Senate Finance Committee
Minority Staff

Republicans' Plot Against Nursing Home Residents and Families:

How Trump Pardons and Handouts Enabled Corporate Gaming and Supercharged Practices that Put Vulnerable Americans at Risk

October 29, 2026

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We are determined to improve the quality of care in America's nursing homes. We have seen or experienced firsthand what it means for a family to make the difficult decision to place a loved one in a nursing home. Families must trust that the facility will provide dignified care and that the government has done its job to ensure that a nursing home is safe.

The COVID-19 pandemic led to the deaths of over 200,000 nursing home residents and workers–a catastrophe driven in part by chronic understaffing, bad actors, and years of underinvestment in oversight by the federal government. To ensure a tragedy of this scale never happens again, Senate Democrats introduced federal legislation, the Nursing Home Improvement and Accountability Act, to update federal nursing home standards, improve oversight of these facilities, and invest in the workers who deliver care to nursing home residents. Not one Republican supported these efforts.

The fight continued in 2024 with the Biden administration's federal nursing home staffing rule, which was projected to save 13,000 lives per year.[1] We supported this final rule, but in 2025, Congressional Republicans used their majority to pass a reconciliation bill with the largest health care cuts in history, including a delay of the nursing home staffing standards. The Trump administration then eliminated staffing standards altogether while nursing home executives contributed millions to Trump's super PAC.[2] In response, Senate Democrats introduced the Nurses Belong in Nursing Homes Act, which would make sure there is always a nurse in a nursing home and invest in the workforce that cares for the residents of these facilities.

Through all of these changes that are undermining the quality of care in America's nursing homes, the Trump administration has falsely claimed to be running a "full-scale war on fraud" in the Medicare and Medicaid programs. But Joseph Schwartz, Philip Esformes, and Paul Walczak–nursing home owners collectively sentenced to 294 months in prison for health care fraud, tax fraud, and other financial crimes–were granted clemency by Trump. Nursing home owner Benjamin Landa, dealing with multiple New York state lawsuits alleging fraud and neglect and a federal audit finding $31 million in Medicare overpayments to one of his nursing homes, contributed $5 million to Trump's super PAC and was nominated ambassador to Hungary. This is not a war on fraud. It appears to be a reward system for Trump's allies, paid for by the nursing home residents in their care.

This report is the product of a Senate Finance Committee Minority investigation into how the Trump administration has accelerated a crisis that was already years in the making–rewarding

[1] Letter from Univ. of Penn. Leonard David Inst. of Health Econ. to Sen. Elizabeth Warren (July 8, 2024) https://www.warren.senate.gov/wp-content/uploads/media/doc/letter_from_researchers_to_sen_warren_070824.pdf.

[2] New York Times, *After Donations, Trump Administration Revoked Rule Requiring More Nursing Home Staff* (Jan. 27, 2026) https://www.nytimes.com/2026/01/27/us/politics/after-donations-trump-administration-revoked-rule-requiring-more-nursing-home-staff.html.

investors who put profits over people and abandoning nursing home residents and workers. It documents the bad actors, the backdoor deals, and the human cost when Trump is in charge of America's long-term care.

For American families with a loved one in a nursing home, there is no greater fear than an unsafe environment that could lead to abuse or neglect. They deserve a government that safeguards their loved ones and prevents harm from ever happening in the first place.

Sincerely,

Ron Wyden
United States Senator
Ranking Member, Committee on Finance

Sheldon Whitehouse
United States Senator

Andy Kim
United States Senator

Elizabeth Warren
United States Senator

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Executive Summary

People who live in America's nursing homes have the right to receive quality, dignified, person-centered care. Unfortunately, a pervasive lack of strong federal standards and underinvestment in oversight has created a nursing home landscape in which bad actors thrive, and residents come last. These bad actors purchase stakes in nursing homes and then prioritize profits over resident care, taking advantage of lax oversight by maintaining low staffing levels and low quality care. The current landscape comes not only at the expense of the residents and families who bear the consequences of the neglect it inflicts, but also at the expense of American taxpayers, who fund the Medicaid and Medicare dollars that bad actors pocket for themselves. President Trump and Congressional Republicans have exacerbated this crisis, putting corporations and private interests over seniors and people with disabilities by relaxing federal nursing home oversight.

Nowhere has this "profits over people" agenda been made clearer than Trump rewarding bad actors with political appointments, pardons, and commutations. Joseph Schwartz, Philip Esformes, and Paul Walczak, nursing home owners who were collectively sentenced to 294 months in prison and ordered to pay nearly $15 million in restitution[3] for health care fraud, tax fraud, and other financial crimes related to the operation of their health care facilities, were all granted clemency by Trump. The three men appear to have leaned heavily on well-connected lobbyists or campaign cash to buy their freedom and hide the true cost of the harm brought to residents in their care. Nursing home owner Benjamin Landa has been dogged by allegations of fraud, neglect, and abuse for years, but following a $5 million contribution to his super PAC, Trump nominated him as ambassador to Hungary.

This report shines a light on how failing to update federal staffing standards, invest in oversight, and address the financial models that allow bad actors to siphon taxpayer dollars through shell games negatively impacts residents living in America's nursing homes. The investigative findings of this report detail the politically connected bad actors who took advantage of a lax nursing home regulatory landscape to increase their profits at the expense of nursing home residents and how Trump and Congressional Republicans rewarded this unacceptable behavior.

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[3] *Compare* U.S. Dept. of Justice (DOJ), *Clemency Grants by President Donald J. Trump (2025-Present*) (Sept. 9, 2026) [hereinafter Trump Pardons], (showing that Joseph Schwartz was sentenced to 36 months imprisonment, three years supervised release with a $100,000 fine plus $5,000,000 in restitution), https://www.justice.gov/pardon/clemency-grants-president-donald-j-trump-2025-present; *with* Off. of the President of the U.S., Donald J. Trump, *Executive Grant of Clemency for Joseph Schwartz* (Nov. 14, 2025) https://www.justice.gov/pardon/media/1418296/dl?inline; *and* Trump Pardons (showing that Paul Walczak was sentenced to 18 months imprisonment, two years supervised release, and $4,381,265.76 in restitution) (Sept. 9, 2026) https://www.justice.gov/pardon/clemency-grants-president-donald-j-trump-2025-present; *with* Off. of the President of the U.S., Donald J. Trump, *Executive Grant of Clemency for Paul Walczak* (Apr. 23, 2025) https://www.justice.gov/pardon/media/1397931/dl?inline; *and* DOJ, *Commutations Granted by President Donald J. Trump (2017-2021)* (Apr. 28, 2021) (showing that Philip Esformes was sentenced to 240 months imprisonment, three years supervised release, and $5,530,207 in restitution), https://www.justice.gov/pardon/commutations-granted-president-donald-j-trump-2017-2021; *with* Off. of the President of the U.S., Donald J. Trump, *Executive Grant of Clemency for Philip Esforme* (Dec. 22, 2020) https://www.justice.gov/pardon/page/file/1349136/dl?inline.

I. Key Findings

The Senate Committee on Finance Minority investigation established the following:

1. **Investment entities have built business models that systematically extract taxpayer dollars from nursing homes.** One study found nursing home owners tunnel 68 percent of profits through related party arrangements and keep the profits for themselves.[4] Even in nursing homes not owned by private entities, unscrupulous owners use a similar playbook of complex and opaque related party arrangements to siphon profits. These siphoned profits can then be shielded through Chapter 11 bankruptcy, wiping away liability and leaving the cycle to repeat itself.

2. **The financial structures used to siphon money from nursing homes are largely invisible to regulators and families.** The Trump administration indefinitely suspended broad reporting under new transparency requirements to compel nursing homes to disclose more detailed information about their ownership and management structures, including the role of private equity, real estate investment trusts (REITs), and related parties.

3. **The oversight system meant to catch bad actors is underfunded and failing. Nearly a third of nursing homes are behind on annual inspections.** As examples, long-term care ombudsmen are forced to address more complaints with fewer dollars. The Special Focus Facility program, which targets oversight of the worst performing nursing homes, covers fewer than one-tenth of one percent of facilities, and two-thirds of its graduates slip back into serious non-compliance within three years.

4. **Trump rewarded nursing home bad actors with pardons, commutations, and political appointments, all while claiming to mount a faulty "full-scale war on fraud."** Trump nominated Benjamin Landa, a nursing home owner dealing with multiple New York state lawsuits alleging fraud and neglect, as ambassador to Hungary two months after Landa contributed $5 million to Trump's super PAC. Trump pardoned nursing home owners, Joseph Schwartz and Paul Walczak, and commuted the sentence of nursing home owner Philip Esformes.

5. **Nursing home residents across the country are suffering preventable harm, including neglect, infections, and death due to chronic understaffing.** The nursing home industry successfully lobbied the Trump administration and Congressional

[4] Nat'l. Bureau of Econ. Rsch., *Tunneling and Hidden Profits in Health Care* (Mar., 2024, rev. Sep. 2025) https://www.nber.org/system/files/working_papers/w32258/w32258.pdf.

Republicans to repeal the federal nursing home staffing standard that would have saved 13,000 lives per year.

II. Human Toll

The Senate Committee on Finance Minority investigation revealed that the current nursing home regulatory landscape creates an environment in which bad actors thrive and nursing home residents suffer. These nursing home bad actors can systematically extract taxpayer dollars from nursing homes to pad their own pockets, cut staffing and other costs that are critical to keep nursing home residents safe, escape oversight and accountability for their actions, and receive pardons or cushy executive appointments from the Trump administration. The stories below are snapshots of case studies in this investigation and demonstrate the severe human toll of lax accountability and inadequate standards that put corporate grift ahead of resident needs.

Carol Clove Petitti: Complex Ownership Arrangements, Lack of Accountability, and Dangerous Staffing Standards Leave Residents to Wander and Die

Carol Clove Petitti eloped, or wandered, from South Hills Rehabilitation Center (South Hills), a one-star rated nursing home in Eugene, Oregon on the afternoon of July 5, 2026, and the police found her dead three days later. Carol lived with dementia and Parkinson's disease, used a wheelchair, and reportedly attempted to leave the home on at least two occasions in the two days prior to July 5. South Hills is owned and operated through a complex financial structure, owned by Pac 12 Opco Holdco LLC and operated by Volare Health, which operates sixteen nursing homes across three states. Since current operator Volare Health assumed operations of South Hills in March 2023, the facility has had persistent compliance issues, including substantiated abuse violations and fifteen licensing violations for failing to provide appropriate staffing, with the most recent occurring in September 2025. State investigators found that South Hills "failed to provide appropriate care for residents with dementia." **The fatal case of Carol Clove Petitti demonstrates that complex ownership arrangements can leave no one person or entity accountable to provide high quality care in nursing homes.**

James Buchanan: Lack of Staffing Standards and Ineffective Oversight Measures Put Residents in Danger

Local reporting in Salt Lake City, Utah documented the myriad impacts of understaffing at Utah nursing homes, including an instance of elopement in September 2023, when Vietnam War veteran James Buchanan, who had dementia and a history of wandering away, died after eloping from a secured memory unit at South Ogden Post Acute in South Ogden, Utah. Nobody saw him leave, and the following day he was found by police "floating face down in a canal," according to a lawsuit filed by his family. As of August 2026, South Ogden Post Acute was designated as a CMS Special Focus Facility Program (SFF), meaning it had "a history of serious quality issues and are included in a special program to stimulate improvements in their quality of care." **The**

death of James Buchanan demonstrates that nursing home staffing standards are lacking, and current programs to protect residents most at risk of poor quality care are ineffective.

Chemically Restrained Residents: Lack of Safe Staffing and Strong Enforcement Can Lead Nursing Homes to Drug Residents

The overuse of psychotropic drugs in nursing homes including antipsychotics, when used to control or punish patients as "chemical restraints," can lead to an increased risk of fall, stroke, and death. Inadequate staffing exacerbates their overuse, as Sam Brooks from the National Consumer Voice for Quality Long-Term Care said, "[w]hat we have often seen is to make up for the inadequate staffing, some facilities use drugging, chemical restraints." *The Washington Post* reported on examples of patients at nursing homes who were unnecessarily given antipsychotics. These include a man in Minnesota who kept a blanket over his head because he was upset at the death of his wife, a man in Philadelphia who yelled during two evening shifts, and a man in Michigan who was "left sitting in his own waste for hours because he was so overmedicated with one of the drugs, he could not hit a call button to summon staff for help." **Nursing home residents who are chemically restrained become a shadow of themselves, and psychotropic drugs are an unacceptable alternative to safe staffing standards.**

Background

I. Who Lives and Works in Nursing Homes?

Over 1.2 million Americans reside in 14,742 nursing homes, depending on them for health care and supportive services.[5] Six out of ten of those residents stay for a short amount of time (an average of 25 days) and may be recovering from major surgery or a fall. Nearly four out of ten nursing home residents are long-stay residents and may spend the rest of their lives in that home.[6] Medicare and Medicaid cover the stays of most short and long-stay residents, respectively. All residents need 24/7 monitoring, complex medical care, and assistance with activities of daily living (ADLs), such as getting out of bed, getting dressed, eating, bathing, and using the bathroom. Residents who depend on nursing homes are among the most vulnerable in society–they are often frail, disabled, and sometimes unable to advocate for themselves due to Alzheimer's disease and other forms of dementia.

Seniors and people with disabilities also receive long-term care in assisted living facilities. These settings support residents' ADLs, but they do not provide the skilled level of care or rehabilitation services that are provided in nursing homes. Assisted living facilities are not regulated at the federal level and are mostly financed through private sources, but state Medicaid programs may cover some services provided in assisted living facilities.[7]

Research has demonstrated that adequate staffing is one of the most important factors in ensuring quality care in long-term care facilities.[8] In nursing homes, higher registered nurse (RN) staffing levels are associated with fewer pressure ulcers, decreased urinary tract infections, reduced emergency department use, decreased probability of hospitalization, and decreased mortality.[9] Higher levels of total direct care staffing are associated with improved resident outcomes and better working conditions for nursing home workers.[10] Low staffing, by contrast, is tied to poor quality, patient safety violations, higher rates of antipsychotic drug use, and high burnout and

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[5] *Compare* Kaiser Fam. Found. (KFF), *Total Number of Residents in Certified Nursing Facilities* (2025) https://www.kff.org/other-health/state-indicator/number-of-nursing-facility-residents/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D; *with* KFF, *Total Number of Certified Nursing Facilities* (2025) https://www.kff.org/other-health/state-indicator/number-of-nursing-facilities/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D.

[6] Am. Health Care Assoc. & Nat'l Ctr. for Assisted Living, *Fast Facts* (2025) https://www.ahcancal.org/Data-and-Research/facts/Pages/default.aspx.

[7] U.S. Gov't Accountability Off. (GAO), GAO-26-107884, Report to Congressional Requesters, *Assisted Living Facilities* (June, 2026) at pp. 10-11, (detailing that assisted living facilities are licensed and regulated at the state level. In 2024, GAO identified at least $3.5 billion in federal Medicaid spending for services provided in assisted living facilities), https://www.gao.gov/assets/gao-26-107884.pdf.

[8] Charlene Harrington, Ph.D., & Elizabeth Halifax, Ph.D., Univ. of California San Francisco, *Nursing Home Staffing Studies Showing a Positive Relationship Between Nurse Staffing and Quality Outcomes* (Mar., 2025) https://theconsumervoice.org/wp-content/uploads/2025/03/Nursing-home-staffing-studies-2024-updated.pdf.

[9] Nat'l. Libr. of Med., Mary Ellen Dellefield, et. al., *The Relationship Between Registered Nurses and Nursing Home Qualify: An Integrative Review (2008-2014)* (Apr. 2015) at p. 9, https://pubmed.ncbi.nlm.nih.gov/26281280/; *see also* Nat'l. Libr. of Med., Charlene Harrington et. al., *Appropriate Nurse Staffing Levels for U.S. Nursing Homes* (June 29, 2020) at pp. 1-14, https://pmc.ncbi.nlm.nih.gov/articles/PMC7328494/.

[10] Nat'l. Libr. of Med., Charlene Harrington et. al., *Appropriate Nurse Staffing Levels for U.S. Nursing Homes* (June 29, 2020) at p. 10, https://pmc.ncbi.nlm.nih.gov/articles/PMC7328494/.

turnover among workers.[11] A 2025 survey by the National Consumer Voice for Quality Long-Term Care found that over one-third of nursing home residents reported that there are not enough staff to meet their needs in a reasonable amount of time.[12]

For nearly 40 years, the federal standard for staffing nursing homes has required the equivalent of just 18 minutes of direct care per resident per day.[13] In March 2024, the Biden administration finalized a rule that would have raised that floor to 3.48 hours per day and required a registered nurse on-site 24/7–a standard researchers projected would save 13,000 lives per year.[14] Congressional Republicans delayed it in H.R. 1, and the Trump administration rescinded it in December 2025. The federal floor remains at 18 minutes.

The people who care for nursing home residents are among the most essential yet undervalued workers in the country. Certified nursing assistants (CNAs) are the backbone of nursing homes. CNAs provide the majority of direct care and help residents with the ADLs, yet the median wage for a CNA was $20.13 per hour in 2025, and median annual earnings were $41,870 that same year.[15] In 2023 this was lower than the median wages of entry-level workers in 36 states and D.C. CNAs are considered direct care workers (DCW), along with home health aides (HHA) and personal care aides (PCAs).[16] Roughly half of this workforce lives at or near the poverty level.[17] Nearly half rely on public assistance programs to make ends meet.[18] About 1 in 4 DCWs in

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[11] *Id.*; *see also* KFF, *Nursing Facilities, Staffing, Residents and Facility Deficiencies, 2009 Through 2016* (Apr. 3, 2018) https://www.kff.org/medicaid/nursing-facilities-staffing-residents-and-facility-deficiencies-2009-through-2016/#07f1c1f2-8cec-45d4-8528-b86c45998d88; *and* KFF, *Nursing Facility Staffing Shortages During the COVID-19 Pandemic* (Apr. 4, 2022) https://www.kff.org/medicaid/nursing-facility-staffing-shortages-during-the-covid-19-pandemic/; *and* Health Affairs, *Staffing Conditions in US Nursing Homes Before, During, and After the COVID-19 Pandemic* (Feb. 2, 2026) https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2025.00570.

[12] The Nat'l. Consumer Voice for Quality Long-Term Care, *Behind Closed Doors: Understanding the Resident Experience* (2025) at p. 2, (describing how 36% of residents report there is rarely or never enough staff in their facilities to meet their needs in a reasonable amount of time), https://theconsumervoice.org/wp-content/uploads/2025/12/Resident-Report-2025.pdf.

[13] Medicaid and CHIP Payment and Access Comm. (MACPAC), *Staffing Policy Levers to Address Nursing Facility Staffing Issues* (Mar. 2022) at p. 2, https://www.macpac.gov/wp-content/uploads/2022/03/State-Policy-Levers-to-Address-Nursing-Facility-Staffing-Issues.pdf.

[14] Letter from Univ. of Penn. Leonard David Inst. of Health Econ. to Sen. Elizabeth Warren (July 8, 2024) https://www.warren.senate.gov/wp-content/uploads/media/doc/letter_from_researchers_to_sen_warren_070824.pdf.

[15] U.S. Bureau of Labor Stat., *Occupational Outlook Handbook Nursing Assistants and Orderlies* (last modified Aug. 27, 2026) https://www.bls.gov/ooh/healthcare/nursing-assistants.htm.

[16] Issue Brief, U.S. Health and Human Serv. Dept. (HHS), Assistant Sec'y. for Planning and Evaluation (ASPE), Off. of Behavioral Health, Disability, and Aging Policy, *Wages of Direct Care Workers Continue to be Lower in Most States Relative to Other Entry-Level Jobs* (Dec. 20, 2024) https://aspe.hhs.gov/sites/default/files/documents/9f37d617a1b21bf0c2dfad433b1c95af/dcw-entry-level-wages-continue-lower.pdf.

[17] *Id.* (finding that 45% of the direct care workforce live below the federal 200% poverty level); *see also* KFF, *Who are Direct Care Workers and How Might Federal Policy Changes Impact the Workforce?* (July 9, 2026) (finding that 56% of direct care workers in nursing facilities earn less than $35,000 per year), https://www.kff.org/medicaid/who-are-direct-care-workers-and-how-might-federal-policy-changes-impact-the-workforce/.

[18] ASPE, *Wages of Direct Care Workers Continue to be Lower in Most States Relative to Other Entry-Level Jobs* (Dec. 20, 2024) (finding that 47% of the direct care workforce relies on public assistance), https://aspe.hhs.gov/sites/default/files/documents/9f37d617a1b21bf0c2dfad433b1c95af/dcw-entry-level-wages-continue-lower.pdf; *see also* KFF, *Who are Direct Care Workers and How Might Federal Policy Changes Impact the Workforce?* (July 9, 2026) (finding that 26% of direct care workers in nursing facilities are on Medicaid and 14% are uninsured), https://aspe.hhs.gov/sites/default/files/documents/9f37d617a1b21bf0c2dfad433b1c95af/dcw-entry-level-wages-continue-lower.pdf.

nursing facilities are immigrants.[19] The work is physically and emotionally demanding, characterized by impossible workloads, scheduling challenges, inadequate supervision, and limited opportunities for training and career advancement.[20]

A nursing assistant in Baltimore, MD interviewed by *NPR* put this impossible task plainly: "To care for them, you have to give them dignity. That is the main factor they stress at the job, yet you don't give us the staff to provide that."[21] Furthermore, nursing homes with private equity (PE) investment saw a 12 percent relative decline in RN hours per resident day. REIT investment in nursing homes showed a similar pattern.[22]

These conditions drive workers out of nursing homes. The Centers for Medicare & Medicaid Services (CMS) reports an annual nursing staff turnover rate of more than 45 percent in America's nursing homes,[23] but new research finds that figure significantly undercounts workers hired on contract or who quit shortly after being hired. When those workers are included, turnover among nursing home staff exceeded 70 percent in 2023.[24] Compounding the turnover and harm, Trump is driving workers out of nursing homes with his anti-immigrant crusade. For example, hundreds of thousands of Haitians with Temporary Protected Status (TPS) have lost their legal status and are at risk of facing deportation. Many of the Haitians at risk provide vital work in nursing homes, and residents suffer from this churn of workers.[25] Additionally, at least 1 in 5 immigrant direct care workers is from a country within the 75 countries that were part of the Trump administration's January 2026 immigrant visa pause, which, if resumed, could further strain the workforce in future years.[26] Nursing home residents and workers alike are impacted by the owners and operators of their facilities.

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[19] KFF, *Who are Direct Care Workers and How Might Federal Policy Changes Impact the Workforce?* (July 9, 2026) (finding that 25% of direct care workers in nursing facilities are either naturalized citizens or noncitizen immigrants), https://www.kff.org/medicaid/who-are-direct-care-workers-and-how-might-federal-policy-changes-impact-the-workforce/.
[20] Paraprofessional Healthcare Inst. (PHI), *Understanding the Direct Care Workforce* (last accessed Oct. 2026) https://www.phinational.org/policy-research/direct-care-workforce-key-facts/.
[21] NPR, *Nursing Home Residents Suffer from Staffing Shortages, but Jobs are Hard to Fill* (Apr. 6, 2022) https://www.npr.org/2022/04/06/1088660155/nursing-home-minimum-staffing-labor-shortage-medicare-medicaid-nurses.
[22] Research Brief, ASPE, *Trends in Ownership Structures of U.S. Nursing Homes and the Relationship with Facility Traits and Qualify of Care (2013-2022)* (Nov. 13, 2023) https://aspe.hhs.gov/sites/default/files/documents/a81ce2d075e3ffbf396022aee1201152/ownership-structures-nh-facility-traits.pdf.
[23] HHS, Ctrs. for Medicare & Medicaid Serv. (CMS), Provider Data Catalog, *State US Averages* (Aug. 26, 2026) https://data.cms.gov/provider-data/dataset/xcdc-v8bm.
[24] Stephen Petterson et. al., Health Affairs Scholar, *Invisible Staffing Churn in Nursing Homes: CMS Turnover Metrics Miss a Growing Short-Term Workforce* (Apr. 18, 2026) (concluding that by late 2022-2023, inclusive turnover exceeded CMS-specification turnover by roughly 19% points for all nursing staff and 16% points for Registered Nurses (RNs)), https://academic.oup.com/healthaffairsscholar/article/4/5/qxag094/8658564?login=false#xd_co_f=Njk5MDdkMWMtZjFjNy00Y2U2LWFjMWYtNDc0NzkzZDRkYzIx~.
[25] Associated Press, *Immigration Crackdown Threatens Haitian Caregivers and the Seniors who Rely on Them* (July 31, 2026) https://apnews.com/article/immigration-haiti-nursing-homes-elderly-tps-cb291c13c9c9868ad31092183c8e039d.
[26] KFF, *Who are Direct Care Workers and How Might Federal Policy Changes Impact the Workforce?* (July 9, 2026) https://www.kff.org/medicaid/who-are-direct-care-workers-and-how-might-federal-policy-changes-impact-the-workforce/.

