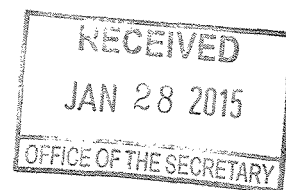


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
File No. 3-16293

In the Matter of

LAURIE BEBO, and
JOHN BUONO, CPA,

Respondents.

**THE DIVISION OF ENFORCEMENT'S
MOTION TO INTRODUCE PRIOR SWORN
STATEMENTS OF ALC PERSONNEL INCLUDED
IN COVENANT CALCULATIONS**

Pursuant to Rule of Practice 235, the Division of Enforcement respectfully requests that the Court admit into evidence prior sworn statements of ALC personnel and other non-residents who were included in the Ventas lease covenant calculations. In support of its motion, the Division states as follows:

A. Background

The core allegation in these proceedings is that ALC hid that it was failing occupancy-related covenants with its landlord, Ventas, by treating large numbers of ALC employees and other non-residents as occupants of the Ventas facilities for the purposes of the covenant calculations. Respondent Laurie Bebo admits that she personally selected the identities of the employees and non-residents that ALC included in the Ventas covenant calculations. (*See, e.g.*, Answer, ¶ 32). Among the people that Bebo selected as occupants of the Ventas facilities, for years on end, were: (1) ALC employees who did not stay at or travel to the facilities; (2) ALC employees who only occasionally stayed at the facilities; (3) people who were not employed by or doing work for ALC at the time they were included in the covenant calculations; and (4) Bebo's parents, her husband, and her husband's close friend. (OIP, ¶ 25).

At hearing, the Division will establish that Bebo was engaging in fraud by including such individuals as occupants of the Ventas facilities for purposes of the covenant calculations. One of the ways the Division will do so is to prove that the persons Bebo selected as “occupants” did not stay at or travel to the Ventas facilities, or did not work for ALC, during the periods they were included in the covenant calculations.

To that end, in the course of its investigation, the Division received prior sworn statements from approximately 20 ALC personnel that state basic information about the dates of their employment and whether they stayed at or visited the Ventas facilities. The information contained in these statements *is not in dispute*. Rather than require these witnesses, most of whom live outside of Wisconsin, to travel to the hearing to present brief, uncontested testimony, the Division respectfully requests that the Court admit into the record their prior sworn statements.

B. The ALC Employee Declarations

Attached as Exhibit 1 are the declarations of 16 former ALC employees that Bebo selected for inclusion in the Ventas covenant calculations.¹ Nearly all of the declarants were included as occupants in the calculations for more than two years, and many were simultaneously listed as occupants of multiple facilities during the same periods of time.

The declarations contain only basic, background information such as the declarant’s name, job title, dates of employment, and the periods in which they traveled to or stayed at the Ventas facilities. (*See Ex. 1*). Most of the declarants either did not stay at or visit the Ventas facilities. (*Id.*).

¹ The declarants are Linda Abel, Bill Bell, William Bowen, Amber Brake, Kristin Cherry, Stacy Cromer, Sara Hamm, Mike Jacksic, Sean Lahr, Joshua Lindsey, Susan Martin, Rick Parker, Mike Reed, Jennifer Schertz, Io Schug, and Lynn Wolfgram. Approximately two-thirds of these declarants do not live in Wisconsin, and would be required to travel significant distances to testify at the hearing.

The remainder only stayed at or visited the facilities on limited occasions, much briefer than the periods they were listed as occupants of the Ventas facilities. (*Id.*)

Based on the Division's discussions with Bebo's counsel, Bebo apparently does not dispute the truth of any statements contained in these declarations.²

C. The Deposition Transcripts

In September and October 2013, after the Division had disclosed its investigation to Bebo and requested that she provide testimony, Bebo's mother (Gale Bebo), Bebo's husband (Nick Welter), and her husband's close friend (Kevin Schweer) were deposed in litigation involving Bebo and ALC.³ In that litigation, Bebo was represented by her current counsel, the Reinhart Boerner law firm.

During those depositions, Gale Bebo, Welter, and Schweer were asked questions about their attendance at the Ventas facilities. Gale Bebo testified that, while traveling by car to or from Florida vacations, she visited certain of the Ventas facilities in 2008 or 2009, and stayed at those facilities for a handful of nights. (Ex. 2, at 50-60). Nevertheless, ALC included Bebo's mother as an occupant of one of the Ventas facilities for more than two years.

Welter, Bebo's husband, on occasion took photographs of ALC's facilities at ALC's request. He was listed as an occupant of four Ventas facilities for months or years at a time. At his

² Because the information contained in the declarations is not in dispute, the Division requested that Bebo's counsel stipulate to their admission. Counsel responded that some of the witnesses may have supplemental testimony that Bebo would want to introduce. Counsel did not specify what that additional testimony would be, and informed the Division that it could be weeks before Bebo could proffer the new testimony or otherwise stipulate to the declarations' admissibility. The Division will certainly entertain requests to stipulate to undisputed evidence. However, rather than unnecessarily disrupt the declarants' work and travel schedules via the issuance of trial subpoenas, the Division seeks to resolve the issue via the present motion.

³ Select portions of the deposition transcripts of Gale Bebo, Welter, and Schweer are respectively attached as Exhibits 2, 3, and 4.

deposition, Welter testified that he only ever spent one or two nights at a Ventas facility. (Ex. 3, at 37-39, 49-52, 54-55).

Schweer, Welter's close friend, who ALC also listed as an occupant at multiple facilities for months or years on end, testified that he only spent a week at a single Ventas facility when he travelled there to install fitness equipment for ALC. (Ex. 4 at 20-27, 29-30, 44, 49-50).

Bebo, whose counsel participated in those depositions, apparently does not dispute the testimony of her mother, husband, and Schweer regarding their attendance at the Ventas facilities.

D. Admitting the Prior Sworn Statements, as Opposed to Requiring Live Testimony on Brief, Uncontested Matters, Is in the Interests of Justice

Rule 235(a)(5) gives the Court the discretion to allow a prior sworn statement if "it would be desirable, in the interests of justice," to allow the statement to be used. Circumstances where the interests of justice allow the introduction of prior sworn statements include when the subject of the prior sworn statement is basic or background information about the declarant. *See, e.g., In the Matter of MGSI Securities, Inc.*, AP File No. 3-9702, 2000 SEC LEXIS 54, *25-26 (Jan. 12, 2000). Other appropriate circumstances include allowing the introduction of transcripts of depositions in which the respondent's counsel participated. *In the Matter of Kenneth J. Schulte*, AP File No. 3-9501, 1997 SEC LEXIS 788, *2 n.3 (Apr. 10, 1997).

In this proceeding, it is in the interests of justice to allow the introduction of the ALC employee declarations and the deposition transcripts of Gale Bebo, Welter, and Schweer. First, the subject of these statements is basic, background information consisting of dates of the declarant's employment and when the declarant stayed at or visited the Ventas facilities. Second, the information contained in the statements is not disputed by Bebo. Third, the interests of justice do not support requiring approximately 20 witnesses to take time off from work and/or travel significant

distances to provide what would be only minutes of testimony on uncontroverted matters. Fourth, allowing the prior sworn statements will shorten the length of the hearing and preserve resources of the parties, the Court, and the Commission (which would have to pay the costs associated with the witnesses' attendance). Finally, given that Bebo does not dispute the subject information, admitting the statements would not prejudice her.

