



**FILED**

**JUL 02 2024**

**INSURANCE REGULATION**  
Docketed by: 

## OFFICE OF INSURANCE REGULATION

**MICHAEL YAWORSKY**  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 329711-24-CO

Application for the Approval of the Simultaneous  
Acquisition of the Assets of LCS SANDHILL COVE LLC,  
and for the issuance of a Certificate of Authority to  
SANDHILL COVE LLC

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### CONSENT ORDER

THIS CAUSE came for consideration upon the filing by SANDHILL COVE LLC (“APPLICANT”), with the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) of an application for the approval of the simultaneous acquisition of the assets of LCS SANDHILL COVE LLC (“LCS”), and for the issuance of a Certificate of Authority to operate a Continuing Care Retirement Community (“CCRC”), pursuant to section 651.0245, Florida Statutes (“Application”). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter and the parties herein.
2. APPLICANT has applied for and, subject to the present and continuing satisfaction of the requirements, terms, and conditions established herein, has satisfactorily met all of the conditions precedent to the granting of approval by the OFFICE for the acquisition of the assets of LCS and the issuance of a Certificate of Authority, pursuant to the requirements of the Florida Insurance Code.

3. LCS is a Delaware limited liability company that holds a subsisting Certificate of Authority issued by the OFFICE authorizing it to operate a CCRC (“the “Facility”), pursuant to chapter 651, Florida Statutes.

4. APPLICANT is a Delaware limited liability company whose ownership structure is as disclosed in the Application but includes, among other entities, LCS MANAGEMENT HOLDING COMPANY, LLC (“LMHC”), a Delaware limited liability company; MCCARTHY GROUP, LLC (“MCCARTHY”), a Delaware limited liability company; and REDWOOD HOLDINGS, LLC (“REDWOOD”), a Maryland limited liability company.

5. APPLICANT and LCS have agreed to an Asset Purchase Agreement, the terms of which are as disclosed in the Application (“Transaction”).

6. APPLICANT has represented that it has secured additional debt funding (“Note B”) that will be drawn upon after closing of the Transaction. APPLICANT agrees that within 5 days of drawing Note B, Applicant shall file a calculation showing its new Minimum Liquid Reserve requirement with the OFFICE through the OFFICE’s Regulatory Electronic Filing System (“REFS”) for review and approval.

7. APPLICANT agrees to provide a written outline of the amount and anticipated terms of any new financing or refinancing, and the intended use of proceeds, to the OFFICE at least 30 days before the closing date of the financing or refinancing transaction. If there is a material change in the information provided, APPLICANT shall provide an updated outline to the OFFICE within 10 business days of APPLICANT becoming aware of such change.

8. If the OFFICE determines that any individual for whom APPLICANT is required to submit background information as part of this Application is unacceptable under the Florida Insurance Code, APPLICANT, LMHC, MCCARTHY, and REDWOOD shall cause the removal

of said person within 30 days of notice from the OFFICE and replace them with a person or persons acceptable to the OFFICE or shall undertake such other corrective action as directed by the OFFICE. Failure to act would constitute an immediate serious danger to the public and the OFFICE may take administrative action as it deems appropriate upon the Certificate of Authority of APPLICANT without further proceedings, pursuant to sections 120.569(2)(n) and 120.60(6), Florida Statutes.

9. Pursuant to section 651.043, Florida Statutes, APPLICANT must submit changes in officers, directors, managers, and management contracts to the OFFICE within 10 business days of the change. APPLICANT acknowledges that the OFFICE may disapprove management changes as provided for in section 651.043, Florida Statutes.

10. APPLICANT shall comply with the Plan of Operation and supporting documents submitted with its Application. APPLICANT acknowledges that written approval must be secured from the OFFICE prior to any material deviation from said Plan of Operation. Material deviations include, but are not limited to, offering continuing care contracts with refundability options or healthcare benefits that differ from the contracts submitted with the Application.