II. Who Owns Nursing Homes?

Nearly three-quarters of nursing homes are for-profit, and the vast majority of those for-profit facilities belong to nursing home chains. The remaining nursing homes are non-profit (22 percent) and government-owned (6 percent).[27] Unfortunately, it is difficult to obtain detailed and accurate ownership data beyond these broad categories, a problem that hinders research, oversight, and accountability of the nursing home industry. The difficulty comes from the sector's use of complex and opaque ownership and management structures. A single nursing home may have a dozen separate entities involved in its operations and financial structures, and those entities may or may not be owned by the same person or entity, making it nearly impossible to know who is actually profiting from a facility's operations.

PE firms invest in the nursing home sector, but government watchdogs, regulators, and researchers lack the data to obtain an accurate understanding of their presence. The Government Accountability Office (GAO) estimated that 5 percent of the nation's nursing homes had PE owners in 2022 but acknowledged that the lack of transparency made it difficult to get an accurate count.[28] Other estimates of the level of PE ownership are more than double the GAO estimates, with the Medicare Payment and Access Commission (MedPAC) finding that as much as 11 percent of the sector may be PE-owned.[29]

REITs–tax-advantaged vehicles that own, operate, or finance real estate–are also embedded in the nursing home sector, with investments in 1 in 6 nursing homes in the United States.[30] Health care REITs generally act as landlords. As of April 2026, publicly traded health care REITs were worth nearly a quarter of a trillion dollars.[31]

Ownership plays a role in what happens inside a nursing home. PE-owned facilities had higher health deficiency scores and lower inspection and staffing ratings than other ownership types. PE-owned facilities are also associated with an 11 percent increase in the mortality probability compared to non-PE homes.[32] On the other hand, nonprofit and government-owned nursing homes are more likely to provide more hours of resident care, and this is associated with better quality outcomes.[33] Policymakers should be concerned about the role of PE investment and

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[27] ASPE, *Ownership of Skilled Nursing Facilities: An Analysis of Newly-Released Federal Data* (Dec. 15, 2022) https://aspe.hhs.gov/sites/default/files/documents/fd593ae970848e30aa5496c00ba43d5c/aspe-data-brief-ownership-snfs.pdf.
[28] GAO, GAO-23-106163, *Nursing Homes: Limitations of Using CMS Data to Identify Private Equity and Other Ownership* (Sept. 22, 2023) (finding that Medicare's data has gaps because nursing homes don't always report all of their owners and that there isn't currently a way for Medicare to identify private equity owners), https://www.gao.gov/products/gao-23-106163.
[29] MedPac, Report to the Congress: Medicare and the Health Care Delivery System, Chapter 3 Congressional Request: Private Equity and Medicare (June 2021) at p. 72, https://www.medpac.gov/wp-content/uploads/import_data/scrape_files/docs/default-source/default-document-library/jun21_ch3_medpac_report_to_congress_sec.pdf.
[30] KFF Health News, *Real Estate Investors profit from Long-Term Care while Residents Languish* (Apr. 21, 2026) https://kffhealthnews.org/health-industry/real-estate-investment-trusts-senior-housing-nursing-homes-profit/.
[31] *Id*.
[32] The Review of Financial Studies, *Owner Incentives and Performance in Healthcare: Private Equity Investment in Nursing Homes*, Volume 37, Issue 4, (Apr. 2024) at pp. 1029–1077, https://doi.org/10.1093/rfs/hhad082.
[33] KFF, *A Closer Look at the Final Nursing Facility Rule and Which Facilities Might Meet New Staffing Requirement* (May 21, 2024)

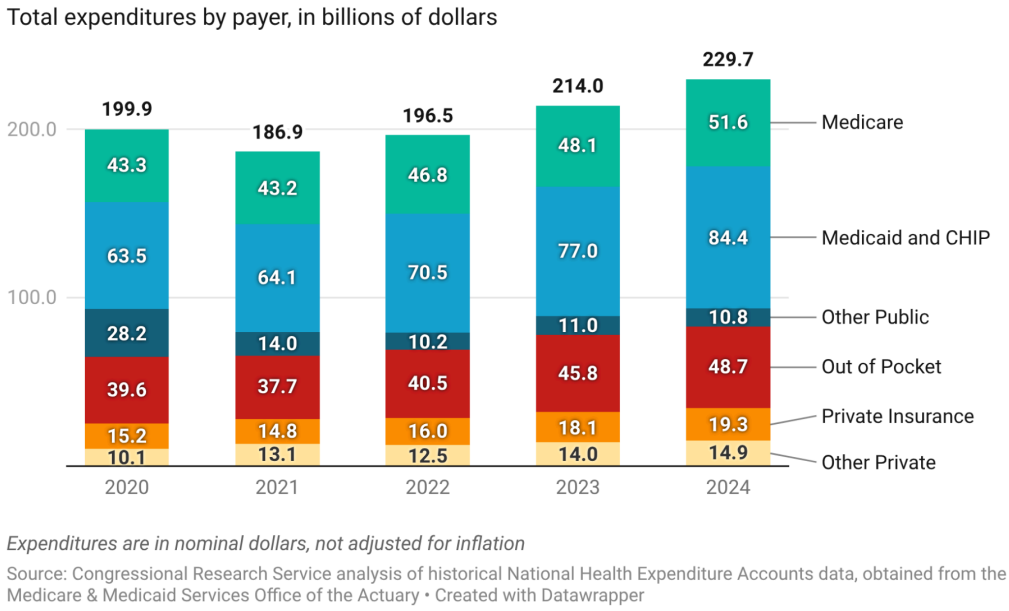
corporate ownership in nursing homes and its impact on the safety of residents and the dignity of the care they receive.

III. Who Pays for Care in Nursing Homes?

The Senate Finance Committee has jurisdiction over the Medicaid and Medicare programs, which together pay for the vast majority of nursing home care in the United States, covering nearly 1 million residents.[34] Medicaid is the primary payer for the majority of residents in nursing homes, covering the stays for 63 percent of residents in 2025. Medicare covers roughly 14 percent of the stays for nursing home residents, primarily for short-term post-acute stays. Private pay and other sources account for the remainder (23 percent).[35]

According to the Congressional Research Service (CRS), total expenditures for nursing home care across all payers exceeded $229 billion in 2024. Figures 1 and 2 provide a breakdown of annual nursing home care expenditures by payer from 2020 through 2024 based on National Health Expenditure (NHE) data provided by CMS.

Figure 1: National Spending on Nursing Home Care in Dollars, 2020-2024



Expenditures are in nominal dollars, not adjusted for inflation

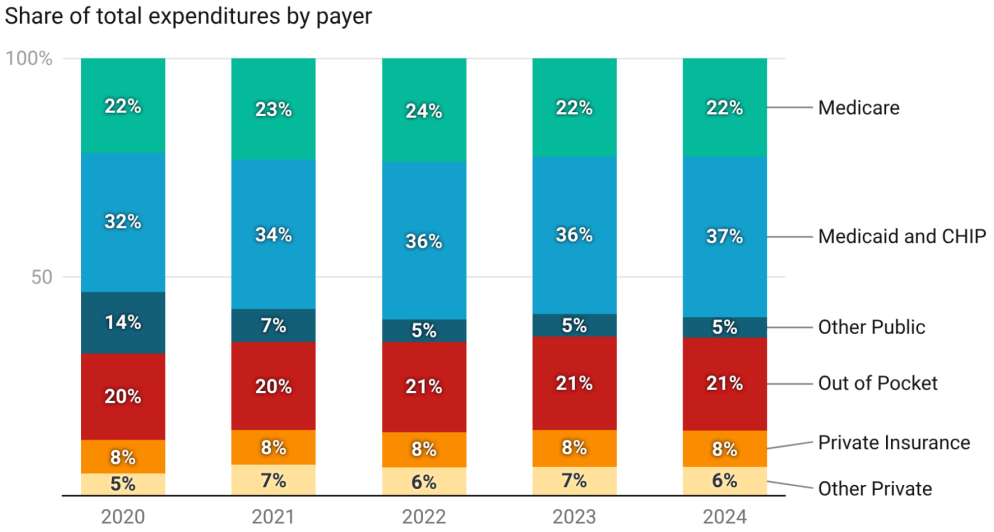
Source: Congressional Research Service analysis of historical National Health Expenditure Accounts data, obtained from the Centers for Medicare & Medicaid Services Office of the Actuary • Created with Datawrapper

https://www.kff.org/medicaid/a-closer-look-at-the-final-nursing-facility-rule-and-which-facilities-might-meet-new-staffing-requirements/.

[34] Medicaid is the primary payer for 63 percent of nursing facility residents, Medicare is the primary payer for 14 percent of nursing facility residents. KFF, *A Look at Nursing Facility Characteristics in 2025* (Dec. 17, 2025) (arriving at estimate by multiplying the overall total of nursing home residents in 2025, 1.2 million (approx.), by the share of residents with Medicaid or Medicare as their primary payer source (63% + 14% = 77%) for approximately 924,000 nursing home residents), https://www.kff.org/medicaid/a-look-at-nursing-facility-characteristics/.

[35] *Id.*

Figure 2: Share of National Spending on Nursing Home Care by Payer, 2020-2024



Source: Congressional Research Service analysis of historical National Health Expenditure Accounts data, obtained from the Centers for Medicare & Medicaid Services Office of the Actuary • Created with Datawrapper

IV. How do Taxpayer Dollars Funnel Through the System?

In the early 2000s, a trend towards corporate restructuring swept through the nursing home industry, attracting professional investors–including PE firms. These actors promote operating models that lead to cutting corners to maximize profit for investors' benefit. Typically, these actors start by cutting staff, often the largest expense in a nursing home or other health care entity, and they follow that up by exploiting the gray areas and regulatory loopholes that keep ownership structures opaque and allow them to escape accountability.

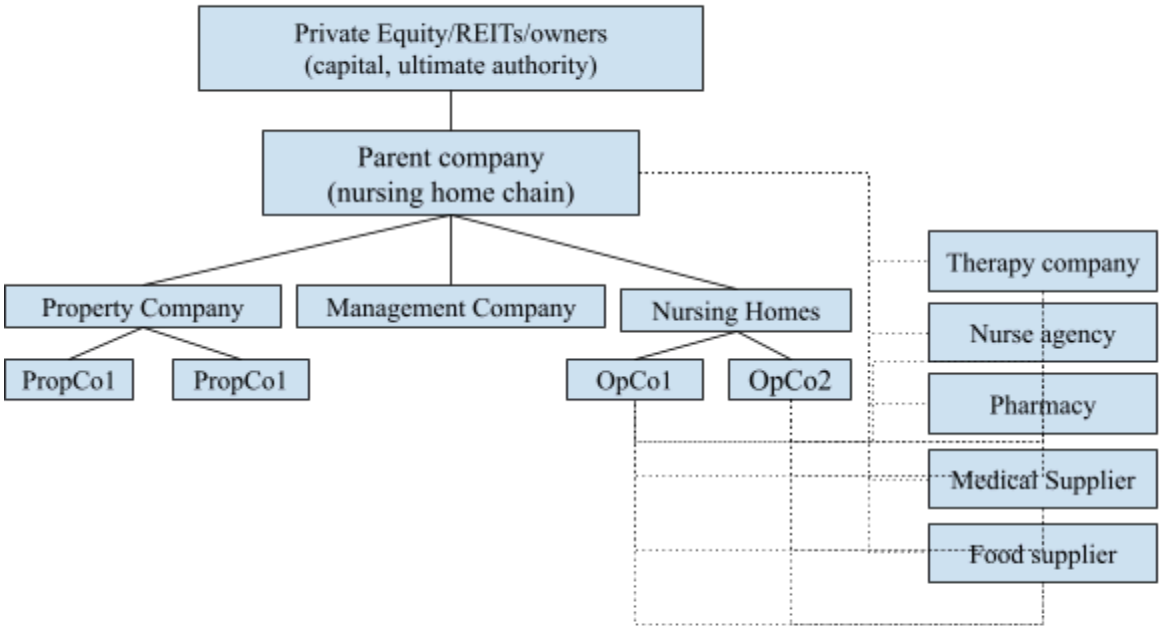
One common structuring practice is to separate (1) the legal ownership of the real estate on and in which a nursing home is located (generally in an entity designated as the "Property Company" or PropCo) from (2) the legal ownership of (and liability for) the business operations of the facility (generally in an entity designated as the "Operating Company" or OpCo)–while continuing to own and control both.[36] The practice of separating the entities involved in a nursing home has expanded dramatically across the country. Nearly 75 percent of for-profit nursing homes now contract with related parties (e.g., a sister company with a common owner) to run their homes.[37] While such separation is a now-common business practice, the potential impacts of this change on the regulatory landscape warrant consideration, particularly as this shift in nursing home ownership structure has coincided with the largest generation of Americans to date reaching an advanced age. An OpCo that holds Medicare and Medicaid provider agreements may

[36] Joseph E. Casson, Julia McMillen, J. of Health L., *Protecting Nursing Home Companies: Limiting Liability Through Corporate Restructuring*, Vol. 36, No. 4 (Fall, 2003).
[37] Ashvin Gandhi, Andrew Olenski, Nat'l. Bureau of Econ. Rsch., *Tunneling And Hidden Profits In Health Care*, (Mar. 2024, Revised September 2025) at p. 11, https://www.nber.org/system/files/working_papers/w32258/w32258.pdf.

be the only entity into which regulators have visibility via cost reports. This limitation could present an incomplete picture of the financial health of the nursing home's operations.

For example, a single firm may control not only the nursing home, but also the staffing company that supplies its workers, the real estate the facility operates on, the food service provider, the staffing agency, and the laundry service. Each related provider presents a vehicle for profit extraction, as well as an opportunity for a bad actor to enter related party arrangements in which the facility pays inflated rates for services or supplies, potentially allowing for the extraction of profit at every turn. The nursing home–isolated from, rather than aggregated with, these related providers–may appear financially constrained in cost reports to regulators, while the owner of the nursing home and all of its related parties, on the whole, is not. Figure 3 illustrates these complex arrangements.

Figure 3: Common Nursing Home Ownership Structuring



Source: Webinar, Tracking Nursing Home Dollars: Oversight and Insights, Ernie Tosh, Long Term Care Community Coalition, May 12, 2026

Some evidence suggests related party structures can also be abused by bad actors in a manner that siphons money away from direct care for nursing home residents and to investors. One study in the National Bureau of Economic Research estimated that, in 2019, nursing home owners tunneled 68 percent of the industry's profits through related party arrangements. A more recent

study found that nearly 20 percent of nursing home revenue is paid to related parties, and 40 percent of related party payments are directed to investors rather than to direct patient care.[38]

Management fees are a particularly common and opaque form of related party transaction used by nursing homes. Operators can create management companies that charge the nursing home for administrative oversight, home office support, or consulting services. These fees flow up through the corporate structure to the same owners who control the nursing home, allowing them to profit in the management entity while the nursing home reports thin margins on cost reports sent to regulators. A 2023 analysis by the National Consumer Voice for Quality Long-Term Care found that among three major nursing home chains–Life Care Centers, Pruitt Health, and Brius–payments to related parties routinely exceeded the costs that were actually reported. Home office payments exceeded costs by 24 to 115 percent at Life Care[39] and Pruitt. Total related party payments at Brius exceeded costs by an average of 252.63 percent for the period.[40] The cost reports that CMS uses to assess nursing home finances contain no mechanism to require that these excess payments be explained, itemized, or justified, and a 2024 Department of Health and Human Services Office of the Inspector General (HHS-OIG) audit found that Medicare administrative contractors perform no routine review of related party costs.[41] The result is a system in which owners can extract hundreds of millions of dollars through management companies they themselves own, record those fees as nursing home expenses, and face no regulatory scrutiny about whether the payments are reasonable, what services they actually purchased, or how the money was spent.

These complex ownership arrangements have negative impacts on the residents of nursing homes. A federal report evaluating PE and REIT investments in nursing homes from 2013 to 2022 found that both types of ownership structure are associated with fewer hours of registered nurse care and higher health deficiencies.[42] Separately, the Florida Long-Term Care Ombudsman State Council, an advisory body that advocates for the residents of long-term care facilities, recently analyzed more than 3,600 closed cases across over 1,000 facilities over a twelve-month period. They found that facilities linked to PE or with complex layered ownership structures generated more than twice as many complaints as similar-sized non-PE facilities. When ombudsmen investigated complaints at facilities with complex layered ownership structures, they

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[38] Nat'l. Bureau of Econ. Rsch., *Tunneling and Hidden Profits in Health Care* (Mar., 2024, rev. Sep. 2025) https://www.nber.org/system/files/working_papers/w32258/w32258.pdf; New England J. of Medicine, *Pleading Poverty — Related-Party Payments and Health Care Entities' Financial Health* (Jan. 2026) https://www.nejm.org/doi/full/10.1056%2FNEJMp2512845.

[39] The Nat'l. Consumer Voice for Quality Long-Term Care, *Where do the Billions of Dollars Go? A Look at Nursing Home Related Party Transactions* (Mar. 28, 2023) (showing that between 2018 and 2020, Life Care Centers charged its own nursing homes $82,038,399.44 in management fees.), https://theconsumervoice.org/wp-content/uploads/2024/05/2023-Related-Party-Report.pdf.

[40] *Id*.

[41] HHS, Off. of Inspector Gen. (OIG), A-07-21-02836, *Some Selected Skilled Nursing Facilities Did Not Comply with Medicare Requirements for Reporting Related-Party Costs* (Dec. 18, 2024) https://oig.hhs.gov/documents/audit/10131/A-07-21-02836.pdf.

[42] Research Brief, HHS, ASPE, *Trends in Ownership Structures of U.S. Nursing Homes and the Relationship with Facility Traits and Quality of Care (2013-2022)* (Nov. 13, 2023) https://aspe.hhs.gov/sites/default/files/documents/a81ce2d075e3ffbf396022aee1201152/ownership-structures-nh-facility-traits.pdf.

found that on-site administrators often could not resolve problems because budget and staffing decisions were being made by a separate management company.[43] The same structures that hide profits from cost reports also hide accountability from the people trying to fix problems and address the complaints of nursing home residents.

The country-wide shift in nursing home ownership structures has turned from a minor change affecting a handful of nursing homes to a national crisis, particularly as it has coincided with a rapidly aging population. PE firms and REITs relying on the corporate restructuring playbook have built business models around the reality that nursing home labor costs can be cut without consequence, and there is minimal oversight over complex ownership arrangements.

The investigative findings of this report document in detail the playbooks used in the nursing home portfolios of Joseph Schwartz, Philip Esformes, Paul Walczak, Benjamin Landa, and PE firms including Goldner Capital Management.

V. Who Keeps Nursing Homes Accountable?

The Federal Government Has Little Oversight Over How Billions in Nursing Home Dollars Are Spent

Nursing homes are required to file cost reports with CMS disclosing how they spend Medicare and Medicaid dollars on an annual basis. These filings, known as the Healthcare Cost Report Information System (HCRIS), are the primary data source regulators use to assess nursing homes' financial health, set nursing home reimbursement rates, and evaluate whether facilities can afford to comply with quality standards. Federal regulators and the nursing home industry routinely use the HCRIS figures in support of, or in opposition to, additional regulations of the industry. For example, when the Biden administration proposed and finalized federal nursing home staffing standards, it explicitly considered nursing homes' reported financial health to develop an achievable standard.[44] Meanwhile, the nursing home industry's lawsuit challenging the federal nursing home staffing standards cited cost report data showing that "nearly 60% of facilities have negative operating margins."[45]

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[43] Florida Long Term Care Ombudsman Program State Council, Submission to the Nat'l Ass'n. of Local Term Care Ombudsman *Ownership Structures, Masked Accountability and Resident Impact in Florida Long-Term Care* (2026) (on file with the Committee).

[44] Fact Sheet, CMS, CMS 3442-P, *Medicare and Medicaid Programs: Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting* (Sept. 1, 2023) https://www.cms.gov/newsroom/fact-sheets/medicare-medicaid-programs-minimum-staffing-standards-long-term-care-facilities-medicaid; *see also* Medicare and Medicaid Programs; Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting, 88 Fed. Reg. 61352 (proposed Sept. 6, 2023) (to be codified at 42 C.F.R. pts. 438, 442, and 483), https://www.federalregister.gov/documents/2023/09/06/2023-18781/medicare-and-medicaid-programs-minimum-staffing-standards-for-long-term-care-facilities-and-medicaid.

[45] Am. Health Care Ass'n. v. Becerra, *Complaint*, No. 2:24-cv-00114-Z (N.D. Tex. Apr. 23, 2024) https://litigationtracker.law.georgetown.edu/wp-content/uploads/2024/05/AHCA_2024.05.23_COMPLAINT.pdf.

HCRIS tracks financial flows, but ownership disclosures such as the CMS-855A attachment require facilities to report private equity investments, parent entities, and related party management structures, which is essential information to determine who actually benefits from public funds. The 855A form is a Medicare provider enrollment form completed by institutional health care settings, including nursing homes, through the Medicare Provider Enrollment, Chain, and Ownership System (PECOS) to disclose ownership and other relevant information. The Trump administration indefinitely suspended more detailed ownership revalidation reporting deadlines for nursing homes, significantly weakening visibility into who controls nursing homes and profits from public dollars.[46]

Unfortunately, researchers and government watchdogs have found that cost report data are incomplete and do not tell regulators the full story of nursing home finances. A December 2024 HHS-OIG audit examined whether selected nursing homes were properly reporting related party costs on their Medicare cost reports. Of the 14 nursing homes in the sample, three did not properly disclose one or more related parties on their Medicare cost reports, and seven did not properly adjust their related-party costs to Medicare-allowable costs as required, resulting in more than $1.7 million in overstated costs. Critically, the HHS-OIG found that Medicare administrative contractors did not review the disclosure or reporting of related parties and their costs, and CMS did not provide sufficient guidance to nursing homes that explained how to determine what are Medicare-allowable related party costs. When the HHS-OIG asked one of the contractors why it did not review related party costs, it responded that such a review is "not typically an audit area for a SNF [skilled nursing facility, the technical term for a nursing home in the Medicaid statute]."[47] Another said that "for SNFs, no review of related party costs would be performed as part of the normal desk review or audit process."[48] CMS declined to require contractors to conduct such reviews, citing limited resources.[49] The opaque ownership, management, and financial structures of nursing homes described earlier in the report will continue to proceed in the dark if CMS does not have the information or resources to regulate them.

One-Third of The Nation's Nursing Homes are Behind on Annual Inspections

Nursing homes must comply with federal nursing home regulations in order to receive reimbursement from the Medicare and Medicaid programs. These requirements, including federal staffing requirements, are enforced through survey and certification activities. CMS contracts with state survey agencies to conduct in-person standard surveys of nursing homes to

[46] CMS PECOS, (2026) https://pecos.cms.hhs.gov/pecos/feePaymentWelcome.do#headingLv1; Press Release, Off. of Sen. Cory Booker, *Booker Urges CMS to Reinstate Nursing Home Ownership Transparency Requirements* (June 3, 2026) https://www.booker.senate.gov/news/press/booker-urges-cms-to-reinstate-nursing-home-ownership-transparency-requirements.
[47] HHS, OIG, A-07-21-02836, *Some Selected Skilled Nursing Facilities Did Not Comply with Medicare Requirements for Reporting Related-Party Costs* (Dec. 18, 2024) https://oig.hhs.gov/documents/audit/10131/A-07-21-02836.pdf.
[48] *Id*., at p. 10.
[49] *Id.*, at p. 15.

determine whether they are complying with federal requirements every 9 to 15 months.[50] During these surveys, state inspectors observe patient care, conduct staff and resident interviews, and review staffing data through the Payroll Based Journal system.

In practice, survey and certification activities are severely underfunded and financially strained. The number of surveyors per state varies, with recent estimates showing 12.5 nursing home surveyors per 1,000 residents in Alaska and less than 2.5 surveyors per 1,000 nursing home residents in Alabama, Mississippi, New York, and Pennsylvania.[51] CMS suspended standard nursing home surveys during the COVID-19 pandemic and replaced them with targeted infection control surveys. Since standard surveys resumed, the average interval between surveys increased from the pre-COVID 16 months to over 20 months.[52] A 2023 investigation by the Senate Special Committee on Aging found that decades of underfunding of state survey agencies have resulted in significant staffing shortages and inadequate oversight. The investigation found nearly a third of the nation's nursing homes are behind on annual inspections and that 32 inspection agencies have vacancy rates of 20 percent or higher.[53] In July 2026, citing state survey agencies' "limited resources," CMS announced an expansion of a risk-based survey approach that would allow 12 percent of all nursing homes, those deemed "higher-performing," to be subject to a "streamlined" survey process.[54]

Research confirms that the consequences of underfunding survey activities are deadly. A recent study found that the current nursing home survey and certification system and the threat of inspections save approximately 886 lives per year.[55] However, the study also identified a troubling pattern in which nursing homes, particularly for-profit facilities, staff up when an inspection is likely, then revert when it is not. The researchers concluded that nursing home residents are more likely to die during periods in which inspections are unlikely. Making inspection intervals less predictable could better protect patients, potentially saving 10 percent more lives.[56] The threat of inspection matters, and an underfunded inspection system is deadly.

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[50] CMS, *Nursing Home Enforcement* (Mar. 10, 2026) https://www.cms.gov/medicare/health-safety-standards/enforcement/nursing-home-enforcement.