WHEREFORE, for the foregoing reasons, the Division respectfully requests that the Court admit into the record in these proceedings the prior sworn statements referenced herein.

Respectfully submitted:



Dated: January 27, 2015

Benjamin J. Hanauer
Division of Enforcement
U.S. Securities and Exchange Commission
175 West Jackson Blvd, Suite 900
Chicago, IL 60604
Phone: 312-353-8642
Email: hanauerb@sec.gov

Exhibit 1

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF LINDA ABEL

I, Linda Abel, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

1. I was an employee of Assisted Living Concepts, Inc. ("ALC") or its predecessors or successors from approximately 2004 through October 2010. While I was an ALC employee, I held the positions Quality Nurse Specialist and Director of Clinical Education.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:

- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and
- h. Winterville Retirement Center in Winterville, Georgia.

3. I have never stayed at any of the CaraVita facilities.

Linda Abel
Linda Abel

June 23, 2014
Date

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF BILL BELL

I, Bill Bell, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

1. I was an employee of Assisted Living Concepts, Inc. (“ALC”) or its predecessor or successor companies from approximately 2005 through December 2013. I held the position of Director of Facilities Management or Director of Property Management, and my office was located in Wisconsin.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively “the CaraVita facilities”), among others:

- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and
- h. Winterville Retirement Center in Winterville, Georgia.

3. I have never stayed at any of the CaraVita facilities.

William A. Bell

Bill Bell

6/10/14

Date

UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF WILLIAM A. BOWEN

I, William A. Bowen, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

1. I performed services for Assisted Living Concepts, Inc. ("ALC") as an independent contractor from approximately September 2008 through April 2009. I did not perform any services for ALC either as an independent contractor or an employee after April 2009.

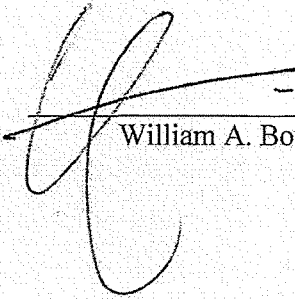
2. For at least a portion of the time period I worked for ALC as an independent contractor, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:

- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and

h. Winterville Retirement Center in Winterville, Georgia.

3. I only performed service at CaraVita Village in Montgomery, Alabama; The Sanctuary in Acworth, Georgia and Tara Plantation in Cumming, Georgia.

4. I never visited any of the CaraVita facilities after April 2009.



William A. Bowen

12 / 09 / 14

Date

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF AMBER BRAKE

I, Amber Brake, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

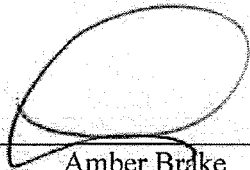
1. I was an employee of Assisted Living Concepts, Inc. ("ALC") or its predecessor or successor companies from approximately June 30, 2011 through April 1, 2014. I held the position of Senior Corporate Counsel. Until at least late 2013, my ALC office was located in Wisconsin. I also performed legal work for ALC as an independent contractor between approximately June 1, 2011 and June 29, 2011.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:

- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and

h. Winterville Retirement Center in Winterville, Georgia.

3. I have never stayed at any of the CaraVita facilities.



Amber Brake

6/17/14
Date

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF KRISTIN CHERRY

I, Kristin Cherry, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

1. I was an employee of Assisted Living Concepts, Inc. or its predecessors or successors (collectively "ALC") from approximately July 2008 through July 2011. While I was an ALC employee, I held the position of Corporate Director of Sales and Marketing.

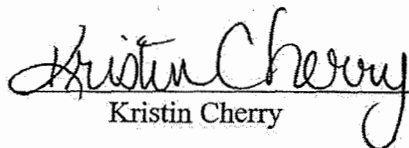
2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:

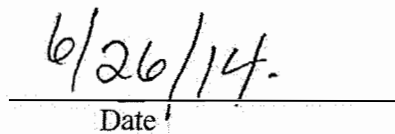
- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and
- h. Winterville Retirement Center in Winterville, Georgia.

3. I stayed at CaraVita Village for approximately two weeks in January 2010. I may

have stayed at Winterville Retirement Center for a night or two in January 2009.

4. Other than as described in Paragraph 3, I have never stayed at the CaraVita facilities.


Kristin Cherry


Date

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF STACY CROMER

I, Stacy Cromer, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

1. I have been an employee of Assisted Living Concepts, Inc. ("ALC") or its predecessor or successor company from approximately 2005 through the present. From approximately September 2009 through December 2011, I held the position of Regional Director of Operations for the Southeast Region.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:

- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and
- h. Winterville Retirement Center in Winterville, Georgia.

3. At no time did I have any management or oversight responsibility for The Inn at Seneca.

4. Prior to September 2009, I never stayed at the CaraVita facilities.

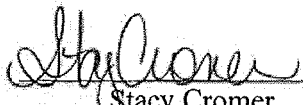
5. Between September 2009 and December 2009, I lived in Indiana but normally travelled from Tuesday through Friday of each week and stayed at one of the CaraVita facilities.

6. From approximately January 2010 through December 2010, Tim Cromer, my husband, and I lived in a rented apartment in Marietta, Georgia. As a result, I normally did not stay at the CaraVita facilities located in Georgia in that time frame. However, on those occasions when I traveled to Highland Terrace or CaraVita Village in that time frame, I normally stayed there.

7. From approximately January 2011 through December 2011, I lived in the independent living section at CaraVita Village. During that time frame, my husband lived in Indiana.

8. On certain occasions, my husband stayed with me in my room at CaraVita Village. Other than those occasions, my husband has never stayed at the CaraVita facilities.

9. I visited The Inn at Seneca on one occasion but did not stay at that facility.


Stacy Cromer


Date

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF SARA HAMM (NEE VADAKIN)


I, Sara Hamm (nee Vadakin), do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

1. I have been an employee of Assisted Living Concepts, Inc. or its predecessors or successors (collectively "ALC") from May 2005 through January 2011 and from June 2012 through the present. While I have been an ALC employee, I have held the positions of Vice President of Clinical Services, Senior Vice President of Quality and Risk Management and Executive Vice President of Care and Compliance.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:

- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;

- g. The Inn at Seneca in Seneca, South Carolina; and
 - h. Winterville Retirement Center in Winterville, Georgia.
3. I have never stayed at any of the CaraVita facilities.


Sara Hamm (nee Vadakin)


Date

UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

In the Matter of
Assisted Living Concepts, Inc. (C-7948)

DECLARATION OF MIKE JACKSIC

I, Mike Jacksic, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

1. I was an employee of Assisted Living Concepts, Inc. ("ALC") from approximately 2004 through 2013. From approximately 2005 through 2013, I held the position of Division Vice President for the Central Division, and my office was located in Texas.
2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:
 - a. Highland Terrace in Inverness, Florida;
 - b. Peachtree Estates in Dalton, Georgia;
 - c. Greenwood Gardens in Marietta, Georgia;
 - d. CaraVita Village in Montgomery, Alabama;
 - e. The Sanctuary in Kennesaw, Georgia;
 - f. Tara Plantation in Cumming, Georgia;
 - g. The Inn at Seneca in Seneca, South Carolina; and
 - h. Winterville Retirement Center in Winterville, Georgia.
3. From January 1, 2009 through the present, I never visited any of the CaraVita facilities.


