

DAUPHIN COUNTY
PENNA
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CLERK OF
SUPERIOR COURT

IN THE COURT OF COMMON PLEAS FOR DAUPHIN COUNTY

COMMONWEALTH OF PENNSYLVANIA
By and Through Attorney General
BRUCE R. BEEMER,

Plaintiff,

v.

Reliant Senior Care Holdings, Inc., RSC
Consolidated Holdings, LLC, Reliant Senior
Care Management, LLC, Reliant Audubon
Holdings, LLC, Reliant Briarcliff Holdings,
LLC, Reliant Butler Holdings, LLC, Reliant
Coventry Holdings, LLC, Reliant Denver
Holdings, LLC, Reliant Easton Holdings, LLC,
Reliant Evergreen Holdings, LLC, Reliant
Kade Holdings, LLC, Reliant Lakeside
Holdings, LLC, Reliant Latrobe, LLC, Reliant
Millville Holdings, LLC, Reliant Orangeville
Holdings, LLC, Reliant Osprey Holdings,
LLC, Reliant Overlook Holdings, LLC, Reliant
Palmyra Holdings, LLC, Reliant Pembroke,
LLC, Reliant Praxis Holdings, LLC, Reliant
Prospect Park, LLC, Reliant Silver Oaks
Holdings, LLC, Reliant Twin Oaks Holdings,
LLC, Reliant Valley View, LLC, and Reliant
White Cliff Holdings, LLC,

Defendants.

Case No. 2016 CV-7435-EQ

CIVIL ACTION - EQUITY

JURY TRIAL DEMANDED

NOTICE

YOU HAVE BEEN SUED IN COURT. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this Complaint and Notice are served, by entering a written appearance personally or by attorney and

filing in writing with the Court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the Court without further notice for any money claimed in the Complaint or for any other claim or relief requested by the Plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW. THIS OFFICE CAN PROVIDE YOU WITH INFORMATION ABOUT HIRING A LAWYER.

IF YOU CANNOT AFFORD TO HIRE A LAWYER, THIS OFFICE MAY BE ABLE TO PROVIDE YOU WITH INFORMATION ABOUT AGENCIES THAT MAY OFFER LEGAL SERVICES TO ELIGIBLE PERSONS AT A REDUCED FEE OR NO FEE.

DAUPHIN COUNTY LAWYER REFERRAL SERVICE
213 North Front Street
Harrisburg, PA 17101
(717) 232-7536

NOTICE
CONCERNING MEDIATION OF ACTIONS PENDING BEFORE
THE COURT OF COMMON PLEAS OF DAUPHIN COUNTY

The Judges of the Court of Common Pleas of Dauphin County believe that mediation of lawsuits is a very important component of dispute resolution. Virtually all lawsuits can benefit in some manner from mediation.

The Court has adopted Dauphin County Local Rule 1001 to encourage the use of mediation. This early alert enables litigants to determine the best time during the life of their lawsuit for a mediation session. The intent of this early alert is to help the parties act upon the requirement to consider good faith mediation at the optimal time.

The Dauphin County Bar Association provides mediation services and can be reached at 717-232-7536. Free mediation sessions for pro bono cases referred by MidPenn Legal Services are available through the DCBA.

AVISO

USTED HA SIDO DEMANDADO/A EN CORTE. Si usted desea defenderse de las demandas que se presentan más adelante en las siguientes páginas, debe tomar acción dentro de los próximos veinte (20) días después de la notificación de esta Demanda y Aviso radicando personalmente o por medio de un abogado una comparecencia escrita y radicando en la Corte por escrito sus defensas de, y objeciones a, las demandas presentadas aquí en contra suya. Se le advierte de que si usted falla de tomar acción como se describe anteriormente, el caso puede proceder

sin usted y un fallo por cualquier suma de dinero reclamada en la demanda o cualquier otra reclamación o remedio solicitado por el demandante puede ser dictado en contra suya por la Corte sin más aviso adicional. Usted puede perder dinero o propiedad u otros derechos importantes para usted.

USTED DEBE LLEVAR ESTE DOCUMENTO A SU ABOGADO INMEDIATAMENTE.
SI USTED NO TIENE UN ABOGADO, LLAME O VAYA A LA SIGUIENTE OFICINA.
ESTA OFICINA PUEDE PROVEERLE INFORMACION A CERCA DE COMO
CONSEGUIR UN ABOGADO.

SI USTED NO PUEDE PAGAR POR LOS SERVICIOS DE UN ABOGADO, ES
POSIBLE QUE ESTA OFICINA LE PUEDA PROVEER INFORMACION SOBRE
AGENCIAS QUE OFREZCAN SERVICIOS LEGALES SIN CARGO O BAJO COSTO A
PERSONAS QUE CUALIFICAN.

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213 North Front Street
Harrisburg, PA 17101
(717) 232-7536

AVISO
REFERENCIAS A LA MEDIACIÓN DE LAS ACCIONES PENDIENTES ANTES
LA CORTE DE SOPLICAS COMUNES DEL CONDADO DE DAUPHIN

Los jueces de la corte de súplicas comunes del condado de Dauphin creen que la mediación de pleitos es un componente muy importante de la resolución del conflicto. Virtualmente todos los pleitos pueden beneficiar de cierta manera de la mediación.

La code ha adoptado la regla local de condado de Dauphin 1001 para animar el use de la mediación. Esta alarma temprana permite a litigantes determinar la mejor época durante la vida de su pleito para una sesión de la mediación. El intento de esta alarma temprana es actuar sobre la mediación de la buena fe en el tiempo óptimo.

La asociación de la barra del condado de Dauphin proporciona servicios de la mediación y se puede alcanzar en 717-232-7536. La sesión libre de la mediación para los favorables casos del bono se refinio por MidPenn que los servicios juridicos están disponibles con el DCBA.

IN THE COURT OF COMMON PLEAS FOR DAUPHIN COUNTY

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DAUPHIN COUNTY
PENNSYLVANIA

COMMONWEALTH OF PENNSYLVANIA
By and Through Attorney General
BRUCE R. BEEMER,

Plaintiff,

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Reliant Senior Care Holdings, Inc., RSC
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Care Management, LLC, Reliant Audubon
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Prospect Park, LLC, Reliant Silver Oaks
Holdings, LLC, Reliant Twin Oaks Holdings,
LLC, Reliant Valley View, LLC, and Reliant
White Cliff Holdings, LLC,

Defendants.

Case No. 2016 CV-7435-EQ

CIVIL ACTION - EQUITY

JURY TRIAL DEMANDED

COMPLAINT AND PETITION FOR INJUNCTIVE RELIEF

AND NOW, comes the Commonwealth of Pennsylvania, by and through Attorney General Bruce R. Beemer, (hereinafter "the Commonwealth" or "OAG"), and brings this action pursuant to the Unfair Trade Practices and Consumer Protection Law, 73 P.S. §§ 201-1 – 201-9.3 (hereinafter "Consumer Protection Law"), to restrain unfair or deceptive acts or practices in the conduct of any trade or commerce declared unlawful by Section 201-3 of the Consumer

Protection Law, and to recover civil penalties, overpayments for consumers, and costs of this action.

