

Chronology Peninsula

1. May/June 2011 – DOH, 1199, Peninsula, MediSys, and Episcopal discussions to consolidate hospitals;
2. 1st submission of Board approved closure plan (July 28, 2011);
3. Board withdraws of closure plan (August 9, 2011);
4. MediSys withdraws as a sponsor (August 11, 2011/Letter Effective: August 22, 2011);
5. NYS DOH prohibits new patients (August 19, 2011/August 22, 2011);
6. NYS DOH allows Peninsula to reopen (September 2, 2011);
7. Peninsula Board approves entering chapter 11 Bankruptcy (September 19, 2011);
8. NYS Wadsworth labs conduct survey at Peninsula's clinical lab, significant deficiencies are identified (February 21 - 23, 2012);
9. NYS DOH issues two Summary Orders as a result of the Wadsworth survey. The first order determined that as a result of the deficiencies the public health, safety and welfare is in imminent danger and therefore suspended for 30 days Peninsulas permit to operate a clinical lab. The second Summary Action determined that the continued operation of Peninsula Hospital without clinical lab services posed a danger to the health of current and future patients and therefore ordered the hospital to divert all ambulances; stop all admissions to the hospital; develop a plan to transfer all patients; cancel all surgeries and suspend any activities that depend upon lab services (February 23, 2012);
10. Bankruptcy Judge appoints Chapter 11 Trustee – with the consent of all parties, including Peninsula Board of Trustees (March 6, 2012);
11. Bankruptcy Trustee is established and approved by PHHPC (March 23, 2012);
12. Bankruptcy Trustee submits a closure plan for hospital (April 2, 2012);

13. Closure of Hospital is approved (April 6, 2012);
14. Operating Certificate is returned to NYS DOH (April 13, 2012);
15. Bankruptcy Trustee now engaged in process to monetize;
16. Public Hearing is held (May 10, 2012).



51-15 BEACH CHANNEL DRIVE, FAR ROCKAWAY, NEW YORK 11691-1074 * 718.734.2000

August 9, 2011

Mr. Richard M. Cook
Deputy Commissioner
Office of Health Systems Management
NYS Department of Health
Empire State Plaza
Albany, New York 12237

Dear Deputy Commissioner Cook:

The Board of Directors of Peninsula Hospital Center hereby rescinds the previously submitted facilities closure letter dated July 27, 2011.

Sincerely,

Joel A. Miele Sr., P.E.
Chairman, Board of Directors
Peninsula Hospital Center

August 11, 2011

Commissioner Joel A. Miele Sr., P.E.
Chairman of the Board
Peninsula Hospital Center
Peninsula General Nursing Home Corporation
51-15 Beach Channel Drive
Far Rockaway, New York 11691

Dear Commissioner Miele:

I am writing to you in your capacity as Chairman of the Board of Peninsula Hospital Center, and as Chairman of the Board of Peninsula General Nursing Home Corporation, to provide you with notice of the following actions approved by the Board of MediSys Health Network, Inc. ("MediSys"), which will become effective at 5:00 PM on August 22, 2011:

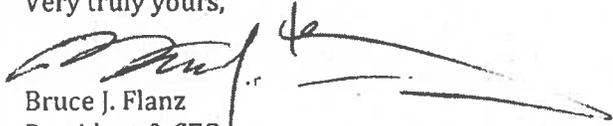
MediSys Health Network, Inc. hereby notifies Peninsula Hospital Center and Peninsula Nursing Home that, effective August 22, 2011:

- MediSys is withdrawing as the sole corporate member or sponsor of the Peninsula entities.
- MediSys and its affiliates are terminating the provision of administrative or shared services to the Peninsula entities.

In addition, MediSys hereby demands immediate payment from the Peninsula entities for all amounts due for services provided by MediSys and its affiliates.

In order to effectuate this change, MediSys will adopt and consent to Amendments of the By-Laws of both Peninsula entities, effective August 22, 2011, in order to restore each entity's By-Laws to the version that existed prior to the adoption of the Amendment that designated MediSys as the sole corporate member or sponsor.

Very truly yours,


Bruce J. Flanz
President & CEO

MediSys Health Network, Inc.

Jamaica Hospital Medical Center • Brookdale University Hospital and Medical Center • Flushing Hospital Medical Center
Schulman & Schachne Institute for Nursing and Rehabilitation • Trump Pavilion for Nursing and Rehabilitation

NEW YORK
state department of
HEALTH

Nirav R. Shah, M.D., M.P.H.
Commissioner

Sue Kelly
Executive Deputy Commissioner

August 19, 2011

Robert Levine
President and CEO
Peninsula Hospital Center
51-15 Beach Channel Drive
Far Rockaway, New York, 11691-1074

Dear Mr. Levine:

The letter is written to advise Peninsula Hospital Center (Peninsula) of certain conditions of operation that take effect today, August 19th, 2011, due to the Department of Health (Department)'s growing concern about patient safety in your hospital. Through our daily telephone calls, the following information regarding the operational status of Peninsula is understood:

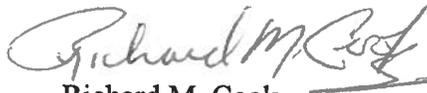
- Medisys' affiliation with Peninsula will end August 22nd, 2011, terminating the hospital's access to anesthesiologists and to multiple critical administrative functions;
- Baxter Healthcare will no longer deliver Intravenous fluids unless they are paid cash on delivery, leaving the hospital with approximately one week of supply;
- Laundry supplier will only deliver linens on a cash basis, leaving the hospital with enough supply until the middle of next week at their current census;
- Operating room supplies are sufficient only through the weekend at the hospital's current census. In addition, one of two autoclaves is not functioning;
- Garbage service to the hospital has been suspended pending payment;
- Two monitors in critical care are not functioning, limiting the number of critical care patients that can be admitted; and
- Staffing, while adequate this week, is not guaranteed to be full over the weekend based on the hospital's experience over the past 2 weekends.

The above facts have the Department extremely concerned about the current ability of Peninsula to admit new patients in a manner that maintains patient safety and meets minimum standards required by the State Hospital Code. Of particular concern are those patients that may require surgical or critical care. As a result, the Department has determined that the following actions are necessary:

- Peninsula will go on ambulance diversion on Friday, August 19th at 4 pm and be taken off on Monday, August 22nd at 8 am.
- Peninsula will not accept facility to facility transfers for inpatient admission.
- Peninsula will not admit patients who walk into the Emergency Department from the community. Peninsula will continue to perform a medical screen, to stabilize the patient and to arrange for appropriate transfer to another hospital via ambulance, as appropriate.

The Department will not find that Peninsula is capable of maintaining patient safety and meeting minimum standards unless and until Peninsula submits an acceptable, written comprehensive plan to address, at a minimum, the issues identified in this letter. Such plan must include conclusive documentary evidence of how these issues will be addressed, including, but not limited to, proof of Peninsula's access to needed funds. A call will be scheduled Monday, August 22, 2011 to assess the plan and determine if the hospital continues to meet patient safety and hospital operational standards.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard M. Cook". The signature is written in black ink and is positioned above the printed name.