Mike Jacksic

Date June 13, 2014

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF SHAWN LAHR

I, Shawn Lahr, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

1. I was an employee of Assisted Living Concepts, Inc. ("ALC") from at least January 2009 through approximately March 2012. During that time frame, I held the positions of Operations Specialist and Regional Director of Operations.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:

- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and
- h. Winterville Retirement Center in Winterville, Georgia.

3. I have never visited CaraVita Village or Tara Plantation.

4. After February 2011, I never visited the CaraVita facilities.

Shawn Lahr

Shawn Lahr

7/27/14

Date

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF JOSHUA LINDSEY

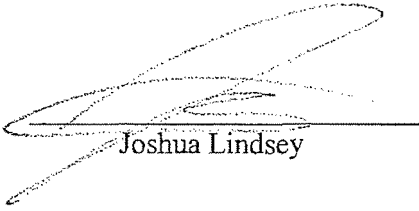
I, Joshua Lindsey, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

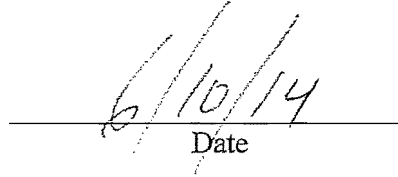
1. I was an employee of Assisted Living Concepts, Inc. (“ALC”) or its predecessor or successor companies from approximately August 2010 through April 2013. I held the position of Regional Director of Sales and Marketing for the West Texas region.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively “the CaraVita facilities”), among others:

- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and
- h. Winterville Retirement Center in Winterville, Georgia.

3. I have never visited any of the CaraVita facilities.


Joshua Lindsey


Date

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF SUSAN MARTIN

I, Susan Martin, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

1. I was an employee of Assisted Living Concepts, Inc. ("ALC") or its predecessors or successors from at least 2006 through 2014. While I was an ALC employee, I held various positions including Residence Director, Wellness Director and Operations Specialist.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:

- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and
- h. Winterville Retirement Center in Winterville, Georgia.

3. While I was an ALC employee, I stayed at Highland Terrace for less than 25 nights and at Greenwood Gardens for less than 30 nights.

4. I have never visited any of the other CaraVita facilities.

Susan Martin
Susan Martin

7/1/14
Date

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF RICK PARKER

I, Rick Parker, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

1. I was an employee of Assisted Living Concepts, Inc. (“ALC”) from at least 2007 through November 2011. During that time frame, I held the position of Vice President Human Resources, and my office was located in Wisconsin.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively “the CaraVita facilities”), among others:


- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and
- h. Winterville Retirement Center in Winterville, Georgia.

3. I have never stayed at any of the CaraVita facilities.

4. I have never visited The Inn at Seneca.



Rick Parker



Date

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF MIKE REED

I, Mike Reed, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

1. I have been an employee of Assisted Living Concepts, Inc. or its predecessors or successors (collectively "ALC") from May 2005 through the present. While I have been an ALC employee, I have held the positions of Asset Manager, Divisional Manager, Project Manager and Director of Facilities for the Midwest Division.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:

- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and
- h. Winterville Retirement Center in Winterville, Georgia.

3. I have never stayed at any of the CaraVita facilities.

Michael F. Reed
Mike Reed

6/27/14
Date

UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF JENNIFER SCHERTZ

I, Jennifer Schertz, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

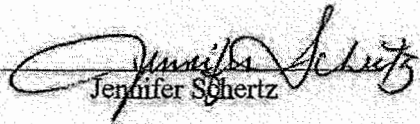
1. I was an employee of Assisted Living Concepts, Inc. or its predecessors or successors (collectively "ALC") from approximately November 2006 through July 2010. While I was an ALC employee, I held the position of Regional Director of Sales and Marketing.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:

- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and
- h. Winterville Retirement Center in Winterville, Georgia.

3. While I was an ALC employee, I stayed at CaraVita Village for less than 28 nights. I have not stayed at CaraVita Village since I stopped working for ALC.

4. I have never visited any of the other CaraVita facilities.


Jennifer Schertz

8-3-2014
Date

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF IO SCHUG

I, Io Schug, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:

1. I was an employee of Assisted Living Concepts, Inc. or its predecessors or successors (collectively "ALC") from approximately April 2006 through April 2014. While I was an ALC employee, I held the positions of Division Director of Human Resources and Senior Director of Human Resources.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:

- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and
- h. Winterville Retirement Center in Winterville, Georgia.

3. I have never stayed at any of the CaraVita facilities.

Io Schug
Io Schug

6/30/14
Date

**UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of
Assisted Living Concepts, Inc. (C-7948)**

DECLARATION OF LYNN WOLFGRAM

I, Lynn Wolfgram, do hereby declare under penalty of perjury in accordance with 28 U.S.C. § 1746 that the following is true and correct, and further, that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein:


1. I was an employee of Assisted Living Concepts, Inc. ("ALC") or its predecessor or successor companies from approximately September 2006 through January 2012. While I was an ALC employee, I worked in quality assurance and information technology, and my office was located in Wisconsin.

2. For at least a portion of the time period I was employed by ALC, ALC operated the following senior residences (collectively "the CaraVita facilities"), among others:

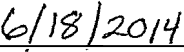
- a. Highland Terrace in Inverness, Florida;
- b. Peachtree Estates in Dalton, Georgia;
- c. Greenwood Gardens in Marietta, Georgia;
- d. CaraVita Village in Montgomery, Alabama;
- e. The Sanctuary in Acworth/Kennesaw, Georgia;
- f. Tara Plantation in Cumming, Georgia;
- g. The Inn at Seneca in Seneca, South Carolina; and
- h. Winterville Retirement Center in Winterville, Georgia.

3. Between approximately September 2009 and December 2009, I stayed at The Sanctuary for certain two week periods. Generally, during that time frame, I alternated between spending two weeks in Wisconsin and two weeks at the facility.

4. From January 1, 2010 through the present, I never visited any of the CaraVita facilities.



Lynn Wolfgang



Date

Exhibit 2

1 GALE A. BEBO - CONFIDENTIAL
2 U.S. DEPARTMENT OF LABOR OCCUPATIONAL SAFETY AND
3 HEALTH ADMINISTRATION

4 -----

5 LAURIE BEBO,

6

Complainant,

7

8 -vs-

Case No. 2013SOX00041

9

CONFIDENTIAL

ASSISTED LIVING CONCEPTS, INC., PROCEEDINGS

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Respondent.

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Examination of GALE A. BEBO, taken at the instance of the Respondent, under and pursuant to the provisions of the Code of Federal Regulations and Federal Rules of Civil Procedure, before JENNIFER L. SCHMALING, a Registered Merit Reporter, Certified Realtime Reporter, Certified Broadcast Captioner and Notary Public in and for the State of Wisconsin, at Reinhart, Boerner, Van Deuren S.C., 1000 North Water Street, Suite 1700, Milwaukee, Wisconsin, on September 27, 2013, commencing at 11:04 a.m. and concluding at 1:49 p.m.

TSG Job # 66238

GALE A. BEBO - CONFIDENTIAL

1

2 Q Were you also on your way, on vacation? These
3 were along the way?

4 A Um-hum.

5 Q Did you stay overnight there?

6 A Let's see. In Indiana we may have. We may have
7 maybe a couple of nights.

8 Q In one facility?

9 A Um-hum. Some of them we'd stay overnight at a
10 couple nights, two, three nights, whatever. Some
11 of them we would just go in and visit. At one we
12 put our mother away, just to check everything out.

