SETTLEMENT AGREEMENT
AND MUTUAL RELEASES

I. PARTIES

This Settlement Agreement ("Agreement") is entered into as of June 10th, 2008 between and among the following and their authorized representatives: (1) the United States of America, acting through the United States Department of Justice and the United States Attorney's Office for the Eastern District of Pennsylvania (collectively "the United States"); (2) Brookwood Personal Care Home, Inc. ("Brookwood"); Conlyn House, Inc. ("Conlyn"); Thoroughgood, Inc., d/b/a Azalea Court Residence ("Thoroughgood"); Health Horizons Unlimited, Inc. ("Health Horizons"); and Ivy Ridge Personal Care Center, Inc. ("Ivy Ridge") (collectively "the Personal Care Home Entities" or "the Entities"); and (3) the Personal Care Home Entities' owners, officers, directors, and employees, including but not limited to Rosalind S. Lavin ("Ms. Lavin") (collectively the "Owners"). The United States, the Personal Care Home Entities, and the Owners are hereinafter collectively referred to as "The Parties."

II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. For purposes of this Agreement, the "relevant period" or the "relevant times" means: (1) with respect to a particular facility that is now closed, the period between September 1, 2000 and the date that the facility closed; and (2) in the case of a facility that is still operating, the period between September 1, 2000 and present.

B. Under Title 55, Pennsylvania Code, Chapter 2620, the Department of Public Welfare ("DPW") for the Commonwealth of Pennsylvania licenses and regulates adult residential facilities that are referred to in this agreement as "Personal Care Homes."

C. At all relevant times, many of the residents at all of the Personal Care Homes that are the subject of this Agreement received from the Social Security Administration ("SSA") benefits that included: (1) Federal Old Age, Survivors and Disability Insurance Benefits, commonly known as "OASDI," "Social Security," or "Title II" benefits; and/or (2) Supplemental Security Income for the Aged, Blind, and Disabled, commonly known as "SSI" or "Title XVI" benefits. OASDI benefits that are Disability Insurance Benefits are commonly known as "DIB" benefits.

D. To be entitled to DIB, a claimant must: (i) be under age 65; (ii) meet the insured status requirements of Title II of the Social Security Act ("the Act"); and (iii) be under a disability as defined by the Act. 42 U.S.C. § 423. To qualify for SSI benefits, a claimant must: (i) have insufficient earnings and other financial resources; and (ii) be either over age 65, blind, or under a disability as defined by Title XVI of the Act. 42 U.S.C. § 1382c. Title II and Title XVI of the Act define "disability" as (1) any medically determinable "physical or mental impairment" or combination of such impairments (2) that can be expected to result in death or which has or have "lasted or can be expected to last for a continuous period of not less than 12 months" and (3) that are severe enough to make the individual unable to engage in previous work or in any other kind of "substantial gainful activity" that exists in the national economy.

E. Many of the residents at all of the Personal Care Homes that are the subject of this Agreement who received DIB and/or SSI benefits suffered from mental and/or physical disabilities that required that they be assisted and/or supervised in their activities of daily living.

F. SSA will pay benefits to an individual or entity (a "representative payee") who represents a beneficiary of Title II and/or Title XVI benefits if such payment is in the interest of the beneficiary because the beneficiary is: (i) legally incompetent; (ii) mentally incapable of managing benefit payments; or (iii) physically incapable of managing or directing the management of benefit payments. SSA sends benefits directly to a representative payee to provide a beneficiary's housing, food, clothing, medical care, and personal needs items. Any such benefits that the representative payee does not use for current maintenance of a beneficiary must -- consistently with the rules followed by trustees -- be conserved and/or invested by the payee on behalf of the beneficiary.

G. Brookwood formerly operated a Personal Care Home (the Brookwood Personal Care Home) at 1027 N. Ridley Creek Road, Media, Pennsylvania. The facility opened in or before 1981 as a Retirement Home and in or around November 1986 became a Personal Care Home. The facility was closed on September 12, 2000. Brookwood was a Pennsylvania Corporation with a registered place of business in Delaware County, Pennsylvania. During its operation in the relevant period, the Brookwood Personal Care Home housed between 30 and approximately 35 residents. Brookwood served as the representative payee for the benefits that some of its residents received from SSA. SSA sent those benefits directly to Brookwood, which endorsed and negotiated the benefit

checks.

