand Total	**$9,441,696.07**	**$9,153,078.00**

Bank Balance	$288,618.07

Exhibit 3

Milton Hall Surgical Associates, LLC & Related Entities
Distribution Priorities

Receivership Administrative Priority		
Approve Fees with Hedbacks	$147,010.60	
Outstanding fee for August to October 8th	n/a	To be filed by 10/13/25
	$147,010.60	
Allowed Priority Claims for Post Receivership Services (after 8/17/23)		
A1 Shredding & Recycling, Inc	$898.80	
Advanced Medical Resources	$4,830.50	See also allowed unsecured claim
Dan Smolczynski	$4,701.56	
e3 Diagnostics	$1,700.52	See also allowed unsecured claim
Kim Smith	$300.00	See also allowed unsecured claim
MEDispose Waste Solutions	$945.92	
Professional Healthcare Solutions	$358,889.42	
PSK Document Solutions	$657.19	
Starkey Hearing Technologies	$1,083.54	See also allowed unsecured claim
Stryker Instruments	$210,325.72	See also allowed unsecured claim
United Healthcare Insurance	$15,789.67	
United Office Systems	$80.81	
	$600,203.65	
Allowed Unsecured Claims for Pre Receivership Claims (before 8/17/23)		
Advanced Medical Resources	$27,349.45	
AMEX TRS Co., Inc.	$402.99	
Anthony Products, Inc.	$39,650.81	
Assurgent Medical Staffing	$240,870.00	
Capitol Strategy Group, Inc	$66,666.60	
CFGI, LLC	$137,500.00	
CMG Atlanta TV / WSB TV	$43,642.40	
Curtis Lord (Consultant)	$6,750.00	
e3 Diagnostics	$17,245.46	
Environmental @Medical Gas Serv.	$32,025.69	
Euro Vison LLC*	$1,365.32	
Hemostasis LLC	$3,151.76	
Kim Smith	$525.00	
Martenson, Hasbrouck & Simon, LLP	$98,308.32	
McDermott Will & Emery	$259,366.40	
Prime Power Services	$19,501.29	
Pulmonary Sleep Specialists Pc	$2,600.00	
Radar Healthcare Providers Inc	$91,330.61	
Starkey Hearing Technologies	$47,745.06	
Stephano Slack	$19,850.00	
Stryker Instruments	$1,352,097.69	
	$2,507,944.85	
Disputed Subordinated Unsecured Claims		
Internal Revenue Service - Potential Claim for ESRP Penalty	$150,060.00	
Equity Claims		
Nancy Jennings	$11,386,420.00	

CERTIFICATE OF SERVICE

This is to certify that I have on this day filed the foregoing document with the Court using the Court's electronic filing system, which will automatically email a copy on all registered users, and have served a copy upon the following persons by e-mail, as follows:

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October 8, 2025.

By: */s/ John K. Rezac*
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