13 Q What's the longest you remember staying overnight
14 at a facility?

15 A I don't know, two to four, two to four days maybe.

16 Q What facilities did you stay overnight at?

17 A No. I have to take that back. In traveling, yes,
18 if we were on vacation, it was somewhere between
19 two and four. But if you're going to ask about
20 Crest House, we were there for a couple of weeks
21 when my mother-in-law was there.

22 Q What facilities did you stay overnight at?

23 A Where?

24 Q Any facility, any ALC facility.

25 A Crest House I know. I think that one in Florida

1 GALE A. BEBO - CONFIDENTIAL

2 we had stayed at. Name, name, name. Was it
3 Inverness? It was an area we were going through.
4 Trying to think of the name of it. I don't
5 remember them. Highlands, Highlands, that's where
6 it was. I think we did stay overnight there.
7 That was actually nothing that was planned. That
8 was kind of a last-minute thing.

9 Q Any other facilities you stayed overnight at?

10 A I don't remember the names of them. Like I said,
11 there are one or two in Indiana, Ohio, Georgia,
12 Georgia, Georgia, Georgia. I don't remember if
13 Tara Plantation was in Georgia or in Alabama. I
14 can't remember. Georgia was Peachtree. I don't
15 remember the name of the one in Kentucky. There
16 was one called Cedar, Cedar something. I don't
17 remember what it was.

18 Q Why were you visiting ALC facilities in Georgia?

19 A It was en route. We were on vacation. It was en
20 route, and Laurie asked us if we would go and
21 check it out, see how it was.

22 Q And why were you --

23 A Because of our age, you know, she knew we would
24 know what we were looking for, you know. If it
25 was something that appealed to us, then they were

GALE A. BEBO - CONFIDENTIAL

doing it right.

Q And did you report back to her?

A Excuse me. Yeah. I would give her -- I would give her a report once in a while, tell her, you know, if the place was clean. We would talk to residents once in a while, ask them if they liked staying there, anything, anything that I found at any of them. If I was walking down the hallway, if I was at one of them, there was a med cart sitting there, I pulled on the drawer, make sure it was locked, yeah, cleanliness.

We'd look for, you know, personalities in the employees, other residents' likes, dislikes, anything like that. And I'd make a report, not all the time, not all the time. If there was nothing, you know, really outstanding in my mind, you know, I'd just tell her, "Yeah, we were there. It was fine. Yeah."

Q Do you recall anything outstanding that you told Ms. Bebo?

A About any of them, any of the places?

Q Yes.

A I guess the most important was the med carts. That was probably the most important thing.

1 GALE A. BEBO - CONFIDENTIAL

2 Q What facility was that in regard to?

3 A Wherever I found a med cart sitting in a hallway.

4 Q How often did you find a med cart sitting in the
5 hallway?

6 A I think in all the times in all the places, it
7 happened probably twice. I don't think -- I don't
8 think any more than that, surely no more than
9 three times at best, I think.

10 MS. BOVE: Take a quick break.

11 (Recess taken, 12:49 p.m. to 1:27 p.m.)

12 BY MS. BOVE:

13 Q Before the break, we were talking about you
14 telling Laurie about the medical carts at the
15 facilities. Do you recall anything else you told
16 Laurie about the facilities?

17 A I think that was -- that was probably the most --
18 most major thing, most major. I may have said
19 something about the food once in a while or
20 something, but I might just be picky.

21 Q You said you were vacationing around, at least
22 were on your way. How were you vacationing?

23 A Oh, we'd go down to Florida.

24 Q Was that in a motor home?

25 A Yeah.

1 GALE A. BEBO - CONFIDENTIAL

2 Q Did you ever -- You testified you stayed overnight
3 at the Highland facility.

4 A That was Florida. Um-hum.

5 Q And when did that happen?

6 A I don't remember what year that was. I don't
7 remember.

8 Q How often did you stay overnight at the Highlands
9 facility?

10 A I think only one time. I think only one time, and
11 I don't remember if it was one night or two
12 nights, but I think it was only one time.

13 Q And of the facilities you visited in Georgia, did
14 you visit the Peachtree facility?

15 A Yes. Um-hum. Yep.

16 Q How often did you visit Peachtree?

17 A I think we were only there one time. I think that
18 was a one-time shot.

19 Q And when did you visit?

20 A Between 2008, 2009 maybe, maybe more into 2009, I
21 think.

22 Q Did you stay overnight?

23 A Yes, we did. Trying to think how many nights,
24 maybe three, maybe four. I -- I don't remember
25 exactly how many nights.

GALE A. BEBO - CONFIDENTIAL

1

2 Q Did you ever eat with Kathy Bucholtz while
3 visiting an ALC facility?

4 A Yes. Yes, I did.

5 Q When was that?

6 A When we were at Peachtree one of the nights. One
7 of the nights that we were there, yes, we did go
8 out to eat.

9 Q Did you ever receive a gift basket?

10 A Yes. Yes, I did.

11 Q When did you receive that?

12 A That was at Peachtree. That was at Peachtree.

13 Q Who did you receive that gift basket from?

14 A I don't think it really said. I figured it's an
15 ALC thing, you know.

16 Q What did you discuss with Kathy Bucholtz?

17 A I guess different places we had stopped at along
18 our way. We had done sightseeing. I'm pretty
19 sure that was -- that stop was done on our way
20 coming home from Florida, if I'm not mistaken.
21 Yeah. We just talked about what we had been doing
22 and that. Yeah, that was about it.

23 Q What name did you use when you stayed at
24 Peachtree?

25 A I have no idea. I have no idea.

GALE A. BEBO - CONFIDENTIAL

1
2 Q Do you have any reason to believe you did not use
3 the name Gale Bebo?

4 A Probably could have been because I'm sure, you
5 know, we didn't want anybody to know that I was
6 Laurie's mom and dad.

7 Q Why not?

8 A They wouldn't talk to us.

9 Q What other names would you have used in the past
10 five years? It's only about five years.

11 A I don't know. I wouldn't have any other names.

12 Q Nothing else other than Gale Bebo?

13 A No.

14 Q What did you do at Peachtree when you visited?

15 A Excuse me. We ate some meals there. Excuse me.
16 We talked about the residents, talked with
17 employees, watched -- thank you -- watched a few
18 of the activities that they would be doing. We
19 didn't stay there all day. We'd go and -- go to
20 different areas and take in a few sights. That
21 was about it.

22 Q Did you talk to Laurie about your visit there?

23 A Yeah, a little bit. Actually, I told her it was
24 nice. It was nice there. The apartment that we
25 were in was nice. Every -- Everything seemed to

GALE A. BEBO - CONFIDENTIAL

1
2 be great there. And actually, I said to her, "I
3 wouldn't mind living here. I'll move." But, no,
4 we didn't find anything wrong.

5 Q Have you ever been reimbursed by ALC for any
6 expenses?

7 A No. I have to take that back. When I was at the
8 front desk, reception, I had a big candy jar. And
9 they loved candy, and I was filling that all the
10 time. I think I bought the candy jar, last candy
11 jar, and I always bought the candy. And I think
12 maybe once or twice I may have written that on an
13 expense report with my -- with my receipts, but
14 other than that, unh-unh.

