

Delaware Drug, Mental Health Provider OK'd For \$12.5M Sale

By **Rick Archer**

Law360 (June 8, 2021, 9:49 PM EDT) -- A Delaware bankruptcy judge Tuesday approved drug and mental health provider Connections Community Support Programs Inc.'s \$12.5 million asset sale to its stalking horse bidder, which the organization says will preserve its programs.

At a virtual hearing, U.S. Bankruptcy Judge Mary Walrath approved the sale after hearing that the provider had turned down a higher offer for part of its programs because the higher bidder was unwilling to take on an in-patient program with three dozen residents.

"Every single program and every single patient will be transferred," company investment adviser J. Scott Victor said at the hearing.

Connections Community Support Programs, which with 100 locations is the largest outpatient drug and mental health provider in Delaware, filed for bankruptcy **in April** with more than \$50 million in debt, blaming in part the loss of a \$60 million state prison contract and a federal overbilling suit seeking more than \$13 million in damages.

Connections had put its assets up for auction in two groups: programs offering medication-assisted therapy and those without. According to court papers, it went into the auction with two stalking horse bids from Conexio Care Inc.: \$2.5 million for the medication-assisted therapy programs and \$10 million for the others.

The company said there were no other qualified bidders for the programs not offering drug therapy. It said Merakey Parkside Recovery had indicated that it was willing to bid up to \$3.5 million for the drug therapy assets, but was not willing to purchase Connections' in-patient program in Harrington, Delaware. Conexio was willing to take over the program, so Connections said it judged Conexio's offer the best.

Under questioning by the National Council on Agricultural Life and Labor Research Fund, which holds mortgages on Connections' property, Victor said the company had determined that closing down the Harrington program and finding new places for its 36 patients would cost at least \$750,000, making the Conexio bid better for the estate.

Under questioning by counsel for the Office of the U.S. Trustee, Victor said Conexio would be retaining a "substantial" number of Connections' 1,000 employees, but had not committed to any specific number.

Christopher Ward, counsel for the unsecured creditors' committee, said the committee hopes that Connections can file a plan to distribute the sale proceeds and other assets to creditors shortly after the closing, expected June 15.

Connections Community is represented by William E. Chipman Jr., Mark L. Desgrosseilliers and Mark D. Olivere of Chipman Brown Cicero & Cole LLP.

The agricultural council is represented by Thomas Marconi of Losco & Marconi PA and Stephen W. Spence of Baird Mandalas Brockstedt LLC.

The U.S. Trustee's Office is represented in-house by Rosa Sierra.

The unsecured creditors' committee is represented by Christopher A. Ward, Shanti Mulpuru Katona and Brenna A. Dolphin of Polsinelli PC.

The case is In re: Connections Community Support Programs Inc., case number 1:21-bk-10723, in the U.S. Bankruptcy Court for the District of Delaware.

—Additional reporting by Jeff Montgomery. Editing by Karin Roberts.