

*KAMALA D. HARRIS*  
*Attorney General*

*State of California*  
*DEPARTMENT OF JUSTICE*



300 SOUTH SPRING STREET, SUITE 1702  
LOS ANGELES, CA 90013

Public: (213) 897-2000  
Telephone: (213) 897-0218  
Facsimile: (213) 897-7605  
E-Mail: [tania.ibanez@doj.ca.gov](mailto:tania.ibanez@doj.ca.gov)

December 4, 2015

VIA EMAIL

Charles Igawa, Ph.D  
Chairman, Ad Hoc Committee to Save Keiro  
[icigawa@gmail.com](mailto:icigawa@gmail.com)

Keiko Ikeda, Ph.D  
[keikoirie@earthlink.net](mailto:keikoirie@earthlink.net)

RE: Keiro Services

Dear Dr. Igawa and Dr. Ikeda:

It was a pleasure meeting with you and members of your committee last week. Thank you for taking the time to share your research, information and concerns about the sale of Keiro. The concerns regarding a potential failure by Keiro to adequately provide residents, family, staff, and volunteers with notice about the proposed transaction are being afforded a thorough review by this office.

As an immediate step, please find the additional records provided by Keiro to our office related to further communications between Keiro Services and its residents, families of residents, staff, the Japanese American community, and the public pertaining to the proposed sale to Pacifica. Please let our office know if you have any information related to who attended these meetings and what was covered. I have also included documents containing communications between this Office and Keiro Services related specifically to the issue of sustaining Keiro's legacy of providing culturally competent services to its Japanese American residents.

I also understand that the Ad Hoc Committee is deeply concerned that the facilities may not accept Medicare and/or Medi-Cal coverage at the end of the five years. We understand that Aspen has publicly expressed to the residents at the Keiro facilities that Aspen does intend to continue accepting Medicare and MediCal beyond the five-year condition imposed by this Office. We are confirming this information and will communicate what we learn.

Additionally, I would like to share data from the Office of Statewide Health Planning Development that shows that over 75 percent of all nursing homes in California depend and rely on Medi-Cal and Medicare coverage. The Department of Healthcare Services has reported that nearly 88 percent of the 1,400 nursing homes in California accept Medi-Cal. As I mentioned at the meeting, it would be extremely imprudent for Aspen to stop accepting Medi-Cal and

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Medicare coverage at these facilities when these sources account for nearly 70 percent of the consolidated revenues of the Keiro system.

In the meantime, on behalf of the Attorney General, I want to express my gratitude to you and your committee for working in partnership with this office to ensure that the quality of life deserved by the community at Keiro is sustained in the coming years.

Sincerely,

A handwritten signature in black ink, appearing to read 'TANIA M. IBANEZ', with a long horizontal flourish extending to the right.

TANIA M. IBANEZ  
Senior Assistant Attorney General

For KAMALA D. HARRIS  
Attorney General

TMI:ab  
Enclosures

Communications before  
the approval of the  
waiver

## Scott Chan

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**From:** Brockmeyer, Neal H. <NBrockmeyer@lockelord.com>  
**Sent:** Friday, July 10, 2015 3:34 PM  
**To:** Scott Chan  
**Cc:** Shawn Miyake (smiyake@keiro.org)  
**Subject:** Communications  
**Attachments:** Opinion Column.pdf; Keiro Community Education.pdf; Keiro Commuications.pdf

Scott:

You advised us that you have received scores of input from residents and families indicating there has been a lack of transparency with this transaction with the residents, families of residents, the Japanese American community, staff and the public. You have therefore asked for information on how Keiro communicated and informed these interested parties about the proposed transaction, which information is provided below with several attachments that have been underlined for easy reference.

The only comment dealing with a lack of transparency that Keiro is aware of is an opinion column posted on *The Rafu Shimpō* website on June 25, 2015 titled "CROSSROADS TO SOMEWHERE: Why No Wails of Protest on Behalf of Keiro," a copy of which is attached. This opinion column is authored by W.T. Wimpy Hiroto, a resident of the Keiro Retirement Home, who incidentally is a member of the Keiro Retirement Home Resident Council and had attended a Council meeting and resident meetings at which the transaction was discussed. This posting appears to have more to do with Keiro's threatened status, the problems and possible solutions and its chances of survival in the face of the Affordable Care Act, than with the sale of the facilities or the actual transaction that has been proposed. It is surmised that the input from others to which you refer may also be claiming a lack of transparency with respect to the background and rationale for sale of the facilities, perhaps in some cases in addition to the proposed transaction itself.

The decision to sell the facilities and the rationale has been published in a number of English and Japanese formats over the past three years, including Keiro's website, letters, email blasts, newsletters and annual reports, and has been shared with the participants in various seminars and conferences, as well as directly with recognized Japanese American organizations in Southern California. The efforts of Keiro to inform its constituents and the Japanese American community in general about the potential impact of changes in demographics, healthcare reform and changes in delivery of services in the long-term care market are described in detail on pages 46 and 47 of the written notice. In Appendix K of the written notice, we have provided a list of community meetings held, a list of publications and copies of a three-part series on healthcare reform that appeared in *The Rafu Shimpō* in 2013 and was authored or co-authored by Keiro personnel.

The "outwardly expanding" communications process that, as mentioned on page 46, began in late 2012, has continued. A list of community meetings held from July 2014 through June 2015 is attached. The changes in healthcare delivery and its potential impact on Keiro was discussed at most all of these meetings. These meetings were attended by over 1,300 persons at 20 different locations.

Some had suggested early in the process that the founders of Keiro would have been unhappy over a sale of the facilities. In fact, the surviving founders and their families had been approached prior to the Ensign transaction and gave their blessing. The founders actually had a similar experience when they made a decision in the mid-1980s to sell the City View Hospital of Los Angeles that had been purchased when Keiro was organized in 1961.

The rationale for a sale of the Keiro facilities, and specifically a sale to a for-profit entity, was also addressed in connection with the proposed transaction with The Ensign Group, Inc. The communications program for the Ensign transaction is outlined on pages 47 and 48 of the written notice, and these matters were discussed at the meetings with the residents, families, staff and volunteers. These and other communications about the Ensign transaction took place during the period from July 2014 through September 2014.

To address the plan for providing information to Keiro's constituents and the Japanese American community about the proposed Pacifica transaction, the communications program for the Ensign transaction was outlined in the written notice, with the comment that "it is expected that similar communications will take place with respect to the proposed transaction." I have attached a chart that details Keiro's communications about the proposed Pacifica transaction, including in each case the target group, type of communication, number of attendees or addressees and date(s), with copies of the various written communications attached as exhibits. As you can see, this is essentially the same as the communications program undertaken in connection with the Ensign transaction.

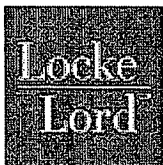
Throughout this process, Shawn Miyake, the President and CEO of the Keiro entities, has met with and made himself available to residents, families and other interested parties whenever they have requested information, by phone, in person or by email. Also relevant is that the 26 directors of the three Keiro entities, who are representatives and prominent members of the Japanese American community, have reviewed and unanimously approved both the Ensign and the Pacifica transactions. In addition, Dianne Kujubu Belli, Chief Administrative Officer of the Keiro entities, met personally with the executive directors of the major Japanese American organizations to discuss the transaction and answer questions.