15 Q Did you ever visit any assisted living facilities
16 that were not ALC facilities with Kathy Bucholtz?

17 A That were not ALC?

18 Q Correct.

19 A Kathy and I did a secret shop while I was there,
20 just her and I. I don't remember whose facility
21 it was.

22 Q What does a "secret shop" mean?

23 A We would just go in and pretend that, again, we
24 were looking for a place to put our mother, you
25 know, ask questions about the whole place and how

GALE A. BEBO - CONFIDENTIAL

1
2 does this work, and how does that work? We'd do
3 everything except sign on the dotted line.

4 Q What name did you use when you were doing that?

5 A I have no idea. I just remember we got found out.

6 Q What does that mean?

7 A The people there recognized Kathy.

8 Q And what happened?

9 A So they called us on it. In the end, they said,
10 "That's okay because our person was here since
11 last week," so -- but other than that, no. I
12 don't know if -- At the time I was at Crest House
13 when my mother-in-law and mother were there, I
14 don't know if Kathy was there. I can't say I
15 remember, no.

16 Q Other than the time with Kathy Bucholtz, have you
17 ever done any secret shop by yourself?

18 A I don't think by myself. Usually -- Usually, my
19 husband's with me.

20 Q When did those occur?

21 A Most of the time while we were traveling. If they
22 weren't houses that we stayed overnight at, they
23 were just go in, look the place over, see what
24 they had to offer, and that was it.

25 Q Who told you to do a secret shop?

1 GALE A. BEBO - CONFIDENTIAL

2 A Laurie would. Excuse me.

3 Q Did you tell her about the secret shops?

4 A If they were nice, I said they were nice. If I
5 found something, which didn't really happen too
6 often, I would tell her.

7 Q What names would you use during the secret shops?

8 A I don't remember giving a name, actually.

9 Q When you communicated with Laurie about the secret
10 shops, did you do that orally?

11 A Um-hum.

12 Q Can you say yes or no just --

13 A Yes. I'm sorry. Yes.

14 (Off-the-record discussion.)

15 BY MS. BOVE:

16 Q Have you ever been paid any money by any ALC
17 affiliate?

18 A What do you mean, "ALC affiliate"?

19 Q Are you aware ALC has affiliates?

20 A No, no. I don't know what you're talking about.

21 Q Are you familiar with Swan Home Health Care?

22 A No. Unh-unh.

23 Q Earlier, you stated you stayed at other
24 facilities. Was Caravita Village ever one of
25 those?

1 GALE A. BEBO - CONFIDENTIAL

2 A I don't know if we actually stayed there or just
3 walked in and secret shopped.

4 Q How many times did you visit Caravita?

5 A I don't know. I don't even remember what state
6 that one was in. I don't know.

7 (Off-the-record discussion.)

8 BY MS. BOVE:

9 Q Is Caravita Village an ALC facility?

10 A Yeah.

11 Q And when would that visit have happened?

12 A One of our trips. I don't know. I don't know an
13 exact year.

14 Q Did you visit more than once at Caravita?

15 A I don't recall. I don't recall. Like I said, I
16 can't even remember what state it's in, so --

17 Q Did you attend any corporate conference calls
18 hosted by Laurie during your employment at ALC?

19 A What kind of conference calls?

20 Q Any conference calls.

21 A The, what is it, shareholders, those conference
22 calls.

23 Q Why were you on that call?

24 A I would get an e-mail that it was coming up, and I
25 would usually ask my son-in-law, "What's the code

Exhibit 3

NICHOLAS WELTER - CONFIDENTIAL
U.S. DEPARTMENT OF LABOR OCCUPATIONAL SAFETY AND
HEALTH ADMINISTRATION

LAURIE BEBO,

Complainant,

-vs-

Case No. 201SPX0041

CONFIDENTIAL

ASSISTED LIVING CONCEPTS, INC.,

PROCEEDINGS

Respondent.

Examination of NICHOLAS WELTER, taken at
the instance of the Respondent, under and pursuant to
the provisions of the Code of Federal Regulations and
Federal Rules of Civil Procedure, before JENNIFER L.
SCHMALING, a Registered Merit Reporter, Certified
Realtime Reporter, Certified Broadcast Captioner and
Notary Public in and for the State of Wisconsin, at
Reinhart, Boerner, Van Deuren S.C., 1000 North Water
Street, Suite 1700, Milwaukee, Wisconsin, on
September 26, 2013, commencing at 1:09 p.m. and
concluding at 2:32 p.m.

Job No: 66237

1 NICHOLAS WELTER - CONFIDENTIAL

2 professional photographer. I have some skills at
3 it. I would say that would cover most of it.

4 Q And of those services you just listed, which ones
5 of those have you provided to ALC?

6 A On a paid basis, it would be the design of the
7 brochures.

8 Q And an unpaid basis?

9 A I've done photography for them. I've done design
10 for them, whenever -- if Laurie's needed
11 something. Sometimes they've had their designer
12 on vacation or something, and I'm available. I've
13 always been willing to help wherever it's needed.

14 Q And please describe the photography work you
15 provided.

16 A I've been to buildings to take photographs if they
17 need them for -- whether for their own advertising
18 or what I surmise is for their own advertising.
19 If -- If Laurie's asked me to go and take pictures
20 somewhere, I'd go and take pictures.

21 Q And what buildings were those?

22 A I don't recall all the buildings. There were --
23 There were some down South in Georgia. I've done
24 them here locally, I believe. I know Crest House
25 is one because my grandmother was in there. I

NICHOLAS WELTER - CONFIDENTIAL

1 don't recall all the other ones.

2
3 Q And how would you come to be taking the photos at
4 these places?

5 A As far as in what way? With a camera, I guess.

6 Q Yeah, right. How did -- Who asked you to take
7 these pictures?

8 A I would guess Ms. Bebo would be the one who asked
9 me. It may have been the marketing person. I
10 don't -- I don't recall who would ask me at any
11 particular time.

12 Q And what direction was given to you?

13 A They would say, "Go and take pictures of the
14 buildings." If they had a special request for a
15 certain area or something they would need, they
16 would have told me the time.

17 Q When you say "they," who are you referring to?

18 A It would be Ms. Bebo or the marketing people.

19 Q And again, the marketing person?

20 A It would be Kathy Bucholtz at that point because I
21 don't think early on I did much photography.

22 Q And so you've listed the Georgia facilities.

23 A I was in Georgia. I don't recall exactly what
24 facilities. I know I was at Peachtree. I'm
25 afraid I just don't know the names of -- don't

NICHOLAS WELTER - CONFIDENTIAL

1 remember the names of the other buildings.

2 Q And who asked you to do Peachtree?

3 A Ms. Bebo.

4 Q And you said locally you visited the facilities?

5 A Yes.

6 Q You don't remember the names, but there was Crest
7 House?

8 A Crest House is nearby. I know Tamarack is in
9 Menomonee Falls.

10 Q Who asked you to visit Crest House?

11 A I don't recall at the time.

12 Q And who asked you to visit Tamarack House?

13 A I don't recall.

14 Q And what time period were you visiting Peachtree?

15 A Three or four years ago.

16 Q How long were you visiting there for?

17 A I was there for several days. I don't remember
18 exactly how many days.

19 Q And was anybody else with you?

20 A No.

21 Q And did you communicate with anybody at that
22 period about your photography project at ALC?

23 A I don't recall.

24 Q And how -- For Crest House, let's start with Crest
25

NICHOLAS WELTER - CONFIDENTIAL

1 then, that gets passed on.

