

# How Private Equity Raided Safety Net Hospitals and Left Communities Holding the Bag

A Case Study on Leonard Green & Partners' Ownership of Prospect Medical Holdings



## Summary

**P**rospect Medical Holdings is a safety net hospital system that was owned by private equity firm Leonard Green & Partners from 2010-2021. Over the course of its ownership, Leonard Green siphoned hundreds of millions of dollars in dividends and fees from the hospital chain even as its hospitals suffered quality and operational issues that hurt patients and workers. Leonard Green sold its stake in Prospect last year after assuring stakeholders that the hospital company was well-capitalized and financially stable. Now it appears Leonard Green's chickens are coming home to roost – Prospect's hospitals are in poor financial shape, shutting down services and laying off hundreds of workers. Leonard Green, however, lined its pockets and left the communities Prospect serves holding the bag.

Leonard Green's raiding of Prospect serves as a cautionary for the dangers of private equity investment in healthcare. This is the story of how the private equity firm (mostly) got away with it.

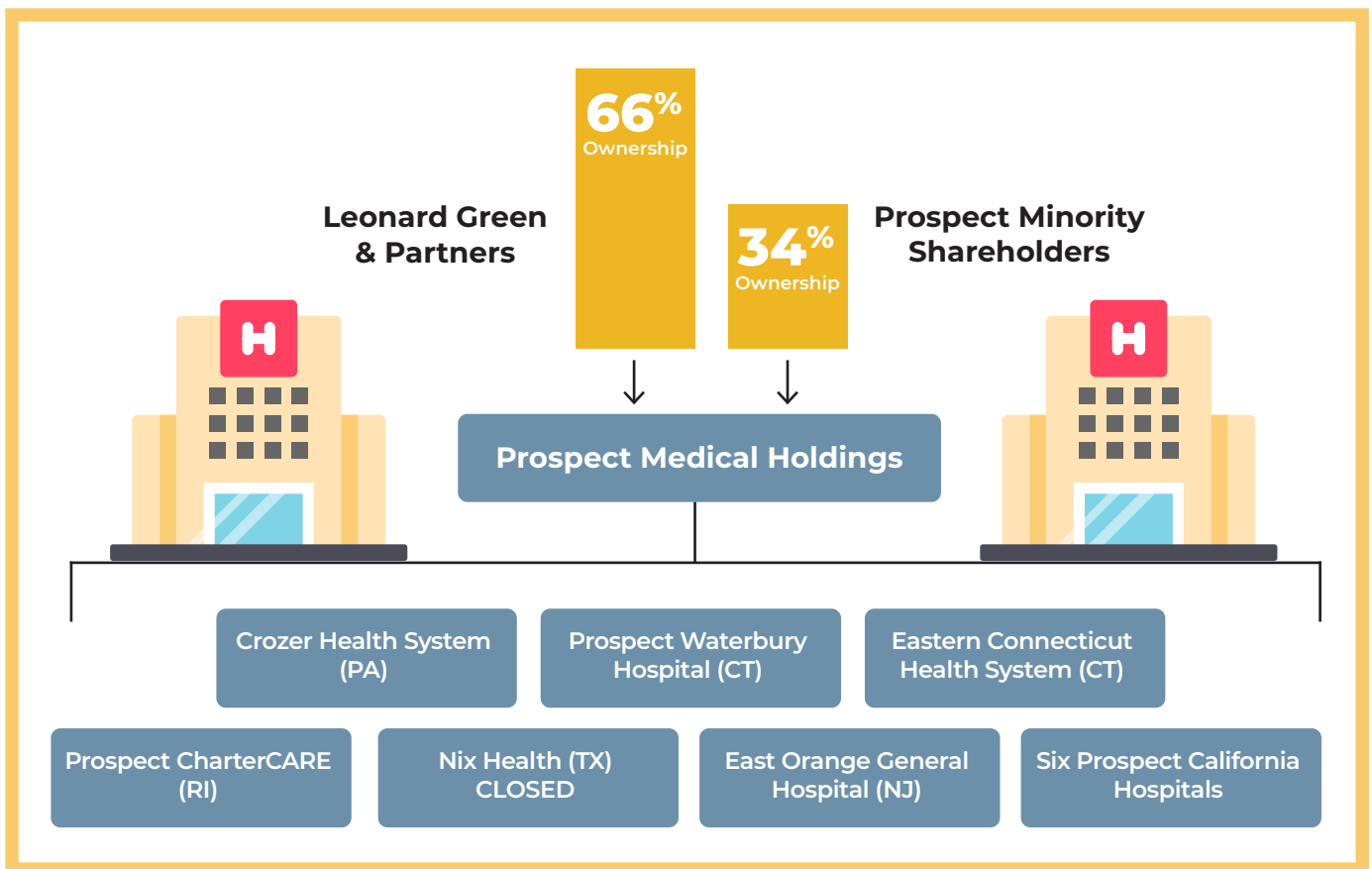


Prospect Medical Holdings is a hospital chain that until recently owned 17 hospitals in 5 states: California, Connecticut, New Jersey, Pennsylvania, Rhode Island.<sup>1</sup> Most of Prospect’s hospitals are safety net hospitals, which are designated to serve low-income, uninsured, and vulnerable populations.

Between 2010 and 2021 Prospect was owned by Los Angeles-based private equity firm Leonard Green & Partners.<sup>2</sup> Under Leonard Green’s ownership Prospect expanded aggressively, buying and converting non-profit hospitals until it grew from a handful of hospitals in southern California to a large multi-state system.

Over the course of its ten-year ownership, Leonard Green and Prospect’s minority owners took approximately \$658 million in fees and dividends from the safety net hospital chain in part by saddling it with debt and using the proceeds of the loans to pay themselves.<sup>3</sup> They collected this money out of Prospect even as many of its hospitals suffered deteriorating financial conditions and quality concerns – between FY 2015 and FY 2020, Leonard Green continued to profit while the hospital company took a \$603 million cumulative comprehensive loss.<sup>4</sup>