H. Conlyn formerly operated a Personal Care Home (Conlyn House and/or the Robert E. Lavin Residences) at 5830 N. 16th Street, Philadelphia, Pennsylvania. The facility opened in 1993 and closed in September 2002. Conlyn was a Pennsylvania Corporation with a registered place of business in Philadelphia County, Pennsylvania. Ms. Lavin and/or her late husband, Robert Lavin, were the executive officers of Conlyn. Mr. Lavin owned Conlyn until 2003. During the relevant period, the Conlyn facility housed between 22 and approximately 45 residents. Conlyn served as the representative payee for the benefits that some of its residents received from SSA. SSA sent those benefits directly to Conlyn, which endorsed and negotiated the benefit checks.

I. Thoroughgood formerly operated a Personal Care Home (the Thoroughgood Home and/or Azalea Court Residence) at 400 S. 40th Street, Philadelphia, Pennsylvania. The facility opened in 1986 and closed in September 2002. Thoroughgood was a Pennsylvania Corporation with a registered place of business in Philadelphia County, Pennsylvania. Ms. Lavin and her late husband owned Thoroughgood. Ms. Lavin and/or her late husband were executive officers of Thoroughgood. During the relevant period, the Thoroughgood facility housed between 40 and approximately 70 residents. Thoroughgood served as the representative payee for the benefits that some of its residents received from SSA. SSA sent those benefits directly to Thoroughgood, which endorsed and negotiated the benefit checks.

J. Ivy Ridge operates a Personal Care Home (the Ivy Ridge Personal Care Center) at 5627 Ridge Avenue, Philadelphia, Pennsylvania (hereinafter "the Ivy Ridge facility"). The Ivy Ridge facility opened in 1987 and continues to operate as a Personal Care Home. Ivy Ridge is a Pennsylvania Corporation with a registered place of business in Philadelphia County, Pennsylvania. Ms. Lavin owns Ivy Ridge. Ms. Lavin is the sole executive officer of Ivy Ridge. During the relevant period, the Ivy Ridge facility has housed between 30 and approximately 60 residents. Ivy Ridge has served as the representative payee for the benefits that some of its residents have received from SSA. SSA sent and sends those benefits directly to Ivy Ridge, which has endorsed and negotiated the benefit checks.

K. At all relevant times, Health Horizons has been a Pennsylvania Corporation with a registered place of business in Montgomery County, Pennsylvania. Health Horizons was the management corporation for Brookwood, Conlyn, and Thoroughgood. Health Horizons was and remains the management corporation for Ivy Ridge. Ms. Lavin and/or her late husband have been the dominant shareholders and executive officers of Health Horizons.

L. The United States contends that the Entities, and/or the Owners, submitted or caused to be submitted to SSA: (i) representative payee claims for payment on behalf of beneficiary-residents of these Personal Care Homes; and (ii) records and statements to obtain payment for such claims. Such records and statements included: (i) Standard Forms SSA-11 ("Request to be Selected as Payee"); (ii) monthly benefit checks that the Entities and/or the Owners endorsed as representative payees; and (iii) annual

Standard Forms SSA-623 ("Representative Payee Report"). In the SSA-11 forms, the representative payee applicants and/or their representatives certified, among other things, that the SSA payments made to them would be used for their beneficiaries' current needs or saved for the beneficiaries' future needs. In the SSA-623 forms, the representative payees and/or their representatives certified how they had accounted for such benefits.

M. The United States also contends that, for the period September 1, 2000 to present, it has certain civil claims against the Entities and the Owners, based upon conduct that is hereinafter referred to as the "Covered Conduct." These claims relate to: (1) the failures of the Entities and the Owners to provide necessary care, maintenance, housing, management, and fiduciary assistance during the relevant period to and on behalf of residents for whom the Entities served as representative payees of Title II and/or Title XVI benefits that the Entities had certified to SSA would be used for such residents' benefit; and (2) monies that the United States paid to the Entities as representative payees to provide such certified care, maintenance, housing, management, and fiduciary assistance. The United States asserts that, among other such conduct, the Entities (all of which -- including, most recently, the Ivy Ridge facility -- have now had their licenses revoked by DPW) and the Owners subjected such beneficiary-residents to grossly inadequate, dangerous housing and care that included: (1) structurally unsafe residences; (2) inadequate residential security; (3) insufficient food and nutrition; (4) unsanitary, sub-standard living conditions; (5) irregular and limited personal care; (6) inadequate oversight of administration of medications and failures to seek medical care when needed; (7) inadequate and unclean clothing, linens, and bedding; and (8) inadequate activities of