Richard M. Cook
Deputy Commissioner
Office of Health Systems Management

NEW YORK
state department of
HEALTH

Nirav R. Shah, M.D., M.P.H.
Commissioner

Sue Kelly
Executive Deputy Commissioner

August 22, 2011

Robert Levine
President and CEO
Peninsula Hospital Center
51-15 Beach Channel Drive
Far Rockaway, New York 11691-1074

Dear Mr. Levine:

The Department of Health (Department) has not received an operational plan that outlines the actions that Peninsula Hospital Center (Peninsula) will take to assure availability of staff and supplies and replace the services lost with the withdrawal of Medisys (including but not limited to computer services that govern general ledger, accounts payable, purchasing, inventory control, time attendance and billing and collections, etc.).

To ensure that patient safety be maintained and with concern that the hospital cannot continue to meet operational functions, the Department has determined that the following actions are necessary:

- Peninsula will stay on ambulance diversion until such a time when operational plans are implemented to assure patient safety;
- Peninsula will not accept facility to facility transfers requiring inpatient admissions;
- Peninsula will not admit patients who walk in the Emergency Department from the community. Peninsula will continue to perform a medical screen, to stabilize the patient and to arrange for appropriate transfer to another hospital via ambulance;
- Peninsula will continue to have 2 ambulances located outside of the Emergency Department to facilitate transfers to other hospitals. Twenty four hour coverage is expected until further notice.
- Peninsula will prepare a plan for the safe transfer and discharge for each patient remaining in the hospital. The Department will expect that Peninsula will perform outreach to surrounding hospitals to secure bed availability for these patients and effectuate the transfer by 4 pm on Tuesday, August 23, 2011.

Until a plan is submitted and approved that adequately addresses your hospital's patient safety and operational issues, the Department will expect that the actions above will be observed and addressed. My staff will continue to work with you to assure that patient care needs continue to be met.

Sincerely,



Richard M. Cook
Deputy Commissioner
Office of Health Systems Management

NEW YORK
state department of
HEALTH

Nirav R. Shah, M.D., M.P.H.
Commissioner

Sue Kelly
Executive Deputy Commissioner

September 2, 2011

Chief Abdo Nahmod
FDNY EMS
Room 7N23
9 Metrotech Center
Brooklyn, NY 11201

Dear Chief Nahmod:

This letter is written to request that the Fire Department of New York (FDNY) remove Peninsula Hospital Center (Peninsula) from permanent diversion status, effective September 2, 2011 at 7:00 pm. Peninsula will provide the same services available at the hospital prior to the institution of diversion.

Peninsula has addressed the Department of Health (Department)'s concerns regarding insufficient staffing and supplies and has provided the necessary documentation to assure continued funding until re-organization can occur.

Should you have any questions, please contact Ruth Leslie of my staff at (518) 528-5899.

Sincerely,



Richard M. Cook
Deputy Commissioner
Office of Health Systems Management

cc: Robert Levine, President and CEO, Peninsula Hospital
Lee Burns, Acting Director, EMS
Robert Ioving, Director, MARO EMS
Jeff Spitz, Hospital Program Director, MARO

STATE OF NEW YORK : DEPARTMENT OF HEALTH

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IN THE MATTER

OF

PENINSULA HOSPITAL CENTER
51-15 BEACH CHANNEL DRIVE
FAR ROCKAWAY, NEW YORK 11691

ORDER FOR
SUMMARY
ACTION

and

GUANGHUI KONG, M.D., Ph.D.

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WHEREAS, Peninsula Hospital Center, located at 51-15 Beach Channel Drive, Far Rockaway, New York 11691, is a general hospital operated by the Peninsula Hospital Center and licensed by the New York State Department of Health (the "Department") pursuant to Article 28 of the Public Health Law ("PHL"); and

WHEREAS, on October 10, 2011, the Department issued a permit to the Peninsula Hospital Center, and Guanghui, Kong, M.D., Ph.D., pursuant to Article 5, Title 5 of the PHL, to operate a clinical laboratory at the Peninsula Hospital Center to provide numerous laboratory services, as set forth on the clinical laboratory permit. Peninsula Hospital Center and Guanghui Kong, M.D., Ph.D., are hereinafter referred to collectively as "Respondents"; and

WHEREAS, inspectors with the Department's Wadsworth Center Clinical Laboratory Evaluation Program inspected the clinical laboratory at the Peninsula Hospital Center on February 21 and 22, 2012, and found serious deficiencies in the administration and operation relating to the clinical laboratory operation. These findings include but are not limited to:

General Observations:

- 1) Lack of training, competency assessment and continuing education;
- 2) Lack of safety training including shipping of infectious materials;
- 3) No supervisor was on-site during the evening, the night shift and weekends and no appropriate chain of command was available to provide guidance to staff;
- 4) The day shift supervisor is knowledgeable in microbiology and has no experience or training in other clinical areas of the laboratory;
- 5) The Respondent laboratory director is not involved in the clinical laboratory and has not met the requirements of 10 NYCRR Part 19.3, by failing to provide effective administration of the laboratory, failing to ensure that sufficient qualified staff are employed with documented training or experience to supervise and perform laboratory testing, failing to provide education direction, and failing to ensure that policies and procedures are established to monitor employee competency;
- 6) An individual worked alone in the Blood Bank on January 1, 2012, after receiving only two days of training. She telephoned a co-worker not working that day to obtain assistance in how to perform testing. She did not perform quality controls or take the required daily temperatures to ensure that blood and blood components were stored in the appropriate conditions.
- 7) Standard Operating Procedures ("SOP"s) are unavailable, inaccurate or incomplete. Many SOPs have not been reviewed or updated since 2002. SOPs do not reflect the current testing performed at the laboratory. There is no evidence that the current laboratory director has reviewed or approved the SOPs;
- 8) Pipettes have not been calibrated since May 2011. Staff describe that calibration is required every six months to determine if appropriate volumes are dispensed;
- 9) Thermometer calibrations and timer accuracy checks are not performed;
- 10) Routine instrument preventative maintenance is either not performed or not documented as having been performed;

- 11) There is no system for reagent inventory and tracking. The laboratory has been unable to maintain an inventory of reagents and supplies to prevent disruption of services. Due to a lack of reagents, the laboratory was unable to perform the stat troponin and quantitative pregnancy testing requested from the emergency room;
- 12) Expired reagents are used in the Blood Bank, Hematology and Microbiology laboratories;
- 13) The laboratory has no back-up for the laboratory information system and is aware that if the computer system fails, the data will be irretrievable. The hospital has a substantial sickle cell and oncology population that receive multiple transfusions. Retrieval of prior transfusion history, antibody screen reactions, and antibody identification are critical to ensure safe transfusions;
- 14) The laboratory staff is entering results manually into the computer for some areas of the laboratory including Blood Bank and Blood Gases. There is no process for verifying that the results are entered accurately into the computer;
- 15) A lack of personal protective equipment in all areas of the laboratory. Staff was observed handling primary specimens in the Microbiology laboratory without wearing gloves. There are no safety shields in the laboratory and no use of face masks when manipulating samples;
- 16) A biohazard risk assessment has not been performed. Couriers and other non-laboratory personnel were observed in the laboratory. A safe laboratory environment is not provided to laboratory personnel;
- 17) The laboratory does not monitor the temperature of the storage room where reagents are stored;
- 18) The regulated medical waste is stored in an area that is not secured to prevent unauthorized entry or access by vermin; and
- 19) Proficiency testing results are not reviewed by the laboratory director. Remediation of proficiency testing failures has not been performed. Shifts and trends are not monitored.