Now Prospect is seeking to sell off hospitals, laying off workers, and cutting or reducing critical services. Despite the hospitals’ distress, Leonard Green appears to have profited immensely.



However, despite what happens to Prospect and its hospitals, Leonard Green is off the hook – in June 2021 [Leonard Green sold its majority stake in Prospect](#) to the minority shareholders after a contentious year-long investigation by regulators into the company’s finances.<sup>5</sup>

Leonard Green’s acquisition and expansion of Prospect appears to have been aimed at creating a platform to raise debt so it could siphon off hundreds of millions of dollars in dividends and fees. It then sold its majority stake in the company for a nominal sum, leaving the hospitals with substantially fewer resources and greater liabilities.

## Leonard Green’s Looting of Prospect

Over the course of its ownership, the Leonard Green-led group added over a billion dollars in debt to Prospect’s balance sheet, even as it used that debt to pay itself hundreds of millions in dividends and fees. Leonard Green did this primarily through a financial tactic called dividend recapitalization, where a private equity firm uses debt leveraged onto a company that it owns to extract cash dividends.

The largest dividend that Prospect’s owners collected directly contradicted a commitment Prospect made to state regulators. When making its bid to acquire hospitals in Rhode Island in 2014, Prospect assured the Office of the Attorney General and the State Department of Health that it did not intend to make additional dividend distributions to its ownership group in the foreseeable future.<sup>6</sup> Prospect paid the \$457 million dividend to the Leonard Green-led group in 2018, just four years later. That same year, Prospect generated a \$244 million net loss.<sup>7</sup>

