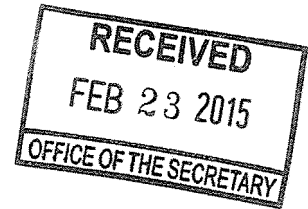


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
File No. 3-16293

In the Matter of

**LAURIE BEBO, and
JOHN BUONO, CPA,**

Respondents.

**MOTION TO QUASH OR MODIFY
RESPONDENT'S SUBPOENAS FOR
DOCUMENTS**

On January 28, 2015, non-party Assisted Living Concepts, LLC (“ALC” or the “Company”) received a subpoena (the “Subpoena”) in connection with this proceeding by Respondent Laurie Bebo (“Respondent”). Further, on February 12, 2015, ALC was served a supplemental subpoena containing two additional document requests (“Supplemental Requests”). Following this Court’s order on February 10, ALC has until February 20, 2015 to file a motion to quash or modify the Subpoena. ALC can file a motion to quash or modify the Supplemental Requests by March 9, 2015.

Pursuant to U.S. Securities and Exchange Commission (“SEC”) Rule of Practice 232, the Company hereby moves to quash or modify Requests 1–6, 11–13, 18–21, and 24–26 of the Subpoena and both Supplemental Requests (collectively, the “Contested Requests”). As set forth in this Motion, the Contested Requests are unreasonable, oppressive, excessive in scope, and unduly burdensome for the following reasons:

- The short time frame for response make timely compliance with the broad requests impracticable (Requests 1–6, 11–13, 18 and 21);
- Efficient alternatives to extensive document collection, review, and production exist that serve both Respondent’s and ALC’s interests (Requests 2, 3, 24);

documents belonging to 21 custodians. ALC also reviewed and created an index of the contents of 380 boxes of hard copy documents, scanned potentially relevant materials to an electronic document review platform, and then reviewed those scanned materials for responsiveness to the Commission subpoenas. In total, since November 2013, the Company has made 26 separate productions to the Division, totaling over 86,000 documents (526,000 pages).

ALC incurred tremendous costs in preparing for and making its productions to the Division. In addition to the tasks outlined above, ALC incurred significant costs from (i) engaging counsel, (ii) advancing and indemnifying current and former employees, and (iii) engaging third-party vendors to assist with document collection and backup tape restoration. Further, cooperation with the Investigation has entailed unquantifiable costs associated with work disruptions and business distractions to ALC.

B. Procedural History Underlying the Subpoena.

On January 14, 2015, Respondent requested that the Court issue subpoenas to four parties in connection with this proceeding: (i) ALC; (ii) Ventas, Inc.; (iii) Milbank, Tweed, Hadley & McCloy LLP (“Milbank”); and (iv) Quarles & Brady LLP. On January 20, 2015, the Division responded to the Respondent’s subpoenas, observing they were “excessive in scope” and that “much of the material sought by the Subpoenas is irrelevant to these proceedings, privileged (by the attorney-client privilege and/or work product doctrine), or both.” Ex. 1, Division’s Response to the Court’s Order Regarding Subpoenas to Produce, ¶ 4. The Division also observed that in producing its entire investigative file to Respondent, “at least some” documents responsive to the Subpoena had already been given to Respondent. *Id.* ¶ 3.

On January 23, 2015, the Court issued its Order on Requests for Issuance of Subpoenas (the “Order”). The Order struck 13 Subpoena requests as overbroad, narrowed the applicable time frame as to two requests, and issued the remaining requests without modification. Order, at

2-4. The Court issued the Supplemental Requests on February 5, 2015, which Respondent emailed to ALC on February 12, 2015.

II. Legal Standard

Under Rule 232(e) of the SEC's Rules of Practice, a party to whom a subpoena is directed may, upon application, request that the subpoena be quashed or modified "[i]f compliance with the subpoena would be unreasonable, oppressive or unduly burdensome." 17 C.F.R. § 201.232(e)(2) (2006). In marked contrast to proceedings governed by the Federal Rules of Civil Procedure, "[t]he Commission's Rules of Practice do not allow large-scale and time consuming pre-trial discovery." *Raymond James Fin. Servs., Inc.*, Admin. Proceeding File No. 3-11692, at 10 (Dec. 23, 2004). Simply put, "[a] respondent is not entitled to conduct a fishing expedition in an effort to discover something that might assist him in his defense." *Timbervest, LLC et al.*, Release No. 1173, Admin. Proceeding File No. 3-15519, at 1 (Jan. 15, 2014) (internal quotation marks and citation omitted). In particular, "parties must take reasonable steps to avoid imposing undue burden or expense when they present subpoenas to non-parties." *Morgan Asset Mgmt., Inc. et al.*, Release No. 655, Admin. Proceeding File No. 3-13847, at 2 (July 6, 2010).

III. The Subpoena Must Be Quashed or Modified

For the reasons discussed above, and as elucidated below, the Company respectfully requests that certain portions of the Subpoena be quashed or modified.

A. ALC Should Be Granted Additional Time to Comply With the Subpoena Requests.

ALC should be granted additional time to comply with the Subpoena because the breadth and quantity of documents called for by the Subpoena requests makes compliance with the Subpoena within the time frame allotted not only severely burdensome but impracticable. ALC respectfully requests that the compliance date for the Subpoena be extended to March 16, 2015.

Requests 1–6, 11–13, 18² and 21 require an extensive effort to collect, review and produce electronic documents and communications (the “Electronic Collection and Review Process”). To fully respond to these requests, ALC would have to incur significant expense and effort to engage a forensic technology vendor to extract data from its backup tapes.³ Some data would also need to be extracted by ALC personnel from the Company’s email archive. The extracted data would then need to be processed by a technology vendor that can prepare the data in a file format that can be viewed in an electronic document review platform. The time required to complete both the extraction and processing phases depends on the amount of data and the vendor’s resources, and is out of ALC’s control.

For Requests 1-6 and 18, ALC would also need to review huge volumes of “processed” data for responsiveness in an electronic document review platform prior to its production to Respondent. While ALC does not presently know the volume of data at issue, the difficulty of and lack of control over the extraction and processing phases alone make it unreasonable to expect that ALC can complete its production of responsive documents in fifteen days. *See Keith M. Roberts*, Admin. Proceeding, File No. 3-11471, at 4 (July 14, 2004) (granting a motion to quash in part because “responding to the subpoena” in the required time “would be extremely difficult”); *cf. Morgan Asset Mgmt., Inc. et al.*, Release No. 655, Admin. Proceeding File No. 3-13847, at 2 (“[P]arties must take reasonable steps to avoid imposing undue burden or expense when they present subpoenas to non-parties.”).

Even if the Court agrees with ALC’s requests to quash certain requests and modify others, as outlined in Sections III.B - III.G below, ALC needs time to collect, review, and produce responsive documents. ALC is willing to work cooperatively with Respondent’s counsel to

² ALC requests an extension of time to comply with Request 18 only in the event that this Court does not grant ALC’s request to quash Request 18, described in detail in Section III.D below.

³ Although ALC previously collected data in response to the Division’s subpoenas, the data was taken “offline” in September 2014 so that ALC could avoid paying significant online data hosting fees each month. Thus, the data cannot be easily exported from a currently existing online database.

produce documents on a rolling basis, but requests that it be granted until March 16, 2015 to comply with the Subpoena.

B. Request 2 Should Be Modified.

Request 2 should be modified to permit ALC to submit chain of custody affidavits from individuals who oversaw transmission of the relevant materials between and among ALC, Milbank, and Ropes & Gray LLP. ALC's primary concern in responding to the Subpoena is to limit its on-going costs, given the extensive costs it has already incurred in connection with the Investigation. *See supra* Section I.A. To fully respond to Request 2, ALC would have to undertake the Electronic Collection and Review Process described in Section III.A.

Undertaking such a process in connection with Request 2 would be unreasonable, oppressive, and unduly burdensome where the responsive documents relate to a few, discrete instances of materials transferred among a limited number of parties.⁴ Where, as here, "considerable time, energy, and financial resources would be needed to achieve compliance," a subpoena is considered "oppressive and unduly burdensome." *Raymond James Fin. Servs., Inc.*, Admin. Proceeding File No. 3-11692, at 10.

Modifying Request 2 to permit ALC to procure affidavits from relevant personnel would appropriately serve Respondent's interests in understanding the chain of custody of relevant materials while mitigating the costs incurred by ALC.

C. Request 3 Should Be Modified.

Request 3 should be modified to permit ALC to disclose in writing the current location of Ms. Bebo's handwritten notes. As described above, ALC would like to avoid the cost incurred in undertaking the Electronic Collection and Review Process necessary to locate "all documents" relating to the location of the notes. The location of the notes is not related to the OIP's

⁴ ALC does not contest the use of the above-described process for collecting, restoring and reviewing electronic documents for Requests 1 and 4-6 because these requests are amenable to searching email communications for events that Respondent believes may have occurred across a large time span.

allegations and ALC's disclosure of the location of the notes will not in any way prejudice Respondent's defense against such allegations. ALC's proposal, therefore, is appropriately balanced to serve the interests of both Respondent and ALC.

D. Requests 18, 19, and 20 Should Be Quashed.

Requests 18–20 pertain to Milbank's internal investigation and should be quashed because (i) the requests are duplicative in that they seek material that ALC has produced to the SEC and which the SEC has already passed on to the Respondent, and (ii) Milbank's investigative materials can more efficiently be obtained from Milbank.

ALJs have routinely quashed subpoenas under circumstances similar to the present, where a respondent already has access to the requested materials.⁵ Here, Requests 18–20 seek information that is duplicative of information Respondent has already indirectly obtained from ALC. As the Division noted, “it previously produced to Bebo *all* documents that it received from ALC, Ventas, Milbank Tweed, and Quarles & Brady in the course of its investigation.” Ex. 1, ¶ 2 (emphasis added). Included in ALC's production to the Division were documents ALC searched for and produced in response to the SEC's request for “[a]ll documents relating to any internal investigation regarding the conduct of Laurie Bebo or John Buono or regarding any information provided to Ventas.”⁶ See Ex. 2, Subpoena from SEC to ALC, Request 20, dated October 22, 2013. This broadly worded request encompasses documents relating to the completion of the internal investigation (Request 18), interviews of witnesses in connection with the internal investigation (Request 19), and documents relating to conclusions of the internal

⁵ See *Keith M. Roberts*, Admin. Proceeding File No. 3-11471, at 4 (quashing subpoena because “Respondent . . . has had the Division's investigative file that contains subpoenaed materials available for some time”); see also *Dennis J. Malouf*, Release No. 1827, Admin. Proceeding File No. 3-15918, at 5 (Sept. 22, 2014) (holding that subpoena recipient need not “produce documents it knows to have been produced to either the Commission or [Respondent] during” a state court proceeding); *WHX Corp.*, Release No. 579, Admin. Proceeding File No. 3-9634, 69 S.E.C. Docket 799, at *3 (Mar. 3, 1999) (modifying subpoenas to exclude material already available to issuing party).

⁶ ALC produced such documents pursuant to a confidentiality agreement entered into with the Division on February 25, 2014. ALC did not waive any privilege or protection with respect to all internal investigation materials. See *infra* note 8.

investigation (Request 20). Respondent has received materials related to the internal investigation as well as ALC Board materials dated through July 11, 2013, which also reflect the results of ALC's internal investigation.⁷ Given this, it is unreasonable and unduly burdensome for Respondent to request documents from ALC to which she already has access. ALC should have no obligation to re-produce these materials. Moreover, ALC has no obligation to provide Respondent with specific Bates numbers of responsive documents that are already in her possession. *See Harding Advisory LLC and Wing F. Chau*, Release No. 1256, Admin. Proceeding File No. 3-15574, 2014 SEC LEXIS 636, at *5-6 (Feb. 24, 2014) (holding that the Division was not required to provide a "roadmap" consisting of Bates numbers to identify particular documents that it had previously produced to the requesting party).

In addition to being duplicative, Requests 18-20 should further be quashed because materials related to the internal investigation can be obtained more efficiently from Milbank. As ALC's outside counsel who conducted the internal investigation, Milbank is in the best position to locate any responsive investigative materials and Respondent has failed to demonstrate that the information she seeks is not obtainable from another source in a more efficient manner. *Morgan Asset Mgmt., Inc. et al.*, Release No. 655, Admin. Proceeding File No. 3-13847, at 2 (noting that the requesting party must "take reasonable steps to avoid imposing undue burden or expense" on third-parties and that such efforts must include demonstrating "that the information [sought] from these non-parties is not obtainable from some other source that is more convenient, less burdensome, or less expensive"). Although ALC has not "generally waived the attorney-client privilege" over any set of materials,⁸ Milbank is best positioned to review its own materials and

⁷ ALC produced the board materials pursuant to previous SEC subpoena requests. *See* Ex. 3, Subpoena from SEC to ALC, Request 1, dated October 16, 2012, and Ex. 2, Request 1.

⁸ *See* Ex. 1, ¶ 4. ALC strongly disagrees with the Division's statement that ALC "generally waived the attorney-client privilege." *Id.* In fact, ALC carefully negotiated the scope of its attorney-client privilege waiver to include only three discrete categories of attorney-client communications involving (i) employee leasing, (ii) disclosures or contemplated disclosures relating to the internal investigation, material weaknesses or significant deficiencies in

evaluate whether any attorney-client privilege, work product protection, investigative privilege, or other protection that may apply to such documents. Accordingly, Requests 18–20 should be quashed where, as here, the requests are more appropriately directed to another party. *See, e.g., Harding Advisory LLC and Wing F. Chau*, 2014 SEC LEXIS 636, at *6 (quashing a subpoena request from a Respondent directed at the SEC, where another is more appropriately positioned to respond).

E. Request 24 Should Be Modified.

Request 24 should be modified because permitting Respondent and her counsel to manually inspect 380 boxes⁹ would pose a significant and unreasonable cost to ALC, who would have to provide personnel to coordinate, oversee, and monitor the inspection of the boxes. Moreover, Respondent has not even stated what she seeks from those boxes, indicating that her interest in them is merely a fishing expedition. *Timbervest, LLC et al.*, Release No. 1173, Admin. Proceeding File No. 3-15519, at 1 (Jan. 15, 2014) (internal quotation marks and citation omitted). Request 24 should be modified to reflect that Respondent’s counsel may request to inspect the subset the boxes that, after her review of the index that ALC will produce pursuant to Request 23, she reasonably determines contain material relevant to the SEC’s claims or Respondent’s defenses.¹⁰ This approach best strikes the balance between Respondent’s interest in finding relevant documents and the corresponding burden on ALC.

F. Request 25 Should Be Quashed.

Request 25 should be quashed because it seeks “email communications between Milbank

ALC’s internal controls, or whether ALC needed to restate its financials, and (iii) ALC’s response to a letter from the SEC’s Division of Corporation Finance to ALC, dated July 21, 2011. *See* Ex. 4, Letter from Asheesh Goel to Scott Tandy Regarding ALC’s Privilege Waiver, dated February 4, 2014.

⁹ Respondent cites a letter from ALC’s counsel for the proposition that ALC has an index referencing the contents of 350 hard copy boxes. *See* Ex. 5, Section II.A, Letter from Asheesh Goel to Scott Tandy, dated March 27, 2014. However, the letter actually said “over 350 hard copy boxes.” *Id.* at 2.

¹⁰ Based on its own prior review of these boxes, ALC believes that a large number of the boxes are irrelevant to the SEC’s allegations against Ms. Bebo and expects Ms. Bebo to conclude as much after reviewing the index of the boxes’ contents.

and ALC's former board" and to ALC's knowledge, such communications are protected, at a minimum, by the attorney-client privilege.¹¹ Although Rule 232 does not contain a provision expressly insulating privileged materials from discovery, privilege claims are well-settled grounds for quashing subpoena requests. *See Rita J. McConville and Kevin M. Harris, C.P.A.*, Admin. Proceeding File No. 3-11330, at 3–4 (Mar. 17, 2004) (quashing subpoena seeking materials protected by the attorney-client privilege, deliberative-process privilege, and the work-product doctrine); *Putnam Investment Management, LLC*, Release No. 613, Admin. Proceeding File No. 3-11317, at 3 (Mar. 26, 2004); *see also James F. Novak*, Release No. 239, Admin. Proceeding File No. 3-6022, 1981 SEC LEXIS 2376, at *1–2 (July 9, 1981) (noting that “respondent of course has the right to assert the attorney-client privilege and where properly invoked it will be fully respected in these proceedings”).

Respondent cites a letter from ALC's counsel stating that ALC possesses “over 5,400 email communications” between Milbank and ALC's former Board members. *See* Ex. 5, Section II.A. However, the paragraph immediately following the text cited by Respondent sets forth the Company's position with respect to such communications: “ALC's production of such documents . . . is *dependent upon the former directors waiving any attorney-client privilege that may have existed* between Milbank and the Board or between Milbank and any former directors individually.” *Id.* (emphasis added). Indeed, Daniel Perry, counsel for Milbank, wrote a letter to the SEC asserting the *existence* of an attorney-client relationship between Milbank and ALC's former Board members in their individual capacity. *See* Ex. 6 at 9–12 (Letter from Dan Perry to Scott Tandy, dated March 4, 2014), Respondent's Submission in Response to the Division's Position Regarding Her Request for Subpoenas, dated January 22, 2015.

¹¹ To the extent that this request seeks non-privileged communications aside from the over 5,400 email communications referenced in its letter to the SEC, *see* Ex. 5, ALC has already produced those communications to the Division, which, in turn, has already produced those communications to Respondent. *See J. Kenneth Alderman, CPA et al.*, Release No. 754, Admin. Proceeding File No. 3-15127, at 5 (Feb. 28, 2013) (quashing subpoena request because “[t]he Division has produced non-privileged documents apprising Respondents” of the relevant issues).

Despite Mr. Perry's warning that his letter should not be relied upon for determining the *scope* of Milbank's representation of ALC's former Board members,¹² Respondent relies on Mr. Perry's letter in asserting that Milbank did not represent the directors in their "individual capacities with respect to the internal investigation." *See id.* at 4. Respondent's reasoning, however, suffers from a fatal defect because it ignores the well-established legal principle that it is the *client*, not the attorney, whose reasonable belief or expectation is the key to establishing an attorney-client relationship. *See Shattles v. Bioprogress, PLC.*, C.A. No. 1:05-CV-3179-MHS, 2006 U.S. Dist. LEXIS 48083, at *7 (N.D. Ga. July 14, 2006) ("[A] 'reasonable belief' on the part of the would-be client that he/she was being represented by the attorney is all that is necessary."); *see also FDIC v. Odgen Corp.*, 202 F.3d 454, 463 (1st Cir. 2000) ("Courts customarily determine the existence *vel non* of an attorney-client relationship by evaluating whether the putative client's belief that such a relationship existed was objectively reasonable under all the circumstances."); *Amari v. Spillan*, No. 2:08-cv-829, 2009 U.S. Dist. LEXIS 88430, at *4 (S.D. Ohio Sept. 4, 2009) (holding that an attorney-client relationship "may arise by implication, based on the conduct of the lawyer and the expectations of the client"); *accord Westinghouse Electric Corp. v. Kerr-McKee Corp.*, 580 F.2d 1311, 1319 (7th Cir. 1978) ("The professional relationship for purposes of the privilege for attorney-client communications 'hinges upon the client's belief that he is consulting a lawyer in that capacity and his manifested intention to seek professional legal advice.'" (quoting MCCORMICK ON EVIDENCE (2d ed. 1972), § 88, p. 179)), *cert. denied*, 439 U.S. 955 (1978).¹³

In recognition of this well-established legal principle, and in response to the Division's

¹² *See id.* at 1 ("The Commission should not rely solely on any of the information below to make a determination about the extent and nature of the Firm's representation of the various persons and entities discussed . . .").

¹³ SEC administrative courts routinely consult other sources of federal law in cases where the Rules of Practice are not directly on point. *See, e.g., Gregory M. Dearlove, CPA*, Release No. 625, Admin. Proceeding File No. 3-12064, 2006 SEC LEXIS 1442, at *4 (Jan. 9, 2006) (citing numerous federal district and circuit court cases in discussing service of timely objection to a subpoena *duces tecum*); *Morgan Asset Mgmt., Inc.*, Release No. 655, Admin. Proceeding File No. 3-13847, at 2 (citing Fed. R. Civ. P. 45(c)(1) in discussing third-party subpoenas).

request for the very same communications sought by Respondent in her Request 25, in early 2014 ALC consulted with counsel for its former directors about whether they believed their communications with Milbank were subject to their own attorney-client privilege. Counsel for the former directors asserted the attorney-client privilege over the communications at issue and therefore did not permit ALC to produce the communications to the Division. The Division confirmed that it “did not receive privilege waivers from the individual members of ALC’s [former] board of directors, in particular regarding the [former] directors’ communications with Milbank Tweed relating to the internal investigation.” Ex. 1, ¶ 4. Accordingly, ALC has withheld and will continue to withhold documents subject to the directors’ attorney-client privilege, unless otherwise instructed by this Court.

Although ALC waived the Company’s attorney-client privilege over certain narrowly defined categories of communications,¹⁴ it has not—and cannot—waive the privilege held by former Board members who sought legal advice from Milbank for themselves individually. *See, e.g., In re Grand Jury Subpoena*, 274 F.3d 563, 571–72 (1st Cir. 2001) (affirming the existence of a separate attorney-client privilege for corporate officers who consulted with corporate counsel representing them individually); *In re Bevill, Bresler & Schulman Asset Mgmt. Corp.*, 805 F.2d 120, 123–25 (3d Cir. 1986); *In re Grand Jury Proceedings*, 156 F.3d 1038, 1041 (10th Cir. 1998). Until the former directors have informed ALC that they have waived any privilege that existed between Milbank and the Board or between Milbank and its director individually, ALC cannot produce the emails at issue in Request 25. *See, e.g., United States v. Mallard*, No. 3:11-cr-00374-FDW-DCK, 2014 U.S. Dist. LEXIS 170832, at *2 (W.D.N.C. Dec. 10, 2014) (“Since the client is the holder of the privilege, only he or she can waive it . . .”). In sum, Request 25 is more appropriately directed to the Company’s former directors, who can determine whether to

¹⁴ *See supra* note 6.

assert or waive any attorney-client privilege that may attach to the documents. To facilitate this task, on March 2, 2014, ALC provided each of its former directors with copies of their email communications with Milbank.

Additionally, requiring ALC to create a privilege log for over 5,400 email communications is unduly burdensome and would require significant expense. To complete this task, ALC's counsel would have to review the withheld Milbank-Director communications and explain (in ALC's view) why a director might assert each document is privileged. This tedious task would almost certainly miss the mark because ALC would be attempting to characterize and defend a privilege that it does not hold and cannot accurately describe. ALC respectfully requests that it be exempt from producing a privilege log in connection with Request 25.

G. Request 26 Should Be Quashed.

Request 26, which seeks “[h]ard copies of board materials provided to Ms. Bebo” during the course of her employment at ALC, should be quashed because it seeks materials already provided to the Respondent. On February 28 and April 1, 2014, ALC provided “copies of board materials provided to Ms. Bebo while she was still employed by ALC” in electronic form to counsel for Respondent. *See* Ex. 7, List of Board Materials Provided to Respondent. Furthermore, Respondent has access to *all* of the Board materials that ALC produced to the SEC, a broader set than those materials provided to Respondent during her employment at ALC. *See supra* Section III.D. Respondent has not offered any reason why the electronic copies she was provided are insufficient to defend against the SEC's allegations. Nor has Respondent provided the Company with any authority demonstrating that she is entitled to the same documents in multiple media. Rather than conscripting ALC into service as Respondent's personal copy shop, ALC requests that Request 26 be quashed.

IV. The Supplemental Requests Must Be Quashed and/or Modified

A. The Supplemental Requests Should be Quashed.

Supplemental Requests 1 and 2 seek Respondent's office and mobile phone records ("Supplemental Requests"). These requests should be quashed because, as this Court reasoned in its January 23, 2015 order striking similar requests for phone records, they have no relevance and they are unduly burdensome to locate and produce. Ex. 8, Order on Request for Issuance of Subpoenas, at 2 ("There is no apparent relevance to these documents, and the request is overbroad, because it presumably seeks a large number of telephone records irrelevant to the OIP:").

Respondent seeks to remedy the flaws in her prior similar requests for phone records by limiting the request to three time periods, ranging from 2009 to 2012. While this reformulation might address this Court's prior concern about the volume of telephone records sought, it does nothing to address the issue of relevance. Respondent engages in misdirection, arguing that the phone records demonstrate substantive facts relevant to the OIP allegations. Indeed, Respondent argues that during these time periods, (i) Respondent had a phone conversation with a Ventas employee about employee leasing, therefore indicating that it was not a "scheme", (ii) ALC's outside counsel may have discussed, or provided advice regarding, ALC's response to an SEC comment letter, which is "relevant to the SEC's claims that Bebo caused false and misleading disclosures in ALC's periodic filings," and (iii) the ALC Board knew about employee leasing and that it was not a scheme. Ex. 9, Respondent's Request for Issuance of Supplemental Subpoenas *Duces Tecum*, ¶ 9. However, none of these purported "facts" can be demonstrated by phone records. At most, Respondent's office and mobile phone records can only confirm the existence of phone calls with (i) the counterparty to one of ALC's material contracts (Ventas), (ii) ALC's outside counsel, and (iii) ALC's Board of Directors, none of which is likely to be unusual for a

company's CEO. Respondent's request, therefore, cannot lead to the discovery of admissible evidence. *Cf. Gregory M. Dearlove*, 2006 SEC LEXIS 1442, at *6-7. Accordingly, these requests should be quashed.

The Supplemental Requests should also be quashed because it would be unduly burdensome for ALC to obtain these documents, to the extent they still exist. Respondent's requests fail to recognize that ALC underwent a change in ownership in July 2013 and experienced a near complete turnover of relevant personnel in the intervening years, including the Company's Board, a replacement of all sixteen of the Company's senior executives, and a change of approximately 75% of its field personnel. *See Lisa B. Premo*, Release No. 701, Admin. Proceeding File No. 3-14697, at 6 (Apr. 27, 2012) (granting non-party's motion to quash due to non-party's "representation that gathering the requested information would be unduly burdensome, unreasonable, costly, and take weeks or months," given "[a] change in business ownership," and "the passage of four years"). While ALC's routine email backups and archiving procedures allow for the collection of historical emails (despite significant burden), it is unreasonable, oppressive and unduly burdensome to require ALC to locate phone records that range from nearly three to over six years in age, without any prior notice that such records have any significance and where such records are not automatically and electronically archived.

