

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

RAYMOND E BUTLER, II,

Case No. 1:25-cv-04443
Hon. Georgia N. Alexakis

Plaintiff,
v.

ELI JACKFINN EDDI a/k/a ELY EDDI, ILANA FINN EDDI, DORINE MAGENCE, MANUEL MAGENCE, JEFFREY K. GUTMAN, NACHSHON DRAIMAN, WILLIAM KANTER, JOEL S. ROTHMAN, MOSHE SOLOVEICHIK, ALAN GREEN, JERRY CHERNEY, SHMUEL FUERST, HAROLD KATZ, SAMUEL MASLATON, DANIEL BERGMAN, IRVING BIRNBAUM, ARON STANTON, CHAIM RAJCHENBACH, RIVKA RAJCHENBACH, AVRUM RAJCHENBACH, MENACHEM SHABAT, AHUVA SHABAT, RONALD SHABAT, ERIC ROTHNER, COLMAN GINSPARG, JAMES MAINZER, MARSHALL K. BROWN, JEFFREY FINN, MEIR "AARON" COHEN, GARRY CHANKIN, NANCY ROSEN, MARK ANTEBI, BARRY ANTEBI, DAVID R. RAANAN, and ELLIOT E. ANTEBEI.

Defendants.

PLAINTIFF'S REPLY TO DEFENDANTS CHAIM RAJCHENBACH AND MENACHEM SHABAT'S OPPOSITION TO PLAINTIFF'S MOTION TO VACATE STAY, VACATE PROTECTIVE ORDER, FREEZE TRUST ASSETS, AND APPOINT FIDUCIARY

NOW COMES, RAYMOND E. BUTLER, II by and through his undersigned counsel, and submits the following reply to Defendants Chaim Rajchenbach and Menachem Shabat's Opposition to Plaintiff's Motion to Vacate Stay, Vacate Protective Order, Freeze Trust Assets, and Appoint Fiduciary, and in support of his reply states as follows:

I. Plaintiff's Ex Parte Emergency Motion Was Properly Filed and Necessitated by Defendants' Clandestine Asset Transfers

Plaintiff filed an Ex Parte Emergency Motion for entry of a temporary injunction pursuant to Fed. R. Civ. P. 65 and this Honorable Court's equitable authority. As amply supported by the verification, briefing, and exhibits supplied, the motion was precipitated by the recent revelation of undisclosed, mid-litigation transfers of trust assets valued in excess of \$544

million. These asset transfers, effectuated post-stay without any notice to Plaintiff or this Court, and without legally sufficient and/or appropriate disclosures to the relevant regulatory authorities, involved falsified federal ownership filings and blatant violations of Centers for Medicare and Medicaid Services (CMS) disclosure protocols.

Immediate injunctive relief was, and remains, imperative to halt further dissipation of assets and safeguard the integrity of these proceedings. The motion was advanced without notice in strict compliance with Fed. R. Civ. P. 65(b)(1), as any forewarning would have invited additional concealment or spoliation of the contested assets, as briefed by Plaintiff in the underlying Motion. Regrettably, this Court denied the motion on an emergency basis, prompting Plaintiff's appeal to the Seventh Circuit Court of Appeals, which likewise denied relief. Plaintiff's subsequent petition for en banc rehearing was summarily rejected on spurious jurisdictional grounds, notwithstanding the manifest errors below.

Defendants' opposition represents a nadir of legal advocacy and is an obvious exercise in obfuscation, replete with recycled factual distortions, legal fallacies and meritless arguments that betray a fundamental misunderstanding, and/or willful disregard, of the evidentiary record, basic and venerable trust law principles, and the incontrovertible facts demonstrating the Defendants' egregious fraud and dissipation of assets. Compounding this incompetence is the self-serving declaration of Daniel Garden, Legacy Healthcare's "General Counsel," whose attestations strain credulity and verge on perjury. This Court should not countenance such dilatory tactics and reject their sophomoric efforts, which only underscore the urgent need for the equitable relief sought herein.

II. Defendants' Opposition Rehashes Baseless Arguments, Lacks Credibility and Basic Legal Acumen

Counsel's fixation on Plaintiff's purported failure to produce trust documents is both premature and disingenuous. They erroneously insist Plaintiff must "prove" beneficiary status to seek injunctive relief (Opp. at 13-14), conflating preliminary injunction standards with trial burdens. This is patently absurd: at this pre-discovery juncture, Plaintiff need only demonstrate a likelihood of success on the merits, not conclusive proof. Discovery has not commenced—indeed, Defendants' stonewalling ensures it cannot—yet the opposition demands production of "trust documents" as if this were summary judgment (Opp. at 1-2). This betrays a kindergarten-level misunderstanding of procedural stages: complaints allege, discovery proves.