I trust we have been able to demonstrate that Keiro's communications efforts have been sufficient to more than adequately inform the residents, families of residents, the Japanese American community, staff, and the public about the rationale for sale of the facilities and the proposed transaction.

Neal

Neal H. Brockmeyer  
Locke Lord LLP  
300 S. Grand Ave., Suite 2600  
Los Angeles, CA 90071  
213-687-6774 Direct  
213-341-6774 Fax  
[nbrockmeyer@lockelord.com](mailto:nbrockmeyer@lockelord.com)  
[www.lockelord.com](http://www.lockelord.com)

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## CROSSROADS TO SOMEWHERE: Why No Wails of Protest on Behalf of Keiro?

Posted On June 25, 2015 Columnists

By W.T. WIMPY HIROTO

In case you've been in hibernation or incarcerated, a review of Keiro Senior HealthCare's hectic past several months:

After a thorough and lengthy search, something called the Ensign Group was deemed the ideal choice to take control of our proud and iconic community jewel. Amidst popping balloons and poured champagne, the State Attorney General recorked the bubbly when it unceremoniously put the kibosh on the agreement. Red faces replaced congratulatory backslaps when the AG's approval didn't come to pass; a required necessity to prevent voracious for-profits from devouring non-profits unimpeded.

The search for an acceptable buyer was revived. Despite a logical return to the also-ran list to Ensign's ill-fated bid, newcomer Pacific Companies LLC on June 2 was named the new buyer. Escrow proceeds with the final reckoning again in the hands of Kamala Harris' office. Let's assume this mulligan is approved.

Pacifica is a multi-billion\$ family-owned investment/developer. Established in 1978 and headquartered in San Diego, it owns 51 senior residential facilities in fourteen states, twenty of which are in California. Pending approval, Pacifica has announced plans to lease out all Keiro operations. This means Lincoln Park and South Bay nursing homes, Intermediate Care Facility and retirement home on Boyle Avenue, will be spun off to (a) North Star Residential Care Facility for Elderly of Redding, Calif., and (b) Aspen Skilled Healthcare Inc. of Laguna Niguel.

Let's dispense with the dry fodder regarding sale and lease details. Who cares, other than lawyers, accountants and shareholders? The convoluted hand-offs are nothing but corporate maneuvers to spread the wealth and lessen responsibility. An investment Tinker to Evers to Chance double-play combination aimed to solidify profits and please the AG.

Escrow is scheduled to close end of July, with extensions if needed until November. Financial arrangements are set but confidentiality restrictions forbid being made public (which means I know but can't tell). More importantly, deadline for public commentary is Friday, two days away! Which is the reason I feel obliged to voice displeasure, albeit much too late.

We are on the verge of losing our greatest achievement and not a word of sorrow. The iconic flagship of our community is going under and not a lifesaver in sight.

"The Community," if there is such a creature, was stunned when the sale of Keiro to Ensign Group was announced last year. The finality of the erstwhile transaction hadn't set in when just as suddenly the deal was undone. By then resignation reigned, no one was moved to do battle, to save, to salvage.

I ask, again: Why was there no public discussion of Keiro's threatened status? The problems. Possible solutions openly discussed. Its chances of survival in the face of Obamacare ramifications? Why were no questions posed? Transparency demanded?

Keiro without question is the greatest Issei/Nisei success story in our century-old history. It's on the verge of going kaput without so much as a murmur of dissent. What ever happened to our famous giri and all that jazz? Why was there nary a ripple of protest or public discussion concerning the status and future of Keiro? Before Ensign?

Granted, the three Keiro boards of directors and advisory council engaged in serious discussions, committed to meet, contest and confront the challenge. I believe it's called due diligence; maybe it should've been a warning to be diligent. But the public was never warned and thus caught unaware when the storm clouds burst. It is a given that non-profits face monumental hurdles in order to survive. Toss in ethnicity and the slippery slope is Sisyphean.

But damn it, there was never an outreach, a last-minute can't-something-be-done effort posed. A pre-war farm property is threatened and a victorious public outcry results; JACCC teeters on the verge of bankruptcy and the community comes to its rescue; the proposed auction of internment camp relics results in the formation of a united, successful opposition. When the future of The Rafu Shimpo was in doubt, support groups sprouted before you could say "30."

Yet the demise of the greatest of Japanese American entities is set to disappear and silence is heard loud and clear! [Warning: If someone suggests a Jappo shrug and shikata-ga-nai commentary, I will wind up in prison!]

I don't pretend to be Don Quixote doing battle with windmills. No, just a guy as guilty and ashamed as all other culprits: Erstwhile community leaders, the medicos, clergy, chamber of commerce, businessmen, professional bleeding hearts. Not forgetting the quibblers whose only concern is where the money goes!

I'm happy lower management and dedicated staff people will be retained and rent will remain unchanged. But not celebratory because the vow is merely good for a year. CEO/President Shawn Miyake and a select handpicked crew operate Keiro Senior HealthCare out of tenth floor offices at 420 E. Fourth St. in Li'l Tokio; the skeleton of a once robust, admired and proud institution. Shame on us all!

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W.T. Wimpy Hiroto can be reached at [williamhiroto@att.net](mailto:williamhiroto@att.net) Opinions expressed in this column are not necessarily those of The Rafu Shimpo.