The Consumer Protection Law authorizes the Attorney General to bring an action in the name of the Commonwealth of Pennsylvania, to restrain by temporary and permanent injunction, unfair or deceptive acts or practices in the conduct of any trade or commerce declared unlawful by Section 201-3 of the Consumer Protection Law. 73 P.S. § 201-3.

In support of this action, the Commonwealth represents the following:

I. JURISDICTION

1. This Court has jurisdiction over this action pursuant to 42 Pa.C.S.A. § 931(a).

II. PARTIES

2. Plaintiff is the Commonwealth of Pennsylvania, through and by Attorney General Bruce R. Beemer, with offices located at 14th Floor, Strawberry Square, Harrisburg, Dauphin County, Pennsylvania 17120.
3. Reliant Senior Care Holdings, Inc. is a Delaware corporation regularly doing business in the Commonwealth of Pennsylvania. Its principal place of business is located at 1510 Chester Pike, Baldwin Tower, 7th Floor, Eddystone, PA 19022. Reliant Senior Care Holdings, Inc. indirectly owns skilled nursing facilities throughout the Commonwealth of Pennsylvania and does business in Pennsylvania through the actions of its agents, employees, staff and others at its skilled nursing facilities in Pennsylvania. The residents of these skilled nursing facilities are Pennsylvania residents.
4. RSC Consolidated Holdings, LLC is a Pennsylvania limited liability company. Its principal place of business is located at 1510 Chester Pike, Baldwin Tower, 7th Floor, Eddystone, PA 19022. RSC Consolidated Holdings, LLC owns skilled nursing facilities

throughout the Commonwealth of Pennsylvania. The residents of these skilled nursing facilities are Pennsylvania residents.

5. Reliant Senior Care Management, LLC is a Florida limited liability company. Its principal place of business is 3601 Island Ave., Philadelphia, PA 19153. Reliant Senior Care Management, LLC manages and operates skilled nursing facilities throughout the Commonwealth of Pennsylvania. The residents of these skilled nursing facilities are Pennsylvania residents.
6. Reliant Audubon Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Audubon Holdings, LLC owned and operated a skilled nursing facility known as Audubon Villa Health and Rehabilitation Center located at 125 South Broad Street, Lititz, PA 17543. The residents of Audubon Villa Health and Rehabilitation Center are Pennsylvania residents.
7. Reliant Briarcliff Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Briarcliff Holdings, LLC owned and operated a skilled nursing facility known as Briarcliff Pavilion Health and Rehabilitation Center located at 249 Maus Drive, Irwin, PA 15642. The residents of Briarcliff Pavilion Health and Rehabilitation Center are Pennsylvania residents.
8. Reliant Butler Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Butler Holdings, LLC owned and operated a skilled nursing facility known as Butler Valley Manor Health and Rehabilitation Center located at 463 N. Hunter Highway, Drums, PA 18222. The residents of Butler Valley Manor Health and Rehabilitation Center are Pennsylvania residents.

9. Reliant Coventry Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Coventry Holdings, LLC owned and operated a skilled nursing facility known as Coventry Manor Health and Rehabilitation Center located at 3031 Chestnut Hill Road, Pottstown, PA 19465. The residents of Coventry Manor Health and Rehabilitation Center are Pennsylvania residents.
10. Reliant Denver Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Denver Holdings, LLC owned and operated a skilled nursing facility known as Denver Health and Rehabilitation Center located at 400 Lancaster Avenue, Stevens, PA 17578. The residents of Denver Health and Rehabilitation Center are Pennsylvania residents.
11. Reliant Easton Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Easton Holdings, LLC owned and operated a skilled nursing facility known as Easton Health and Rehabilitation Center located at 498 Washington Street, Easton, PA 18042. The residents of Easton Health and Rehabilitation Center are Pennsylvania residents.
12. Reliant Evergreen Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Evergreen Holdings, LLC owned and operated a skilled nursing facility known as Evergreen Health and Rehabilitation Center located at 191 Evergreen Mill Road, Harmony, PA 16037. The residents of Evergreen Health and Rehabilitation Center are Pennsylvania residents.
13. Reliant Kade Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Kade Holdings, LLC owned and operated a skilled nursing facility known as Kade Health and Rehabilitation Center located at 1198 W. Wylie Avenue,

Washington, PA 15301. The residents of Kade Health and Rehabilitation Center are Pennsylvania residents.

14. Reliant Lakeside Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Lakeside Holdings, LLC owned and operated a skilled nursing facility known as Lakeside Health and Rehabilitation Center located at 245 Old Lake Road, Dallas, PA 18612. The residents of Lakeside Health and Rehabilitation Center are Pennsylvania residents.
15. Reliant Latrobe, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Latrobe, LLC owned and operated a skilled nursing facility known as Latrobe Health and Rehabilitation Center located at 576 Fred Rogers Drive, Latrobe, PA 15650. The residents of Latrobe Health and Rehabilitation Center are Pennsylvania residents.
16. Reliant Millville Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Millville Holdings, LLC owned and operated a skilled nursing facility known as Millville Health and Rehabilitation Center located at 48 Haven Lane, Millville, PA 17846. The residents of Millville Health and Rehabilitation Center are Pennsylvania residents.
17. Reliant Orangeville Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Orangeville Holdings, LLC owned and operated a skilled nursing facility known as Orangeville Health and Rehabilitation Center located at 200 Berwick Road, Orangeville, PA 17859. The residents of Orangeville Health and Rehabilitation Center are Pennsylvania residents.

18. Reliant Osprey Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Osprey Holdings, LLC owned and operated a skilled nursing facility known as Creekside Health and Rehabilitation Center, located at 45 North Scott Street, Carbondale, PA 18407. The residents of Creekside Health and Rehabilitation Center are Pennsylvania residents.
19. Reliant Overlook Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Overlook Holdings, LLC owned and operated a skilled nursing facility known as Overlook Health and Rehabilitation Center located at 520 New Castle Street, New Wilmington, PA 16142. The residents of Overlook Health and Rehabilitation Center are Pennsylvania residents.
20. Reliant Palmyra Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Palmyra Holdings, LLC owned and operated a skilled nursing facility known as Palmyra Health and Rehabilitation Center located at 341 North Railroad Street, Palmyra, PA 17078. The residents of Palmyra Health and Rehabilitation Center are Pennsylvania residents.
21. Reliant Pembroke, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Pembroke, LLC owned and operated a skilled nursing facility known as Pembroke Health and Rehabilitation Center located at 1130 West Chester Pike, West Chester, PA 19382. The residents of Pembroke Health and Rehabilitation Center are Pennsylvania residents.
22. Reliant Praxis Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Praxis Holdings, LLC owned and operated a skilled nursing facility

known as Praxis Alzheimer's Facility located at 500 Washington Street, Easton, PA 18042. The residents of Praxis Alzheimer's Facility are Pennsylvania residents.