B. If the Supplemental Requests Are Not Quashed, ALC Should Be Granted Additional Time to Comply.

ALC cannot practically respond to the Supplemental Requests in the limited period allotted by that subpoena. Respondent requested the Supplemental Requests on February 5, 2015; however, Respondent did not serve the Supplemental Requests on ALC until February 12, 2015. The Supplemental Requests call for ALC to search historical records that are not routinely stored on computer systems or obtain relevant records from its historical telephone provider(s) by February 20, 2015. Requiring ALC to produce these records within 8 days of service would be

time consuming, costly, and impractical. This burden could have been mitigated if Respondent had served the subpoena sooner than one week after its issuance. *See Morgan Asset Mgmt., Inc. et al.*, Release No. 655, Admin. Proceeding File No. 3-13847, at 2 (“[P]arties must take reasonable steps to avoid imposing undue burden or expense when they present subpoenas to non-parties.”). If this Court does not grant ALC’s request to quash the Supplemental Requests, ALC respectfully requests that the compliance date for the Supplemental Requests be extended to March 16, 2015.

V. ALC Will Produce Certain Responsive Material Subject to Entry of an Appropriate Protective Order

ALC will produce certain information to Respondent in response to the Subpoena and Supplemental Requests, conditioned on the entry of an appropriate protective order. The protective order should provide that Respondent (i) will not use confidential materials provided to her by ALC except as required to present her case or defense in the above-captioned action and related regulatory actions or litigation to which she is or may become a party (“Covered Actions”), (ii) will not disclose, including in public litigation or regulatory filings, materials provided to her by ALC to anyone except her legal advisors and other professionals who need to know such information and who agree to comply with the terms of the protective order or are otherwise bound by a duty of confidentiality at least as protective of such information as the confidentiality order, (iii) will not assert that ALC has waived any privilege or protection by virtue of producing any documents or information in connection with the Subpoena and Supplemental Requests, and (iii) upon conclusion of the Covered Actions, will return or destroy all documents produced by ALC to Respondent in connection with the Subpoena and Supplemental Requests.

VI. Conclusion

For all of the foregoing reasons, ALC respectfully requests that the Subpoena and Supplemental Requests to ALC for the production of documents be quashed or modified as set forth above.

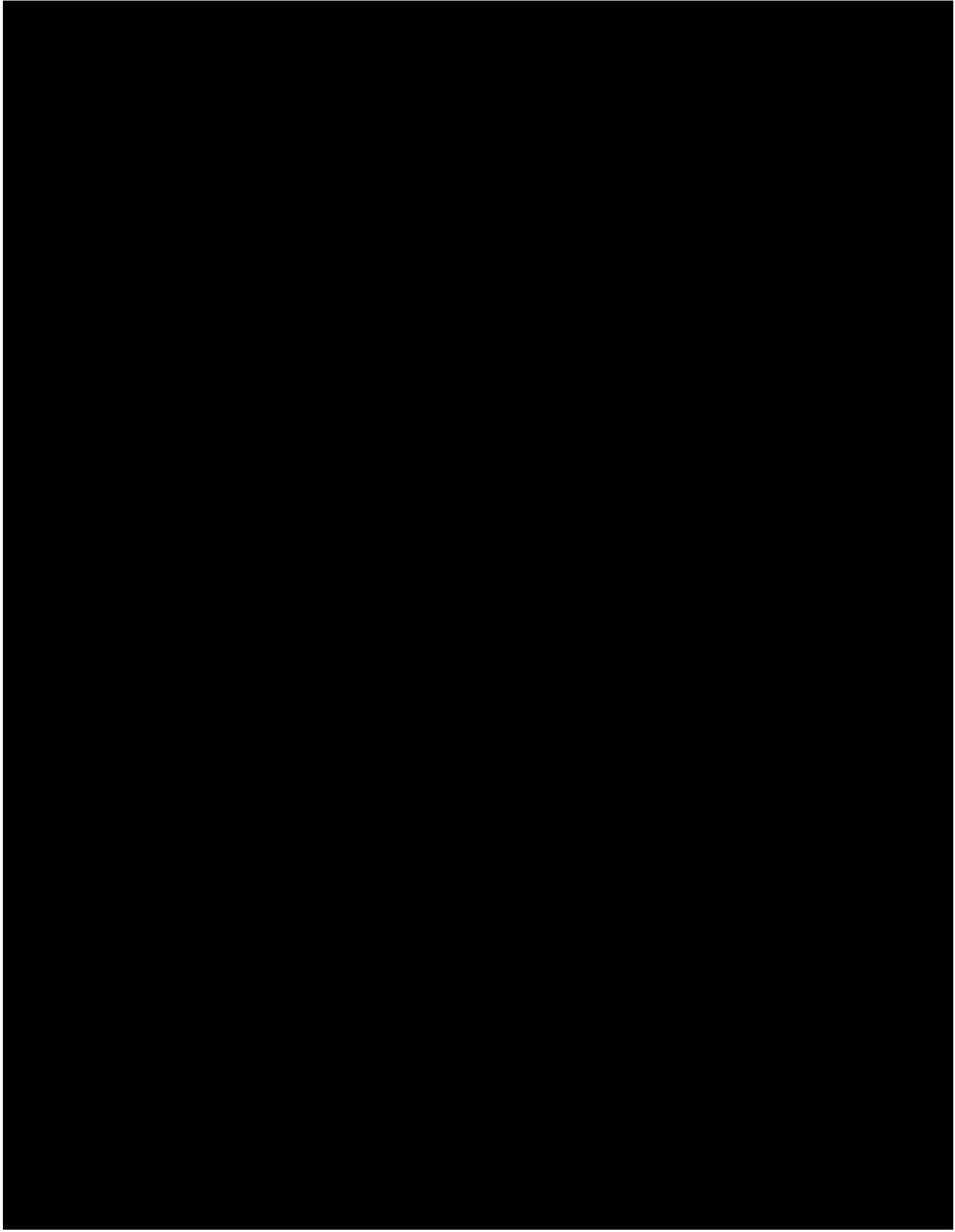
Dated: February 20, 2015

Respectfully submitted:



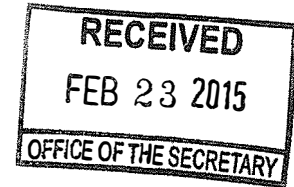
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February 20, 2015

Sunil V. Sheno



BY FEDEX

Brent J. Fields, Secretary
Office of the Secretary
U.S. SECURITIES AND EXCHANGE COMMISSION
100 F Street, N.E.
Mailstop 1090
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-captioned matter, please find an original and three copies of **Assisted Living Concepts, LLC's Motion to Quash or Modify Respondent's Subpoenas for Documents** and the Motion's **Supporting Exhibits**.

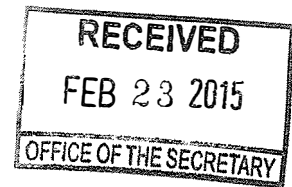
Respectfully submitted,

Sunil V. Sheno

Enclosures

cc: Benjamin J. Hanauer
The Honorable Cameron Elliot (*via email*)
Mark A. Cameli
Ryan S. Stippich
Patrick S. Coffey

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
File No. 3-16293

In the Matter of

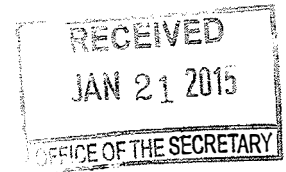
LAURIE BEBO, and
JOHN BUONO, CPA,

Respondents.

EXHIBITS TO ALC'S MOTION TO
QUASH OR MODIFY RESPONDENT'S
SUBPOENAS FOR DOCUMENTS

EXHIBIT 1

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
RESPONSE TO THE COURT'S ORDER
REGARDING SUBPOENAS TO PRODUCE

The Division of Enforcement (“Division”) responds as follows to the Court’s January 15, 2015 Order Regarding Subpoenas to Produce:

1. The Division does not object to the subpoenas that Respondent Bebo requests be issued to ALC, Ventas, Milbank Tweed, and Quarles & Brady (the “Subpoenas”).¹ Nevertheless, it appears that the Subpoenas are excessive in scope, and that much of the material sought by the Subpoenas is irrelevant to these proceedings, privileged (by the attorney-client privilege and/or work product doctrine), or both.

2. In regards to whether the materials sought by the Subpoenas have already been produced to Bebo, the Division initially notes that, pursuant to Rule 230(a), it previously produced to Bebo all documents that it received from ALC, Ventas, Milbank Tweed, and Quarles & Brady in the course of its investigation.

¹ Quarles & Brady was ALC’s primary outside counsel during the period at issue in the OIP. ALC retained Milbank Tweed – to, among other things, conduct an internal investigation – after its board of directors received a whistleblower complaint alleging misconduct consistent with the allegations in these proceedings.

3. While it would be impracticable to review every document in its files to determine if the Subpoenas seek documents already produced to Bebo, the Division has undertaken to compare the requests in the Subpoenas with its general understanding of the documents in its files obtained from ALC, Ventas, Milbank Tweed,² and Quarles & Brady. Based on this review, the Division believes that its files contain, and that it produced to Bebo, at least some documents responsive to the following requests: (a) ALC Subpoena paragraphs 15, 16, 17, 20, and 26; (b) Ventas Subpoena paragraphs 5 and 15; (c) Milbank Tweed Subpoena paragraphs 11, 14, and 15; and (d) Quarles & Brady Subpoena paragraphs 5, 6, 7, and 9.

4. Regarding the Court's inquiries about privilege waivers, attached hereto as Exhibit 1 is a February 4, 2014 letter from ALC's counsel in which ALC generally waives the attorney-client privilege relating to the subject matter of these proceedings. The Division notes that while ALC generally waived the attorney-client privilege, the Division did not receive privilege waivers from the individual members of ALC's board of directors, in particular regarding the directors' communications with Milbank Tweed relating to the internal investigation. For these and other reasons, the Division did not subpoena materials from Milbank Tweed.³

² The Division has not issued any subpoenas to Milbank Tweed, in part due to privilege issues described below. The only documents that the Division received from Milbank Tweed were materials it received at presentations made by Milbank Tweed attorneys to the Division staff. The Division has produced all such documents to Bebo.

³ While not necessarily applicable to the Subpoenas, the Division submits that Ms. Bebo has waived the attorney-client privilege – to the extent she (as opposed to ALC) had the ability to assert the privilege – consistent with her advice-of-counsel affirmative defense and her disclosure of attorney-client communications in the course of her testimony.

Respectfully submitted:

Dated: January 20, 2015



Benjamin J. Hanauer
Division of Enforcement
U.S. Securities and Exchange Commission
175 West Jackson Blvd, Suite 900
Chicago, IL 60604
Phone: [REDACTED]
Email: [REDACTED]

EXHIBIT 1



ROPE & GRAY LLP
191 NORTH WACKER DRIVE
32nd FLOOR
CHICAGO, ILLINOIS 60606-4302
WWW.ROPEGRAY.COM

February 4, 2014

Asheesh Goel
T +1 312 845 1217
F +1 312 845 5513
asheesh.goel@ropesgray.com

FOIA CONFIDENTIAL TREATMENT REQUESTED

VIA E-MAIL AND HAND DELIVERY

Scott B. Tandy, Senior Attorney
U.S. Securities and Exchange Commission
Chicago Regional Office
175 West Jackson Boulevard, Suite 900
Chicago, IL 60604

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

Dear Mr. Tandy:

As you know, we represent Assisted Living Concepts, LLC. Pursuant to Section 4.3 of the SEC Enforcement Manual, consistent with ALC's desire to cooperate fully with your investigation referenced above and pursuant to the request made by the Staff of the Enforcement Division of the U.S. Securities and Exchange Commission, ALC agrees to waive its attorney-client privilege with respect to certain limited communications, as follows:

- 1) ALC agrees to waive its attorney-client privilege with respect to communications:
 - a. occurring between December 1, 2008 and May 8, 2013;
 - b. between ALC directors or officers ("Executives"), on the one hand, and ALC's legal counsel, on the other hand;
 - c. involving advice that ALC Executives sought from any of those lawyers; and

Confidential Treatment Requested by Assisted Living Concepts, LLC

- 2 -

units
including

be

January
associated
in

making
Ventas Lease covenants.

- 2) ALC further agrees to waive its attorney-client privilege with respect to certain limited communications:
 - a. occurring between January 1, 2012 and March 14, 2013;
 - b. between ALC Executives, on the one hand, and ALC's legal counsel, on the other hand;
 - c. involving advice that ALC Executives sought from any of those lawyers; and
 - d. that relate to disclosures or contemplated disclosures regarding: (i) an internal investigation; (ii) whether ALC had any material weaknesses or significant deficiencies in its internal controls; or (iii) whether ALC needed to restate its financials.

- 3) ALC further agrees to waive its attorney-client privilege with respect to certain limited communications:
 - a. between ALC Executives, on the one hand, and ALC's legal counsel, on the other hand;

¹ The CaraVita facilities include CaraVita Village, Greenwood Gardens, Highland Terrace, Peachtree Estates, Tara Plantation, The Inn at Seneca, The Sanctuary, and Winterville Retirement.

February 4, 2014

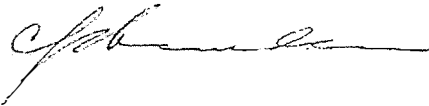
- b. involving advice that ALC Executives sought from any of those lawyers; and
- c. that relate to ALC's response to a letter from the SEC's Division of Corporation Finance to ALC, dated July 21, 2011.

We appreciate the opportunity to assist the Staff in its investigation and look forward to continuing to work with you in a collaborative fashion.

* * * * *

Please be advised that this letter and the enclosed materials contain confidential, commercial, financial, or personal information, the disclosure of which would cause significant harm, economic or otherwise, to ALC and its affiliates and employees. Pursuant to Rule 83 of the Commission's Rule on Information and Requests, 17 C.F.R. § 200.83, we hereby request on behalf of ALC that this letter and the enclosed materials, and the contents of this letter and the enclosed materials, be accorded confidential treatment and not be disclosed in response to any request under the Freedom of Information Act, 5 U.S.C. § 552. In order to ensure confidentiality of the enclosed materials, they have been clearly marked "Confidential Treatment Requested by Assisted Living Concepts, LLC." If this letter, the enclosed documents, or any of the contents of this letter or enclosed documents is the subject of a Freedom of Information Act request, please inform me and I will provide further substantiation of this request for confidential treatment. Finally, we request that these documents, as well as any copies made thereof, be returned to us, as counsel for ALC, upon conclusion of the Commission's examination.

Best regards,



Asheesh Goel

cc: FOIA Office
100 F Street NE, Mail Stop 2736
Washington, DC 20549

EXHIBIT 2



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
CHICAGO REGIONAL OFFICE
SUITE 900
175 WEST JACKSON BOULEVARD
CHICAGO, ILLINOIS 60604

SCOTT B. TANDY
SENIOR ATTORNEY
DIVISION OF ENFORCEMENT

TELEPHONE: [REDACTED]
FACSIMILE: [REDACTED]

October 22, 2013

VIA ELECTRONIC MAIL

Assisted Living Concepts, Inc.
C/o Thomas A. Arena, Esq.
Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, NY 10005-1413

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

Dear Assisted Living Concepts, Inc.:

The staff of the Securities and Exchange Commission is conducting an investigation in the matter identified above. The enclosed subpoena has been issued to you as part of this investigation. The subpoena requires you to give us documents.

Please read the subpoena and this letter carefully. This letter answers some questions you may have about the subpoena. You should also read the enclosed SEC Form 1662. You must comply with the subpoena. You may be subject to a fine and/or imprisonment if you do not.

Producing Documents

What materials do I have to produce?

The subpoena requires you to give us the documents described in the attachment to the subpoena. You must provide these documents by November 22, 2013. The attachment to the subpoena defines some terms (such as "document") before listing what you must provide.

Please note that if copies of a document differ in any way, they are considered separate documents and you must send each one. For example, if you have two copies of the same letter, but only one of them has handwritten notes on it, you must send both the clean copy and the one with notes.

If you prefer, you may send us photocopies of the originals. The Commission cannot reimburse you for the copying costs. The copies must be identical to the originals, including even faint marks or print. If you choose to send copies, you must keep the originals in a safe

place. The staff will accept the copies for now, but may require you to produce the originals later.

If you do send us photocopies, please put an identifying notation on each page of each document to indicate that it was produced by you, and number the pages of all the documents submitted. (For example, if Jane Doe sends documents to the staff, she may number the pages JD-1, JD-2, JD-3, etc., in a blank corner of the documents.) Please make sure the notation and number do not conceal any writing or marking on the document. If you send us originals, please do not add any identifying notations.

Do I need to send anything else?

You should enclose a list briefly describing each item you send. The list should state which paragraph(s) in the subpoena attachment each item responds to.

Please include a cover letter stating whether you believe you have met your obligations under the subpoena by searching carefully and thoroughly for everything called for by the subpoena, and sending it all to us.

What if I do not send everything described in the attachment to the subpoena?

The subpoena requires you to send all the materials described in it. If, for any reason -- including a claim of attorney-client privilege -- you do not produce something called for by the subpoena, you should submit a list of what you are not producing. The list should describe each item separately, noting:

- its author(s);
- its date;
- its subject matter;
- the name of the person who has the item now, or the last person known to have it;
- the names of everyone who ever had the item or a copy of it, and the names of everyone who was told the item's contents; and
- the reason you did not produce the item.

If you withhold anything on the basis of a claim of attorney-client privilege or attorney work product protection, you should also identify the attorney and client involved.

Where should I send the materials?

Please send the materials to:

ENF-CPU
U.S. Securities and Exchange Commission
100 F St., N.E., Mailstop 5973
Washington, DC 20549-5973

Other Important Information

May I have a lawyer help me respond to the subpoena?

Yes. You have the right to consult with and be represented by your own lawyer in this matter. We cannot give you legal advice.

What will the Commission do with the materials I send?

The enclosed SEC Form 1662 includes a List of Routine Uses of information provided to the Commission. This form has other important information for you. Please read it carefully.

Has the Commission determined that anyone has done anything wrong?

This investigation is a non-public, fact-finding inquiry. We are trying to determine whether there have been any violations of the federal securities laws. The investigation and the subpoena do not mean that we have concluded that you or anyone else has broken the law. Also, the investigation does not mean that we have a negative opinion of any person, entity or security.

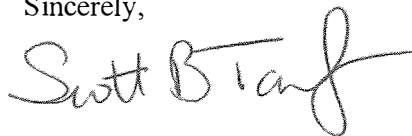
Important Policy Concerning Settlements

Please note that, in any matter in which enforcement action is ultimately deemed to be warranted, the Division of Enforcement will not recommend any settlement to the Commission unless the party wishing to settle certifies, under penalty of perjury, that all documents responsive to Commission subpoenas and formal and informal document requests in this matter have been produced.

I have read this letter, the subpoena, and the SEC Form 1662, but I still have questions. What should I do?

If you have any other questions, you may call me at [REDACTED]. If you are represented by a lawyer, you should have your lawyer contact me.

Sincerely,



Scott B. Tandy
Senior Attorney, Division of Enforcement

Enclosures: Subpoena
SEC Form 1662
SEC Data Delivery Standards
Sample Business Records Certification



SUBPOENA
UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

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

To: Assisted Living Concepts, Inc.
C/o Thomas A. Arena, Esq.
Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, NY 10005-1413

YOU MUST PRODUCE everything specified in the Attachment to this subpoena to officers of the Securities and Exchange Commission, at the place, date and time specified below:

ENF-CPU, U.S. Securities and Exchange Commission, 100 F St., N.E., Mailstop 5973,
Washington, DC 20549-5973
November 22, 2013 at 10:00 a.m.

YOU MUST TESTIFY before officers of the Securities and Exchange Commission, at the place, date and time specified below:

FEDERAL LAW REQUIRES YOU TO COMPLY WITH THIS SUBPOENA.

Failure to comply may subject you to a fine and/or imprisonment.

By: _____

Scott B Tandy
Scott B. Tandy
Senior Attorney, Division of Enforcement
U.S. Securities and Exchange Commission

Date: October 22, 2013

I am an officer of the Securities and Exchange Commission authorized to issue subpoenas in this matter. The Securities and Exchange Commission has issued a formal order authorizing this investigation under Section 20(a) of the Securities Act of 1933 and Section 21(a) of the Securities Exchange Act of 1934.

ATTACHMENT

I.

The materials called for by the subpoena are to be produced in accordance with the following general requirements:

1. Duplicates

Unless otherwise specified, each request for documents or other materials requires the production of the original and all copies and drafts of the same. Documents which contain written comments, notes, corrections, or to which additional materials have been attached or appended, must be produced.

2. Possession, Custody or Control

You are required to submit all items which are in your possession or custody or under your control. Items under your control or in your custody, but not in your immediate possession, are required to be obtained and submitted.

If any documents called for by this subpoena are not produced for any reason, submit a list of what you are not producing. The list should describe each item separately, noting:

- its author(s);
- its date;
- its subject matter;
- the name of the person who has the item now, or the last person known to have it;
- the names of everyone who ever had the item or a copy of it, and the names of everyone who was told the item's contents; and
- the reason you did not produce the item.

3. Affidavit of Completeness and Business Records Certification

An affidavit certifying the completeness of the production and a business records certification should be supplied when the document production is complete.

4. Segregation of Documents

An index should be included with the production which reflects: (1) which documents are responsive to the individual requests; and (2) the identity of the person from whose files the responsive documents were obtained.

5. Definitions

A. "Assisted Living Concepts" means the entity doing business under the name of Assisted Living Concepts, Inc. and each of its parents, successors, predecessors, subsidiaries, related entities, partnerships, affiliates, principals, officers, directors, general or limited partners, trustees, beneficiaries, any trusts or accounts in its name or in which it has a beneficial interest or trading authority, associates, employees, agents, attorneys, accountants, auditors, independent contractors, persons acting on its behalf, and any aliases, code names, or trade or business names used by any of the foregoing.

B. "Ventas" means the entity doing business under the name of Ventas Realty, Limited Partnership and each of its parents, successors, predecessors, subsidiaries, related entities, partnerships, affiliates, principals, officers, directors, general or limited partners, trustees, beneficiaries, any trusts or accounts in its name or in which it has a beneficial interest or trading authority, associates, employees, agents, attorneys, accountants, auditors, independent contractors, persons acting on its behalf, and any aliases, code names, or trade or business names used by any of the foregoing.

C. "Commission" means the United States Securities and Exchange Commission.

D. "Document" or "documents" means all records and other tangible forms of expression, whether drafts or finished versions, originals, copies or annotated copies, however created, produced or stored (manually, mechanically, electronically, or otherwise), including, but not limited to, books, papers, files, notes, memoranda, reports, contracts, agreements, correspondence, account statements, ledger sheets, worksheets, summaries, invoices, bills, records of payment, bank statements, telephone messages, telegrams, telexes, facsimiles, records of conversations or meetings, confirmations, calendars, date books, magnetic tape, video or sound recordings, disks, diskettes, disk packs and other electronic media, electronic mail messages, instant mail messages, websites, web pages, microfilm, microfiche, storage devices, the contents of Palm Pilots, Blackberrys, or similar computer devices, and any other tangible record or computer record.

E. "Relate" or "relating to" means, in whole or in part, constituting containing, embodying, reflecting, identifying, stating, referring to, evidencing or in any way being relevant.

F. "Communications" means correspondence, notes, memoranda, electronic mail messages, instant mail messages, websites, web pages, video or sound recordings, telephone messages, telegrams, telexes, facsimiles, records of conversations or meetings, confirmations, date books, calendars, magnetic tape, video or sound recordings, the contents of Palm Pilots, Blackberrys, or similar hand held computer devices, or any other tangible record or computer record.

6. Time Period

The time period covered by this subpoena for Categories 1-33 is from May 29, 2012 through October 21, 2013.

The time period covered by this subpoena for Categories 34 and 35 is from March 1, 2012 through October 21, 2013.

The time period covered by this subpoena for Category 36 is from January 1, 2008 through October 21, 2013.

II.