11. APPLICANT agrees that the OFFICE may place APPLICANT in administrative supervision should one of the following conditions occur:

- a. The facility is insolvent or impaired, as defined in section 651.011, Florida Statutes;
- b. The facility is at Regulatory Action level, pursuant to section 651.034, Florida Statutes;
- c. The facility reports a negative debt service reserve;
- d. The facility has failed to file a monthly, quarterly, annual financial statement, or audited financial statements as required by chapter 651, Florida Statutes;

- e. The facility was issued a Going Concern Audited Financial Statement by an independent certified public accountant;
- f. The facility has entered into a forbearance agreement with a lender;
- g. The facility has filed for bankruptcy.

12. APPLICANT shall provide written notice to the OFFICE prior to entering into any forbearance agreement.

13. APPLICANT has filed a feasibility study with the Application upon which the OFFICE has relied. APPLICANT acknowledges that it may be required to submit an updated feasibility study in the event of an extraordinary or unusual change or material deviation from the feasibility study filed in the Application, in accordance with Rule 69O-193.030, Florida Administrative Code.

14. APPLICANT acknowledges that failure to keep current and fulfill the marketing or financial projections forecast in the feasibility studies submitted with the Application, or any supplemental feasibility study submitted to the OFFICE, whether new, amended, or updated, may represent a hazardous or injurious transaction, method, or practice pursuant to Rule 69O-193.033(5), Florida Administrative Code.

15. APPLICANT has submitted various escrow agreements with the Application. Upon execution of this Consent Order, the form of the submitted escrow agreements is hereby approved. APPLICANT shall ensure that its escrow agreements fully comply with sections 651.033 and 651.035, Florida Statutes, as applicable, and shall obtain the prior written approval of the OFFICE before making any change to its escrow agreements or executing new escrow agreements. APPLICANT agrees that the OFFICE may require APPLICANT to deposit with the Department of Financial Services' Bureau of Collateral Management funds required to be escrowed upon the

withdrawal of an approved escrow agent, or upon the inability of the OFFICE to approve an escrow agreement with respect to APPLICANT, until such time that a new escrow agent or agreement is approved by the OFFICE.

16. LCS has submitted a request to terminate three escrow agreements, titled by LCS as: “Seller Wait List Escrow Agreement”, “Seller Entrance Payment Escrow Agreement”, and “Seller Minimum Liquid Reserve Escrow Agreement”. Upon execution of this Consent Order, the termination of these agreements and the requested release of the funds as detailed within the request is approved.

17. APPLICANT has submitted advertising as part of the Application. Upon execution of this Consent Order, said advertising is approved. APPLICANT represents that it has read, understands, and acknowledges the requirements of section 651.095, Florida Statutes, and Rules 69O-193.038 through 69O-193.043, Florida Administrative Code.

18. APPLICANT acknowledges that any financing shall not encumber the operating reserve account, the renewal and replacement reserve account, any entrance fee escrow account, any reservation deposit, or any wait list deposits.

19. APPLICANT acknowledges that its Certificate of Authority is not a fungible asset and cannot be transferred to another entity. APPLICANT acknowledges that a creditor may not be granted a security interest in a Certificate of Authority.

20. APPLICANT, LCS, LMHC, MCCARTHY, and REDWOOD acknowledge the requirements of section 651.051, Florida Statutes, and affirm that all of the records and assets of APPLICANT will be maintained or readily accessible in this state and that no records or assets of APPLICANT will be removed from this state unless the OFFICE consents in writing before such removal.

21. APPLICANT is subject to section 624.422, Florida Statutes, and shall promptly notify the OFFICE of any change to the name, email address, or other contact information of the person APPLICANT has designated to whom process against it served upon the Florida Chief Financial Officer is to be made available.

22. APPLICANT agrees to accept electronic service of process from the OFFICE for any matter related to the Florida Insurance Code. APPLICANT has designated [statrep@coagencyglobal.com](mailto:statrep@coagencyglobal.com) as the official electronic service address, and any OFFICE communication sent to that address shall be deemed accepted by the APPLICANT. Further, APPLICANT agrees to require any management company to accept electronic service from the OFFICE at the same email address for all matters related to the Florida Insurance Code. Any change to the above designated electronic service address must be immediately reported in writing to the OFFICE.