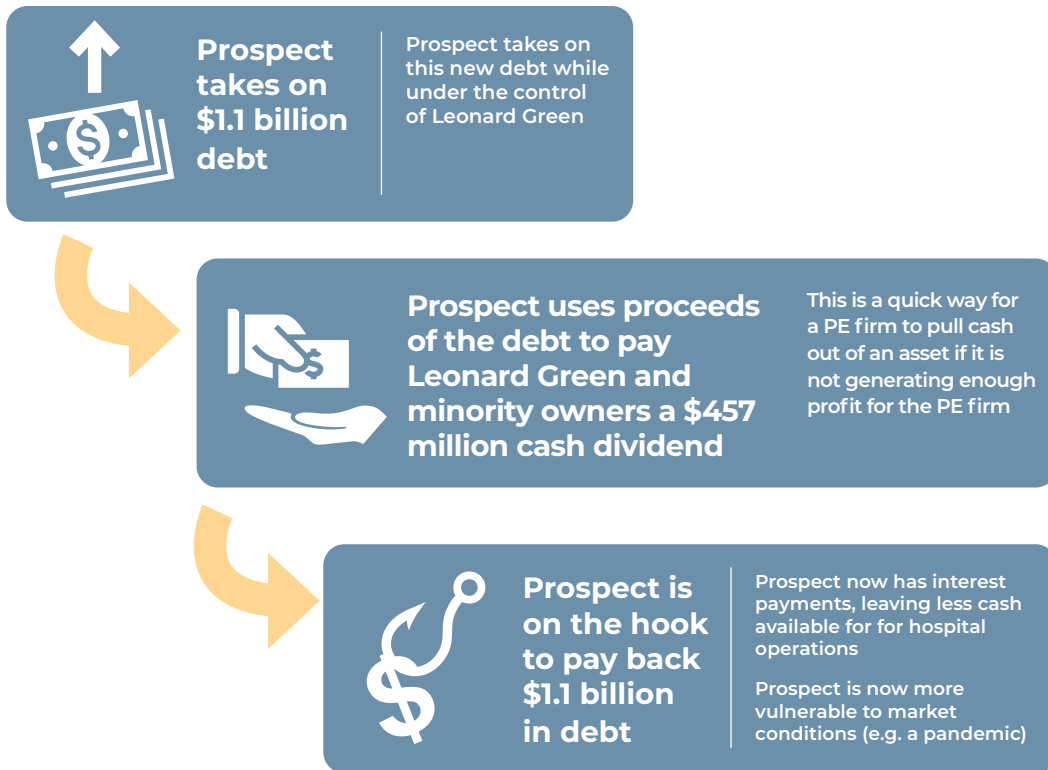
Following the \$457 million dividend, Prospect ran out of cash by early 2019, forcing the owners to provide a \$41 million emergency cash infusion.<sup>8</sup> Later that year the owners collected \$44 million to offset the cash infusion.<sup>9</sup>

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## What is a dividend recapitalization?

Dividend recapitalizations are transactions by which private equity firms load debt onto companies they own to give themselves cash payouts. In a dividend recapitalization transaction, a company will take on new debt and then use the proceeds of the loan to provide a special dividend to its private equity owners.



The tactic has been widely criticized by both supporters and skeptics of the private equity model for needlessly saddling companies with debt to extract capital without making substantive operating improvements. This puts those companies at risk for restructuring, bankruptcy, or cost cutting to make up the interest payments and pay off debt.

Rhode Island AG Peter Neronha wrote of the dividend: “The scale and timing of the 2018 Dividend is especially troubling: When it was paid, the \$457 million represented approximately 60 days of PMH’s operating expenses. And it came at a time when PMH had only 1 day’s worth of cash on hand.”<sup>10</sup>

“All told, from 2012 to 2020, Leonard Green, Lee, and Topper have together paid themselves over half a billion dollars in cash from debt that went onto PMH’s

books—this while the company took the aforementioned \$603 million cumulative comprehensive loss from Fiscal Year 2015 to Fiscal Year 2020.”<sup>11</sup>

### Fees and Dividends paid to Leonard Green and Prospect’s Minority Owners


Type	Date	Amount
Annual \$1 Mil Management Fee <sup>12</sup>	2011-2019	\$9,000,000
Ivy Holdings Merger Transaction Fee <sup>13</sup>	2010	\$4,441,000
Dividend	2012	\$188,000,000
Dividend	2018	\$457,000,000
<b>Total<sup>14</sup></b>		<b>\$658,441,000</b>

Sources: Prospect Medical Holdings, Inc. Consolidated Annual Financial Statements.<sup>15</sup>

Prospect was eventually able to pay off the existing \$1.1 billion in debt it had accrued in part to fund dividends, but only by selling off the bulk of Prospect’s real estate to a real estate investment trust (REIT) through a sale-leaseback transaction (described below).<sup>16</sup> The transaction replaced debt with lease liabilities and left Prospect with fewer assets.<sup>17</sup>


### What is a sale-leaseback transaction?

In a sale-leaseback transaction, an owner of real property (e.g., a hospital) sells the asset and leases it back from the new owner. This essentially replaces mortgage payments with lease payments and strips companies of a valuable asset.