2 Q And that was then linked to Green Valley Media?

3 A Yes, because they ask for a company name, yes.

4 Q You want to take a break?

5 A I'm fine. You guys are fine? Good to go.

6 Q Just thought I'd check in. Have you ever traveled
7 to Georgia?

8 A Yes.

9 Q For what purpose?

10 A I've been down there personally over the years.
11 As it concerns to ALC, I went down to take photos
12 and visit a few buildings.

13 Q Have you ever been to the ALC facility Greenwood
14 Gardens?

15 A I don't recall.

16 Q What dates were you down there?

17 A I don't recall. It was three or four years ago.

18 Q So we're talking 2010, 2009?

19 A That would be an estimate.

20 Q And what facilities did you visit?

21 A I don't recall the names. I do remember
22 Peachtree. I draw a blank on the rest. I don't
23 remember.

24 Q So for the time frame we're looking at, 2008,

NICHOLAS WELTER - CONFIDENTIAL

2009?

A That's only an estimate. I just don't remember.

Q What was the first time you ever went down there to visit an ALC facility?

A It would have been the one time that I recall.

Q And that is?

A I don't remember the exact dates, again, those same date ranges.

Q Have you ever been a resident at an ALC facility?

A As far as a resident staying overnight, I had stayed overnight, never long-term, fortunately.

Q And when did you stay overnight?

A It would have been in those date ranges.

Q How long would you stay?

A Overnight, single overnight.

Q So one night in a facility?

A One night, yes, at --

Q And what facility was that?

A I was overnight at Peachtree, and I was overnight at another facility, and I don't -- don't recall what the name of that one was.

Q Any other facilities you've ever spent a night in?

A No.

Q What was the purpose of your visit?

NICHOLAS WELTER - CONFIDENTIAL

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A To take photographs.

Q And was this -- How many times did you visit Peachtree?

A I don't recall.

Q An estimate?

A I believe I just passed through there the one time to take all the photos and then moved on.

Q And this was the time you spent a night there?

A Yes.

Q And the photos you took, were those part of your work for Green Valley Media?

A No.

Q What were those for?

A Laurie asked if I wanted to go down and take pictures, and I did.

Q Do you remember when that conversation happened?

A I do not.

Q Do you remember where that conversation happened?

A I do not.

Q And the other facility that you mentioned you visited and stayed over for a night, when would that have been?

A It would have been on the same trip. I visited several facilities. Those were the two that I

NICHOLAS WELTER - CONFIDENTIAL

1 stayed overnight at.

2 Q And one singular night?

3 A Yeah, for both, multiple times, yes.

4 Q Are there any other times you stayed at an ALC
5 facility?

6 A Not overnight, no.

7 Q Did you visit Greenwood Gardens in July of 2010?

8 A I don't recall.

9 Q Did you ever stay overnight at Greenwood Gardens
10 in July 2010?

11 A I don't recall.

12 Q And who asked you, if anyone, to visit that
13 facility?

14 A I believe Ms. Bebo gave me a list of facilities
15 she requested I visit.

16 Q And how did she give you that list?

17 A I don't recall.

18 Q Would it have been through e-mail?

19 A I don't recall.

20 Q Was anybody else present when she gave you that
21 list?

22 A I don't recall.

23 Q And what were you doing at the facility?

24 A I was taking pictures.

1 NICHOLAS WELTER - CONFIDENTIAL

2 Q And this was approximately around the time of his
3 birthday?

4 A It would have been in the area, yes.

5 Q So in the same month?

6 A Yes.

7 Q And August of 2010, did you ever visit Greenwood
8 Gardens?

9 A I don't recall.

10 Q Did you ever stay overnight there?

11 A I don't recall.

12 Q And September 2010, did you ever visit Greenwood
13 Gardens?

14 A I don't recall.

15 Q Did you ever stay overnight there?

16 A I don't recall.

17 Q Have you ever provided any services there?

18 A I don't recall.

19 Q And Highland Terrace, July 2010?

20 A I don't recall.

21 Q Did you ever go to the state of Florida?

22 A No.

23 Q So you never visited an ALC facility in Florida?

24 A I have not, no.

25 Q And I'm not just limiting that to 2010. At any

1 NICHOLAS WELTER - CONFIDENTIAL

2 point, have you ever visited an ALC facility in
3 Florida?

4 A I don't recall. I don't believe so, no.

5 Q Have you ever stayed overnight at an ALC facility
6 in Florida?

7 A I don't believe so, no.

8 Q Did you ever visit Careview Village property?

9 A I don't recall.

10 Q Did you ever stay overnight at a Careview Village
11 facility?

12 A I don't recall.

13 Q You mentioned that you drove down. It was a nice
14 road trip.

15 A I drove around the area. I flew down.

16 Q You flew down?

17 A Yes.

18 Q And how did you pay for that flight?

19 A I don't know how it was paid for.

20 Q You don't know how it was paid for?

21 A I do not know. I didn't book it.

22 Q You didn't book it. Who booked it?

23 A I don't know.

24 Q Who provided you with the ticket?

25 A I don't remember.

Exhibit 4

1 KEVIN SCHWEER - CONFIDENTIAL

2 U.S. DEPARTMENT OF LABOR OCCUPATIONAL SAFETY AND
3 HEALTH ADMINISTRATION

4 -----
5 LAURIE BEBO,

6
7 Complainant,

8 -vs-

Case No. 2013SOX00041

9
10 ASSISTED LIVING CONCEPTS, INC.,

11 Respondent.
12 -----

13
14 Examination of KEVIN SCHWEER, taken at
15 the instance of the Respondent, under and pursuant to
16 the provisions of the Code of Federal Regulations and
17 Federal Rules of Civil Procedure, before JENNIFER L.
18 SCHMALING, a Registered Merit Reporter, Certified
19 Realtime Reporter, Certified Broadcast Captioner and
20 Notary Public in and for the State of Wisconsin, at
21 Reinhart Boerner Van Deuren, 1000 North Water Street,
22 Suite 1700, Milwaukee, Wisconsin, on October 1, 2013,
23 commencing at 9:05 a.m. and concluding at 10:14 a.m.