DOCUMENTS TO BE PRODUCED

1. In connection with all meetings of the Board of Directors or any committee thereof: all notices of any such meetings, all agendas for any such meetings, all information provided in preparation for any such meetings, all notes taken at any such meetings, and all drafts and final versions of the minutes of any such meetings;
2. All stock analyst reports regarding Assisted Living Concepts;
3. Documents sufficient to show Assisted Living Concepts' disclosure controls and procedures referenced in its Commission filings;
4. Documents sufficient to show Assisted Living Concepts' internal controls over financial reporting referenced in its Commission filings;
5. Documents sufficient to show Assisted Living Concepts' procedures with respect to the review, authorization and approval of journal entries;
6. All documents discussing whether Assisted Living Concepts may or would miss, meet, or exceed internal or external financial targets, forecasts, or expectations;
7. All documents relating to Assisted Living Concepts' quarterly earnings conference calls, including, without limitation: (a) all transcripts, notes, scripts, talking points, or other documents prepared in connection with any such calls (and all drafts of same); (b) all notes of those present; (c) all documents provided to participants on any such calls; and (d) all internal communications discussing any such calls;
8. All documents relating to Assisted Living Concepts' communications with stock analysts, including, without limitation: (a) all transcripts, notes, scripts, talking points, or other documents prepared in connection with any such communications (and all drafts of same); (b) all

notes of those present; (c) all documents provided to any analysts; and (d) all internal communications discussing communications with analysts;

9. All documents relating to the review and/or certification of Assisted Living Concepts' filings with the Commission;
10. All documents relating to communications with Assisted Living Concepts' auditors;
11. All documents related to the evaluation and certification of Assisted Living Concepts' disclosure controls and procedures referenced in its Commission filings;
12. All documents related to the evaluation and certification of Assisted Living Concepts' internal controls over financial reporting referenced in its Commission filings;
13. All documents referencing any actual or potential failure to comply with a restrictive or affirmative covenant contained in any lease or borrowing agreements;
14. All documents relating to any possible irregularities, improprieties or errors concerning Assisted Living Concepts' accounting, financial records, disclosure controls, financial statements, or internal controls;
15. All communications referencing any inaccuracy or potential inaccuracy in Assisted Living Concepts': (a) filings with the Commission; or (b) communications with its lessors or lenders;
16. All documents relating to communications with Ventas;
17. For the facilities leased from Ventas, individually and as a whole:
 - a. Ventas rolling twelve-month income statements for each quarter (ALC-HC00007404-7454 is an example);
 - b. Quarterly income statements;
 - c. Documents showing Assisted Living Concepts employees and friends or relatives of such employees added as occupants by quarter for each quarter (ALC-HC00007401-7403 is an example) at 100% of standard resolution;
 - d. Monthly occupancy rosters (also known as End of Month Summary Reports), both including and excluding leases and purchases by Assisted Living Concepts employees or friends or relatives of such employees;
 - e. Documents relating to the lease or purchase of unit(s) by each Assisted Living Concepts employee or friend or relative of such employee, including, but not limited to, the lease or purchase documents themselves, correspondence regarding the lease or purchase documents and documents evidencing any payments by the purported lessee or purchaser;
 - f. Quarterly occupancy summaries (ALC-HC00007607 is an example);

- g. Quarterly officer certificates including attachments and other documents provided to Ventas with such certificates (ALC-HC00007342-7356 is an example);
- h. The identity of all persons who prepared the documents referenced in sub-category (g);
- i. Quarterly calculations of lease covenant violations, prior to the addition of leases and purchases by Assisted Living Concepts employees or friends or relatives of such employees and the intercompany transfer of revenue and expenses;
- j. Calculations of revenue on a quarterly basis transferred by journal entry to the property through intercompany transfer;
- k. Calculations of expenses on a quarterly basis transferred by journal entry from the property through reclassification;
- l. Journal entry forms and approval forms used to transfer revenue to the property through intercompany transfer (ALC-HC00007923-7924 is an example);
- m. Journal entry forms and approval forms used to transfer expenses from the property through reclassification (ALC-HC00007923-7924 is an example);
- n. Quarterly coverage ratio calculations for the trailing twelve months (ALC-HC00007341 and 7351 is an example but please produce in a readable format);
- o. Written procedures, internal or otherwise, for determining coverage ratios and occupancy and the identity of the persons involved in those calculations; and
- p. All communications regarding the documents produced in response to sub-categories (c), (d), (f), (g) and (i) – (n);

18. Income statements for each quarter for the corporate office general ledger accounts and sub-accounts: (a) from which revenues were transferred to facilities leased from Ventas; and (2) to which expenses were transferred from facilities leased from Ventas;

19. All documents relating to the termination of Laurie A. Bebo's employment, including board of directors' minutes;

20. All documents relating to any internal investigation regarding the conduct of Laurie Bebo or John Buono or regarding any information provided to Ventas;

21. All court filings and transcripts in the case entitled: *Ventas Realty, Limited Partnership v. ALC CVMA, LLC, et al.*, 12-cv-03107 (hereafter "the Ventas lease litigation");

22. All documents relating to the settlement of the Ventas lease litigation and the purchase of properties previously leased from Ventas and MLD Delaware Trust, including but not limited to drafts of the Purchase Agreement described in footnote 5 of Assisted Living Concepts' Form 10-Q for the period ended June 30, 2012, correspondence relating to contract negotiations, notes taken by Assisted Living Concepts employees and board members involved

with or overseeing the transaction, property appraisals and memoranda related to the accounting for and financial reporting of the Purchase Agreement;

23. All mortgage notes referred to in Assisted Living Concepts' filings with the Commission;
24. Credit facility agreements for all credit facilities identified in Assisted Living Concepts' filings with the Commission;
25. All leases referred to in Assisted Living Concepts' filings with the Commission;
26. Laurie Bebo's and John Buono's employment file;
27. For any employee or ex-employee complaints or allegations regarding financial information or disclosures provided to Assisted Living Concepts' lessors or lenders or contained in Assisted Living Concepts' filings with the Commission, regardless of the form or context of such complaints or allegations, all documents relating to such complaints or allegations, including, without limitation: (a) all documents provided by such employees or ex-employees to Assisted Living Concepts; (b) all documents reviewed in connection with any internal or external investigation or inquiry relating to such complaints or allegations; or (c) any report or other summary regarding any investigation of such complaints or allegations;
28. Documents sufficient to show the identity of the Assisted Living Concepts executives and employees who were involved in drafting, reviewing and certifying Assisted Living Concepts' filings with the Commission and for each such person, a description of the portions of the filings for which the person was involved in drafting, reviewing and/or certifying;
29. Documents sufficient to show the procedures which were followed in drafting, reviewing and certifying Assisted Living Concepts' filings with the Commission;
30. Documents sufficient to show the bonus or other incentive-based or equity-based compensation earned by Assisted Living Concepts' senior executives and officers and the standards used for determining the amount of such compensation awarded;
31. Documents sufficient to show any stock trades by Assisted Living Concepts' senior executives and officers and any profits earned therefrom;
32. Documents sufficient to show Assisted Living Concepts' document retention policies;
33. Documents sufficient to show Assisted Living Concepts' internal hierarchy including, but not limited to, organizational charts;
34. All documents relating to any contemplated, potential or actual restatements by ALC;

35. All documents relating to any contemplated, potential or actual material weaknesses or significant deficiencies with ALC's internal controls; and

36. All handwritten notes of Laurie Bebo.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**Supplemental Information for Persons Requested to Supply
Information Voluntarily or Directed to Supply Information
Pursuant to a Commission Subpoena**

A. False Statements and Documents

Section 1001 of Title 18 of the United States Code provides as follows:

[W]hoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully--

- (1) falsifies, conceals, or covers up by any trick, scheme, or device a material fact;
 - (2) makes any materially false, fictitious, or fraudulent statement or representation; or
 - (3) makes or uses any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry;
- shall be fined under this title, imprisoned not more than 5 years . . . or both.

B. Testimony

If your testimony is taken, you should be aware of the following:

1. *Record.* Your testimony will be transcribed by a reporter. If you desire to go off the record, please indicate this to the Commission employee taking your testimony, who will determine whether to grant your request. The reporter will not go off the record at your, or your counsel's, direction.
2. *Counsel.* You have the right to be accompanied, represented and advised by counsel of your choice. Your counsel may advise you before, during and after your testimony; question you briefly at the conclusion of your testimony to clarify any of the answers you give during testimony; and make summary notes during your testimony solely for your use. If you are accompanied by counsel, you may consult privately.

If you are not accompanied by counsel, please advise the Commission employee taking your testimony if, during the testimony, you desire to be accompanied, represented and advised by counsel. Your testimony will be adjourned once to afford you the opportunity to arrange to be so accompanied, represented or advised.

You may be represented by counsel who also represents other persons involved in the Commission's investigation. This multiple representation, however, presents a potential conflict of interest if one client's interests are or may be adverse to another's. If you are represented by counsel who also represents other persons involved in the investigation, the Commission will assume that you and counsel have discussed and resolved all issues concerning possible conflicts of interest. The choice of counsel, and the responsibility for that choice, is yours.

3. *Transcript Availability.* Rule 6 of the Commission's Rules Relating to Investigations, 17 CFR 203.6, states:

A person who has submitted documentary evidence or testimony in a formal investigative proceeding shall be entitled, upon written request, to procure a copy of his documentary evidence or a transcript of his testimony on payment of the appropriate fees: *Provided, however,* That in a nonpublic formal investigative proceeding the Commission may for good cause deny such request. In any event, any witness, upon proper identification, shall have the right to inspect the official transcript of the witness' own testimony.

If you wish to purchase a copy of the transcript of your testimony, the reporter will provide you with a copy of the appropriate form. Persons requested to supply information voluntarily will be allowed the rights provided by this rule.

4. *Perjury.* Section 1621 of Title 18 of the United States Code provides as follows:

Whoever--

- (1) having taken an oath before a competent tribunal, officer, or person, in any case in which a law of the United States authorizes an oath to be administered, that he will testify, declare, depose, or certify truly, or that any written testimony, declaration, deposition, or certificate by him subscribed, is true, willfully and contrary to such oath states or subscribes any material matter which he does not believe to be true; or

(2) in any declaration, certificate, verification, or statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true;
is guilty of perjury and shall, except as otherwise expressly provided by law, be fined under this title or imprisoned not more than five years, or both.

5. *Fifth Amendment and Voluntary Testimony.* Information you give may be used against you in any federal, state, local or foreign administrative, civil or criminal proceeding brought by the Commission or any other agency.

You may refuse, in accordance with the rights guaranteed to you by the Fifth Amendment to the Constitution of the United States, to give any information that may tend to incriminate you.

If your testimony is not pursuant to subpoena, your appearance to testify is voluntary, you need not answer any question, and you may leave whenever you wish. Your cooperation is, however, appreciated.

6. *Formal Order Availability.* If the Commission has issued a formal order of investigation, it will be shown to you during your testimony, at your request. If you desire a copy of the formal order, please make your request in writing.

C. Submissions and Settlements

Rule 5(c) of the Commission's Rules on Informal and Other Procedures, 17 CFR 202.5(c), states:

Persons who become involved in . . . investigations may, on their own initiative, submit a written statement to the Commission setting forth their interests and position in regard to the subject matter of the investigation. Upon request, the staff, in its discretion, may advise such persons of the general nature of the investigation, including the indicated violations as they pertain to them, and the amount of time that may be available for preparing and submitting a statement prior to the presentation of a staff recommendation to the Commission for the commencement of an administrative or injunction proceeding. Submissions by interested persons should be forwarded to the appropriate Division Director or Regional Director with a copy to the staff members conducting the investigation and should be clearly referenced to the specific investigation to which they relate. In the event a recommendation for the commencement of an enforcement proceeding is presented by the staff, any submissions by interested persons will be forwarded to the Commission in conjunction with the staff memorandum.

The staff of the Commission routinely seeks to introduce submissions made pursuant to Rule 5(c) as evidence in Commission enforcement proceedings, when the staff deems appropriate.

Rule 5(f) of the Commission's Rules on Informal and Other Procedures, 17 CFR 202.5(f), states:

In the course of the Commission's investigations, civil lawsuits, and administrative proceedings, the staff, with appropriate authorization, may discuss with persons involved the disposition of such matters by consent, by settlement, or in some other manner. It is the policy of the Commission, however, that the disposition of any such matter may not, expressly or impliedly, extend to any criminal charges that have been, or may be, brought against any such person or any recommendation with respect thereto. Accordingly, any person involved in an enforcement matter before the Commission who consents, or agrees to consent, to any judgment or order does so solely for the purpose of resolving the claims against him in that investigative, civil, or administrative matter and not for the purpose of resolving any criminal charges that have been, or might be, brought against him. This policy reflects the fact that neither the Commission nor its staff has the authority or responsibility for instituting, conducting, settling, or otherwise disposing of criminal proceedings. That authority and responsibility are vested in the Attorney General and representatives of the Department of Justice.

D. Freedom of Information Act

The Freedom of Information Act, 5 U.S.C. 552 (the "FOIA"), generally provides for disclosure of information to the public. Rule 83 of the Commission's Rules on Information and Requests, 17 CFR 200.83, provides a procedure by which a person can make a written request that information submitted to the Commission not be disclosed under the FOIA. That rule states that no determination as to the validity of such a request will be made until a request for disclosure of the information under the FOIA is received. Accordingly, no response to a request that information not be disclosed under the FOIA is necessary or will be given until a request for disclosure under the FOIA is received. If you desire an acknowledgment of receipt of your written request that information not be disclosed under the FOIA, please provide a duplicate request, together with a stamped, self addressed envelope.

E. Authority for Solicitation of Information

Persons Directed to Supply Information Pursuant to Subpoena. The authority for requiring production of information is set forth in the subpoena. Disclosure of the information to the Commission is mandatory, subject to the valid assertion of any legal right or privilege you might have.

Persons Requested to Supply Information Voluntarily. One or more of the following provisions authorizes the Commission to solicit the information requested: Sections 19 and/or 20 of the Securities Act of 1933; Section 21 of the Securities Exchange Act of 1934; Section 321 of the Trust Indenture Act of 1939; Section 42 of the Investment Company Act of 1940; Section 209 of the Investment Advisers Act of 1940; and 17 CFR 202.5. Disclosure of the requested information to the Commission is voluntary on your part.

F. Effect of Not Supplying Information

Persons Directed to Supply Information Pursuant to Subpoena. If you fail to comply with the subpoena, the Commission may seek a court order requiring you to do so. If such an order is obtained and you thereafter fail to supply the information, you may be subject to civil and/or criminal sanctions for contempt of court. In addition, if the subpoena was issued pursuant to the Securities Exchange Act of 1934, the Investment Company Act of 1940, and/or the Investment Advisers Act of 1940, and if you, without just cause, fail or refuse to attend and testify, or to answer any lawful inquiry, or to produce books, papers, correspondence, memoranda, and other records in compliance with the subpoena, you may be found guilty of a misdemeanor and fined not more than \$1,000 or imprisoned for a term of not more than one year, or both.

Persons Requested to Supply Information Voluntarily. There are no direct sanctions and thus no direct effects for failing to provide all or any part of the requested information.

G. Principal Uses of Information

The Commission's principal purpose in soliciting the information is to gather facts in order to determine whether any person has violated, is violating, or is about to violate any provision of the federal securities laws or rules for which the Commission has enforcement authority, such as rules of securities exchanges and the rules of the Municipal Securities Rulemaking Board. Facts developed may, however, constitute violations of other laws or rules. Information provided may be used in Commission and other agency enforcement proceedings. Unless the Commission or its staff explicitly agrees to the contrary in writing, you should not assume that the Commission or its staff acquiesces in, accedes to, or concurs or agrees with, any position, condition, request, reservation of right, understanding, or any other statement that purports, or may be deemed, to be or to reflect a limitation upon the Commission's receipt, use, disposition, transfer, or retention, in accordance with applicable law, of information provided.

H. Routine Uses of Information

The Commission often makes its files available to other governmental agencies, particularly United States Attorneys and state prosecutors. There is a likelihood that information supplied by you will be made available to such agencies where appropriate. Whether or not the Commission makes its files available to other governmental agencies is, in general, a confidential matter between the Commission and such other governmental agencies.

Set forth below is a list of the routine uses which may be made of the information furnished.

1. To appropriate agencies, entities, and persons when (a) it is suspected or confirmed that the security or confidentiality of information in the system of records has been compromised; (b) the SEC has determined that, as a result of the suspected or confirmed compromise, there is a risk of harm to economic or property interests, identity theft or fraud, or harm to the security or integrity of this system or other systems or programs (whether maintained by the SEC or another agency or entity) that rely upon the compromised information; and (c) the disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with the SEC's efforts to respond to the suspected or confirmed compromise and prevent, minimize, or remedy such harm.
2. To other federal, state, local, or foreign law enforcement agencies; securities self-regulatory organizations; and foreign financial regulatory authorities to assist in or coordinate regulatory or law enforcement activities with the SEC.
3. To national securities exchanges and national securities associations that are registered with the SEC, the Municipal Securities Rulemaking Board; the Securities Investor Protection Corporation; the Public Company Accounting Oversight Board; the federal banking authorities, including, but not limited to, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation; state securities regulatory agencies or organizations; or regulatory authorities of a foreign government in connection with their regulatory or enforcement responsibilities.

4. By SEC personnel for purposes of investigating possible violations of, or to conduct investigations authorized by, the federal securities laws.
5. In any proceeding where the federal securities laws are in issue or in which the Commission, or past or present members of its staff, is a party or otherwise involved in an official capacity.
6. In connection with proceedings by the Commission pursuant to Rule 102(e) of its Rules of Practice, 17 CFR 201.102(e).
7. To a bar association, state accountancy board, or other federal, state, local, or foreign licensing or oversight authority; or professional association or self-regulatory authority to the extent that it performs similar functions (including the Public Company Accounting Oversight Board) for investigations or possible disciplinary action.
8. To a federal, state, local, tribal, foreign, or international agency, if necessary to obtain information relevant to the SEC's decision concerning the hiring or retention of an employee; the issuance of a security clearance; the letting of a contract; or the issuance of a license, grant, or other benefit.
9. To a federal, state, local, tribal, foreign, or international agency in response to its request for information concerning the hiring or retention of an employee; the issuance of a security clearance; the reporting of an investigation of an employee; the letting of a contract; or the issuance of a license, grant, or other benefit by the requesting agency, to the extent that the information is relevant and necessary to the requesting agency's decision on the matter.
10. To produce summary descriptive statistics and analytical studies, as a data source for management information, in support of the function for which the records are collected and maintained or for related personnel management functions or manpower studies; may also be used to respond to general requests for statistical information (without personal identification of individuals) under the Freedom of Information Act.
11. To any trustee, receiver, master, special counsel, or other individual or entity that is appointed by a court of competent jurisdiction, or as a result of an agreement between the parties in connection with litigation or administrative proceedings involving allegations of violations of the federal securities laws (as defined in section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)) or pursuant to the Commission's Rules of Practice, 17 CFR 201.100 – 900 or the Commission's Rules of Fair Fund and Disgorgement Plans, 17 CFR 201.1100-1106, or otherwise, where such trustee, receiver, master, special counsel, or other individual or entity is specifically designated to perform particular functions with respect to, or as a result of, the pending action or proceeding or in connection with the administration and enforcement by the Commission of the federal securities laws or the Commission's Rules of Practice or the Rules of Fair Fund and Disgorgement Plans.
12. To any persons during the course of any inquiry, examination, or investigation conducted by the SEC's staff, or in connection with civil litigation, if the staff has reason to believe that the person to whom the record is disclosed may have further information about the matters related therein, and those matters appeared to be relevant at the time to the subject matter of the inquiry.
13. To interns, grantees, experts, contractors, and others who have been engaged by the Commission to assist in the performance of a service related to this system of records and who need access to the records for the purpose of assisting the Commission in the efficient administration of its programs, including by performing clerical, stenographic, or data analysis functions, or by reproduction of records by electronic or other means. Recipients of these records shall be required to comply with the requirements of the Privacy Act of 1974, as amended, 5 U.S.C. 552a.
14. In reports published by the Commission pursuant to authority granted in the federal securities laws (as such term is defined in section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)), which authority shall include, but not be limited to, section 21(a) of the Securities Exchange Act of 1934, 15 U.S.C. 78u(a)).
15. To members of advisory committees that are created by the Commission or by Congress to render advice and recommendations to the Commission or to Congress, to be used solely in connection with their official designated functions.
16. To any person who is or has agreed to be subject to the Commission's Rules of Conduct, 17 CFR 200.735-1 to 200.735-18, and who assists in the investigation by the Commission of possible violations of the federal securities laws (as such term is defined in section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)), in the preparation or conduct of enforcement actions brought by the Commission for such violations, or otherwise in connection with the Commission's enforcement or regulatory functions under the federal securities laws.

17. To a Congressional office from the record of an individual in response to an inquiry from the Congressional office made at the request of that individual.
18. To members of Congress, the press, and the public in response to inquiries relating to particular Registrants and their activities, and other matters under the Commission's jurisdiction.
19. To prepare and publish information relating to violations of the federal securities laws as provided in 15 U.S.C. 78c(a)(47)), as amended.
20. To respond to subpoenas in any litigation or other proceeding.
21. To a trustee in bankruptcy.
22. To any governmental agency, governmental or private collection agent, consumer reporting agency or commercial reporting agency, governmental or private employer of a debtor, or any other person, for collection, including collection by administrative offset, federal salary offset, tax refund offset, or administrative wage garnishment, of amounts owed as a result of Commission civil or administrative proceedings.

* * * * *

Small Business Owners: The SEC always welcomes comments on how it can better assist small businesses. If you have comments about the SEC's enforcement of the securities laws, please contact the Office of Chief Counsel in the SEC's Division of Enforcement at 202-551-4933 or the SEC's Small Business Ombudsman at 202-551-3460. If you would prefer to comment to someone outside of the SEC, you can contact the Small Business Regulatory Enforcement Ombudsman at <http://www.sba.gov/ombudsman> or toll free at 888-REG-FAIR. The Ombudsman's office receives comments from small businesses and annually evaluates federal agency enforcement activities for their responsiveness to the special needs of small business.

[FOR DOMESTIC U.S. RECORDS]

**DECLARATION OF *[Insert Name]* CERTIFYING RECORDS
OF REGULARLY CONDUCTED BUSINESS ACTIVITY**

I, the undersigned, *[insert name]*, pursuant to 28 U.S.C. § 1746, declare that:

1. I am employed by *[insert name of company]* as *[insert position]* and by reason of my position am authorized and qualified to make this declaration. *[if possible supply additional information as to how person is qualified to make declaration, e.g., I am custodian of records, I am familiar with the company's recordkeeping practices or systems, etc.]*
2. I further certify that the documents *[attached hereto or submitted herewith]* and stamped *[insert bates range]* are true copies of records that were:
 - (a) made at or near the time of the occurrence of the matters set forth therein, by, or from information transmitted by, a person with knowledge of those matters;
 - (b) kept in the course of regularly conducted business activity; and
 - (c) made by the regularly conducted business activity as a regular practice.

I declare under penalty of perjury that the foregoing is true and correct. Executed on *[date]*.

[Name]



U.S. Securities and Exchange Commission

Data Delivery Standards

The following outlines the technical requirements for producing scanned paper collections, email and electronic document/ native file collections to the Securities and Exchange Commission. The SEC uses Concordance® 2007 v9.58 and Concordance Image® v4.53 software to search, review and retrieve documents produced to us in electronic format. Any proposed production in a format other than those identified below, the proposed use of Predictive Coding, computer-assisted review or technology-assisted review (TAR), or the use of de-duplication during the processing of documents, must be discussed with and approved by the legal and technical staff of the Division of Enforcement (ENF) and the methodology must be disclosed in the cover letter. We appreciate your efforts in assisting us by preparing data in a format that will enable our staff to use the data efficiently.

General Instructions 1
Delivery Formats..... 2
I. Concordance® Production 2
1. Images 2
2. Concordance Image® Cross-Reference File..... 2
3. Concordance® Data File..... 3
4. Text 6
5. Linked Native Files 6
II. Audio Files 6
III. Video Files..... 7
IV. Electronic Trade and Bank Records 7
V. Electronic Phone Records..... 7
VI. Email Native File Production 7

General Instructions

- 1. A cover letter should be included with each production. This letter MUST be imaged and provided as the first record in the load file.
The following information should be included in the letter:
a. List of each piece of media (hard drive, thumb drive, DVD or CD) included in the production by the unique number assigned to it, and readily apparent on the physical media.
b. List of custodians, identifying:
1) The Bates range (and any gaps therein) for each custodian
2) Total number of records for each custodian
3) Total number of images for each custodian
4) Total number of native files for each custodian
c. List of fields in the order in which they are listed in the data file.
d. Time zone in which emails were standardized during conversion (email collections only).
2. Documents created or stored electronically MUST be produced in their original electronic format, not printed to paper or PDF.
3. Data can be produced on CD, DVD or hard drive; use the media requiring the least number of deliverables.
4. Label all media with the following:
a. Case number
b. Production date
c. Bates range
d. Disk number (1 of X), if applicable

5. Organize productions by custodian, unless otherwise instructed. All documents from an individual custodian should be confined to a single load file.
6. All productions should be checked and produced free of computer viruses.
7. All produced media should be encrypted.
8. Passwords for documents, files, compressed archives and encrypted media should be provided separately either via email or in a separate cover letter from the data.

Delivery Formats

I. *Concordance*® Production

All scanned paper, email and native file collections should be converted/processed to TIFF files, Bates numbered, and include fully searchable text. Additionally, email and native file collections should include linked native files.

Bates numbering documents:

The Bates number must be a unique, consistently formatted identifier, i.e., an alpha prefix along with a fixed length number for EACH custodian, i.e., ABC0000001. This format **MUST** remain consistent across all production numbers for each custodian. The number of digits in the numeric portion of the format should not change in subsequent productions, nor should spaces, hyphens, or other separators be added or deleted.

The following describes the specifications for producing image-based productions to the SEC and the load files required for *Concordance*® and *Concordance Image*®.

I. Images

- a. Images should be single-page, Group IV TIFF files, scanned at 300 dpi.
- b. File names cannot contain embedded spaces.
- c. Bates numbers should be endorsed on the lower right corner of all images.
- d. The number of TIFF files per folder should not exceed 500 files.
- e. Rendering to images PowerPoint, AUTOCAD/ photographs and Excel files:
 - 1) PowerPoint: All pages of the file should be scanned in full slide image format, with any speaker notes following the appropriate slide image.
 - 2) AUTOCAD/ photographs: If possible, files should be scanned to single page JPEG (.JPG) file format.
 - 3) Excel: TIFF images of spreadsheets are not useful for review purposes; because the imaging process can often generate thousands of pages per file, a placeholder image, named by the *IMAGEID* of the file, may be used instead.

2. *Concordance Image*® Cross-Reference File

The image cross-reference file is needed to link the images to the database. It is a comma-delimited file consisting of seven fields per line. There must be a line in the cross-reference file for every image in the database.

The format is as follows:

ImageID, VolumeLabel, ImageFilePath, DocumentBreak, FolderBreak, BoxBreak, PageCount

ImageID: The unique designation that *Concordance*® and *Concordance Image*® use to identify an image.
Note: This *imageID* key **must** be a unique and fixed length number. This number will be used in the .DAT file as the *ImageID* field that links the database to the images. The format of this image key must be consistent across all productions. We recommend that the format be a 7 digit number to allow for the possible increase in the size of a production.

VolumeLabel: Optional

ImageFilePath: The full path to the image file.

DocumentBreak: The letter “Y” denotes the first page of a document. If this field is blank, then the page is not the first page of a document.

FolderBreak: Leave empty

BoxBreak: Leave empty

PageCount: Optional

Sample

```
IMG0000001,,E:\001\IMG0000001.TIF,Y,,,
IMG0000002,,E:\001\IMG0000002.TIF,,,,
IMG0000003,,E:\001\IMG0000003.TIF,,,,
IMG0000004,,E:\001\IMG0000003.TIF,Y,,,
IMG0000005,,E:\001\IMG0000003.TIF,Y,,,
IMG0000006,,E:\001\IMG0000003.TIF,,,,
```

3. **Concordance® Data File**

The data file (.DAT) contains all of the fielded information that will be loaded into the *Concordance®* database.