daily living. The United States further contends that the Entities and the Owners: (1) diverted SSA benefits from use for the care of such beneficiary-residents to the Owners' own use and benefit, including for payment of their personal expenses and salaries; (2) failed to conserve and/or invest SSA benefits that were not used for the current maintenance of such beneficiary-residents; and (3) failed to provide to SSA a proper accounting of how the SSA benefits of beneficiary-residents were used.

N. This Agreement is not an admission of liability or wrongdoing by the Entities or by the Owners.

O. This Agreement is not a concession by the United States that its claims are not well-founded.

P. To avoid the delay, uncertainty, risk, inconvenience, and expense of protracted litigation of the above claims, the Parties reach a full, final, and amicable settlement pursuant to the Terms and Conditions below.

III. TERMS AND CONDITIONS

1. The Entities and the Owners agree to pay to the United States the sum of Seven Hundred Thousand Dollars ($700,000.00) (the "Settlement Amount") in accordance with the following schedule: (a) $200,000 shall be due upon the signing of this Agreement; (b) $200,000 shall be due within six (6) months of the signing of this Agreement; (c) $200,000 shall be due within eleven (11) months of the signing of this Agreement; and (d) the final $100,000 shall be due either upon the sale of the Ivy Ridge Personal Care Center or within twenty-four months of the signing of this Agreement, whichever occurs earlier. To the extent that any of the final $100,000 remains unpaid

twelve (12) months after the date of execution of this Agreement, interest shall accrue thereafter on the outstanding sum -- until final payment -- at the rate applicable under 28 U.S.C. § 1961. The Entities and the Owners agree to pay the Settlement Amount, including each and every installment thereof, by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the Eastern District of Pennsylvania.

2. Ivy Ridge and its Owners agree: (a) to cease operating the Ivy Ridge facility as a Personal Care Home; (b) fully to cooperate with DPW's relocation of facility residents; (c) to provide DPW -- within twenty (20) days from the date of execution of this Agreement -- with the DPW-required notice that within sixty (60) days Ivy Ridge will close as a Personal Care Home; (d) to provide to all personal care residents of the Ivy Ridge facility -- within thirty-five (35) days of the date of execution of this Agreement -- the DPW-required notice that the Ivy Ridge facility will be closing within thirty days of such notice; and (e) that, following the closing of the Ivy Ridge facility as a Personal Care Home, no owner of more than 5% of Ivy Ridge, or officer or director of Ivy Ridge, nor any entity with which any such owner, officer, or director or a member of his or her immediate family has been, is, or later becomes affiliated, nor any member of the immediate family of any such owner, officer, or director, may or will operate at 5627 Ridge Avenue, Philadelphia, Pennsylvania a facility at which personal care is provided. The parties agree, however, that, subject to compliance with any requirements of the Commonwealth of Pennsylvania and the City of Philadelphia, the facility at 5627 Ridge Avenue may be operated as a boarding home or as any other kind of rental facility at which no resident receives personal

care and at which no lessee/tenant/occupant has a representative payee for receipt of government benefits.

3. The Entities and the Owners agree that, beginning sixty (60) days after the effective date of this Agreement, neither the Entities nor the Owners nor any other entity in which any such Owner now has or hereafter acquires an ownership interest, will ever again act as a representative payee for purposes of receiving Title II, Title XVI, other SSA, VA, or other governmental benefits for any individual other than a family member of any such Owner.

4. The Entities and the Owners voluntarily withdraw from, and agree henceforth never to participate in, federally funded health care programs, as follows.[1]

a. In compromise and settlement of the rights of OIG-HHS to exclude Ms. Lavin pursuant to 42 U.S.C. § 1320a-7(b)(6)(B), based upon the Covered Conduct, Ms. Lavin agrees to be permanently excluded under this statutory provision from Medicare, Medicaid, and all other Federal health care programs, as defined in 42 U.S.C. § 1320a-7b(f). The permanent exclusion shall be effective upon the effective date of this Agreement.

