U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

SEP 23 2016

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
EMAIL Cc

Department of Human Services
Attn: Dr. Anita Roberts, Commissioner Designee
1303 Hospital Ground Knud Hansen Complex Building A
St. Thomas, VI 00802

SUBJECT: **24 Hour Urgent Resident Relocation Plan Demand**
Project Name: Seaview
Project Location: St. Thomas, Virgin Islands
FHA Number: 05643020
iREMS#: 800036353

Dear Dr. Anita Roberts:

The HUD Office of Residential Care Facilities has tried unsuccessfully to reach out to you for a conference call to discuss severe concerns including the most important; resident safety and resident care of the 19 individuals residing at Seaview. Your predecessor was aware of the concerns with Seaview, which have been exacerbated of late. As the governmental entity in charge of oversight of the facility and its operating accounts, we deemed it critical that you are made aware of the following continuing critical issues at the facility:

- Facility is unlicensed
- Reports of severe cash flow issues that are impacting ability to operate facility
- Bi-Weekly concerns over funding of payroll and losing staff
- Numerous vendors not being paid
- Federal taxes and other liens on the property
- Default of the HUD insured mortgage
- Facility has no professional liability coverage
- No plan to resolve current issues

As you can see from the above, there is no question that there is grave concern over the health, wellness and safety of each resident.

We also want to make you aware of HUD's role in this project, and the events that will be unfolding in the very near future. HUD is the insurer of the FHA loan used to finance the construction of the facility, and subsequent refinances of this insured loan. The Lender has advised HUD that it will assign the loan to HUD pursuant to the FHA contract for insurance between the parties. The impact of this event is serious and immediate. As such, upon the default of the owner and assignment, HUD will become the holder of the note, and has the responsibility of either selling the note or foreclosing on the property.

Due to the above imminent issues, and because we are sure that, like HUD, the US Virgin Island government places the health and safety of the residents at Seaview as a top ***priority,*** we are hereby requesting that the government's **plan for relocation of the residents be provided to HUD within 24 hours of receipt of this letter.** Providing an outline of the relocation plan is essential within 24 hours of this demand to ensure the continued protection of these residents including an immediate relocation plan, notification to Adult Protective Services and plans for oversight until all residents are relocated. All correspondence including questions should be directed to Regina Casabal, Risk Mitigation Senior Account Executive at: Regina.A.Casabal@hud.gov or 313-234-7387.

Respectfully,

Roger A. Lewis,
Director, Office of Residential Care Facilities

Email Cc: Dr. Health, owner
Maria Hodge, attorney for owner
Mark Hodge, attorney for owner

Email Cc: Adeline Williams-Connor, Administrator
Myrna Wynn, Temporary Manager

Email Cc: Marilyn Soulis, Midland Loan Service, a PNC Real Estate Business
Jeff Hammond, Midland Loan Service, a PNC Real Estate Business
Laurie Addison, Midland Loan Service, a PNC Real Estate Business

Email Cc: Tim Coon, Risk Mitigation Branch Chief
Tim Gruenes, Director, Asset Management & Lender Relations

Email Cc: Arnette L. Georges, Esq., Assistant General Counsel
Brenda Joseph-Chamber, General Counsel
Monica Yoma, General Counsel

Attachment: Escrow Agreement

ESCROW AGREEMENT

This Escrow Agreement is made this 30th day of July, 2015, by and among the St. Thomas Nursing Home Prime Limited Partnership d/b/a Sea View Nursing Home ("Sea View") and the Government of the Virgin Islands Office of the Attorney General ("Attorney General") hereinafter referred to collectively as the "Parties."

WHEREAS Sea View is a skilled nursing facility participating in the Medicare and Medicaid programs and providing skilled nursing care, rehabilitation therapies and related services to patients.

WHEREAS, the Government of the Virgin Islands and the Centers for Medicare and Medicaid Services ("CMS") share the cost of services to patients at Sea View.

WHEREAS Sea View entered into a Settlement Agreement with the CMS on July 30, 2015.

WHEREAS as part of the Settlement Agreement, CMS agreed to continue to make federal payments for Medicare-eligible and Medicaid-eligible residents who were admitted to Sea View prior to June 30, 2015 in accordance with 42 CFR § 488.55(b) beginning on the date that Sea View has submitted a notice of facility closure in accordance with 42 CFR § 483.75(r).

WHEREAS the Settlement Agreement further requires, among other things, that as a condition for the continuation of federal payments by CMS, Sea View shall deposit Medicare and Medicaid funds received on or after July 30, 2015 into an escrow account with a financial institution approved by the Attorney General for the disbursement of funds (provided, however, that if such escrow account is not established and fully operational, to include the ability to make disbursements and write checks drawn on such account, by the date of CMS's next scheduled payment of Medicare and Medicaid funds, such payment shall be deposited into Sea View's operating account until such time as the escrow account is fully operational, but such non-escrow arrangement would not endure for longer than 21 days from the date of the Settlement Agreement) and the disbursement of the escrow funds shall be subject to a mutually acceptable agreement between the Parties for the disbursement of such funds.