- a. The first line of the .DAT file must be a header row identifying the field names.
- b. The .DAT file must use the following *Concordance®* default delimiters:

Comma	¶	ASCII character (020)
Quote	”	ASCII character (254)
Newline	®	ASCII character (174)
- c. Date fields should be provided in the format: mm/dd/yyyy
- d. All attachments should sequentially follow the parent document/email.
- e. All metadata associated with email, audio files, and native electronic document collections must be produced (see pages 4-5).
- f. The .DAT file for scanned paper collections must contain, at a minimum, the following fields:
 - 1) FIRSTBATES: Beginning Bates number
 - 2) LASTBATES: Ending Bates number
 - 3) IMAGEID: Image Key field
 - 4) CUSTODIAN: Individual from whom the document originated
 - 5) OCRTEXT: Optical Character Recognition (file path, or text)

Sample of .DAT file (when text files are provided separately)

```
pFIRSTBATESp”pLASTBATESp”pIMAGEIDp”pCUSTODIANp”pOCRTEXTp
pPC00000001p”pPC00000002p”pIMG0000001p”pSmith, Johnp”pE:\TEXT\PC00000001.TXTp
pPC00000003p”pPC00000003p”pIMG0000003p”pSmith, Johnp”pE:\TEXT\PC00000003.TXTp
pPC00000004p”pPC00000005p”pIMG0000004p”pSmith, Johnp”pE:\TEXT\PC00000004.TXTp
```

Sample of .DAT file (with text)

```
pFIRSTBATESp”pLASTBATESp”pIMAGEIDp”pCUSTODIANp”pOCRTEXTp
pPC00000001p”pPC00000002p”pIMG0000001p”pSmith, Johnp”p*** IMG0000001 ***eThe world of
investing is fascinating and complex, and it can be very fruitful. But unlike the banking
world, where deposits are guaranteed by the federal government, stocks, bonds and other
securities can lose value. There are no guarantees. That's why investing is not a spectator
sport. By far the best way for investors to protect the money they put into the securities
markets is to do research and ask questions.e *** IMG0000002 ***eThe laws and rules that
govern the securities industry in the United States derive from a simple and
straightforward concept: all investors, whether large institutions or private individuals,
should have access to certain basic facts about an investment prior to buying it, and so
long as they hold it. To achieve this, the SEC requires public companies to disclose
meaningful financial and other information to the public. This provides a common pool of
knowledge for all investors to use to judge for themselves whether to buy, sell, or hold a
particular security. Only through the steady flow of timely, comprehensive, and accurate
information can people make sound investment decisions.p
pPC00000003p”pPC00000003p”pIMG0000003p”pSmith, Johnp”p***IMG0000003 ***eThe result of this
information flow is a far more active, efficient, and transparent capital market that
facilitates the capital formation so important to our nation's economy.p
pPC00000004p”pPC00000005p”pIMG0000004p”pSmith, Johnp”p *** IMG0000004 ***eTo insure that
this objective is always being met, the SEC continually works with all major market
participants, including especially the investors in our securities markets, to listen to
their concerns and to learn from their experience.e *** IMG0000005 ***eThe SEC oversees
the key participants in the securities world, including securities exchanges, securities
brokers and dealers, investment advisors, and mutual funds. Here the SEC is concerned
primarily with promoting the disclosure of important market-related information,
maintaining fair dealing, and protecting against fraud.p
```

The text and metadata of Email and the attachments, and native file document collections should be extracted and provided in a .DAT file using the field definition and formatting described below:

Field Name	Sample Data	Description
FIRSTBATES	EDC0000001	First Bates number of native file document/email
LASTBATES	EDC0000001	Last Bates number of native file document/email **The LASTBATES field should be populated for single page documents/emails.
ATTACHRANGE	EDC0000001 - EDC0000015	Bates number of the first page of the parent document to the Bates number of the last page of the last attachment "child" document
BEGATTACH	EDC0000001	First Bates number of attachment range
ENDATTACH	EDC0000015	Last Bates number of attachment range
PARENT_BATES	EDC0000001	First Bates number of parent document/Email **This PARENT_BATES field should be populated in each record representing an attachment "child" document
CHILD_BATES	EDC00000002; EDC0000014	First Bates number of "child" attachment(s); can be more than one Bates number listed depending on the number of attachments **The CHILD_BATES field should be populated in each record representing a "parent" document
CUSTODIAN	Smith, John	Email: mailbox where the email resided Native: Individual from whom the document originated
FROM	John Smith	Email: Sender Native: Author(s) of document **semi-colon should be used to separate multiple entries
TO	Coffman, Janice; LeeW [mailto:LeeW@MSN.com]	Recipient(s) **semi-colon should be used to separate multiple entries
CC	Frank Thompson [mailto:frank_Thompson@cdt.com]	Carbon copy recipient(s) **semi-colon should be used to separate multiple entries
BCC	John Cain	Blind carbon copy recipient(s) **semi-colon should be used to separate multiple entries
SUBJECT	Board Meeting Minutes	Email: Subject line of the email Native: Title of document (if available)
DATE_SENT	10/12/2010	Email: Date the email was sent Native: (empty)
TIME_SENT	07:05 PM	Email: Time the email was sent Native: (empty) **This data must be a separate field and cannot be combined with the DATE_SENT field
LINK	D:\001\ EDC0000001.msg	Hyperlink to the email or native file document **The linked file must be named per the FIRSTBATES number
MIME_TYPE	MSG	The content type of an Email or native file document as identified/extracted from the header
FILE_EXTEN	MSG	The file type extension representing the Email or native file document; will vary depending on the email format
AUTHOR	John Smith	Email: (empty) Native: Author of the document
DATE_CREATED	10/10/2010	Email: (empty) Native: Date the document was created

TIME_CREATED	10:25 AM	Email: (empty) Native: Time the document was created **This data must be a separate field and cannot be combined with the DATE_CREATED field
DATE_MOD	10/12/2010	Email: (empty) Native: Date the document was last modified
TIME_MOD	07:00 PM	Email: (empty) Native: Time the document was last modified **This data must be a separate field and cannot be combined with the DATE_MOD field
DATE_ACCESSD	10/12/2010	Email: (empty) Native: Date the document was last accessed
TIME_ACCESSD	07:00 PM	Email: (empty) Native: Time the document was last accessed **This data must be a separate field and cannot be combined with the DATE_ACCESSD field
PRINTED_DATE	10/12/2010	Email: (empty) Native: Date the document was last printed
FILE_SIZE	5,952	Size of native file document/email in KB
PGCOUNT	1	Number of pages in native file document/email
PATH	J:\Shared\SmithJ\October Agenda.doc	Email: (empty) Native: Path where native file document was stored including original file name.
INTFILEPATH	Personal Folders\Deleted Items\Board Meeting Minutes.msg	Email: original location of email including original file name. Native: (empty)
INTMSGID	<000805c2c71b\$75977050\$cb8306d1@MSN>	Email: Unique Message ID Native: (empty)
MD5HASH	d131dd02c5e6eec4693d9a0698aff95c2fcab58712467eab4004583eb8fb7f89	MD5 Hash value of the document.
TEXT	<p>From: Smith, John Sent: Tuesday, October 12, 2010 07:05 PM To: Coffman, Janice Subject: Board Meeting Minutes</p> <p>Janice; Attached is a copy of the September Board Meeting Minutes and the draft agenda for October. Please let me know if you have any questions.</p> <p>John Smith Assistant Director Informa [REDACTED] gy [REDACTED]</p>	Extracted text of the native file document/email

4. Text

Searchable text of the entire document must be provided for every record, at the document level.

- a. Extracted text must be provided for all documents that originated in electronic format. The text files should include page breaks that correspond to the 'pagination' of the image files. Note: Any document in which text cannot be extracted must be OCR'd, particularly in the case of PDFs without embedded text.
- b. OCR text must be provided for all documents that originated in hard copy format. A page marker should be placed at the beginning, or end, of each page of text, e.g. *** IMG0000001 *** whenever possible. The data surrounded by asterisks is the *Concordance*® ImageID .

Sample page markers with OCR text:

*** IMG0000001 ***

The world of investing is fascinating and complex, and it can be very fruitful. But unlike the banking world, where deposits are guaranteed by the federal government, stocks, bonds and other securities can lose value. There are no guarantees. That's why investing is not a spectator sport. By far the best way for investors to protect the money they put into the securities markets is to do research and ask questions.

*** IMG0000002 ***

The laws and rules that govern the securities industry in the United States derive from a simple and straightforward concept: all investors, whether large institutions or private individuals, should have access to certain basic facts about an investment prior to buying it, and so long as they hold it. To achieve this, the SEC requires public companies to disclose meaningful financial and other information to the public. This provides a common pool of knowledge for all investors to use to judge for themselves whether to buy, sell, or hold a particular security. Only through the steady flow of timely, comprehensive, and accurate information can people make sound investment decisions.

- c. For redacted documents, provide the full text for the redacted version.
- d. Delivery
The text can be delivered two ways:
 - 1) As a multi-page ASCII text files with the files named the same as the ImageID field. Text files can be placed in a separate folder or included with the .TIF files. The number of files per folder should be limited to 500 files.
 - 2) Included in the .DAT file.

5. Linked Native Files

Copies of original email and native file documents/attachments must be included for all electronic productions.

- a. Native file documents must be named per the FIRSTBATES number.
- b. The full path of the native file must be provided in the .DAT file for the LINK field.
- c. The number of native files per folder should not exceed 500 files.

II. Audio Files

Audio files from telephone recording systems must be produced in a format that is playable using Microsoft Windows Media Player™. Additionally, the call information (metadata) related to each audio recording MUST be provided. The metadata file must be produced in a delimited text format. Field names must be included in the first row of the text file.

The metadata must include, at a minimum, the following fields:

- | | |
|------------------------|--|
| 1) Caller Name: | Caller's name or account/identification number |
| 2) Originating Number: | Caller's phone number |
| 3) Called Party Name: | Called party's name |
| 4) Terminating Number: | Called party's phone number |
| 5) Date: | Date of call |
| 6) Time: | Time of call |
| 7) Filename: | Filename of audio file |

III. Video Files

Video files must be produced in a format that is playable using Microsoft Windows Media Player™.

IV. Electronic Trade and Bank Records

When producing electronic trade and bank records, provide the files in one of the following formats:

1. MS Excel spreadsheet with header information detailing the field structure. If any special codes exist in the dataset, a separate document must be provided that details all such codes. If details of the field structure do not fit in the header, a separate document must be provided that includes such details.
2. Delimited text file with header information detailing the field structure. The preferred delimiter is a vertical bar "|". If any special codes exist in the dataset, a separate document must be provided that details all such codes. If details of the field structure do not fit in the header, a separate document must be provided that includes such details.

V. Electronic Phone Records

When producing electronic phone records, provide the files in one of the following formats:

1. MS Excel spreadsheet with header information detailing the field structure. If any special codes exist in the dataset, a separate document must be provided that details all such codes. If details of the field structure do not fit in the header, a separate document must be provided that includes such details. Data must be formatted in its native format (i.e. dates in a date format, numbers in an appropriate numerical format, and numbers with leading zeros as text).
2. Delimited text file with header information detailing the field structure. The preferred delimiter is a vertical bar "|". If any special codes exist in the dataset, a separate document must be provided that details all such codes. If details of the field structure do not fit in the header, a separate document must be provided that includes such details.

The metadata must include, at a minimum, the following fields in separate columns:

- | | |
|------------------------|-----------------------------------|
| 1) Account Number: | Caller's telephone account number |
| 2) Originating Number: | Caller's phone number |
| 3) Terminating Number: | Called party's phone number |
| 4) Connection Date: | Date of call |
| 5) Connection Time: | Start time of call |
| 6) End Time: | End time of call |
| 7) Elapsed Time: | Duration in minutes of the call |

Each field of data must be loaded into a separate column. For example, Connection Date and Connection Time must be produced in separate columns and not combined into a single column containing both pieces of information. Any fields of data that are provided in addition to those listed here must also be loaded into separate columns.

VI. Email Native File Production

When approved, Outlook (.PST) and Lotus Notes (.NSF) email files may be produced in native file format. A separate folder should be provided for each custodian.

EXHIBIT 3



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

CHICAGO REGIONAL OFFICE
SUITE 900
175 WEST JACKSON BOULEVARD
CHICAGO, ILLINOIS 60604

SCOTT B. TANDY
SENIOR ATTORNEY
DIVISION OF ENFORCEMENT



October 16, 2012

VIA ELECTRONIC MAIL

Assisted Living Concepts, Inc.
C/o Thomas A. Arena, Esq.
Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, NY 10005-1413

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

Dear Assisted Living Concepts, Inc.:

The staff of the Securities and Exchange Commission is conducting an investigation in the matter identified above. The enclosed subpoena has been issued to you as part of this investigation. The subpoena requires you to give us documents.

Please read the subpoena and this letter carefully. This letter answers some questions you may have about the subpoena. You should also read the enclosed SEC Form 1662. You must comply with the subpoena. You may be subject to a fine and/or imprisonment if you do not.

Producing Documents

What materials do I have to produce?

The subpoena requires you to give us the documents described in the attachment to the subpoena. You must provide these documents by November 9, 2012. The attachment to the subpoena defines some terms (such as "document") before listing what you must provide.

Please note that if copies of a document differ in any way, they are considered separate documents and you must send each one. For example, if you have two copies of the same letter, but only one of them has handwritten notes on it, you must send both the clean copy and the one with notes.

If you prefer, you may send us photocopies of the originals. The Commission cannot reimburse you for the copying costs. The copies must be identical to the originals, including even faint marks or print. If you choose to send copies, you must keep the originals in a safe

place. The staff will accept the copies for now, but may require you to produce the originals later.

If you do send us photocopies, please put an identifying notation on each page of each document to indicate that it was produced by you, and number the pages of all the documents submitted. (For example, if Jane Doe sends documents to the staff, she may number the pages JD-1, JD-2, JD-3, etc., in a blank corner of the documents.) Please make sure the notation and number do not conceal any writing or marking on the document. If you send us originals, please do not add any identifying notations.

Do I need to send anything else?

You should enclose a list briefly describing each item you send. The list should state which paragraph(s) in the subpoena attachment each item responds to.

Please include a cover letter stating whether you believe you have met your obligations under the subpoena by searching carefully and thoroughly for everything called for by the subpoena, and sending it all to us.

What if I do not send everything described in the attachment to the subpoena?

The subpoena requires you to send all the materials described in it. If, for any reason -- including a claim of attorney-client privilege -- you do not produce something called for by the subpoena, you should submit a list of what you are not producing. The list should describe each item separately, noting:

- its author(s);
- its date;
- its subject matter;
- the name of the person who has the item now, or the last person known to have it;
- the names of everyone who ever had the item or a copy of it, and the names of everyone who was told the item's contents; and
- the reason you did not produce the item.

If you withhold anything on the basis of a claim of attorney-client privilege or attorney work product protection, you should also identify the attorney and client involved.

Where should I send the materials?

Please send the materials to:

ENF-CPU
U.S. Securities and Exchange Commission
100 F St., N.E., Mailstop 5973
Washington, DC 20549-5973

Other Important Information

May I have a lawyer help me respond to the subpoena?

Yes. You have the right to consult with and be represented by your own lawyer in this matter. We cannot give you legal advice.

What will the Commission do with the materials I send?

The enclosed SEC Form 1662 includes a List of Routine Uses of information provided to the Commission. This form has other important information for you. Please read it carefully.

Has the Commission determined that anyone has done anything wrong?

This investigation is a non-public, fact-finding inquiry. We are trying to determine whether there have been any violations of the federal securities laws. The investigation and the subpoena do not mean that we have concluded that you or anyone else has broken the law. Also, the investigation does not mean that we have a negative opinion of any person, entity or security.

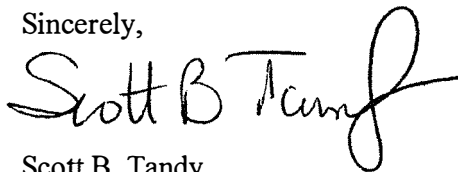
Important Policy Concerning Settlements

Please note that, in any matter in which enforcement action is ultimately deemed to be warranted, the Division of Enforcement will not recommend any settlement to the Commission unless the party wishing to settle certifies, under penalty of perjury, that all documents responsive to Commission subpoenas and formal and informal document requests in this matter have been produced.

I have read this letter, the subpoena, and the SEC Form 1662, but I still have questions. What should I do?

If you have any other questions, you may call me at [REDACTED]. If you are represented by a lawyer, you should have your lawyer contact me.

Sincerely,



Scott B. Tandy
Senior Attorney, Division of Enforcement

Enclosures: Subpoena
SEC Form 1662
SEC Data Delivery Standards
Sample Business Records Certification

ATTACHMENT

I.

The materials called for by the subpoena are to be produced in accordance with the following general requirements:

1. Duplicates

Unless otherwise specified, each request for documents or other materials requires the production of the original and all copies and drafts of the same. Documents which contain written comments, notes, corrections, or to which additional materials have been attached or appended, must be produced.

2. Possession, Custody or Control

You are required to submit all items which are in your possession or custody or under your control. Items under your control or in your custody, but not in your immediate possession, are required to be obtained and submitted.

If any documents called for by this subpoena are not produced for any reason, submit a list of what you are not producing. The list should describe each item separately, noting:

- its author(s);
- its date;
- its subject matter;
- the name of the person who has the item now, or the last person known to have it;
- the names of everyone who ever had the item or a copy of it, and the names of everyone who was told the item's contents; and
- the reason you did not produce the item.

3. Affidavit of Completeness and Business Records Certification

An affidavit certifying the completeness of the production and a business records certification should be supplied when the document production is complete.

4. Segregation of Documents

An index should be included with the production which reflects: (1) which documents are responsive to the individual requests; and (2) the identity of the person from whose files the responsive documents were obtained.

5. Definitions

A. "Assisted Living Concepts" means the entity doing business under the name of Assisted Living Concepts, Inc. and each of its parents, successors, predecessors, subsidiaries, related entities, partnerships, affiliates, principals, officers, directors, general or limited partners, trustees, beneficiaries, any trusts or accounts in its name or in which it has a beneficial interest or trading authority, associates, employees, agents, attorneys, accountants, auditors, independent contractors, persons acting on its behalf, and any aliases, code names, or trade or business names used by any of the foregoing.

B. "Ventas" means the entity doing business under the name of Ventas Realty, Limited Partnership and each of its parents, successors, predecessors, subsidiaries, related entities, partnerships, affiliates, principals, officers, directors, general or limited partners, trustees, beneficiaries, any trusts or accounts in its name or in which it has a beneficial interest or trading authority, associates, employees, agents, attorneys, accountants, auditors, independent contractors, persons acting on its behalf, and any aliases, code names, or trade or business names used by any of the foregoing.

C. "Commission" means the United States Securities and Exchange Commission.

D. "Document" or "documents" means all records and other tangible forms of expression, whether drafts or finished versions, originals, copies or annotated copies, however created, produced or stored (manually, mechanically, electronically, or otherwise), including, but not limited to, books, papers, files, notes, memoranda, reports, contracts, agreements, correspondence, account statements, ledger sheets, worksheets, summaries, invoices, bills, records of payment, bank statements, telephone messages, telegrams, telexes, facsimiles, records of conversations or meetings, confirmations, calendars, date books, magnetic tape, video or sound recordings, disks, diskettes, disk packs and other electronic media, electronic mail messages, instant mail messages, websites, web pages, microfilm, microfiche, storage devices, the contents of Palm Pilots, Blackberrys, or similar computer devices, and any other tangible record or computer record.

E. "Relate" or "relating to" means, in whole or in part, constituting containing, embodying, reflecting, identifying, stating, referring to, evidencing or in any way being relevant.

F. "Communications" means correspondence, notes, memoranda, electronic mail messages, instant mail messages, websites, web pages, video or sound recordings, telephone messages, telegrams, telexes, facsimiles, records of conversations or meetings, confirmations, date books, calendars, magnetic tape, video or sound recordings, the contents of Palm Pilots, Blackberrys, or similar hand held computer devices, or any other tangible record or computer record.

6. Time Period

The time period covered by this subpoena is from January 1, 2008 through May 29, 2012.

II.

DOCUMENTS TO BE PRODUCED

1. In connection with all meetings of the Board of Directors or any committee thereof: all notices of any such meetings, all agendas for any such meetings, all information provided in preparation for any such meetings, all notes taken at any such meetings, and all drafts and final versions of the minutes of any such meetings;
2. All stock analyst reports regarding Assisted Living Concepts;
3. Documents sufficient to show Assisted Living Concepts' disclosure controls and procedures referenced in its Commission filings;
4. Documents sufficient to show Assisted Living Concepts' internal controls over financial reporting referenced in its Commission filings;
5. Documents sufficient to show Assisted Living Concepts' procedures with respect to the review, authorization and approval of journal entries;
6. All documents discussing whether Assisted Living Concepts may or would miss, meet, or exceed internal or external financial targets, forecasts, or expectations;
7. All documents relating to Assisted Living Concepts' quarterly earnings conference calls, including, without limitation: (a) all transcripts, notes, scripts, talking points, or other documents prepared in connection with any such calls (and all drafts of same); (b) all notes of those present; (c) all documents provided to participants on any such calls; and (d) all internal communications discussing any such calls;
8. All documents relating to Assisted Living Concepts' communications with stock analysts, including, without limitation: (a) all transcripts, notes, scripts, talking points, or other documents prepared in connection with any such communications (and all drafts of same); (b) all notes of those present; (c) all documents provided to any analysts; and (d) all internal communications discussing communications with analysts;
9. All documents relating to the review and/or certification of Assisted Living Concepts' filings with the Commission;
10. All documents relating to communications with Assisted Living Concepts' auditors;

11. All documents related to the evaluation and certification of Assisted Living Concepts' disclosure controls and procedures referenced in its Commission filings;
12. All documents related to the evaluation and certification of Assisted Living Concepts' internal controls over financial reporting referenced in its Commission filings;
13. All documents referencing any actual or potential failure to comply with a restrictive or affirmative covenant contained in any lease or borrowing agreements;
14. All documents relating to any possible irregularities, improprieties or errors concerning Assisted Living Concepts' accounting, financial records, disclosure controls, financial statements, or internal controls;
15. All communications referencing any inaccuracy or potential inaccuracy in Assisted Living Concepts': (a) filings with the Commission; or (b) communications with its lessors or lenders;
16. All documents relating to communications with Ventas;
17. For the facilities leased from Ventas, individually and as a whole:
 - a. Ventas rolling twelve-month income statements for each quarter (ALC-HC00007404-7454 is an example);
 - b. Quarterly income statements;
 - c. Documents showing Assisted Living Concepts employees and friends or relatives of such employees added as occupants by quarter for each quarter (ALC-HC00007401-7403 is an example) at 100% of standard resolution;
 - d. Monthly occupancy rosters (also known as End of Month Summary Reports), both including and excluding leases and purchases by Assisted Living Concepts employees or friends or relatives of such employees;
 - e. Documents relating to the lease or purchase of unit(s) by each Assisted Living Concepts employee or friend or relative of such employee, including, but not limited to, the lease or purchase documents themselves, correspondence regarding the lease or purchase documents and documents evidencing any payments by the purported lessee or purchaser;
 - f. Quarterly occupancy summaries (ALC-HC00007607 is an example);
 - g. Quarterly officer certificates including attachments and other documents provided to Ventas with such certificates (ALC-HC00007342-7356 is an example);
 - h. The identity of all persons who prepared the documents referenced in sub-category (g);
 - i. Quarterly calculations of lease covenant violations, prior to the addition of leases and purchases by Assisted Living Concepts employees or friends or relatives of such employees and the intercompany transfer of revenue and expenses;

- j. Calculations of revenue on a quarterly basis transferred by journal entry to the property through intercompany transfer;
- k. Calculations of expenses on a quarterly basis transferred by journal entry from the property through reclassification;
- l. Journal entry forms and approval forms used to transfer revenue to the property through intercompany transfer (ALC-HC00007923-7924 is an example);
- m. Journal entry forms and approval forms used to transfer expenses from the property through reclassification (ALC-HC00007923-7924 is an example);
- n. Quarterly coverage ratio calculations for the trailing twelve months (ALC-HC00007341 and 7351 is an example but please produce in a readable format);
- o. Written procedures, internal or otherwise, for determining coverage ratios and occupancy and the identity of the persons involved in those calculations; and
- p. All communications regarding the documents produced in response to sub-categories (c), (d), (f), (g) and (i) – (n);

18. Income statements for each quarter for the corporate office general ledger accounts and sub-accounts: (a) from which revenues were transferred to facilities leased from Ventas; and (2) to which expenses were transferred from facilities leased from Ventas;

19. All documents relating to the termination of Laurie A. Bebo's employment, including board of directors' minutes;

20. All documents relating to any internal investigation regarding the conduct of Laurie Bebo or John Buono or regarding any information provided to Ventas;

21. All court filings and transcripts in the case entitled: *Ventas Realty, Limited Partnership v. ALC CVMA, LLC, et al.*, 12-cv-03107 (hereafter "the Ventas lease litigation");

22. All documents relating to the settlement of the Ventas lease litigation and the purchase of properties previously leased from Ventas and MLD Delaware Trust, including but not limited to drafts of the Purchase Agreement described in footnote 5 of Assisted Living Concepts' Form 10-Q for the period ended June 30, 2012, correspondence relating to contract negotiations, notes taken by Assisted Living Concepts employees and board members involved with or overseeing the transaction, property appraisals and memoranda related to the accounting for and financial reporting of the Purchase Agreement;

23. All mortgage notes referred to in Assisted Living Concepts' filings with the Commission;

24. Credit facility agreements for all credit facilities identified in Assisted Living Concepts' filings with the Commission;

25. All leases referred to in Assisted Living Concepts' filings with the Commission;
26. Laurie Bebo's and John Buono's employment file;
27. For any employee or ex-employee complaints or allegations regarding financial information or disclosures provided to Assisted Living Concepts' lessors or lenders or contained in Assisted Living Concepts' filings with the Commission, regardless of the form or context of such complaints or allegations, all documents relating to such complaints or allegations, including, without limitation: (a) all documents provided by such employees or ex-employees to Assisted Living Concepts; (b) all documents reviewed in connection with any internal or external investigation or inquiry relating to such complaints or allegations; or (c) any report or other summary regarding any investigation of such complaints or allegations;
28. Documents sufficient to show the identity of the Assisted Living Concepts executives and employees who were involved in drafting, reviewing and certifying Assisted Living Concepts' filings with the Commission and for each such person, a description of the portions of the filings for which the person was involved in drafting, reviewing and/or certifying;
29. Documents sufficient to show the procedures which were followed in drafting, reviewing and certifying Assisted Living Concepts' filings with the Commission;
30. Documents sufficient to show the bonus or other incentive-based or equity-based compensation earned by Assisted Living Concepts' senior executives and officers and the standards used for determining the amount of such compensation awarded;
31. Documents sufficient to show any stock trades by Assisted Living Concepts' senior executives and officers and any profits earned therefrom;
32. Documents sufficient to show Assisted Living Concepts' document retention policies; and
33. Documents sufficient to show Assisted Living Concepts' internal hierarchy including, but not limited to, organizational charts.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**Supplemental Information for Persons Requested to Supply
Information Voluntarily or Directed to Supply Information
Pursuant to a Commission Subpoena**

A. False Statements and Documents

Section 1001 of Title 18 of the United States Code provides as follows:

Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

B. Testimony

If your testimony is taken, you should be aware of the following:

1. *Record.* Your testimony will be transcribed by a reporter. If you desire to go off the record, please indicate this to the Commission employee taking your testimony, who will determine whether to grant your request. The reporter will not go off the record at your, or your counsel's, direction.
2. *Counsel.* You have the right to be accompanied, represented and advised by counsel of your choice. Your counsel may advise you before, during and after your testimony; question you briefly at the conclusion of your testimony to clarify any of the answers you give during testimony; and make summary notes during your testimony solely for your use. If you are accompanied by counsel, you may consult privately.

If you are not accompanied by counsel, please advise the Commission employee taking your testimony if, during the testimony, you desire to be accompanied, represented and advised by counsel. Your testimony will be adjourned once to afford you the opportunity to arrange to be so accompanied, represented or advised.