Date	Time	Title	Sponsor	Location	Speaker	Organization	# Attendees
2014.07.09	1:00 pm - 3:30 pm	Healthier Living (6 weeks)	LBJCC	LBJCC	Keiro Volunteers	Keiro	11
2014.08.12	12:30 pm - 1:30 pm	Viability Forum: Fall Prevention	SEJCC	SEJCC	Mel Kameda	Keiro	30
2014.09.03	9:30 am - 11:30 am	Memory Kit (4 weeks)	GVJCI	GVJCI	Keiro Volunteers	Keiro	20
2014.09.16	10:30 am - 11:30 am	Viability Forum: Estate Planning	AFMC	AFMC	Nathan Watanabe	Keiro	70
2014.09.28	11:30 am - 12:30 pm	Viability Forum: Long Term Care Options	Nishi Hongwanji	AFMC	Kanao Kusano	Keiro	30
2014.10.16	1:30 pm - 3:00 pm	Viability Forum: Medicare Overview	ESGVJCC	ESGVJCC	Dianne Kojima Bell	Keiro	20
2014.10.16	10:00 am - 12:00 pm	Viability Forum: Long Term Care Insurance (Japanese)	OCJAA, WPC, Care Connection N	ESGVJCC	Liisa Ohta	Alliance 360	20
2014.10.21	12:30 pm - 1:30 pm	Viability Forum: High Blood Pressure and High Cholesterol	OCJAA	OCJAA	Dr. Thomas Yoshikawa	VA, UCLA	12
2014.11.04	10:30 am - 11:30 am	AAARP Driver Safety (2 days)	SEJCC	SEJCC	Mel Kameda	Keiro	40
2015.01.22	9:30 am - 12:00 pm	Viability Forum: What You Need to Know When You Leave the Home	LBJCC	LBJCC	Jim Nakai	Keiro	12
2015.02.07	9:30 am - 12:00 pm	Viability Forum: Planning Ahead for You and Your Loved One	OCJCC	OCJCC	Jimmy Alcala-Alonzo	SCAN	30
2015.02.07	10:30 am - 12:30 pm	Memory Kit (4 weeks)	Hwasih Hongwanji	OCJCC	Nathan Watanabe & Iku Kiyama	Keiro	50
2015.02.10	10:30 am - 11:30 am	Viability Forum: The Myeloides of Sleep	AFMC, OCJCC, WPC	WPC	Volunteer Facilitators	Keiro	20
2015.02.23	7:00 pm - 8:00 pm	Viability Forum: Long-Term Care Options	PFMC	PFMC	Ron Hamamura, MD	Keiro	100
2015.02.25	12:45 pm - 2:45 pm	Memory Kit (4 weeks)	GVJCI	GVJCI	Dianne Kojima Bell	Keiro	20
2015.03.03	9:00 am - 11:00 am	Memory Kit (4 weeks)	GVJCI	GVJCI	Keiro Volunteers	Keiro	8
2015.03.07	1:00 pm - 3:00 pm	Viability Forum: Planning Ahead for You and Your Loved One	LBJCC	LBJCC	Keiro Volunteers	Keiro	16
2015.03.15	1:30 am - 12:00 pm	Viability Forum: Discovered Arthritis & Osteoporosis	Nishi Hongwanji	LBJCC	Kaz, Yumura & Steven Awakuni	Keiro	18
2015.03.18	10:30 am - 12:00 pm	Memory Kit (4 weeks)	MFCC	MFCC	Haylee Sedimeter (Arthritis Foundation) & Dr. Ne	Keiro	30
2015.03.19	10:30 am - 11:30 am	Viability Forum: Exercises to Walk Better: Preventing and Managing Falls	AFMC, OCJCC, WPC	OCJCC	Keiro Volunteers	Keiro	9
2015.03.22	11:00 am - 12:00 pm	Viability Forum: 10 Tips for Caregivers	WLAUMC	WLAUMC	Dr. David Yu, MD	Keiro	50
2015.03.22	1:00 pm - 3:00 pm	Viability Forum: Chronic Kidney Disease	GVJCI	GVJCI	Dr. Donna Benton, PhD USC Family Caregiver Sup	Keiro	25
2015.03.26	1:30 pm - 3:00 pm	Viability Forum: JA Health	ESGVJCC	ESGVJCC	Dr. Oara Kojima, MD & Iku Kiyama	Keiro	160
2015.04.07	9:30 am - 12:00 pm	DSMP (6 Weeks)	WLAUMC	WLAUMC	Dianne Kojima Bell	Keiro	8
2015.04.12	12:30 pm - 2:30 pm	Memory Kit (4 weeks)	Nishi Hongwanji	AFMC	Keiro Volunteers	Keiro	7
2015.04.16	10:30 am - 11:30 am	Viability Forum: JA Health	AFMC, OCJCC, WPC	AFMC	Dianne Kojima Bell	Keiro	8
2015.04.29	9:30 am - 12:00 pm	CDSPM (6 weeks)	OCJAA	OCJAA	Keiro Volunteers	Keiro	15
2015.05.07	9:30 am - 12:00 pm	Viability Forum: Hearing Loss and Hearing Screenings	LBJCC	LBJCC	Keiro Volunteers	Keiro	19
2015.05.06	1:30 pm - 3:00 pm	Viability Forum: Caregiver Stress	ESGVJCC	ESGVJCC	Hear USA	Keiro	20
2015.05.09	10:30 am - 11:30 am	Viability Forum: Managing Urinary Incontinence	AFMC, OCJCC, WPC	WPC	Yumura Kuo	USC Family Caregiver Sup	5
2015.05.27	1:00 pm - 3:30 pm	CDSPM (6 weeks)	SBK	SBK	24 HR Care	Keiro	80
2015.06.28	10:30 am - 11:30 am	Viability Forum: Heart Health and CPR	SGJCC	SGJCC	Keiro Volunteers	Keiro	7
2015.06.28	12:45 pm - 2:45 pm	A Matter of Balance (6 weeks)	AFMC, OCJCC, WPC	OCJCC	Brandon Leung, Retic	Keiro	8
2015.06.04	10:30 am - 11:30 am	Viability Forum: Estate Planning	Keiro	OCJCC	Don Bowers	Southern Free Methodist F	40
2015.06.11	10:00 am - 11:45 am	LLC Facilitators Special Workshop	Keiro	CA Endowment	Diane Davis	PICF	15
2015.06.15	12:00 pm - 4:00 pm	Nikkei Senior Network Convening	Keiro	CA Endowment	Keiro	Keiro	50
2015.06.18	10:00 am - 11:00 am	Viability Forum: Senior Scan	Saban	Saban	Kanao Fukuyama, M	Keiro	80
2015.06.20	12:30 pm - 1:30 pm	Viability Forum: Senior Scan	WSPMFC	WSPMFC	Kanao Fukuyama	Keiro	40
2015.06.22	9:30 am - 11:30 am	2 Paid Workshops (6 weeks)	WPC	WPC	Eric Komatsu, Kanao	Keiro	10
2015.06.28	11:30 am - 12:30 pm	Viability Forum: Medication and Food Interactions	Nishi Hongwanji	Nishi Hongwanji	Lauren Eui	FDA	10
Total individuals from							1536

Communications Regarding Proposed Transaction

Target Group	Type of Communication	Number of Attendees or Addressees	Date(s)
Volunteers	Volunteer Brunch	247	5/19/2015
KRH Resident Council	Meeting	6	5/20/2015
Middle managers	Meeting	40	5/29/2015
Resident families	Meetings at all facilities	SBK: 46 KICF/KRH: 51 KNH: 75	5/30/2015
All interested parties	Public notice in form cleared with Attorney General's office posted on bulletin boards in all facilities and corporate office		6/2/2015
All interested parties	Press release and public notice posted on Keiro website (Exhibit A)		6/2/2015
All interested parties	Public notice posted on Keiro website		6/2/2015
All interested parties	Binders with submission to Attorney General made available for inspection at KS, KNH and SBK		6/2/2015
KS corporate staff	Meeting	15	6/2/2015
Community-at-large	Press release and public notice sent to, and posted by, <i>The Rafu Shimpō</i> newspaper (Exhibit B)		6/2/2015
KRH residents	Announcement letter (in English and Japanese), with public notice, hand-delivered to mail boxes (Exhibit C)	117	6/2/2015
Other facility residents, family members and other responsible parties	Announcement letter, with public notice, mailed (Exhibit D)	901	6/2/2015
Staff	Announcement letter, with public notice, mailed (Exhibit E)	570	6/2/2015
Volunteers	Announcement letter mailed (Exhibit F)	390	6/2/2015
Family members and other responsible parties	Announcement letter e-blast (Exhibit G)	KNH: 263 SBK: 122 KICF: 123	6/3/2015
Community leaders	Announcement letter e-blast (Exhibit H)	32	6/3/2015
Donors	Announcement letter e-blast (Exhibit I)	589	6/3/2015
KRH residents	Monthly meeting	100	6/3/2015

