



# NEWS

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## **Seniors Urge Legislature to Close Loopholes That Leave Retirees Vulnerable**

Tallahassee, FL (March 1, 2018) – Today, Florida Senator Tom Lee, Representative Jamie Grant and Representative Sean Shaw were joined by seniors across Florida to urge the legislature to pass Senate Bill 438 to overhaul Florida’s continuing care laws that protect Florida retirees living in continuing care retirement communities (CCRC).

The push to overhaul Florida’s continuing care laws comes as a result of the \$21 million bankruptcy filing by the owners of University Village, a continuing care retirement community in Tampa Bay. It was the largest bankruptcy in the area for 2016.

In the University Village legal case, the owner’s attorneys used loopholes in Chapter 651 to legally prevent the Office of Insurance Regulation (OIR) from removing a general partner that illegally seized control and prevented OIR from appointing a receiver.

“The abuse of process caused a delay in enforcement of over 18 months, which the owners used to syphon cash out of University Village,” said Bennett Napier, executive director of the Florida Life Care Residents Association (FLiCRA). “They essentially assessed exorbitant weekly management fees and used a reserve fund to illegally collateralize a sale of University Village’s nursing home from one shell entity to another shell entity. These individuals enriched themselves at the expense of the community’s retired residents.”

For over a year now, FLiCRA has been working with providers, residents, lenders, attorneys and OIR to change Chapter 651.

To help prevent another University Village-type scenario and protect retired residents when a CCRC goes insolvent or files for bankruptcy, Senator Lee sponsored SB 438.

SB 438 bill focuses on four primary areas:

- **Closes loopholes** - and eliminates opportunities for abuse of process that resulted in substantial delays in the University Village case. For example, clarifies the circumstances under which OIR's remedial power may be suspended and clarifies OIR's ability to review changes in ownership or in the general partner.
- **Protects residents** - by providing clearer metric that trigger earlier OIR review of troubled CCRCs and a preference for resident claims. Also clarifies the permissible use of required reserves.
- **Provides greater transparency** - by improving the level of information shared with residents. For example, when providers submit information to OIR related to ownership changes, they must also provide the information to the residents.
- **Provides OIR with the information and enforcement tools needed** - to promptly enforce against any future rogue actors.

FLiCRA President and retiree Pat Arends explains, "There are 71 licensed CCRCs in Florida and in the last five years, three have filed for bankruptcy. This small percentage has had a huge financial and emotional impact on the retirees they serve. We need this legislation passed to close the loopholes that leave retirees vulnerable."

***About FLiCRA***

*The Florida Life Care Residents Association (FLiCRA) is a statewide non-profit association of residents living in Continuing Care Retirement Communities (CCRCs). Under the leadership of volunteer residents and a dedicated staff in Tallahassee, FLiCRA is a recognized voice before the legislature and state regulatory agencies. The mission of FLiCRA is to promote and protect the rights of residents who live in CCRC's. FLiCRA accomplishes its mission through its relationship with legislators and state agencies.*