You may be represented by counsel who also represents other persons involved in the Commission's investigation. This multiple representation, however, presents a potential conflict of interest if one client's interests are or may be adverse to another's. If you are represented by counsel who also represents other persons involved in the investigation, the Commission will assume that you and counsel have discussed and resolved all issues concerning possible conflicts of interest. The choice of counsel, and the responsibility for that choice, is yours.

3. *Transcript Availability.* Rule 6 of the Commission's Rules Relating to Investigations, 17 CFR 203.6, states:

A person who has submitted documentary evidence or testimony in a formal investigative proceeding shall be entitled, upon written request, to procure a copy of his documentary evidence or a transcript of his testimony on payment of the appropriate fees: *Provided, however,* That in a nonpublic formal investigative proceeding the Commission may for good cause deny such request. In any event, any witness, upon proper identification, shall have the right to inspect the official transcript of the witness' own testimony.

If you wish to purchase a copy of the transcript of your testimony, the reporter will provide you with a copy of the appropriate form. Persons requested to supply information voluntarily will be allowed the rights provided by this rule.

4. *Perjury.* Section 1621 of Title 18 of the United States Code provides as follows:

Whoever . . . having taken an oath before a competent tribunal, officer, or person, in any case in which a law of the United States authorizes an oath to be administered, that he will testify, declare, depose, or certify truly . . . willfully and contrary to such oath states or subscribes any material matter which he does not believe to be true . . . is guilty of perjury and shall, except as otherwise expressly provided by law, be fined under this title or imprisoned not more than five years or both

5. *Fifth Amendment and Voluntary Testimony.* Information you give may be used against you in any federal, state, local or foreign administrative, civil or criminal proceeding brought by the Commission or any other agency.

You may refuse, in accordance with the rights guaranteed to you by the Fifth Amendment to the Constitution of the United States, to give any information that may tend to incriminate you.

If your testimony is not pursuant to subpoena, your appearance to testify is voluntary, you need not answer any question, and you may leave whenever you wish. Your cooperation is, however, appreciated.

6. *Formal Order Availability.* If the Commission has issued a formal order of investigation, it will be shown to you during your testimony, at your request. If you desire a copy of the formal order, please make your request in writing.

C. Submissions and Settlements

Rule 5(c) of the Commission's Rules on Informal and Other Procedures, 17 CFR 202.5(c), states:

Persons who become involved in . . . investigations may, on their own initiative, submit a written statement to the Commission setting forth their interests and position in regard to the subject matter of the investigation. Upon request, the staff, in its discretion, may advise such persons of the general nature of the investigation, including the indicated violations as they pertain to them, and the amount of time that may be available for preparing and submitting a statement prior to the presentation of a staff recommendation to the Commission for the commencement of an administrative or injunction proceeding. Submissions by interested persons should be forwarded to the appropriate Division Director or Regional Director with a copy to the staff members conducting the investigation and should be clearly referenced to the specific investigation to which they relate. In the event a recommendation for the commencement of an enforcement proceeding is presented by the staff, any submissions by interested persons will be forwarded to the Commission in conjunction with the staff memorandum.

The staff of the Commission routinely seeks to introduce submissions made pursuant to Rule 5(c) as evidence in Commission enforcement proceedings, when the staff deems appropriate.

Rule 5(f) of the Commission's Rules on Informal and Other Procedures, 17 CFR 202.5(f), states:

In the course of the Commission's investigations, civil lawsuits, and administrative proceedings, the staff, with appropriate authorization, may discuss with persons involved the disposition of such matters by consent, by settlement, or in some other manner. It is the policy of the Commission, however, that the disposition of any such matter may not, expressly or impliedly, extend to any criminal charges that have been, or may be, brought against any such person or any recommendation with respect thereto. Accordingly, any person involved in an enforcement matter before the Commission who consents, or agrees to consent, to any judgment or order does so solely for the purpose of resolving the claims against him in that investigative, civil, or administrative matter and not for the purpose of resolving any criminal charges that have been, or might be, brought against him. This policy reflects the fact that neither the Commission nor its staff has the authority or responsibility for instituting, conducting, settling, or otherwise disposing of criminal proceedings. That authority and responsibility are vested in the Attorney General and representatives of the Department of Justice.

D. Freedom of Information Act

The Freedom of Information Act, 5 U.S.C. 552 (the "FOIA"), generally provides for disclosure of information to the public. Rule 83 of the Commission's Rules on Information and Requests, 17 CFR 200.83, provides a procedure by which a person can make a written request that information submitted to the Commission not be disclosed under the FOIA. That rule states that no determination as to the validity of such a request will be made until a request for disclosure of the information under the FOIA is received. Accordingly, no response to a request that information not be disclosed under the FOIA is necessary or will be given until a request for disclosure under the FOIA is received. If you desire an acknowledgment of receipt of your written request that information not be disclosed under the FOIA, please provide a duplicate request, together with a stamped, self addressed envelope.

E. Authority for Solicitation of Information

Persons Directed to Supply Information Pursuant to Subpoena. The authority for requiring production of information is set forth in the subpoena. Disclosure of the information to the Commission is mandatory, subject to the valid assertion of any legal right or privilege you might have.

Persons Requested to Supply Information Voluntarily. One or more of the following provisions authorizes the Commission to solicit the information requested: Sections 19 and/or 20 of the Securities Act of 1933; Section 21 of the Securities Exchange Act of 1934; Section 321 of the Trust Indenture Act of 1939; Section 42 of the Investment

Company Act of 1940; Section 209 of the Investment Advisers Act of 1940; and 17 CFR 202.5. Disclosure of the requested information to the Commission is voluntary on your part.

F. Effect of Not Supplying Information

Persons Directed to Supply Information Pursuant to Subpoena. If you fail to comply with the subpoena, the Commission may seek a court order requiring you to do so. If such an order is obtained and you thereafter fail to supply the information, you may be subject to civil and/or criminal sanctions for contempt of court. In addition, if the subpoena was issued pursuant to the Securities Exchange Act of 1934, the Investment Company Act of 1940, and/or the Investment Advisers Act of 1940, and if you, without just cause, fail or refuse to attend and testify, or to answer any lawful inquiry, or to produce books, papers, correspondence, memoranda, and other records in compliance with the subpoena, you may be found guilty of a misdemeanor and fined not more than \$1,000 or imprisoned for a term of not more than one year, or both.

Persons Requested to Supply Information Voluntarily. There are no direct sanctions and thus no direct effects for failing to provide all or any part of the requested information.

G. Principal Uses of Information

The Commission's principal purpose in soliciting the information is to gather facts in order to determine whether any person has violated, is violating, or is about to violate any provision of the federal securities laws or rules for which the Commission has enforcement authority, such as rules of securities exchanges and the rules of the Municipal Securities Rulemaking Board. Facts developed may, however, constitute violations of other laws or rules. Information provided may be used in Commission and other agency enforcement proceedings. Unless the Commission or its staff explicitly agrees to the contrary in writing, you should not assume that the Commission or its staff acquiesces in, accedes to, or concurs or agrees with, any position, condition, request, reservation of right, understanding, or any other statement that purports, or may be deemed, to be or to reflect a limitation upon the Commission's receipt, use, disposition, transfer, or retention, in accordance with applicable law, of information provided.

H. Routine Uses of Information

The Commission often makes its files available to other governmental agencies, particularly United States Attorneys and state prosecutors. There is a likelihood that information supplied by you will be made available to such agencies where appropriate. Whether or not the Commission makes its files available to other governmental agencies is, in general, a confidential matter between the Commission and such other governmental agencies.

Set forth below is a list of the routine uses which may be made of the information furnished.

1. To appropriate agencies, entities, and persons when (a) it is suspected or confirmed that the security or confidentiality of information in the system of records has been compromised; (b) the SEC has determined that, as a result of the suspected or confirmed compromise, there is a risk of harm to economic or property interests, identity theft or fraud, or harm to the security or integrity of this system or other systems or programs (whether maintained by the SEC or another agency or entity) that rely upon the compromised information; and (c) the disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with the SEC's efforts to respond to the suspected or confirmed compromise and prevent, minimize, or remedy such harm.
2. To other federal, state, local, or foreign law enforcement agencies; securities self-regulatory organizations; and foreign financial regulatory authorities to assist in or coordinate regulatory or law enforcement activities with the SEC.
3. To national securities exchanges and national securities associations that are registered with the SEC, the Municipal Securities Rulemaking Board; the Securities Investor Protection Corporation; the Public Company Accounting Oversight Board; the federal banking authorities, including, but not limited to, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation; state securities regulatory agencies or organizations; or regulatory authorities of a foreign government in connection with their regulatory or enforcement responsibilities.
4. By SEC personnel for purposes of investigating possible violations of, or to conduct investigations authorized by, the federal securities laws.
5. In any proceeding where the federal securities laws are in issue or in which the Commission, or past or present members of its staff, is a party or otherwise involved in an official capacity.
6. In connection with proceedings by the Commission pursuant to Rule 102(e) of its Rules of Practice, 17 CFR 201.102(e).

7. To a bar association, state accountancy board, or other federal, state, local, or foreign licensing or oversight authority; or professional association or self-regulatory authority to the extent that it performs similar functions (including the Public Company Accounting Oversight Board) for investigations or possible disciplinary action.
8. To a federal, state, local, tribal, foreign, or international agency, if necessary to obtain information relevant to the SEC's decision concerning the hiring or retention of an employee; the issuance of a security clearance; the letting of a contract; or the issuance of a license, grant, or other benefit.
9. To a federal, state, local, tribal, foreign, or international agency in response to its request for information concerning the hiring or retention of an employee; the issuance of a security clearance; the reporting of an investigation of an employee; the letting of a contract; or the issuance of a license, grant, or other benefit by the requesting agency, to the extent that the information is relevant and necessary to the requesting agency's decision on the matter.
10. To produce summary descriptive statistics and analytical studies, as a data source for management information, in support of the function for which the records are collected and maintained or for related personnel management functions or manpower studies; may also be used to respond to general requests for statistical information (without personal identification of individuals) under the Freedom of Information Act.
11. To any trustee, receiver, master, special counsel, or other individual or entity that is appointed by a court of competent jurisdiction, or as a result of an agreement between the parties in connection with litigation or administrative proceedings involving allegations of violations of the federal securities laws (as defined in section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)) or pursuant to the Commission's Rules of Practice, 17 CFR 201.100 – 900 or the Commission's Rules of Fair Fund and Disgorgement Plans, 17 CFR 201.1100-1106, or otherwise, where such trustee, receiver, master, special counsel, or other individual or entity is specifically designated to perform particular functions with respect to, or as a result of, the pending action or proceeding or in connection with the administration and enforcement by the Commission of the federal securities laws or the Commission's Rules of Practice or the Rules of Fair Fund and Disgorgement Plans.
12. To any persons during the course of any inquiry, examination, or investigation conducted by the SEC's staff, or in connection with civil litigation, if the staff has reason to believe that the person to whom the record is disclosed may have further information about the matters related therein, and those matters appeared to be relevant at the time to the subject matter of the inquiry.
13. To interns, grantees, experts, contractors, and others who have been engaged by the Commission to assist in the performance of a service related to this system of records and who need access to the records for the purpose of assisting the Commission in the efficient administration of its programs, including by performing clerical, stenographic, or data analysis functions, or by reproduction of records by electronic or other means. Recipients of these records shall be required to comply with the requirements of the Privacy Act of 1974, as amended, 5 U.S.C. 552a.
14. In reports published by the Commission pursuant to authority granted in the federal securities laws (as such term is defined in section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)), which authority shall include, but not be limited to, section 21(a) of the Securities Exchange Act of 1934, 15 U.S.C. 78u(a)).
15. To members of advisory committees that are created by the Commission or by Congress to render advice and recommendations to the Commission or to Congress, to be used solely in connection with their official designated functions.
16. To any person who is or has agreed to be subject to the Commission's Rules of Conduct, 17 CFR 200.735-1 to 200.735-18, and who assists in the investigation by the Commission of possible violations of the federal securities laws (as such term is defined in section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)), in the preparation or conduct of enforcement actions brought by the Commission for such violations, or otherwise in connection with the Commission's enforcement or regulatory functions under the federal securities laws.
17. To a Congressional office from the record of an individual in response to an inquiry from the Congressional office made at the request of that individual.
18. To members of Congress, the press, and the public in response to inquiries relating to particular Registrants and their activities, and other matters under the Commission's jurisdiction.
19. To prepare and publish information relating to violations of the federal securities laws as provided in 15 U.S.C. 78c(a)(47)), as amended.
20. To respond to subpoenas in any litigation or other proceeding.

21. To a trustee in bankruptcy.

22. To any governmental agency, governmental or private collection agent, consumer reporting agency or commercial reporting agency, governmental or private employer of a debtor, or any other person, for collection, including collection by administrative offset, federal salary offset, tax refund offset, or administrative wage garnishment, of amounts owed as a result of Commission civil or administrative proceedings.

* * * * *

Small Business Owners: The SEC always welcomes comments on how it can better assist small businesses. If you have comments about the SEC's enforcement of the securities laws, please contact the Office of Chief Counsel in the SEC's Division of Enforcement at 202-551-4933 or the SEC's Small Business Ombudsman at 202-551-3460. If you would prefer to comment to someone outside of the SEC, you can contact the Small Business Regulatory Enforcement Ombudsman at <http://www.sba.gov/ombudsman> or toll free at 888-REG-FAIR. The Ombudsman's office receives comments from small businesses and annually evaluates federal agency enforcement activities for their responsiveness to the special needs of small business.



U.S. Securities and Exchange Commission

Data Delivery Standards

The following outlines the technical requirements for producing scanned paper collections, email and electronic document/native file collections to the Securities and Exchange Commission. The SEC uses *Concordance*® 2007 v9.58 and *Concordance Image*® v4.53 software to search, review and retrieve documents produced to us in electronic format. Any proposed production in a format other than those identified below must be discussed with and approved by the legal and technical staff of the Division of Enforcement. We appreciate your efforts in assisting us by preparing data in a format that will enable our staff to use the data efficiently.

General Instructions1
Delivery Formats2
I. Concordance® Production2
1. Images2
2. Concordance Image® Cross-Reference File2
3. Data File3
4. Text5
5. Linked Native Files6
II. Audio Files6
III. Video Files6
IV. Electronic Trade and Bank Records6
V. Electronic Phone Records7
VI. Adobe PDF File Production7
VII. Email Native File Production7

General Instructions

- 1. A cover letter should be included with each production. This letter MUST be imaged and provided as the first record in the load file.
The following information should be included in the letter:
a. List of each piece of media (hard drive, thumb drive, DVD or CD) included in the production by the unique number assigned to it, and readily apparent on the physical media.
b. List of custodians, identifying:
1) The Bates range (and any gaps therein) for each custodian
2) Total number of records for each custodian
3) Total number of images for each custodian
4) Total number of native files for each custodian
c. List of fields in the order in which they are listed in the data file.
d. Time zone in which emails were standardized during conversion (email collections only).
2. Documents created or stored electronically MUST be produced in their original electronic format, not printed to paper or PDF.
3. Data can be produced on CD, DVD or hard drive; use the media requiring the least number of deliverables.
4. Label all media with the following:
a. Case number
b. Production date
c. Bates range

- d. Disk number (1 of X), if applicable
5. Organize productions by custodian, unless otherwise instructed. All documents from an individual custodian should be confined to a single load file.
6. All productions should be checked and produced free of computer viruses.
7. All produced media should be encrypted.
8. Passwords for documents, files, compressed archives and encrypted media should be provided separately either via email or in a separate cover letter from the data.

Delivery Formats

I. *Concordance*® Production

All scanned paper, email and native file collections should be converted/processed to TIFF files, Bates numbered, and include fully searchable text. Additionally, email and native file collections should include linked native files.

Bates numbering documents:

The Bates number must be a unique, consistently formatted identifier, i.e., an alpha prefix along with a fixed length number for EACH custodian, i.e., ABC0000001. This format MUST remain consistent across all production numbers for each custodian. The number of digits in the numeric portion of the format should not change in subsequent productions, nor should spaces, hyphens, or other separators be added or deleted.

The following describes the specifications for producing image-based productions to the SEC and the load files required for *Concordance*® and *Concordance Image*®.

1. Images

- a. Images should be single-page, Group IV TIFF files, scanned at 300 dpi.
- b. File names cannot contain embedded spaces.
- c. Bates numbers should be endorsed on the lower right corner of all images.
- d. The number of TIFF files per folder should not exceed 500 files.
- e. Rendering to images PowerPoint, AUTOCAD/ photographs and Excel files:
 - 1) PowerPoint: All pages of the file should be scanned in full slide image format, with any speaker notes following the appropriate slide image.
 - 2) AUTOCAD/ photographs: If possible, files should be scanned to single page JPEG (.JPG) file format.
 - 3) Excel: TIFF images of spreadsheets are not useful for review purposes; because the imaging process can often generate thousands of pages per file, a placeholder image, named by the *IMAGEID* of the file, may be used instead.

2. *Concordance Image*® Cross-Reference File

The image cross-reference file is needed to link the images to the database. It is a comma-delimited file consisting of seven fields per line. There must be a line in the cross-reference file for every image in the database.

The format is as follows:

ImageID,VolumeLabel,ImageFilePath,DocumentBreak,FolderBreak,BoxBreak,PageCount

ImageID: The unique designation that *Concordance*® and *Concordance Image*® use to identify an image.
Note: This imageID key must be a unique and fixed length number. This number will be used in the .DAT file as the ImageID field that links the database to the images. The format of this image key must be consistent across all productions. We recommend that the format be a 7 digit number to allow for the possible increase in the size of a production.

VolumeLabel: Optional

ImageFilePath: The full path to the image file.

DocumentBreak: The letter "Y" denotes the first page of a document. If this field is blank, then the page is not the first page of a document.

FolderBreak: Leave empty

BoxBreak: Leave empty

PageCount: Optional

Sample

```

IMG0000001, ,E:\001\IMG0000001.TIF,Y,,,
IMG0000002, ,E:\001\IMG0000002.TIF,,,,
IMG0000003, ,E:\001\IMG0000003.TIF,,,,
IMG0000004, ,E:\001\IMG0000003.TIF,Y,,,
IMG0000005, ,E:\001\IMG0000003.TIF,Y,,,
IMG0000006, ,E:\001\IMG0000003.TIF,,,,

```

3. Data File

The data file (.DAT) contains all of the fielded information that will be loaded into the *Concordance*® database.

- a. The first line of the .DAT file must be a header row identifying the field names.
- b. The .DAT file must use the following *Concordance*® default delimiters:
 Comma , ASCII character (020)
 Quote " ASCII character (254)
 Newline ® ASCII character (174)
- c. Date fields should be provided in the format: mm/dd/yyyy
- d. All attachments should sequentially follow the parent document/email.
- e. All metadata associated with email, audio files, and native electronic document collections must be produced (see pages 4-5).
- f. The .DAT file for scanned paper collections must contain, at a minimum, the following fields:
 - 1) FIRSTBATES: Beginning Bates number
 - 2) LASTBATES: Ending Bates number
 - 3) IMAGEID: Image Key field
 - 4) CUSTODIAN: Individual from whom the document originated
 - 5) OCRTEXT: Optical Character Recognition text

Sample

```

"FIRSTBATES"LASTBATES"IMAGEID"CUSTODIAN"
PC00000001"PC00000002"IMG0000001"Smith, John"
PC00000003"PC00000003"IMG0000003"Smith, John"
PC00000004"PC00000005"IMG0000004"Smith, John"

```

Sample of .DAT file:

```

"FIRSTBATES"LASTBATES"IMAGEID"CUSTODIAN"OCRTEXT"
PC00000001"PC00000002"IMG0000001"Smith, John"*** IMG0000001 ***"The world of investing is
fascinating and complex, and it can be very fruitful. But unlike the banking world, where deposits are guaranteed
by the federal government, stocks, bonds and other securities can lose value. There are no guarantees. That's why
investing is not a spectator sport. By far the best way for investors to protect the money they put into the securities
markets is to do research and ask questions."*** IMG0000002 ***"The laws and rules that govern the
securities industry in the United States derive from a simple and straightforward concept: all investors, whether
large institutions or private individuals, should have access to certain basic facts about an investment prior to
buying it, and so long as they hold it. To achieve this, the SEC requires public companies to disclose meaningful
financial and other information to the public. This provides a common pool of knowledge for all investors to use
to judge for themselves whether to buy, sell, or hold a particular security. Only through the steady flow of timely,
comprehensive, and accurate information can people make sound investment decisions."
PC00000003"PC00000003"IMG0000003"Smith, John"***IMG0000003 ***"The result of this
information flow is a far more active, efficient, and transparent capital market that facilitates the capital formation
so important to our nation's economy."
PC00000004"PC00000005"IMG0000004"Smith, John"*** IMG0000004 ***"To insure that this
objective is always being met, the SEC continually works with all major market participants, including especially
the investors in our securities markets, to listen to their concerns and to learn from their experience."***
IMG0000005 ***"The SEC oversees the key participants in the securities world, including securities
exchanges, securities brokers and dealers, investment advisors, and mutual funds. Here the SEC is concerned
primarily with promoting the disclosure of important market-related information, maintaining fair dealing, and
protecting against fraud."

```


The text and metadata of Email and the attachments, and native file document collections should be extracted and provided in a .DAT file using the field definition and formatting described below:

Field Name	Sample Data	Description
FIRSTBATES	EDC0000001	First Bates number of native file document/email
LASTBATES	EDC0000001	Last Bates number of native file document/email **The LASTBATES field should be populated for single page documents/emails.
ATTACHRANGE	EDC0000001 - EDC0000015	Bates number of the first page of the parent document to the Bates number of the last page of the last attachment "child" document
BEGATTACH	EDC0000001	First Bates number of attachment range
ENDATTACH	EDC0000015	Last Bates number of attachment range
PARENT_BATES	EDC0000001	First Bates number of parent document/Email **This PARENT_BATES field should be populated in each record representing an attachment "child" document
CHILD_BATES	EDC0000002; EDC0000014	First Bates number of "child" attachment(s); can be more than one Bates number listed depending on the number of attachments **The CHILD_BATES field should be populated in each record representing a "parent" document
CUSTODIAN	Smith, John	Email: mailbox where the email resided Native: Individual from whom the document originated
FROM	John Smith	Email: Sender Native: Author(s) of document **semi-colon should be used to separate multiple entries
TO	Coffinan, Janice; LeeW [mailto:LeeW@MSN.com]	Recipient(s) **semi-colon should be used to separate multiple entries
CC	Frank Thompson [mailto:frank_Thompson@cdt.com]	Carbon copy recipient(s) **semi-colon should be used to separate multiple entries
BCC	John Cain	Blind carbon copy recipient(s) **semi-colon should be used to separate multiple entries
SUBJECT	Board Meeting Minutes	Email: Subject line of the email Native: Title of document (if available)
DATE_SENT	10/12/2010	Email: Date the email was sent Native: (empty)
TIME_SENT	07:05 PM	Email: Time the email was sent Native: (empty) **This data must be a separate field and cannot be combined with the DATE_SENT field
LINK	D:\001\ EDC0000001.msg	Hyperlink to the email or native file document **The linked file must be named per the FIRSTBATES number
FILE_EXTEN	MSG	The file type extension representing the Email or native file document; will vary depending on the email format
AUTHOR	John Smith	Email: (empty) Native: Author of the document
DATE_CREATED	10/10/2010	Email: (empty) Native: Date the document was created

TIME_CREATED	10:25 AM	Email: (empty) Native: Time the document was created **This data must be a separate field and cannot be combined with the DATE_CREATED field
DATE_MOD	10/12/2010	Email: (empty) Native: Date the document was last modified
TIME_MOD	07:00 PM	Email: (empty) Native: Time the document was last modified **This data must be a separate field and cannot be combined with the DATE_MOD field
DATE_ACCESSD	10/12/2010	Email: (empty) Native: Date the document was last accessed
TIME_ACCESSD	07:00 PM	Email: (empty) Native: Time the document was last accessed **This data must be a separate field and cannot be combined with the DATE_ACCESSD field
PRINTED_DATE	10/12/2010	Email: (empty) Native: Date the document was last printed
FILE_SIZE	5,952	Size of native file document/email in KB
PGCOUNT	1	Number of pages in native file document/email
PATH	J:\Shared\Smith\October Agenda.doc	Email: (empty) Native: Path where native file document was stored including original file name.
INTFILEPATH	Personal Folders\Deleted Items\Board Meeting Minutes.msg	Email: original location of email including original file name. Native: (empty)
INTMSGID	<000805c2c71b\$75977050\$cb8306d1@MSN>	Email: Unique Message ID Native: (empty)
TEXT	From: Smith, John Sent: Tuesday, October 12, 2010 07:05 PM To: Coffman, Janice Subject: Board Meeting Minutes Janice; Attached is a copy of the September Board Meeting Minutes and the draft agenda for October. Please let me know if you have any questions. John Smith Assistant Director Information Technology Phone: [REDACTED]	Extracted text of the native file document/email

4. Text

Searchable text of the entire document must be provided for every record, at the document level.

- a. Extracted text must be provided for all documents that originated in electronic format. The text files should include page breaks that correspond to the 'pagination' of the image files. Note: Any document in which text cannot be extracted must be OCR'd, particularly in the case of PDFs without embedded text.

- b. OCR text must be provided for all documents that originated in hard copy format. A page marker should be placed at the beginning, or end, of each page of text, e.g. *** IMG0000001 *** whenever possible. The data surrounded by asterisks is the *Concordance*® ImageID.

Sample page markers with OCR text:

*** IMG0000001 ***

The world of investing is fascinating and complex, and it can be very fruitful. But unlike the banking world, where deposits are guaranteed by the federal government, stocks, bonds and other securities can lose value. There are no guarantees. That's why investing is not a spectator sport. By far the best way for investors to protect the money they put into the securities markets is to do research and ask questions.

*** IMG0000002 ***

The laws and rules that govern the securities industry in the United States derive from a simple and straightforward concept: all investors, whether large institutions or private individuals, should have access to certain basic facts about an investment prior to buying it, and so long as they hold it. To achieve this, the SEC requires public companies to disclose meaningful financial and other information to the public. This provides a common pool of knowledge for all investors to use to judge for themselves whether to buy, sell, or hold a particular security. Only through the steady flow of timely, comprehensive, and accurate information can people make sound investment decisions.

- c. For redacted documents, provide the full text for the redacted version.
- d. Delivery
The text can be delivered two ways:
- 1) As multi-page ASCII text files with the files named the same as the ImageID field. Text files can be placed in a separate folder or included with the .TIF files. The number of files per folder should be limited to 500 files.
 - 2) Included in the .DAT file.

5. Linked Native Files

Copies of original email and native file documents/attachments must be included for all electronic productions.