Communications Regarding Proposed Transaction

All interested parties	Keiro Facilities Transition Frequently Asked Questions posted on Keiro website (Exhibit J)		6/3/2015
Nikkei Senior Network Convening (community organizations/leaders)	Meeting	39 individuals representing 25 community organizations	6/15/2015
Keiro supporters	"Umbrella of Care" newsletter	7,500 (Est.)	Scheduled for July 2015
Applicants for employment	Addendum to employment application about prospective change		Ongoing
Applicants for admission to facilities	Notification of prospective change with application		Ongoing

Key:

KS (Keiro Services)

KNH (Keiro Nursing Home)

SBK (South Bay Keiro Nursing Home)

KICF (Keiro Intermediate Care Facility)

Exhibit A



FOR IMMEDIATE RELEASE

June 2, 2015

Contact: Audrey Lee-Sung  
Phone: (213) 873-5707  
Fax: (213) 873-5799  
aleesung@keiro.org

## Pacifica Companies in Escrow to Acquire Keiro Facilities

Keiro Senior HealthCare, a not-for-profit organization dedicated to enhancing the quality of senior life through four care facilities and programs to help people stay healthy at home, and Pacifica Companies LLC, a private California based company that owns and operates senior residential facilities, are pleased to announce that they have entered into an agreement for the purchase of Keiro's four care facilities – Keiro Nursing Home, South Bay Keiro Nursing Home, Keiro Intermediate Care Facility, and Keiro Retirement Home.

This announcement follows a process initiated by Keiro leadership during which a variety of options were explored to continue serving the changing needs of the Japanese community.

"Securing the right buyer who understands and respects Keiro's history and unique cultural approach was critical to moving forward in the process," said Shawn Miyake, President and Chief Executive Officer of Keiro Senior HealthCare.

"We are committed to continuing these important services and appreciate Keiro's outstanding work in support of the Japanese community for over a half century," said Adam M. Bandel, Pacifica Companies' Managing Director, Seniors Housing. "We appreciate the opportunity to build on Keiro's legacy and look forward to a smooth transition."

At this time, Keiro and Pacifica have signed an asset purchase and sales agreement. The date of transfer of existing operations will occur following licensing and other regulatory approvals.

"While the decision to sell our facilities has been personally difficult for many, particularly for those of us who have been involved with the organization for many years, the board and leadership take seriously our responsibility to be wise stewards of our community resources and commitment to serve the evolving needs of our community," said Gary Kawaguchi, chairman of the Keiro Senior HealthCare Board of Directors.

Keiro will continue to serve the community of seniors and caregivers throughout the transition and in the future through programs and services that support older adults to age with independence and dignity.

####

Keiro Senior HealthCare | 325 South Boyle Avenue | Los Angeles, California 90033-3812  
(323) 980-7555 | Fax: (323) 263-2163 | [www.keiro.org](http://www.keiro.org)

Keiro Nursing Home | South Bay Keiro Nursing Home | Keiro Intermediate Care Facility  
Keiro Retirement Home | The Institute for Healthy Aging at Keiro

## Notice for Keiro Senior HealthCare Facilities

### Proposed Sale

The Attorney General is reviewing the proposed sale of Keiro Nursing Home, a 300 bed licensed skilled nursing facility located at 2221 Lincoln Park Avenue, Los Angeles, California; South Bay Keiro Nursing Home, a 98 bed licensed skilled nursing facility located at 15115 South Vermont Avenue, Gardena, California; Keiro Intermediate Care Facility, a 90 bed licensed intermediate care facility located at 325 South Boyle Avenue, Los Angeles, California; and Keiro Retirement Home, an independent living facility with 127 living units located at 325 South Boyle Avenue, Los Angeles, California. The sellers of the real property and operating assets are Keiro Services (dba Keiro Senior HealthCare), Keiro Nursing Home and Japanese Home for the Aged, all California nonprofit public benefit corporations.

The buyers of the real property and operating assets are affiliates of Pacifica Companies LLC, a California limited liability company ("Pacifica"). Pacifica is a private company engaged in real estate investment and development. As of April 14, 2015, Pacifica and its affiliates owned and/or operated 51 senior residential facilities located in 14 states, 20 of which were in California. As part of the transaction, Keiro Nursing Home, South Bay Keiro Nursing Home and Keiro Intermediate Care Facility are to be leased to, and operated by, subsidiaries of Aspen Skilled Healthcare, Inc., a California corporation ("Aspen"), and Keiro Retirement Home is to be leased to, and operated by, Northstar Senior Living, Inc., a Delaware corporation ("Northstar"). Aspen is a private company that operates eight skilled nursing facilities, all of which are in California. Northstar is a private company that operates and manages residential care facilities for the elderly on behalf of owners and investment groups. As of April 13, 2015, it managed 12 such facilities, nine of which were in California.

The transaction is being reviewed as required by California Corporations Code section 5914 *et seq.* The terms of the proposed transaction are set forth in a written notice to the Attorney General. A copy of the written notice is available for public inspection in the administrative offices of Keiro Nursing Home, located at 2221 Lincoln Park Avenue, Los Angeles, California; Keiro Services, located at 325 South Boyle Avenue, Los Angeles, California 90033; and South Bay Keiro Nursing Home, located at 15115 South Vermont Avenue, Gardena, California.

In addition, if you would like to request a CD of the written notice for this proposed transaction, please contact Deputy Attorney General Wendi A. Horwitz at [wendi.horwitz@doj.ca.gov](mailto:wendi.horwitz@doj.ca.gov) or (213) 897-2178. Please include your name and address where you would like a CD of the written notice sent.

Persons may and are encouraged to present their views on the proposed transaction in writing to the California Attorney General's Office electronically via email to [wendi.horwitz@doj.ca.gov](mailto:wendi.horwitz@doj.ca.gov), or by mailing a copy to Wendi A. Horwitz, Deputy Attorney General, 300 S. Spring St., Ste. 1702, Los Angeles, CA 90013. The deadline for receipt of written comments is June 26, 2015.

Pacifica Companies in Escrow to Acquire Keiro Facilities

Posted On June 3, 2015 Community News, Health

Keiro Senior HealthCare, a not-for-profit organization dedicated to enhancing the quality of senior life through four care facilities and programs to help people stay healthy at home, and Pacifica Companies LLC, a private California based company that owns and operates senior residential facilities, announced Tuesday that they have entered into an agreement for the purchase of Keiro's four care facilities – Keiro Nursing Home, South Bay Keiro Nursing Home, Keiro Intermediate Care Facility, and Keiro Retirement Home.

This announcement follows a process initiated by Keiro leadership during which a variety of options were explored to continue serving the changing needs of the Japanese American community.

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“We are committed to continuing these important services and appreciate Keiro’s outstanding work in support of the Japanese community for over a half century,” said Adam M. Bandel, Pacifica Companies’ managing director for seniors housing. “We appreciate the opportunity to build on Keiro’s legacy and look forward to a smooth transition.”

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“While the decision to sell our facilities has been personally difficult for many, particularly for those of us who have been involved with the organization for many years, the board and leadership take seriously our responsibility to be wise stewards of our community resources and commitment to serve the evolving needs of our community,” said Gary Kawaguchi, chairman of the Keiro Senior HealthCare Board of Directors.

Keiro said it will continue to serve the community of seniors and caregivers throughout the transition and in the future through programs and services that support older adults to age with independence and dignity.

Last year, a proposed sale of the Keiro facilities to The Ensign Group was blocked by the California Attorney General’s Office.