**Prospect sells hospital real estate to Medical Properties Trust REIT (MPT)**

➔




**MPT now owns the real estate and leases it back to Prospect**

➔



**Prospect pays rent to MPT**

➔



**Prospect now has greater liabilities in the form of rent payments**

**Prospect no longer owns its hospitals**

Sale-leaseback transactions are a common tactic of private equity firms because they provide a quick and easy way to monetize a company’s assets. In many cases, the proceeds of the real estate sale go to the private equity firm in the form of a dividend, or in Prospect’s case, to help paydown debt that had funded a dividend.<sup>18</sup>

The Wall Street Journal wrote that the dividends Leonard Green took from Prospect were “some of the most controversial debt-financed dividend payouts in recent years.”<sup>19</sup>

When stakeholders, regulators, and lawmakers across the country raised concerns about Leonard Green’s ownership of Prospect, Prospect and Leonard Green dismissed these concerns with claims that the company is “well-capitalized” with sufficient resources to respond to the pandemic.<sup>20</sup>

A review of Prospect’s financial statements demonstrates that this was not true:

- As of September 30, 2020, Prospect’s total liabilities exceeded total assets by \$1.06 billion.<sup>21</sup>
- \$276 million of Prospect’s \$387 million in cash was made up of Medicare Advance CARES Act loans—71% of Prospect’s cash that it will have to pay back.<sup>22</sup> Prospect collected at least \$375 million of federal relief aid for COVID.<sup>23</sup>
- According to an independent auditor hired by the state of Rhode Island, Prospect faces “long term financial viability risks.”<sup>24</sup>

These findings are at odds with the way Leonard Green and Prospect have portrayed the hospitals’ financial condition.

## Leonard Green’s Representations to Members of Congress, Regulators

Leonard Green and Prospect misrepresented the financial condition of some of the hospitals when lawmakers and other stakeholders raised concerns.

Members of Congress with Prospect hospitals in their districts have written to Leonard Green twice raising concern about the firm’s treatment of the safety net hospital company and asking it to return the fees and dividends it collected.<sup>25</sup> Leonard Green dismissed the lawmakers’ concerns, writing: “We can assure you with firm, empirical confidence that Prospect remains well-capitalized with adequate liquidity and resources for its staff to address the current COVID-19 epidemic.”<sup>26</sup>

In response to a letter PESP wrote to Rhode Island regulators, Prospect wrote: “Contrary to PESP’s assertions, Prospect today remains extraordinarily well capitalized, faces no material financial challenges, and is at no risk of financial failure.”

## Leonard Green Leaves Hospitals Holding the Bag

Leonard Green tried to sell its stake in Prospect to the minority owners for over a year but was unable to fully exit without regulatory approval in Rhode Island. The review process to approve the sale was held up in part due to concerns about how the Leonard Green-led ownership group has enriched itself at the expense of the hospitals’ stability and quality of care. The proposed sale price in particular raised red

flags—Leonard Green was selling its majority stake in the 17-hospital system for just \$12 million, a fraction of what it should have been worth. In announcing an extension to their review process for the transaction, the Rhode Island Attorney General and Department of Health wrote: “Overall, questions still remain about the purchase price for the Proposed Transaction and payments of dividends in recent years.”<sup>27</sup>

AG Neronha issued a highly critical report highlighting how Leonard Green and the minority owners took over half a billion dollars out of the hospital chain even as the hospitals suffered declining financial health:

**“Our investigation revealed a company whose principals and investors have issued millions of dollars in dividends from a business responsible for the safety-net hospitals and services they own, which has translated into debt held by the entire system, such that liabilities now exceed assets by over \$1 billion. In an ever-changing healthcare market, this debt-to-asset ratio raises a concern for the Attorney General that the national company that owns these Rhode Island Hospitals can become unstable, disrupting and even threatening Rhode Island’s third largest hospital system. In other words, PMH is a system that is at risk of developing a lack of financial ability to respond to the volatility of the healthcare market, **putting every hospital in its system including our Rhode Island Hospitals at risk of reduction in services, sale, or closure.**”**  
[emphasis added]<sup>28</sup>

As a condition of the sale, Neronha proposed that Leonard Green and the minority owners commit \$120 million to an escrow account to ensure the hospital stay open. In response, Prospect threatened to shut down the Rhode Island hospitals.<sup>29</sup>

After weeks of negotiations with the state, the Leonard Green-led ownership group eventually agreed to commit \$80 million into an escrow account to ensure that the company’s two Rhode Island hospitals remain open.<sup>30</sup>

When Leonard Green exited its stake in Prospect it was released from any portion of the \$3.1 billion in liabilities that Prospect holds.<sup>31</sup> This means that Leonard Green is let off the hook after siphoning hundreds of millions of dollars from Prospect, adding substantial debt, and leaving the hospitals in deteriorating financial condition.