[51] Robert J. Skinner & David G. Stevenson, J. of the Am. Geriatrics Soc'y., *Nursing Home Surveyor and Survey Team Characteristics Across States* (Nov. 8, 2025) https://agsjournals.onlinelibrary.wiley.com/doi/10.1111/jgs.70201.

[52] Robert J. Skinner & David G. Stevenson, J. of Aging & Soc. Pol'y., *Nursing Homes Oversight Trends During COVID-19 and the Current Survey Backlog in the United States* (July 31, 2024) (finding that the interval increase was seen for homes with recent immediate jeopardy deficiencies, one-star, and five-star facilities (16 to 20; 16.2 to 20.7, and 15.9 to 21.5 months respectively)), https://www.tandfonline.com/doi/full/10.1080/08959420.2024.2384335#abstract.

[53] Report, Majority Staff of the U.S. Senate Special Comm. on Aging, *Uninspected and Neglected: Nursing Home Inspection Agencies are Severely Understaffed, Putting Residents at Risk* (May 19, 2023) https://www.aging.senate.gov/imo/media/doc/UNINSPECTED%20&%20NEGLECTED%20-%20FINAL%20REPORT.pdf.

[54] Press Release, CMS, *CMS Modernizes Nursing Homes Oversight with New Risk-Based Survey Approach Designed to Highlight High Performance, Encourage Improvement* (July 16, 2026) https://www.cms.gov/newsroom/press-releases/cms-modernizes-nursing-home-oversight-new-risk-based-survey-approach-designed-highlight-high.

[55] Nat'l. Bureau of Econ. Rsch., *Predictably Unpredictable Inspections* (Nov. 2025, rev. June 2026) at p. 4, https://www.nber.org/system/files/working_papers/w34491/w34491.pdf.

[56] *Id.* at pp. 13, 39, and 57, (calculating that effort exerted under an unpredictable regime saved on average 978 lives per year relative to 886 under the current regime, a difference of 92, or roughly a 10% increase in lives saved).

CMS's "flagship program" to raise the quality of care in poor-performing nursing homes, the Special Focus Facility (SFF) program, illustrates the limits of survey and certification resources. The program places the nation's worst-performing nursing homes under increased inspection frequency and progressive enforcement, with the goal of graduating facilities to compliance within two years. At any given time, just less than one-tenth of 1 percent of facilities nationwide are in the program.[57] A 2025 HHS-OIG report found that 88 percent of facilities selected were for-profit and that most graduates did not sustain the improvements they made while in the SFF program.[58] Within three years of graduating, nearly two-thirds of the nursing homes received a finding of serious deficiency.[59] This demonstrates how even the most intensive nursing home enforcement mechanism the nation has is failing.

The HHS-OIG suggested that CMS could make the SFF program more effective by focusing on staffing and ownership. Nursing homes that maintain higher staff levels after graduating from the program are less likely to receive serious deficiencies than those that do not. Additionally, the HHS-OIG found that CMS does not consider ownership at all in the SFF program despite only a handful of owners standing out as owning the low-quality homes.[60] Instead of focusing on the facility level issues, the HHS-OIG urged CMS to focus its quality improvement efforts on the owners who systematically run nursing homes into the ground.

Advocates for the Rights, Dignity, and Safety of Residents Face a Growing Mandate and Decreasing Federal Funding

All 50 states, the District of Columbia, Puerto Rico, and Guam have Long-Term Care (LTC) Ombudsman programs, which advocate for the health, safety, welfare, and rights of over 3 million residents of nursing homes and other long-term care facilities.[61] Ombudsmen regularly visit residents; respond to, investigate, and resolve complaints; and assist with transitions back to the community. They also play a critical role in identifying harmful patterns in LTC facilities, educating residents and families about their rights, and recommending improvements to long-term care.

LTC ombudsman programs have a large, ever-growing mandate as the number of older adults living in LTC facilities increases, but these programs face a small and shrinking budget. LTC ombudsman programs are funded through federal, state, and local sources, but the share of federal contributions has decreased from 58.8 percent of the total program's budget in 2000 to 46.9 percent in 2019. The Trump Administration's FY27 budget proposed $26.9 million in federal funding for the LTC ombudsman program, maintaining flat funding levels for this

[57] HHS, OIG, OEI-01-23-00052, *Special Focus Facility Program Nursing Home, 2013-2022)* (Oct. 2025) at p. 2 (according to HHS OIG, 88 nursing homes participate at any one time), https://oig.hhs.gov/documents/evaluation/11252/OEI-01-23-00052.pdf.
[58] *Id.* at pp. 2-3.
[59] HHS, OIG, OEI-01-23-00050, *CMS's Special Focus Facility Program for Nursing Homes has not Yielded Lasting Improvements* (Oct. 2025) at p. 6, https://oig.hhs.gov/documents/evaluation/11250/OEI-01-23-00050.pdf.
[60] *Id.*
[61] GAO, GAO-24-107209, *Long-Term Care: Information on the Ombudsman Program* (May 2024) at p. 1, https://www.gao.gov/assets/870/869195.pdf.

program that is critical in protecting the safety of nursing home residents.[62] While the number of people living in LTC facilities is increasing, the types of complaints ombudsmen are asked to resolve have become more complex.[63] Ombudsmen are vital advocates for residents, and they need additional funding to protect nursing home residents. A study from October 2025 found that states that increase funding for their LTC ombudsman programs see improved outcomes in nursing homes.[64]

Ombudsmen jobs are made much more difficult by the introduction of PE and complex ownership structures into the facilities they serve because they cannot easily identify who holds genuine financial or operational control to fix issues like understaffing. As a result, ombudsmen struggle to investigate complaints or hold decision-makers accountable. For example, according to the Florida Long-Term Care Ombudsman State Council, a number of facilities linked to the Portopiccolo Group, a private equity firm, generated 9 to 11 times more complaints per resident than comparable Florida nursing homes.[65] Beyond the higher number of complaints associated with PE-owned nursing homes, complex ownership structures of these PE-linked facilities make it that much more difficult for ombudsmen to hold LTC facility owners accountable.

[62] Nat'l Council on Aging, *Aging Program Funding* (Apr. 2026) https://assets.ncoa.org/ffacfe7d-10b6-0083-2632-604077fd4eca/25cf5816-dfa3-4617-a421-c4540fdac8c8/NCOA_Aging_Program_Funding_FY27_WH.pdf.

[63] Univ. of Chicago Nat'l. Opinion Rsch. Ctr., *The Long-Term Care Ombudsman Program and the Changing Landscape of Long-Term Services and Supports* (Sept. 30, 2019) at p. 1, https://acl.gov/sites/default/files/programs/2020-10/LTCOP_ChangingLandscapeofLTSS.pdf.

[64] The Milbank Q., *Trends in Long-Term Care Ombudsman Program Funding and Its Relationship to Nursing Home Resident Care* (Oct. 2025) https://onlinelibrary.wiley.com/doi/10.1111/1468-0009.70061.

[65] Florida Long Term Care Ombudsman Program State Council, Submission to the Nat'l Ass'n. of Local Term Care Ombudsman *Ownership Structures, Masked Accountability and Resident Impact in Florida Long-Term Care* (2026) (on file with the Committee).

Investigative Findings

I. Trump's Use of Clemency Power for Political Supporters

The investigative findings of this report reveal that Trump and Congressional Republicans are rewarding bad actors who invest in nursing homes, worsening a regulatory landscape with outdated standards and few enforcement mechanisms, and jeopardizing the health and safety of people living in America's nursing homes.

In May 2026, Trump released a statement touting a "full-scale war on fraud," and said he and JD Vance were "unleashing an unrelenting, full-scale assault on the fraudsters, scammers, and corrupt operators who have looted billions from American taxpayers."[66] However, the evidence shows that Trump's so-called anti-fraud agenda is abetting fraud and harming victims. Former Department of Justice (DOJ) Pardon Attorney Liz Oyer calculated that Trump's clemency actions during the first year of his second term "erased over $1.5 billion in penalties for fraud and other crimes."[67] An April 2025 *Kaiser Family Foundation (KFF)* analysis calculated that 13 individuals granted pardons or commutations in Trump's first and second terms were convicted in cases involving more than $1.6 billion in fraudulent Medicare and Medicaid claims.[68] Additionally, *KFF* said Trump had granted pardons or commutations to at least 68 people convicted of fraud crimes or of interfering with fraud investigations.

Trump's selectivity with his "war on fraud" is particularly obvious with the nursing home owners in his orbit. Trump has nominated, pardoned, or commuted the sentence of nursing home bad actors dogged by allegations of fraud, abuse, and neglect, creating a perverse permission structure. These bad actor nursing home owners include:

- Benjamin Landa, nominated by Trump to serve as the ambassador to Hungary;
- Joseph Schwartz, pardoned by Trump;
- Philip Esformes, whose sentence was commuted by Trump; and
- Paul Walczak, pardoned by Trump.

The New York attorney general alleged in multiple lawsuits that Landa engaged in efforts to conceal his ownership and siphon funds from his nursing homes at the expense of residents. Additionally, in November 2025, an HHS-OIG audit detailed more than $31 million in Medicare overpayments to a Landa owned nursing home. Joseph Schwartz, Philip Esformes, and Paul

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[66] *Compare* Press Release, Off. of the President of the U.S., Donald J. Trump, *Trump Administration's Full-Scale War on Fraud*, (May 26, 2026), https://www.whitehouse.gov/releases/2026/05/trump-administrations-full-scale-war-on-fraud/.
[67] Liz Oyer, Lawyer Oyer, *Trump's Year-One Pardons have Erased over $1.5 Billion in Penalties for Fraud and Other Crimes* (Jan. 20, 2026) (describing how clemency actions include both pardons and commutations; total includes: restitution, fines, and forfeitures), https://substack.com/@lizoyer/p-185209344.
[68] KFF Health News, *Trump Says He'll Stop Health Care Fraudsters. Last Time, He Let Them Walk* (Apr. 1, 2025) https://kffhealthnews.org/courts/trump-health-care-fraudsters-leniency/#:~:text=President%20Donald%20Trump%20has%20said%20he%20will,fraudulent%20claims%20filed%20with%20Medicare%20and%20Medicaid.

Walczak, were collectively sentenced to 294 months in prison and ordered to pay restitution totaling $14,911,472.76[69] for health care fraud, tax fraud, and other financial crimes related to the operation of their facilities.

Joseph Schwartz

Joseph Schwartz: Pardoned

In November 2024, Joseph Schwartz, the head of nursing home network Skyline Healthcare (Skyline), pleaded guilty to willfully failing to pay taxes withheld from employees and failing to file a financial report for his employees' health plan (annual 5500 report) as part of a $38 million tax fraud scheme.[70] In April 2025, Schwartz was sentenced to 36 months in prison, assessed a $100,000 fine, and ordered to pay $5,000,000 in restitution.[71] On November 14, 2025, after serving just three months in prison, Schwartz was granted a full and unconditional pardon by Trump.[72] To achieve this, within weeks of his guilty plea being accepted Schwartz reportedly hired "right-wing conspiracists"[73] Jack Burkman and Jacob Wohl to lobby for a pardon, ultimately paying their firm J.M. Burkman & Associates $960,000.[74] According to the *New York Times*, "[i]n an audio recording [...] Mr. Burkman discussed his strategy, saying that he and Mr. Wohl 'use a combination of influencers and members of Congress,' as well as going 'direct to the president, and I think that's a very good approach.'"[75] In particular, the two men touted a

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[69] Trump Pardons, *supra* note 3.
[70] DOJ, Trump Pardons (Sept. 9, 2026) https://www.justice.gov/pardon/clemency-grants-president-donald-j-trump-2025-present; DOJ, *Former Owner of Collapsed Nursing Home Empire Sentenced to 36 Months' Imprisonment For $38 Million Tax Fraud Scheme* (Apr. 17, 2025) https://www.justice.gov/usao-nj/pr/former-owner-collapsed-nursing-home-empire-sentenced-36-months-imprisonment-38-million; DOJ, *Former Owner of Collapsed Nursing Home Empire Admits $38 Million Tax Fraud Scheme* (Nov. 18, 2024) https://www.justice.gov/usao-nj/pr/former-owner-collapsed-nursing-home-empire-admits-38-million-tax-fraud-scheme.
[71] DOJ, Trump Pardons (Sept. 9, 2026) https://www.justice.gov/pardon/clemency-grants-president-donald-j-trump-2025-present; Press Release, DOJ, *Former Owner of Collapsed Nursing Home Empire Sentenced to 36 Months' Imprisonment For $38 Million Tax Fraud Scheme* (Apr. 17, 2025) https://www.justice.gov/usao-nj/pr/former-owner-collapsed-nursing-home-empire-sentenced-36-months-imprisonment-38-million.
[72] Arkansas Advocate, *Nursing Home Owner pardoned by Trump Ordered to Serve State Sentence* (Dec. 19, 2025) (detailing that Schwartz was pardoned after serving just three months of a three year sentence, however upon release from federal prison Schwartz was ordered to report to an Arkansas state prison to serve out the remainder of his one-year Arkansas sentence on Medicaid fraud and state tax evasion charges. Per his plea agreement with the state, Schwartz was initially to serve out his state sentence concurrently. However, Schwartz, with the help of one of his lobbyists, was released by the parole board within three weeks of reporting to prison in Arkansas.), https://arkansasadvocate.com/2025/12/19/nursing-home-owner-pardoned-by-trump-ordered-to-serve-state-sentence/; ProPublica, *Trump Pardoned a Nursing Home Owner Who Owed Almost $19 Million to a Grieving Family* (Apr. 20, 2026) https://www.propublica.org/article/trump-joseph-schwartz-pardon-lawsuit; Off. of the President of the U.S., Donald J. Trump, *Executive Grant of Clemency for Joseph Schwartz* (Nov. 14, 2025) https://www.justice.gov/pardon/media/1418296/dl?inline.
[73] New York Times, *Pardon Industry Offers Rich Offenders a Path to Trump* (Mar. 6, 2026) https://www.nytimes.com/2026/03/06/us/politics/schwartz-trump-pardon-industry.html.
[74] *Id.*; Washington Post, *The Case of a Felon who Paid Lobbyists Nearly $1 million to Seek a Trump Pardon* (Nov. 23, 2025) https://www.washingtonpost.com/politics/2025/11/23/joseph-schwartz-trump-pardon-fraud/; Lobbying Registration for Joseph Schwartz (May 6, 2025) https://lda.gov/filings/public/filing/e0891db5-e864-4f62-95f1-0ede33305d00/print/.
[75] New York Times, *Pardon Industry Offers Rich Offenders a Path to Trump* (Mar. 6, 2026) https://www.nytimes.com/2026/03/06/us/politics/schwartz-trump-pardon-industry.html.

relationship to right-wing personality Laura Loomer. Loomer ultimately assisted with Schwartz's cause on social media although she later stated Burkman and Wohl were not the reason for her assistance, and that she was not paid by them or Schwartz.

Schwartz reportedly shared his plans to spend his way out of prison with other inmates at the federal prison camp in Otisville, NY.[76] In addition to the nearly $1 million he spent on Burkman and Wohl, Schwartz reportedly spent $100,000 on conservative lobbyist Josh Nass[77] who has "traveled in the circles around Mr. Trump, posting photos on social media with Donald Trump Jr. and Mike Huckabee," and "thousands more" on lawyers with "personal relationships" to Trump's "pardon czar" Alice Marie Johnson and White House counsel David Warrington. As mentioned, Loomer amplified Schwartz's case on social media, with posts that claimed he wasn't responsible for the tax crimes he pleaded guilty to, that he was in poor health and prison would be a "death sentence," and that the judge in the case was antisemitic. This is all despite Schwartz acknowledging responsibility for his actions in his guilty plea.[78] Schwartz would later thank Loomer for her advocacy at a White House Hanukkah party shortly after his release.

Joseph Schwartz owned Skyline Healthcare

Schwartz owned and operated the Skyline nursing home empire, which counted roughly 100 facilities and as many as 15,000 residents at its peak.[79] However, by 2019, more than a dozen Skyline-operated nursing homes had closed, "throwing residents, vendors, employees and state regulators into chaos."[80] Facilities ran out of money and were shut down for neglect. With many Skyline nursing homes permanently closed, more than 900 hundred residents were left searching for new facilities.[81] During its collapse, Skyline "failed to make payments for food and medical supplies, and cut hours for nursing home staff."[82]

While his business was failing the residents he was supposed to be caring for, Schwartz was siphoning money. Schwartz paid himself $5 million as a "ghost employee"[83] at some of his

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[76] *Id.*
[77] New York Times, *Conservative Lobbyist Hired Man to Violently Extort Client, U.S. Says* (Apr., 23, 2026) (describing how in April 2026, Josh Nass was indicted on extortion and stalking charges that appeared to be connected to his client Joseph Schwartz. According to prosecutors, Nass hired a man to "violently extract $500,000 from a client."), https://www.nytimes.com/2026/04/23/nyregion/conservative-lobbyist-indictment.html.
[78] ProPublica, *A Nursing Home Owner Got a Trump Pardon. The Families of His Patients Got Nothing.* (Mar. 30, 2026) (highlighting that the judge found no evidence that Schwartz was unfit for prison), https://www.propublica.org/article/joseph-schwartz-trump-pardon-skyline-nursing-home-patients.
[79] *Id. (*There is a variation in the reported resident population for Skyline at its peak, with reports of between 7,000 and 15,000.); NBC News, *A Nursing Home Chain Grows too Fast and Collapses, and Elderly and Disabled Residents Pay the Price* (July 19 2019) https://www.nbcnews.com/health/aging/nursing-home-chain-grows-too-fast-collapses-elderly-disabled-residents-n1025381.
[80] NBC News, *A Nursing Home Chain Grows too Fast and Collapses, and Elderly and Disabled Residents Pay the Price* (July 19, 2019) https://www.nbcnews.com/health/aging/nursing-home-chain-grows-too-fast-collapses-elderly-disabled-residents-n1025381.
[81] *Id.*
[82] ProPublica, *supra* note 78.
[83] ProPublica, *supra* note 78.

facilities. During a 2017 deposition, Schwartz acknowledged that he took money, but failed to recognize the impact it had on his facilities.[84]

> Attorney for Plaintiff: "Those draws, for example ... they could amount to over a million dollars over the course of a year?"
>
> Schwartz: "Could be"
>
> Attorney for Plaintiff: "Now, when you're taking out draws [...] that does take away from some of the cash on hand at the facility to operate?"
>
> Schwartz: "I don't think so."

Stories of Harm at Skyline Facilities

Public reporting has documented the extensive harm to residents at Skyline facilities across the country, attracting scrutiny from both state and federal authorities, including CMS and state attorneys general.

In the fall of 2017 at Ashton Place, a Memphis, Tennessee nursing home acquired by Skyline, a resident with a recent leg amputation was taken to the hospital after being found lying in feces. At the hospital, nurses found maggots and gangrene in his leg; he died two days later.[85] Following the resident's death, a state investigation revealed the resident had not had his dressing changed in more than two days. Staff at the facility reportedly said that they faced problems delivering care because Skyline told nurses to cease using electronic medical records in favor of paper reporting.[86] The company's medical director said during the investigation, "I have no support, no direction."[87] CMS terminated Medicare certification for Ashton Place and another Tennessee Skyline home one month after the death; in 2018, CMS terminated certification for a third Skyline home in Tennessee.

In September 2016, Doris Coulson was found unresponsive and hanging off her bed at Hillview Post Acute and Rehabilitation Center, a Skyline facility in Little Rock, Arkansas. Days later, she died of aspiration pneumonia.[88] Her medical records were marked "NPO" to indicate she could not consume anything by mouth, but according to her daughter, "[t]he doctors said they found

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[84] NBC News, *A Nursing Home Chain Grows too Fast and Collapses, and Elderly and Disabled Residents Pay the Price* (July 19, 2019) https://www.nbcnews.com/health/aging/nursing-home-chain-grows-too-fast-collapses-elderly-disabled-residents-n1025381.
[85] *Id.*
[86] *Id.*
[87] *Id.* (reporting did not indicate whether this quote was attributed to the Medical Director for the specific facility, group of facilities, or Skyline broadly).
[88] ProPublica, *A Nursing Home Owner Got a Trump Pardon. The Families of His Patients Got Nothing.* (Mar. 30, 2026) https://www.propublica.org/article/joseph-schwartz-trump-pardon-skyline-nursing-home-patients.

scrambled eggs in her lungs."[89] Doris Coulson's family filed a lawsuit against Skyline and Joseph Schwartz. Schwartz did not contest the case, and in 2020, a judge awarded the family nearly $19 million in damages.[90] However, Coulson's family has yet to collect because Schwartz relinquished his property in Arkansas, and there was a lack of sufficient information regarding his assets in other states. Doris Coulson's daughter Amanda, who has since passed away, reflected during court proceedings on a memory she had of her mother's life as a nurse, "[s]he jumped into the middle of the bed and was doing CPR in the bed as it flew down the hallway [...] I realized she didn't play at work all day."[91] Coulson's family is one of at least three reported multimillion-dollar judgments Schwartz has failed to satisfy.[92]

In 2023, Schwartz was ordered by a judge to pay the family of Zelma Grissom $15.7 million following a wrongful death suit. In the lawsuit, Zelma's family said her home, the same Skyline facility where Doris Coulson lived, was chronically understaffed, and residents were left without basic care. Grissom's son said a nurse showed them a pressure sore that had developed as a result of staff not turning Grissom over regularly. This resulted in infected tissue that needed to be cut away, leaving a large open wound, after which, "her health spiraled." According to her son, an emergency worker who cared for his mother once observed, "how dirty and nasty, how wet she was." According to the family's lawyers, Grissom died of sepsis as a result of the bedsores that were allowed to become infected. Neither Schwartz nor his representatives challenged the wrongful death claim. Schwartz tried to overturn the ruling, but this was rejected by a judge.[93]

During a 2017 deposition, as part of a wrongful death lawsuit in Philadelphia, Schwartz referred to the care at his Skyline facilities as "superb" and reportedly characterized "staffing shortages and unpaid bills as simple business 'disagreements.'"[94] The facility in question had a one star federal staffing rating from 2010 through 2014,[95] and when asked about this, Schwartz said he recalled having "a good star rating."[96]

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[89] *Id*.
[90] *Id.* ("Schwartz later claimed he never received key filings and had mistaken the complaint for the same lawsuit first filed in 2017, which he believed his insurer had already handled before it was withdrawn and refiled. And he argued the company that took over Hillside and canceled insurance coverage — not him — was the proper defendant. He also said he was representing himself, in poor health and isolating because of COVID-19 risks. A judge denied his request to put the case on hold.").
[91] ProPublica, *Trump Pardoned a Nursing Home Owner Who Owed Almost $19 Million to a Grieving Family* (Apr. 20, 2026) https://www.propublica.org/article/trump-joseph-schwartz-pardon-lawsuit.
[92] ProPublica, *A Nursing Home Owner Got a Trump Pardon. The Families of His Patients Got Nothing.* (Mar. 30, 2026) https://www.propublica.org/article/joseph-schwartz-trump-pardon-skyline-nursing-home-patients.
[93] *Id.* (explaining Schwartz later tried to overturn the ruling, claiming poor health, lack of notice, and that he was merely an investor with no role in operations; a judge rejected the effort.).
[94] *Id*.
[95] CMS, *Staffing for Nursing Homes* (Accessed Sept. 23, 2025) (explaining that "the staffing rating is based on these measures: Registered Nurse (RN) hours per resident per day in a three-month period; total staffing hours (RNs, Licensed Practical Nurses (LPNs) or Licensed Vocational Nurses (LVNs); and Certified Nurse Aides (CNAs) and nurse aides in training) per resident per day in a three-month period; total nurse staffing hours per resident per day on the weekend in a three-month period; total nurse staff turnover within a given year; RN turnover within a given year; and number of administrators who have left the nursing home within a given year [...] Nursing homes may be assigned a 1 star rating if they don't have an RN onsite every day, don't submit staffing data, or if their data can't be verified."), https://www.medicare.gov/care-compare/resources/nursing-home/staffing.
[96] ProPublica, *supra* note 78.