Notably, Defendants proffer no affidavits, declarations, or commitments to produce original trust documents affirming Plaintiff's (and siblings') non-beneficiary status vis-à-vis the GPN FAMILY TRUST and DOROS Generational Trust. Defendants' denial of transfers of assets is patently false, as Exhibits 1 and 2 delineate them in vivid hues. Finally, Plaintiff's motion timing—spanning monthly data through July 2025, inclusive of March—refutes any delay accusation. Further, contrary to counsels claims no "new theories" are advanced; rather, emergent data on asset dissipation propelled the injunction motion.

Defendants' denial of the GPN Family Trust's existence flies in the face of the CMS exhibits proffered by Plaintiff, which unequivocally document ownership through March 2025 where 64 SNFs listed the "Chaim Rajchenbach Descendants TR UA 04282008" as owner, operating as "GPN FAMILY TRUST U/A/D 4/28/2008," until April 2025, when ownership magically vested in "GPN FAM TR UA 04282008" **under the same d/b/a**. This

phantom entity—"GPN FAM TR UA 04282008"—materializes **for the first time** in CMS records, claiming stakes in 73 facilities without antecedent. In plain language, the assets of the CHAIM Rajchenbach Descendants Trust UA 04282008 were controlled by the trustee until April 2025 when those identical SNF's were then controlled by the trustee of the GPN FAM TR UA 04282008.

Counsel's glib assertion that "common sense dictates that assets do not transfer merely by updating a CMS website" is a straw man; Plaintiff concurs, which is precisely why comprehensive spreadsheets were submitted—highlighted in contrasting colors for even the most obtuse reviewer—to expose the fraudulent machinations at hand. Between March and April 2025, the Associate ID **was not changed** when the Organization Owner **was changed**. This means defendants DID NOT REGISTER the new owner with CMS or PECOS. The elimination of the CHAIM RAJCHENBACH DESCENDANTS TR UA 04292008 from ownership data can only be justified if there are proper transactions or reimbursements to that trust for the loss of assets. These stark changes represent FRAUD.

Counsel's derision of Plaintiff's claims as "conspiracy theories defying both logic and basic business realities" doesn't pass the sniff test, particularly given their admission that assets transfer via documented transactions into discrete entities with unique tax IDs—precisely what the spreadsheets corroborate as fraudulent. Defendants' blanket denial of any "GPN FAMILY TRUST" or "DOROS Generation Trust" during relevant periods is belied by all evidence, including CMS data.

Effectuating such CMS alterations demands, at minimum: (1) registration of a new owner in CMS/PECOS databases, and (2) duly recorded transfers in state and county registries. Associate IDs—unique identifiers tethered to owners via PECOS (10-digit PAC

IDs linking tax IDs and names)—remained unaltered amid these ownership shifts, evidencing non-registration and fraud. The excision of the "Chaim Rajchenbach Descendents TR UA 04282008" absent compensatory transactions constitutes **blatant misappropriation**, with an average 44.6% stake across 61 facilities equating to approximately \$544 million in pilfered value.

In counsels risible misreading of the evidentiary record, opponents dismiss Plaintiff's claims as "conspiracy theories defying both logic and basic business realities" (Opp. at 1), yet ignore the CMS exhibits that irrefutably document mid-litigation transfers—highlighted in contrasting colors for even the dimmest reviewer (Pl.'s Mot. Exs. 1-2). Counsels' assertion that "no such transfers occurred" (Opp. at 2) is not merely erroneous—it is delusional, betraying a fundamental incapacity to comprehend public data or basic chronology. One wonders if counsel bothered to review the exhibits at all, or if their "analysis" derives from the same conspiratorial whispers informing his CIBC apologetics.

Counsel's distortions abound: On page 3 of their response, they mischaracterize Plaintiff's knowledge of the Neufeld Trusts as deriving from "family records" and conversations with Jack Finn's ex-wife; in truth, awareness of the fraud—not the trusts themselves—arose therefrom. On page 2 of their reply, they falsely attribute to Plaintiff an allegation of fraudulent coercion into releasing claims against the Jack Finn Irrevocable Trust for \$30,000—a fabrication.

III. Impermissibly Advocates for Non-Parties, Evidencing Ongoing Conspiracy

Defendants' opposition is a masterclass in mendacity, authored by attorneys whose grasp of the facts and law is as tenuous as their ethical moorings. Counsel's gratuitous

defense of non-party CIBC USA—decrying Plaintiff's purported complaints while asserting the protective order's tailoring thereto—bespeaks collusion. Mr. Callahan, in particular, emerges as a paragon of duplicity: purporting to represent only Defendants Rajchenbach and Shabat, yet devoting pages to championing non-party CIBC USA's grievances (Opp. at 7, 20)—an entity he neither represents nor should defend. This unsolicited advocacy reeks of collusion, as Callahan parrots CIBC's complaints about purported "harassment" while admitting knowledge of interactions he could only glean through illicit ex parte communications (Opp. at 20). Such conduct not only undermines his credibility but invites sanctions for ethical breaches under the Illinois Rules of Professional Conduct.

Further, on page 7, opponents slander the Plaintiff by likening his tactics to those of a murderer, invoking the United Healthcare CEO's assailant and on additionally on page 20, they claim the Plaintiff "selectively cited 'peaceful' interactions with CIBC," knowledge counsel could only possess via communications with CIBC, amplifying the conspiracy.