Microbiology

- 1) The de-colorizer for gram stain and the disinfectant in the biological safety cabinet were not labeled with the identity, preparation data, date opened and expiration date;
- 2) The Gram Safranin stain to perform gram stains expired on August 31, 2011, but was currently in use and opened on February 2, 2012;
- 3) The laboratory is not monitoring the air flow in the biological safety cabinet. Air flow must be monitored to ensure that staff is not exposed to infectious organisms;
- 4) The carbon dioxide levels are not monitored in the incubator in the Microbiology laboratory to ensure the appropriate growth conditions;
- 5) The laboratory does not maintain the appropriate stock cultures to perform the necessary quality control;
- 6) The laboratory has not established an acceptable range for humidity in the Microbiology laboratory; and
- 7) The laboratory policy indicates that CSF and blood culture gram stains are stat tests; however, no staff is available to perform testing after 4 P.M. Patient care may be delayed or compromised.

Histopathology/Cytopathology

- 1) The laboratory is not changing staining reagents weekly, as required in the SOP;
- 2) The laboratory has not performed daily and weekly maintenance on the Microtome.
- 3) The semi-annual maintenance has not been performed on the Heker automated stainer as required in the SOP;
- 4) There is no preventative maintenance on the scale used for grossing;
- 5) There is no preventative maintenance on the microscopes or timers;

- 6) Temperatures for the various areas in the laboratory are taken with one thermometer. Temperature readings are exactly the same every day of the year. When asked to take a reading of room temperature, the histo-technician read the temperature as 65 degrees on the thermometer when, in fact, the thermometer read 23.5 degrees. This was verified by two surveyors:
- 7) There are no records that the pathologist has determined whether stain quality is acceptable for each day of testing; and
- 8) The laboratory has not performed a correlation between the automated stainer and the manual stain process. The histo-technician was unable to describe when manual staining is performed versus automated staining. The SOP does not address this issue.

Chemistry/Toxicology/Endocrinology/Blood Gases

- 1) There is no correlation between the two Gem Premier blood gas analyzers;
- 2) No SOP for when and what quality control materials should be performed on the blood gas analyzers;
- 3) There is no planned maintenance schedule for the distilled water system used on the chemistry analyzer and other areas;
- 4) There is no planned maintenance schedule for the cooling system. Filters were dirty;
- 5) There were no specimen rejection criteria;
- 6) Six blood gas specimens were delivered by a courier to the laboratory for testing from the nursing home. No time of collection was indicated on the specimen. Blood specimens should be performed within 30 minutes of collection to provide accurate results; and
- 7) Lack of documentation for remedial action when daily start-up records on the Dimension indicate that the instrument failed specific parameters.

Hematology

- 1) Erythrocyte sedimentation rates ("ESR") are performed next to the rack mixer for complete blood count samples. The vibration from the mixer can affect the outcome of the ESR test results;
- 2) No check of the timer used for ESRs;
- 3) No lot-to-lot verification or kit-to-kit verifications of reagents;
- 4) For urine pregnancy, the laboratory does not consistently receive the same kit and does not validate when a different kit is received;
- 5) No specimen rejection criteria for Pro-times and activated partial thromboplastin time ("APTTs");
- 6) No correlation between the two hematology instruments to ascertain consistency of results;
- 7) No quality control for body fluid specimens;
- 8) The laboratory information system is discordant with the instrument in terms of the time of testing;
- 9) The laboratory is documenting maintenance and quality control for instruments that are no longer in use;
- 10) The laboratory does not document reagent expiration dates; and
- 11) Calibration was not performed on the XT-1000 in 2011. No calibration was performed on the XT-2000 in 2012. These are required calibrations performed by the manufacturer.

Blood Bank

- 1) Incorrect temperature charts were observed on the packed red cell refrigerator for an extended length of time. Red cells are stored at 1-6 degrees Celsius and the chart on the refrigerator was reading 46 degrees F. The laboratory was unable to determine if red cells transfused to patients were stored at the acceptable temperature. These charts were changed weekly and went unnoticed by laboratory staff;

- 2) A blood bank technologist performed ABO/Rh typing and resulted the patient as A positive. The blood type was repeated with a new sample and determined to be A negative. The first was retyped and found to be A negative. No investigation was performed to determine if there was a technical or clerical error. The technologist went into the computer system without authorization and changed the result:
- 3) There was no controlled access to the LIS system to prevent unauthorized editing or modification of test results:
- 4) There was no documentation that a cross match was performed on two units of RBC's issued and transfused to the individual where the Rh error occurred. This is noted for unit numbers W121612104802 and W091012100939:
- 5) An antibody identification panel was performed on patient LM on October 19, 2011. Anti-E was identified; however, no reactions were recorded on the panel worksheet. This panel worksheet was reviewed by a second individual and determined to be acceptable. The patient was transfused with two units of RBC's on October 20, 2011:
- 6) There is no documentation that any positive or negative quality control is performed on the anti-sera used to screen patients and donor antigens. This was noted on a daily exception report; however, exception reports are not reviewed by management and corrective action is not taken:
- 7) Three units of expired plasma were identified in the Blood Bank freezer:
- 8) No testing, quality control, temperatures or maintenance is reviewed by laboratory administration:
- 9) 2012 RPM and timer checks were performed but neither the laboratory nor the biomedical engineering staff knew the acceptable ranges:
- 10) The laboratory stored platelets at 26.4 degrees Celsius and the acceptable storage temperature is 20-24 degrees Celsius. The temperature record indicates that the acceptable range is 20-25 degrees; however, this is not in keeping with the requirement of 10 NYCRR 58-2.6(j). Platelets were transfused to the patient when the temperature was observed by the surveyor to be out of the acceptable range:

- 11) Blood warmer temperatures are recorded but the acceptable range is not known since a manufacturer's manual is not available;
- 12) Transfusion slips received from nursing are incomplete in regards to date and time started, completion time, and signatures of both transfusionists;
- 13) Tissue used for transplant purposes is stored in a freezer in the Blood Bank. The temperature has not been monitored for two years; and
- 14) The laboratory director and laboratory Blood Bank staff stated that albumin was not administered at the hospital. After interviewing pharmacy staff, it was determined that the hospital pharmacy issues albumin.