23. Reliant Prospect Park, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Prospect Park, LLC owned and operated a skilled nursing facility known as Prospect Park Health and Rehabilitation Center located at 815 Chester Pike, Prospect Park, PA 19076. The residents of Prospect Park Health and Rehabilitation Center are Pennsylvania residents.
24. Reliant Silver Oaks Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Silver Oaks Holdings, LLC owned and operated a skilled nursing facility known as Silver Oaks Health and Rehabilitation Center located at 715 Harbor Street, New Castle, PA 16101. The residents of Silver Oaks Health and Rehabilitation Center are Pennsylvania residents.
25. Reliant Twin Oaks Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Twin Oaks Holdings, LLC owned and operated a skilled nursing facility known as Twin Oaks Health and Rehabilitation Center located at 2880 Horseshoe Pike, Palmyra, PA 17078. The residents of Twin Oaks Health and Rehabilitation Center are Pennsylvania residents.
26. Reliant Valley View, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant Valley View, LLC owned and operated a skilled nursing facility known as Valley View Health and Rehabilitation Center located at 301 Valley View Blvd, Altoona, PA 16602. The residents of Valley View Health and Rehabilitation Center are Pennsylvania residents.

27. Reliant White Cliff Holdings, LLC is a Pennsylvania limited liability corporation. At all times relevant, Reliant White Cliff Holdings, LLC owned and operated a skilled nursing facility known as White Cliff Health and Rehabilitation Center located at 110 Fredonia Road, Greenville, PA 16125. The residents of White Cliff Health and Rehabilitation Center are Pennsylvania residents.

III. ALLEGATIONS

28. Between 2012 and the present, Defendants (collectively, “Reliant”) managed and operated 22 skilled nursing facilities throughout the Commonwealth.¹

29. Reliant skilled nursing facilities located in Pennsylvania include the facilities listed in paragraphs 6-27 above (collectively, the “Reliant Facilities”).

30. At all relevant times, Defendants were engaged in trade and commerce in the Commonwealth within the meaning of the Consumer Protection Law. This case arises from Defendants’ deceptive and misleading representations to consumers about the level of services they provided to nursing home residents and Defendants’ pervasive, chain-wide practice of billing consumers for services not provided.

31. Individuals who reside in skilled nursing facilities typically require a mix of skilled nursing services and assistance with ordinary daily activities. These residents often face limitations caused by illness, disability, physical deterioration due to old age, dementia or other cognitive decline, or other diseases and conditions. Many of these residents are elderly. Many residents are confined to their beds or wheelchairs, and they require assistance to move around, to reposition themselves to avoid pressure sores, to groom

¹ Herein, “skilled nursing facilities” means residential facilities that provide skilled nursing, rehabilitation, and long-term care. Sometimes such facilities are referred to as “long-term care facilities” or “nursing homes.”

themselves, to get to the bathroom, and to eat and drink. Many residents are incontinent, and they must be frequently checked on and changed to stay clean and dry.

Consequently, many residents require not only skilled nursing care from nursing staff, but also assistance with activities of daily living (“ADLs”), including:

- (a) assistance using the bathroom;
- (b) incontinence care and changing of wet and soiled briefs, clothing, and bed linen;
- (c) assistance safely transferring between a bed and wheelchair;
- (d) assistance with grooming, dressing, bathing, and oral care;
- (e) repositioning in their beds or wheelchairs;
- (f) assistance eating and drinking; and
- (g) assistance and supervision performing active / passive range of motion exercises (“ROMs”).

32. Assistance with ADLs (herein “Basic Care”) is not skilled nursing. It is primarily delivered by Certified Nurse Aides or “CNAs.”
33. While the amount of Basic Care assistance may vary from resident to resident, Basic Care is included in the daily charge for residency in the nursing home, which is billed at a fixed *per diem* rate.
34. Defendants marketed the Reliant Facilities by promising to restore or maintain residents’ highest possible level of functioning, to maintain residents’ dignity and self-esteem, and to develop and deliver personalized services for each resident according to his or her individual needs. These statements were deceptive and misleading. Notwithstanding these representations, elements of Basic Care – which is essential to maintain the highest

level of functioning and to preserve dignity and self-esteem -- were routinely skipped or abbreviated at Reliant facilities.

35. Defendants limited the number of CNA staff on duty at their Facilities, rendering the facilities incapable of delivering the Basic Care that residents needed.
36. Interviews with former employees of the Reliant Facilities and review of survey results reported by the Pennsylvania Department of Health ("DOH") show that the Reliant Facilities were understaffed and failed to provide the Basic Care services they promised – and were paid – to provide.

IV. CLAIMS FOR RELIEF

Count I: Violations of the Unfair Trade Practices and Consumer Protection Law, 73 P.S. §§ 201-1-201.9.3

37. The Commonwealth incorporates by reference the allegations contained in the preceding paragraphs as if fully set forth herein at length.
38. Defendants made representations to Pennsylvania consumers that they would provide the Basic Care required by their residents when the Reliant Facilities did not, as a matter of practice, provide staff adequate to meet the needs of their residents and did, in fact, fail to provide a significant percentage of the care required by their residents.
39. These deceptive, misleading, and unfair representations were made in:
 - (a) marketing of skilled nursing services on Defendants' websites to Pennsylvania consumers;
 - (b) marketing materials;
 - (c) care plans shared with residents that outlined the care that the Facilities promised to provide; and

- (d) billing statements that included a per diem charge leading recipients to believe that all services had been provided.
- 40. These deceptive, misleading, and unfair representations were of the type that would create a likelihood of confusion or misunderstanding for consumers.
- 41. The Reliant Facilities' deceptive and unfair statements and practices are in violation of:
 - (a) 73 P.S. § 201-2(4)(v), which prohibits representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or quantities that they do not have;
 - (b) 73 P.S. § 201-2(4)(ix), which prohibits advertising goods or services with intent not to sell them as advertised;
 - (c) 73 P.S. § 201-2(4)(x), which prohibits advertising goods or services with intent not to supply reasonably expectable public demand, unless the advertisement discloses a limitation of quantity; and
 - (d) 73 P.S. § 201-2(4)(xxi), which prohibits engaging in any other fraudulent or deceptive conduct which creates a likelihood of confusion or misunderstanding.
- 42. The Consumer Protection Law empowers the Court to impose a civil penalty not exceeding \$1,000 for each willful violation of the Act and a penalty not exceeding \$3,000 for each violation where the victim is sixty years of age or older. The Commonwealth therefore asks that the Court assess a civil penalty for each violation of the Act.
- 43. The Commonwealth also seeks injunctive relief and overpayments, as authorized under § 73-201-4 and § 73-201-4.1, including monies which were paid by consumers in the form

of per diem payments and acquired by Defendants by means of the alleged violations of the Consumer Protection Law.

WHEREFORE, the Commonwealth respectfully requests that the Court enter an order granting permanent injunctive relief prohibiting Defendants from engaging in the deceptive and unlawful conduct described herein, and enter judgment against the Defendants for the services not performed or improperly performed in an amount to be proven at trial, overpayments, civil penalties, costs of suit, attorneys' fees, interest, and such other relief as the Court deems proper.

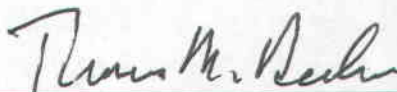
Respectfully Submitted,

BRUCE R. BEEMER
Attorney General

James A. Donahue, III
Executive Deputy Attorney General

Date: October 3, 2016

By:

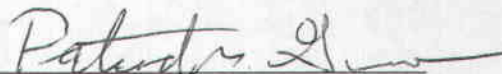


Thomas M. Devlin
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VERIFICATION

On this, the 3rd day of October, 2016, as attorney for the Commonwealth, I hereby verify that the facts set forth in the Commonwealth's Complaint and Petition for Injunctive Relief are true and correct to the best of my knowledge, information and belief. I understand that this declaration is made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsifications to authorities.