IV. Daniel Garden Sits on a Throne of Lies for the Empire of Death

Daniel Garden's declaration is an absurd fabrication, unworthy of a purported "General Counsel" whose tenure at Legacy Healthcare coincides suspiciously with the fraudulent schemes at issue. Garden attests that "neither Butler, Neufeld, nor Finn have ever had any ownership interest in Legacy Healthcare, Cascade, or any of the Facilities" (Garden Decl. ¶¶ 16-20), yet this is flatly contradicted by CMS records showing the GPN Family Trust—Plaintiff's grandfather's creation—as owner through 2024, only to be supplanted by Defendants' mimicry trusts in 2025 (Pl.'s Mot. Exs. 1-2). Garden's claim of unbroken ownership by Defendants' entities since "at least 2023" (Garden Decl. ¶ 29) ignores the

abrupt excision of the Chaim Rajchenbach Descendants Trust from records, absent any documented transaction or reimbursement—hallmarks of fraud.

Garden's credibility crumbles further under scrutiny: he admits involvement in "nearly all" acquisitions (Garden Decl. ¶ 15), yet provides no bills of sale, tax IDs, or regulatory filings to substantiate his assertions, relying instead on self-serving screenshots (Garden Decl. Exs. A-D). This evasion speaks volumes—Garden knows production would expose the illicit transfers. His assertions are equally suspect, as he very clearly conflates operational control with ownership, ignoring CMS protocols requiring registration of new owners via PECOS (Pl.'s Mot. at 13-14). Unchanged Associate IDs amid ownership shifts (as in Ex. 1) scream non-compliance and concealment, yet Garden blithely asserts "no other 'GPN FAMILY TRUST'" existed (Garden Decl. ¶ 17)—a bald lie belied by the data.

Legally, Garden's declaration is a nullity. He opines on trust formations drafted by Charles Harris (Garden Decl. ¶¶ 10-12), yet Harris provided only an unsworn "declaration"—Garden's hearsay is inadmissible. See Fed. R. Evid. 802. Moreover, Garden's stipulation that "\$100 million in damages" (Garden Decl. ¶ 33) is accurate is erroneously conflated as damage from the requested injunction ignoring that freezing assets merely halts dissipation into Defendants' pockets while preserving operations. This is not expertise—it's advocacy disguised as testimony, further eroding his credibility and inviting perjury charges.

V. Protective Order Must Be Vacated as Unconstitutional and Unwarranted

The extant protective order is unconstitutional, predicated on baseless harassment allegations. Trustees owe fiduciary duties to beneficiaries, rendering inquiries breaches upon refusal; accrued liabilities are astronomical. No evidence of harassment exists, only Defendants' stonewalling.

VI. Trust Assets Must Be Frozen and an Independent Fiduciary Appointed

Freezing assets would not impede operations but merely staunch the flow of funds into Defendants' coffers. Revenues would sustain business continuity, depriving these malefactors of ill-gotten gains. Appointment of an independent fiduciary is self-evident to rectify the rampant mismanagement and fraud.


VII. Defendants' Substantive Arguments Collapse Under Their Own Weight

Defendants' bluster cannot mask the merits favoring relief. The stay must lift: state proceedings, delayed by Defendants' tactics, cannot resolve federal RICO claims, and abstention factors weigh against it, which Plaintiff has briefed continuously even prior to the transfer (See e.g. Pl.'s Mot. at 27-28; contra Opp. at 9-12). Their "parallelism" argument fails, as this case implicates distinct federal issues. *Freed v. J.P. Morgan Chase Bank, N.A.*, 756 F.3d 1013 (7th Cir. 2014) supports vacatur where vexation stems from defendants' evasion.

Injunctive relief is warranted: Plaintiff need not prove beneficiary status pre-discovery; verified allegations suffice for likelihood of success. Irreparable harm is manifest in asset dissipation (Pl.'s Mot. at 23), and equities favor halting fraud over Defendants' feigned

concern for "patient safety" (Opp. at 18)—a cynical ploy given their history of CMS violations and related misconduct found throughout this matters' record. The protective order is unconstitutional, stifling legitimate inquiries without evidence of harassment (Pl.'s Mot. at 30; contra Opp. at 20-21). Appointing a fiduciary ensures integrity, not paralysis.

WHEREFORE, Plaintiff, by and through counsel respectfully requests that this Honorable Court grant the motion sought in Plaintiff's Motion.


/s/ Katherine A. London
Katherine A. London
Co-counsel for Plaintiff

Respectfully submitted,

/s/ Racine M. Miller
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CERTIFICATE OF SERVICE

The undersigned certifies that on 8.20.25 the foregoing instrument was served upon all parties to the above cause to each of the attorneys of record herein at their respective addresses disclosed on the pleadings.

By Overnight Courier Fax E-mailed
 Hand Delivered U.S. Mail E-filed
 Certified Mail Scanned Other

Signature: /s/ Josh Freedman