WHEREAS, the Department has determined that, as a result of the above deficiencies, the public health, safety and welfare is in imminent danger.

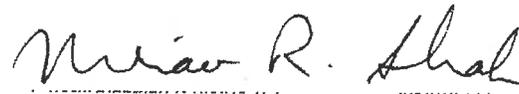
NOW, THEREFORE, THE COMMISSIONER OF HEALTH DOES HEREBY ORDER THAT:

1) Pursuant to PHL § 577(3), the categories identified on the Respondents' laboratory permit are suspended for thirty days from the effective date of this Order. Notwithstanding this suspension,

FURTHER, I DO HEREBY give notice that the Respondents are entitled to a hearing, to be held within thirty (30) days of service of this Order, at 90 Church Street, Fourth Floor, New York, New York 10007, to contest this Order. The Commissioner will set a time and place of the hearing and provide notice of the hearing and charges against the Respondents at least 15 days before the date set for the hearing.

DATED: Albany, New York
February 23, 2012

STATE OF NEW YORK
DEPARTMENT OF HEALTH



NIRAV R. SHAH, M.D., M.P.H.
Commissioner of Health

Inquiries to:

Jerry De Luise
Associate Attorney
Division of Legal Affairs
Phone No: (518) 473-1707
Fax No: (518) 486-1858

STATE OF NEW YORK : DEPARTMENT OF HEALTH

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IN THE MATTER

OF

PENINSULA HOSPITAL CENTER
51-15 BEACH CHANNEL DRIVE
FAR ROCKAWAY, NEW YORK 11691

ORDER FOR
SUMMARY
ACTION

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WHEREAS, inspectors with the New York State Department of Health, Wadsworth Center Clinical Laboratory Evaluation Program ("Department") inspected the clinical laboratory at the Peninsula Hospital Center on February 21 and 22, 2012, and found serious deficiencies in the administration and operation relating to the clinical laboratory operation; and

WHEREAS, the Commissioner of Health, Nirav R. Shah, M.D., M.P.H., issued a summary order pursuant to Section 577(3) of the Public Health Law summarily suspending the clinical laboratory permit of the Peninsula Hospital Center on February 23, 2012, for a period not to exceed 30 days [a copy which is attached and made a part hereof]; and

WHEREAS, the availability of clinical laboratory services is essential to the provision of medical care to patients; and

WHEREAS, the Commissioner of Health of the State of New York, is of the opinion that the continued operation of the Peninsula Hospital Center without the services of its clinical laboratory poses a danger to the health of current and future patients of the Peninsula Hospital Center; and

WHEREAS, it therefore appears to be prejudicial to the interest of the people to delay action for fifteen (15) days until an opportunity for a hearing can be provided in accordance with the provisions of Public Health Law Section 12-a.

NOW, THEREFORE, THE COMMISSIONER OF HEALTH DOES HEREBY ORDER THAT PURSUANT TO PUBLIC HEALTH LAW SECTION 16:

- 1) Immediately upon service of this Order, the Peninsula Hospital Center must notify the Fire Department on the City of New York to divert any ambulances which are bringing any patients for treatment.
- 2) Immediately upon service of this Order, the Peninsula Hospital Center shall not admit any new patients, either through its emergency room or from community physicians.
- 3) Immediately upon service of this Order, develop and implement a transfer plan for inpatients where priority is based on clinical acuity and dependence upon laboratory services;
- 4) Immediately upon service of this Order, cancel all surgeries and procedures; and
- 5) Immediately upon service of this Order, suspend any general activities that depend upon laboratory services.

FURTHER, I DO HEREBY give notice that the Peninsula General Hospital may request a hearing, to be held within fifteen (15) days of service, at the offices of the New York State Department of Health, 90 Church Street New York, New York 10007, to present any proof that the provision of hospital services without the availability of an in-house clinical laboratory does not constitute a danger to the health of the people of the State of New York. If such a hearing is

desired, then the Peninsula General Hospital should submit a written request, within five (5) days of receipt of service of this Order, to the following address: New York State Department of Health, Bureau of Administrative Hearings, Corning Tower, Room 2438, Governor Nelson A. Rockefeller Empire State Plaza, Albany, New York 12237. This request may also be submitted by FAX at (518) 486-1858 or by email at cdb02@health.state.ny.us. Failure to request a hearing will be considered a waiver of the Peninsula General Hospital's right to a hearing.

DATED: Albany, New York
February 23, 2012

NEW YORK STATE DEPARTMENT OF
HEALTH



NIRAV R. SHAH, M.D., M.P.H.
Commissioner of Health

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

----- X
In re :
: Case No. 11-47056-ess
PENINSULA HOSPITAL CENTER, *et al.*, :
: (Chapter 11)
Debtors. :
: (Jointly Administered)
----- X

**CONSENT ORDER DIRECTING THE APPOINTMENT
OF A CHAPTER 11 TRUSTEE**

Upon the motion (the "Motion") of Tracy Hope Davis, the United States Trustee for Region 2 (the "U.S. Trustee"), by and through her counsel, filed on February 24, 2012, seeking an order directing the appointment of a trustee ("Chapter 11 Trustee") pursuant to Section 1104 of title 11, United States Code (the "Bankruptcy Code"); and upon the Order shortening the time within which the Court may consider the Motion, issued on February 24, 2012; and it appearing that this is a core proceeding pursuant to Section 157(b) of title 28 of the United States Code; and upon the withdrawal of the objections to the Motion filed by the Debtors and Revival Funding Co., LLC and the withdrawal of the statement regarding the Motion filed by the Official Committee of Unsecured Creditors; and due and sufficient notice of the Motion having been given; and a hearing before the Court having been held on March 1, 2012; and upon the consent of the Debtors to the appointment of an Chapter 11 Trustee, it is hereby

ORDERED, that the United States Trustee appoint a Chapter 11 Trustee, with all of the rights, powers and duties authorized under the Bankruptcy Code; and it is further

ORDERED, that in accordance with 28 U.S.C. Sec. 959(b), the Chapter 11 Trustee shall manage and operate the property in his or her possession as Chapter 11 Trustee according to the valid laws, regulations and requirements of New York State, including those of the New York

State Department of Health and/or the New York State Public Health and Health Planning Council. The Chapter 11 Trustee shall be a person or an entity that possesses approval from the New York State Department of Health and/or the New York State Public Health and Health Planning Council (the "Approval"). To the extent that the Chapter 11 Trustee does not possess Approval, until such time as the Chapter 11 Trustee obtains Approval, the Chapter 11 Trustee shall work in conjunction with a person, entity or entities that have such Approval. This may include, but is not limited, to the Debtors' Boards of Directors.