- a. Native file documents must be named per the FIRSTBATES number.
- b. The full path of the native file must be provided in the .DAT file for the LINK field.
- c. The number of native files per folder should not exceed 500 files.

II. Audio Files

Audio files from telephone recording systems must be produced in a format that is playable using Microsoft Windows Media Player™. Additionally, the call information (metadata) related to each audio recording MUST be provided. The metadata file must be produced in a delimited text format. Field names must be included in the first row of the text file. The metadata must include, at a minimum, the following fields:

- | | |
|------------------------------|--|
| 1) CALLER_NAME or CALLER_ID: | Caller's name or identification number |
| 2) CALLING_NUMBER: | Caller's phone number |
| 3) DATE: | Date of call |
| 4) TIME: | Time of call |
| 5) CALLED_PARTY: | Name of the party called |
| 6) CALLED_NUMBER: | Called party's phone number |
| 7) FILENAME: | Filename of audio file |

III. Video Files

Video files must be produced in a format that is playable using Microsoft Windows Media Player™.

IV. Electronic Trade and Bank Records

When producing electronic trade and bank records, provide the files in one of the following formats:

1. Delimited text file with header information detailing the field structure. The preferred delimiter is a vertical bar "|". If any special codes exist in the dataset, a separate document must be provided that details all such codes. If details of the field structure do not fit in the header, a separate document must be provided that includes such details.
2. MS Excel spreadsheet with header information detailing the field structure. If any special codes exist in the dataset, a separate document must be provided that details all such codes. If details of the field structure do not fit in the header, a separate document must be provided that includes such details.

V. Electronic Phone Records

1. Delimited text file with header information detailing the field structure.
2. Comma Separated Value file (.csv) with header information detailing the field structure.
3. MS Excel spreadsheet with header information detailing the field structure.

The metadata must include, at a minimum, the following fields:

- | | |
|--------------------|-----------------------------------|
| 1) ACCT_NUMBER: | Caller's telephone account number |
| 2) CALLING_NUMBER: | Caller's phone number |
| 3) CALLED_NUMBER: | Called party's phone number |
| 4) DATE: | Date of call |
| 5) START_TIME: | Start time of call |
| 6) END_TIME: | End time of call |
| 7) DURATION: | Duration in minutes of the call |

VI. Adobe PDF File Production

When approved, Adobe PDF files may be produced in native file format.

1. PDF files should be produced in separate folders named by the Custodian.
2. All PDFs must be unitized at the document level, i.e. each PDF should represent a discrete document; a single PDF cannot contain multiple documents.
3. All PDF files must contain embedded text that includes all discernable words within the document, not selected text only. This requires all layers of the PDF to be flattened first.
4. If PDF files are Bates endorsed, the PDF files must be named by the Bates range.

VII. Email Native File Production

When approved, Outlook (.PST) and Lotus Notes (.NSF) email files may be produced in native file format. A separate folder should be provided for each custodian.

[FOR DOMESTIC U.S. RECORDS]

**DECLARATION OF *[Insert Name]* CERTIFYING RECORDS
OF REGULARLY CONDUCTED BUSINESS ACTIVITY**

I, the undersigned, *[insert name]*, pursuant to 28 U.S.C. § 1746, declare that:

1. I am employed by *[insert name of company]* as *[insert position]* and by reason of my position am authorized and qualified to make this declaration. *[if possible supply additional information as to how person is qualified to make declaration, e.g., I am custodian of records, I am familiar with the company's recordkeeping practices or systems, etc.]*
2. I further certify that the documents *[attached hereto or submitted herewith]* and stamped *[insert bates range]* are true copies of records that were:
 - (a) made at or near the time of the occurrence of the matters set forth therein, by, or from information transmitted by, a person with knowledge of those matters;
 - (b) kept in the course of regularly conducted business activity; and
 - (c) made by the regularly conducted business activity as a regular practice.

I declare under penalty of perjury that the foregoing is true and correct. Executed on *[date]*.

[Name]

EXHIBIT 4



ROPES & GRAY LLP
191 NORTH WACKER DRIVE
32nd FLOOR
CHICAGO, ILLINOIS 60606-4302
WWW.ROPESGRAY.COM

February 4, 2014

Asheesh Goel



FOIA CONFIDENTIAL TREATMENT REQUESTED

VIA E-MAIL AND HAND DELIVERY

Scott B. Tandy, Senior Attorney
U.S. Securities and Exchange Commission
Chicago Regional Office
175 West Jackson Boulevard, Suite 900
Chicago, IL 60604

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

Dear Mr. Tandy:

As you know, we represent Assisted Living Concepts, LLC. Pursuant to Section 4.3 of the SEC Enforcement Manual, consistent with ALC's desire to cooperate fully with your investigation referenced above and pursuant to the request made by the Staff of the Enforcement Division of the U.S. Securities and Exchange Commission, ALC agrees to waive its attorney-client privilege with respect to certain limited communications, as follows:

- 1) ALC agrees to waive its attorney-client privilege with respect to communications:
 - a. occurring between December 1, 2008 and May 8, 2013;
 - b. between ALC directors or officers ("Executives"), on the one hand, and ALC's legal counsel, on the other hand;
 - c. involving advice that ALC Executives sought from any of those lawyers; and

Confidential Treatment Requested by Assisted Living Concepts, LLC

- d. that relate to (i) the leasing of units in CaraVita facilities¹ to employees or others, including independent contractors, former employees, relatives of employees and friends of employees (collectively, "Employees"), (ii) whether Employees could be included as occupants for purposes of occupancy covenant calculations under the terms of the Amended and Restated Master Lease Agreement between and among Ventas Realty, Limited Partnership and affiliates of ALC, dated January 1, 2008 (the "Ventas Lease"), (iii) whether revenue associated with occupancy by Employees could be included in coverage ratio calculations under the Ventas Lease, or (iv) any disclosures ALC made or contemplated making in Commission filings regarding its compliance with the Ventas Lease covenants.
- 2) ALC further agrees to waive its attorney-client privilege with respect to certain limited communications:
 - a. occurring between January 1, 2012 and March 14, 2013;
 - b. between ALC Executives, on the one hand, and ALC's legal counsel, on the other hand;
 - c. involving advice that ALC Executives sought from any of those lawyers; and
 - d. that relate to disclosures or contemplated disclosures regarding: (i) an internal investigation; (ii) whether ALC had any material weaknesses or significant deficiencies in its internal controls; or (iii) whether ALC needed to restate its financials.
 - 3) ALC further agrees to waive its attorney-client privilege with respect to certain limited communications:
 - a. between ALC Executives, on the one hand, and ALC's legal counsel, on the other hand;

¹ The CaraVita facilities include CaraVita Village, Greenwood Gardens, Highland Terrace, Peachtree Estates, Tara Plantation, The Inn at Seneca, The Sanctuary, and Winterville Retirement.

February 4, 2014

- b. involving advice that ALC Executives sought from any of those lawyers; and
- c. that relate to ALC's response to a letter from the SEC's Division of Corporation Finance to ALC, dated July 21, 2011.

We appreciate the opportunity to assist the Staff in its investigation and look forward to continuing to work with you in a collaborative fashion.

* * * * *

Please be advised that this letter and the enclosed materials contain confidential, commercial, financial, or personal information, the disclosure of which would cause significant harm, economic or otherwise, to ALC and its affiliates and employees. Pursuant to Rule 83 of the Commission's Rule on Information and Requests, 17 C.F.R. § 200.83, we hereby request on behalf of ALC that this letter and the enclosed materials, and the contents of this letter and the enclosed materials, be accorded confidential treatment and not be disclosed in response to any request under the Freedom of Information Act, 5 U.S.C. § 552. In order to ensure confidentiality of the enclosed materials, they have been clearly marked "Confidential Treatment Requested by Assisted Living Concepts, LLC." If this letter, the enclosed documents, or any of the contents of this letter or enclosed documents is the subject of a Freedom of Information Act request, please inform me and I will provide further substantiation of this request for confidential treatment. Finally, we request that these documents, as well as any copies made thereof, be returned to us, as counsel for ALC, upon conclusion of the Commission's examination.

Best regards,



Asheesh Goel

cc: FOIA Office
100 F Street NE, Mail Stop 2736
Washington, DC 20549

EXHIBIT 5



ROPES & GRAY LLP
191 NORTH WACKER DRIVE
32nd FLOOR
CHICAGO, ILLINOIS 60606-4302
WWW.ROPESGRAY.COM

March 27, 2014

Asheesh Goel
[REDACTED]
[REDACTED]

FOIA CONFIDENTIAL TREATMENT REQUESTED

VIA EMAIL and HAND DELIVERY

Scott B. Tandy, Senior Attorney
U.S. Securities and Exchange Commission
Chicago Regional Office
175 West Jackson Boulevard, Suite 900
Chicago, IL 60604

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

Dear Mr. Tandy:

On behalf of Assisted Living Concepts, LLC ("ALC"), I write regarding your request for an update on ALC's response to subpoena, email and oral requests from the U.S. Securities and Exchange Commission ("SEC"). In furtherance of ALC's continued cooperation, the following is our second written update of the status of your remaining requests.¹ We welcome the opportunity to discuss this matter with you further.

I. SEC Subpoena Requests

Below is a brief summary of the status of ALC's responses to the Staff's requests for documents in connection with two subpoenas issued to ALC dated October 22, 2013 and October 30, 2013.

¹ Our first written update was sent to you on February 25, 2014. See letter from Asheesh Goel to Scott Tandy (Feb. 25, 2014).

A. Board Minutes and Packages (May 29, 2012 - July 11, 2013). We have located additional materials responsive to this request and will be making a production shortly. We continue to search for additional Board minutes and packages and if located, they will be produced to the Staff.

B. Ms. Bebo's Notebooks. As previously described, all notebooks in ALC's possession that have been identified as belonging to Ms. Bebo were produced to the Staff on January 17, January 24 and February 14, 2014.

C. Email Communications from January 1, 2008 to May 7, 2012. As previously described, we continue to work on identifying responsive email communications for 21 custodians. On February 20, 2014, we began reviewing these documents with the assistance of 25 contract attorneys. We will produce responsive documents from this set on a rolling basis. Our first production of documents from this set was made on March 21, 2014 and we anticipate that our productions from this set of documents will be complete in early April 2014.

D. Emails Communications from May 7, 2012 to September 13, 2012. As previously described, we worked with Target Litigation to collect email communications from ALC backup tapes for 21 custodians. We anticipate that any responsive documents in this category will be produced in May 2014, earlier than we previously anticipated.

E. Email Communications from September 13, 2012 to July 11, 2013. As previously described, we worked with ALC to collect email communications from ALC's email archive system for 21 custodians. We anticipate that any responsive documents in this category will be produced in May 2014, earlier than we previously anticipated.

F. Arbitration Deposition Transcripts and Exhibits. As previously described, we have already produced all documents responsive to this request.

G. Hard Copy Boxes from ALC. As previously described, with the assistance of 15 contract paralegals, we indexed over 350 hard copy boxes collected by ALC and identified nearly 100,000 pages of documents for review. We anticipate that any responsive documents in this category will be produced in May 2014, earlier than we previously anticipated.

H. Direct Collection. For a number of your subpoena requests, we will work directly with appropriate ALC personnel, in conjunction with ALC's Legal and IT departments, to identify and collect responsive documents. We would welcome a discussion with you about how we may streamline this process.

II. Email and/or Verbal SEC Requests

Below is a brief summary of the status of ALC's responses to your email and/or verbal requests for documents or information.

A. Milbank's Communications with ALC's Former Board of Directors. As previously described, Milbank provided us with over 5,400 email communications between Milbank and ALC's former Board. We have completed our review of these documents and have provided each director with the communications that he or she sent or received.

Furthermore, you inquired whether the confidentiality agreements entered into with the SEC, dated November 18, 2013 and February 25, 2014 (collectively, "Confidentiality Agreements"), would permit production of Milbank's communications with the former Board Members of ALC. While ALC is willing to waive its attorney-client privilege (if any) with respect to such documents, see Section IV, ALC's production of such documents to the Staff is dependent upon the former directors waiving any attorney-client privilege that may have existed between Milbank and the Board or between Milbank and any former directors individually. We understand that counsel for each of the former directors would like discuss this issue directly with you.

B. Documents Previously Produced as Redacted by Milbank. As previously described, on January 10, 2014, Milbank provided us with means to identify the un-redacted versions of 780 documents that Milbank produced to the Staff with redactions. We have reviewed these documents and on February 20, 2014, we produced to the Staff un-redacted copies of 623 documents that are responsive to the SEC's subpoenas. During the week of February 24, 2014, we produced an additional 157 documents.

C. Documents Previously Withheld as Privileged by Milbank. As previously described, on January 16, 2014, we received from Milbank 4,873 communications previously withheld as privileged. We have reviewed these documents and on February 20, 2014, we produced to the Staff un-redacted copies of 4,004 documents that are responsive to the SEC's subpoenas. During the week of February 24, 2014, we further produced an additional 35 documents. The remaining documents were determined to be non-responsive to the SEC's subpoenas.

D. Grant Thornton's Documents Previously Withheld as Privileged. As previously described, on January 6, 2014, Grant Thornton LLP ("Grant Thornton") provided us with documents that it withheld as privileged at Milbank's direction. Pursuant to the Privilege Waiver Letter and the Confidentiality Agreements, we have directed Grant Thornton to produce these documents to the Staff.

E. Internal Auditor's Report. You requested a copy of Dave Hokeness' internal audit report presented at a Board meeting in the second quarter of 2012 and a copy of Mr. Hokeness' revised internal audit report following the second quarter Board meeting. Pursuant to your request, we have identified the report presented at the Board meeting for the second quarter of 2012 as the Internal Auditor's Report to the Audit Committee, dated August 2, 2012, a copy of which was produced to the Staff on January 17, 2014. ALC_SEC00005816 - ALC_SEC00005828.

In our letter to you dated February 25, 2014, we noted that to ALC's knowledge, the revised report you requested is the report presented by Mr. Hokeness to the Audit Committee on November, 1, 2012, a copy of which was produced to the Staff on January 17, 2014. ALC_SEC00006193 - ALC_SEC00006206. In connection with the document review described in Section I.D, we recently identified a document that Mr. Hokeness referred to, in an email to Mary Zak Kowalczyk, as the updated version of his report to the Audit Committee. This document will be produced to the Staff during the week of March 24, 2014.

F. Employee Data. You also asked ALC for the number of ALC employees who worked at or out of the corporate headquarters and the number of ALC employees who worked at a regional or divisional level, for the years ending 2009 - 2011. ALC identified relevant documents and produced them to the Staff on February 28, 2014. ALC_SEC00056289 - ALC_SEC00056302.

G. William Bowen. You asked for documents relating to William Bowen's consulting work for ALC, including the date range of his service and his address. We have gathered check requests, W-9s, correspondence, and payment information relating to Bowen's consulting work for ALC and we produced these documents to the Staff February 28, 2014. ALC_SEC00056245 - ALC_SEC00056288. ALC will also produce additional responsive documents if any become available.

March 27, 2014

H. Employee List. On November 15, 2013, we produced to the Staff a list of employees (the "Employee List"). You asked for the name of the person or entity that drafted the list and for a description of the underlying documents used to create the list. We understand that Milbank created this list by requesting information from ALC's Director of Information Technology, Tim Bates. Mr. Bates, in turn, worked with various ALC staff members to gather the information requested by Milbank.

You also asked whether an ALC employee could authenticate the chart for use by the SEC at trial. We believe that Milbank is in the best position to authenticate its own work product but we welcome a discussion with you about this request. For information about the specific individual at Milbank that created this list, we suggest you contact Daniel Perry at Milbank.

I. Expense Analysis. On November 15, 2013, we produced to the Staff an analysis of expense reports ("Expense Analysis Chart"). You asked for the name of the person or entity that drafted this analysis and for a description of the underlying documents used to create them. We understand that Milbank created this analysis. For information about the specific individual at Milbank that created this analysis, we suggest you contact Daniel Perry at Milbank. We produced to the Staff copies of the underlying travel and expense records, as well as job descriptions of various ALC positions, on February 28, 2014. ALC_SEC00060310 - ALC_SEC00065267.

You further asked whether ALC could provide an affidavit attesting to the authenticity of the travel and expense records produced to the Staff. ALC will provide an affidavit stating that these records were kept in the ordinary course of ALC's business activity. Given recent employee turnover at ALC, we are working to identify an appropriate affiant.

J. Engagement Letters. You asked for copies of engagement letters between Milbank and ALC, its Board of Directors or its Audit Committee. We produced these materials to you on March 5, 2014. ALC_SEC00065382 - ALC_SEC00065395.

K. Milbank's Representation. You asked about ALC's belief as to the scope of Milbank's representation of ALC, its Board of Directors or its Audit Committee. ALC, as it exists today, has no position on the scope of such representation, beyond what Milbank has already stated.

L. Ms. Bebo's Laptop. You asked whether ALC has any information about Michael Hirschfeld's statement in an OSHA filing that indicated Ms. Bebo may have deleted information from her laptop between May 2, 2012 and May 8, 2012. We believe that Mr. Hirschfeld is in the best position to explain the basis for his statement.

You further asked whether ALC could find out what material, if any, had been deleted from Ms. Bebo's laptop between May 2 - 8, 2012. At our direction, FTI forensically analyzed the image of Ms. Bebo's laptop, taken on May 8, 2012, for any evidence that files had been deleted during the relevant time period. FTI found evidence indicating that system and/or temporary internet files had been deleted during the relevant time period. FTI did not, however, identify any evidence indicating that any business files (including, but not limited to, Word, PowerPoint, Excel, PDF files) had been deleted during the relevant time period.

M. Shareholder and Derivative Action Deposition Transcripts and Exhibits. You asked ALC to produce copies of all transcripts of testimony (including, but not limited to, deposition and trial testimony) relating to the stockholder derivative action filed in the Circuit Court, Milwaukee County, for the State of Wisconsin captioned George Passaro v. Laurie A. Bebo, et al., 12-CV-010106 or the five stockholder actions filed in the Eighth Judicial District court of the State of Nevada and for Clark County and consolidated under the caption In re Assisted Living Concepts, Inc. Shareholder Litigation, Case No. A-12-6754054-C (consolidated with Case Nos. A-13-677683-C, A-13-677797-C, A-13-677838-C, and A-13-677902-C) (the "Nevada Actions"). According to Milbank, no deposition or trial testimony occurred in these actions.

N. Request Related to ALC_SEC00012602. You asked for an original copy of the first email, and attachments thereto, in an email chain previously produced by ALC. ALC_SEC00012602. As discussed in Section II.A of this letter, ALC's production of certain documents to the Staff is dependent upon its former directors waiving any attorney-client privilege that may have existed between Milbank and the Board or between Milbank and any former directors individually. Per our discussion, we understand that you will contact the appropriate Directors' counsel to discuss this issue.

O. Notes of Board and Audit Committee Meetings. You asked for certain categories of handwritten notes, including handwritten notes from the Board of Director and Audit Committee meetings prior to November 2010 and between May 2012 and May 2013. We have thus far identified four sets of such handwritten notes from the relevant time period, all of which were previously produced to you the week of January 13, 2014. ALC_SEC00002597 - ALC_SEC00002604; ALC_SEC00002607 - ALC_SEC00002611; ALC_SEC00005242 - ALC_SEC00005244; ALC_SEC00005251 - ALC_SEC00005254. We will produce any additional responsive handwritten notes on a rolling basis as we identify them.

P. Requests Related to ALC_SEC00055819 - ALC_SEC00055820. You requested a copy of a document with the file name "ALC new letter.docx" that was attached to the bottom email in the email chain found at ALC_SEC00055820. We do not have a copy of the requested document. For your reference, ALC previously produced another document titled "ALC new letter.docx." ALC00150684.

You also requested a copy of a document that was attached to the top email in the email chain found at ALC_SEC00055819. We continue to work on this request.

Q. Peachtree Estates Marketing Director. You asked about the identity of the Sales and Marketing Director for Peachtree Estates from January 2009 through July 2010. We informed you on March 13, 2014 that the Marketing Director from January 23, 2009 to July 16, 2010 was William Hudson.

In addition, you asked for Mr. Hudson's last known address and his social security number. We believe his last known address was 159 J D Dr, Chickamauga, GA, 30707.

You further asked whether ALC is going to retain counsel to represent him if the SEC wishes to speak with Mr. Hudson. ALC is considering this request.

R. Laurie Bebo's Expense Reports. You asked for copies of Laurie Bebo's expense reports from Q4 2008 through Q1 2012. We are in the process of gathering these documents and will provide them to you promptly.

S. Contact Information. You asked for the home addresses of David Hennigar, Mel Rhineland, Alan Bell and Malen Ng. This question should be directed to respective counsel for each of these individuals.

T. Request related to ALC_000158650 - ALC_000158651. You asked for an un-redacted copy of ALC_000158650 - ALC_000158651. On March 26, we informed you that the un-redacted copy could be found at ALC_SEC00044899 - ALC_SEC00044900.

U. Request related to ALC_000146301. You asked for an un-redacted copy of ALC_000146301. The un-redacted copy can be found at ALC_SEC00040354.

III. Requests from Laurie Bebo's Counsel

As you requested, below is a brief summary of all document requests by Mark Cameli, counsel to Laurie Bebo.

A. Documents Produced to SEC. As previously described, from January 16 - 20, 2014, we provided Mr. Cameli with copies of certain documents relating to Ms. Bebo that had been previously produced to the Staff by Milbank in connection with the above-referenced matter. Specifically, the documents produced to the SEC included (a) Ms. Bebo's emails, (b) documents collected from Ms. Bebo's laptop, and (c) documents collected from Ms. Bebo's individual network share at ALC.

B. Ms. Bebo's Notebooks. As previously described, on January 29, 2014 and February 14, 2014, we provided Mr. Cameli with copies of Ms. Bebo's notebooks that ALC produced to the Staff. In addition, we made the corresponding original notebooks available to Mr. Cameli at a meeting on December 11, 2013 and to Ms. Bebo and Mr. Cameli at meetings on January 27, January 31 and February 17, 2014.

C. Notes from the Arbitration Proceeding. As previously described, Mr. Cameli asked us for approximately 400-500 pages of notes that were used and/or provided in the arbitration proceeding captioned In the Matter of Arbitration Between Laurie Bebo, Claimant, and Assisted Living Concepts, Inc., Respondent, AAA No.: 51 166 00857 12. Mr. Goel informed Mr. Cameli that we do not possess these documents.

D. Ventas Production. As previously described, Mr. Cameli asked us for a copy of a production by Ventas Realty LP ("Ventas") in the case filed in the United States District Court for the Eastern District of Wisconsin captioned Robert E. Lifson, Individually and on Behalf of All Other Similarly Situated v. Assisted Living Concepts, Inc. and Laurie Bebo, Case No. 2:12-cv-00884. Mr. Goel informed Mr. Cameli that we do not possess these documents.

E. Computer Image. As previously described, Mr. Cameli asked us for a copy of Ms. Bebo's laptop hard drive that was preserved by ALC. Mr. Goel declined to grant this request. As noted in Section III.A, all documents from Ms. Bebo's laptop that have been produced to the Staff have also been provided to Mr. Cameli.

F. Phone Records. As previously described, Mr. Cameli asked us for a copy of Ms. Bebo's phone records. Mr. Goel declined to grant this request.

G. Index of Hard Copy Records. Mr. Cameli asked us for a copy of ALC's index of hard copy records collected in connection with the SEC investigation. ALC is considering this request.

H. Laurie Bebo's Board Materials. Mr. Cameli asked us for copies of Board materials that Ms. Bebo received while still employed by ALC. ALC is gathering these materials and will provide them to Mr. Cameli when complete.

I. Disclosure Committee Minutes. Mr. Cameli asked us for copies of disclosure committee minutes from 2009-2012. ALC is considering this request.

J. Eric Fonstad's Notes. Mr. Cameli asked us for copies of Mr. Fonstad's handwritten notes. ALC is considering this request.

K. Employee List and Expense Analysis. Mr. Cameli asked us for copies of the Employee List and Expense Analysis Chart that ALC produced to the SEC on November 15, 2013. ALC is considering this request.

L. Expense Reports. Mr. Cameli asked us for copies of Laurie Bebo's and John Buono's Expense Reports. We will provide Mr. Cameli with copies of Ms. Bebo's expense reports.

IV. Waiver of Attorney-Client Privilege

Another item you requested was a revised waiver of ALC's attorney-client privilege. As previously described, we provided the Privilege Waiver Letter to the Staff on February 4, 2014, in which ALC waived its attorney-client privilege regarding certain topics.

V. Advice of Counsel Defense

You also asked whether the ALC's former directors or management intend to assert advice of counsel as a defense when asked about disclosures in ALC's 2012 Form 10-Q and Form 10-K filings regarding: (1) the internal investigation; (2) whether ALC had a material weakness or significant deficiency in internal controls in light of the employee leasing arrangement; or (3) whether ALC needed to restate prior financials in light of the employee leasing arrangement. This question should be directed to respective counsel for ALC's former directors or management.

VI. Representation of Certain ALC Personnel

You asked whether Ropes & Gray LLP would represent Eric Fonstad or Mary Zak-Kowalczyk. James W. Ducayet, from Sidley Austin LLP, has previously represented Ms. Zak-Kowalczyk in this matter and will continue to do so. John F. Hartmann, from Kirkland & Ellis LLP, will represent Mr. Fonstad in this matter.

You also asked whether Kathy Bucholtz is being represented, and if so, by whom. Pravin Rao, from Perkins Coie LLP, will represent Ms. Bucholtz in this matter.

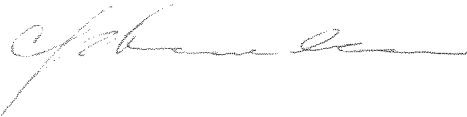
March 27, 2014

We appreciate the opportunity to assist the Staff in its investigation and look forward to continuing to work with you in a collaborative fashion.

* * * * *

Please be advised that this letter and the enclosed materials contain confidential, commercial, financial, or personal information, the disclosure of which would cause significant harm, economic or otherwise, to ALC and its affiliates and employees. Pursuant to Rule 83 of the Commission's Rule on Information and Requests, 17 C.F.R. § 200.83, we hereby request on behalf of ALC that this letter and the enclosed materials, and the contents of this letter and the enclosed materials, be accorded confidential treatment and not be disclosed in response to any request under the Freedom of Information Act, 5 U.S.C. § 552. In order to ensure confidentiality of the enclosed materials, they have been clearly marked "Confidential Treatment Requested by Assisted Living Concepts, LLC." If this letter, the enclosed documents, or any of the contents of this letter or enclosed documents is the subject of a Freedom of Information Act request, please inform me and I will provide further substantiation of this request for confidential treatment. Finally, we request that these documents, as well as any copies made thereof, be returned to us, as counsel for ALC, upon conclusion of the Commission's examination.