23. APPLICANT shall not offer new continuing care contracts for sale in Florida until APPLICANT has filed its forms via the OFFICE's Insurance Regulatory Filing System ("IRFS") at <https://www.flair.com/iportal>, and such filing has been approved in writing by the OFFICE, pursuant to section 651.055, Florida Statutes.

24. APPLICANT acknowledges that contracts for continuing care and amendments thereto must conform to the requirements of chapter 651, Florida Statutes, and be submitted to the OFFICE for approval prior to use pursuant to section 651.055, Florida Statutes.

25. APPLICANT acknowledges that it may only terminate a continuing care contract for just cause, pursuant to section 651.061(1), Florida Statutes. APPLICANT affirms that it shall not terminate a residency agreement due to a resident's inability to pay monthly maintenance fees until the entire unearned entrance fee, plus, when applicable, any Medicare benefits under Title

XVIII of the Social Security Act, or third-party insurance benefits received, is earned by the Facility, pursuant to section 651.061(2), Florida Statutes. APPLICANT affirms that for this purpose, the unearned portion shall be the difference between all amounts paid in by the resident and the cost of caring for the resident based upon the per capita cost to the Facility. APPLICANT acknowledges that should the entrance fee be exhausted within 90 days of the date of failure to pay, the Facility may not require the resident to leave before 90 days from the date of failure to pay, during which time the resident shall continue to pay the Facility a reduced fee based on their current income.

26. APPLICANT acknowledges that any entity that it contracts with for the provision of insurance coverage must first be authorized, made eligible, or registered with the OFFICE, unless otherwise approved in writing by the OFFICE.

27. Pursuant to section 651.091(4), Florida Statutes, APPLICANT shall submit to the OFFICE via REFS all disclosure documents prior to use, including the resident handbook.

28. Within 10 business days after the Transaction is completed, APPLICANT shall submit, or cause to be submitted, to the OFFICE all documentation evidencing completion of the Transaction not previously provided to the OFFICE. APPLICANT shall notify the OFFICE within 3 business days of determining that the Transaction will not occur.

29. Within 10 business days from the date of closing of the Transaction, APPLICANT shall submit the following items to the OFFICE:

a. An endorsement form for approval by the OFFICE. The endorsement form should inform the residents of the assumption of their contract and clarify that APPLICANT is now the provider for the Facility. The endorsement should also state a phone number and address

where residents can direct complaints. Upon approval, this endorsement should then be delivered by APPLICANT to each resident; and

b. Executed copies of the escrow agreements bearing APPLICANT's assigned Florida Company Code and bank account numbers, an updated Minimum Liquid Reserve Calculation form reflecting the execution of said escrow agreements, and evidence that the minimum liquid reserves have been fully funded.

30. APPLICANT shall timely submit reports and financial statements to the OFFICE via REFS. APPLICANT represents that its fiscal year end is December 31. As such, annually on or before May 1, APPLICANT shall submit to the OFFICE an annual report including audited financial statements pursuant to section 651.026, Florida Statutes. APPLICANT shall also submit periodic financial statements to the OFFICE on a quarterly and, if required, monthly basis pursuant to section 651.0261, Florida Statutes. Any quarterly statement due to be filed with the OFFICE is in addition to any monthly statement required for the same period. Quarterly statements are due on or before the 45th day following the period ending date. Monthly statements, if required, are due on or before the 25th day of the month following the period ending date.

31. APPLICANT shall submit monthly financial statements to the OFFICE for a period of 24 months beginning the first full month after the transaction closes, pursuant to section 651.0261(3)(c), Florida Statutes. APPLICANT may request to discontinue filing on a monthly basis after 24 months, and the OFFICE will consider the request subject to the conditions of section 651.0261(3), Florida Statutes.

32. APPLICANT shall notify the OFFICE prior to engaging or retaining bankruptcy counsel.



33. Any material changes to the information submitted in the Application filing shall be reported to the OFFICE for its review prior to the closing date. APPLICANT, LMHC, MCCARTHY, and REDWOOD acknowledge that if the OFFICE determines that any of these reported changes would have a material negative impact to the future financial condition or operation of the Facility, the OFFICE may rescind its approval as granted in this Consent Order by written notice to APPLICANT.