Problems at Skyline facilities were endemic around the country. In 2015, the Arkansas Attorney General opened an investigation into Skyline facilities within six months of Skyline beginning operations in the state. Skyline was later issued $200,000 in fines for neglect, preventable falls, failure to bathe residents, and maggots in a resident's personal medical equipment.[97] According to reports, at facilities in Massachusetts, Skyline cut certified nursing assistants from five to three and rationed resident's disposable briefs to two per shift, leaving residents, "to languish in their own body waste."[98] In June 2019, the Massachusetts attorney general fined Joseph Schwartz nearly $85,000 for withholding pay from employees.[99]

In March 2018, state authorities in Nebraska and Pennsylvania began assuming control of Skyline facilities and assigned third parties to run them.[100] In April 2018 in South Dakota, a Skyline administrator in charge of 18 nursing homes and one assisted living facility sent a series of emails to state officials alerting them to the dire nature of the situation.[101] Skyline stopped paying its bills, and the administrator was told the company was bankrupt and residents should be discharged. On April 28, 2018, the Skyline administrator of the South Dakota facility wrote, "[b]ottom line, the South Dakota facilities are in harm's way and all residents' safety is at risk and will increase risk every day."[102] Two days later she wrote, "I NEED HELP!!!"[103] In an email that would later be produced in court, the administrator wrote she received a call from Schwartz's son Louis, "there is no money — he told me to discharge residents????"[104]

In 2019, *NBC News* reported that a New Jersey nursing home previously owned by Skyline, but later by Schwartz's son Louis through a separate company, faced accusations of neglect. In January 2019, the facility was cited by the state for endangering residents after a woman with dementia left a locked unit through broken doors and was later found at 4:30 a.m. in the parking lot, where it was four degrees below zero, without a coat, socks or shoes, causing "severe frostbite."[105]

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[97] NBC News, *A Nursing Home Chain Grows too Fast and Collapses, and Elderly and Disabled Residents Pay the Price* (July 19, 2019) https://www.nbcnews.com/health/aging/nursing-home-chain-grows-too-fast-collapses-elderly-disabled-residents-n1025381.
[98] *Id*.
[99] *Id.*
[100] *Id.*
[101] Brookings Register, *Wave of SD Nursing Home Closures Hitting Hardest in Rural Small Towns* (Dec. 20, 2018) (archived and on file with committee) https://web.archive.org/web/20240122232033/https://www.brookingsregister.com/article/wave-of-sd-nursing-home-closures-hitting-hardest-in-rural-small-towns.
[102] *Id.*
[103] *Id.*; NBC News, *A nursing home chain grows too fast and collapses, and elderly and disabled residents pay the price* (July 19, 2019) https://www.nbcnews.com/health/aging/nursing-home-chain-grows-too-fast-collapses-elderly-disabled-residents-n1025381.
[104] NBC News, *A nursing home chain grows too fast and collapses, and elderly and disabled residents pay the price* (July 19, 2019) https://www.nbcnews.com/health/aging/nursing-home-chain-grows-too-fast-collapses-elderly-disabled-residents-n1025381.
[105] *Id.*

That Trump would entertain, let alone grant, a pardon for someone like Joseph Schwartz, shows nothing if not contempt for every resident who suffered at one of Schwartz's nursing homes.

Philip Esformes

Philip Esformes: Commutation

In December 2020, at the end of his first term, Trump commuted the sentence of Philip Esformes, one of the largest health care fraudsters in history–he served less than five years of a twenty-year sentence.[106] Esformes owned more than 30 nursing homes and assisted living facilities in the Miami area.[107] In 2016, he was charged with conspiracy, obstruction, money laundering and health care fraud,[108] and in April 2019 he was found guilty in connection with a $1.3 billion scheme involving fraudulent Medicare and Medicaid claims, "for services that were not provided, were not medically necessary or were procured through the payment of kickbacks."[109] Esformes's nursing home empire was a family business started by his father Morris, with Philip receiving a large stake in the company when he was a child.[110] In 2006 and 2013, along with their business partners, both he and his father paid out more than $20 million to settle two civil suits alleging fraud and kickback schemes.[111]

Esformes was found guilty of conspiracy to defraud the United States and pay and receive health care kickbacks, receipt of kickbacks in connection with a federal health care program, payment of kickbacks in connection with a federal health care program, conspiracy to commit money laundering, money laundering, conspiracy to commit federal program bribery, conspiracy to commit federal program bribery and honest services wire fraud, and obstruction of justice.[112]

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[106] U.S. Attorney's Office, Southern District of Florida, *South Florida Health Care Facility Owner Sentenced To 20 Years in Prison for Role in Largest Health Care Fraud Scheme Ever Charged By the Department Of Justice* (Sept. 13, 2019) https://www.justice.gov/usao-sdfl/pr/south-florida-health-care-facility-owner-sentenced-20-years-prison-role-largest-healt-0; Washington Post, *Fraudster Freed from Prison by Trump Faces Prosecution under Biden* (Oct. 13, 2023) https://www.washingtonpost.com/politics/2023/10/13/trump-pardon-philip-esformes-biden-justice-department/; Off. of the President of the U.S., Donald J. Trump, *Executive Grant of Clemency for Philip Esformes* (Dec. 22, 2020) https://www.justice.gov/pardon/page/file/1349136/dl?inline=.

[107] DOJ, Off. of Pub. Affairs, *Three Individuals Charged in $1 Billion Medicare Fraud and Money Laundering Scheme* (July 22, 2016) https://www.justice.gov/archives/opa/pr/three-individuals-charged-1-billion-medicare-fraud-and-money-laundering-scheme.

[108] *Id.*

[109] U.S. Attorney's Office, Southern District of Florida, *South Florida Health Care Facility Owner Convicted for Role in Largest Health Care Fraud Scheme Ever Charged by the Department of Justice, Involving $1.3 Billion in Fraudulent Claims* (Apr. 5, 2019) https://www.justice.gov/usao-sdfl/pr/south-florida-health-care-facility-owner-convicted-role-largest-health-care-fraud.

[110] Washington Post, *Fraudster Freed from Prison by Trump Faces Prosecution Under Biden* (Oct. 13, 2023) https://www.washingtonpost.com/politics/2023/10/13/trump-pardon-philip-esformes-biden-justice-department/.

[111] *Id.* (explaining that despite the settlement payments they did not admit wrongdoing in the case.).

[112] DOJ, *Commutations Granted by President Donald J. Trump (2017-2021),* (Updated Apr. 28, 2021) https://www.justice.gov/pardon/commutations-granted-president-donald-j-trump-2017-2021; U.S. Attorney's Office, Southern District of Florida, *South Florida Health Care Facility Owner Sentenced To 20 Years in Prison for Role in Largest Health Care Fraud Scheme Ever Charged By the Department Of Justice* (Sept. 13, 2019) https://www.justice.gov/usao-sdfl/pr/south-florida-health-care-facility-owner-sentenced-20-years-prison-role-largest-healt-0.

Esformes was sentenced to 240 months in prison, ordered to pay $5,530,207 in restitution, and ordered to forfeit $38 million in assets to the government.[113]

In a press release following his sentencing, FBI Deputy Special Agent in Charge Denise M. Stemen said Esformes was "a man driven by almost unbounded greed."[114] Further adding, "[t]he illicit road Esformes took to satisfy his greediness led to millions in fraudulent health care claims, the largest amount ever charged by the Department of Justice. Along that road, Esformes cycled patients through his facilities in poor condition where they received inadequate or unnecessary treatment, then improperly billed Medicare and Medicaid."

According to the *New York Times*, Esformes's commutation "largely bypassed a Justice Department system set up to identify and vet worthy recipients."[115] His commutation was reportedly not recommended by the Justice Department, but it was supported by influential political figures and the Jewish criminal justice nonprofit, Aleph Institute,[116] which Esformes's family reportedly began donating to after his indictment.[117] In 2023, The Aleph Institute told the *Washington Post* that it advocated for his clemency without knowing his father had donated to them and said it had returned the $82,500 they received.[118]

Lawyers supporting or volunteering on behalf of Aleph Institute clemency efforts reportedly included multiple individuals with close ties to Trump. Among them were Alan Dershowitz, who said the organization "played a significant role" in Esformes's clemency effort and "put together the papers" for his petition, as well as Ken Starr and Brett Tolman.[119] Additionally, former U.S. attorneys general Michael Mukasey and Edwin Meese, former second-ranking official at the DOJ, Larry Thompson, along with attorney Gary Apfel, who volunteered for the organization,

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[113] The executive grant of clemency left "intact and in effect the remaining three-year term of supervised release, with all of its conditions, the unpaid balance of $5,530,207 in restitution, if any, and all other components of the sentence." U.S. Attorney's Office, Southern District of Florida, *South Florida Health Care Facility Owner Sentenced To 20 Years in Prison for Role in Largest Health Care Fraud Scheme Ever Charged By the Department Of Justice* (Sept. 13, 2019) https://www.justice.gov/usao-sdfl/pr/south-florida-health-care-facility-owner-sentenced-20-years-prison-role-largest-healt-0; Washington Post, *Fraudster Freed from Prison by Trump Faces Prosecution Under Biden* (Oct. 13, 2023) https://www.washingtonpost.com/politics/2023/10/13/trump-pardon-philip-esformes-biden-justice-department/; DOJ, *Commutations Granted by President Donald J. Trump (2017-2021)* (Updated Apr. 28, 2021) https://www.justice.gov/pardon/commutations-granted-president-donald-j-trump-2017-2021; Off. of the President of the U.S., Donald J. Trump, *Executive Grant of Clemency for Philip Esformes* (Dec. 22, 2020) https://www.justice.gov/pardon/page/file/1349136/dl.

[114] DOJ Office of Public Affairs, *South Florida Health Care Facility Owner Sentenced to 20 Years in Prison for Role in Largest Health Care Fraud Scheme Ever Charged by The Department of Justice* (Sept. 12, 2019) https://www.justice.gov/archives/opa/pr/south-florida-health-care-facility-owner-sentenced-20-years-prison-role-largest-health-care.

[115] New York Times, *Another Trump Clemency Recipient Faces Domestic Violence-Related Charges* (Oct. 14, 2024) https://www.nytimes.com/2024/10/14/us/politics/philip-esformes-trump-clemency-recipient-new-charges.html.

[116] *Id.*

[117] *Id.*

[118] Washington Post, *supra* note 110.

[119] New York Times, *Behind Trump Clemency, a Cast Study in Special Access* (Dec. 24, 2020) https://www.nytimes.com/2020/12/24/us/politics/trump-pardon-clemency-access.html.

authored a memo to Trump arguing in favor of Esformes's clemency effort.[120] In the November 2020 memo, they highlighted that Attorney General Bill Barr also supported Esforme's clemency request.[121]

Stories of Harm Related to Esformes Network Homes

In court filings for the 2016 case, prosecutors detailed multiple stories of harm that occurred at Esformes's facilities.[122] One individual said she was offered a bed at an Esformes network facility, "because she was homeless and looking for a place to stay."[123] She did not need the skilled nursing services offered, but Medicare was still billed on her behalf. Instead of providing her care, prosecutors alleged "the Esformes Network fed her narcotic addiction in order to use [her] as a pawn to steal from Medicare."[124]

In another instance, authorities raided an Esformes facility and were approached by a resident who reportedly told agents she had been "punched in the stomach when she made a complaint about the poor services rendered at the facility."[125]

In 2015, prior to the indictment against Esformes, the Florida Agency for Health Care Administration cited Esformes facilities for safety violations when patients eloped and died.[126] In one instance, a 75-year-old man who required the use of a cane drowned in a nearby lake; staff at the facility could not explain how it happened. Another resident, who reportedly suffered from a severe mental health disorder, walked into traffic and was struck and killed by a car. The facility did not report the elopement to the authorities or his relatives, according to state health inspectors.[127]

In 2013, according to police and state health agency records, Robert Lee Verser, a 73-year-old hospice patient at an Esformes facility in South Dade, FL was found beaten to death by his 41-year-old roommate, Michael Poole.[128] A nurse at the facility told detectives, "I saw Robert in the bed. His face was full of blood and there was blood on the bed also [...] Michael was in the room standing up in front of his bed with his hands down, full of blood. ... He's looking at me

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[120] Washington Post, Memorandum to Donald J. Trump Re: Clemency Request for Phillip Esformes (Nov. 16, 2020) https://www.washingtonpost.com/documents/8e30de83-3242-4d27-8976-1a7860fff402.pdf; Washington Post, *supra* note 110.
[121] Washington Post, Memorandum to Donald J. Trump Re: Clemency Request for Phillip Esformes (Nov. 16, 2020) https://www.washingtonpost.com/documents/8e30de83-3242-4d27-8976-1a7860fff402.pdf.
[122] Chicago Tribune, *Nursing Home Operator from Chicago Jailed as Feds Allege $1 Billion Scheme* (Oct 4, 2016, rev. June 14, 2024) https://www.chicagotribune.com/2016/10/04/nursing-home-operator-from-chicago-jailed-as-feds-allege-1-billion-scheme/; (archived)https://web.archive.org/web/20250606060250/https://www.chicagotribune.com/2016/10/04/nursing-home-operator-from-chicago-jailed-as-feds-allege-1-billion-scheme/.
[123] *Id.*
[124] *Id.*
[125] *Id.*
[126] *Id.*
[127] *Id.*
[128] *Id.*

but saying nothing." Robert Lee Verser's family filed a lawsuit alleging that Mr. Verser, who was dealing with heart and lung issues with months to live, should not have been placed in a room with a younger man with a record of violence. State inspectors noted that facility staff failed to notify Poole's psychiatrist that he had been refusing to take his antipsychotic medications. Additionally, state inspectors cited the facility for placing other residents in "immediate jeopardy," after Poole was allowed to exit the room and ride an elevator down to the smoking patio after the attack, placing other residents at risk.

Esformes Had a Lavish Lifestyle

According to the *Chicago Tribune*, Esformes "seemed to live in perpetual motion, using private jets to travel between his Water Tower Place condominium and his mansions in Miami and Los Angeles."[129] According to prosecutors, he drove a $1.6 million Ferrari, wore a $360,000 watch, "brought escorts to five-star hotels,"[130] and paid $300,000 in bribes to the head coach of the University of Pennsylvania men's basketball team, in an effort to have his son recruited, all while funding his lifestyle with the more than $37 million he fraudulently obtained.[131] During trial, one of the prosecutors said, "[h]e cheated. He tried to take the easy way out [...] [h]e tried to game the system everywhere he turned."[132] At sentencing, Esformes said he had been a "reckless, impulsive, and an arrogant man [...] a man willing to cut corners without fear of consequences [...] a man who acted as if the rules do not apply."[133]

2022 DOJ Retry Attempt

In 2022 during the Biden administration, the Department of Justice set out to retry Esformes. The jury in the original Esformes case did not reach a verdict on six counts, including conspiracy to commit health care fraud,[134] but still convicted him of 20 criminal counts.[135] Trump commuted his sentence in 2020 but did not specifically mention those six counts in his clemency order, leaving an opportunity for the DOJ to pursue charges. In 2024, Esformes pleaded guilty to one count of conspiracy to commit health care fraud and was sentenced to time served.[136]

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[129] *Id.*
[130] Washington Post, *supra* note 110.
[131] U.S. Attorney's Office, Southern District of Florida, *supra* note 106; Washington Post, *supra* note 106.
[132] Washington Post, *supra* note 110.
[133] Washington Post, *supra* note 110; United States v. Esformes, *Sentencing Hearing*, No. 16-20549-CR-SCOLA, (D.S. Fl. Sept. 12, 2019) https://int.nyt.com/data/documenttools/2019-04-transcript-sentencing-show-temp/5f1878a90b593c85/full.pdf.
[134] Washington Post, *supra* note 110; CNBC, *DOJ Plans to Retry Philip Esformes Despite Trump Commuting Sentence of Florida Nursing Home Owner* (Aug. 12, 2022) https://www.cnbc.com/2022/08/12/doj-plans-to-retry-philip-esformes-despite-trump-commuting-sentence-.html.
[135] Washington Post, *supra* note 110.
[136] CNBC, *Trump Clemency Recipient Philip Esformes Pleads Guilty in Medicare Fraud Case* (Feb. 22, 2024) https://www.nbcdfw.com/news/business/money-report/trump-clemency-recipient-philip-esformes-pleads-guilty-in-medicare-fraud-case/3469118/.

The commutation of Mr. Esformes's sentence indicates the extent to which Trump's "war on fraud" is performative, ignoring the human toll caused by greedy nursing home owners.

Paul Walczak

Paul Walczak: Pardoned

On April 23, 2025, President Trump pardoned health care executive and nursing home owner, Paul Walczak.[137] Just a few weeks earlier, on April 11, 2025, Walczak was sentenced to 18 months in prison and ordered to pay $4,381,265.76 in restitution after nearly a decade of willfully failing to pay taxes he withheld from employees and failing to file individual income tax returns.[138] According to the DOJ press release, "[f]or more than a decade, Walczak was not compliant with his tax obligations and instead used the withheld taxes to enrich himself."[139] As an employer of over 600 people paid $24 million annually, Walczak was required to withhold Social Security, Medicare, and federal income tax, as well as pay his business's portion of their Social Security and Medicare taxes, additionally, he stopped filing personal income tax returns despite earning income that included a six-figure salary; his actions created a total tax loss of $10,912,334.80.[140]

Walczak had previously entered and then reneged on two agreements with the IRS to turn over millions he withheld from employees.[141] In court filings, prosecutors said Walczak then attempted to conceal the withholdings by forming a business under the name of his daughter, "[w]hen the IRS (refused) to allow him to simply walk away with the millions of dollars he took from his employees … (Walczak) tried to hide his personal wealth by starting a new business under the name of his then 20-year-old daughter[.]"[142] According to prosecutors, Walczak used some of the more than $7 million he withheld from his employees' paychecks to buy a $2 million yacht[143] and used business accounts to make purchases at retailers like Bergdorf Goodman, Cartier, and Saks.[144]

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[137] Off. of the President of the U.S., Donald J. Trump, *Executive Grant of Clemency for Paul Walczak* (Apr. 23, 2025) https://www.justice.gov/pardon/media/1397931/dl?inline; Trump Pardons (Sep. 9, 2026) https://www.justice.gov/pardon/clemency-grants-president-donald-j-trump-2025-present.
[138] *Compare* Press Release, DOJ, Off. of Pub. Affairs, *Owner of Florida Health Care Companies Sentenced for Employment Tax Crimes* (Apr. 11, 2025) https://www.justice.gov/opa/pr/owner-florida-health-care-companies-sentenced-employment-tax-crimes; *with* Trump Pardons (Sept. 9, 2026) https://www.justice.gov/pardon/clemency-grants-president-donald-j-trump-2025-present.
[139] Press Release, DOJ, Off. of Pub. Affairs, *Owner of Florida Health Care Companies Sentenced for Employment Tax Crimes* (Apr. 11, 2025) https://www.justice.gov/opa/pr/owner-florida-health-care-companies-sentenced-employment-tax-crimes.
[140] *Id.*
[141] Stet News, *Prison for Nursing Home Owner who Pocketed Employee Payments* (Apr. 14, 2025) https://stetnews.org/2025/04/14/prison-for-nursing-home-owner-who-pocketed-employee-tax-payments/.
[142] *Id.*
[143] *Id.* (describing the reported value of the yacht as $2 million. Prosecutors alleged that while he was withholding taxes under the pretext of paying the IRS, he used over $1 million from his business bank accounts to purchase the yacht.); *see also*; DOJ, Off. of Pub. Affairs, *supra* note 139.
[144] DOJ, Off. of Pub. Affairs, *supra* note 139.

Walczak Appeared to Use His Family's Political Connections to Obtain His Pardon

Walczak learned the nursing home business from his mother, Elizabeth Fago, a longtime Republican donor and owner of Healthcare Acquisition Inc. At its peak, Healthcare Acquisition Inc. operated 150 facilities in 13 states, the company closed in 2007, after which Walczak opened his own business.[145] Walczak owned a network of health care companies including the nursing home company NuVista, which became the parent company of "dozens of related businesses, including Palm Health Partners, FW Healthcare Investors, and PHP Employment Services." Walczak and Fago invested a total of $26.5 million in NuVista, which closed in 2019.[146]

Walczak's pardon application, submitted around Trump's inauguration day in 2025, reportedly used his mother's deep ties to the Republican party and President Trump.[147] According to public reporting, the application explicitly mentioned the millions Fago had raised for Trump and other Republicans, and it also mentioned her role in an effort to publicize the addiction diary of President Biden's daughter Ashley during the 2020 campaign.

During the 2020 campaign, Ashley Biden left her diary behind in the house where she had been staying in Florida and reportedly told a friend that her intention was to return and retrieve her belongings later.[148] Aimee Harris, who moved into the Florida home, found it and contacted her friend Robert Kurlander, reportedly in an attempt to sell it. Kurlander went to Elizabeth Fago, who reportedly saw an opportunity to influence the 2020 election. Kurlander and Harris brought the diary to Fago's home during a September 2020 fundraiser where Donald Trump Jr. was in attendance. At the fundraiser, the diary was shown to Republican consultant Caroline Wren.[149] Harris and Kurlander then reportedly entered into negotiations with Project Veritas, after the group had been tipped off to the existence of the diary by Fago's daughter, Stephanie Walzcak.[150] The DOJ later opened an investigation into the matter, and in November 2021, investigators obtained a search warrant seeking information including communications with Fago, Ms. Walczak, Kurlander and Harris "'about obtaining, transporting, transferring, disseminating or otherwise disposing of Ashley Biden's stolen property.'"[151] Kurlander and Harris later pleaded guilty, admitting to conspiracy to steal, transport, and sell the diary to Project Veritas.

Elizabeth Fago attended a 2020 election night watch party at the White House and later attended a Christmas party at the White House that same year. Also in December 2020, Ms. Fago was

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[145] Stet News, *supra* note 141.
[146] Stet News, *supra* note 141.
[147] New York Times, *Trump Pardoned Tax Cheat after Mother Attended $1 Million Dinner* (May 27, 2025) https://www.nytimes.com/2025/05/27/us/politics/trump-pardon-paul-walczak-tax-crimes.html.
[148] *Id*.
[149] During a podcast appearance, Wren said she contacted attorneys for the campaign who then contacted the FBI in an effort to have the diary retrieved.
[150] New York Times, *supra* note 147.
[151] New York Times, *supra* note 147.

appointed to the National Cancer Advisory Board.[152] Fago and her family attended Trump's second term inauguration where they received V.I.P access, and also attended a victory rally.[153] Within weeks, the DOJ said it was closing the investigation into the diary.

Mr. Walczak's pardon application, which reportedly came with the support of Donald Trump Jr., was submitted around this time, in part, claiming his prosecution was politically motivated. On April 4, 2025, Elizabeth Fago was invited to a $1 million per-person fund-raiser hosted by MAGA Inc. at Mar-a-Lago.[154] According to FEC records, Fago made a $1 million contribution to MAGA Inc. on April 3, 2025.[155] President Trump granted Paul Walzack a full and unconditional pardon twenty days later on April 23, 2025.[156] And in March of this year, the Department of Health and Human Services (HHS) and CMS created a new federal health care advisory board, and Elizabeth Fago was appointed as one of the board's new members.[157]

Mr. Walczak and his family appear to have been rewarded rather than condemned for their actions, and the fact pattern in this case reveals that again, money and political connections mean more to Trump and his administration than obtaining justice for nursing home residents.

II. Trump Nominated Nursing Home Bad Actor Benjamin Landa as Ambassador

In October 2025, Trump nominated nursing home owner Benjamin Landa to be the U.S. ambassador to Hungary.[158] In August 2025, two months before his nomination, Landa contributed $5 million to the pro-Trump Super PAC MAGA Inc.[159] Landa has been dogged by

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[152] New York Times, *supra* note 147; *see also* Off. of the President of the U.S., Donald J. Trump, *President Donald J. Trump Announces Intent to Appoint Individuals to Key Administration Posts* (Dec. 8, 2020) https://trumpwhitehouse.archives.gov/presidential-actions/president-donald-j-trump-announces-intent-appoint-individuals-key-administration-posts-120820/.

[153] New York Times, *supra* note 147.

[154] New York Times, *supra* note 147; Invitation from MAGA Inc. for a Candlelight Dinner in Palm Beach, Florida, Featuring Special Guest Speaker Donald J. Trump (invitation for Apr. 4, 2025) (on file with New York Times), https://static01.nyt.com/newsgraphics/documenttools/4b1e64c8a9b509d1/2ebf7aea-full.pdf.

[155] Fed. Election Comm'n. (FEC), *FEC Form 3X Schedule A Itemized Receipts for MAGA Inc.* (date of receipt Jan. 15, 2025) (on file with FEC) https://docquery.fec.gov/cgi-bin/fecimg/?202507319789366228.

[156] Off. of the President of the U.S., Donald J. Trump, *Executive Grant of Clemency for Paul Walczak* (Apr. 23, 2025) https://www.justice.gov/pardon/media/1397931/dl?inline.

[157] Press Release, HHS, *HHS and CMS Announce Healthcare Advisory Committee Members to Improve Patient Care and Modernize the U.S. Healthcare System* (Mar. 27, 2026) https://www.hhs.gov/press-room/hhs-cms-announce-healthcare-advisory-committee-members-improve-patient-care.html.

[158] Dept. of State, PN585-5, *Nomination of Benjamin Landa, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Hungary* (Oct. 2, 2025) (on file at Congress.gov) https://www.congress.gov/nomination/119th-congress/585/5; *see also* Dept. of State, PN730-39, *Nomination of Benjamin Landa, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Hungary* (Jan. 13, 2026) (showing that Landa was renominated by the President after the original nomination expired at the end of 2025) (on file at Congress.gov) https://www.congress.gov/nomination/119th-congress/730/39.

[159] ProPublica, *Nominee for Ambassador to Hungary Co-Owns Nursing Home that's Suing the Trump Administration over Medicare Payments* (Mar. 23, 2026) https://www.propublica.org/article/benjamin-landa-ambassador-company-lawsuit; Fed. Election Comm'n., *FEC Form 3X Schedule A Itemized Receipts for MAGA Inc.* (date of receipt Aug. 6, 2025) https://docquery.fec.gov/cgi-bin/fecimg/?202601029793901872.

allegations of fraud, abuse, and neglect at his facilities for years.[160] Landa has allegedly used related parties like real estate holding companies, management LLCs, consulting firms, and a "straw owner" arrangement with his daughter to extract money from nursing homes he owned through management fees, consulting agreements, and inflated lease arrangements, and then allowed the facilities to deteriorate.