---

[1] Such "Federal health care programs" are those that are statutorily so defined. See 42 U.S.C. § 1320a-7b(f) (providing that "Federal health care program" means "(1) any plan or program that provides health benefits, whether directly, through insurance, or otherwise, which is funded directly, in whole or in part, by the United States Government [other than the health insurance program under chapter 89 of title 5]; or (2) any State health care program, as defined in section 1320a-7(h) of this title"); see also 42 U.S.C. § 1320a-7(h) (defining "State health care program" as: "(1) a State plan approved under subchapter XIX of this chapter, (2) any program receiving funds under subchapter V of this chapter or from an allotment to a State under such subchapter, (3) any program receiving funds under subchapter XX of this chapter or from an allotment to a State under such subchapter, or (4) a State child health plan approved under subchapter XXI of this chapter").

b. Such exclusion shall have national effect and shall also apply to all other federal procurement and nonprocurement programs. Federal health care programs shall not pay anyone for items or services, including administrative and management services, furnished, ordered, or prescribed by Ms. Lavin in any capacity while Ms. Lavin is excluded. This payment provision applies to Ms. Lavin and all other individuals and entities (including, for example, anyone who employs or contracts with Ms. Lavin, and any hospital or other provider where Ms. Lavin provides services). The exclusion applies regardless of who submits the claim or other request for payment. Ms. Lavin shall not submit or cause to be submitted to any Federal health care program any claim or request for payment for items or services, including administrative and management services, furnished, ordered, or prescribed by Ms. Lavin during the exclusion. Violation of the conditions of the exclusion may result in criminal prosecution, and the imposition of civil monetary penalties and assessments. Ms. Lavin further agrees to hold the Federal health care programs, and all federal beneficiaries and/or sponsors, harmless from any financial responsibility for items or services furnished, ordered, or prescribed to such beneficiaries or sponsors after the effective date of the exclusion. Ms. Lavin waives any further notice of the exclusion and agrees not to contest such exclusion either administratively or in any state or federal court.

5. The Entities and the Owners further agree that they will never again, directly or indirectly, own or co-own (through an ownership interest of five percent [5%] or more), operate, consult for, manage, or otherwise serve as an officer, director, or agent for any government-funded or private pay facility at which personal, patient, or resident

care is provided.

6. Subject to the exceptions in Paragraph 7 below, and in consideration of the obligations of the Entities and the Owners that are set forth in this Agreement, and on condition that the Entities and/or the Owners fully pay the Settlement Amount, the United States (on behalf of itself, its officers, agents, departments, and agencies) agrees to release the Entities, as well as their owners, employees, officers, independent contractors, directors, and agents, from any civil or administrative monetary claim or cause of action or claim for interest that the United States has or may have for the Covered Conduct under the common law theories of fraud, payment by mistake, unjust enrichment/restitution, and/or breach of contract.

7. Notwithstanding any term of this Agreement, the following are specifically reserved and excluded from the scope and terms of this Agreement as to the Entities and the Owners:

a. Any civil, criminal, or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code). Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws.

b. Any criminal liability.

c. Except as explicitly stated in this Agreement, any administrative liability.

d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct.

e. Any liability based upon such obligations as are created by this Agreement.

f. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

8. The Entities and the Owners fully and finally release the United States, its agencies, employees, servants, and agents from any claims (including for attorney's fees, costs, and expenses of every kind and however denominated) that the Entities and/or the Owners, or any of them, has or have asserted, could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation and prosecution thereof.

9. The Settlement Amount will not be decreased as a result of any lack of payment by SSA or the VA: (a) to Ivy Ridge and/or the Owners, or to any of the Entities as representative payee for one or more residents of the Ivy Ridge facility or of any other facility; and/or (b) to any current or former resident of the Ivy Ridge facility or of any other facility.

10. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraphs 6 and 8 above and Paragraph 11 below.