Date: October 3, 2016

By: 
Patrick M. Greene
Deputy Attorney General

IN THE COURT OF COMMON PLEAS FOR DAUPHIN COUNTY

COMMONWEALTH OF PENNSYLVANIA,
By and Through
Attorney General BRUCE R. BEEMER,
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Park, LLC, Reliant Silver Oaks Holdings,
LLC, Reliant Twin Oaks Holdings, LLC,
Reliant Valley View, LLC, and Reliant
White Cliff Holdings, LLC,

Defendants.

Case No. 2016 CV 7435-EQ

ORDER

NOW, on this _____ day of _____ 2016, upon consideration of the Motion
to Approve Final Judgment by Consent, the motion is granted.

The Consent Decree shall be entered as an Order of this Court.

J.

IN THE COURT OF COMMON PLEAS FOR DAUPHIN COUNTY

COMMONWEALTH OF PENNSYLVANIA,
By and Through
Attorney General BRUCE R. BEEMER

Plaintiff,

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Defendants.

DAUPHIN COUNTY
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NOTARIAL

Case No. 2016 CV-7435 - EQ

MOTION TO APPROVE FINAL JUDGMENT BY CONSENT

AND NOW, comes the Commonwealth of Pennsylvania, acting by and through Attorney General Bruce R. Beemer, through the Health Care Section of the Public Protection Division (hereinafter "Commonwealth"), and respectfully moves this honorable Court for entry of the Consent Decree as an Order of this Court, and in support thereof respectfully avers the following:

1. Simultaneous with the filing of this Motion, the Commonwealth filed a Complaint in the above-captioned matter alleging, *inter alia*, violations of the Commonwealth's Consumer Protection Law, 73 P.S. §§ 201-1 to 201-9, and also filed a Stipulated Final Judgment and Consent Decree.

2. The Commonwealth and Defendants (hereinafter the "Parties") agree to entry of the Consent Decree pursuant to a settlement of the disputed claims alleged in the Complaint for the purpose of avoiding prolonged and costly litigation.

WHEREFORE, the Commonwealth respectfully requests that this honorable Court approve and enter the Stipulated Final Judgment and Consent Decree, which was filed simultaneously with this Motion, as an Order of this Court.

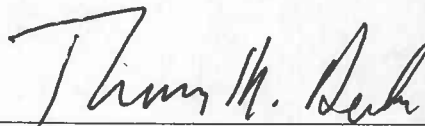
Respectfully Submitted,

BRUCE R. BEEMER
Attorney General

James A. Donahue, III
Executive Deputy Attorney General

Date: October 3, 2016

By:



Thomas M. Devlin
Chief Deputy Attorney General
Health Care Section
Public Protection Division
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Defendants.

No. 2016 CV-7435-E2

CIVIL ACTION - EQUITY

2016 OCT -3 PM 1:22
DAUPHIN COUNTY
PENNA

STIPULATED FINAL JUDGMENT AND CONSENT DECREE

AND NOW, comes the Commonwealth of Pennsylvania, by and through Attorney General Bruce R. Beemer, (hereinafter "the Commonwealth" or "OAG"), having conducted an investigation into the business practices of the above-named Defendants pursuant to the Unfair Trade Practices and Consumer Protection Law, 73 Pa.C.S.A. §§ 201-1 – 201-9.3, and having contemporaneously filed a Complaint and Petition for Injunctive Relief in the above-captioned

action, hereby desires to enter into a Consent Decree to resolve the claims asserted in the Complaint as follows:

PARTIES

This Consent Decree is entered into by and between the Commonwealth of Pennsylvania, acting through the Office of Attorney General (referred to herein as the “**Commonwealth**” and/or the “**Attorney General**”), on the one hand, and Reliant Senior Care Holdings, Inc., RSC Consolidated Holdings, LLC, Reliant Audubon Holdings, LLC, Reliant Briarcliff Holdings, LLC, Reliant Butler Holdings, LLC, Reliant Coventry Holdings, LLC, Reliant Denver Holdings, LLC, Reliant Easton Holdings, LLC, Reliant Evergreen Holdings, LLC, Reliant Kade Holdings, LLC, Reliant Lakeside Holdings, LLC, Reliant Latrobe, LLC, Reliant Millville Holdings, LLC, Reliant Orangeville Holdings, LLC, Reliant Osprey Holdings, LLC, Reliant Overlook Holdings, LLC, Reliant Palmyra Holdings, LLC, Reliant Pembroke, LLC, Reliant Praxis Holdings, LLC, Reliant Prospect Park, LLC, Reliant Silver Oaks Holdings, LLC, Reliant Twin Oaks Holdings, LLC, Reliant Valley View, LLC, Reliant White Cliff Holdings, LLC, and Reliant Senior Care Management, LLC (collectively referred to herein as “**Reliant**”), on the other hand. The Commonwealth and Reliant may be referred to collectively as the “**Parties**” or individually as a “**Party**”.

RECITALS

A. Reliant has engaged in trade and commerce in the Commonwealth of Pennsylvania through the advertisement, promotion, and operation of nursing facilities, which includes, but is not limited, to skilled and unskilled nursing services (referred to herein as “**Skilled Nursing Facilities**”).

B. On August 26, 2014, the Attorney General served subpoenas on Reliant seeking information, *inter alia*, about the number of nurses, including Licensed Practical Nurses (“LPNs”) and Registered Nurses (“RNs”), Certified Nursing Assistants (“CNAs”), and therapy staff working on each shift at Nursing Facilities operated by Reliant. The Attorney General reviewed documents and information produced by Reliant, interviewed CNAs who worked for Reliant and reviewed the Department of Health’s regulatory records as well as labor and acuity data from the Center for Medicare and Medicaid Services (referred to herein as “CMS”).

C. Reliant cooperated in the Attorney General’s investigation.

D. The Attorney General contends that Reliant promised in marketing materials, resident assessments and care plans to provide all the care its residents needed, but failed to staff its facilities adequately to meet its residents’ needs during the period February 2012 through the present. The Attorney General contends the foregoing alleged conduct (the “Covered Conduct”) violates the Unfair Trade Practices and Consumer Protection Law (referred to herein as the “Consumer Protection Law” or “CPL”), 73 P.S. §§ 201-1, *et seq.* and gives rise to claims for restitution/restoration, penalties, and approval of attorneys’ fees and costs.

E. Reliant denies that it has failed to provide adequate staffing to meet the needs of its Skilled Nursing Facilities and denies that it has violated the Consumer Protection Law. Moreover, Reliant has advised the Attorney General that it anticipates selling its Skilled Nursing Facilities in the Commonwealth to an independent third party.

F. This Consent Decree is made in compromise of the Parties’ dispute. This Consent Decree is neither an admission of liability by Reliant nor a concession by the Attorney General that its claims are not well-founded.

G. Reliant agrees that by executing this Consent Decree it recognizes and is bound by any and all obligations, liabilities, responsibilities and encumbrances as set forth below. Reliant furthermore recognizes and agrees that the terms of this Consent Decree will apply to Reliant and any Skilled Nursing Facility that Reliant or its parents, subsidiaries, affiliates, or successors owns, acquires or operates in the Commonwealth for a period of time as set forth in Section III A below.