Some examples of alleged harm to residents and the alleged fraud perpetrated by Landa were detailed in separate lawsuits filed by the New York attorney general in late 2022. Additionally, an audit released by the HHS-OIG in November 2025 said that a Landa-owned nursing home had received at least $31.2 million in Medicare overpayments and recommended the government recoup these funds.[161] According to *ProPublica*, as of March 2026, Landa had an ownership interest in more than 100 nursing homes in eight states,[162] and as of 2016, according to the New York attorney general, his net worth was estimated to be $308.06 million.[163] After his initial nomination was returned under Senate rules, Trump re-submitted it in January 2026.[164]

The November 2025 HHS-OIG audit detailed an estimated $31.2 million in Medicare overpayments to Bay Park Center for Nursing and Rehabilitation, LLC d/b/a Pinnacle Multicare Nursing and Rehabilitation Center (Pinnacle), a facility co-owned by Landa, and recommended that the government recoup the payments.[165] The report was titled, "Nearly All Skilled Nursing Services Provided by Pinnacle Multicare Nursing and Rehabilitation Center Did Not Meet Medicare Payment Requirements." In February, Pinnacle filed suit to stop the government from

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[160] Press Release, Off. of the Att'y Gen. for the State of New York Letitia James, *Attorney General James Sues Orleans County Nursing Home for Years of Fraud and Resident Neglect* (Nov. 29, 2022) https://ag.ny.gov/press-release/2022/attorney-general-james-sues-orleans-county-nursing-home-years-fraud-and-resident; Press Release, Off. of the Att'y Gen. for the State of New York Letitia James, *Attorney General James Sues Long Island Nursing Homes for Years of Fraud and Resident Neglect* (Dec. 16, 2022) https://ag.ny.gov/press-release/2022/attorney-general-james-sues-long-island-nursing-home-years-fraud-and-resident.

[161] HHS, OIG, A-02-22-01017, *Nearly All Skilled Nursing Services Provided by Pinnacle Multicare Nursing and Rehabilitation Center Did Not Meet Medicare Payment Requirements* (Nov. 2025) https://oig.hhs.gov/documents/audit/11270/A-02-22-01017.pdf.

[162] ProPublica, *Nominee for Ambassador to Hungary Co-Owns Nursing Home that's Suing the Trump Administration over Medicare Payments* (Mar. 23, 2026) https://www.propublica.org/article/benjamin-landa-ambassador-company-lawsuit.

[163] State of N.Y. v. Comprehensive at Orleans LLC, *Petition*, (N.Y. Sup. Ct. Nov. 29, 2022) (on file with the Attorney General's Office for the State of New York), https://ag.ny.gov/sites/default/files/orleans_nh_petition.pdf.

[164] Dept. of State, PN585-5, *Nomination of Benjamin Landa, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Hungary* (Oct. 2, 2025) (on file at Congress.gov) https://www.congress.gov/nomination/119th-congress/585/5; *see also* Dept. of State, PN730-39, *Nomination of Benjamin Landa, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Hungary* (Jan. 13, 2026) (showing that Landa was renominated by the President after the original nomination expired at the end of 2025) (on file at Congress.gov) https://www.congress.gov/nomination/119th-congress/730/39.

[165] HHS, OIG, *supra* note 161.

collecting the recouped payments.[166] Pinnacle's application for a temporary restraining order was denied in March 2026.[167]

The two 2022 lawsuits filed by the New York attorney general involved nursing homes in which Landa had an ownership interest,[168] The Villages of Orleans Health and Rehabilitation Center (The Villages),[169] and Cold Spring Hills Center for Nursing and Rehabilitation (Cold Spring).[170] In both lawsuits Landa was a named defendant,[171] and in both, the New York attorney general alleged that Landa had siphoned money out of the facilities, enriching himself at the expense of residents.

HHS-OIG Audit

In November 2025, HHS-OIG released an audit of the Landa co-owned Pinnacle Multicare Nursing and Rehabilitation Center.[172] The audit found that Pinnacle's billing "did not comply with Medicare requirements for 99 of 100" of the claims that were sampled,[173] resulting in $1,059,443 in overpayments in 2020 and 2021,[174] and as a result, at least $31.2 million total in Medicare overpayments to Pinnacle. Additionally, Pinnacle billed for skilled nursing services when "the medical record did not support that the associated individual was assigned the correct reimbursement rate code." Services were given to those "who did not require skilled nursing services," and "did not meet documentation requirements." Additionally, HHS-OIG's audit found errors occurred because clinical and billing staff "did not always follow its procedures," and Pinnacle "did not follow its procedures to ensure that it always complied with Medicare

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[166] Bay Park Ctr. for Nursing and Rehabilitation v. Kennedy, *Complaint*, No. 1:26-cv-01620 (S.D.N.Y., Feb. 26, 2026) https://storage.courtlistener.com/recap/gov.uscourts.nysd.658714/gov.uscourts.nysd.658714.1.0.pdf; *see also* McKnights Long-Term Care News, *Nursing Home Hit in First PDPM Audit Sues over OIG Effort to 'Rewrite History' with $31M Recoupment* (Mar. 3, 2026) (according to the lawsuit filed by Pinnacle, CMS followed up with a demand 75 days after the OIG recommendation, warning that failure to pay in full by February 27, 2026 would result in interest accruing at 11.625%.), https://www.mcknights.com/news/nursing-home-hit-in-first-pdpm-audit-sues-over-oig-effort-to-rewrite-history-with-31m-recoupment/.

[167] Bay Park Ctr. for Nursing and Rehabilitation v. Kennedy, *Order*, No. 1:26-cv-01620-JGK (S.D.N.Y., Mar. 2, 2026) https://storage.courtlistener.com/recap/gov.uscourts.nysd.658714/gov.uscourts.nysd.658714.15.0.pdf.

[168] NBC News, *New York Attorney General Letitia James Sues Owners of Long Island Nursing Home* (Dec. 16, 2022) (reporting that at the time, Benjamin Landa's attorney said with respect to The Villages lawsuit, it had no merit, that Landa's ownership stake was 8%, and was not responsible for its operations.) https://www.nbcnews.com/health/aging/new-york-attorney-general-james-sues-nursing-home-owners-rcna62136.

[169] State of N.Y. v. Comprehensive at Orleans LLC, *Petition*, (N.Y. Sup. Ct. Nov. 29, 2022) (on file with the Attorney General's Office for the State of New York), https://ag.ny.gov/sites/default/files/orleans_nh_petition.pdf.

[170] State of N.Y. v. Cold Spring Acquisition LLC, *Petition*, (N.Y. Sup. Ct. Dec. 16, 2022) (on file with the Attorney General's Office for the State of New York), https://ag.ny.gov/sites/default/files/cold_spring_people_of_the_state_of_v_people_of_the_state_of_petition_1.pdf.

[171] State of N.Y. v. Comprehensive at Orleans LLC, *Petition*, (N.Y. Sup. Ct. Nov. 29, 2022) (on file with the Attorney General's Office for the State of New York), https://ag.ny.gov/sites/default/files/orleans_nh_petition.pdf; State of N.Y. v. Cold Spring Acquisition LLC, *Petition*, (N.Y. Sup. Ct. Dec. 16, 2022) (on file with the Attorney General's Office for the State of New York), https://ag.ny.gov/sites/default/files/cold_spring_people_of_the_state_of_v_people_of_the_state_of_petition_1.pdf.

[172] N.Y. State Dept. of Health, *NYS Health Profile for Pinnacle Multicare Nursing and Rehabilitation Center* (last accessed Sept. 25, 2026) (showing that Landa owns 41.77% of Bay Park Center for Nursing and Rehabilitation, LLC, which does business as Pinnacle.), https://profiles.health.ny.gov/nursing_home/printview/150679; *see also* HHS, OIG, *supra* note 161.

[173] HHS, OIG, *supra* note 161.

[174] HHS, OIG, *supra* note 161, at p. 3.

documentation requirements." HHS-OIG recommended Pinnacle repay $31,227,884 in Medicare overpayments.[175]

In 95 of the sampled claims, "the associated medical record did not support the [Health Insurance Prospective Payment System] HIPPS code that Pinnacle assigned to the enrollee."[176] In 54 of the sampled claims, Pinnacle billed for skilled nursing services that were provided to individuals who did not require it, and in two of sampled claims, Pinnacle billed for services that did not meet Medicare documentation requirements.

HHS-OIG found multiple examples of incorrect codes being used for services that ultimately were not needed. These included, an individual assigned to a speech language pathology case-mix group, "even though the individual had not been determined to need speech therapy,"[177] an individual with multidrug-resistant organisms (bacteria) that did not require the administration of IV medication that was nonetheless assigned the code for IV medication,[178] and an indication on an assessment that an individual needed assistance with movement, despite their medical record contradicting that indication.[179]

Pinnacle disagreed with the findings and recommendations. According to the HHS-OIG audit, "[i]n written comments on our draft report, Pinnacle did not concur with our recommendations and disagreed with our associated findings."[180] According to public reporting in April 2026, Landa was attempting to sell his stake.[181]

The Villages of Orleans Health and Rehabilitation

New York Attorney General: Not "Even The Most Basic Care And Necessities" at The Villages

In November 2022, The New York attorney general filed a lawsuit against The Villages and its owners, including Benjamin Landa. A judge granted a Landa motion to dismiss on July 14, 2026, and the attorney general appealed the decision on August 17, 2026.[182] According to the attorney

[175] HHS, OIG, *supra* note 161, at p. 4.
[176] HHS, OIG, *supra* note 161, at p. 3.
[177] HHS, OIG, *supra* note 161, at p. 5.
[178] HHS, OIG, *supra* note 161, at p. 6.
[179] HHS, OIG, *supra* note 161, at p. 7.
[180] HHS, OIG, *supra* note 161, at p. 9.
[181] Newsletter, Crain's New York Business, *Nursing Home Magnate Seeks to Offload Stake in Facility Suing Trump HHS for $31M* (Apr. 6, 2026) https://www.crainsnewyork.com/health-care/cny-benjamin-landa-pinnacle-nursing-rehab-20260403/.
[182] In a July 14, 2026 decision, a judge determined that Landa was a "passive investor" and had nothing to do with "day-to-day" operations; the attorney general appealed the decision on August 17, 2026. State of N.Y. v. Comprehensive at Orleans LLC, *Petition*, (N.Y. Sup. Ct. Nov. 29, 2022) (on file with the Attorney General's Office for the State of New York), https://ag.ny.gov/sites/default/files/orleans_nh_petition.pdf; Press Release, Off. of the Att'y Gen. for the State of New York Letitia James, *Attorney General James Sues Orleans County Nursing Home for Years of Fraud and Resident Neglect* (Nov. 29, 2022) https://ag.ny.gov/press-release/2022/attorney-general-james-sues-orleans-county-nursing-home-years-fraud-and-resident; NBC News, *New York Attorney General Letitia James Sues Owners of Long Island Nursing Home* (Dec. 16, 2022) (reporting that at the time, Benjamin Landa's attorney said the lawsuit had no merit, that Landa's ownership stake was 8%, and he had no role in

general's Medicaid Fraud Control Unit (MFCU)–in the lawsuit, the attorney general argued that HHS-OIG had authorized MFCU to pursue possible fraud–"The Villages' egregious mistreatment of residents" had continued up to the time the suit was filed and had seemingly not been deterred by the investigation or notices of deficiencies.[183] The lawsuit alleged in part, "repeated neglect and inhumane mistreatment" of residents under those who owned and operated the facility, and "a long history of insufficient and unqualified staffing and poor quality of care in violation and in reckless disregard of numerous New York State rules, regulations, and laws."[184] According to the lawsuit, Landa and others perpetrated a "looting," as funds, including "tens of millions of dollars in taxpayer" money, flowed into Landa's and others bank accounts.[185]

Residents at The Villages were allegedly not provided "even the most basic care and necessities, such as hygiene, prescribed medications, meals, phones, and hot water," and "routinely sat unattended in dirty adult diapers for hours on end; suffered from unnecessary physical and mental decline; were deprived of essential medical treatment; suffered from pressure sores, infections, and other preventable ailments; and were forced to live in a dilapidated facility, despite receipt of tens of millions of dollars in government reimbursement."[186] Additionally, "[a]lmost immediately after Respondents took control of The Villages in January 2015, The Villages' Five Star quality ratings plummeted, becoming among the worst in the State[187] [...] [n]eglect and mistreatment of The Villages' residents could have been prevented by Respondents' appropriate investment in resident care and staffing."[188]

During the COVID-19 pandemic, The Villages facility was deemed to be placing residents in immediate jeopardy, and in 2021, CMS designated it one of the poorest performing nursing homes in the country. According to the lawsuit, "[i]n May 2020, the New York State Department of Health ("DOH") declared The Villages to be placing residents in their care in 'Immediate Jeopardy' for violating COVID-19 protocols, causing or likely causing, 'serious injury, harm, impairment, or death to a resident.'"[189]

In 2024, a New York Supreme Court judge allowed multiple claims to proceed, Landa appealed in 2025. On July 14, 2026, a New York Supreme Court judge granted Landa's motion to dismiss, finding that, "(1) Respondent Landa is not a provider' as defined by federal law; (2) there is no

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the facilities operations.)
https://www.nbcnews.com/health/aging/new-york-attorney-general-james-sues-nursing-home-owners-rcna62136; State of N.Y. v. Comprehensive at Orleans, *Decision & Order*, No. CA 25-00885, (N.Y. Sup. Ct. July 14, 2026) at pp. 5-6, https://iapps.courts.state.ny.us/nyscef/ViewDocument?docIndex=RwcFIOMeml3Ihy9HkJWRsw==; State of N.Y. v. Comprehensive at Orleans, *Notice of Appeal*, CA 25-00885, (N.Y. Sup. Ct. Aug. 17, 2026) https://iapps.courts.state.ny.us/nyscef/ViewDocument?docIndex=jqHl5PE20tVVAWgMFjMdBw==.

[183] State of N.Y. v. Comprehensive at Orleans LLC, *Petition*, (N.Y. Sup. Ct. Nov. 29, 2022) (on file with the Attorney General's Office for the State of New York), at p. 6, https://ag.ny.gov/sites/default/files/orleans_nh_petition.pdf.

[184] *Id.*, at p. 2.

[185] *Id.*, at p. 7.

[186] *Id.*, at p. 2.

[187] *Id.*, at p. 6.

[188] *Id.*, at p. 7.

[189] *Id.*, at p. 6.

written authorization from the [HHS-OIG] Inspector General to investigate Respondent Landa; the redacted [HHS-OIG] Special Agent has not been shown to be an appropriate designee of the Inspector General's authorization power pursuant to federal law; and therefore, (4) the MFCU's investigation and proceedings against Landa are improper." Landa withdrew his appeal–which was now moot–on July 29, 2026, and it was dismissed on August 3, 2026. On August 17, 2026, the attorney general appealed the July 14, 2026 dismissal.[190]

Landa's Alleged Ownership Scheme at The Villages

According to the attorney general's lawsuit, Landa and others used a complicated financial scheme that concealed the ownership of The Villages nursing home, which effectively put profits over resident care.

Between 2015 and the date the suit was filed in 2022, Benjamin Landa was allegedly a 16.66 percent owner/member of Telegraph Realty LLC (Telegraph),[191] a real property holding company that funds from The Villages flowed to. According to the lawsuit, "Telegraph acquired The Villages' real property from Orleans County effective January 1, 2015, owns the real property where The Villages is located, and was formed for that purpose."[192] Additionally, Benjamin Landa's son-in-law, Joshua Farkovits, was allegedly a 37.5 percent owner/member of Telegraph prior to 2015.[193] According to the lawsuit, an Amended Operating Agreement meant Farkovits was no longer an official member of Telegraph, but he still received "distributions from Telegraph as if he owns an approximately 8% share."[194] The lawsuit alleged that Landa, and others, "made money while abdicating their duties to the residents of The Villages," from January 2015 through June 2022.[195] For Landa, this totaled "over $1.49 million" made from The

[190] The New York attorney general argued that it had approval from HHS to investigate Landa and bring action, and that this approval was obtained from an HHS-OIG special agent with authority from the HHS Inspector General at the time. In the July 14, 2026 dismissal, the judge found that the letter authorizing the investigation did not mention Landa by name and further was not signed by the Inspector General at the time. *See* State of N.Y. v. Comprehensive at Orleans, *Brief for Appellant*, CA 25-00885, (N.Y. App. Div. Dec. 17, 2025) https://iapps.courts.state.ny.us/nyscef/ViewDocument?docIndex=O9mcpulUrlFk72EJy6sLEw==; State of N.Y. v. Comprehensive at Orleans, *Decision & Order*, No. CA 25-00885, (N.Y. Sup. Ct. July 14, 2026) at pp. 5-6, https://iapps.courts.state.ny.us/nyscef/ViewDocument?docIndex=RwcFIOMeml3Ihy9HkJWRsw==; State of N.Y. v. Comprehensive at Orleans, *Stipulation Withdrawing Appeal*, CA 25-00885, (N.Y. App. July 29, 2026) https://iapps.courts.state.ny.us/nyscef/ViewDocument?docIndex=eBLr1D_PLUS_sBjFkVMDXMQxOug==; State of N.Y. v. Comprehensive at Orleans, *Slip Opinion 73889*, CA 25-00885, (N.Y. App. Div. Aug. 3, 2026) https://iapps.courts.state.ny.us/nyscef/ViewDocument?docIndex=ED9y7iKi2dv/89fOmnpJow==; State of N.Y. v. Comprehensive at Orleans, *Notice of Appeal*, CA 25-00885, (N.Y. Sup. Ct. Aug. 17, 2026) https://iapps.courts.state.ny.us/nyscef/ViewDocument?docIndex=jqHl5PE20tVVAWgMFjMdBw==; *see also* ProPublica, *Nominee for Ambassador to Hungary Co-Owns Nursing Home that's Suing the Trump Administration over Medicare Payments* (Mar. 23, 2026) https://www.propublica.org/article/benjamin-landa-ambassador-company-lawsuit.

[191] State of N.Y. v. Comprehensive at Orleans LLC, *Petition*, (N.Y. Sup. Ct. Nov. 29, 2022) (on file with the Attorney General's Office for the State of New York), at pp. 8, 20, https://ag.ny.gov/sites/default/files/orleans_nh_petition.pdf.

[192] *Id.*, at p. 15.

[193] *Id.*, at p. 21.

[194] *Id.*, at p. 21 fn. 12.

[195] *Id.*, at p. 27.

Villages and Telegraph, "although he contributed nothing and failed to prevent the abuse and neglect described herein."[196]

The attorney general further alleged that Landa's and others' "fraudulent conduct included a scheme to hide the facility's true owners and operators" from the state and to hide the nature of the lease agreement between Telegraph and The Villages.[197] The arrangement that Landa and others allegedly implemented to create "automatic profits," occurred prior to ensuring The Villages "expend[ing] sufficient funds on staffing and resident care to meet its legal duties."[198] Additionally, the defendants allegedly used "pre-determined and self-negotiated 'expenses'" and other transfers referred to in the lawsuit as "Up-Front Profit" that took "priority over, and without regard to, ensuring that the nursing home uses the public funds it receives to meet the nursing home's duty to provide required care, with sufficient staffing to render such care, to its residents."[199]

Examples of Harm at The Villages Detailed by the New York Attorney General

The attorney general's lawsuit documented multiple examples of harm at The Villages. It alleges that:

- In early 2020, a resident admitted to The Villages began refusing medication and food and spoke of wanting to die.[200] An outside psychology consultant determined they were at high-risk for self-harm and ordered 30 minute checks on the resident. The Villages repeatedly failed to monitor the resident, and they were found dead 20 days later. The nursing home failed to report the death to the state as required.

- In January 2021, a resident was admitted with a pressure sore near the base of their spine, but did not receive treatment until 18 days after admittance. In June 2021, the resident suffered from "two Stage III pressure sores." The Villages failed to implement a wound treatment regimen until a week after it was initially recommended, and a new dressing was not applied to the wound until July 1, 2021. Additionally, The Villages gave the resident "psychotropic medication" for "severe anxiety," a diagnosis not found in their medical record. Additional medications for "nausea, cough, and pain" were also given without a documented clinical need. The resident's records did not reflect "what care, if any, she was provided before being sent to the hospital." The resident died at the hospital on July 13, 2021. The Villages failed to notify the resident's health care proxy they were sent to the hospital.[201]

[196] *Id.*, at p. 28.
[197] *Id.*, at p. 11.
[198] *Id.*
[199] *Id.*
[200] *Id.*, at p. 4.
[201] *Id.*

- A resident was admitted in November 2020 with a genetic disorder and seizures. The Villages failed to "timely obtain and administer" her anti-seizure medication, "after which she was rushed to the hospital where she stayed for over two weeks." After discharge from the hospital, she suffered "numerous" falls that resulted in "bruising, bleeding, and tooth injury," and "frequently soiled herself" because staff did not respond to her promptly. A state Medicaid Fraud Control Unit member observed that staff did not help her eat despite her care plan requiring it. Additionally, "staff were so ill-trained that [the resident's] mother posted seizure instructions on the wall of [the resident's] room after seeing [the resident] suffer a seizure while staff did not know what to do."[202]

Cold Spring Hills Center for Nursing and Rehabilitation

New York Attorney General: "Repeated Neglect and Inhumane Treatment" at Cold Spring

In December 2022, the New York attorney general filed a lawsuit against Cold Spring and its owners, including Benjamin Landa.[203] According to the lawsuit, Landa was part owner of Cold Spring Realty,[204] the property the Cold Spring facility was located on, between 2016 and 2019 and exercised control with the ability to direct the management and policies of the facility, meaning he was an operator.[205] Landa and others allegedly used a "complex web of related party LLCs in order to control the finances, management, and operations of Cold Spring Hills, and its real estate."[206] Additionally, along with others, Landa allegedly employed the use of interconnected businesses to extract millions in management, consulting and/or fiscal services fees from Cold Spring.[207]

The attorney general's lawsuit alleged, "repeated neglect and inhumane treatment of Cold Spring Hills residents who have suffered while in Respondents' charge,"[208] coupled with "a long history of insufficient staffing and poor quality of care that began well before the COVID-19 pandemic."[209] and "[r]espondents repeatedly and illegally prioritized their personal profit over Cold Spring Hills' legal duty to provide required resident care and necessary staffing to deliver that care, thereby causing physical and emotional harm to vulnerable residents and stripping them of their dignity."[210]

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[202] *Id.*, at pp. 4-5.
[203] State of N.Y. v. Cold Spring Acquisition, LLC, *Petition*, (N.Y. Sup. Ct. Dec. 16, 2022) (on file with the Attorney General's Office for the State of New York), at p. 1, https://ag.ny.gov/sites/default/files/cold_spring_people_of_the_state_of_v_people_of_the_state_of_petition_1.pdf.
[204] *Id*. at p. 32.
[205] *Id.*
[206] *Id*. at p. 45.
[207] *Id*. at p. 46.
[208] *Id*. at p. 2.
[209] *Id*.
[210] *Id*. at p. 4.

Landa and his co-defendants were alleged to have converted for their own benefit $22,626,853.86 in government funds, in part by, "cuts to staffing costs" at the expense of residents who "did not receive the services for which the Medicaid and Medicare programs paid Cold Spring Hills."[211]

The Cold Spring lawsuit contained seven causes of action against Landa and his co-defendants, of which two were granted by a judge in March 2024.[212] The judge found that Landa and his co-defendants had improperly misled the state in how the facility was financed due to the use of an undisclosed promissory note.[213] In June 2016, a "subordinated promissory note" for $16 million at 13 percent interest was executed, and later folded into a refinanced mortgage in 2018, becoming part of the debt service rent charged to the facility. The promissory note was executed between Lending Partners, LLC–an alleged "corporate alter ego" of Cold Spring Realty–and Cold Spring Realty. Landa was a member of Lending Partners, LLC.[214]

Cold Spring argued that it had the right to enter into any loan agreement it deemed appropriate. However, according to the court, "[u]nlike the facts surrounding the Lease Agreement, the facts related to the Promissory Note demonstrate the misleading nature in which certain Respondents presented the anticipated financing of the Facility to the DOH."[215] The judge ordered Landa and other defendants to pay a total of $2,015,556 back to Cold Spring,[216] with Landa ordered to pay $503,889.[217] The lawsuit filed by the attorney general had connected the promissory note with low-pay for staff and harm to residents: the owners of "Cold Spring Realty caused Cold Spring Hills to pay this fraudulent promissory note plus $5.6 million interest to themselves to increase their personal profit while depleting the amount of working capital it had to pay for staffing and care."[218]

Additionally, in the March 2024 ruling, the judge found that Cold Spring had "[failed] to meet the standard of care required and expected" for residents, and further, that "[any] lack of appropriate care, whether it concern a single resident or hundreds of residents, must be

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[211] *Id*. at pp. 132-33.
[212] State of N.Y. v. Cold Spring Acquisition, LLC, *Order*, No. 802, (N.Y. Sup. Ct. Mar. 15, 2024) (on file with the State of New York), at p. 15, https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=RhRQfZkmSeHw4XzB/RZAtg==&system=prod.
[213] *Id.* at pp. 6-10 (showing that the second cause of action contained two elements, "the lease agreement" and "the promissory note to lending partners." The judge ruled the petitioner failed to establish fraud with respect to the lease agreement, but that a cause of action had been established with respect to the promissory note.).
[214] *Id*. at p. 9.
[215] *Id.*
[216] *Id*. at p. 10.
[217] *Id*. at p. 15.
[218] State of N.Y. v. Cold Spring Acquisition, LLC, *Petition*, (N.Y. Sup. Ct. Dec. 16, 2022) (on file with the Attorney General's Office for the State of New York), at p. 134, https://ag.ny.gov/sites/default/files/cold_spring_people_of_the_state_of_v_people_of_the_state_of_petition_1.pdf.

adequately acknowledged by the court as a violation of the law."[219] As a result, the judge ordered that an independent health monitor be installed at the nursing home.