ORDERED, that the Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

THE UNDERSIGNED CONSENT
TO THE ENTRY OF THIS ORDER:

PENINSULA HOSPITAL CENTER, *et al.*,
DEBTORS

By: /s/ Deborah J. Piazza
Deborah J. Piazza, Esq.
Abrams Fensterman, *et al.*
630 Third Avenue, 5th Floor
New York, NY 10017

Dated: March 6, 2012

TRACY HOPE DAVIS
UNITED STATES TRUSTEE FOR REGION 2

By: /s/ William E. Curtin
William E. Curtin (WC-1974)
Trial Attorney
271 Cadman Plaza East, Suite 4529
Brooklyn, New York 11201

Dated: March 6, 2012

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: /s/ Robert M. Hirsch
Robert M. Hirsch, Esq.
Arent Fox LLP
1675 Broadway
New York, New York 10019

Dated: March 6, 2012

NO OBJECTION:

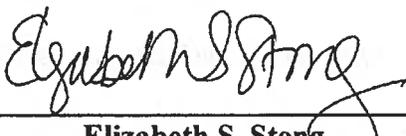
ERIC T. SCHNEIDERMAN
Attorney General of the State of New York

By: /s/ Enid Nagler Stuart
Enid Nagler Stuart
Assistant Attorney General
120 Broadway
New York, New York 10271
Attorney for New York State Department of Health

Dated: March 5, 2012

Dated: Brooklyn, New York
March 6, 2012




Elizabeth S. Stong
United States Bankruptcy Judge

Lori Lapin Jones, Chapter 11 Trustee
98 Cutter Mill Road – Suite 201 North
Great Neck, New York 11021
Telephone: (516) 466-4110

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X

In re:

PENINSULA HOSPITAL CENTER, et al.,

Debtors.

-----X

Chapter 11

Case No. 11-47056 (ess)

Case No. 11-47985 (ess)

STATUS REPORT OF CHAPTER 11 TRUSTEE

As the Bankruptcy Court and parties are aware, the appointment of a Chapter 11 Trustee for Peninsula Hospital Center (“Hospital”) was on consent of interested parties and resulted from the issuance by the New York State Department of Health (“DOH”) of Summary Orders closing the Hospital’s laboratory due to serious patient safety deficiencies and a direction that the Hospital stop accepting patients dependant on laboratory services. As a consequence, substantially all patient operations at the Hospital were discontinued. At the time of the Trustee’s appointment, efforts by the Hospital’s existing management were underway to take the steps necessary to correct the cited laboratory deficiencies.

The Trustee was hopeful that the remedial efforts undertaken by management and the professionals they retained would result in prompt recertification of the laboratory and a return of patient admissions. Given the financial difficulties experienced by the Hospital (seriously compounded by the closing), DOH agreed to review the work performed to date in connection with curing the laboratory deficiencies. Following a preliminary review, DOH determined that

substantial additional time, effort and expense would be required before the laboratory would be eligible for recertification. It was DOH's view that the process would take several months.

The Hospital does not have sufficient working capital to keep the Hospital open (even with a greatly reduced staff) for such a prolonged period while recertification efforts continue. Accordingly, the Trustee has made the decision to submit a closure plan for the Hospital to DOH. The Trustee will now turn to determining the most efficient and responsible manner in which to wind down the affairs of the Hospital (including determining whether the Hospital can be used for other healthcare purposes) and she will do so in coordination with DOH and in consultation with creditors and the Union. Although the Trustee is new to the case, she recognizes and appreciates the long and respected history of the Hospital, the important role of the Hospital in the community and, most important, the talented and dedicated staff that has served the Hospital for many years.

Peninsula General Nursing Home will continue to serve the community and its daily operations should not be affected by the wind down of the Hospital. The Nursing Home staff has been extremely dedicated to continuing the high quality of care provided at the Nursing Home and that will not change as we moved forward.

Dated: March 26, 2012
Great Neck, New York

/s/ Lori Lapin Jones, Trustee
Lori Lapin Jones, Chapter 11 Trustee

Lori Lapin Jones, Chapter 11 Trustee
98 Cutter Mill Road – Suite 201 North
Great Neck, New York 11021
Telephone: (516) 466-5110

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

| | | |
|--|---|-------------------------|
| -----X | | |
| In re | : | |
| | : | Chapter 11 |
| PENINSULA HOSPITAL CENTER, <u>et al.</u> | : | Case No. 11-47056 (ess) |
| | : | Case No. 11-47985 (ess) |
| Debtors. | : | |
| -----X | | |

SECOND STATUS REPORT OF CHAPTER 11 TRUSTEE

On March 26, 2012, the Trustee filed her first status report which set forth the events leading to the Trustee's difficult decision to wind down the operations of Peninsula Hospital Center (the "Hospital") and submit a plan of closure on behalf of the Hospital to the New York State Department of Health (the "DOH").

Following the filing of the Trustee's first status report, a formal plan of closure (the "Closure Plan") was submitted to DOH and was approved by DOH on April 6, 2012. Prior to the approval of the Closure Plan, an order to show cause and motion (the "OSC") were filed by Dr. Wayne Dodakian ("Movant") seeking, inter alia, an order terminating the appointment of the Trustee and restoring the Debtor to management of its assets, operations and affairs and pending a hearing on that relief, entry of an order preventing the Trustee from implementing the proposed closure of the Hospital. The Trustee objected to the OSC and a hearing was held on the OSC on April 9, 2012. After all day extensive discussions among the Trustee, Movant, certain of the members of the Hospital's former Board of Directors and various parties in interest, Movant withdrew the OSC.

In accordance with the proposed Closure Plan, the Hospital's clinics were closed on April 6, 2012 and its emergency department and remaining ancillary services were closed on April 9, 2012. In connection with the summary proceedings instituted by DOH against the Hospital, and pursuant to its police and regulatory powers, as set forth in § 401.3(j) of Title 10 of the New York Codes, Rules and Regulations, and as mandated by the Hospital's closure, DOH required that the Trustee immediately surrender the Hospital's operating certificate. In response to the demand and the statutory requirements, the operating certificate was surrendered by the Trustee to DOH on April 13, 2012.

The Trustee is presently continuing to address ancillary issues related to the closure of the Hospital, and is exploring a sale of the Hospital assets which may include the repurposing of the Hospital in the healthcare field. Towards this end, the Trustee has retained a broker to market the Debtors' assets [ECF No. 519].

Peninsula General Nursing Home Corp. (the "Nursing Home") remains viable and fully operating and will continue to serve the community as a sale is explored. The Nursing Home's staff remains dedicated to the highest quality of care of the residents. The daily operations of the Nursing Home have not been negatively impacted by the closure of the Hospital and, in fact, improvements have been made.

Dated: April 18, 2012
Great Neck, New York

/s/ Lori Lapin Jones, Trustee
Lori Lapin Jones, Chapter 11 Trustee



PUBLIC HEALTH AND HEALTH PLANNING COUNCIL

433 River Street, 6th Floor
Troy, New York 12180

(518) 402-0964
PHHPC@health.state.ny.us

March 23, 2012

Lori Lapin Jones
Chapter 11 Trustee for Peninsula Hospital Center
Lori Lapin Jones PLLC
98 Cutter Mill Road - Suite 201 North
Great Neck, New York 11021

Re: Chapter 11 Trustee Appointment of Peninsula Hospital Center

Dear Ms. Lapin Jones:

I HEREBY CERTIFY THAT AFTER INQUIRY and investigation, the appointment of Ms. Lori Lapin Jones to serve as the Chapter 11 Trustee of Peninsula Hospital Center is APPROVED.