NOW THEREFORE, to avoid the delay, uncertainty, inconvenience and expense of protracted litigation and for good and valuable consideration, the sufficiency of which is mutually acknowledged and intending to be legally bound, the Commonwealth and Reliant, for itself, its parents, subsidiaries, affiliates, owners, and successors (as defined below) acting on its behalf agree as follows:

SETTLEMENT TERMS

I. DEFINITIONS

A. "Staff to Acuity" or "Staffing to Acuity" means that a sufficient number of CNAs are working on each shift at each Reliant facility to provide the Basic Care needed by the facility's resident population. The sufficiency of the number of CNAs on duty shall be determined by measuring the resident population's Acuity Level and using the Commonwealth's Staffing Model or a comparable Staffing Model or an Acuity-Based Staffing Methodology approved by the Office of the Attorney General.

B. "Resident Acuity Level" means the Basic Care needs of a resident based upon the resident's individualized: (1) MDS assessment, (2) care plan, (3) ADL flowsheet, and (4) other documentation stating the frequency or number of ADL care services delivered to the resident. The Basic Care needs are equal to the types of assistance needed by the resident (reflected in

Section G of MDS) and the frequency with which such assistance is needed (reflected in resident care plan and ADL flowsheet).

C. "Resident Population Acuity Level" means the total amount of Basic Care required by all of the residents in a facility during a 24-hour period. Resident Population Acuity Level shall be calculated on a quarterly basis and adjusted as needed to account for any 1:1 assignments (meaning, 1 CNA assigned to 1 resident) as frequently as they occur.

D. "Basic Care" means the care provided by Certified Nursing Aides (CNAs) to assist residents with activities of daily living (ADLs) which include: eating and drinking; transferring from a bed to a chair and back, or repositioning in a bed or chair; dressing; showering, bathing, and daily hygiene; toileting and incontinence care; a.m. and p.m. care; transporting residents within the facility, and; Range of Motion (ROM) exercises and assisted walking.

E. "Acuity Based Staffing Methodology" means a method, approved by the Office of the Attorney General, for ensuring that the CNA staffing levels in each nursing home are adjusted in accordance with: (1) the Resident Population Acuity Level; and (2) the required labor time to deliver all Basic Care required by the Resident Population in each nursing home, during a specified 24-hour period. The Acuity Based Staffing Methodology shall include: (1) an accurate calculation of the total number of each type of Basic Care service required by the Resident Population in each nursing home; (2) the average time required to provide each type of Basic Care service; (3) the total amount of labor time required to deliver the total Basic Care services required by the Resident Population broken down by type of service; and (4) a calculation of the additional time required to deliver Basic Care to all residents in each nursing home that are

coded or documented as requiring a 2-person assist from staff in the delivery of any Basic Care service.

F. "Staffing Model" means a methodology, approved by the Office of the Attorney General, for determining the number of CNA hours needed on a daily basis per patient ("ppd") to provide the Basic Care needed by the resident population. At a minimum, the methodology must include a means of quantifying the Basic Care needs of the resident population and converting that workload into hours of labor.

G. "Successor" as used herein refers to any entity that might be formed by, joined, or merged with Reliant, its parents, subsidiaries, or affiliates or an entity in which Reliant's current owners have a controlling interest and which is licensed to operate one or more Skilled Nursing Facilities in the Commonwealth of Pennsylvania or identified as a manager in a license of a Skilled Nursing Facility. Successor does not refer to or include the independent third parties that purchased the Reliant Skilled Nursing Facilities pursuant to a certain Asset Purchase Agreement dated December 9, 2015.

II. INJUNCTIVE RELIEF

A. The foregoing recitals and premises are incorporated herein and made a part of all the following settlement terms.

B. Reliant, its parents, subsidiaries, affiliates, and successors, are hereby enjoined and prohibited from violating the Pennsylvania Consumer Protection Law, including but not limited to 73 P.S. §§ 201-1 *et seq.*

C. Reliant shall be enjoined from representing in marketing materials, resident assessments, and care plans, that it has provided, is providing, or will provide all the care needed by its residents if it is not Staffing to Acuity.

D. Reliant shall be enjoined from creating patient care records that are not maintained contemporaneously during each shift and signed by the CNA who provided care during the shift.

E. Reliant shall be enjoined from changing staffing levels and staffing assignments during inspections, surveys, and survey windows. In particular, administrative staff shall not perform CNA tasks and CNA staffing shall not be increased above budgeted levels.

F. Reliant shall not otherwise engage in any misleading, confusing or deceptive business practices.

III. AFFIRMATIVE INJUNCTIVE RELIEF

A. Because Reliant has advertised and marketed or otherwise promised to consumers that its Skilled Nursing Facilities are staffed to meet all resident needs and will meet all resident needs, Reliant, its parents, subsidiaries, affiliates, and successors, hereby agree to the following conditions of owning or operating any Skilled Nursing Facility in the Commonwealth for a period of seven years. Should Reliant, its parents, subsidiaries, affiliates and successors not own, operate or be identified as a manager of a Skilled Nursing Facility in the Commonwealth for seven years from the date this Consent Decree is executed, then this Consent Decree will expire and its terms, other than Section VII, will no longer have any force or effect. The compliance period for the provisions of this Section will begin to run on December 1, 2016, for all Skilled Nursing Facilities except Pembroke. The compliance period for Pembroke will begin to run from the date it is in compliance with CMS's regulations and is removed from the Center for Medicare and Medicaid Services's Special Focus Facility list.

STAFFING

1. Reliant shall Staff to Acuity at each of its skilled nursing facilities which means

Reliant shall implement at each skilled nursing facility either: (a) an Acuity Based Staffing Methodology or (b) a Staffing Model.

2. The Acuity Level of the Resident Population shall be calculated quarterly, unless significant changes in the Acuity Level of an individual resident (*e.g.*, requiring 1:1 supervision) require more frequent calculations.

QUALITY OF CARE IMPROVEMENTS

3. Reliant shall implement weekly measurement and monitoring of the following 16 clinical metrics: (1) pressure ulcers, (2) restraints, (3) antipsychotic medications, (4) resident falls, (5) weight loss, (6) continence management, (7) restorative programs, (8) injuries, (9) medication errors, (10) nosocomial infections, (11) dehydration, (12) unplanned hospitalizations, (13) average medications administered per day, (14) timely MDS assessment completion, (15) nursing staff average PPD, and (16) vacant Full-Time Employee ("FTE") nursing staff positions.

NOTICE OF CONSENT DECREE

4. To the extent that Reliant or its parent, subsidiaries, affiliates or successors own, acquire, become licensed to operate, or are identified in a license as a manager of a Skilled Nursing Facility in the Commonwealth of Pennsylvania, each patient at such facility shall receive notice that they can contact the Office of Attorney General about their complaints pursuant to the Consent Decree, and the Office of Attorney General's toll free phone number and website shall be provided. A summary of the Consent Decree shall be included in the notice.

5. To the extent that Reliant or its parent, subsidiaries, affiliates or successors, own, acquire, become licensed to operate, or are identified in a license as a manager of a Skilled Nursing Facility in the Commonwealth of Pennsylvania, the Notice of the Consent Decree and Office of Attorney General's contact information shall be prominently and conspicuously posted on every occupied floor of the each Skilled Nursing Facility.