34. All parties to this Consent Order acknowledge that completion of the Transaction is subject to obtaining any other requisite regulatory or governmental approvals and that this Consent Order shall be deemed null and void if the Transaction is not completed within 60 days of the execution of this Consent Order. Accordingly, if APPLICANT fails to receive any other requisite approvals or the Transaction is not completed timely, the provisions of this Consent Order shall terminate automatically and have no effect.

35. APPLICANT, LCS, LMHC, MCCARTHY, and REDWOOD affirm that all information, explanations, representations, statements, and documents provided to the OFFICE in connection with this Application, including all attachments and supplements thereto, are true and correct and fully describe all transactions, agreements, ownership structures, understandings, and control with regard to the licensure and future operations of APPLICANT. APPLICANT, LCS, LMHC, MCCARTHY, and REDWOOD further agree and affirm that said information, explanations, representations, statements, and documents, including all attachments and supplements thereto, are material to the issuance of this Consent Order and have been relied upon by the OFFICE in its determination to enter into this Consent Order.

36. Any deadlines, reporting requirements, other provisions, or requirements set forth in this Consent Order may be altered or terminated by written approval of the OFFICE. Such

approval must be requested in writing prior to any proposed deviation from the terms of this Consent Order.

37. APPLICANT, LCS, LMHC, MCCARTHY, and REDWOOD affirm that all requirements set forth herein are material to the issuance of this Consent Order.

38. APPLICANT, LMHC, LCS, MCCARTHY, and REDWOOD expressly waive a hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings herein to which they may be entitled by law or rules of the OFFICE. APPLICANT, LMHC, LCS, MCCARTHY, and REDWOOD hereby knowingly and voluntarily waive all rights to challenge or to contest this Consent Order in any forum available to them, now or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

39. Each party to this action shall bear its own costs and fees.

40. APPLICANT, LCS, LMHC, MCCARTHY, and REDWOOD agree that, upon execution of this Consent Order, failure to adhere to one or more of the terms and conditions contained herein may result, without further proceedings, in the OFFICE suspending, revoking, or taking other administrative action as it deems appropriate upon APPLICANT's Certificate of Authority in this state in accordance with sections 120.569(2)(n) and 120.60(6), Florida Statutes.

41. The parties agree that this Consent Order shall be deemed to be executed when the OFFICE has signed a copy of this Consent Order bearing the notarized signatures of the authorized representatives of APPLICANT, LMHC, LCS, MCCARTHY, and REDWOOD.

WHEREFORE, subject to the terms and the conditions set forth above, the Application for the approval of the simultaneous acquisition of the assets of LCS SANDHILL COVE LLC by SANDHILL COVE LLC, and for the issuance of a Certificate of Authority to SANDHILL COVE LLC, pursuant to section 651.0245, Florida Statutes, is APPROVED.

FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 2ND day of July, 2024.



A handwritten signature in blue ink, appearing to read "Michael Yaworsky". The signature is written in a cursive, flowing style.

Michael Yaworsky, Commissioner  
Office of Insurance Regulation

By execution hereof, LCS SANDHILL COVE LLC, consents to entry of this Consent Order, agrees without reservation to all the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind LCS SANDHILL COVE LLC, to the terms and conditions of this Consent Order.

LCS SANDHILL COVE LLC

By: [Signature]

[Corporate Seal]

Print Name: Chris Bird

Title: Authorized Representative

Date: 7/1/2024

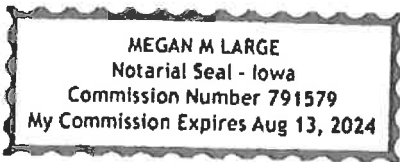
STATE OF Iowa

COUNTY OF Polk

The foregoing instrument was acknowledged before me by means of  physical presence

or  online notarization, this 1<sup>st</sup> day of July 2024, by Chris Bird

as Authorized Representative for LCS Sandhill Cove LLC  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Signature]  
(Signature of the Notary)

Megan M Large  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known  OR Produced Identification

Type of Identification Produced \_\_\_\_\_

My Commission Expires: 8/13/2024

By execution hereof, SANDHILL COVE LLC, consents to entry of this Consent Order, agrees without reservation to all the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind SANDHILL COVE LLC, to the terms and conditions of this Consent Order.