Best regards,

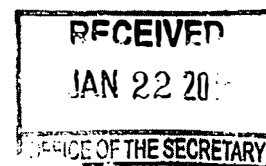


Asheesh Goel

cc: FOIA Office
100 F Street NE, Mail Stop 2736
Washington, DC 20549

EXHIBIT 6

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.

RESPONDENT LAURIE BEBO'S
SUBMISSION IN RESPONSE TO THE
DIVISION'S POSITION REGARDING
HER REQUEST FOR SUBPOENAS

Respondent Laurie Bebo submits the following response to the Division of Enforcement's (the "Division's") Response to the Court's Order Regarding Subpoenas to Produce:

First, the Division does not object to the issuance of the subpoenas. Consequently, the subpoenas should issue forthwith. Given the delay in their issuance, the response date of February 2, 2014 may need to be modified (to February 9, 2015), or alternatively Ms. Bebo's counsel will work with the subpoenaed non-parties so that documents will be produced on timely basis but alleviating any undue burden on the non-parties to meet production deadlines. However, the highly accelerated pace of the administrative process necessarily requires those subject to document subpoenas to respond at a prompt but reasonable pace.¹

Second, the Division asserts that "it appears" Ms. Bebo's subpoenas are excessive in scope and that much of the material sought is "irrelevant." (Division's Resp. to Court's Order, ¶ 1.) The Division provides no explanation for its assertions, and they are incorrect. Although the Division may believe that it has already requested and produced the "relevant" documents, it was

¹ Ms. Bebo does not waive and continues to assert her objection to these proceedings, including but not limited to her constitutional objections, as set forth in more detail in her Answer and Affirmative Defenses to the Order Instituting Proceedings, which Ms. Bebo incorporates by reference.

the Division—Ms. Bebo's adversary—who had the opportunity to decide which documents to request (or not). And the determination of the relevance of information as to Ms. Bebo's defense must be left to Ms. Bebo and her counsel, not the government. Rather, the subpoenas seek critical exculpatory information from the non-parties, and are tailored to obtain, among other things, (1) evidence that will support Ms. Bebo's theory of the case; (2) information to impeach the testimony of witnesses formerly of ALC and currently or formerly of Ventas; and (3) information related to the apparent destruction of Ms. Bebo's notes she took while she was employed at ALC.²

Third, although it seems clear that the information sought by Ms. Bebo is subject to the broad waiver of privilege set forth in Exhibit 1 to the Division's response, the Division still asserts that "much of the material sought" is privileged. The subpoenas are prepared to focus on information and documents subject to that privilege waiver. The information that the Division chose not to request, allegedly on the grounds of privilege, was likely a strategic determination during the investigation because the Division understood that the information would not support its narrative of the case. This is the very information Ms. Bebo is seeking, and it is neither privileged nor irrelevant.

For example, Ms. Bebo is seeking to subpoena documents from Milbank Tweed related to an internal investigation after which ALC's Board of Directors determined that there was no need for corrective action related to the very disclosures at issue in this case. Indeed, Milbank

² Ms. Bebo was a meticulous note-taker during the course of her employment, typically on legal pads, but also in her board books. Based on the notes that were produced in the course of the Division's investigation and as part of the investigative file, there appear to be pages removed from her note pads and entire pads missing. Moreover, Ms. Bebo believes that a substantial number of note pads were not produced, and she has the right to inquire about their whereabouts. Although a significant number of notepads were produced by the company— and appear to be part of the investigative file— there were virtually no notes related to the matters pertinent to the allegations in the OIP. The missing notes include those from Ms. Bebo's key conversations with other witnesses in the case, including personnel from Ventas and members of ALC's Board of Directors. Other witnesses will corroborate that these notes of key conversations existed in the months prior to her termination and even provide certain details about the content of those notes. Ms. Bebo has averred this spoliation as an affirmative defense in her Answer.

Tweed summarized the results of its investigation for the company's auditors, including the following findings:

- After an extensive investigation that "Milbank was not able to conclude that the Company was not in compliance with the lease
- Milbank communicated with Ventas regarding this issue and Ventas representatives were unable to communicate to Milbank that they had not agreed to the arrangement (employee rented units). Current management of Ventas could not confirm nor deny whether the arrangement was authorized or unauthorized."
- Statements of witnesses as reported in the investigation are inconsistent with statements given to the SEC.

(See Ex. A to Milbank Tweed Subpoena.) In a case where the appropriate legal standard is whether there was any reasonable basis to conclude that ALC was in compliance with its lease with Ventas (see *Virginia Bankshares v. Sandberg*, 501 U.S. 1083 (1991); *Fait v. Regions Fin. Corp.*, 655 F.3d 105, 111 (2d Cir. 2011); *Zaluski v. United American Healthcare Corp.*, 527 F.3d 564 (6th Cir. 2008), this is critical evidence to Ms. Bebo's defense.

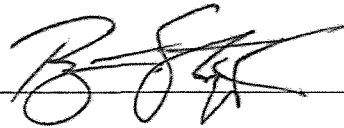
Milbank Tweed represented Assisted Living Concepts, Inc., its Audit Committee, and its Board of Directors (as a whole) with respect to ALC's internal investigation in 2012-13 regarding the lease disclosures made by ALC. Milbank Tweed did not represent the individual Board members with respect to the internal investigation. Indeed, Milbank Tweed informed the Division of the scope of this representation on March 4, 2014, in response to a request from the Division. A copy of that correspondence is attached hereto, as Exhibit A. Further, ALC specifically waived its attorney-client privilege with respect to communications occurring between January 1, 2012 and March 14, 2013 between ALC Executives (defined to include members of the Board) and Milbank Tweed regarding the internal investigation, among other things. (See Division's Resp. to Court's Order, Ex. 1.)

The Division asserts that it did not subpoena Milbank Tweed "in part due to privilege issues" related to waivers from the individual Board members regarding their communications with Milbank Tweed relating to the internal investigation. (*See id.*, ¶ 4.) But Milbank Tweed did not assert that it represented the Board members in their individual capacities with respect to the internal investigation. (*See Exhibit A at SEC-Internal-E-0002998-99.*) And ALC specifically waived privilege with respect to its communications related to the internal investigation. (*See Division's Resp. to Court's Order, Ex. 1.*) Whether the Division chose to subpoena documents, or why it did not, should have no bearing on whether Ms. Bebo has the opportunity to access exculpatory information. There is no reason why Ms. Bebo should now be denied an opportunity to subpoena documents that would support her defense.

Dated this 21st day of January, 2015.

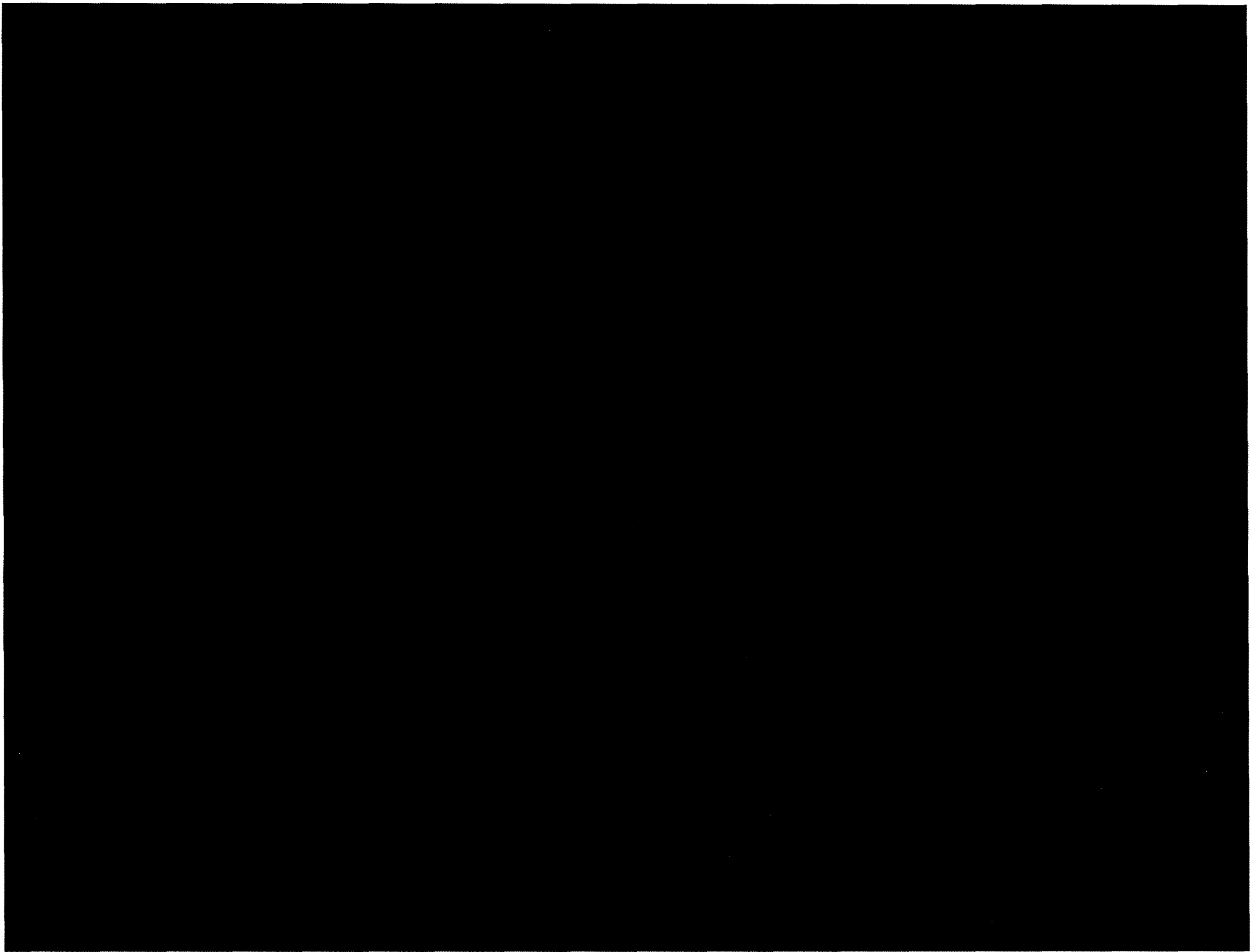
REINHART BOERNER VAN DEUREN S.C.
Counsel for Respondent Laurie Bebo

By: _____



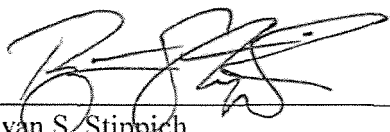
Mark A. Cameli
WI State Bar No.: [REDACTED]
E-mail: [REDACTED]
Ryan S. Stippich
IL State Bar No.: [REDACTED]
E-mail: [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]







Dated this 21st day of January, 2015.

REINHART BOERNER VAN DEUREN S.C.
Counsel for Respondent Laurie Bebo

By: 

Ryan S. Stippich
IL State Bar No.: 6276002



Telephone: 
Facsimile: 
E-mail: rstippich@reinhardt.com

From: Perry, Daniel [REDACTED]
Sent: Tuesday, March 04, 2014 7:30 PM
To: Tandy, Scott B.
CC: Hanauer, Benjamin J.; Javorski, Jean M.; Kerstetter, Charles J.; Nichols, Lynette; Vincus, Thomas E.; Goel, Asheesh
Subject: RE: ALC (C-7948)
Attachments: [Untitled].pdf

Scott:

Our response to your email below is attached.

Dan

Daniel M. Perry | **Milbank**
One Chase Manhattan Plaza | New York, NY 10005
T: +1 212 530 5083 | F: +1 212 822 5083
dperry@milbank.com | www.milbank.com

From: Tandy, Scott B. [REDACTED]
Sent: Friday, February 28, 2014 2:48 PM
To: Perry, Daniel
Cc: Hanauer, Benjamin J.; Javorski, Jean M.; Kerstetter, Charles J.; Nichols, Lynette; Vincus, Thomas E.
Subject: ALC (C-7948)

Dan:

I am wondering whether you can answer a question for me.

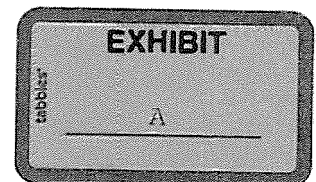
Specifically, I am wondering whether Milbank represented: (1) ALC's Audit Committee as a whole; (2) ALC's Board of Directors as a whole; (3) ALC, the company; (4) any or all of the directors on ALC's Board of Directors individually; and/or (5) any or all of ALC's employees individually.

And, can you let me know the beginning and end dates for each of the representations?

It would be helpful if you could provide this information to me fairly quickly.

Thanks, Scott

Scott Tandy
Senior Attorney
U.S. Securities and Exchange Commission
Chicago Regional Office
175 W. Jackson Blvd., Ste. 900
Chicago, IL 60614
[REDACTED]
[REDACTED]



=====
IRS Circular 230 Disclosure: U.S. federal tax advice in the foregoing message from Milbank, Tweed, Hadley & McCloy

LLP is not intended or written to be, and cannot be used, by any person for the purpose of avoiding tax penalties that may be imposed regarding the transactions or matters addressed. Some of that advice may have been written to support the promotion or marketing of the transactions or matters addressed within the meaning of IRS Circular 230, in which case you should seek advice based on your particular circumstances from an independent tax advisor.
=====

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MILBANK, TWEED, HADLEY & McCLOY LLP

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DANIEL M. PERRY

PARTNER

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MUNICH

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FAX: 813-5410-2891

SÃO PAULO

55-11-3927-7700

FAX: 55-11-3927-7777

March 4, 2014

VIA EMAIL

Scott Tandy, Esq.
Senior Attorney
U.S. Securities & Exchange Commission
Chicago Regional Office
175 W. Jackson Blvd., Suite 900
Chicago, IL 60614

Re: Assisted Living Concepts, Inc. (C-7948)

Dear Scott:

I write on behalf of Milbank, Tweed, Hadley & McCloy LLP (the "Firm"), in response to your email of February 28, 2014 requesting information regarding legal representation of Assisted Living Concepts, Inc. ("ALC" or the "Company").

Below is the information you requested regarding the Firm's representation of the Company, members of its Board of Directors, and others. This information is based solely on the Firm's records and discussion with the Firm's attorneys. The Firm has not conferred with its former clients in responding to your request for information. Accordingly, the Commission should not rely solely on any of the information below to make a determination about the extent and nature of the Firm's representation of the various persons and entities discussed below. *See, e.g., Merck Eprova AG v. ProThera, Inc.*, 670 F.Supp.2d 201, 210 (S.D.N.Y. 2009) (citations omitted) ("The formation of an

Scott Tandy, Esq.
March 4, 2014
Page 2

attorney-client relationship hinges upon the client's reasonable belief that he is consulting a lawyer in that capacity and his manifested intention to seek professional legal advice. No special formality is required to demonstrate the establishment of the relationship."); *see also* 23 Williston on Contracts §62:3 (4th ed.) (attorney-client relationship may be implied by conduct of the parties). The Firm's specific response to your questions is set forth below:

(1) ALC's Audit Committee as a whole.

The Firm represented ALC's Audit Committee with respect to the Company's investigation regarding certain lease disclosures by ALC (the "Internal Investigation"). That representation began in May 2012 and concluded in November 2013.

(2) ALC's Board of Directors as a whole.

The Firm represented the ALC Board of Directors as a whole in relation to the Company's Internal Investigation. That representation began in July 2012 (after Ms. Bebo was removed from the Board of Directors) and concluded in November 2013.

(3) ALC, the Company.

The Firm represented ALC in relation to the SEC's currently ongoing investigation ("SEC Investigation"). That representation began in June 2012 and concluded in November 2013.

The Firm also represented ALC in relation to a stockholder derivative action styled *George Passaro v. Laurie A. Bebo, et al.*, 12 CV 010106, filed in the Circuit Court, Milwaukee County, for the State of Wisconsin (the "Passaro Action"). That representation began shortly after the Company was named as a defendant in that action in September 2012 and concluded after the action was dismissed in June 2013.

The Firm represented ALC in relation to five stockholder actions filed in the Eighth Judicial District Court for the State of Nevada and for Clark County and consolidated under the caption *In re Assisted Living Concepts, Inc. Shareholder Litigation*, Case No. A-12-6754054-C (consolidated with Case Nos. A-13-677683-C, A-13-677797-C, A-13-677838-C, and A-13-677902-C) (the "Nevada Actions"). That representation began shortly after the Company was named as a defendant in the first of these actions in December 2012 and concluded after the actions were settled in April 2013.

In addition, the Firm represented the Company in relation to a securities class action styled *Robert E. Lifson, individually and on behalf of all others similarly situated, plaintiff, against Assisted Living Concepts, Inc. and Laurie A. Bebo, defendants*, Case No. 12-cv-884, filed in the United States District Court for the Eastern District of Wisconsin. That representation began shortly

after the Company was named as a defendant in August 2012 and concluded after the action was dismissed in December 2013.

The Firm also represented ALC in actions filed against the company by Laurie Bebo:

- On June 29, 2012, Laurie Bebo filed an action against the Company styled *Bebo v. Assisted Living Concepts, Inc.*, Case No. 2012CV002039, in the Circuit Court, Waukesha County, for the State of Wisconsin. The Firm's representation began shortly after the action was filed and concluded after the action was dismissed in June 2013.
- On June 29, 2012, Laurie Bebo filed an arbitration demand against the Company with the American Arbitration Association, Case No. 51 166 857 12 (the "Bebo Arbitration"). The Firm's representation began shortly after the arbitration demand was filed and concluded after the demand for arbitration was dismissed in October 2013.
- On July 26, 2012, Laurie Bebo filed a purported Sarbanes-Oxley whistleblower complaint under Section 806 of the Sarbanes-Oxley Act with the U.S. Department of Labor Occupational Safety and Health Administration ("OSHA"), identified by the file name "Assisted Living Concepts/Bebo/5-3100-12-045" (the "Bebo SOX Action"). The Firm's representation began in October 2013, when OSHA first informed the Company that the complaint had been filed, and concluded after the complaint was dismissed in November 2013.
- On May 15, 2013, the State of Wisconsin, Department of Work Force Development, Equal Rights Division notified the Company that in March 2013 Laurie Bebo had filed a retaliation complaint under the State of Wisconsin's Elder Abuse/Healthcare Worker laws. The Firm's representation began shortly after the Company was notified of the complaint and concluded after the complaint was dismissed in November 2013.

(4) Any or all of the directors on ALC's Board of Directors individually.

The Firm represented the individual members of the ALC Board of Directors (other than Bebo) in relation to the Passaro Action and the Nevada Actions. That representation was concurrent with The Firm's representation of the Company in those actions.

In addition, in connection with the Firm's representation of the Company in the Bebo Arbitration and the Bebo SOX Action, the Firm defended certain individual members of the ALC Board of Directors at depositions in those matters. The individual directors were witnesses appearing

Scott Tandy, Esq.
March 4, 2014
Page 4

on behalf of the Company at the Company's direction/request and were no longer on the Board of Directors at the time they appeared.

The Firm also represented the individual members of the ALC Board of Directors (other than Bebo) in relation to the SEC Investigation. That representation began in the Spring of 2013, at the time of the SEC's oral request for documents from the directors, and concluded in November 2013.

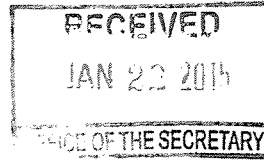
(5) Any or all of ALC's employees individually.

The Firm has not represented any ALC employees individually.

If you have any questions, please do not hesitate to contact me by phone at [REDACTED]
[REDACTED]

Sincerely,


Daniel M. Perry



Reinhart Van Deuren s.c.

January 21, 2015

Ryan S. Stippich

DELIVERED BY COURIER

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

Dear Mr. Fields:

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

I enclose for filing in the above-referenced matter an original and three copies of Respondent Laurie Bebo's Submission in Response to the Division's Position Regarding Her Request for Subpoenas, and Certificate of Service.

Thank you for your assistance.

Yours very truly,

Ryan S. Stippich

29416622RSS:amb

Encs.

cc The Honorable Cameron Elliot (w/enc.)
Patrick S. Coffey, Esq. (w/enc.)
Benjamin J. Hanauer, Esq. (w/enc.)
Scott B. Tandy, Esq. (w/enc.)
Ms. Christina Zaroulis Milnor (w/enc.)

EXHIBIT 7

List of Board Materials Previously Produced to Respondent Bebo

Control Number Begin	Control Number End
ALC_SEC00000049	ALC_SEC00000073
ALC_SEC00002406	ALC_SEC00002406
ALC_SEC00002408	ALC_SEC00002412
ALC_SEC00002414	ALC_SEC00002418
ALC_SEC00002420	ALC_SEC00002440
ALC_SEC00002442	ALC_SEC00002455
ALC_SEC00002457	ALC_SEC00002457
ALC_SEC00002459	ALC_SEC00002552
ALC_SEC00002568	ALC_SEC00002595
ALC_SEC00002613	ALC_SEC00002623
ALC_SEC00002629	ALC_SEC00002630
ALC_SEC00003840	ALC_SEC00004232
ALC_SEC00004238	ALC_SEC00004553
ALC_SEC00004628	ALC_SEC00004651
ALC_SEC00004653	ALC_SEC00004657
ALC_SEC00004666	ALC_SEC00004667
ALC_SEC00004676	ALC_SEC00004695
ALC_SEC00004701	ALC_SEC00004702
ALC_SEC00004706	ALC_SEC00004714
ALC_SEC00004723	ALC_SEC00004724
ALC_SEC00004730	ALC_SEC00004754
ALC_SEC00004757	ALC_SEC00004764
ALC_SEC00004766	ALC_SEC00004768
ALC_SEC00004796	ALC_SEC00004806
ALC_SEC00004819	ALC_SEC00004835
ALC_SEC00004899	ALC_SEC00004903
ALC_SEC00004905	ALC_SEC00004955
ALC_SEC00004969	ALC_SEC00005141
ALC_SEC00005189	ALC_SEC00005199
ALC_SEC00005239	ALC_SEC00005239
ALC_SEC00005241	ALC_SEC00005241

Control Number Begin	Control Number End
ALC_SEC00005250	ALC_SEC00005250
ALC_SEC00005255	ALC_SEC00005259
ALC_SEC00005263	ALC_SEC00005551
ALC_SEC00059808	ALC_SEC00060309
ALC_SEC00070283	ALC_SEC00070288
ALC_SEC00070303	ALC_SEC00070321
ALC_SEC00070327	ALC_SEC00070327
ALC_SEC00070332	ALC_SEC00070334
ALC_SEC00070336	ALC_SEC00070336
ALC_SEC00070339	ALC_SEC00070348
ALC_SEC00070360	ALC_SEC00070363
ALC_SEC00070374	ALC_SEC00070383
ALC_SEC00070397	ALC_SEC00070397
ALC_SEC00070402	ALC_SEC00070403
ALC_SEC00070405	ALC_SEC00070408
ALC_SEC00070416	ALC_SEC00070426
ALC_SEC00070439	ALC_SEC00070488
ALC_SEC00070535	ALC_SEC00070595
ALC_SEC00070631	ALC_SEC00070825
ALC_SEC00071234	ALC_SEC00071866
ALC_SEC00071902	ALC_SEC00071988
ALC_SEC00072000	ALC_SEC00072133
ALC_SEC00072148	ALC_SEC00072257
ALC_SEC00072263	ALC_SEC00072432
ALC_SEC00072446	ALC_SEC00072674
ALC_SEC00072687	ALC_SEC00072689
ALC_SEC00072727	ALC_SEC00072737
ALC_SEC00073102	ALC_SEC00073102
ALC_SEC00073104	ALC_SEC00073117
ALC_SEC00073124	ALC_SEC00073128
ALC_SEC00073135	ALC_SEC00073162
ALC_SEC00073165	ALC_SEC00073184
ALC_SEC00073215	ALC_SEC00073218
ALC_SEC00073266	ALC_SEC00073266

Control Number Begin	Control Number End
ALC_SEC00073611	ALC_SEC00073647
ALC_SEC00073918	ALC_SEC00073951
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ALC_SEC00073996	ALC_SEC00073997
ALC_SEC00073999	ALC_SEC00074017
ALC_SEC00074140	ALC_SEC00074191
ALC_SEC00074206	ALC_SEC00074406
ALC_SEC00074409	ALC_SEC00074549
ALC_SEC00074598	ALC_SEC00074663
ALC_SEC00074665	ALC_SEC00074745
ALC_SEC00074747	ALC_SEC00074777
ALC_SEC00074831	ALC_SEC00074873
ALC_SEC00074975	ALC_SEC00074991
ALC_SEC00075048	ALC_SEC00075049
ALC_SEC00075052	ALC_SEC00075476
ALC_SEC00075485	ALC_SEC00075485
ALC_SEC00075487	ALC_SEC00075609
ALC_SEC00075622	ALC_SEC00075661
ALC_SEC00076857	ALC_SEC00077069
ALC_SEC00077448	ALC_SEC00077494
ALC_SEC00077529	ALC_SEC00077585
ALC_SEC00077875	ALC_SEC00078030
ALC_SEC00078034	ALC_SEC00078035
ALC_SEC00078046	ALC_SEC00078048
ALC_SEC00078053	ALC_SEC00078053
ALC_SEC00078058	ALC_SEC00078538
ALC_SEC00078552	ALC_SEC00078573
ALC_SEC00078577	ALC_SEC00078601
ALC_SEC00078615	ALC_SEC00078671
ALC_SEC00078711	ALC_SEC00078772
ALC_SEC00078789	ALC_SEC00078794
ALC_SEC00078823	ALC_SEC00078879
ALC_SEC00078884	ALC_SEC00078937
ALC_SEC00078975	ALC_SEC00078990

Control Number Begin	Control Number End
ALC_SEC00079007	ALC_SEC00079014
ALC_SEC00079016	ALC_SEC00079094
ALC_SEC00079107	ALC_SEC00079200
ALC_SEC00079593	ALC_SEC00079606
ALC_SEC00079618	ALC_SEC00079623
ALC_SEC00079639	ALC_SEC00079647
ALC_SEC00079657	ALC_SEC00079662
ALC_SEC00079669	ALC_SEC00079674
ALC_SEC00079705	ALC_SEC00079710
ALC_SEC00079718	ALC_SEC00079722
ALC_SEC00079736	ALC_SEC00079742
ALC_SEC00079746	ALC_SEC00079752
ALC_SEC00079769	ALC_SEC00079777
ALC_SEC00079783	ALC_SEC00079796
ALC_SEC00079806	ALC_SEC00079817
ALC_SEC00079827	ALC_SEC00079832
ALC_SEC00079842	ALC_SEC00079849
ALC_SEC00079853	ALC_SEC00079859
ALC_SEC00079903	ALC_SEC00079908
ALC_SEC00079918	ALC_SEC00079918
ALC_SEC00079924	ALC_SEC00079930
ALC_SEC00079932	ALC_SEC00079943
ALC_SEC00079948	ALC_SEC00079982
ALC_SEC00079985	ALC_SEC00079987
ALC_SEC00079999	ALC_SEC00080052
ALC_SEC00080179	ALC_SEC00080182
ALC_SEC00080474	ALC_SEC00080478
ALC_SEC00080522	ALC_SEC00080528
ALC_SEC00080620	ALC_SEC00080622
ALC_SEC00080627	ALC_SEC00080630
ALC_SEC00080650	ALC_SEC00080651
ALC_SEC00080653	ALC_SEC00080656
ALC_SEC00080828	ALC_SEC00080828
ALC_SEC00080868	ALC_SEC00080870