6. To the extent that Reliant or its parent, subsidiaries, affiliates or successors own, acquire, become licensed to operate, or are identified in a license as a manager of a Skilled Nursing Facility in the Commonwealth of Pennsylvania, Reliant shall distribute, in a timely manner, a copy of this Consent Decree to all of its officers, management employees, agents, and representatives having sales or policy responsibilities with respect to Reliant's goods and services.

VERIFICATION OF COMPLIANCE

7. To the extent that Reliant or its parent, subsidiaries, affiliates or successors own, acquire, become licensed to operate, or are identified in a license as a manager of a Skilled Nursing Facility in the Commonwealth of Pennsylvania, Reliant will annually submit the following, which shall not be divulged by the Commonwealth, except for the purpose of securing compliance with this Consent Decree, or as otherwise required by law:

a. A declaration under oath, as to the fact and manner of Reliant's compliance with the provisions of this Consent Decree. The declaration will be executed by the Chief Executive Officer, as company designee who is responsible for ensuring compliance with this Consent Decree;

b. Representative copies of any and all solicitations sent, directly or indirectly, to Pennsylvania consumers or otherwise promoting Reliant's services, including but not limited to, brochures; direct mailings; radio, television or print media advertisements; telemarketing solicitations; internet postings, facsimiles, electronic messages or communications; and telephone directory advertisements or listings;

c. Information or data detailing the number of solicitations issued in any media; Pennsylvania consumers solicited, directly or indirectly; Pennsylvania consumers who purchased Reliant's services; and the number of complaints received by Reliant from Pennsylvania consumers.

8. Reliant must advise the Attorney General if Reliant or any of its parents, subsidiaries, affiliates, or successors acquires is licensed to operate, or are identified in a license as a manager of a Skilled Nursing Facility within 30 days of acquiring or beginning to operate such a facility.

IV. MONITORING

1. To the extent Reliant or its parent, subsidiaries, affiliates or successors, own, acquire, become licensed to operate, or are identified in a license as a manager of a Skilled Nursing Facility in the Commonwealth of Pennsylvania, Reliant shall report quarterly to the OAG on staffing and provide sufficient evidence to allow the Office of the Attorney General to determine whether Reliant has complied with the terms of this Consent Decree. Its report shall be accompanied by daily census reports, staffing schedules, payroll records, and the MDSs in effect during the reporting period.

2. To the extent that Reliant or its parent, subsidiaries, affiliates or successors, own, acquire, become licensed to operate, or are identified in a license as a manager of a Skilled Nursing Facility in the Commonwealth of Pennsylvania, Reliant shall provide access to its facilities and resident emergency contact information to an ombudsman selected by OAG, who shall interview a sample of residents, residents' family members, and staff on a semi-annual basis regarding the delivery of Basic Care.

3. To the extent that Reliant or its parent, subsidiaries, affiliates or successors, own,

acquire, become licensed to operate, or are identified in a license as a manager of a Skilled Nursing Facility in the Commonwealth of Pennsylvania, Reliant shall forward to the Attorney General copies of all deficiency notices, complaints and reported incidents within a reasonable period of receipt or discovery.

4. To the extent that Reliant or its parent, subsidiaries, affiliates or successors, own, acquire, become licensed to operate, or are identified in a license as a manager of a Skilled Nursing Facility, the Attorney General, or designees, during the duration of this Consent Decree, shall have the right of entry and access without prior notice to the Skilled Nursing Facilities and the right to examine any and all documents and records.

V. PAYMENTS TO THE COMMONWEALTH

A. Reliant shall pay to the Pennsylvania Office of Attorney General, by certified check, cashier's check, attorney's check, wire transfer or money order, made payable to the "Commonwealth of Pennsylvania":

1. Payment to the Commonwealth - The amount of \$2,000,000 (Two Million Dollars) shall be allocated to the Pennsylvania Office of Attorney General, to be deposited in an interest-bearing account from which both principal and interest shall be used at the sole discretion of the Attorney General to defray the costs of the inquiry leading hereto, and may be used for future consumer protection enforcement, public protection, consumer education, litigation, restitution/restoration to consumers or Commonwealth Program Payors, or be subject to OAG internal cy pres, or for other uses permitted by state law, at the sole discretion of each Attorney General. The amount, timing, and manner of the allocation and distribution of said payment shall be at the sole discretion of the Attorney General and submitted to a court of competent jurisdiction for an order of distribution.

2. Costs of Monitoring –Reliant shall agree to pay the Commonwealth's costs for monitoring compliance with the Consent Decree to the extent that Reliant or its parents, subsidiaries, affiliates or successors, own, acquire, become licensed to operate, or are identified in a license as a manager of a Skilled Nursing Facility in the Commonwealth of Pennsylvania.

3. Costs of Enforcing the Consent Decree – Should the Commonwealth initiate litigation to enforce the terms of the Consent Decree and prevail in such action, Reliant will pay the Commonwealth's costs of such enforcement.

VI. RELEASE

For and in consideration of the obligations set forth in this Consent Decree, including the obligations of the owners under Section I. G above, for which Reliant agrees to undertake and upon receipt of the payment set forth above, the Commonwealth and the Attorney General hereby unconditionally release and forever discharge Reliant, together with its parents, subsidiaries, affiliates, owners and successors, directly, indirectly or through any corporate device from any civil or administrative claims, causes of action, suits, complaints, damages, costs, attorney's fees, and expenses of any kind, in law, equity or otherwise, whether known or unknown, suspected or unsuspected that the Commonwealth and/or the Attorney General have or could have for the Covered Conduct, from January 1, 2012 until the date of this Consent Decree except no release of liability shall arise out of or be related to the Covered Conduct with respect to the following: any tax owed to the Commonwealth; any criminal liability; any claims or liabilities owing to other Commonwealth agencies, boards, commissions, or independent agencies. This Release is conditioned upon the veracity of the financial documents provided to the Attorney General in connection with its investigation of Reliant.

VII. MISCELLANEOUS TERMS

A. Reliant desires to comply with the laws of the Commonwealth and the provisions of this Consent Decree and has executed this Consent Decree with the intent that, upon approval of a court of competent jurisdiction, the provisions of this Consent Decree shall constitute the provisions of a Final Decree of that court.

B. This Consent Decree does not constitute an approval by the Commonwealth of any of Reliant's provider or management methods, advertisements or solicitations; and neither Reliant nor its parents, subsidiaries, affiliates, successors, owners, officers, directors, agents, employees, representatives or any other persons acting on its behalf shall make any representation to the contrary.

C. Nothing contained in this Consent Decree shall be construed to waive or limit any right of action by any consumer, person or entity, or by any local, state (other than the Attorney General), federal or other governmental entity.

D. The Commonwealth and Reliant hereby stipulate that the Final Decree of this Court to be issued pursuant to this Consent Decree shall act as a permanent injunction issued under Section 2014 of the Consumer Protection Law and that subject to the specific terms and conditions stated in this Consent Decree, breach of any of the terms of this Consent Decree or of the Final Decree accompanying it shall be sufficient cause for the Commonwealth by its Attorney General, to seek penalties as provided in Section 201-8 of the Consumer Protection Law or any other relief as the Court shall determine.