SANDHILL COVE LLC

By: [Signature]

[Corporate Seal]

Print Name: Chris Bird

Title: President and Chief Operating Officer

Date: 7/1/2024

STATE OF Iowa

COUNTY OF Polk

The foregoing instrument was acknowledged before me by means of  physical presence

or  online notarization, this 1<sup>st</sup> day of July 2024, by Chris Bird

as President and Chief Operating Officer for Sandhill Cove LLC.  
(type of authority; e.g., officer, trustee, attorney in fact) (name of person) (company name)



[Signature]  
(Signature of the Notary)

Megan M Large  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires: 8/13/2024

By execution hereof, LCS MANAGEMENT HOLDING COMPANY, LLC, consents to entry of this Consent Order, agrees without reservation to all the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind LCS MANAGEMENT HOLDING COMPANY, LLC, to the terms and conditions of this Consent Order.

LCS MANAGEMENT HOLDING COMPANY, LLC

By: [Signature]

[Corporate Seal]

Print Name: Chris Bird

Title: President and Chief Operating Officer

Date: 7/1/2024

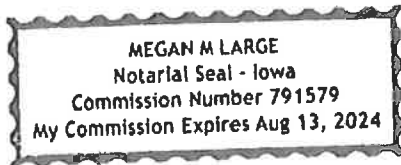
STATE OF Iowa

COUNTY OF Polk

The foregoing instrument was acknowledged before me by means of  physical presence

or  online notarization, this 1<sup>st</sup> day of July 2024, by Chris Bird

as President and Chief Operating Officer for LCS Management Holding Company, LLC  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Signature]  
(Signature of the Notary)

Megan M Large  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known  OR Produced Identification

Type of Identification Produced \_\_\_\_\_

My Commission Expires: 8/13/2024

By execution hereof REDWOOD HOLDINGS, LLC, consents to entry of this Consent Order, agrees without reservation to all the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind REDWOOD HOLDINGS, LLC, to the terms and conditions of this Consent Order.

REDWOOD HOLDINGS, LLC

By: [Signature]

Print Name: Kevin A. Loden

Title: Partner

Date: 07/01/2024

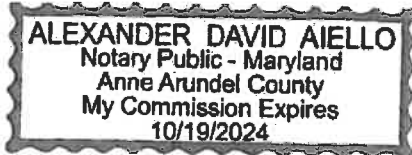
STATE OF Maryland

COUNTY OF Anne Arundel

The foregoing instrument was acknowledged before me by means of  physical presence

or  online notarization, this 1<sup>st</sup> day of July 2024, by Kevin Loden

as Partner for Redwood Holdings LLC.  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Signature]  
(Signature of the Notary)

Alexander Aiello  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known  OR Produced Identification

Type of Identification Produced N/A

My Commission Expires: 10/19/24

By execution hereof, MCCARTHY GROUP, LLC, consents to entry of this Consent Order, agrees without reservation to all the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind MCCARTHY GROUP, LLC, to the terms and conditions of this Consent Order.

MCCARTHY GROUP, LLC

By: Patrick J. Duffy

Print Name: Patrick J. Duffy

Title: President and CEO

Date: July 1, 2024

[Corporate Seal]

STATE OF Nebraska

COUNTY OF Douglas

The foregoing instrument was acknowledged before me by means of  physical presence

or  online notarization, this 1<sup>st</sup> day of July 2024, by Patrick J. Duffy

as President and CEO for McCarthy Group LLC  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

State of Nebraska - General Notary  
KELLY FRANCK  
My Commission Expires  
September 1, 2024

Kelly Franck  
(Signature of the Notary)

Kelly Franck  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires: September 1, 2024



COPIES FURNISHED TO:

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