## Hospitals Suffered While the Owners Lined Their Pockets

Here is what was happening at the hospitals while Leonard Green was siphoning money from the company:

- Prospect’s hospitals had some of the lowest quality ratings from the Centers for Medicare and Medicaid Services—all but one have received one or two stars, the lowest quality ratings from CMS.<sup>32</sup>
- In Connecticut, state regulators placed Prospect’s three hospitals under review in 2019 for deteriorating conditions that placed patients in “immediate jeopardy.”<sup>33</sup>
- Prospect completely shut down all of its facilities in San Antonio in 2019—laying off nearly 1,000 workers<sup>34</sup>—and sold its hospital building to a hotel developer.<sup>35</sup>
- The California Attorney General formally charged Prospect executives with “gross negligence” related to persistent mold contamination of a hospital pharmacy, including in equipment used to mix patient medications. In March 2021, the California Attorney General and State Pharmacy Board entered into a settlement with Prospect’s Southern California subsidiary, placing its hospital pharmacy permit and sterile compounding on probation for two years.<sup>36</sup>
- In Rhode Island, poor infection control led to COVID-19 infection of 19 of the 21 geriatric psychiatric ward residents: six of them died. Six housekeeping staff also got COVID due to limited access to PPE. The head of the department died.<sup>37</sup>
- Workers have complained of inadequate staffing. When Leonard Green first tried to sell Prospect in 2015, the company’s prospectus touted its “cost-effective care” model, daily “flex” management of hospital staffing, and use of low-cost sources for medical supplies. In Pennsylvania, workers reported in September 2020 that staffing shortages forced scheduling delays for medical procedures.<sup>38</sup>



## Prospect Hospitals Still Paying the Price

Prospect's hospital system in Pennsylvania, Crozer Health, has in 2022 made major cuts to services. Since January 2022 Prospect/Crozer has:

- Laid off hundreds of workers
- Shuttered the maternity ward at Delaware County Memorial Hospital
- Shuttered the hospice unit at Taylor Hospital
- Threatened municipalities with severing paramedic services in just 90 days if they didn't pay up
- Announced plans to permanently close Delaware County Memorial Hospital's and Springfield Hospital's emergency department

In September Prospect announced it would permanently shut down Delaware County Memorial Health (DCMH), one of hospitals in the Crozer Health system, and transition it to a behavioral health facility. The announcement sparked outrage in the Delaware County community, including by the nonprofit Foundation for Delaware County, which sued Prospect to keep the hospital open on the basis that when it converted Crozer Health from nonprofit to for profit status Prospect committed to keep the hospitals open for at least 10 years.<sup>39</sup>

The office of Pennsylvania Attorney General John Shapiro expressed support for the lawsuit, writing in a statement "Every Pennsylvanian should have access to affordable healthcare. My office will do everything within our power to force Prospect to live up to the commitments they made to Delaware County residents and to protect access to care for all Pennsylvanians."<sup>40</sup>

In addition to service cuts, Prospect has attempted to unload some of its hospitals around the country,<sup>41</sup> but has so far only managed to find a buyer for the hospitals in Connecticut. For example, the nonprofit hospital system ChristianaCare made an initial announcement of an intention to buy Prospect hospitals in Pennsylvania but backed out of the deal months later.<sup>42</sup>

In Connecticut, Yale New Haven Health agreed to buy to the state's three Prospect hospitals on the condition that Prospect first buy back the hospitals' real estate from Medical Properties Trust (MPT) that Prospect had sold in 2019. Prospect managed to buy back the real estate at the same price it had sold three years earlier and lost over \$100 million in lease payments for the years it paid rent to MPT.<sup>43</sup>

*Axios* reported that Prospect was seeking buyers for its California hospitals in December 2021,<sup>44</sup> but Prospect has not announced any sale since then.