The Public Health and Health Planning Council considered this appointment at its meeting on March 22, 2012 and imposed the following condition.

- The Public Health and Health Planning Council has approved the appointment of Ms. Lori Lapin Jones as the Chapter 11 Trustee of the Peninsula Hospital Center. If the Board of Peninsula Hospital Center were to be reconstituted, the appointment of all the board members requires the Public Health and Health Planning Council approval.

Sincerely,

A handwritten signature in black ink that reads "Colleen M. Frost". The signature is written in a cursive, flowing style.

Colleen M. Frost
Executive Secretary

/cf

Peninsula Hospital Center Letterhead

April 2, 2012

BY FEDEX

Ms. Kathleen Gaine
Acting Hospital Program Director
New York Metropolitan Area Regional Office
New York State Department of Health
90 Church Street
New York, NY 10007

Re: Peninsula Hospital Center
Plan of Closure- DRAFT

Dear Ms. Gaine:

This letter shall constitute the plan of closure (the "Plan") required by 10 NYCRR §401.3 for Peninsula Hospital Center (the "Hospital") (Operating Certificate No. 7003006H). The Hospital shall close its Emergency Department as of midnight on April 6, 2012. The Hospital's Emergency Department has been open only to walk-ins since February 23, 2012, when the New York State Department of Health ("DOH") ordered the Hospital to cease all new admissions and transfer all inpatients, and put its Emergency Department on diversion, following the closure of the Hospital's laboratory due to deficiencies. All inpatients were subsequently discharged or transferred. The Hospital will cease all remaining operations as of midnight on April 6, 2012 (the "Closure Date"). This Plan encompasses both the Hospital and the Family Health Center, which will also close as of April 6, 2012. Set forth below is a description of all elements of the Plan.

This Plan does not include Peninsula General Nursing Home Corp. d/b/a Peninsula Center for Extended Care & Rehabilitation (the "Nursing Home"), which will remain open. The Hospital has several outpatient clinics on site at the Nursing Home, however, and this Plan does include these clinics. As described in further detail below, the Hospital and the Nursing Home share certain services, and the facilities are working together with the DOH Division of Long Term Care to ensure that the Nursing Home residents receive all necessary services without interruption during this transition.

On August 16, 2011 an involuntary petition for relief under Chapter 11 of the Bankruptcy Code was filed against the Hospital, and on September 19, 2011 (the "Petition Date"), a consent order was filed, and the Nursing Home filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

A. Authorization

On March 9, 2012, Lori Lapin Jones, was approved Chapter 11 Trustee (the "Trustee") for the estates of the Hospital and the Nursing Home (together, the "Debtors") in the Chapter 11 Bankruptcy Case for the Debtors. On March 22, 2012, the Public Health and Health Planning Council approved Ms. Jones, as Trustee, to act as the governing body of the Hospital. On March 22, 2012, Ms. Jones approved the closure of the Hospital and the submission of this Plan of Closure.

B. Discontinuance of Clinical Services

1. Emergency Services – All remaining Emergency Department services will be suspended and the emergency department will be closed at midnight on April 6, 2012. FDNY and EMS and all area hospitals will be notified of the date and time of closure of the emergency department. Following the closure of the Hospital emergency department:
 - (a) the Hospital will maintain an ambulance to be stationed at the emergency department for seventy-two (72) hours to facilitate necessary patient transfers;
 - (b) a security department staff member will remain in the emergency department for a thirty (30) day period to provide information to persons who arrive at the emergency department;
 - (c) emergency 911 contacts will be posted outside the emergency department in the event an individual uninformed about the Hospital emergency department closure arrives in clinical distress and will remain in place for as long as will be feasible following the closure; and
 - (d) the Department of Transportation has been notified to remove all blue Hospital signs directing the public to the Hospital from lamp posts and street signs as of the closure, and to decommission the helipad.
2. Inpatient Services – The Hospital ceased accepting new admissions following the DOH order dated February 23, 2012. All inpatients in the Hospital have been discharged or transferred. All inpatient services have ceased. All medical records will be maintained and stored per section C below.

3. Surgical Services – All surgical services have ceased, and physicians utilizing Hospital surgical services will be notified in writing of the projected date of permanent closure of the Hospital.

4. Family Health Center and Specialty Services – The Peninsula Hospital Family Health Center will close and patients will be referred to the following providers for continued care and treatment, which have indicated a willingness to accept them, subject to patient choice:
 - A. Joseph P. Addabbo Family Health Centers:
 - (i) 6200 Beach Channel Drive
Arverne, NY 11692
(718) 945-7150
 - (ii) 114-39/49 Sutphin Blvd.
Jamaica, NY 11434
 - (iii) 118-11 Guy R Brewer Blvd.
Queens, NY 11434
 - (iv) 1288 Central Ave.
Far Rockaway, NY 11691

 - B. South Island Medical Associates, P.C.:
 - (i) 711 Seagirt Avenue #B
Far Rockaway, NY 11691
(718) 471-3900
 - (ii) 17-31 Seagirt Boulevard
Far Rockaway, NY 11691
(718) 471-5400
 - (iii) 9009 Rockaway Beach Boulevard
Rockaway Beach, NY 11693
(718) 318-1600

 - C. St. John's Episcopal Hospital, Ambulatory Care Center
327 Beach 19th Street
Far Rockaway, NY 11691
(718) 869-7000

5. Outpatient Radiology Diagnostic – The outpatient radiology service, located on site in the Hospital, will cease providing services on April 6, 2012. All patients who have appointments scheduled April 7 or after will be notified of the closure and will be advised to speak with their physicians for a referral or referred to the

providers noted in paragraph 4 for continued care and treatment, subject to patient choice.