E. Nothing in this Consent Decree shall prevent or restrict the use of this Consent Decree by the Commonwealth in any action against Reliant for contempt or failure to comply with any provision of this Consent Decree, or in the event that Reliant is in default of any of the terms and conditions of this Consent Decree. A default on the part of Reliant shall include any

default or breach by Reliant of any of the terms or requirements of this Consent Decree. Nothing in this Consent Decree shall be construed to (1) exonerate any contempt or failure to comply with any provision of this Consent Decree after the Effective Date; (2) compromise or limit the authority of the Commonwealth to initiate a proceeding for any contempt or other sanctions for failure to comply; or (3) compromise the authority of Commonwealth Court or any other court of competent jurisdiction to punish as contempt any violation of this Consent Decree.

F. Any failure of the Commonwealth to exercise any of its rights under this Consent Decree shall not constitute a waiver of those rights.

G. Reliant agrees to execute and deliver all authorizations, documents and instruments that are necessary to carry out the terms and conditions of this Consent Decree.

H. Time shall be of the essence with regard to Reliant's obligations hereunder.

I. This Consent Decree may be executed in any number of counterparts and by different signatories on separate counterparts, each of which shall constitute an original counterpart hereof and all of which together shall constitute one and the same document. One or more counterparts of this Consent Decree may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof.

J. This Consent Decree sets forth all of the promises, covenants, agreements, conditions and understandings between the parties, and supersedes all prior and contemporaneous agreements, understandings, inducements or conditions, express or implied. There are no representations, arrangements, or understandings, oral or written, between the Parties relating to the subject matter of this Consent Decree that are not fully expressed herein or attached hereto. Each party specifically warrants that this Consent Decree is executed without

reliance upon any statement or representation by any other party hereto, except as expressly stated herein.

K. The parties hereto further acknowledge and agree that this Consent Decree is subject to and contingent upon this Consent Decree and/or the agreements contained herein being approved by a court of competent jurisdiction.

L. The court shall maintain jurisdiction over the subject matter of this Consent Decree and over Reliant for purpose of enforcement of this Consent Decree, injunction, and/or the Final Decree accompanying it.

M. Any notice required under this Consent Decree, including any report required hereunder, shall be provided in writing and sent by overnight delivery to the following:

If to Reliant: Attn: Chief Executive Officer
Reliant Senior Care
1510 Chester Pike, Baldwin Tower, 7th Floor
Eddystone, PA 19022

With a copy to: Attn: David E. Landau, Esq.
Duane Morris LLP
30 South 17th Street
Philadelphia, PA 19103

If to the Attorney General: Attn: Thomas M. Devlin
Chief Deputy Attorney General
Health Care Section
Office of Attorney General
Public Protection Division
14th Floor, Strawberry Square
Harrisburg, PA 17120

N. The terms of this Consent Decree will apply to Reliant and any Skilled Nursing Facility that Reliant or its parents, subsidiaries, affiliates, or successors, acquires, is licensed to operate or identified in a license as a manager in the Commonwealth for the period of time set

forth in Section III A. above which begins to run at the time this Consent Decree is approved by a court of competent jurisdiction.

O. This Consent Decree is binding on the parties from the date it is executed. Its provisions shall take effect on the date the Consent Decree is executed unless otherwise specified herein.

WHEREFORE, without a trial or adjudication of the facts or law, Reliant agrees to the signing of this Consent Decree; and accordingly, this Court hereby orders that Reliant shall be permanently enjoined from breaching any and all of the aforementioned provisions.

#

We the undersigned agree to this Consent Decree as a Final Decree and submit the same to this Honorable Court for the making and entry of a final Order of the Court on the first date indicated below.

THE COMMONWEALTH OF PENNSYLVANIA

By: Thomas M. Devlin
Thomas M. Devlin
Chief Deputy Attorney General
Date: 9/26/2016

RSC CONSOLIDATED HOLDINGS, LLC

By: Nathan Niles
Name: Nathan Niles
Title: President
Date: 9/26/2016

RELIANT SENIOR CARE HOLDINGS INC.

By: Nathan Niles
Name: Nathan Niles
Title: Treasurer
Date: 9/26/2016

RELIANT SENIOR CARE MANAGEMENT INC.

By: Nathan Niles
Name: Nathan Niles
Title: Treasurer
Date: 9/26/2016

IN THE COURT OF COMMON PLEAS FOR DAUPHIN COUNTY

COMMONWEALTH OF PENNSYLVANIA,
By and Through
Attorney General BRUCE R. BEEMER,
Plaintiff,

v.

Reliant Senior Care Holdings, Inc., RSC
Consolidated Holdings, LLC, Reliant Senior
Care Management, LLC, Reliant Audubon
Holdings, LLC, Reliant Briarcliff Holdings,
LLC, Reliant Butler Holdings, LLC, Reliant
Coventry Holdings, LLC, Reliant Denver
Holdings, LLC, Reliant Easton Holdings,
LLC, Reliant Evergreen Holdings, LLC,
Reliant Kade Holdings, LLC, Reliant
Lakeside Holdings, LLC, Reliant Latrobe,
LLC, Reliant Millville Holdings, LLC,
Reliant Orangeville Holdings, LLC, Reliant
Osprey Holdings, LLC, Reliant Overlook
Holdings, LLC, Reliant Palmyra Holdings,
LLC, Reliant Pembroke, LLC, Reliant
Praxis Holdings, LLC, Reliant Prospect
Park, LLC, Reliant Silver Oaks Holdings,
LLC, Reliant Twin Oaks Holdings, LLC,
Reliant Valley View, LLC, and Reliant
White Cliff Holdings, LLC,

Defendants.

Case No. 2016 CV-7435-EQ

ORDER

NOW, on this ___ day of _____ 2016, upon consideration of the Motion to Approve
the Distribution of Settlement Proceeds, the motion is granted.

J.

Order Distribution

Plaintiff

Thomas M. Devlin, Esq.
Chief Deputy Attorney General
Health Care Section
Public Protection Division
Office of Attorney General
14th Floor, Strawberry Square
Harrisburg, PA 17120
Telephone: (717) 705-6938
Facsimile: (717) 787-1190
Email: tdevlin@attorneygeneral.gov

Defendants

David E. Landau, Esq.
Duane Morris LLP
30 South 17th Street
Philadelphia, PA 19103
Telephone: (215) 979-1230
Facsimile: (215) 405 2952
dlandau@duanemorris.com

IN THE COURT OF COMMON PLEAS FOR DAUPHIN COUNTY

COMMONWEALTH OF PENNSYLVANIA,
By and Through
Attorney General BRUCE R. BEEMER

Plaintiff,

v.

Reliant Senior Care Holdings, Inc., RSC
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LLC, Reliant Butler Holdings, LLC, Reliant
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Holdings, LLC, Reliant Easton Holdings,
LLC, Reliant Evergreen Holdings, LLC,
Reliant Kade Holdings, LLC, Reliant
Lakeside Holdings, LLC, Reliant Latrobe,
LLC, Reliant Millville Holdings, LLC,
Reliant Orangeville Holdings, LLC, Reliant
Osprey Holdings, LLC, Reliant Overlook
Holdings, LLC, Reliant Palmyra Holdings,
LLC, Reliant Pembroke, LLC, Reliant
Praxis Holdings, LLC, Reliant Prospect
Park, LLC, Reliant Silver Oaks Holdings,
LLC, Reliant Twin Oaks Holdings, LLC,
Reliant Valley View, LLC, and Reliant
White Cliff Holdings, LLC,

Defendants.