In April 2024, Landa owned B&L Consulting, Benjamin Landa, and his daughter Esther Farkovits, appealed the judge's March 2024 decision. On January 2, 2025, Cold Spring Acquisition, LLC informed the court that it had filed a Chapter 11 bankruptcy petition with the U.S. Bankruptcy Court for the Southern District of New York, and in March 2025 sold itself to a third-party receiver.[220]

Landa's Alleged Ownership Scheme at Cold Spring

As with The Villages, Landa's ownership of Cold Spring came via a web of alleged interconnected entities. The lawsuit detailed the use of a management and fiscal services LLC, a consulting LLC, and an alleged "straw owner" scheme with his daughter Esther Farkovits. According to the attorney general, Landa's interest in Cold Spring took the following forms:

- **Cold Spring Realty**. Landa owned 25 percent of Cold Spring Realty Acquisition, LLC (Cold Spring Realty), which owned the property Cold Spring was located on, with Cold Spring paying the entity rent.[221] Landa allegedly received $2,406,220.50 from this arrangement between 2016 and 2019.[222] The previously mentioned "subordinated promissory note" was executed between Lending Partners, LLC and Cold Spring Realty.[223]

- **B&L Consulting**. Landa was the owner of B&L Consulting, which allegedly received money transfers from Cold Spring Realty as a pass-through entity. Landa received

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[219] State of N.Y. v. Cold Spring Acquisition, LLC, *Order*, No. 802, (N.Y. Sup. Ct. Mar. 15, 2024) (on file with the State of New York), at pp. 12-13, https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=RhRQfZkmSeHw4XzB/RZAtg==&system=prod.

[220] In March 2025, Cold Spring sold itself for $10 to a third-party receiver and changed its name. Cold Spring Acquisition, LLC, Debtor, *Combined Order*, (Bankr. S.D.N.Y. Mar. 20, 2025) https://storage.courtlistener.com/recap/gov.uscourts.nysb.327212/gov.uscourts.nysb.327212.233.0.pdf; ProPublica, *Nominee for Ambassador to Hungary Co-Owns Nursing Home that's Suing the Trump Administration over Medicare Payments* (Mar. 23, 2026) https://www.propublica.org/article/benjamin-landa-ambassador-company-lawsuit. State of N.Y. v. Cold Spring Acquisition, LLC, *Notice of Appeal*, No. 851, (N.Y. Sup. Ct. Apr. 15, 2024) (on file with the State of New York), https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=ocNE/lWZt/xuArfA2n7Taw==&system=prod; State of N.Y. v. Cold Spring Acquisition, LLC, *Notice of Bankruptcy*, (N.Y. Sup. Ct. Jan. 2, 2025) (on file with the State of New York), https://iapps.courts.state.ny.us/nyscef/ViewDocument?docIndex=X/nmKqDwQ4rs5snZLabUAw==.

[221] State of N.Y. v. Cold Spring Acquisition, LLC, *Petition*, (N.Y. Sup. Ct. Dec. 16, 2022) (on file with the Attorney General's Office for the State of New York), at p. 24, https://ag.ny.gov/sites/default/files/cold_spring_people_of_the_state_of_v_people_of_the_state_of_petition_1.pdf.

[222] *Id.* at 141, (according to the New York Attorney General, cash flow from this arrangement included payment of $499,992.00 made by Cold Spring Realty to Landa owned B&L Consulting.).

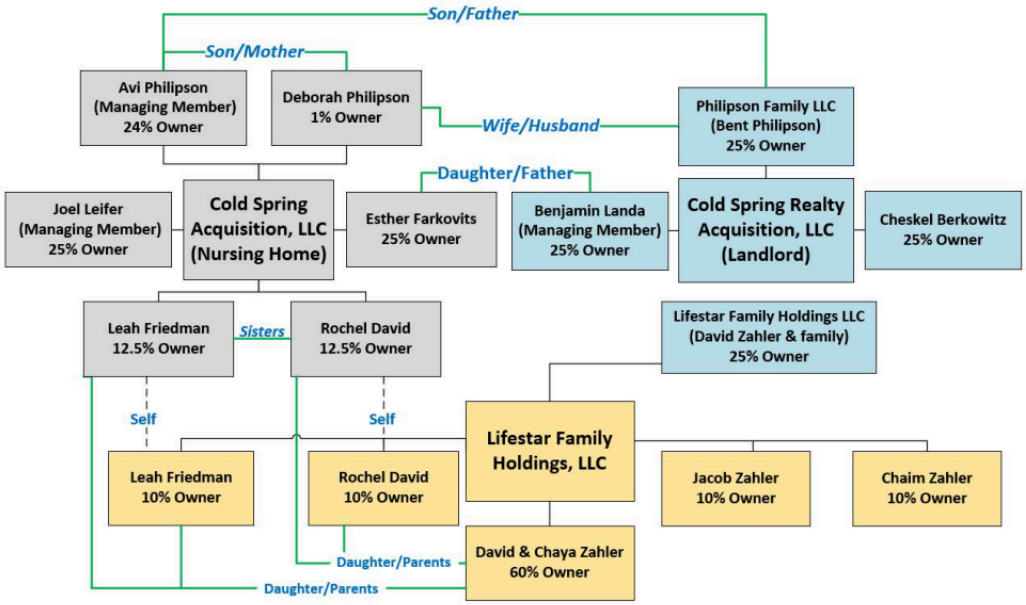
[223] State of N.Y. v. Cold Spring Acquisition, LLC, *Order*, No. 802, (N.Y. Sup. Ct. Mar. 15, 2024) (on file with the State of New York), at p. 9, https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=RhRQfZkmSeHw4XzB/RZAtg==&system=prod.

$499,992.00 from Cold Spring through Cold Spring Realty, "purportedly for 'consulting' services."[224]

- **Sentosa**. Landa was the owner and president of SentosaCare (Sentosa).[225] According to the attorney general, "Sentosa is a purported management and fiscal services LLC that was jointly owned by Respondents Bent Philipson and Benjamin Landa. From 2017 through 2019, Cold Spring Hills paid Sentosa $1,422,646.89 for purported management and fiscal services."[226]

- **Landa's Daughter**. According to the Attorney General, Farkovits was a "straw owner," Landa transferred 25 percent of Cold Spring to his daughter Esther Farkovits, "so that he could exercise control over it."[227] Esther Farkovits testified that "she was wholly unaware of her ownership interest in Cold Spring Hills until she was served with a subpoena in 2022."[228]

Ownership Interests and Familial Relationships of Cold Spring Realty, Cold Spring Hills, and Lifestar



Ownership interest for Cold Spring according to the New York attorney general[229]

[224] *Id.* at p. 26.
[225] *Id.* at p. 32.
[226] *Id.* at p. 35.
[227] *Id.* at p. 32.
[228] *Id.*
[229] *Id.* at p. 46.

Landa's ownership interest in Cold Spring ended sometime in 2019. The evidence of harm to residents presented by the attorney general included stories both preceding and following Landa's exit.[230]

An affidavit submitted by the daughter of a resident suffering from dementia explained the difficulty her mother had communicating her needs, "[f]or example, she could not let anyone know when she had to go [to] the bathroom or when she had a dirty diaper that needed to be changed."[231] According to the daughter, "[r]ight after Sentosa took over, staff alerted me that Cold Spring Hills would only supply each shift with one diaper for my mother. My mother would sit in a dirty diaper until each shift changed. My mother was sitting in a dirty diaper almost every time I visited her at Cold Spring Hills." In May 2018, following Mother's Day brunch, the daughter told an aide her mother needed a diaper change, but there were no towels or diapers in her room, and her mother then "had to wait approximately 45 minutes until her aide, and another aide, changed her."[232] In June 2018, while visiting her mother, she again observed no towels or diapers in the room or "on the unit," and also that a certified nursing assistant was transferred to another unit that day, leaving "only four CNAs for approximately fifty residents."[233]

In another example, in August 2019, a resident entered Cold Spring following a stroke that limited her mobility and communication, preventing her from feeding herself, and leaving her dependent on caregivers at the facility. According to her daughter, the resident was not showered regularly, receiving only three showers during her five-month stay, despite staff documenting that she was receiving regular showers, and telling the daughter she was being showered. Additionally, she was left to sit in a soiled diaper for six hours until staff were able to change her because, according to the staffer, "[s]he is a 2 person assist, and I am the only one here—she will have to wait."[234]

In another example, Cold Spring staff allegedly stopped bathing a resident because the resident refused to take showers, requiring the resident's daughter to travel to the facility to bathe her mother weekly. The resident had been living at Cold Spring since 2018. According to her daughter, beginning in the second half of 2019, staff made the decision to cease bathing. Additionally, the resident experienced an "unwitnessed" fall that resulted in damage to her upper

[230] Two of the examples of harm shared in this report took place during the second-half of 2019, around and immediately subsequent to Landa's exit.
[231] Gagliardi Aff. ¶ 10, https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=x27i3gw114nnBYAgJp5x9g==&system=prod.
[232] *Id*. at ¶ 12.
[233] *Id*. at ¶ 14.
[234] State of N.Y. v. Cold Spring Acquisition, LLC, *Petition*, (N.Y. Sup. Ct. Dec. 16, 2022) (on file with the Attorney General's Office for the State of New York), at p. 5, (noting that this was relayed from a staffer to the resident's other daughter), https://ag.ny.gov/sites/default/files/cold_spring_people_of_the_state_of_v_people_of_the_state_of_petition_1.pdf.

front teeth, "such that her 'upper front teeth were broken off and her root tips and metal posts were exposed.'" The Cold Spring staff dentist recommended leaving the resident's mouth as it was because of the difficulty of creating dentures for a dementia patient; an outside oral surgeon "expressed disbelief at the state of [the resident'] teeth, based on the lack of oral care."[235]

Trump nominated Landa for ambassador not once, but twice. He doubled down on a man who's been dogged by allegations of fraud, neglect, and abuse for years. The millions Landa gave to Trump's Super PAC appear to have meant more than the countless stories of harm at facilities he owned or operated.

III. How Nursing Home Lobbying Shaped the Trump Agenda

At the same time the Trump administration was granting clemency to convicted fraudsters, it was dismantling the nursing home regulations designed to hold owners and operators accountable in the first place. In December 2016, the nursing home's industry trade group sent Trump a "congratulations" following his victory and sent along a list of requested regulatory changes that would effectively reduce nursing home fines.[236] Six months later, the industry received its rollback, as regulators were encouraged to use one time fines instead of daily fines.[237] A March 2019 *KFF* analysis showed the average nursing home fine dropped from $41,260 in 2016 to $28,405 under Trump.[238] These fines are used to hold nursing homes accountable when they do not comply with federal and state nursing home regulations that are meant to safeguard residents and ensure quality care. Harvard Medical School professor David C. Grabowski said of the change, "[f]or those more serious deficiencies it's important to hold them accountable rather than a one-time fine." The number of nursing home contracts terminated by CMS also declined. Between 2014 and 2017, CMS stopped payments to between 14 and 18 homes annually. In 2018, it was only three.[239]

Federal regulations meant to ensure that residents at nursing homes are safe and cared for have either been stripped away or are at risk of being repealed. In April 2024, the Biden administration announced a final "Minimum Staffing Standards for Nursing Homes" rule. The rule established "for the first time, national minimum staffing requirements for nursing homes to improve the care that residents receive and support workers by ensuring that they have sufficient

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[235] *Id*. at pp. 5-6.
[236] Am. Health Care Ass'n. & Nat'l. Ctr. for Assisted Living, *"Congratulations" Letter to President-Elect Trump* (Dec. 15, 2016) https://web.archive.org/web/20200608112614/https://theconsumervoice.org/uploads/files/issues/AHCANCAL-Letter-TrumpAdmin-Attachments.pdf.
[237] NBC News, *supra* note 103.
[238] NPR, *Trump Administration Cuts the Size of Fines for Health Violations in Nursing Homes* (Mar. 15, 2019) (comparing penalties during 2016 and from April 2017 to March 2018), https://www.npr.org/sections/health-shots/2019/03/15/702645465/trump-administration-cuts-the-size-of-fines-for-health-violations-in-nursing-hom.
[239] NBC News, *supra* note 103.

staff."[240] The rule would have required 3.48 hours of nursing care per resident per day and a registered nurse on-site 24/7. Researchers projected it would save 13,000 lives per year.[241] Just a little over a month later, industry executive cash started pouring into Trump's campaign coffers.[242]

Executives who contributed included Norman Estes, the CEO of Alabama based NHS Management, who gave $5,000 to Trump 47 Committee Inc. on May 9, 2024 and an additional $250,000 on June 4, 2024.[243] Ronald Wilheim, co-founder of Longevity Venture Partners, and president of the long-term care division of CommuniCare,[244] gave $258,264.46 to Trump 47 Committee Inc. on May 29, 2024.[245] Bill Weisberg, founder and CEO of Saber Healthcare Group, gave $250,000 to Trump 47 Committee Inc. on June 1, 2024.[246] Douglas Boulware, of Priority Management, gave $150,000 to Trump 47 Committee Inc. on June 4, 2024.[247]

On April 7, 2025, a federal judge in Texas overturned the Biden administration's minimum staffing standard.[248] On July 4, 2025, Republicans in Congress passed H.R. 1, which delayed the final nursing home staffing rule for nine years.[249]

After the passage of H.R. 1 in July 2025, the nursing home industry continued with its campaign giving. The *New York Times* reported that in August 2025, the industry began making contributions to the Trump Super PAC MAGA Inc. that eventually totaled almost $4.8 million.[250] The contributions included Ensign Services Inc. who gave $750,000 to MAGA Inc. on August 8, 2025,[251] $750,000 from SHG Management LLC on August 7, 2025,[252] and $750,000 from

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[240] Press Release, CMS, *Biden-Harris Administration Takes Historic Action to Increase Access to Quality Care, and Support to Families and Care Workers* (Apr. 22, 2024) https://www.cms.gov/newsroom/press-releases/biden-harris-administration-takes-historic-action-increase-access-quality-care-support-families-care.
[241] Letter from Univ. of Penn. Leonard David Inst. of Health Econ. to Sen. Elizabeth Warren (July 8, 2024) https://www.warren.senate.gov/wp-content/uploads/media/doc/letter_from_researchers_to_sen_warren_070824.pdf.
[242] New York Times, *supra* note 2.
[243] FEC, *FEC Form 3X Schedule A Itemized Receipts for Trump 47 Committee, Inc.* (on file with FEC) https://docquery.fec.gov/cgi-bin/fecimg/?202505079759046934.
[244] Longevity Venture Partners, *About Ronald Wilheim, Esq.* (last accessed Sept. 28, 2026) https://www.longevityventurepartners.com/about; https://www.longevityventurepartners.com/ronald-wilheim.
[245] FEC, *FEC Form 3X Schedule A Itemized Receipts for Trump 47 Committee, Inc.* (on file with FEC) https://docquery.fec.gov/cgi-bin/fecimg/?202505079759047546.
[246] FEC, *FEC Form 3X Schedule A Itemized Receipts for Trump 47 Committee, Inc.* (on file with FEC) https://docquery.fec.gov/cgi-bin/fecimg/?202505079759047619.
[247] FEC, *FEC Form 3X Schedule A Itemized Receipts for Trump 47 Committee, Inc.* (on file with FEC) https://docquery.fec.gov/cgi-bin/fecimg/?202505079759046871.
[248] Am. Health Care Ass'n v. Kennedy, *Order*, (N.D. Tex. Apr. 7, 2025) https://litigationtracker.law.georgetown.edu/wp-content/uploads/2024/05/AHCA_2025.04.07_MEMORANDUM-OPINION-AND-ORDER.pdf.
[249] H.R. 1, 119th Congress, Pub. L. No. 119-21, § 71111, https://www.congress.gov/119/plaws/publ21/PLAW-119publ21.pdf.
[250] New York Times, *supra* note 2.
[251] FEC, *FEC Form 3X Schedule A Itemized Receipts for MAGA, Inc.* (on file with FEC) https://docquery.fec.gov/cgi-bin/fecimg/?202601029793901859.
[252] FEC, *FEC Form 3X Schedule A Itemized Receipts for MAGA, Inc.* (on file with FEC) https://docquery.fec.gov/cgi-bin/fecimg/?202601029793901888.

PruittHealth on August 20, 2025.[253] Additionally, entities associated with NHS Management gave $600,000.[254] Later that same month, executives for Ensign Group, Saber Healthcare, PruittHealth Corporation, and NHS Management, along with Trump-fundraiser and industry lobbyist Brian Ballard, and the president and chief executive of the American Health Care Association, attended a lunch with Trump at his golf club outside Washington D.C.[255] At the lunch, attendees reportedly "urged the president to formally repeal the harmful minimum staffing mandate." Trump's lead fundraiser, Meredith O'Rourke, also reportedly attended the meeting.[256]

On December 2, 2025, the Trump administration rescinded the minimum staffing rule. That same month, the Trump administration indefinitely postponed a deadline for nursing home operators to report the details of their ownership structures, another item on the industry's wishlist that allows nursing home bad actors to siphon their profits in complex ownership and management structures.[257]

IV. When Profits Are Prioritized Over People: Staffing Is Cut and Residents Are Harmed

The playbook used by private investors in nursing homes, including PE firms, to extract profits at the expense of residents is well-documented. In the initial phase, the investor acquires nursing homes and identifies "cost centers" that it can reduce. Labor costs, often the most expensive in a facility, are frequently the primary target. Staffing levels are reduced to the regulatory minimum or below. The facility is restructured financially. Real estate may be separated from operations through a sale-leaseback. The operating company, which is the nursing home, takes on debt. Revenue is channeled through related parties, like management companies, staffing agencies, real estate companies, and food and medical supply vendors, which are all owned by the same entity. The nursing home's cost reports submitted to CMS show thin or negative margins while the profits flow to an entity with a shared owner.

As Medicaid and Medicare dollars are siphoned out of the nursing home and into related parties, the facility and its quality of care often deteriorates, and staff turnover accelerates. Inspectors and long-term care ombudsmen try to intervene with the limited enforcement mechanisms they have, and citations accumulate. Throughout this lifecycle, residents bear the costs of decisions made for their financial benefit by people who will never set foot in the facility. The 11 percent increase in mortality probability in PE-owned nursing homes represents the harms experienced

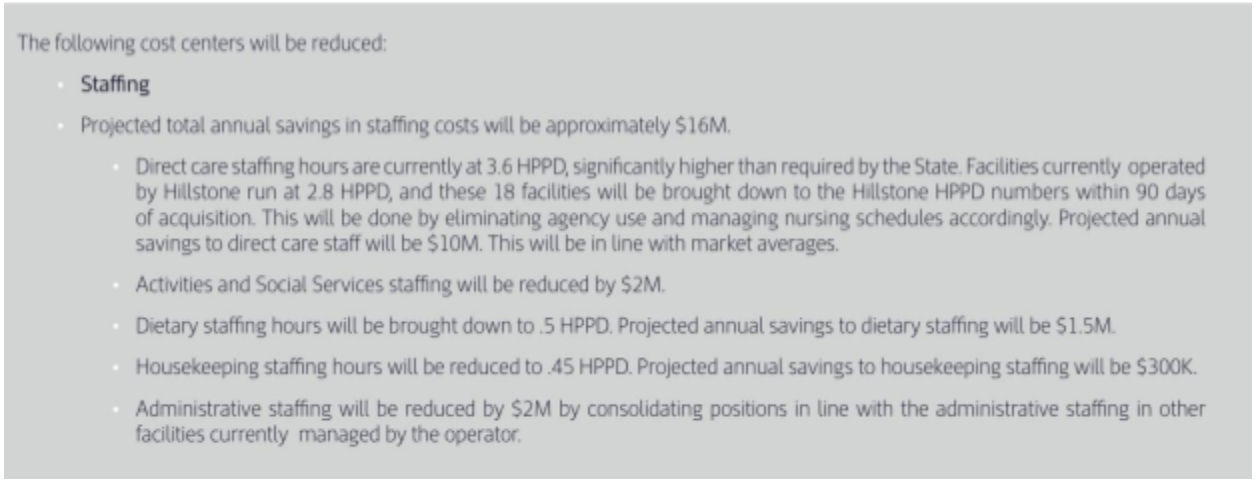
[253] FEC, *FEC Form 3X Schedule A Itemized Receipts for MAGA, Inc.* (on file with FEC) https://docquery.fec.gov/cgi-bin/fecimg/?202601029793901884.
[254] New York Times, *supra* note 2; FEC, *FEC Form 3X Schedule A Itemized Receipts for MAGA, Inc.* (on file with FEC) https://docquery.fec.gov/cgi-bin/fecimg/?202601029793901878; FEC, *FEC Form 3X Schedule A Itemized Receipts for MAGA, Inc.* (on file with FEC) https://docquery.fec.gov/cgi-bin/fecimg/?202601029793901877.
[255] New York Times, *supra* note 2.
[256] New York Times, *supra* note 2.
[257] Washington Post, *Should the Practice of Sedating the Elderly in Nursing Homes be Loosened?* (Mar. 6, 2026) https://www.washingtonpost.com/health/2026/03/06/dementia-alzheimers-nursing-homes-antipsychotics/; *see also* McKnights Long-Term Care News, *CMS Set to Suspend Nursing Home Medicare Revalidation Process Indefinitely* (Dec. 9, 2025) https://www.mcknights.com/news/revalidation/.

by residents in these facilities.[258] In some cases, the facility goes into bankruptcy while the investor PE firm and its owner are able to retain the wealth made from related parties.

Case Study: What Goes Wrong when Bad Actors Own Nursing Homes-Goldner Capital Management

Goldner Capital Management, a PE firm led by Sam Goldner, owned the operations of multiple nursing homes in Missouri, Ohio, South Carolina, and Tennessee. According to an "Investment Offering Memo" obtained by the Committee and pictured below in Figure 4, the firm's acquisition strategy relies on reducing operational costs, specifically by cutting staffing levels. These decisions have devastating consequences for resident care and safety. Committee staff spoke to the long-term care ombudsman in Tennessee who documented–and tried to intervene to prevent–the harm Goldner's acquisition, management, and bankruptcy caused to the residents.

Figure 4: Snapshot: "Investor Offering Memorandum" from Goldner Capital Management



The following cost centers will be reduced:

- Staffing
- Projected total annual savings in staffing costs will be approximately $16M.
  - Direct care staffing hours are currently at 3.6 HPPD, significantly higher than required by the State. Facilities currently operated by Hillstone run at 2.8 HPPD, and these 18 facilities will be brought down to the Hillstone HPPD numbers within 90 days of acquisition. This will be done by eliminating agency use and managing nursing schedules accordingly. Projected annual savings to direct care staff will be $10M. This will be in line with market averages.
  - Activities and Social Services staffing will be reduced by $2M.
  - Dietary staffing hours will be brought down to .5 HPPD. Projected annual savings to dietary staffing will be $1.5M.
  - Housekeeping staffing hours will be reduced to .45 HPPD. Projected annual savings to housekeeping staffing will be $300K.
  - Administrative staffing will be reduced by $2M by consolidating positions in line with the administrative staffing in other facilities currently managed by the operator.

According to the ombudsman, Goldner Capital Management acquired several nursing homes in Tennessee in 2020. Following Goldner's acquisition of Viviant Healthcare of Murfreesboro, complaints almost immediately increased. In 2020, concerns primarily involved delays in basic care, such as call lights in resident rooms going unanswered. By 2021 and into early 2022, the severity of the complaints escalated significantly. Ombudsman reports documented increasing instances of neglect and failures in wound care and medication management.

By mid-2022, conditions at one of the facilities had deteriorated dramatically. A leaking roof caused repeated flooding and mold growth. Broken washing machines and a lack of hot water left residents without clean clothing or showers. The facility ran out of essential supplies,

[258] Nat'l. Bureau of Econ. Rsch., Owner Incentives and Performance in Healthcare: Private Equity Investment in Nursing Homes, (Feb. 2021, rev. Aug. 2023) at p. 3, https://www.nber.org/system/files/working_papers/w28474/w28474.pdf.

including briefs, wipes, towels, and even bandages, leading to rationing of care items and missed basic needs.