Keiro also posted the following legal notice on its website:

= \* =

The Attorney General is reviewing the proposed sale of Keiro Nursing Home, a 300-bed licensed skilled nursing facility located at 2221 Lincoln Park Avenue, Los Angeles, California; South Bay Keiro Nursing Home, a 98-bed licensed skilled nursing facility located at 15115 South Vermont Avenue, Gardena, California; Keiro Intermediate Care Facility, a 90-bed licensed intermediate care facility located at 325 South Boyle Avenue, Los Angeles, California; and Keiro Retirement Home, an independent living facility with 127 living units located at 325 South Boyle Avenue, Los Angeles, California.

The sellers of the real property and operating assets are Keiro Services (dba Keiro Senior HealthCare), Keiro Nursing Home and Japanese Home for the Aged, all California nonprofit public benefit corporations.

The buyers of the real property and operating assets are affiliates of Pacifica Companies LLC, a California limited liability company ("Pacifica"). Pacifica is a private company engaged in real estate investment and development. As of April 14, 2015, Pacifica and its affiliates owned and/or operated 51 senior residential facilities located in 14 states, 20 of which were in California.

As part of the transaction, Keiro Nursing Home, South Bay Keiro Nursing Home and Keiro Intermediate Care Facility are to be leased to, and operated by, subsidiaries of Aspen Skilled Healthcare, Inc., a California corporation ("Aspen"), and Keiro Retirement Home is to be leased to, and operated by, Northstar Senior Living, Inc., a Delaware corporation ("Northstar").

Aspen is a private company that operates eight skilled nursing facilities, all of which are in California. Northstar is a private company that operates and manages residential care facilities for the elderly on behalf of owners and investment groups. As of April 13, 2015, it managed 12 such facilities, nine of which were in California.

The transaction is being reviewed as required by California Corporations Code Section 5914 et seq. The terms of the proposed transaction are set forth in a written notice to the Attorney General. A copy of the written notice is available for public inspection in the administrative offices of Keiro Nursing Home, located at 2221 Lincoln Park Avenue, Los Angeles, California; Keiro Services, located at 325 South Boyle Avenue, Los Angeles, California 90033; and South Bay Keiro Nursing Home, located at 15115 South Vermont Avenue, Gardena, California.

In addition, if you would like to request a CD of the written notice for this proposed transaction, please contact Deputy Attorney General Wendi A. Horwitz at [wendi.horwitz@doj.ca.gov](mailto:wendi.horwitz@doj.ca.gov) or (213) 897-2178. Please include your name and address where you would like a CD of the written notice sent.

Persons may and are encouraged to present their views on the proposed transaction in writing to the California Attorney General's Office electronically via email to [wendi.horwitz@doj.ca.gov](mailto:wendi.horwitz@doj.ca.gov), or by mailing a copy to Wendi A. Horwitz, Deputy Attorney General, 300 S. Spring St., Ste. 1702, Los Angeles, CA 90013. The deadline for receipt of written comments is June 26, 2015.



June 2, 2015  
2015年6月2日

Dear Residents  
敬愛なる居住者の皆さまへ

As you may be aware, Keiro Senior HealthCare is in the process of a change in ownership of its facilities - Keiro Nursing Home, South Bay Keiro Nursing Home, Keiro Intermediate Care Facility, and Keiro Retirement Home. Today, we are pleased to announce that Keiro Senior HealthCare and Pacifica Companies LLC, a private California-based company that owns and operates senior residential facilities, have entered into an agreement for the sale of Keiro's four care facilities.

お気づきの方もいらっしゃるかもしれませんが、敬老シニアヘルスケアは各施設（敬老看護ホーム、サウスベイ敬老看護ホーム、敬老中間看護施設、敬老引退者ホーム）所有権の変更過程にあります。今日、敬老シニアヘルスケアは、カリフォルニアでシニア居住施設を複数所有・運営する民営会社のパシフィカ・カンパニーズLLCと、敬老4施設の売却に向けて協議の段階に入りましたことを発表致します。

Securing the right buyer who understands and respects Keiro's history and unique cultural approach was critical to moving forward in the process. Pacifica intends to preserve access to quality care for our residents and community. All facility staff will have jobs and all of the facilities will continue to operate.

敬老の歴史と日系の文化的なアプローチを理解して尊重してくれる適格な買い手を探すことは、変更過程において、きわめて重要でありました。パシフィカは私達の居住者、コミュニティーの為に介護の質を求め、目指していく会社です。全施設スタッフは職を維持し、上記の4施設はこれまでと同様に運営されます。

Over the coming months we will be diligently working on the many details necessary to make the transfer of care for residents and the workplace environment for staff and volunteers as smooth as possible. We fully anticipate that for residents, families, staff, and volunteers, what you experience at Keiro today will continue after the transition. Going forward, Keiro will continue to offer new and enhanced programs in the community to improve the health and well-being of seniors and family caregivers.

今後数ヶ月の間、居住者の方々のお世話とスタッフ及びボランティアの職場環境の変更を出来る限り円滑に行うために、細部に至るまで、私たちは一生懸命に取り組んでゆきます。居住者の方々、そのご家族、スタッフ、そしてボランティアの皆さまには、以降も所有権変更後も今日の敬老で経験している事と同様にお過ごしいただけると期待しております。これからも敬老は、シニアの皆さまと介護されるご家族の健康と福祉向上のため、コミュニティーに向けてさらに新しく強化された魅力のあるプログラムを提供し続けます。

Keiro Senior HealthCare • 325 South Boyle Avenue • Los Angeles, California 90033-3812  
(323) 980-7555 • Fax: (323) 263-2163 • www.keiro.org

Keiro Nursing Home • South Bay Keiro Nursing Home • Keiro Intermediate Care Facility  
Keiro Retirement Home • The Institute for Healthy Aging at Keiro



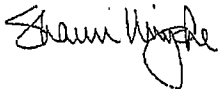
We deeply appreciate your patience as we progress through this process. We will continue to update you with more specific information as it becomes available. We invite you to visit our Updates page on the Keiro website ([www.keiro.org/updates](http://www.keiro.org/updates)) for answers to frequently asked questions about Keiro's decision, transition, and plans for the future.

この過程を進めるに当たって皆さまのご理解に感謝を申し上げます。敬老では、引き続き詳細が分かり次第、皆様にお知らせして参ります。敬老の決定事項、所有権変更そして将来の計画等についてのよくいただく質問事項とそれに対する返答が敬老のウェブサイトに乗っています。どうぞ敬老のウェブサイト ([www.keiro.org/updates](http://www.keiro.org/updates)) をご覧ください。

Thank you for your support as we continue to position the facilities for strength in a changing health care environment.