Prospect announced it was exploring a sale for its Rhode Island hospitals in February 2022<sup>45</sup> but has not yet announced a deal. In October 2022 the union that represents

Prospect workers in the state, United Nurses and Allied Professionals, took out a full-page advertisement in the *Providence Journal* warning that it would take action if workers' needs are not supported in the sale process:

**“Now, Prospect is looking to sell our community hospitals to another for-profit company, and they’re trying to leave Rhode Island just as they came in, refusing to negotiate fair contracts with the nurses and health care workers who care for our most vulnerable. We’re putting Prospect Medical Holdings on notice. We won’t let them use our community hospitals as piggy banks to line their pockets and then skip town, leaving these hospitals saddled with debt and our health care heroes without a fair contract. Our health care workers, our patients, and all Rhode Islanders deserve better.”<sup>46</sup>**

## Conclusion

By the end of Leonard Green’s tenure, the signs of Prospect’s distress were evident: members of congress [wrote letters to Leonard Green](#), [workers](#) and [community members](#) spoke out, and PESP [wrote in 2020](#) to Attorneys General in each state where Prospect operates alerting them to concerns about the hospitals’ viability.

While Leonard Green’s ownership had a demonstrably harmful impact on Prospect, many of the tactics it used to strip wealth out of the safety net hospital chain are common among private equity ownership of healthcare providers: high levels of debt, extracting dividends and fees, and selling off the real estate to lease it back all come straight from the typical private equity playbook. There are no laws prohibiting these kinds of financial maneuvers, even in a sector as critical as safety net healthcare.

It is thus essential to pursue policies at the state and federal level that prevent this kind of looting of healthcare companies from occurring again—through expanding regulatory oversight of for-profit hospital mergers and acquisitions, prevention of exploitative real estate plays and extractive fees and dividends, and protections for workers against mass layoffs.

Leonard Green’s looting of Prospect and its safety net hospitals serves as a cautionary tale for the risks of private equity investment in healthcare, and the lessons learned from its legacy must catalyze urgent action to hold Wall Street accountable and prevent further raids on critical healthcare services.

# Timeline

**2010** • Leonard Green & Partners acquires Prospect Medical Holdings. At the time, Prospect owned five community hospitals in Southern California. As part of its acquisition, Prospect paid Leonard Green a “structuring fee” of \$4.4 million.

**2012** • Leonard Green collects a \$188 million debt-funded dividend from Prospect.

**February:** Prospect acquires Nix Health System in San Antonio, Texas.



**2014** • **June:** Prospect acquires Roger Williams Medical Center and Our Lady of Fatima Hospital in Rhode Island, converting them from non-profit to for-profit hospitals.

**2016** • **May:** Prospect acquires East Orange General Hospital in East Orange, New Jersey, and converts it from non-profit to for-profit

**July:** Prospect acquires the Crozer-Keystone Health System Delaware County, Pennsylvania and converts it from non-profit to for-profit

**2018** • Prospect takes on \$1.12 billion in new debt in part to pay Leonard Green and minority owners a \$457 million dividend.

**2019** • **January:** Prospect runs out of cash, forcing the owners to provide a \$41 million emergency cash infusion.

**July:** Prospect sells most of its hospitals’ real estate to Medical Properties Trust for approximately \$1.4 billion and leases it back

Prospect’s owners later collect \$44 million to recoup the \$41 mil cash infusion earlier in the year.

**November:** Prospect completely shuts down all its facilities in San Antonio in 2019—laying off nearly 1,000 workers.



**2020** • **January:** Prospect sells San Antonio hospital building to a hotel developer.

**September:** Prospect’s total liabilities exceed total assets by \$1.06 billion



**2021** • **April:** Rhode Island AG tells Leonard Green and Prospect that as a condition of the sale they must pay \$120 mil into an escrow account to keep the Rhode Island hospitals open. In response Prospect threatens to shut down the hospitals

**June:** Rhode Island AG and Leonard Green reach a deal – Leonard Green sells its majority stake in Prospect to the minority shareholders under the condition that it and minority owners contribute \$80 million into an escrow account to keep the hospitals open

**2022** • **January:** Prospect’s Delaware County Memorial Hospital shuts its maternity unit.

**January:** Prospect’s Crozer Health lays off hundreds of workers.

**January:** Prospect’s Springfield Hospital shuts its emergency department.

**February:** Prospect’s Taylor Hospital shuts its hospice unit

**August:** Deal for ChristianaCare to acquire Prospect Pennsylvania hospitals falls through.

**September:** Yale New Haven Health acquires Prospect Connecticut hospitals, including buying back hospitals’ real estate from Medical Properties Trust REIT.