24
25 Job # 66250

1 KEVIN SCHWEER - CONFIDENTIAL

2 Q Your position at the YMCA was a regular position
3 starting in 2009, correct?

4 A I believe so.

5 Q It was your primary employment?

6 A Yes.

7 Q And you worked consistently from 2009 forward?

8 A Yes.

9 Q Have you ever taken a substantial amount of time
10 off from that job?

11 A No.

12 Q When was the last time you took a vacation?

13 A Couldn't tell you.

14 Q How much vacation time did you get from the YMCA?

15 A I don't get vacation time.

16 Q So if you were going to travel, you were just
17 going to miss paid time?

18 A Correct.

19 Q Did you travel frequently?

20 A From?

21 Q From --

22 A No.

23 Q When was the last time that you traveled out of
24 state?

25 A Out of Wisconsin, I don't recall.

1 KEVIN SCHWEER - CONFIDENTIAL

2 Q Do you recall ever traveling to South Carolina?

3 A No.

4 Q Between 2009 and 2012, you've never traveled to
5 South Carolina?

6 A Correct.

7 Q Do you recall ever traveling to Georgia?

8 A Yes.

9 Q When did you travel to Georgia?

10 A Somewhere between 2008 and 2009.

11 Q What was the purpose of your visit to Georgia?

12 A To go down and set up equipment and a program,
13 training program.

14 Q For whom?

15 A Residents.

16 Q Residents of where?

17 A The facility I was at.

18 Q Was that an Assisted Living Concepts facility?

19 A Yes.

20 Q Do you have travel records for that visit?

21 A No, I don't.

22 Q How did you get to Georgia?

23 A Flew.

24 Q Who paid for your ticket?

25 A I believe the company.

1 KEVIN SCHWEER - CONFIDENTIAL

2 Q Who asked you to go to Georgia?

3 A Kathy Bucholtz.

4 Q Who is Kathy Bucholtz?

5 A An employee of the company.

6 Q What does she do there?

7 A I don't know what her title is.

8 Q How do you know Kathy?

9 A Through the company.

10 Q So how was it that -- How did it come about that
11 Kathy asked you to go to Georgia?

12 A I can't remember that.

13 Q You don't recall any conversation that you may
14 have had with her?

15 A I'm sure I did. I don't remember.

16 Q When did you meet Kathy Bucholtz?

17 A I can't remember.

18 Q You mentioned that you learned about Assisted
19 Living Concepts through your ex-wife; is that
20 correct?

21 A Correct.

22 Q What did she do at Assisted Living Concepts?

23 A Well, I'm not sure what her title was at the time.

24 Q When was she employed by the company?

25 A I couldn't tell you.

1 KEVIN SCHWEER - CONFIDENTIAL

2 Q Ballpark?

3 A When she started?

4 Q Sure.

5 A Maybe -- Could be 2005, 2006.

6 Q And when did she stop working at the company?

7 A I don't know. Couldn't tell you that.

8 Q Do you not know?

9 A We were going through a divorce at that time.

10 Q So you were divorced prior to her leaving Assisted
11 Living Concepts?

12 A We were going through a divorce.

13 Q How did you meet Laurie Bebo?

14 A Through the company.

15 Q How did that come about?

16 A I can't recall.

17 Q Do you recall approximately when you met her?

18 A No.

19 Q When did you meet Nick Welter?

20 A I don't remember the date.

21 Q Do you remember the year?

22 A No.

23 Q Are you and Nick close?

24 A Good friends.

25 Q You've been friends for a long time?

1 KEVIN SCHWEER - CONFIDENTIAL

2 A About eight years maybe.

3 Q So probably since 2005?

4 A Could be.

5 Q Is that approximately when you met Nick?

6 A I couldn't tell you.

7 Q So you know you've been friends with him since
8 2005, but you can't tell me when you met him?

9 A Just guessing.

10 Q Have you ever done -- Strike that. When were you
11 asked to go down to Georgia to go set up exercise
12 equipment?

13 A I couldn't tell you.

14 Q Did you meet Laurie before you went to Georgia?

15 A Yes.

16 Q So you met Laurie prior to 2008?

17 A Most likely.

18 Q Did Laurie ask you to go to Georgia?

19 A Kathy Bucholtz.

20 Q Did Kathy tell you why she wanted you to go to
21 Georgia?

22 A Yes.

23 Q Why?

24 A To set up a program, a fitness program.

25 Q Did she provide you any information about why they

1 KEVIN SCHWEER - CONFIDENTIAL

2 wanted to set up a fitness program?

3 A To start setting up facilities for residents.

4 Q By "facilities," you mean exercise facilities?

5 A Yes.

6 Q So how long did you spend in Georgia?

7 A About a week.

8 Q And you would have had to take time off from the
9 YMCA to do that?

10 A Most likely.

11 Q Did you stay at the facilities?

12 A Yes.

13 Q Do you remember the name of the facility where you
14 stayed?

15 A I don't recall it.

16 Q Were you compensated for the work that you did?

17 A No.

18 Q You did it for free?

19 A Yes.

20 Q Why?

21 A Because it was an opportunity.

22 Q What was the opportunity?

23 A To maybe set up more facilities.

24 Q At Assisted Living Concepts?

25 A Correct.

1 KEVIN SCHWEER - CONFIDENTIAL

2 Q Was the idea that you would then branch out and
3 set up exercise equipment for other assisted
4 living facilities?

5 A I can't tell you if it was.

6 Q Was that the first facility you visited?

7 A Yes.

8 Q Did you subsequently visit any other facilities?

9 A I can't recall if I did.

10 Q What is your understanding of why Kathy asked you
11 to go to that facility?

12 A I couldn't tell you.

13 Q You have no recollection of that conversation?

14 A No.

15 Q Did you incur any expenses while you were in
16 Georgia?

17 A No.

18 Q Everything was paid for?

19 A Correct.

20 Q By whom?

21 A The company.

22 Q Were you reimbursed for your expenses?

23 A I didn't have any expenses.

24 Q Who else was with you in Georgia?

25 A Kathy Bucholtz.

KEVIN SCHWEER - CONFIDENTIAL

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Q She was there for you -- with you the entire week?

A Yes.

Q She paid for everything?

A I believe so.

Q Was there anyone else there?

A People who worked there.

Q Was there anyone else who traveled there with you?

A No.

Q Can you describe your recollection of that week to me?

A Fixing equipment, getting it working, teaching the activity coordinator how it works and trained and had some of the residents use them while I was there.

Q Was this something new that the company was trying to do?

A I have no idea.

Q Were many of the residents interested in exercise facilities?

A There was a few nosey ones.

Q But generally, there wasn't a lot of interest in the exercise equipment?

A I don't know how many's a lot.

Q How many residents did you see while you were down

1 KEVIN SCHWEER - CONFIDENTIAL

2 to Kathy Bucholtz about work for Assisted Living
3 Concepts?

4 A I can't recall if I did.

5 Q Have you been to Georgia at any time since?

6 A No.

7 Q So between -- After your trip in early 2009, you
8 have not been to Georgia since?

9 A Correct.

10 Q What about Alabama?

11 A Never been there.

12 Q Were you ever asked to go set up exercise
13 equipment at any other ALC facilities?

14 A We discussed it.

15 Q Who's "we"?

16 A Probably Mrs. Bucholtz.

17 Q What was the discussion?

18 A If I was interested in doing it.

19 Q Were you interested in doing it?

20 A I wasn't sure because I was really starting to get
21 going with the YMCA.

22 Q When was that conversation with her?

23 A I couldn't tell you.

24 Q Was it fairly soon after you returned from
25 Georgia?

1 KEVIN SCHWEER - CONFIDENTIAL

2 A I'm sure it was.

3 Q Have you ever been employed by Assisted Living
4 Concepts?

5 A No, I haven't.

6 Q So you've never been paid as a vendor?

7 A Correct.

8 Q And you never filled out any paperwork?

9 A I don't believe I did.

10 Q Did anyone interview you for the position of
11 setting up the exercise equipment?

12 A I don't recall.

13 Q Did you ever talk to Laurie about going to Georgia
14 prior to visiting?

15 A I don't recall if I did.

16 Q Did you ever talk to Nick about going to Georgia
17 prior to your visit?

18 A I don't believe so.

19 Q And since you came back from that trip to Georgia,
20 you have not traveled outside of Wisconsin?

21 A Oh, I'm sure I traveled outside of Wisconsin.

22 Q Okay. Where did you travel?

23 A I've probably been to Chicago where my family's
24 from.

25 Q When was that?

1 KEVIN SCHWEER - CONFIDENTIAL

2 conversation with her?

