

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA and COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF PUBLIC WELFARE,	: : : : : : : : : : : : : : : :	CIVIL ACTION NO.: 07-2699
Plaintiffs,		
v.		
HOLLAND-GLEN,		
Defendant.		

CONSENT ORDER

WHEREAS, on June 28, 2007 plaintiffs United States of America and the Commonwealth of Pennsylvania, Department of Public Welfare ("DPW") filed a Verified Complaint for Injunctive Relief against defendant Holland-Glen as well as a Motion for a Temporary Restraining Order and Preliminary Injunction;

WHEREAS, defendant Holland-Glen answered plaintiffs' Verified Complaint on July 18, 2007;

WHEREAS, the Court thereafter entered stipulated orders that preserved the status quo and appointed facility monitors; and

WHEREAS, the parties wish to resolve this litigation without the necessity of the preliminary injunction hearing that had been scheduled for January 22, 2008.

NOW, THEREFORE, by the consent of the parties, it is hereby ORDERED and DECREED that:

1. By January 23, 2008, Holland-Glen shall retain Cambridge Horsham Pediatrics, LLC ("Cambridge") as the Temporary Manager of the three Holland-Glen facilities located at 412 South York Road, Hatboro, Pennsylvania; Glen Drive, Doylestown, Pennsylvania; and Cedarcrest, Quakertown, Pennsylvania. As Temporary Manager, Cambridge shall have authority to: hire, terminate, or reassign staff; obligate facility funds; alter facility procedures; direct all clinical activities; and otherwise engage in day-to-day management of all Holland-Glen facilities.

2. Holland-Glen and Cambridge shall hereafter comply with and be bound by the terms of the quality of care provisions found in 42 C.F.R. § 483, et seq.

3. Holland-Glen and Cambridge have executed a letter of intent to transfer the assets of Holland-Glen to Cambridge in return for good and valuable consideration as set forth in the letter of intent. Holland-Glen and Cambridge shall complete due diligence and execute a definitive agreement by no later than January 25, 2008. The closing shall occur as soon as practicable thereafter but not later than January 31, 2008. Upon completion of the closing of the transaction, Cambridge may commence transferring children. Within sixty (60) days after Holland-Glen and Cambridge execute a definitive agreement, Holland-Glen and Cambridge shall cease operating the Holland-Glen facility that is located at 412 South York Road, Hatboro, Pennsylvania. Cambridge shall transfer all residents who are currently at the York Road facility either to one of the separate Holland-Glen small group homes or to a Cambridge facility. Such transfers of residents shall take into account the needs and preferences of the residents and their families, and Cambridge shall endeavor to maximize the post-transfer proximity of residents to their families. All transfers of residents shall be made in accordance with a transition plan by

Cambridge, subject to DPW approval. All downsizing of Holland-Glen staff in connection with the transfers shall be in compliance with the Federal WARN Act if applicable.

4. In the event that Cambridge and Holland-Glen are unable to execute a definitive agreement by January 25, 2008, Cambridge or another qualified provider -- subject to the reasonable approval of the United States and DPW -- shall continue to act as the Temporary Manager of the Holland-Glen facilities.

5. If Holland-Glen and Cambridge close their transaction, Cambridge shall thereafter continue to comply with and be bound by the terms of the quality of care provisions found in 42 C.F.R § 483, et seq. Such provisions shall: (a) continue to apply to any Cambridge facility in which care is provided for any medically fragile resident; and (b) be incorporated as a licensing condition for any such facility.

6. Henceforth in perpetuity, the current President of Holland-Glen, William J. Schlachter, for himself and for all entities with which he is or may become associated in any way, shall have no role in the management of the Holland-Glen facilities -- except to consult with Cambridge at their request as necessary to operate the facilities -- and shall have no role at all in the management of any Cambridge facility or affiliated facility.

7. Henceforth in perpetuity, no member of Holland-Glen's Board of Directors shall have any role in the management or oversight of any care or day-to-day operations of any Cambridge facility, Holland-Glen facility, or any affiliated facility.

8. The current Court-appointed monitors, Sue Renz and Marie Boltz, shall continue as monitors of the Holland-Glen facilities. If Holland-Glen and Cambridge close their transaction, Ms. Renz and Ms. Boltz shall serve for a period of three years from the date of this

agreement as monitors of all Cambridge facilities in which care is provided for any and all medically fragile resident(s).

9. With the exception of providing medical benefits to William J. Schlachter through February 29, 2008 and paying any compensation owed to him as of January 18, 2008, neither Holland-Glen nor Cambridge shall ever henceforth make any payment or provide any benefit of any type to Mr. Schlachter or to any entity with which he is associated in any way.


10. Neither Holland-Glen nor Cambridge shall henceforth make any payment or provide any benefit of any type to any member of the Holland-Glen Board of Directors or to any entity with which any of them is associated in any way.

11. This Consent Order is legally binding and judicially enforceable by the parties to it and shall be applicable to and binding upon all of the parties, their officers, agents, employees, assigns, and successors, including any temporary managers.

12. The Court shall retain jurisdiction of this action.

13. This Consent Order reflects the entire agreement among the undersigned parties. It may be amended only by written consent of all of the undersigned parties.

SO ORDERED this 22nd day of January, 2008.

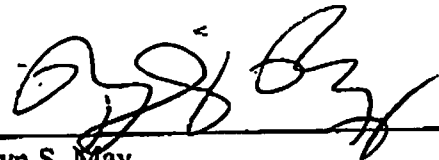


HONORABLE JOHN P. FULLAM
Senior Judge, United States District Court

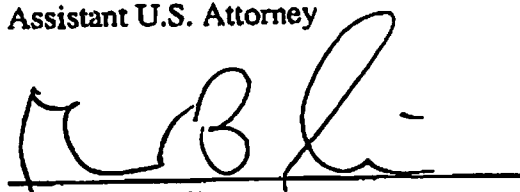
Agreed and Consented to:

For Plaintiff United States of America:

PATRICK L. MEEHAN
United States Attorney

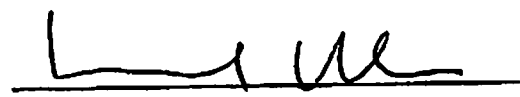


Marilyn S. May
Assistant U.S. Attorney



Gerald B. Sullivan
Assistant U.S. Attorney

For Plaintiff Commonwealth of Pennsylvania
Department of Public Welfare



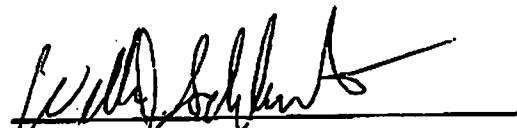
Howard Ulan
Senior Assistant Counsel
Commonwealth of Pennsylvania
Department of Public Welfare

Agreed and Consented to:

For Defendant Holland-Glen



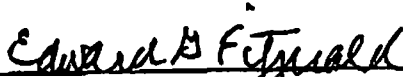
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William J. Schlachter
President, Holland-Glen

Agreed and Consented to:

For Cambridge Horsham Pediatrics, LLC:



Edward Fitzgerald, Esquire
Dominic P. Marco, Jr., Esquire
Spector Gadon & Rosen, P.C.



Steven B. Atlass
Manager,
Cambridge Horsham Pediatrics, LLC