Control Number Begin	Control Number End
ALC_SEC00080881	ALC_SEC00080924
ALC_SEC00080976	ALC_SEC00080990
ALC_SEC00081002	ALC_SEC00081027
ALC_SEC00081125	ALC_SEC00081135
ALC_SEC00081191	ALC_SEC00081205
ALC_SEC00081217	ALC_SEC00081237
ALC_SEC00081246	ALC_SEC00081350
ALC_SEC00081365	ALC_SEC00081378
ALC_SEC00081426	ALC_SEC00081478
ALC_SEC00081518	ALC_SEC00081543
ALC_SEC00081575	ALC_SEC00081584
ALC_SEC00081606	ALC_SEC00081705
ALC_SEC00081743	ALC_SEC00081744
ALC_SEC00081755	ALC_SEC00081759
ALC_SEC00081800	ALC_SEC00081846
ALC_SEC00081870	ALC_SEC00081882
ALC_SEC00081905	ALC_SEC00081931
ALC_SEC00083191	ALC_SEC00083191
ALC_SEC00083202	ALC_SEC00083331
ALC_SEC00083342	ALC_SEC00083395
ALC_SEC00083777	ALC_SEC00084137
ALC_SEC00084270	ALC_SEC00084279
ALC_SEC00084379	ALC_SEC00084391
ALC_SEC00084400	ALC_SEC00084406
ALC_SEC00084664	ALC_SEC00084664
ALC_SEC00084744	ALC_SEC00084752
ALC_SEC00084775	ALC_SEC00084775
ALC_SEC00084786	ALC_SEC00084848
ALC_SEC00084870	ALC_SEC00084870
ALC_SEC00084914	ALC_SEC00084914
ALC_SEC00084945	ALC_SEC00084945
ALC_SEC00084979	ALC_SEC00084979
ALC_SEC00084990	ALC_SEC00085414
ALC_SEC00086168	ALC_SEC00086188

Control Number Begin	Control Number End
ALC_SEC00086196	ALC_SEC00086355
ALC_SEC00086413	ALC_SEC00086714
ALC_SEC00089734	ALC_SEC00090140
ALC_SEC00090553	ALC_SEC00090985
ALC_SEC00091432	ALC_SEC00091495
ALC_SEC00091505	ALC_SEC00091765
ALC_SEC00091767	ALC_SEC00091929
ALC_SEC00091934	ALC_SEC00091962
ALC_SEC00091966	ALC_SEC00091969
ALC_SEC00092007	ALC_SEC00092342
ALC_SEC00093023	ALC_SEC00093029
ALC_SEC00093048	ALC_SEC00093128
ALC_SEC00094050	ALC_SEC00094112
ALC_SEC00094228	ALC_SEC00094245
ALC_SEC00096820	ALC_SEC00096823
ALC_SEC00096830	ALC_SEC00096834
ALC_SEC00096965	ALC_SEC00096968
ALC_SEC00097009	ALC_SEC00097063
ALC_SEC00097152	ALC_SEC00097157
ALC_SEC00097172	ALC_SEC00097174
ALC_SEC00097176	ALC_SEC00097186
ALC_SEC00097188	ALC_SEC00097261
ALC_SEC00097276	ALC_SEC00097385
ALC_SEC00098637	ALC_SEC00098642
ALC_SEC00098646	ALC_SEC00098648
ALC_SEC00099196	ALC_SEC00099204
ALC_SEC00099213	ALC_SEC00099219
ALC_SEC00099252	ALC_SEC00099263
ALC_SEC00100079	ALC_SEC00100178
ALC_SEC00100190	ALC_SEC00100350
ALC_SEC00100353	ALC_SEC00100563
ALC_SEC00100566	ALC_SEC00100690
ALC_SEC00100693	ALC_SEC00100719
ALC_SEC00100722	ALC_SEC00100728

Control Number Begin	Control Number End
ALC_SEC00100779	ALC_SEC00100841
ALC_SEC00100853	ALC_SEC00100901
ALC_SEC00100913	ALC_SEC00101163
ALC_SEC00101166	ALC_SEC00101181
ALC_SEC00101193	ALC_SEC00101195
ALC_SEC00101203	ALC_SEC00101241
ALC_SEC00101296	ALC_SEC00101304
ALC_SEC00102759	ALC_SEC00102763
ALC_SEC00102765	ALC_SEC00102771
ALC_SEC00102773	ALC_SEC00102773
ALC_SEC00102794	ALC_SEC00102825
ALC_SEC00102858	ALC_SEC00102909
ALC_SEC00102915	ALC_SEC00102923
ALC_SEC00102978	ALC_SEC00102978
ALC_SEC00102994	ALC_SEC00103160
ALC_SEC00103162	ALC_SEC00103162
ALC_SEC00103195	ALC_SEC00103251
ALC_SEC00103288	ALC_SEC00103289
ALC_SEC00103322	ALC_SEC00103434
ALC_SEC00103441	ALC_SEC00103443
ALC_SEC00103475	ALC_SEC00103508
ALC_SEC00103510	ALC_SEC00103511
ALC_SEC00103569	ALC_SEC00103670
ALC_SEC00103684	ALC_SEC00103684
ALC_SEC00103750	ALC_SEC00103750
ALC_SEC00103757	ALC_SEC00103758
ALC_SEC00103870	ALC_SEC00103870
ALC_SEC00103914	ALC_SEC00104085
ALC_SEC00104088	ALC_SEC00104100
ALC_SEC00104102	ALC_SEC00104284
ALC_SEC00104551	ALC_SEC00104639
ALC_SEC00104657	ALC_SEC00104757
ALC_SEC00104815	ALC_SEC00104818
ALC_SEC00104824	ALC_SEC00105132

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ADMINISTRATIVE PROCEEDINGS RULINGS
Release No. 2247 / January 23, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16293

In the Matter of

LAURIE BEBO and
JOHN BUONO, CPA

ORDER ON REQUEST FOR
ISSUANCE OF SUBPOENAS

The Securities and Exchange Commission (Commission) commenced this proceeding on December 3, 2014, with an Order Instituting Administrative and Cease-and-Desist Proceedings (OIP) pursuant to Securities Exchange Act of 1934 (Exchange Act) Sections 4C and 21C and Commission Rule of Practice 102(e).¹ On January 14, 2015, I received Respondent Laurie Bebo's (Bebo) request for issuance of subpoenas to produce documents (Request). In response to my Order of January 15, 2015, the Division of Enforcement (Division) submitted a statement (Division Statement) on January 20, 2015, sharing some information on whether any of the documents requested under Bebo's four requested subpoenas *duces tecum* have already been produced to Bebo and on any applicable privilege waiver known to the Division. In particular, the Division did not object to the Request. Div. Statement at 1. On January 21, 2015, Bebo submitted a statement (Bebo Statement) in response to the Division Statement.

A party may request the issuance of subpoenas requiring the production of documentary or other tangible evidence. 17 C.F.R. § 201.232(a). However, a respondent is not entitled to conduct a "fishing expedition" in an effort to discover something that might assist him in his defense, or "in the hopes that some evidence will turn up to support an otherwise unsubstantiated theory." *Scott Epstein*, Exchange Act Release No. 59328, 2009 WL 223611, at *17 n.54 (Jan. 30, 2009) (internal quotations omitted), *quoted in China-Biotics, Inc.*, Exchange Act Release No. 70800, 2013 WL 5883342, at *18 n.131 (Nov. 4, 2013). Thus, I may refuse to issue a subpoena, or issue it with conditions, if compliance with the subpoena would be unreasonable, oppressive, excessive in scope, or unduly burdensome. 17 C.F.R. § 201.232(b). I may also require the party requesting the subpoena to show the general relevance of the evidence sought. *Id.*

¹ The proceeding is stayed as to Respondent John Buono, CPA (Buono), pending Commission consideration of his offer of settlement. *Laurie Bebo*, Admin. Proc. Rulings Release No. 2149, 2014 SEC LEXIS 4865 (Dec. 18, 2014).

The Request seeks four subpoenas: to Enlivant, f/k/a Assisted Living Concepts, LLC (ALC), Bebo's former employer (ALC Subpoena); to Milbank, Tweed, Hadley & McCloy LLP (Milbank), the law firm which ALC retained to conduct an internal investigation of the facts underlying this proceeding (Milbank Subpoena); to Ventas, Inc. (Ventas), the counterparty to the leasing agreement at issue in this proceeding (Ventas Subpoena); and to Quarles & Brady LLP (Quarles), ALC's corporate and litigation counsel (Quarles Subpoena). Request at 1-2. The parties agree that the privileged status of at least some of the requested documents has been waived. Div. Statement at 2; Bebo Statement at 2. Some requested documents likely have already been produced as part of the investigative file; Bebo does not dispute this. Div. Statement at 2; Bebo Statement, *passim*.

I have reviewed every requested category of documents, and I will issue some, either with or without modification. Bebo may renew her request as to those categories I have stricken or modified, provided that the categories are narrowed, and, where applicable, upon a sufficient showing of relevance pursuant to Commission Rule of Practice 232(b), 17 C.F.R. § 201.232(b). Also, as suggested in the Bebo Statement, I will change the return date to February 9, 2015. I address each request individually below.

ALC Subpoena

The first six categories of requested documents pertain to materials Bebo maintained in the course of her employment with ALC, including legal pads with handwritten notes and binders assembled for ALC board of directors meetings (collectively, Bebo Notes). It appears that at least some of the requested documents were collected during the Division's investigation, and presumably are in the investigative file. ALC Subpoena, Ex. A at 2; Bebo Statement at 2 & n.2. However, Bebo contends that such materials have been altered or destroyed, and has asserted spoliation of evidence as an affirmative defense. Answer at 11; Bebo Statement at 2 n.2. The requested documents appear to be relevant, the requests are otherwise not facially objectionable, and the ALC Subpoena will issue without modification as to these categories.

Categories seven and eight seek Bebo's telephone records from January 2008 to May 2012. There is no apparent relevance to these documents, and the request is overbroad, because it presumably seeks a large number of telephone records irrelevant to the OIP. The ALC Subpoena will issue with these categories stricken.

Categories nine and ten seek information regarding the salary and benefits of two ALC employees. Although such information may warrant a protective order, the category is otherwise narrowly tailored and not oppressive, unduly burdensome, or excessive in scope. The ALC Subpoena will issue without modification as to these categories.

Categories eleven and twelve seek Bebo's Outlook email and calendar files between January 2007 and May 2012. These appear to be relevant for the same reason as the Bebo Notes. However, the OIP alleges misconduct starting in 2008, and there is no apparent relevance to documents dating to January 2007. OIP at 3. The ALC Subpoena will issue as to these categories, but its scope will be limited to between January 2008 and May 2012.

Category thirteen seeks the Outlook calendar of a person, presumably an ALC employee, between January 1, 2009, and March 31, 2009. Although the relevance of this document is unclear, the category is narrowly tailored and not oppressive, unduly burdensome, or excessive in scope. The ALC Subpoena will issue without modification as to this category.

Category fourteen seeks inspection and imaging of Bebo's ALC-issued laptop computer. This appears to be relevant for the same reason as the Bebo Notes, and the laptop has apparently been preserved. ALC Subpoena, Ex. A at 8. The ALC Subpoena will issue without modification as to this category.

Categories fifteen, sixteen, and seventeen seek travel records, expense reports, and job descriptions of certain ALC employees. The temporal scope of this request – apparently from January 1, 2007, to the present – is overbroad. ALC Subpoena at 2. Also, at least some of the requested documents are contained in the investigative file, and category fifteen seeks travel records not limited to matters relevant to the OIP. Div. Statement at 2. The ALC Subpoena will issue with these categories stricken.

Categories eighteen, nineteen, and twenty pertain to Milbank's internal investigation and appear to be relevant. Although the exact scope of any privilege waiver is disputed, the ALC Subpoena contains a provision allowing production of a privilege log in lieu of privileged responsive materials. ALC Subpoena at 4; Div. Statement at 2; Bebo Statement at 2-3. The ALC Subpoena will issue without modification as to these categories.

Categories twenty-one and twenty-two pertain to statements in one of ALC's Schedule 14A proxy statements. Although such information may warrant a protective order, the category is otherwise narrowly tailored and not oppressive, unduly burdensome, or excessive in scope. The ALC Subpoena will issue without modification as to these categories.

Categories twenty-three, twenty-four, and twenty-five pertain to "350 boxes of hard-copy documents" and "over 5,400 email communications" collected by ALC for production to the Division. Although the relevance of these materials is unclear, they are not clearly part of the investigative file, and it would seemingly be a simple matter for ALC to produce them, if they still exist. *See* Div. Statement at 2. The ALC Subpoena will issue without modification as to these categories.

Category twenty-six pertains to "board materials" provided to Bebo. These appear to be relevant for the same reason as the Bebo Notes, and ALC is apparently willing to provide them to Bebo. ALC Subpoena, Ex. A at 8. The ALC Subpoena will issue without modification as to this category.

Categories twenty-seven through thirty-four pertain to certain business records of ALC. There is no apparent relevance to these documents. The ALC Subpoena will issue with these categories stricken.

In summary, as to the ALC Subpoena: categories one through six, nine, ten, thirteen, fourteen, and eighteen through twenty-six will issue without modification; categories eleven and twelve will issue with modifications; and the remaining categories will not issue.

Milbank Subpoena

The first six categories of requested documents pertain to the Bebo Notes, and the Milbank Subpoena will issue without modification as to these categories for the same reasons as the first six categories of the ALC Subpoena.

Categories seven through eleven pertain to Milbank's internal investigation. Although they are broader in scope than the categories requested in the ALC Subpoena, and some of the requested documents are apparently in the investigative file, the documents are otherwise facially unobjectionable for the same reasons as categories eighteen through twenty of the ALC Subpoena. Div. Statement at 2. The Milbank Subpoena will issue without modification as to these categories.

The Milbank Subpoena will therefore issue without modification.

Ventas Subpoena

The first four categories pertain to documents referencing events in 2005 through 2007. There is no apparent relevance to these documents and they are outside the scope of the OIP. The Ventas Subpoena will issue with these categories stricken.

Category five pertains to communications concerning Bebo, Buono, and ALC. This request is overbroad because it is not sufficiently limited in subject matter. The Ventas Subpoena will issue with this category stricken.

Categories six, seven, and eight pertain to documents concerning two former Ventas employees. Although the relevance of these documents is unclear, the categories are narrowly tailored and not oppressive, unduly burdensome, or excessive in scope. The Ventas Subpoena will issue without modification as to these categories.

Category nine pertains to communications between Ventas and Milbank. This request is overbroad because it is not sufficiently limited in subject matter. The Ventas Subpoena will issue with this category stricken.

Categories ten through sixteen pertain to counterparties to Ventas leases other than ALC. There is no apparent relevance to these documents, and the category is excessive in scope because it seeks documents dating to January 2007. The Ventas Subpoena will issue with this category stricken.

Category seventeen pertains to telephone records, apparently of calls between either Bebo or Buono and a Ventas employee between January and March 2009. Although the relevance of such records is unclear, the category is narrowly tailored and not oppressive, unduly

burdensome, or excessive in scope. The Ventas Subpoena will issue without modification as to this category.

Category eighteen pertains to Ventas leases other than the one with ALC. There is no apparent relevance to these documents. The Ventas Subpoena will issue with this category stricken.

Categories nineteen through twenty-five pertain to certain business records of Ventas. There is no apparent relevance to these documents. The Ventas Subpoena will issue with these categories stricken.

Category twenty-six pertains to Ventas' method for determining the purchase price for the Ventas properties ALC leased. This is a matter alleged in the OIP, and the Division does not contend that responsive documents are in the investigative file. OIP at 10; Div. Statement at 2. The Ventas Subpoena will issue without modification as to this category.

In summary, as to the Ventas Subpoena: categories six, seven, eight, seventeen, and twenty-six will issue without modification; and the remaining categories will be stricken.

Quarles Subpoena

The first category pertains to native file versions of approximately fourteen voicemails attached to emails apparently produced as part of the investigative file. Although their relevance is unclear, the request is narrowly tailored and it would seemingly be a simple matter for Quarles to produce them, if they still exist. The Quarles Subpoena will issue without modification as to this category.

Categories two, three, and four pertain to certain Quarles billing records. There is no apparent relevance to these documents. The Quarles Subpoena will issue with these categories stricken.

Categories five through nine pertain to Quarles records concerning matters alleged in the OIP. Although the relevance of the requested documents is generally clear, in part because responsive materials appear to be in the investigative file for this proceeding, the requests are overbroad because they seek documents dating to May 2013, which is outside the scope of the OIP. OIP at 3; Div. Statement at 2. Accordingly, the Quarles Subpoena will issue with this category modified to seek responsive materials from January 1, 2008, through May 31, 2012.

Category ten pertains to documents concerning an arrangement whereby a Quarles attorney acted as ALC's outside general counsel. There is no apparent relevance to these documents. The Quarles Subpoena will issue with this category stricken.

In summary, as to the Quarles Subpoena: category one will issue without modification; categories five through nine will issue with modifications; and the remaining categories will be stricken.

It is, therefore, hereby ordered that the Request is GRANTED IN PART and otherwise DENIED WITHOUT PREJUDICE, as outlined above. If Bebo submits a new request for issuance of subpoenas, she is urged to use this Office's subpoena form, which is available here: <http://www.sec.gov/alj>; she may attach papers to the form if necessary.

Cameron Elliot
Administrative Law Judge

EXHIBIT 9

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.

RESPONDENT LAURIE BEBO'S
REQUEST FOR ISSUANCE OF
SUPPLEMENTAL
SUBPOENAS DUCES TECUM

TO: Benjamin J. Hanauer, Esq.
United States Securities and
Exchange Commission
175 West Jackson Boulevard, Suite 900
Chicago, IL 60604

Pursuant to Rule 232 of the Commission's Rules of Practice, Ryan S. Stippich and Mark A. Cameli of Reinhart Boerner Van Deuren s.c., as counsel for Respondent Laurie Bebo, request issuance of the enclosed Supplemental Subpoenas Duces Tecum to Assisted Living Concepts, LLC doing business as Enlivant, Ventas, Inc. and Quarles & Brady LLP (the "Witnesses"), requiring the production of documentary or other tangible evidence returnable at a designated time or place.

In relation thereto, Respondent Laurie Bebo states as follows:

1. The documents possessed by the Witnesses are material and relevant to the subject matter of this proceeding.
2. Assisted Living Concepts, LLC doing business as Enlivant is Respondent's former employer at all times relevant to these proceedings.

3. Ventas, Inc. is a party to the leasing agreement that is central to these proceedings.

4. Quarles & Brady LLP is the law firm that Assisted Living Concepts, LLC retained for corporate and litigation matters involving Assisted Living Concepts, LLC and relevant to this proceeding.

5. Respondent Laurie Bebo believes that the Witnesses have custody, possession and control of documents and testimony related to the subject matter of this action and it is necessary that a Subpoena issue to each Witness.

6. Pursuant to Section 556 of the Administrative Procedures Act, as amended (5 U.S.C. § 556), and Rules 111 and 232 of the Rules of Practice of the United States Securities and Exchange Commission (17 C.F.R. §§ 201.111, 201.232), a subpoena may issue to a witness to appear, to produce certain documents and to give testimony in these proceedings.

7. The issuance of subpoenas to the Witnesses is not unreasonable, oppressive, excessive in scope, or unduly burdensome.

8. Copies of the proposed Supplemental Subpoenas Duces Tecum to the Witnesses and the requested documents are attached hereto as Exhibits A-C showing that the requests are reasonable in scope.

9. The January 23, 2015 Order on Request for Issuance of Subpoenas (the "Order"), raised concerns regarding the relevance or scope of the Subpoena Requests. The chart below addresses those concerns.

Entity	Request #: Original Subpoena	Request #: Amended Subpoena	ALJ objection to the original request	Bebo's response to the objections or revision to the original request
ALC	7	1	No apparent relevance and the request is overbroad because it presumably seeks a large number of telephone records irrelevant to the OIP.	<p>Bebo has revised this Request to limit the time frames to three key periods. Each of these time frames is relevant to the allegations in the OIP and the documents requested are necessary for Bebo to defend against the OIP allegations.</p> <p>(a) January 1, 2009-February 28, 2009: ALC seeks advice of counsel regarding ALC's rental of rooms at Ventas facilities related to employees and others. ALC also communicates via telephone and e-mail with Ventas regarding the same. (See OIP, ¶¶ 22-25.) Indeed, although conveniently omitted from the allegations of the OIP, Ms. Bebo had a specific conversation with Joseph Solari of Ventas on January 20, 2009 where, among other things, she discussed ALC's rental of rooms at Ventas facilities related to employees and others - the arrangement which the Division has characterized as a "scheme" in hindsight.</p> <p>(b) July 1, 2011-August 31, 2011: ALC receives an SEC Comment letter in late July, responds to the Comment letter with the assistance of its external auditors and counsel. There is conflicting testimony with respect to whether and to what extent ALC's outside counsel discussed the response by telephone. Advice received in relation to the SEC Comment letter is directly relevant to the SEC's claims that Bebo caused false and misleading disclosures in ALC's periodic filings (See OIP ¶¶ 41-46) ; and</p> <p>(c) March 1, 2012-May 29, 2012: the SEC asserts that the purported "scheme" unraveled in this time frame. These documents are critical to showing that the</p>

				ALC Board was aware of the employee leasing and that it was not a scheme created by management. (See OIP ¶¶ 51-54).
ALC	8	2	See above	See above
Ventas	2	1	No apparent relevance and outside the scope of the OIP as they seek documents from 2005-2007.	ALC stepped into the shoes of the previous tenant, Old CaraVita. The OIP makes numerous allegations with respect to ALC's reporting under the lease to Ventas, including that it included employees, that at times they reported occupancy over 100%, and that the facility financials failed to comply with GAAP. The implication is Ventas would not accept this reporting, but this is contradicted by their past practice with the previous tenant, Old CaraVita.. Ms. Bebo believes the evidence will establish that Old CaraVita engaged in practices in terms of lease reporting that (a) included employees in the covenant calculations; (b) included reports with over 100% occupancy; (c) included non-GAAP financials; and (d) shifted expenses from the financials of the facility to an affiliated home health company. Ms. Bebo believes all of this was known to Ventas, and she should be permitted document subpoenas to obtain this evidence that contradicts the Division's theory of the case. As such, these requests are both relevant and narrowly tailored.
Ventas	3	2	See above	See above
Ventas	4	3	See above	See above
Ventas	5	4	Overbroad because it is not sufficiently limited in subject matter.	Bebo has narrowed both the time frame and the subject matter for this request. The documents requested are limited to those that address the SEC investigation of ALC and its purported use of employees in occupancy counts at Ventas properties. These documents are critical to developing an understanding of Ventas'

				knowledge of the allegations in the OIP, specifically those in ¶¶ 22-27.
Ventas	9	5	Overbroad because it is not sufficiently limited in subject matter.	See above
Ventas	10	6	No apparent relevance as it involves parties to Ventas leases other than ALC; and excessive in scope because it seeks documents dating to January 2007.	This information is relevant to Bebo's defense because it supports her challenge to the assertions of Ventas representatives with respect to the company's purported practice of not waiving covenants or reaching other accommodations with tenants. Bebo is entitled to obtain evidence necessary to challenge these assertions. The request is narrowly tailored to seek these documents during the time frame from when ALC began a tenant of Ventas until the last purportedly false and misleading disclose. (See OIP ¶ 41.)
Ventas	11	7	See above	See above
Ventas	12	8	See above	See above
Ventas	13	9	See above	See above
Ventas	14	10	See above	See above
Ventas	15	11	See above	See above
Ventas	16	12	See above	The OIP asserts that Ventas paid close attention to ALC's compliance and asked questions about ALC's operations; however, Ms. Bebo believes the documents requested will show that the basis for Ventas' interest was primarily for the purpose of mining for information that it could use to boost its own properties elsewhere that were in competition with ALC's properties. (See OIP ¶ 20). Bebo's request is limited in

				that it only seeks documents regarding Ventas' other Senior Housing Communities during the time when ALC was a Ventas tenant. Based on a review of Ventas' SEC filings, this should include only a handful of operators (approximately 6-8).
Ventas	21	13	See above	The requested information will further support that Ventas was a competitor of ALC and it had Senior Housing Communities that were located such that they were in direct competition with ALC's properties. This showing supports that Ventas used its quarterly calls to gather non-public information from ALC about its sales and marketing initiatives and administration of its properties, and that Ms. Bebo was appropriately circumspect during those conversations because it was in the best interests of ALC. Bebo's request is limited in that it only seeks documents regarding Ventas' other Senior Housing Communities during the time when ALC was a Ventas tenant.
Ventas	24	14	See above	The requested information goes to support the contention that ALC was the operator of only a small portion of its Senior Housing Communities segment and an extremely minor part of Ventas' (and ALC's) business. Because ALC was not a credit risk for rental payments, this information goes to refute the implications of the OIP that Ventas either did not or would not have agreed to the practice utilized by ALC to meet the covenants. Bebo's request is narrowly tailored to only seek documents regarding Ventas' other Senior Housing Communities during the time when ALC was a Ventas tenant.
Ventas	n/a	15	New request added to the amended	This is a new request that relates to information requested in request number 26 in the original subpoena. This request,

			subpoena	seeking additional information relating to the sale of the Ventas properties and the accounting treatment of the sale, pertains to a matter alleged in the OIP.
Q&B	2	1	No apparent relevance	One of Bebo's defenses is that she relied on the advice of counsel. Bebo seeks the billing records because they likely contain admissible evidence with respect to whether Quarles & Brady advised Bebo and/or ALC regarding the SEC Comment letter in July and August 2011, covenant compliance in connection with the Ventas lease, and ALC's disclosures in its SEC filings regarding the same. The Request is narrowly tailored to the appropriate time frame (July 2011-May 2012).

Dated this 4th day of February, 2015.

REINHART BOERNER VAN DEUREN S.C.
Counsel for Respondent Laurie Bebo

By: 

Ryan S. Stippich

IL State Bar No.: 

Mark A. Cameli

WI State Bar ID No. 