By late 2022, the consequences of Goldner's understaffing and cost-cutting were evident across all aspects of care delivery:

- Residents were sent to the hospital within hours of admission due to unmanaged pain.
- Pharmacy orders were not filled, leaving residents without their medication.
- Residents were heard screaming in pain for extended periods without intervention.
- Communal dining was eliminated due to insufficient staff, and food portions were rationed, with residents fed on $6 per day.
- Call light response times worsened significantly, delaying critical assistance.
- Mechanical lifts intended to require two staff members were operated by only one, increasing the risk of serious injury and death.
- Some residents were left in bed for weeks at a time due to a lack of staff to assist with mobility.

The situation became so severe that the State of Tennessee was forced to intervene, providing emergency funding to ensure minimal staffing and supplies as the facility entered closure proceedings. In December 2023, it was announced that the Murfreesboro facility would officially close with layoffs completed by January 2024.[259]

These failures in care were foreseeable. Goldner's "Investment Offering Memorandum" pictured above included a plan to sell each property the nursing home sat on to a shell company. That company would then charge the nursing home high rents in a "triple net lease" in which the home is expected to pay all ongoing maintenance and operating expenses in addition to rent.[260] Meanwhile, Goldner cut staffing and left residents in their care to suffer.

Case Study: CareTrust REIT and a Sacramento Nursing Home

A *KFF Health News* investigation revealed meddling and profiteering by CareTrust REIT at a nursing home in Sacramento, California.[261] While CareTrust asserted that it did not operate the home, records filed in the case revealed that CareTrust was also "not an absentee landlord." They

[259] Senate Finance Committee staff spoke with the Tennessee long-term care ombudsmen in October, 2025. Layoffs were expected to be completed by Jan. 14, 2024. Becker's Hosp. Rev., *Tennessee Nursing Homes Closing; 79 Layoffs Announced* (published Dec. 28, 2023, captured July 20, 2025) https://web.archive.org/web/20250720143919/https://www.beckershospitalreview.com/post-acute/tennessee-nursing-home-closing-79-layoffs-announced/; Press Release, CMS, *Notice to Public of Involuntary Termination of Viviant Healthcare of Murfreesboro* (date of release Dec. 12, 2023, captured Aug. 4, 2025) https://web.archive.org/web/20240302111655/https://www.cms.gov/files/document/tennessee-viviant-healthcare-murfreesboro-12-12-2023.pdf; WJHL News Channel 11, *Viviant Owner has Multiple Closed Nursing Homes* (Nov. 20, 2023) https://www.wjhl.com/news/investigations/viviant-owner-has-multiple-closed-nursing-homes/.

[260] Letter from Nat'l. Consumer Voice for Quality Long-Term Care to Assistant Att'y. Gen. Kanter, Fed. Trad. Comm'n. Chair Khan, & Sec. Becerra (June 3, 2024) at p. 8, https://theconsumervoice.org/wp-content/uploads/2024/07/RFI-6-3-24.pdf.

[261] NPR, *Real Estate Investors are Buying Up Long-Term Care Facilities. Residents can Suffer* (Apr. 19, 2026) https://www.npr.org/2026/04/19/nx-s1-5786242/profit-landlord-real-estate-investment-trust-nursing-homes-safety.

chose the nursing home management company and tracked staffing expenditures, bed occupancy rates, and Medicare quality ratings of the facility.[262]

The actions of CareTrust REIT in the Sacramento nursing home came to light when a woman who lived in the home was hospitalized in 2020 with open bedsores on her legs, hips, and heels and a five-inch gash on her tailbone. She died from infections and bedsores two weeks after hospitalization. Her family's lawyers exposed that the nursing home operated a mechanical lift with only one staffer, leading them to drop her multiple times. There were not enough staff to comply with the two-person requirement for operating such mechanical lifts. This is similar to stories that the Committee heard from the long-term care ombudsman in the Tennessee Goldner Capital Management case. Her lawyer summarized the issue: **"There's plenty of money. They're just not spending it on patient care."**[263]

The research on REIT ownership and nursing home quality is mixed but troubling. Federal tax law prohibits REITs from directly operating health care facilities, but researchers have found that REITs can and do exert tremendous influence on the management of nursing homes.[264] While one study found REIT investments were associated with higher spending on nursing wages,[265] another found that after REIT acquisition, nursing homes reduced RN staffing.[266]

Despite their scale and influence, REITs remain largely invisible to state and federal health regulators. The Biden administration sought to close part of this gap. The November 2023 CMS ownership transparency rule required nursing homes to disclose private equity and REIT involvement. Under President Trump, CMS indefinitely suspended this requirement.[267] A CMS spokesperson stated that the agency does not regulate facilities based on their tax status or corporate form and instead focuses on quality of care.[268] The suspension means that families choosing a nursing home for a loved one have limited knowledge of whether the nursing home is owned by PE, whether a REIT owns the land, or what burdensome financial obligations the REIT's lease imposes on the facility's operating budget.

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[262] *Id.*
[263] KFF Health News, *supra* note 30.
[264] Ctr. for Econ. and Pol'y. Rsch., *The Role of Public REITs in Financialization and Industry Restructuring* (July 9, 2022) at pp. 33-35, https://www.ineteconomics.org/uploads/papers/WP_189-Batt-Appelbaum-Public-REITS-2.pdf.
[265] Dunc Williams Jr., et. al., Health Affairs Scholar, *Nursing Home Finances Associated with Real Estate Investment Trust and Private Equity Investments*, Vol. 2, Issue 4 (Apr. 15, 2024) https://academic.oup.com/healthaffairsscholar/article/2/4/qxae037/7645605?login=false.
[266] Robert Tyler Braun, et. al., Health Affairs, *The Role of Real Estate Investment Trusts in Staffing US Nursing Homes*, Vol. 42, Issue 2 (Jan. 25, 2023) https://www.healthaffairs.org/doi/10.1377/hlthaff.2022.00278.
[267] Washington Post, *Should the Practice of Sedating the Elderly in Nursing Homes be Loosened?* (Mar. 6, 2026) https://www.washingtonpost.com/health/2026/03/06/dementia-alzheimers-nursing-homes-antipsychotics/; CMS, *Guidance for SNF Attachment on Form CMS-855A* (Feb. 24, 2026) https://www.cms.gov/files/document/guidance-snf-attachment-855a.pdf; Medicare and Medicaid Programs; Disclosures of Ownership and Additional Disclosable Parties Information for Skilled Nursing Facilities and Nursing Facilities; Medicare Providers' and Suppliers' Disclosure of Private Equity Companies and Real Estate Investment Trusts, 88 Fed. Reg. 80141 (proposed Nov. 17, 2023) (to be codified at 42 C.F.R. pts. 424 and 455) https://www.federalregister.gov/documents/2023/11/17/2023-25408/medicare-and-medicaid-programs-disclosures-of-ownership-and-additional-disclosable-parties.
[268] NPR, *supra* note 261.

The lack of information on nursing home ownership is not only troubling for the residents and their families who are harmed, but for the regulators whose job it is to protect taxpayer dollars and root out bad actors. The same patterns of poor care and financial extraction documented in one acquisition tend to recur across subsequent acquisitions, with no longitudinal oversight mechanism to track the behavior of specific investors across their entire portfolios over time. An owner that mismanages one chain of nursing homes extracts what value it can at the expense of the residents. The owner can then exit in bankruptcy and can simply restart the cycle again with a new acquisition. Without a system for tracking ownership changes, tying prior conduct to licensing and enrollment decisions, and imposing consequences that follow investors–not just individual facilities–the same bad actors will continue to cycle through the industry.

Staffing Standards and the Consequences of Understaffing

Bad actors may choose to understaff their nursing homes, not due to resource constraints, but instead to siphon profit–and the financial structures documented throughout this report help explain why. Understaffed nursing homes have a grave impact on the lives of residents, with residents more likely to suffer harm and neglect as a result.[269] Pressure sores; lack of hygiene; elopements, when staff are unaware that a resident has left a nursing home; physical restraints; and the overuse of antipsychotic or other psychotropic drugs, which when used for staff convenience or to control or punish patients become "chemical restraints,"[270] are just some of the consequences residents face. As Alianne Sipes, Utah's long-term care ombudsman said, "[s]taffing is the root cause of almost all concerns that we see in facilities."[271] Additionally, understaffed nursing homes can lead to burnout for the staff on duty,[272] creating a vicious cycle detrimental to the recruitment and retention necessary to maintain even the current, unacceptable, status quo.

The National Consumer Voice for Quality Long-Term Care found in their 2024 survey report of residents, *The Impact of Understaffing on the Daily Lives of Nursing Home Residents*, that 88 percent of residents "stated their facilities lacked the staff necessary to meet the needs of the residents living in their facilities."[273] Citing inconsistent staffing and lack of available staff, 58 percent said they were not given their medication on time, and 56 percent of residents said their medication was late several times a week.[274] Residents cited inadequate staffing as a reason for missing or not receiving showers. Seventy-four percent of residents responded that they or

[269] The Nat'l. Consumer Voice for Quality Long-Term Care, *The Impact of Understaffing on the Daily Lives of Nursing Home Residents* (2024) https://theconsumervoice.org/wp-content/uploads/2024/04/The_Impact_of_Understaffing_on_Residents.pdf.
[270] 42 C.F.R. § 483.13(a) ("The resident has the right to be free from any physical or chemical restraints imposed for purposes of discipline or convenience, and not required to treat the resident's medical symptoms.") https://www.govinfo.gov/content/pkg/CFR-2014-title42-vol5/pdf/CFR-2014-title42-vol5-sec483-13.pdf.
[271] Fox13, *'A Question of Life or Death': How Understaffing Affects Care in Utah's Nursing Homes* (May 19, 2026) https://www.fox13now.com/news/fox-13-investigates/a-question-of-life-or-death-how-understaffing-affects-care-in-utahs-nursing-homes.
[272] The Guardian, *US Nursing Home Workers Face 'Catastrophic Crisis' of Understaffing* (Nov. 7, 2023) https://www.theguardian.com/us-news/2023/nov/07/us-nursing-home-workers-face-catastrophic-crisis-understaffing.
[273] The Nat'l. Consumer Voice for Quality Long-Term Care, *supra* note 269, at p. 1.
[274] The Nat'l. Consumer Voice for Quality Long-Term Care, *supra* note 269, at p. 6.

someone they know in their facility had been "neglected or hurt because of understaffing."[275] Resident comments included:[276]

- "Lack of staff and nurses caring for too many residents."
- "Showers are only given twice a week and sometimes missed all together."
- "Some residents have not had a shower in months, told there is not enough staffing."
- "No showers for weeks, meds constantly late or skipped, call lights not answered for hours."
- "I often go 12-hour shifts without seeing a single staff member."
- "I've waited up to three hours for help and that's just one of many everyday occasions."
- "Don't receive assistance when needed leading to falls or infections."

In 2025, the DOJ intervened and filed a complaint against ProMedica Health System, Inc. and various affiliated entities, including HCR ManorCare Inc. and four nursing homes located in Pennsylvania, Ohio, South Carolina, and Virginia.[277] DOJ alleged in its complaint that the four nursing homes provided "nonexistent, grossly substandard" care, and in part, "failed to maintain adequate staffing levels."[278] According to the DOJ, former employees at the four facilities said staffing levels would be increased during inspection periods, "thereby portraying the facility as adequately staffed," after which they would be decreased to "inadequate staffing levels."[279] DOJ further alleged that when regional or corporate employees would visit the facilities, employees would "complain about inadequate staffing levels and its negative impact on resident care."[280]

According to the DOJ, the four nursing homes failed to provide adequate "wound care to prevent pressure ulcers, failed to maintain residents' hygiene and provide showers as required, and failed to provide residents with appropriate assistance with feeding, which led to severe weight loss in many cases."[281] Additionally, in an effort to conceal the substandard care, DOJ alleged services were falsely documented in resident medical records, indicating that care was provided when it was not.[282]

Unfortunately, nursing homes experienced the brunt of the COVID-19 pandemic, and this only exacerbated the problem of understaffing in nursing homes. More than 1,300 nursing homes had extremely high COVID-19 infection rates (75 percent or more) during the spring and fall 2020

[275] The Nat'l. Consumer Voice for Quality Long-Term Care, *supra* note 269, at p. 8.
[276] The Nat'l. Consumer Voice for Quality Long-Term Care, *supra* note 269, at pp. 6-7, and 9.
[277] Press Release, DOJ, *United States Intervenes and Sues ProMedica Health System, Inc. and Its Affiliates for Providing Grossly Substandard Nursing Homes Services* (Sep. 2, 2025) (explaining that DOJ intervened and filed complaint under False Claims Act) https://www.justice.gov/opa/pr/united-states-intervenes-and-sues-promedica-health-system-inc-and-its-affiliates-providing.
[278] United States v. HCR Manorcare, Inc., *U.S. Consolidated Complaint*, No: 16-cv-0851 (E.D. Pa. Aug. 28, 2025) at 2 https://storage.courtlistener.com/recap/gov.uscourts.paed.514298/gov.uscourts.paed.514298.73.0.pdf.
[279] *Id.* at p. 5.
[280] *Id.* at p. 6.
[281] *Id.* at pp. 2-3.; DOJ, *supra* note 277.
[282] United States v. HCR Manorcare, Inc., *U.S. Consolidated Complaint*, No: 16-cv-0851 (E.D. Pa. Aug. 28, 2025) at 3 https://storage.courtlistener.com/recap/gov.uscourts.paed.514298/gov.uscourts.paed.514298.73.0.pdf.

surges, and nursing homes with these extremely high infection rates had an average mortality rate of 20 percent.[283] Nursing homes experienced over 200,000 deaths.[284] Overworked staff, facing a shortage of personal protective equipment and fear of infection, left their jobs in droves. This only exacerbated the issues of sufficient staffing. As Laura Mills from Human Rights Watch said, "[e]ven before the pandemic, the US government failed to ensure that nursing homes were adequately staffed and regulated."[285]

Bad actors count on understaffing to increase profits

Understaffing can be a choice as much as it is a symptom of any nursing home specific labor market dynamic. As documented in this report, owners and operators use complex financial arrangements to siphon money out of nursing homes for profit, instead of investing in appropriate staffing and resident care.

In December 2025, the New Jersey Office of the State Comptroller (OSC) released the results of an investigation into the operations of the Hammonton Center for Rehabilitation and Healthcare (Hammonton)[286] and Deptford Center for Rehabilitation and Healthcare (Deptford)[287] nursing homes.[288] According to OSC, owners Daryl Hagler and Kenneth Rozenberg, "inflated rent payments from the nursing homes to their property companies, intentionally understaffed both facilities, and diverted to themselves tens of millions of dollars in Medicaid funding intended to be used to care for vulnerable residents."[289] OSC said Hagler and Rozenberg, "maximized their profits in part by failing to pay for staff to care for residents," and chronic understaffing resulted in "substandard care that stripped residents of their dignity." Both facilities were designated Special Focus Facilities (SFF) by CMS multiple times during the OSC review period.[290]

According to OSC, understaffing led to missed medication doses, emergency calls, and unsanitary conditions, "leading to preventable suffering and at least one known tragic outcome." Due to the lack of direct care staff, residents sat in soiled diapers, and call bells went unanswered

[283] HHS, OIG, *Lessons Learned During The Pandemic Can Help Improve Care in Nursing Homes* (Feb. 2024) https://oig.hhs.gov/documents/evaluation/9808/OEI-02-20-00492.pdf.
[284] KFF, *Over 200,000 Residents and Staff in Long-Term Care Facilities Have Died From COVID-19* (Feb. 3, 2022) (including both staff and residents in figure) https://www.kff.org/covid-19/over-200000-residents-and-staff-in-long-term-care-facilities-have-died-from-covid-19/.
[285] Human Rts. Watch, *US: Concerns of Neglect in Nursing Homes* (Mar. 25, 2021) https://www.hrw.org/news/2021/03/25/us-concerns-neglect-nursing-homes.
[286] ProPublica, *Nursing Home Inspect: Hammonton Center for Rehabilitation and Healthcare* (Updated Aug. 2026) https://projects.propublica.org/nursing-homes/homes/h-315209.
[287] ProPublica, *Nursing Home Inspect: Deptford Center For Rehabilitation And Healthcare* (Updated Aug. 2026) https://projects.propublica.org/nursing-homes/homes/h-315174/.
[288] New Jersey Office of the State Comptroller, *An Investigation of Fraud, Waste, and Abuse in Two New Jersey Nursing Homes* (Dec. 10, 2025) https://www.nj.gov/comptroller/reports/2025/20251210.shtml; Star-Ledger, *These 2 nursing homes pocketed millions while leaving residents in 'deplorable conditions,' N.J. says* (Dec. 10, 2025) https://www.nj.com/news/2025/12/these-2-nursing-homes-pocketed-millions-while-leaving-residents-in-deplorable-conditions-nj-says.html.
[289] *Id.*
[290] *Id.* (showing that the Office of the State Comptroller review period was 2019 to 2024.).

with residents screaming for help. According to OSC, Hammonton was understaffed by an average of nearly 52 percent daily, and Deptford by an average of 54 percent daily.[291]

Elopement is a consequence of understaffing

Across the country, public reporting has documented incidents of elopement among nursing home residents, with residents with dementia at higher risk of elopement. Common measures to address elopements include increased staff monitoring, one-on-one staff supervision, and wearable devices that signal when a resident has left a specific area.[292] Understaffing exacerbates the risk of elopement, and solutions such as wearable devices are sometimes implemented in lieu of appropriate staffing.[293]

On August 27, 2025, CMS terminated Princess Anne Health & Rehabilitation Center (Princess Anne), a nursing home in Virginia Beach, VA, from participation in the Medicare and Medicaid programs.[294] In February 2025, Princess Anne was cited for inadequate supervision after a resident was found by a family member in their room "bleeding profusely" with "blood-soaked" clothes in the sink after sustaining a "significant injury." The resident was found to have eloped, with staff not knowing, not providing care, and not immediately calling emergency services.[295] The nursing home was also cited for violations related to failure to treat pressure ulcers. As part of the investigation, nurse aides reportedly told investigators, "they often were unable to turn and reposition residents every two hours due to staffing shortages," and "sometimes did not feel good about the care they provided because they did not have enough help."[296]

Local reporting in Salt Lake City, Utah documented the myriad impacts of understaffing at Utah nursing homes, including elopements and sexual abuse.[297] Their coverage included an instance of elopement in September 2023, when Vietnam War veteran James Buchanan, who had dementia and a history of wandering away, died after eloping from a secured memory unit at South Ogden Post Acute in South Ogden, Utah.[298] Nobody saw him leave, and the following day, he was found

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[291] *Id.*
[292] McKnights, *Preventing Elopement: How to Keep Your Residents Safe* (Oct. 10, 2024) (suggesting mitigation approaches including staff training, residential assessments and environmental designs, and GPS monitoring.) https://www.mcknightsseniorliving.com/home/columns/marketplace-columns/preventing-elopement-how-to-keep-your-residents-safe/.
[293] Hartford Courtant, *CT Woman's Death Raises Questions About Technology and Staffing. She Somehow Got Through a Doo*r (Feb. 16, 2026) (quoting Sam Brooks, the Director of Public Policy for the National Consumer Voice for Quality Long-Term Care, "WanderGuard is something that nursing homes rely on in lieu of staffing.") https://www.courant.com/2026/02/16/ct-womans-death-raises-questions-about-technology-and-staffing/.
[294] CMS, *Legal Public Notice of Mandatory Termination From Medicare/Medicaid Program* (last accessed Sept. 28, 2026) https://www.cms.gov/files/document/virginia-princess-anne-health-rehabilitation-center-081225.pdf.
[295] WTVR, *Injuries, Falls, Neglect: Virginia Nursing Home at Risk of Shutting Down After 'Extremely Rare' Federal Action* (Aug. 29, 2025) https://www.wtvr.com/news/local-news/virginia-beach-nursing-home-federal-action-aug-29-2025.
[296] *Id.*
[297] Fox13, *supra* note 271.
[298] Fox13, *Older Adults are Wandering Away from Utah Care Facilities, Sometimes with Tragic Outcomes* (Jan. 25, 2026) https://www.fox13now.com/news/fox-13-investigates/older-adults-are-wandering-away-from-utah-care-facilities-sometimes-with-tragic-outcomes.

by police "floating face down in a canal," according to a lawsuit filed by his family. As of September 2026, South Ogden Post Acute was designated as a CMS Special Focus Facility Program (SFF),[299] meaning it had "a history of serious quality issues and are included in a special program to stimulate improvements in their quality of care."

In June 2024, the former director of nursing at Avoca Specialty Care in Iowa,[300] sued her former employer alleging in part, the facility had "a policy of forcing residents into facilities that do not have space or staff to appropriately care for residents."[301] Other facilities owned by the same company, Care Initiatives, had previously been cited for major violations, including resident abuse and neglect.[302] According to *Iowa Capital Dispatch*, in 2022 at Creston Specialty Care,[303] a woman eloped from the facility, triggering alarms, but no staff responded. She was found by a local hospital employee at the bottom of a hill.[304] At Ravenwood Specialty Care,[305] state inspectors found one wing of the dementia unit, where seven residents lived, left completely unstaffed.[306] Inspectors asked a resident who was sitting alone at the nurses station where staff were, to which he responded he did not know. An inspector also watched a resident rummage through a trash bin attached to an unlocked medication cart. When an RN was informed, she became tearful, saying she was doing her best as she was working alone to cover both wings of the dementia unit.[307]

Lack of staff training and high staff turnover lead to increased elopement risk

Carol Clove Petitti eloped from South Hills Rehabilitation Center (South Hills) in Eugene, Oregon on the afternoon of July 5, 2026, and the police found her dead three days later. Carol lived with dementia and Parkinson's disease, used a wheelchair, and reportedly attempted to leave the home on at least two occasions in the two days prior to July 5.[308] On July 15, 2026, following her death, the Oregon Department of Human Services (ODHS) issued a new licensing

[299] CMS, *Special Focus Facility (SFF) Program* (Updated Sept. 26, 2026) https://www.cms.gov/files/document/sff-posting-candidate-list-june-2026.pdf.
[300] CMS, *Avoca Specialty Care* (Updated Aug. 26, 2026) https://www.medicare.gov/care-compare/details/nursing-home/165294?city=Avoca&state=IA.
[301] Iowa Cap. Dispatch, *Nurse Alleges Understaffing and Unsafe Conditions in Iowa Care Facility* (June 13, 2024) https://iowacapitaldispatch.com/2024/06/13/nurse-alleges-understaffing-and-unsafe-conditions-in-iowa-care-facility/.
[302] Iowa Cap. Dispatch, *Six Iowa Nursing Homes Run By One Company Are Fined For Abuse and Neglect* (Nov. 3, 2022) https://iowacapitaldispatch.com/2022/11/03/six-iowa-nursing-homes-run-by-one-company-are-fined-for-abuse-and-neglect/.
[303] CMS, *Creston Specialty Care* (Updated Aug. 26, 2026) https://www.medicare.gov/care-compare/details/nursing-home/165199/view-all?state=IA.
[304] Iowa Cap. Dispatch, *supra* note 302.
[305] CMS, *Ravenwood Specialty Care* (Updated Aug. 26, 2026) https://www.medicare.gov/care-compare/details/nursing-home/165251/view-all?state=IA.
[306] Iowa Cap. Dispatch, *supra* note 302.
[307] Iowa Cap. Dispatch, *supra* note 302.
[308] OPB, *Eugene Rehab Center Barred from Accepting New Residents After Patient's Death* (July 19, 2926) https://www.opb.org/article/2026/07/19/eugene-rehab-center-barred-from-accepting-new-residents-after-patient-death/; KLCC, *Missing, Engaged Woman in Wheelchair Sought in Eugene* (July 6, 2026) https://www.klcc.org/news-briefs/2026-07-06/missing-endangered-woman-in-wheelchair-sought-in-eugene; KLCC, *Missing Woman from Care Facility in South Eugene Found Dead* (July 8, 2026) https://www.klcc.org/news-briefs/2026-07-08/missing-woman-from-care-facility-in-south-eugene-found-dead.

condition finding the facility "failed to prevent elopement,"[309] and barred it from accepting new residents until it took steps to correct its deficiencies.[310] South Hills held a one star rating from CMS and was listed as a candidate to become a Special Focus Facility.[311]

State investigators found that South Hills "failed to provide appropriate care for residents with dementia," and as part of correcting its deficiencies, needed to "develop and implement a safety plan to address regulatory compliance problems," and ensure all staff were trained to properly care for residents with dementia.[312]

The lack of adequate staff training may have been a result of the high staff turnover rate at the nursing home. According to CMS, South Hills had a 67.5 percent total nursing staff turnover rate, significantly higher than the national average of 45.8 percent and state average of 47.4 percent. The nursing home also had a whopping 92.3 percent registered nurse turnover rate compared to a national average of 42.9 percent and a state average of 51.6 percent.[313] CMS notes that "[l]ower turnover is preferred because staff who work in facilities for longer periods of time may become more familiar with the residents and the facility's operating procedures," qualities that are associated with better outcomes for nursing home residents.[314] Additionally, registered nurse hours per resident per day were substantially lower than both the national and state average. RN hours per resident per day at South Hills were 28 minutes, compared to a national average of 41 and state average of 43.[315]

Since current operator Volare Health assumed operations of South Hills in March 2023, the facility has had persistent compliance issues, including substantiated abuse violations and fifteen licensing violations for failing to provide appropriate staffing, with the most recent staffing violation occurring in September 2025.[316] Other violations included poor medication management and failure to ensure resident safety.[317]

Like many of the nursing homes in this report, South Hills is owned and operated through a complex financial structure. The legal business name for South Hills is Camas Ridge Rehabilitation Center LLC.[318] The owner with a five percent or greater direct ownership interest is Pac 12 Opco Holdco LLC, and the operating company, founded by Eliezer Schwartz, is Volare

[309] Oregon Dept. of Human Servs., *Provider Details - South Hills Rehabilitation Center*, Regulatory Action Details: CALMS - 00118118 (effective 7/15/26) (The notice that the facility failed to prevent elopement is found under the "Regulatory Actions" tab) https://ltclicensing.oregon.gov/Providers/Details/385167.
[310] *Id.*; *see also* OPB, *supra* note 308.
[311] OPB, *supra* note 308.
[312] KVAL, *State Cites Four Rules Violations in South Hills Ban on New Patients* (July 16, 2026) https://kval.com/news/local/state-cites-four-rule-violations-in-south-hills-ban-on-new-patients.
[313] CMS, *South Hills Rehabilitation Center Overall Rating* (Updated Aug. 26, 2026) https://www.medicare.gov/care-compare/details/nursing-home/385167/view-all?state=OR&measure=nursing-home-staffing.
[314] *Id.*
[315] *Id.*
[316] Oregon Dept. of Human Servs., *supra* note 309.
[317] OPB, *supra* note 308.
[318] CMS, *supra* note 313.