敬老がヘルスケアの環境の変化の中にあつて引き続きより良い状態の施設であるのも皆様のご支援の賜物です、感謝申し上げます。

Sincerely,



Shawn Miyake  
President and CEO

敬具

三宅ショーン

代表兼最高経営責任者

Keiro Senior HealthCare • 325 South Boyle Avenue • Los Angeles, California 90033-3812  
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## Notice for Keiro Senior HealthCare Facilities

### Proposed Sale

The Attorney General is reviewing the proposed sale of Keiro Nursing Home, a 300 bed licensed skilled nursing facility located at 2221 Lincoln Park Avenue, Los Angeles, California; South Bay Keiro Nursing Home, a 98 bed licensed skilled nursing facility located at 15115 South Vermont Avenue, Gardena, California; Keiro Intermediate Care Facility, a 90 bed licensed intermediate care facility located at 325 South Boyle Avenue, Los Angeles, California; and Keiro Retirement Home, an independent living facility with 127 living units located at 325 South Boyle Avenue, Los Angeles, California. The sellers of the real property and operating assets are Keiro Services (dba Keiro Senior HealthCare), Keiro Nursing Home and Japanese Home for the Aged, all California nonprofit public benefit corporations.

The buyers of the real property and operating assets are affiliates of Pacifica Companies LLC, a California limited liability company ("Pacifica"). Pacifica is a private company engaged in real estate investment and development. As of April 14, 2015, Pacifica and its affiliates owned and/or operated 51 senior residential facilities located in 14 states, 20 of which were in California. As part of the transaction, Keiro Nursing Home, South Bay Keiro Nursing Home and Keiro Intermediate Care Facility are to be leased to, and operated by, subsidiaries of Aspen Skilled Healthcare, Inc., a California corporation ("Aspen"), and Keiro Retirement Home is to be leased to, and operated by, Northstar Senior Living, Inc., a Delaware corporation ("Northstar"). Aspen is a private company that operates eight skilled nursing facilities, all of which are in California. Northstar is a private company that operates and manages residential care facilities for the elderly on behalf of owners and investment groups. As of April 13, 2015, it managed 12 such facilities, nine of which were in California.

The transaction is being reviewed as required by California Corporations Code section 5914 et seq. The terms of the proposed transaction are set forth in a written notice to the Attorney General. A copy of the written notice is available for public inspection in the administrative offices of Keiro Nursing Home, located at 2221 Lincoln Park Avenue, Los Angeles, California; Keiro Services, located at 325 South Boyle Avenue, Los Angeles, California 90033; and South Bay Keiro Nursing Home, located at 15115 South Vermont Avenue, Gardena, California.

In addition, if you would like to request a CD of the written notice for this proposed transaction, please contact Deputy Attorney General Wendi A. Horwitz at [wendi.horwitz@doj.ca.gov](mailto:wendi.horwitz@doj.ca.gov) or (213) 897-2178. Please include your name and address where you would like a CD of the written notice sent.

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Keiro Retirement Home • The Institute for Healthy Aging at Keiro



Exhibit D

June 2, 2015

Dear Residents and Family Members,

As you may be aware, Keiro Senior HealthCare is in the process of a change in ownership of its facilities – Keiro Nursing Home, South Bay Keiro Nursing Home, Keiro Intermediate Care Facility, and Keiro Retirement Home. Today, we are pleased to announce that Keiro Senior HealthCare and Pacifica Companies LLC, a private California-based company that owns and operates senior residential facilities, have entered into an agreement for the sale of Keiro's four care facilities.

Securing the right buyer who understands and respects Keiro's history and unique cultural approach was critical to moving forward in the process. Pacifica intends to preserve access to quality care for our residents and community. All facility staff will have jobs and all of the facilities will continue to operate.

Over the coming months we will be diligently working on the many details necessary to make the transfer of care for residents and the workplace environment for staff and volunteers as smooth as possible. We fully anticipate that for residents, families, staff, and volunteers, what you experience at Keiro today will continue after the transition. Going forward, Keiro will continue to offer new and enhanced programs in the community to improve the health and well-being of seniors and family caregivers.

We deeply appreciate your patience as we progress through this process. We will continue to update you with more specific information as it becomes available. We invite you to visit our Updates page on the Keiro website ([www.keiro.org/updates](http://www.keiro.org/updates)) for answers to frequently asked questions about Keiro's decision, transition, and plans for the future.

Thank you for your support as we continue to position the facilities for strength in a changing health care environment.

Sincerely,

A handwritten signature in black ink that reads "Shawn Miyake". The signature is written in a cursive style.

Shawn Miyake  
President and CEO

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(323) 980-7555 • Fax: (323) 263-2163 • [www.keiro.org](http://www.keiro.org)

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## Notice for Keiro Senior HealthCare Facilities

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The transaction is being reviewed as required by California Corporations Code section 5914 *et seq.* The terms of the proposed transaction are set forth in a written notice to the Attorney General. A copy of the written notice is available for public inspection in the administrative offices of Keiro Nursing Home, located at 2221 Lincoln Park Avenue, Los Angeles, California; Keiro Services, located at 325 South Boyle Avenue, Los Angeles, California 90033; and South Bay Keiro Nursing Home, located at 15115 South Vermont Avenue, Gardena, California.

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June 2, 2015

Dear Staff,

As you may be aware, Keiro Senior HealthCare is in the process of a change in ownership of its facilities - Keiro Nursing Home, South Bay Keiro Nursing Home, Keiro Intermediate Care Facility, and Keiro Retirement Home. Today, we are pleased to announce that Keiro Senior HealthCare and Pacifica Companies LLC, a private California-based company that owns and operates senior residential facilities, have entered into an agreement for the sale of Keiro's four care facilities.

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We deeply appreciate your patience as we progress through this process. We will continue to update you with more specific information as it becomes available. We invite you to visit our Updates page on the Keiro website ([www.keiro.org/updates](http://www.keiro.org/updates)) for answers to frequently asked questions about Keiro's decision, transition, and plans for the future.

Thank you for your support as we continue to position the facilities for strength in a changing health care environment.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Miyake", written in a cursive style.

Shawn Miyake  
President and CEO

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## Notice for Keiro Senior HealthCare Facilities

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Keiro Retirement Home • The Institute for Healthy Aging at Keiro



Exhibit F

June 2, 2015

Dear Keiro Volunteer,

As you may be aware, Keiro Senior HealthCare is in the process of a change in ownership of its facilities - Keiro Nursing Home, South Bay Keiro Nursing Home, Keiro Intermediate Care Facility, and Keiro Retirement Home. Today, we are pleased to announce that Keiro Senior HealthCare and Pacifica Companies LLC, a private California-based company that owns and operates senior residential facilities, have entered into an agreement for the sale of Keiro's four care facilities.

Securing the right buyer who understands and respects Keiro's history and unique cultural approach was critical to moving forward in the process. Pacifica intends to preserve access to quality care for our residents and community. All facility staff will have jobs and all of the facilities will continue to operate.

Over the coming months we will be diligently working on the many details necessary to make the transfer of care for residents and the workplace environment for staff and volunteers as smooth as possible. We fully anticipate that for residents, families, staff, and volunteers, what you experience at Keiro today will continue after the transition. Going forward, Keiro will continue to offer new and enhanced programs in the community to improve the health and well-being of seniors and family caregivers.

We deeply appreciate your patience as we progress through this process. We will continue to update you with more specific information as it becomes available. We invite you to visit our Updates page on the Keiro website ([www.keiro.org/updates](http://www.keiro.org/updates)) for answers to frequently asked questions about Keiro's decision, transition, and plans for the future.

Thank you for your support as we continue to position the facilities for strength in a changing health care environment.

Sincerely,

A handwritten signature in black ink that reads "Shawn Miyake".