6. Dental Clinic. – The Hospital's dental clinic, located on site in the Nursing Home, will cease providing dental outpatient services on April 6, 2012. All active patients will be notified of the closure of these clinics and will be referred to the dental clinics at Jamaica Hospital Center and Brookdale Hospital, subject to patient choice. The Nursing Home is entering into arrangements with other providers to continue serving its residents.
7. Outpatient Physical Medicine and Rehabilitation Services - The Hospital will cease providing outpatient physical medicine and rehabilitation services at its clinic, located on site at the Nursing Home, on April 6, 2012. All active patients will be notified of the closure of this service and will be referred to the providers listed in paragraph 4 for continued services, subject to patient choice.
8. Outpatient Physical Therapy – The Hospital will cease providing outpatient physical therapy services at its clinic located on site at the Nursing Home, on April 6, 2012. All active patients will be notified of the closure of this service and will be referred to the providers listed in paragraph 4 for continued services, subject to patient choice.
9. Outpatient Occupational Therapy – The Hospital will cease providing outpatient occupational therapy services at its clinic located on site at the Nursing Home, on April 6, 2012. All active patients will be notified of the closure of this service and will be referred to the providers listed in paragraph 4 for continued services, subject to patient choice.
10. Outpatient Speech Therapy – The Hospital will cease providing outpatient occupational therapy services at its clinic located on site at the Nursing Home, on April 6, 2012. All active patients will be notified of the closure of this service and will be referred to the providers listed in paragraph 4 for continued services, subject to patient choice.
11. Ophthalmology -- The Hospital will cease providing outpatient ophthalmology services at its clinic located on site at the Nursing Home, on April 6, 2012. All active patients will be notified of the closure of this service and will be referred to the providers listed in paragraph 4 for continued services, subject to patient choice. The Nursing Home is entering into arrangements with other providers to continue serving its residents.
12. Ophthalmology -- The Hospital will cease providing outpatient ophthalmology services at its clinic located on site at the Nursing Home, on April 6, 2012. All active patients will be notified of the closure of this service and will be referred to the providers listed in paragraph 4 for continued services, subject to patient choice. The Nursing Home is entering into arrangements with other providers to continue serving its residents.

D. Discontinuance of Residency Programs

The Hospital is a teaching site for three (3) medical residency programs, Family Practice, General Surgery, Orthopedic Surgery, with a total of 67 residents, sponsored through The New York College of Osteopathic Medicine and the Lake Erie College of Osteopathic Medicine. The Hospital is working with NYCOMEC and the American Osteopathic Association to arrange for alternate placement for these residents. In addition, the Hospital is a teaching site for a general practice dental residency program, with a total of six (6) residents, sponsored through the American Dental Association. The Hospital is working with the Council on Dental Education to arrange for alternate placement for these residents.

E. Shared Services

Certain services are shared by the Nursing Home and the Hospital. The Nursing Home is in the process of either taking these services in-house, or contracting with alternative vendors for these services, and the Hospital will continue to provide the services until alternative arrangements are in place. These services include:

1. Kitchen services
2. Radiology
3. MIS/telephone services
4. Finance
5. Human Resources
6. Mail room
7. Security

F. Medical Records

Medical Record management after the closure date will ensure the confidentiality of medical records and future access by patients and subsequent treating providers. The Hospital will transfer all medical records and radiology records to a medical record storage vendor pursuant to a written agreement. The agreement will provide for future access by patients, regulatory agencies and physicians, as appropriate. Until an arrangement with a vendor is made, the Hospital will maintain its medical records department and staff. Callers to its main telephone number (718) 734-2000] will be directed to the medical records department staff for access to medical records.

G. Pharmacy

The management of pharmaceuticals upon closure will be conducted within state and Federal DEA guidelines. Within each respective care area, the pharmacist will coordinate the tabulation of final pharmaceutical inventories and transport remaining pharmaceuticals to the Hospital's central pharmacy. All medications shall then either be destroyed, returned to vendors, or transferred to another provider as appropriate. The Hospital will document all pharmaceutical dispositions. The Hospital will surrender all licenses and registrations to DEA, the Board of Pharmacy, the Bureau of Narcotics Enforcement and other applicable agencies per regulatory requirements.

H. Radiology/Laboratory

The management of radioactive materials and other chemicals and hazardous materials upon closure will be conducted within state and Federal guidelines. Within each respective area, the Department Director will coordinate the inventory of all such materials which shall then either be disposed of in accordance with state and Federal guidelines, returned to vendors, or transferred to another provider as appropriate. The Hospital will document all dispositions of such materials. The Hospital will surrender all licenses and registrations to the Department of Health, local agencies, and other applicable agencies per regulatory requirements.

I. Medical Waste and Infectious Materials.

All medical waste and infectious materials will be disposed of through appropriate channels in full compliance with regulatory requirements. The Hospital has contracts with vendors to manage the appropriate disposal of all such materials.

J. Equipment, Furniture and Fixtures

The Hospital plans to hire a consultant to assist in liquidating its physical assets, some of which is located at the Nursing Home. To ensure patient/resident and staff safety, buyers will be required to make appointments and submit removal plans before accessing Hospital property to view or remove any asset.

K. Supplies and Inventory

The Hospital will work with suppliers and vendors to ensure an orderly closure and availability of necessary supplies until closure of the Hospital. Vendors will be notified of the closure and the termination of supply agreements in a timely fashion in accordance with their contracts. Unused supplies and inventory will be returned for refunds or donated to other not-for-profit facilities, as appropriate.

L. Notifications

The Hospital shall notify each current Hospital outpatient of the impending closure of the Hospital.

The Hospital has notified the following persons and entities of its impending closure:

- Hospital employees and their union representatives
- Medical Staff
- GME residents
- Office of the Mayor of the City of New York (pursuant to WARN act)
- State Relocation Worker's Unit (pursuant to WARN act)
- All Hospital based private practices
- FDNY Emergency Medical Services (EMS)
- Central Park Medical Unit
- REMSCO

Ms. Kathleen Gaine

April 2, 2012

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St. John's Episcopal Hospital - Queens

The Hospital will be notifying the following persons and entities of its impending closure:

New York County Medical Society
Queens Hospital Center
Jamaica Hospital Medical Center
Flushing Hospital Medical Center
Mount Sinai Queens
Elmhurst Hospital Center
Forest Hills Hospital
Community Board 14
Queens Borough President

The Hospital will communicate with the community about closure, including placement of a notice in local newspapers and placement of notices outside the Hospital.

The Hospital is committed to an orderly closure that will prevent any disruption of patient care and minimize inconvenience to patients and their families. Please feel free to contact the undersigned at _____, if you have any questions or need additional information.

Sincerely,

David Masini, COO

cc: Ruth W. Leslie,
Deputy Director, Division of Certification and Surveillance, DOH
Richard Cook, Deputy Commissioner, DOH
Judith A. Eisen, Esq.

NEW YORK
state department of
HEALTH

Nirav R. Shah, M.D., M.P.H.
Commissioner

Sue Kelly
Executive Deputy Commissioner

April 6, 2012

Mr. David Masini
Chief Operating Officer
Peninsula Hospital Center
51-15 Beach Channel Drive
Far Rockaway, New York 11691

Re: Decertification of operator and site closure
of Peninsula Hospital Center
51-15 Beach Channel Drive, Far Rockaway
Operating Certificate: 7003006H
Facility ID: 1632

Dear Mr. Masini:

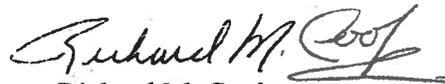
In response to your request of April 2, 2012, staff from the Division of Certification and Surveillance and the New York Metropolitan Area Regional Office reviewed the closure plan for the site listed above.

The closure plan is approved effective April 9, 2012, contingent upon the appropriate securing and storage of medical records. In addition, we understand that Peninsula will continue to provide services to support the nursing home operations until alternative arrangements can be made. We will work with you on the implementation of the closure plan and to resolve the remaining issues as expeditiously as possible.