Case No. 2016 CV-7435-EQ

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DAUPHIN COUNTY
PENNA

MOTION TO APPROVE DISTRIBUTION OF SETTLEMENT PROCEEDS

AND NOW, comes the Commonwealth of Pennsylvania, acting by and through Attorney General Bruce R. Beemer, through the Health Care Section of the Public Protection Division (hereinafter "Commonwealth"), and respectfully moves this honorable Court for entry of an order approving the distribution of settlement proceeds, and in support thereof respectfully avers the following:

1. Simultaneous with the filing of this Motion, the Commonwealth filed a Complaint in the above-captioned matter alleging, *inter alia*, violations of the Commonwealth's Consumer Protection Law, 73 P.S. §§ 201-1 to 201-9, and also filed a Stipulated Final Judgment and Consent Decree.

2. The Commonwealth and Defendants (hereinafter the "Parties") agree to entry of the Consent Decree pursuant to a settlement of the disputed claims alleged in the Complaint for the purpose of avoiding prolonged and costly litigation.

3. The Consent Decree provides that Defendants shall pay \$2,000,000 to the Commonwealth to cover the costs of the Commonwealth's investigation and to fund consumer protection and education efforts. The Commonwealth proposes the following distribution:

- To the Department of Health, \$1,250,000 to fund the Department's plan to address Pennsylvania's regulatory oversight of nursing homes as follows:
 - The Department will create a strike team comprised of experts in nursing home regulation to lead DOH efforts in revising regulations, developing a data analytics program, reorganizing department regulations, and implementing the Pennsylvania Nursing Home Quality Initiative. This strike team will be comprised of contracted staffing in order to execute the plans as rapidly as possible.
 - The Department will invest in information technology that will provide for efficient collection and analysis of data regarding nursing home quality. This will allow the Department to identify trends in quality as well as increase DOH's capability to improve response time to quality challenges.

- To the Office of Attorney General, \$100,000 to cover attorneys' fees and costs of the Office;
- To Cohen Milstein Sellers & Toll PLLC, who the Office retained to assist in the investigation and litigation, \$420,000 as attorneys' fees and costs, as explained in the accompanying Declaration of Victoria S. Nugent.
- The remaining \$230,000 to be held in escrow for future funding of the Department of Health's plan to address regulatory oversight of nursing homes. Further application to the Court will be made for disbursement of these funds.

WHEREFORE, the Commonwealth respectfully requests that this honorable Court approve and enter an Order approving this distribution of settlement proceeds.

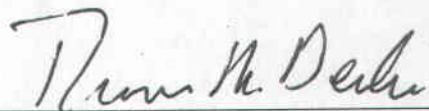
Respectfully Submitted,

BRUCE R. BEEMER
Attorney General

James A. Donahue, III
Executive Deputy Attorney General

Date: October 3, 2016

By:



Thomas M. Devlin
Chief Deputy Attorney General
Health Care Section
Public Protection Division
Office of Attorney General
Attorney I.D. No. 34993
14th Floor, Strawberry Square
Harrisburg, PA 17120
Telephone: (717) 705-6938
Facsimile: (717) 787-1190
Email: tdevlin@attorneygeneral.gov

IN THE COURT OF COMMON PLEAS FOR DAUPHIN COUNTY

COMMONWEALTH OF PENNSYLVANIA
By and Through Acting Attorney General.
BRUCE R. BEEMER,

Plaintiff,

v.

Reliant Senior Care Holdings, Inc., RSC
Consolidated Holdings, LLC, Reliant Senior
Care Management, LLC, Reliant Audubon
Holdings, LLC, Reliant Briarcliff Holdings,
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Holdings, LLC, Reliant Latrobe, LLC, Reliant
Millville Holdings, LLC, Reliant Orangeville
Holdings, LLC, Reliant Osprey Holdings,
LLC, Reliant Overlook Holdings, LLC, Reliant
Palmyra Holdings, LLC, Reliant Pembroke,
LLC, Reliant Praxis Holdings, LLC, Reliant
Prospect Park, LLC, Reliant Silver Oaks
Holdings, LLC, Reliant Twin Oaks Holdings,
LLC, Reliant Valley View, LLC, and Reliant
White Cliff Holdings, LLC,

Defendants.

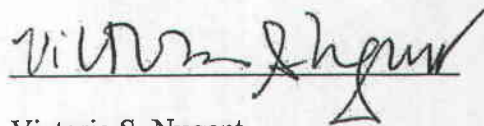
DECLARATION OF
VICTORIA S. NUGENT
REGARDING
ATTORNEYS' FEES

1. In November 2012, my firm, Cohen Milstein Sellers & Toll PLLC (“Cohen Milstein”), was the retained by the Office of Attorney General (“OAG”) to assist in investigating the business practices of a number of nursing home chains operating in the Commonwealth including Reliant Senior Care.

2. OAG’s investigation of Reliant Senior Care began in 2014.

3. Under the direction and supervision of OAG, Cohen Milstein has:

- a. Reviewed and summarized more than 82,000 pages of documents;
 - b. Reviewed and summarized Department of Health surveys and complaint records for Reliant Senior Care facilities for the years 2012 through 2015;
 - c. Interviewed former employees;
 - d. Obtained data from the Centers for Medicare and Medicaid Services (CMS) and worked with experts to assess resident acuity and nurse aid staffing data for Reliant Senior Care facilities;
 - e. Met with OAG and Reliant Senior Care to present findings;
 - f. Defended a declaratory judgment action filed by Reliant Senior Care against OAG and Cohen Milstein to halt the investigation; and
 - g. Assisted in settlement negotiations that extended over a period of eight months.
4. Cohen Milstein has worked more than 2,230 hours on the investigation and related litigation.
5. As a result of these efforts, OAG has obtained a settlement that provides for injunctive relief and a payment to the Commonwealth of \$2 million.
6. Under its contract with the Commonwealth, Cohen Milstein is entitled to payment equal to 21% of net recovery obtained on behalf of the Commonwealth, which here is \$420,000. This fee is fair and reasonable in light of the number of hours worked under the contract.



Victoria S. Nugent

9/23/16

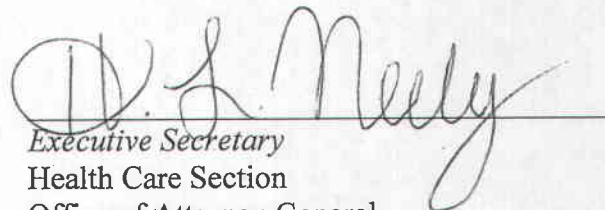
Date

CERTIFICATE OF SERVICE

I, Heather L. Neely, certify that on October 3rd, 2016, I personally served, via First Class Mail and Electronic Mail a copy of the foregoing *Complaint and Petition for Injunctive Relief*; the *Motion to Approve Final Judgment by Consent*; a fully executed *Stipulated Final Judgment and Consent Decree*; and the *Motion to Approve Distribution of Settlement Funds* upon:

David E. Landau, Esq.
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Facsimile: (215) 405 2952
dlandau@duanemorris.com

Date: 10/3/16


Executive Secretary
Health Care Section
Office of Attorney General