Shawn Miyake  
President and CEO

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Keiro Nursing Home • South Bay Keiro Nursing Home • Keiro Intermediate Care Facility  
Keiro Retirement Home • The Institute for Healthy Aging at Keiro

From: Keiro Senior HealthCare [mailto:genkiliving@keiro.org]  
Sent: Wednesday, July 08, 2015 2:41 PM  
To: Dianne Belli  
Subject: KEIRO NEWS: Keiro Facilities Transition Update

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Update Regarding Keiro Facilities Transition

Dear Friends,

As you may be aware, Keiro Senior HealthCare is in the process of a change in ownership of its facilities - Keiro Nursing Home, South Bay Keiro Nursing Home, Keiro Intermediate Care Facility, and Keiro Retirement Home. Today, we are pleased to announce that Keiro Senior HealthCare and Pacifica Companies LLC, a private California-based company that owns and operates senior residential facilities, have entered into an agreement for the purchase of Keiro's four care facilities.

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Thank you for your support as we continue to position the facilities for strength in a changing health care environment.

Sincerely,

Shawn Miyake  
President & CEO  
Keiro Senior HealthCare



From: South Bay Keiro Nursing Home [mailto:sbknh@keiro.org]  
Sent: Tuesday, June 02, 2015 1:53 PM  
To: Christina Tatsugawa  
Subject: SBKNH News: Keiro Facilities Transition Update

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SBKNH News: Keiro Facilities Transition Update

Dear Families and Responsible Parties:

As you may be aware, Keiro Senior HealthCare is in the process of a change in ownership of its facilities - Keiro Nursing Home, South Bay Keiro Nursing Home, Keiro Intermediate Care Facility, and Keiro Retirement Home. Today, we are pleased to announce that Keiro Senior HealthCare and Pacifica Companies LLC, a private California-based company that owns and operates senior residential facilities, have entered into an agreement for the purchase of Keiro's four care facilities.

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Thank you for your support as we continue to position the facilities for strength in a changing health care environment.

Sincerely,

Shawn Miyake  
President & CEO  
Keiro Senior HealthCare

From: Keiro Intermediate Care Facility [mailto:kicf@keiro.org]  
Sent: Tuesday, June 02, 2015 1:53 PM  
To: Christina Tatsugawa  
Subject: KICF News: Keiro Facilities Transition Update

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KICF News: Keiro Facilities Transition Update

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Thank you for your support as we continue to position the facilities for strength in a changing health care environment.

Sincerely,

Shawn Miyake  
President & CEO  
Keiro Senior HealthCare

Exhibit H

From: Keiro Senior HealthCare [mailto:genkiliving@keiro.org]  
Sent: Wednesday, July 08, 2015 2:37 PM  
To: Dianne Belli  
Subject: KEIRO NEWS: Keiro Facilities Transition Update

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[Update Regarding Keiro Facilities Transition](#)

Dear Leadership:

Please see below for the information which was printed/mailed and emailed on June 2, 2015 to residents and families, staff, volunteers regarding the recent developments with the facilities transition.

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As you may be aware, Keiro Senior HealthCare is in the process of a change in ownership of its facilities - Keiro Nursing Home, South Bay Keiro Nursing Home, Keiro Intermediate Care Facility, and Keiro Retirement Home. Today, we are pleased to announce that Keiro Senior HealthCare and Pacifica Companies LLC, a private California-based company that owns and operates senior residential facilities, have entered into an agreement for the purchase of Keiro's four care facilities.

Securing the right buyer who understands and respects Keiro's history and unique cultural approach was critical to moving forward in the process. Pacifica intends to preserve access to quality care for our residents and community. All facility staff will have jobs and all of the facilities will continue to operate.

Over the coming months we will be diligently working on the many details necessary to make the transfer of care for residents and the workplace environment for staff and volunteers as smooth as possible. We fully anticipate that for residents, families, staff, and volunteers, what you experience at Keiro today will continue after the transition. Going forward, Keiro will continue to offer new and enhanced programs in the community to improve the health and well-being of seniors and family caregivers.

We deeply appreciate your patience as we progress through this process. We will continue to update you with more specific information as it becomes available. We invite you to visit our Updates page on the Keiro website ([www.keiro.org/updates](http://www.keiro.org/updates)) for answers to frequently asked questions about Keiro's decision, transition, and plans for the future.

Thank you for your support as we continue to position the facilities for strength in a changing health care environment.

Sincerely,

Shawn Miyake  
President & CEO  
Keiro Senior HealthCare

Exhibit I

From: Keiro Nursing Home [mailto:knh@keiro.org]  
Sent: Tuesday, June 02, 2015 11:22 AM  
To: Audrey T. Lee-Sung  
Subject: TEST:KNH News:Keiro Facilities Transition Update

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KNH News: Keiro Facilities Transition Update

Dear Families and Responsible Parties:

As you may be aware, Keiro Senior HealthCare is in the process of a change in ownership of its facilities - Keiro Nursing Home, South Bay Keiro Nursing Home, Keiro Intermediate Care Facility, and Keiro Retirement Home. Today, we are pleased to announce that Keiro Senior HealthCare and Pacifica Companies LLC, a private California-based company that owns and operates senior residential facilities, have entered into an agreement for the purchase of Keiro's four care facilities.

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Sincerely,

Shawn Miyake  
President & CEO  
Keiro Senior HealthCare



## Keiro Facilities Transition Frequently Asked Questions (June 3, 2015)

**Q:** What is the likelihood that the Attorney General will approve the sale, and the transaction will be successfully completed?

**A:** Keiro has done everything under its control to ensure that the transaction will be successful.

**Q:** What does the transaction timeline look like?

**A:** The transaction process is event driven meaning that a number of regulatory approvals are required to move forward. The timing of the approvals will determine the length of the process.

**Q:** After the sale is complete, can the buyer make significant changes to the facilities?

**A:** The Attorney General is likely to put conditions on the sale which should mean that what exists today is similar to what someone experiences in the near future.

**Q:** What happens to the long-term custodial care residents?

**A:** While the trend in nursing homes today is on short-term, post-hospital stay residents, long-term custodial residents will continue to make up a majority of the residents in any facility.

**Q:** Are the private pay, Medicare, and Medi-Cal rates going to increase?

**A:** Medicare and Medi-Cal rates will stay the same because they are set by the government. We are not able to comment on what will happen to private pay rates.

**Q:** Will the buyer continue to accept Medicare and Medi-Cal, or will the facilities become all private pay?

**A:** The buyer will likely continue to accept Medicare and Medi-Cal in the nursing homes. Medicare and Medi-Cal reimbursements account for the majority of revenue in nursing homes across the country.

**Q:** Will the physician and hospital coverage remain the same for residents?

**A:** The health insurance plan of each resident determines which physicians, hospitals, and other health care providers are included in his/her coverage networks.

**Q:** What is the buyer's view of the Intermediate Care Facility (ICF)?

**A:** The buyer understands how the ICF fits into the continuum.

**Q:** Is the buyer going to use "Keiro" in the names of any of the facilities?

**A:** No.

**Q:** If a different level of care is needed, will the residents be able to stay within the "Keiro" network of facilities?