The operating certificate should be surrendered immediately to the New York Metropolitan Area Regional Office.

If you have any questions concerning this matter please contact Ms. Kathleen Gaine at 212-417-5990. Thank you.

Sincerely,



Richard M. Cook
Deputy Commissioner
Office of Health Systems Management

cc: Ms. Celeste Johnson
Ms. Kathleen Gaine
Ms. Barbara Knothe

NEW YORK
state department of
HEALTH

Nirav R. Shah, M.D., M.P.H.
Commissioner

Sue Kelly
Executive Deputy Commissioner

April 13, 2012

Lori Lapin Jones, Esq.
Lori Lapin Jones, PLLC
98 Cutter Mill Road, Suite 201 North
Great Neck, New York 11021

Re: Decertification of operator and site
closure of Peninsula Hospital Center
51-15 Beach Channel Drive, Far Rockaway
Operating Certificate: 7003006H
Facility ID: 1632

Dear Trustee Jones:

This is in reference to my letter dated April 6, 2012 to David Massini, Chief Operating Officer of Peninsula Hospital Center, in which I directed Mr. Massini to surrender the operating certificate held by Peninsula Hospital Center. Please be advised that the issuance of operating certificates is governed by Article 28 of the Public Health Law, pursuant to which the New York State Department of Health (Department) is given comprehensive responsibility for the administration of the State's policy with respect to hospital and health related services for the purpose of providing for the protection and promotion of the health of its citizens (see Public Health Law § 2800).

Therefore, in connection with the summary proceeding instituted by the Department against Peninsula Hospital Center and in accordance with the Department's police and regulatory authority as set forth in § 401.3 (j) of Title 10 of the Codes, Rules and Regulations of the State of New York, the operating certificate of Peninsula Hospital Center, which has discontinued operations pursuant to a closure plan submitted to and approved by the Department, must be immediately surrendered to the Department.

Sincerely,



Richard M. Cook
Deputy Commissioner
Office of Health Systems Management

cc: Judith Eisen, Esq.

Lori Lapin Jones, Chapter 11 Trustee
Peninsula Hospital Center
98 Cutter Mill Road – Suite 201 North
Great Neck, New York 11021
Telephone: (516) 466-4110

By E-Mail (kag11@health.state.ny.us) and Hand Delivery

Ms. Kathleen Gaine
Acting Hospital Program Director
New York Metropolitan Area Regional Office
New York State Department of Health
90 Church Street
New York, NY 10007

Re: Peninsula Hospital Center
51-15 Beach Channel Drive, Far Rockaway
Operating Certificate: 7003006H; Facility ID: 1632

Dear Ms. Gaine:

In response to the letter dated April 6, 2012 from Richard Cook to David Masini approving the Plan of Closure for Peninsula Hospital Center and requesting a surrender of Peninsula Hospital Center's operating certificate (the "Operating Certificate"), and the letter dated April 13, 2012 from Richard Cook to me, I, Lori Lapin Jones, solely in my capacity as the Chapter 11 Trustee for the estate of Peninsula Hospital Center, hereby surrender Peninsula Hospital Center's Operating Certificate (Operating Certificate: 7003006H; Facility ID: 1632). A copy of the Operating Certificate is enclosed.

As previously communicated, we are unable to locate the original Operating Certificate. Accordingly, I enclose a Lost Operating Certificate Affidavit and Agreement sworn to by me, as Trustee. Although the original Operating Certificate is not enclosed, this letter along with the Affidavit should be deemed a surrender of the Operating Certificate.

Sincerely,



Lori Lapin Jones, as Chapter 11 Trustee

Facility Id. 1632
Certificate No. 700300611

Certified Beds - Total 173
Coma Recovery 2
Coronary Care 6
Intensive Care 6
Medical / Surgical 125
Pediatric 16
Traumatic Brain Injury 18

State of New York
Department of Health
Office of Health Systems Management
OPERATING CERTIFICATE

Hospital
Peninsula Hospital Center
51-15 Beach Channel Drive
Far Rockaway, New York 11691

Operator: Peninsula Hospital Center Inc
Operator Class: Voluntary Not for Profit Corporation

Has been granted this Operating Certificate pursuant to Article 28 of the Public Health Law for
(the service(s) specified).

| | | | | |
|---------------------------------------|---|--------------------------------|--|-------------------------------|
| Ambulatory Surgery - Multi Speciality | Audiology O/P | CT Scanner | Clinical Laboratory Service | Coma Recovery |
| Coronary Care | Dental O/P | Emergency Department | Health Fairs O/P | Intensive Care |
| Linear Accelerator | Magnetic Resonance Imaging | Medical Social Services | Medical/Surgical | Nuclear Medicine - Diagnostic |
| Nuclear Medicine - Therapeutic | Pediatric | Pharmaceutical Service | Physical Medicine and Rehabilitation O/P | Primary Medical Care O/P |
| Radiology - Diagnostic | Renal Dialysis - Acute | Respiratory Care | Therapy - Occupational O/P | Therapy - Physical O/P |
| Therapy - Speech Language Pathology | Therapy - Vocational Rehabilitation O/P | Traumatic Brain Injury Program | | |

Effective Date: 01/05/2009
Expiration Date: NONE



Jan W. Esposito
Deputy Commissioner
Office of Health Systems Management

This certificate must be conspicuously displayed on the premises.

Commissioner

**LOST OPERATING CERTIFICATE
AFFIDAVIT AND AGREEMENT**

STATE OF NEW YORK)
)
COUNTY OF NASSAU)

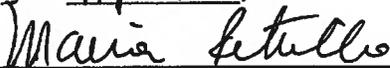
Lori Lapin Jones, as the Chapter 11 Trustee for the estate of Peninsula Hospital Center (the "Trustee") being duly sworn, deposes and says:

1. That the Trustee was appointed as the Chapter 11 Trustee for the Estate of Peninsula Hospital Center ("PHC") on March 9, 2012.
2. On April 9, 2012, PHC discontinued its operations pursuant to a plan of closure submitted to and approved by the New York State Department of Health (the "Department") on April 6, 2012. In connection with the prior operation of its facility, I have been informed that PHC was issued Operating Certificate No. 7003006H by the Department (the "Certificate").
3. The Certificate has been either lost, misplaced, stolen or destroyed and after diligent search through the files and records of the hospital conducted by the Chief Operating Officer, the Trustee is informed that the original Certificate cannot be located.
4. The Trustee makes this affidavit to induce the Department to accept a copy of the Certificate in place of the original Certificate.
5. The Trustee covenants and agrees, on behalf of PHC and solely in her capacity as the Chapter 11 Trustee, to surrender the original Certificate should the Certificate come into the possession of the Trustee.



Lori Lapin Jones, as Chapter 11 Trustee

Sworn to before me this 13th
day of April, 2012



Notary Public

**MARIA PETRILLO
NOTARY PUBLIC, STATE OF NEW YORK
NO. 4524936
QUALIFIED IN SUFFOLK COUNTY
COMMISSION EXPIRES 2/28/2015**