3 A I don't recall if that was when it was.

4 Q Do you think it was more recent?

5 A No, it wasn't more recent.

6 Q Do you think it was even earlier, maybe 2008?

7 A I don't recall that.

8 Q And during that conversation, at some point you
9 told her you didn't want to continue setting up
10 facilities; is that correct?

11 A The Y kind of took over my life at that time.

12 Q Did you ever say to her you didn't want to set up
13 any more facilities?

14 A I don't know if it came that way.

15 Q Did you maybe tell her you didn't have time to set
16 up any more facilities?

17 A Most likely.

18 Q Were you ever approached again in 2010 to set up
19 additional exercise facilities?

20 A No.

21 Q Were you ever approached in 2011 to set up
22 additional exercise facilities?

23 A No.

24 Q How about 2012?

25 A No.

1 KEVIN SCHWEER - CONFIDENTIAL

2 what a porn slapper is, if you've ever been to Las
3 Vegas, it's those guys that flick those cards in
4 the street.

5 Q Okay.

6 A And that's what we wrote about. And out of a
7 couple hundred people, we came in second.

8 Q When were you working on that?

9 A Oh, God. I couldn't tell you when the date was.

10 Q When did you win the award?

11 A I don't recall the year that we did that.

12 Q Is there something that would refresh your
13 recollection?

14 A If you have something.

15 Q Did you travel to Las Vegas?

16 A I think we traveled there once.

17 Q Did you work on this in 2009?

18 A I believe it was before that.

19 Q Did you work on it before you traveled to Georgia?

20 A Absolutely.

21 Q Were you still working on it after you went to
22 Georgia?

23 A No, I believe not.

24 Q Have you ever been to a facility called Inn at
25 Seneca?

1 KEVIN SCHWEER - CONFIDENTIAL

2 A I never even heard of it.

3 Q Have you ever been to a facility called CaraVita
4 Village?

5 A No.

6 Q Have you heard of it?

7 A No.

8 Q Have you ever been to a facility called
9 Winterville Retirement Center?

10 A No.

11 Q Have you ever heard of it?

12 A No.

13 Q Prior to my mentioning it today, had you ever
14 heard of Peachtree Estates?

15 A Can you repeat that question?

16 Q Prior to me asking you if you had visited
17 Peachtree Estates today, did you recognize that
18 name?

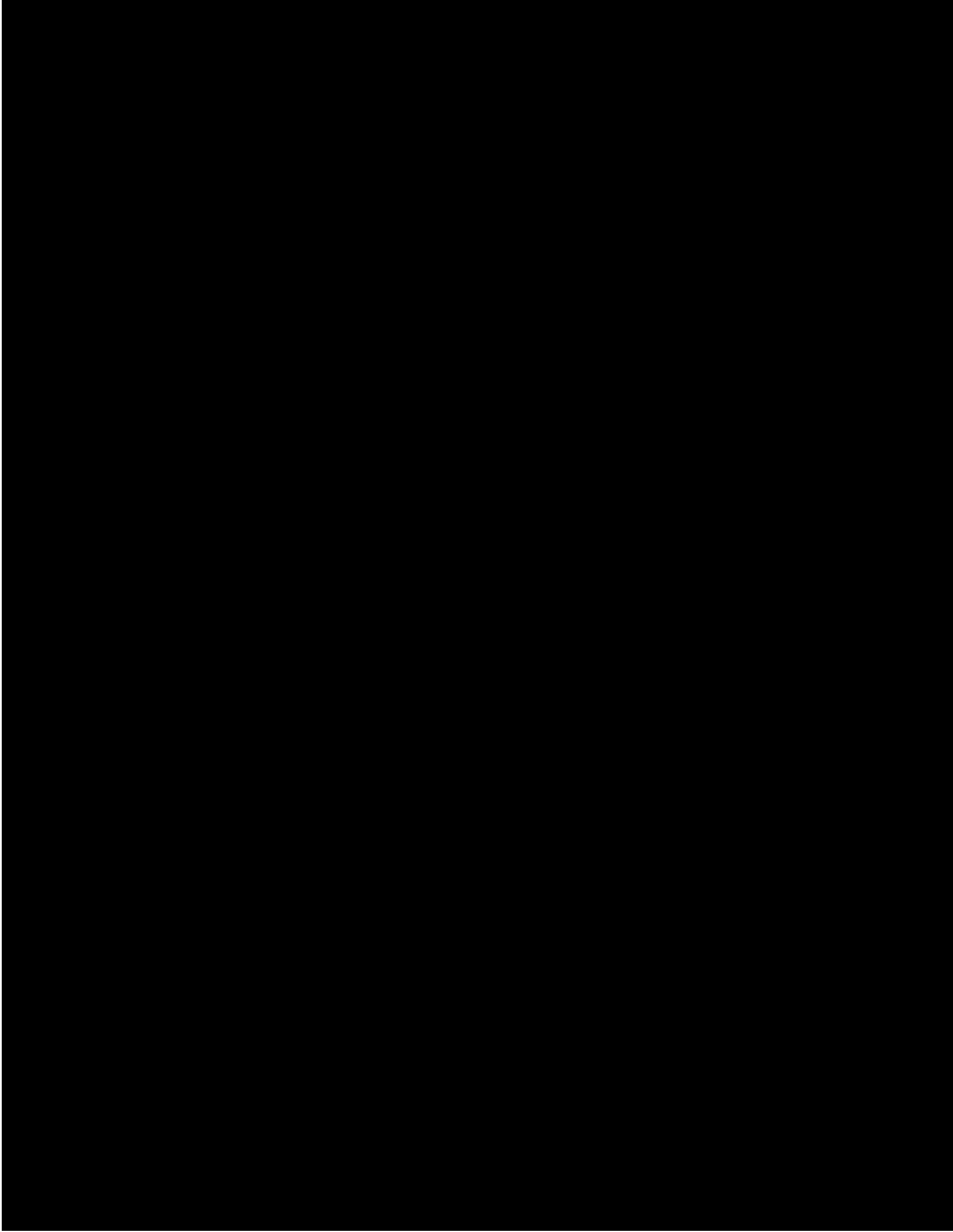
19 A I didn't really recognize it, no.

20 MS. KENT BERNANKE: I think we're done.

21 I don't have any other questions for you.

22 (Proceedings concluded at 10:14 a.m.)

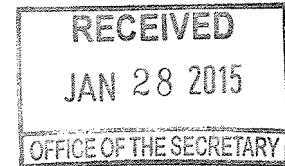
23 _____
24 KEVIN SCHWEER
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January 27, 2015

VIA UPS NEXT DAY AIR

Brent J. Fields, Secretary
Office of the Secretary
Securities and Exchange Commission
100 F. Street, N.E.
Washington D.C. 20549

Re: *In the Matter of Laurie Bebo and John Buono, CPA*
(AP File No. 3-16293)

Dear Mr. Fields:

Enclosed for filing in the above-referenced matter please find the original and three copies of *The Division of Enforcement's Motion to Introduce Prior Sworn Statements of ALC Personnel Included in Covenant Calculations* and the related Certificate of Service.

Sincerely,

A handwritten signature in black ink, appearing to be "B. Hanauer".

Benjamin J. Hanauer

Enclosures

Copies to: Hon. Cameron Elliot, ALJ
Mark Cameli, Esq.
Patrick Coffey, Esq.