NOW THEREFORE, in consideration of the premises and mutual promises made herein the Parties hereby agree as follows:

1. A Sea View Nursing Home interest bearing Escrow Account ("Escrow Account"), shall be promptly opened at Banco Popular, St. Thomas, U.S. Virgin Islands.
2. Medicare and Medicaid payments by CMS shall be electronically transferred or deposited to the Escrow Account by CMS, Sea View or the Government of the Virgin Islands.
3. Disbursements of funds from the Escrow Account shall require the signature of Sea View's Administrator or Acting Administrator, for amounts not to exceed $5000.00, provided such disbursements are for expenditures approved by the Attorney General or his designee in accord with paragraph 6. The Administrator or Acting Administrator shall provide a report to the Attorney General, no less than monthly, of all amounts so disbursed.
4. The signature of Sea View's Administrator or Acting Administrator and the Attorney General or his designee shall be required for all disbursements of funds from the Escrow Account in excess of $5000.
5. Funds may be withdrawn from the Escrow Account to cover reasonable and customary expenditures to facilitate the normal continued operations of the Nursing Home, including but

not limited to, payroll, payroll taxes, food, medication, loans, mortgage, nursing supplies, maintenance supplies/repairs, office supplies, laundry and linen supplies, payroll processing fees, freight/delivery, telephone/cable, utilities, water, gas, lodging/airfare, activity supplies, contract worker payments (therapists, welders, plumbers, medical directors, etc.), and dues and subscriptions incurred exclusively by the Nursing Home.

6. All reasonable expenditures, services, items, goods and operational costs shall be approved by the Attorney General of the Virgin Islands or his designee before funds are withdrawn or released for payment from the Escrow Account. Such approval shall be expedited in order to avoid delay in proper payments, by means reasonably calculated to assure efficient and accurate review, such as communication of proposed expenditures by email or telefax. The Attorney General may approve types of expenditures for recurring and customary expenses, by a general written statement of approval, in lieu of requiring a separate written approval of each recurring expenditure, if he deems such procedure prudent.
7. The Parties agree to perform within a reasonable time and as expeditiously as possible all acts to effect the withdrawal or release of funds from the Escrow Account to ensure the continued operations of the Nursing Home.
8. The cost for checks, banking fees, and other fees incurred for the maintenance of the Escrow Account shall be paid from the Escrow Account.
9. Interest earned on the amounts in the Escrow Account (the "Escrow Interest") shall be retained in the Escrow Account and may be applied and disbursed as provided in paragraph 5.
10. The Escrow Agreement shall be terminated pursuant to the terms set forth in paragraph 12 of the Settlement Agreement between Sea View and CMS.
11. Any funds remaining in the Escrow Account upon the termination of this agreement shall be distributed as agreed to by the Parties.
12. The Escrow Agreement may be extended, amended and/or modified in writing by the Parties.
13. The Escrow Agreement shall be governed and construed in accordance with the laws of the Virgin Islands and any legal proceeding relating to the Escrow Agreement shall be filed in the courts of the Virgin Islands.
14. Government of the Virgin Islands Office of the Attorney General undertakes to perform such duties as are specifically set forth in this Escrow Agreement and shall have no liabilities with respect to the Escrow Account for its agent's willful misconduct or gross negligence.
15. The Government of the Virgin Islands Department of Justice shall incur no liability with respect to any action taken by it or inaction on its part in reliance upon any notice, direction, instruction, statement, consent or document provided by Sea View or its agents and believed by it in good faith to be genuine and duly authorized.
16. Except as otherwise provided in this Escrow Agreement, this agreement sets forth the entire understanding of the parties relating to the subject hereof.
17. This Escrow Agreement can be executed by facsimile copy, scanned digital copy, and/or in counterparts. A facsimile or scanned digital signature shall be treated as an original signature.

Dated ____________________ ____________________

JAMES. S. CARROLL, ESQ.
Acting Attorney General
Virgin Islands Department of Justice
Office of the Attorney General
GERS Building, 2nd Floor
St. Thomas, USVI, 00802

Dated 7/30/2015 ____________________

St. Thomas Nursing Home Prime Limited Partnership
d/b/a Sea View Nursing Home
BY: St. Thomas Health Care Management, Inc.
Its General Partner
Alfred O. Heath, President

Reviewed and Approved: ____________________

MARIA HODGE, ESQ.
Attorney for St. Thomas Nursing Home Prime
Limited Partnership
HODGE & HODGE
1340 Taarneberg
St. Thomas, V.I. 00802
(340) 774-6845

Dated July 30, 2015

JAMES. S. CARROLL, ESQ.
Acting Attorney General
Virgin Islands Department of Justice
Office of the Attorney General
GERS Building, 2nd Floor
St. Thomas, USVI, 00802

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