Health, which operates sixteen facilities spread across three states, with one in Hawaii, four in Louisiana, and eleven in Oregon.[319]

In a March 2024, bankruptcy court hearing related to the acquisition of certain nursing home assets,[320] Schwartz said that Volare was his current operating company. Schwartz is also the managing member of Nexus Capital XIII, LLC (Nexus Capital),[321] which appears to be one of the entities used by Schwartz to acquire new properties. According to Schwartz, "different entities" are used for mergers and acquisitions, and "either they float into the Volare umbrella or other, on their other umbrellas."[322] In the same hearing, the Chief Legal Officer of Volare, Benjamin Sparks, named Candour Management[323] as another of Volare Health's subsidiaries, using it as a special purpose entity "for the purposes of acquisition and Candor [sic] is a member of Nexus."[324]

Volare Health is also associated with the massive health care REIT Welltower,[325] which appears to be–currently or previously–the landlord for some if not all of Volare's facilities.[326] According to documents filed with the Oregon Secretary of State, the listed manager for Camas Ridge Rehabilitation Center LLC (South Hills) was Eliezer Schwartz, and the business activity provided was, "operate skilled nursing facility."[327] According to CMS, the single listed entity with a five percent or greater mortgage interest was Camas Ridge Propco LLC,[328] which according to filings with the state was a "holding company," with the member/owner listed as "WT Oregon Landlord LLC."[329] WT Oregon Landlord LLC was disclosed by Welltower as a subsidiary in a 2023 regulatory filing with the Securities and Exchange Commission (SEC).[330] According to documents filed with the Oregon Secretary of State, WT Oregon Landlord LLC

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[319] In re Nashville Senior Care, LLC., *Debtor's Brief in Support of Motion for Directed Judgement on Def.'s Expedited motion for Specific Performance and Temporary Restraining Order and Preliminary Injunction; Informal Transcript Of March 5, 2024 Hearing* (Bankr. M.D.T.N. 2024), at p. 24 https://cases.stretto.com/public/x272/12423/PLEADINGS/1242303072480000000129.pdf; Volare Health, *Our Locations,* https://www.volarehcm.com/locations/.

[320] In re Nashville Senior Care, LLC., *Debtor's Brief in Support of Motion for Directed Judgement on Def.'s Expedited motion for Specific Performance and Temporary Restraining Order and Preliminary Injunction; Informal Transcript Of March 5, 2024 Hearing* (Bankr. M.D.T.N. 2024) https://cases.stretto.com/public/x272/12423/PLEADINGS/1242303072480000000129.pdf.

[321] *Id.* at p. 24.

[322] *Id.* at pp. 24-25.

[323] *Id.* at pp. 54-55 (In the transcript Candour Management is spelled as "Candor").

[324] *Id.* at p. 55 (Candour was named as the operating entity in the acquisition of Volare's Hale Nani Rehab & Nursing Center in Honolulu, Hawaii with the property acquired by WT Hawaii Landlord LLC per the sale agreement.); Hawai'i State Health Plan. and Dev. Agency, *Administrative Application - Certification of Need Program for Acquisition of SNF/ICF Services* (Dec. 2, 2022) https://health.hawaii.gov/shpda/files/2023/01/sh2424a.pdf.

[325] Welltower, *Home* (last accessed Sept. 28, 2026) https://welltower.com/.

[326] This section focuses on South Hills Rehabilitation Center, however Committee staff have identified other Volare Health facilities in Oregon and Hawaii where a similar relationship appears to exist.

[327] Oregon Sec'y of State (SOS) Corp. Div., *Amended Annual Report For Camas Ridge Rehabilitation Center LLC* (June 15, 2026) https://records.sos.state.or.us/ORSOSCMSearch/Search/RecordViewer.aspx?uri=16158961.

[328] CMS, *supra* note 313.

[329] Oregon SOS Corp. Div., *Amended Annual Report for Camas Ridge Propco LLC* (July 29, 2026) https://records.sos.state.or.us/ORSOSCMSearch/Search/RecordViewer.aspx?uri=16242981.

[330] Welltower 10-K EX-21 (filed Feb. 21, 2023) (on file with SEC) https://www.sec.gov/Archives/edgar/data/766704/000076670423000010/exhibit21-10xk2022.htm; Welltower, *Annual Report* (2022) https://www.sec.gov/Archives/edgar/data/766704/000119312523098484/d413485dars.pdf.

was a "property entity owner" and its member/owner was PAC 12 Propco Holdco LLC with a mailing address of 4500 Dorr St. Toledo, Ohio, the corporate headquarters for Welltower.[331]

The case of South Hills demonstrates how complex ownership arrangements and management structures can lead bad actors to prioritize profits over workers and residents. Furthermore, these confusing arrangements leave an open question on which entity is ultimately responsible for overseeing the care delivered to residents of a given skilled nursing facility. This leads nursing homes to cut high labor costs, deprioritize training, and leave nursing home residents at risk of elopement and even death.

Chemical restraints are a dangerous alternative to adequate staffing

Nursing homes, with limited exceptions, are required to report the use of antipsychotics, the usage of which is incorporated into the nursing home's star quality rating as a means to deter overuse or inappropriate use of these medications. Beyond sedation, the overuse of psychotropic drugs including antipsychotics, which when used for staff convenience or to control or punish patients become "chemical restraints," can lead to an increased risk of fall, stroke, and death.[332] The use of "chemical restraints" may also qualify as abuse under domestic law, and cruel, inhuman, and degrading treatment under international law.[333] Any inappropriate use of antipsychotics or other psychotropic drugs is inhumane. Inadequate staffing exacerbates their overuse, as Sam Brooks from the National Consumer Voice for Quality Long-Term Care said, "[w]hat we have often seen is to make up for the inadequate staffing, some facilities use drugging, chemical restraints."[334]

According to the 2018 Human Rights Watch report *"They Want Docile" How Nursing Homes in the United States Overmedicate People with Dementia*, in an average week nursing facilities in the United States administered antipsychotic drugs to more than 179,000 people who lacked a diagnosis for which the drugs were approved.[335] Off-label use is common and legal, however as the report notes, "the problem with the use of antipsychotic drug [sic] in older people with dementia is beyond the issue of legality" as elderly patients with "'dementia-related psychosis' treated with antipsychotic drugs are at an increased risk of death."[336] While there can be difficulty in obtaining consent from residents with dementia, that does not absolve staff of the responsibility to do so, as "control[ing] people without their knowledge or against their will in nonemergency situations violates international human rights."[337] And as Human Rights Watch found, in many cases, nursing facilities made no effort to obtain "meaningful, informed consent

[331] Oregon SOS Corp. Div., *Amended Annual Report for WT Oregon Landlord LLC* (June 30, 2026), https://records.sos.state.or.us/ORSOSCMSearch/Search/RecordViewer.aspx?uri=16187711.
[332] Washington Post, *supra* note 257.
[333] Human Rts. Watch, *"They Want Docile": How Nursing Homes in the United States Overmedicate People with Dementia* (Feb. 2018) at p. 2 https://www.hrw.org/sites/default/files/report_pdf/us_nursinghomes0218_web.pdf.
[334] Washington Post, *supra* note 257.
[335] Human Rts. Watch, *supra* note 333 at p. 1.
[336] Human Rts. Watch, *supra* note 333 at p. 24.
[337] Human Rts. Watch, *supra* note 333 at 5.

from the individual or a health proxy" prior to administering medication, in cases where it clearly would have been possible.[338]

The Washington Post reported on examples of patients at nursing homes who were unnecessarily given antipsychotics. These include a man in Minnesota who kept a blanket over his head because he was upset at the death of his wife,[339] a man in Philadelphia who yelled during two evening shifts, and a man in Michigan who was "left sitting in his own waste for hours because he was so overmedicated with one of the drugs, he could not hit a call button to summon staff for help."[340]

In *"They Want Docile*," Human Rights Watch interviewed staff, residents and their families, and advocates. What they found was that instead of antipsychotic drugs being used as a last resort after all nonpharmacological interventions had been attempted unsuccessfully, they were "used sometimes almost by default for the convenience of the facility, including to control people who are difficult to manage."[341] A social worker at one facility said the most common behaviors leading to antipsychotic drug prescriptions were, "someone constantly crying out 'help me, help me, help me.'" Another social worker said, "the nursing homes don't want behaviors. They want docile."[342] This overreliance and inappropriate use of antipsychotics is compounded by understaffing, as one long-term care ombudsman told Human Rights Watch, "[i]nsufficient CNAs [certified nurse aides] is the crux of the antipsychotics problem."[343]

In 2012, following complaints and investigations showing inappropriate use of antipsychotics, CMS began requiring facilities to self-report their use. This reporting resulted in a reduction in the rates of antipsychotic prescription at nursing homes, but problems persisted.[344] The use of antipsychotic medication by facilities has an impact on the facilities CMS five star quality rating. Facilities with a high rate of antipsychotic medication use results in a reduced star quality rating.[345] Exclusions are permitted for schizophrenia, Tourette syndrome and Huntington's disease.[346] CMS has in the past resisted expanding exclusions.[347]

In 2021, HHS-OIG issued a report that showed nursing homes may not have been reporting all uses of antipsychotics. HHS-OIG further identified that facilities may have been falsely

[338] Human Rts. Watch, *supra* note 333 at 5.
[339] Washington Post, *supra* note 257.
[340] Washington Post, *supra* note 257.
[341] Human Rts. Watch, *supra* note 333 at p. 4.
[342] Human Rts. Watch, *supra* note 333.
[343] Human Rts. Watch, *supra* note 333 at p. 70.
[344] Washington Post, *supra* note 257.
[345] Washington Post, *supra* note 257.
[346] CMS, *Updates to the Nursing Home Cate Compare Website and Five Star Quality Rating System: Adjusting Quality Measure Ratings Based on Erroneous Schizophrenia Coding, and Posting Citations Under Dispute* 1 (Jan. 18, 2023) https://www.cms.gov/files/document/qso-23-05-nh-adjusting-quality-measure-ratings-based-erroneous-schizophrenia-coding-and-posting.pdf.
[347] McKnights, *CMS Leader Balks on Broader Use of Antipsychotic Drugs* (Apr. 25, 2023) https://www.mcknights.com/news/cms-leader-balks-on-antipsychotic-drugs-for-broader-uses/.

diagnosing residents with schizophrenia to qualify them for the exclusion so their star quality rating would not be negatively impacted.[348] The 2021 HHS-OIG report found one-third of residents that nursing homes reported as having schizophrenia did not have that diagnosis in Medicare claims, signaling overdiagnosis.

In March 2026, HHS-OIG released two reports further detailing both the inappropriate use of antipsychotics in nursing homes and the inappropriate diagnosing of residents with schizophrenia to mask their misuse.[349] In its report focusing on inappropriate diagnosis, HHS-OIG found that nursing homes were falsely labeling patients with schizophrenia, allowing them to use the exception and prevent their use from counting against their CMS star quality rating.[350] HHS-OIG found "[n]ursing homes inappropriately diagnosed residents with schizophrenia to mask the nursing homes' misuse of antipsychotic drugs and to artificially inflate their star ratings." Additionally, "[m]edical directors made inappropriate schizophrenia diagnoses," facilities, "used inappropriate schizophrenia diagnoses to skirt Medicare safeguards," and by "inappropriately diagnosing schizophrenia, nursing homes compromised residents' care."

In the separate March 2026 HHS-OIG report concerning the inappropriate use of antipsychotics at nursing homes, OIG found residents with dementia were given antipsychotics to manage their behavior, "for the benefit of staff,"[351] with justifications that included giving the drugs to a resident who signaled, "a need to use the bathroom." According to the report, "one nursing home psychiatrist [told] a surveyor outright that '[the] medications are more [for the] benefit of [the] staff.'"[352]

V. How Private Equity-Driven Bankruptcy Impacts Nursing Homes

The aggressive financial strategies deployed by PE firms heighten operational risk, and studies have linked these strategies to a ten-fold increase in nursing home bankruptcies.[353] In these instances, rather than serving as a neutral legal or financial restructuring tool, entering bankruptcy is associated with a decline in resident outcomes. Research shows that filing for

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[348] Washington Post, *supra* note 257; HHS, OIG, *CMS Could Improve the Data it Uses to Monitor Antipsychotic Drugs in Nursing Homes* (May 2021) https://oig.hhs.gov/documents/evaluation/3089/OEI-07-19-00490-Complete%20Report.pdf.
[349] HHS, OIG, *Nursing Homes' Inappropriate Use of Antipsychotic Drugs Poses a Risk to Residents* (Mar. 2026) https://oig.hhs.gov/documents/evaluation/11547/OEI-02-23-00200.pdf; HHS, OIG, *Nursing Homes Inappropriately Diagnosed Residents with Schizophrenia to Mark the Misuse of Antipsychotic Drugs* (Mar. 2026) https://oig.hhs.gov/documents/evaluation/11548/OEI-02-23-00201.pdf.
[350] HHS, OIG, *Nursing Homes Inappropriately Diagnosed Residents with Schizophrenia to Mark the Misuse of Antipsychotic Drugs* (Mar. 2026) https://oig.hhs.gov/documents/evaluation/11548/OEI-02-23-00201.pdf.
[351] HHS, OIG, *Nursing Homes' Inappropriate Use of Antipsychotic Drugs Poses a Risk to Residents* (Mar. 2026) https://oig.hhs.gov/documents/evaluation/11547/OEI-02-23-00200.pdf.
[352] *Id* at p. 3.
[353] Amy Stulick, Skilled Nursing News, *Inside PE's 'Financial Gamesmanship': PE-Owned Nursing Homes Face 10 Times Greater Bankruptcy Risk, Higher Mortality* (Mar. 10, 2026) https://skillednursingnews.com/2026/03/inside-pes-financial-gamesmanship-pe-owned-nursing-homes-face-10-times-greater-bankruptcy-risk-higher-mortality/.

Chapter 11 bankruptcy[354] is associated with a 10 percent increase in weekly staff turnover and an estimated 47 percent increase in voluntary worker departures.[355] Additionally, bankruptcy is followed by a rapid deterioration in facility health inspection performance and inflicts measurable patient harm, driving a 4.1 percent increase in hospitalization rate, a 14 percent increase in bedsores, and a 77 percent increase in physical restraint use.[356]

Chapter 11 bankruptcy can be weaponized as a financial shield by allowing parent investors to insulate assets and discharge legal liabilities while passing the operational damage onto residents and staff. When negligence lawsuits or debt pile up, the owners can use Chapter 11 to freeze pending litigation such as medical negligence or wrongful death settlements and leave injured residents to receive pennies on the dollar.[357] Once bankruptcy courts wipe away or restructure these debts and third-party liabilities, the parent firm can exit the investment with its extracted capital intact, leaving severe clinical negligence.

Case Study: Genesis HealthCare

An investigation into the Chapter 11 bankruptcy of Genesis HealthCare highlights how PE owners use legal reorganizations and corporate restructuring to shield themselves from billions in liability while operational conditions degrade for residents and staff.

The financial downfall of Genesis began in 2007, when two PE firms acquired the company in a $1.5 billion leveraged buyout. Then, in 2011, its PE owners sold off a majority of the company's real estate assets to the healthcare REIT Welltower for $2.4 billion. While the sale secured substantial payouts for investors, the transaction burdened Genesis operations with expensive lease payments and long-term real estate obligations.[358] By March 2021, these fixed costs pushed Genesis to the brink of bankruptcy, leading PE firm ReGen Healthcare to invest $100 million in exchange for a 93 percent equity stake.[359] On July 9, 2025, Genesis filed for bankruptcy. It was

[354] "Chapter 11 bankruptcy" refers to proceedings that permit a reorganization under bankruptcy laws. *See* 11 U.S.C. §§ 1101-1195. This is distinct from "Chapter 7 bankruptcy," which refers to proceedings that require liquidation. *See* 11 U.S.C. §§ 701-784.
[355] Nat'l. Bureau of Econ. Rsch., *Healthcare Provider Bankruptcies* (May, 2025), at pp. 1-2; 3 https://www.nber.org/system/files/working_papers/w33763/w33763.pdf.
[356] *Id* at p.2.
[357] Daily Briefing, Advisory Board, *A Private Equity Firm Purchased a Major Nursing Home Chain. What Happened Next?* (Nov. 28, 2018) https://www.advisory.com/daily-briefing/2018/11/28/nursinghome; Boston Globe, *Troubled Nursing Chain Genesis Sells Itself in Controversial Bankruptcy Deal* (Dec. 1, 2025) https://www.bostonglobe.com/2025/12/01/metro/genesis-healthcare-nursing-homes-bankruptcy/; Reuters, *Bankrupt nursing home company Genesis pauses lawsuits against owners, employees* (Oct. 8, 2025) https://www.reuters.com/legal/litigation/bankrupt-nursing-home-company-genesis-pauses-lawsuits-against-owners-employees-2025-10-08/; KFF, *How Delays and Bankruptcy Let a Nursing Home Chain Avoid Paying Settlements for Injuries and Deaths* (Dec. 9, 2025) https://kffhealthnews.org/aging/nursing-homes-genesis-bankruptcy-liability-settlements-dallas-new-mexico/; KFF, *Judge in Nursing Home Bankruptcy Case Gives Families Fresh Hope of Compensation for Injuries, Deaths* (Dec. 19, 2025) https://kffhealthnews.org/health-industry/nursing-homes-genesis-bankruptcy-judge-ruling-delayed-settlement-payments/.
[358] KFF, *How Delays and Bankruptcy Let a Nursing Home Chain Avoid Paying Settlements for Injuries and Deaths* (Dec. 9, 2025) https://kffhealthnews.org/aging/nursing-homes-genesis-bankruptcy-liability-settlements-dallas-new-mexico/.
[359] Boston Globe, *Troubled Nursing Chain Genesis Sells Itself in Controversial Bankruptcy Deal* (Dec. 1, 2025) https://www.bostonglobe.com/2025/12/01/metro/genesis-healthcare-nursing-homes-bankruptcy/.

spending $8 million a month to litigate its more than 200 malpractice, wrongful death, or other injury related lawsuits.[360]

Under ReGen's equity control, operational quality fell dramatically. The proportion of Genesis facilities earning above-average ratings from the CMS sank from 38 percent to 15 percent, while its overall average facility star rating dropped from 2.98 to 2.29 out of 5 stars.[361]

The human impact of this operational decline was exposed following the death of 96-year-old Viola Whittemore at Academy Manor, a Genesis-operated nursing home in Massachusetts.[362] According to a lawsuit filed by the family, Whittemore died after being left unattended, falling, and sustaining head injuries. Ambulance records revealed that when emergency medical responders arrived at the locked nursing home, a staff member acknowledged them outside but failed to open the door for over two minutes while the EMTs knocked and rang the bell. EMTs eventually found Whittemore unresponsive on the floor; she died an hour later at the hospital.

Jillian, Viola's granddaughter, who has now inherited this lawsuit from her mother, stated Genesis was mistaken if they thought she would not keep her mother's protracted legal battle alive, and that her grandmother was a kind woman who did not deserve to die on a cold nursing home floor, adding "[t]hey need to be held accountable [...] They are trying to pull a fast one, and it's so not right."[363]

On October 14, 2026, a U.S. bankruptcy judge approved Genesis' liquidation plans. The roughly 170 facilities were acquired by 101 West State Street LLC, an affiliate of New Generation Health LLC, in a deal valued around $1 billion.[364] Recoveries for personal injury and wrongful death tort claimants were estimated at 26 percent.

Conclusion

This investigation demonstrates that a weakened nursing home regulatory landscape has allowed bad actors investing in nursing homes like Joseph Schwartz, Philip Esformes, Paul Walczak, and Benjamin Landa to profit while seniors and people with disabilities in their care suffer. These individuals appear to have used their political connections to the Trump network to avoid accountability, and they were rewarded with posh appointments and acts of clemency. Joseph Schwartz and Philip Esformes stole millions from taxpayers while nursing homes they owned

[360] Reuters, *Bankrupt nursing home company Genesis pauses lawsuits against owners*, employees (Oct. 8, 2025) https://www.reuters.com/legal/litigation/bankrupt-nursing-home-company-genesis-pauses-lawsuits-against-owners-employees-2025-10-08/.
[361] Sens. Warren, Welch and Blumenthal, Rep. Goodlander, *Letter to Louis Robichaux IV, Joel Landau, Russell A. Perry* (Oct. 7, 2025) https://www.warren.senate.gov/wp-content/uploads/media/doc/letter_on_genesis_healthcare_bankruptcy_10725.pdf.
[362] Boston Globe, *Granddaughter vows justice as nursing home giant shirks $1.6b claims* (Nov. 11, 2025) https://www.bostonglobe.com/2025/11/11/metro/nursing-home-private-equity-bankruptcy/.
[363] *Id*.
[364] Bloomberg Law, *Genesis Healthcare Wins Court Approval of Bankruptcy Plan*, Sale (Oct. 14, 2026) https://news.bloomberglaw.com/health-law-and-business/genesis-healthcare-wins-court-approval-of-bankruptcy-plan-sale.

disregarded resident welfare, leading to tragic deaths. Paul Walczak defrauded employees and the federal government by keeping nursing home employee payroll taxes for himself. Benjamin Landa used a complex web of holding companies to avoid accountability for alleged "repeated neglect and inhumane mistreatment" of residents at his nursing home, where residents were allegedly not provided "even the most basic care and necessities." At the same time that the Trump Administration was rewarding these fraudsters, the same government officials and a sophisticated lobbying network dismantled nursing home regulations meant to protect residents and taxpayers.

These bad actors are part and parcel of a nursing home system that is rigged against residents and favors third party arrangements and private equity profiteering in nursing homes. The influx of private equity into the landscape over the past quarter century has led to swelling profits for those companies, and the REITs they partner with, and a steep decline in the adequacy of care provided to residents. In many cases, most profits brought in through complex ownership arrangements are funneled away from nursing home residents and workers. And, while these bad actors are growing in number, the nursing home surveyors and long-term care ombudsmen who work to ferret out abuse and neglect, are seeing their budgets and enforcement capacity reduced every year.

This systemic change in the nation's nursing home landscape is no accident. It follows a now well-worn playbook that begins with corporate buyouts and ends with health care facilities reduced to the barest operating margins, severe understaffing, government regulators unable or unwilling to step in, and very few if any pathways for redress and accountability against the new corporate owners. When nursing homes cut staff so that people like Joseph Schwartz and Benjamin Landa can profit, it comes at a stark cost for the people that nursing homes are meant to serve.

Congress must act with the urgency that the dire situation in America's nursing homes requires. The bad actors documented in this report did not operate in a vacuum. They thrived because federal nursing home oversight is underfunded, ownership structures are opaque, and staffing standards are weak. Nursing home residents deserve a comprehensive update of outdated regulations to ensure they receive the highest quality care. Achieving these reforms is a top priority for Democrats.

Senate Democrats recently released a request for information that outlines proposals to address both the structural conditions that allowed the nursing home bad actors profiled in this report to thrive and the harm Trump and Republicans have done to make this problem worse.[365]

[365] Request for Information, Senate Finance Comm. Minority Staff, *Delivering An Affordable Home Care Guarantee for American Families* (Oct. 16, 2026) https://www.finance.senate.gov/imo/media/doc/101626_sfc_long-term_care_rfi.pdf.

People who live in America's nursing homes deserve to live in a safe environment that is free from abuse and neglect. Democrats will deliver that safety and peace of mind that Americans deserve.