**October:** Judge temporarily prohibits Prospect from shutting down Delaware County Memorial Hospital.



## Endnotes

- 1 "Hospital Locations | Prospect Medical Holdings, Inc.," Prospect Medical Holdings, accessed February 10, 2020, <https://www.pmh.com/locations/hospital-locations/>
- 2 PE Hub Staff, "Leonard Green Buying Prospect Medical," *PE Hub* (blog), August 16, 2010, <https://www.pehub.com/leonard-green-buying-prospect-medical/>
- 3 Eileen O'Grady, "UPDATE: Leonard Green-Led Ownership Collected \$658 Million in Dividends and Fees from Prospect Medical Holdings despite Challenges, Commitment to Regulators to Forgo Dividends" (Private Equity Stakeholder Project, May 2020), <https://pestakeholder.org/wp-content/uploads/2020/05/UPDATE-Leonard-Green-Prospect-Medical-Dividends-PESP-051420.pdf>
- 4 "Decision Re: Initial Application of Chamber Inc.; Ivy Holdings Inc.; Ivy Intermediate Holdings, Inc.; Prospect Medical Holdings, Inc.; Prospect East Holdings, Inc.; Prospect East Hospital Advisory Services, LLC; Prospect CharterCARE, LLC; Prospect CharterCARE SJHSRI, LLC; Prospect CharterCARE RWMC, LLC" (State of Rhode Island Office of the Attorney General, June 1, 2021), 37, [https://riag.ri.gov/sites/g/files/xkgbur496/files/documents/Prospect\\_Chamber\\_Ivy\\_AG\\_HCA\\_Decision.pdf](https://riag.ri.gov/sites/g/files/xkgbur496/files/documents/Prospect_Chamber_Ivy_AG_HCA_Decision.pdf)
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- 6 "Report of the Health Services Council on the Applications of Prospect CharterCARE et Al." (Rhode Island Health Services Council, May 13, 2014), 22, [https://drive.google.com/file/d/0B9lx-sHDAL9qRmJPWmd1MXNpbEk/view?resourcekey=0-MP1U6B9AOyFHDm6jPR981w&usp=embed\\_facebook](https://drive.google.com/file/d/0B9lx-sHDAL9qRmJPWmd1MXNpbEk/view?resourcekey=0-MP1U6B9AOyFHDm6jPR981w&usp=embed_facebook)
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- 8 "Research: Rating Action: Moody's Downgrades Prospect Medical Holdings, Inc.'s CFR to B3; Outlook Changed to Negative," *Moody's Investor Service*, March 28, 2019, [https://www.moodys.com/research/Moodys-downgrades-Prospect-Medical-Holdings-Incs-CFR-to-B3-outlook-PR\\_397518](https://www.moodys.com/research/Moodys-downgrades-Prospect-Medical-Holdings-Incs-CFR-to-B3-outlook-PR_397518).
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- 10 "Decision Re: Initial Application of Chamber Inc.; Ivy Holdings Inc.; Ivy Intermediate Holdings, Inc.; Prospect Medical Holdings, Inc.; Prospect East Holdings, Inc.; Prospect East Hospital Advisory Services, LLC; Prospect CharterCARE, LLC; Prospect CharterCARE SJHSRI, LLC; Prospect CharterCARE RWMC, LLC," 36.
- 11 "Decision Re: Initial Application of Chamber Inc.; Ivy Holdings Inc.; Ivy Intermediate Holdings, Inc.; Prospect Medical Holdings, Inc.; Prospect East Holdings, Inc.; Prospect East Hospital Advisory Services, LLC; Prospect CharterCARE, LLC; Prospect CharterCARE SJHSRI, LLC; Prospect CharterCARE RWMC, LLC," 37.
- 12 Per the December 2010 Management Services Agreement between Prospect and Leonard Green, Prospect pays Leonard Green an annual management fee of \$1 million for "management, consulting and financial planning services" and reimburses Leonard Green for its related expenses up to \$50,000 annually. See: Prospect Medical Holdings, Inc. SEC form 10-Q, for the quarterly period March 31, 2011. (pg. 23) [https://www.sec.gov/Archives/edgar/data/1063561/000110465911029394/a11-11593\\_110q.htm](https://www.sec.gov/Archives/edgar/data/1063561/000110465911029394/a11-11593_110q.htm)