11. The Entities and the Owners agree that they waive and will not seek, based upon the claims that are defined in this Agreement as Covered Conduct, and for any care provided to current and/or former Ivy Ridge residents, payment from: (a) the United

States and/or any of its agencies and/or employees; (b) such residents, apart from previously agreed-upon private payment (i.e., payment from a non-governmental source); and/or (c) such residents' parents, sponsors, and/or legally responsible individuals, apart from previously agreed-upon private payment.

12. The Entities and the Owners warrant that they have reviewed their financial situations and that they currently are solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I) and that the Owners will remain solvent following the payment to the United States of the Settlement Amount. Further, the Entities and the Owners warrant that, in evaluating whether to execute this Agreement, they: (a) have intended that the mutual promises, covenants, and obligations that are set forth herein constitute a contemporaneous exchange for new value given to the Entities and the Owners, within the meaning of 11 U.S.C. § 547(c)(1); and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to represent, and do represent, a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which the Entities or the Owners, or any of them, was or became indebted, on or after the date of this transfer, all within the meaning of 11 U.S.C. § 548(a)(1).

13. Each party to this Agreement will bear its own legal and other costs incurred in connection with this matter, including for the preparation and performance of this Agreement.

14. The Entities and the Owners represent that they freely and voluntarily enter into this Agreement without any degree of duress or compulsion whatsoever.

15. The laws of the United States govern this Agreement. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among them under this Agreement will be the United States District Court for the Eastern District of Pennsylvania.

16. This Agreement constitutes the complete agreement among the Parties and may not be amended without their written consent.

17. Ms. Lavin represents that: (a) she is the only current owner, officer, and/or director of and for Ivy Ridge and Health Horizons; (b) Brookwood, Conlyn, and Thoroughgood no longer exist and, following the death of her husband, Robert Lavin, she succeeded to any and all ownership interest in those entities that she did not already hold; (c) she has not assigned any ownership interest in any of the Entities to any individual or entity; and (d) the Entities have authorized her to execute this Agreement on their behalf. The United States signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

18. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same agreement.

19. This Agreement is binding upon the successors, transferees, heirs, and assigns of the Entities and the Owners.

20. The Parties all consent to the United States' disclosure to the public of this Agreement and of information about this Agreement.

21. This Agreement is effective on the date of signature of the final signatory to the Agreement (the "effective date"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Settlement Agreement.

THE UNITED STATES OF AMERICA

DATED: June 10, 2008

BY: _____
PATRICK L. MEEHAN
United States Attorney

DATED: June 10, 2008

BY: _____
VIRGINIA A. GIBSON
Assistant United States Attorney
Chief, Civil Division

DATED: June 10, 2008

BY: _____
MARGARET L. HUTCHINSON
Assistant United States Attorney
Deputy Chief, Civil Division

DATED: June 10, 2008

BY: _____
GERALD B. SULLIVAN
Assistant United States Attorney

BROOKWOOD PERSONAL CARE HOME, INC.;
CONLYN HOUSE, INC.;
THOROUGHGOOD, INC., d/b/a/ AZALEA COURT RESIDENCE;
HEALTH HORIZONS UNLIMITED, INC.;
IVY RIDGE PERSONAL CARE CENTER, INC.;
AND THEIR OWNERS, OFFICERS, DIRECTORS, AND EMPLOYEES

DATED: June 6, 2008

BY: Rosalind S. Lavin
ROSALIND S. LAVIN
Sole Current Owner, Officer, and Director of Brookwood Personal Care Home, Inc.; Conlyn House, Inc.; Thoroughgood, Inc.; Health Horizons Unlimited, Inc.; and Ivy Ridge Personal Care Center, Inc.

COUNSEL FOR ROSALIND S. LAVIN

DATED: June 6, 2008

BY: Larry Besnoff
LAWRENCE J. TABAS, ESQ.
LARRY BESNOFF, ESQ.
Obermayer Rebmann, Maxwell & Hippel LLP
19th Floor – 1617 JFK Boulevard
Philadelphia, PA 19103

Signing as Counsel for Rosalind S. Lavin and not as a Party hereto

OFFICE OF INSPECTOR GENERAL,
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES

DATED: 6/6/08

BY: _____

Gregory E. Demske
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
U.S. Department of Health and Human Services