- 13 Prospect paid Leonard Green \$4.4 million for fees associated with corporate restructuring in 2010. See: Prospect Medical Holdings, Inc. SEC form 10-Q, for the quarterly period March 31, 2011. ([https://www.sec.gov/Archives/edgar/data/1063561/000110465911029394/a11-11593\\_110q.htm](https://www.sec.gov/Archives/edgar/data/1063561/000110465911029394/a11-11593_110q.htm)) (pg. 23) and Prospect Medical Holdings Company Information Tear Sheet (<http://216.117.216.25/pdfs/tearsheet.pdf>).
- 14 In 2019, Prospect paid a \$44.4 million shareholder dividend. This dividend was paid to repay a cash infusion made by the owners when Prospect ran out of cash after paying the \$457 million dividend in 2018.
- 15 Prospect Medical Holdings Consolidated Financial Statements: [2018-2019](#), [2017-2018](#), [2016-2017](#), [2015-2016](#). See also: [https://riag.ri.gov/sites/g/files/xkgbur496/files/documents/Prospect\\_Chamber\\_Ivy\\_AG\\_HCA\\_Decision.pdf](https://riag.ri.gov/sites/g/files/xkgbur496/files/documents/Prospect_Chamber_Ivy_AG_HCA_Decision.pdf) (pg 35).
- 16 "Moody's: Prospect Medical's Sale-Leaseback Improves Liquidity, However Operating Challenges Remain," *Moody's Investor Service*, July 16, 2019, sec. North America Corporates Ratings & Assessments News, [http://www.moodys.com:18000/research/Moodys-Prospect-Medicals-sale-leaseback-improves-liquidity-however-operating-challenges-PR\\_405116](http://www.moodys.com:18000/research/Moodys-Prospect-Medicals-sale-leaseback-improves-liquidity-however-operating-challenges-PR_405116).
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- 18 Eileen O'Grady, "Broken Promises: Regulators Question Leonard Green's Investment in Prospect Medical Holdings," Private Equity Stakeholder Project, July 31, 2020, <https://pestakeholder.org/news/broken-promises-rhode-island-regulators-question-leonard-greens-investment-in-prospect-medical-holdings-2/>.
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- 21 "Decision Re: Initial Application of Chamber Inc.; Ivy Holdings Inc.; Ivy Intermediate Holdings, Inc.; Prospect Medical Holdings, Inc.; Prospect East Holdings, Inc.; Prospect East Hospital Advisory Services, LLC; Prospect CharterCARE, LLC; Prospect

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- 23 Sabrina Willmer, “A Wall Street Giant Tapped \$1.5 Billion in Federal Aid for Its Hospitals - Bloomberg,” *Bloomberg*, September 14, 2020, <https://www.bloomberg.com/news/articles/2020-09-14/a-wall-street-giant-tapped-1-5-billion-in-federal-aid-for-its-hospitals>.
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- 25 Laura Cooper and Chris Cumming, “Lawmakers and Leonard Green Spar Over Hospital Operator,” *Wall Street Journal*, July 6, 2020, sec. WSJ Pro, <https://www.wsj.com/articles/lawmakers-and-leonard-green-spar-over-hospital-operator-11594076954>.
- 26 Goldberg, “Leonard Green & Partners Response Letter to Members of Congress,” June 12, 2020.
- 27 The Rhode Island Attorney General and Department of Health extended the deadline to approve the transaction multiple times. In their second extension announcement, the regulators wrote: “Overall, questions still remain about the purchase price for the Proposed Transaction and payments of dividends in recent years.” Letter to Rhode Island Health Services Council from Office of the Attorney General and Department of Health, dated July 14, 2020.
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