**A:** Yes.

**Q:** What are the buyer's facilities like?

**A:** They appear to be well-run facilities, culturally-sensitive (when appropriate), and have a good service culture.

**Q:** What attributes did Keiro look for in a potential buyer?

**A:** We looked for a buyer with a good track record in providing quality care. We also looked for one which was culturally-sensitive.

**Q:** What were the Attorney General's conditions during the previous transaction?

**A:** The facilities continue to be run in a culturally-sensitive manner and residents would continue to have access to the other facilities.

**Q:** What happens to the staff?

**A:** All facility staff will be hired.

**Q:** What happens to the volunteers?

**A:** All volunteers may continue to volunteer.

**Q:** What happens to the donations?

**A:** The donations will stay with Keiro as Keiro will continue as a not-for-profit organization serving the Japanese American community.

**Q:** What happens to Keiro in the future?

**A:** Keiro will continue to serve the Japanese American community, with a focus on those aging in the community and caregivers. We will still provide educational programs, classes, and conferences aimed at empowering people to self-manage their own health and live with dignity and independence. We will also support research like the recently published study by the UCLA Center for Health Policy Research about the health of Japanese in California which is an important resource for service providers and policy makers.

# Communication related to Cultural Sensitivity

## Scott Chan

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**From:** Brockmeyer, Neal H. <NBrockmeyer@lockelord.com>  
**Sent:** Thursday, July 02, 2015 3:26 PM  
**To:** Scott Chan  
**Subject:** RE: Keiro  
**Attachments:** 106774\_20150702\_150249548\_20150702145715160\_00000001.pdf

Scott:

Thanks for the heads up on the two issues you raised. I will respond next week on "transparency," once I can provide you with a complete list of the letters, meetings, press releases, publications and other communications with respect to the proposed transaction. In the meantime, I want to respond to your comments about operation of the facilities in a "culturally sensitive" manner.

As you indicated, Section 11.4(i) of the APA provides that the facilities will be operated in a "culturally sensitive" manner. The Section then goes on to explain the meaning of that term, and refers to Exhibit 11.4(i) to the APA that lists the elements that will be included to maintain the "culturally sensitive" environment. That list was derived from the elements that were provided in the submission last year and it includes all of those you mention in your email. A copy of Exhibit 11.4(i) to the APA is attached for your convenience.

Section 11.4(i) is a post-closing covenant of the "Other Parties," which is defined as Pacifica Companies LLC and the three newly-formed buyers. It includes the Other Parties' obligation to "cause the New Operators" to also abide by that covenant. The New Operators, by virtue of the Amendment to the APA, are Northstar Senior Living, Inc. with respect to the retirement home, and the three subsidiaries of Aspen Skilled Healthcare, Inc. with respect to the other three facilities.

In addition, Section 2.5.1 of each of the OTAs for the facilities provides that the New Operator shall operate the respective facility in a "culturally sensitive" manner, with the same explanation of that term as in the APA and also referring to the elements listed in Exhibit 11.4(i) to the APA. The New Operators of the two nursing homes and, by virtue of the amendment to the OTA, of the intermediate care facility, are subsidiaries of Aspen Skilled Healthcare, Inc. The New Operator of the retirement home, by virtue of the amendment to the OTA, is Northstar Senior Living, Inc. Note that the three buyers are also parties to the OTAs.

Finally, the forms of leases between the buyers and the subsidiaries of Aspen Skilled Healthcare, Inc., which are attached as Exhibits F to the OTAs for the two nursing homes and,



by virtue of the amendment to the OTA, as Exhibit M to the OTA for the intermediate care facility, all contain an obligation of the lessee/operator in Section 9(b)(x) to maintain a "culturally sensitive" environment that is consistent with the APA and the OTAs.

I trust this is sufficiently responsive to your comment about operating the facilities in a "culturally sensitivity" manner, and will plan to provide the information to address transparency next week.

I hope you have an enjoyable holiday.

Neal

-----Original Message-----

From: Scott Chan [mailto:Scott.Chan@doj.ca.gov]

Sent: Thursday, July 02, 2015 12:00 PM

To: Brockmeyer, Neal H.

Subject: Keiro

Good morning Neal,

I'm not in the office this week. I'm in Omaha, Nebraska but been reviewing the Keiro transaction. I have gotten scores of input from residents and family of residents. Universally, they indicate that there has been a lack a transparency with this transaction with the residents, families of residents, the Japanese American community, staff, and the public.

I'm starting to put together the deficiency letter and wanted to give you a heads up on some of the issues I need to explore before moving on. In addition to all the documents and information related to Pacifica's ban on being a licensee and manager, I will be asking for information on how Keiro communicated and informed all of the above-listed interested parties about the proposed transaction.

Also, the APA provides that the facilities will be operated in a "culturally sensitive" manner. Does this provision include menus that contain traditional Japanese dishes and dietary factors, entertainment and new media incuding NHK TV and other Japanese programing, traditional Japanese activities, observance of Japanese holidays, and libraries that contain media (books, video, discs, etc) in the Japanese language?

Also, is this "culturally sensitive" provision-contained in contracts between the Pacifica and Northstar, and Pacifica and Aspen? If not, don't you think that those agreements should be amended to include such a provision?

I'll be back next week. Talk with you soon.

Have a great weekend.

Thank you.

Scott Chan  
Deputy Attorney General  
California Department of Justice

Office of the Attorney General  
Charitable Trusts Section  
455 Golden Gate Ave., Suite 11000  
San Francisco, CA 94102

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## EXHIBIT 11.4(i)

### CULTURAL SENSITIVITY

The following are some of the specifics that have helped Keiro create and maintain a "culturally sensitive" environment at the facilities:

**Menus:** The menus contain many traditional Japanese dishes, and alternative Japanese dishes are made available with notes about dietary factors.

**Television Programing:** Residents are able to view NHK TV, operated by Japan Broadcasting Corporation, which broadcasts Japanese and Asian news and lifestyle and cultural programming.

**Programs and Activities:** Residents may participate in traditional Japanese activities, such as ikebana (the art of floral arrangements), the koto (a stringed musical instrument), origami (the art of paper folding) and shigin (reciting/singing).

**Japanese Holiday Observance:** The facilities observe the Respect for the Aged Day (Keiro no Hi), which since 1966 has been celebrated annually in September to honor elderly persons.

**Library.** Keiro provides at its facilities libraries that, in addition to English materials, contain books, videos and discs in the Japanese language and Japanese books, videos and discs in the English language.

Keiro also participates in other community programs directed to the Japanese American population and uses volunteers who have the Japanese American cultural and language background.

**Scott Chan**

---

**From:** Brockmeyer, Neal H. <NBrockmeyer@lockelord.com>  
**Sent:** Friday, July 10, 2015 11:01 AM  
**To:** Scott Chan  
**Cc:** Shawn Miyake (smiyake@keiro.org)  
**Subject:** Cultural Sensitivity

Scott:

As pointed out in the notice submitted with respect to the proposed transaction, "cultural sensitivity" has been a key factor in evaluating the potential buyers of the Keiro facilities. In that connection, representatives of the proposed buyers and operators discussed their commitment to maintain "cultural sensitivity" with the boards of the Keiro entities and/or members of the Transition Task Force, which had been appointed by the boards to evaluate any potential transaction.

We've asked the proposed operators to expand on what they shared with the boards and Transition Task Force with a view to sharing their responses with you. The following information has been provided by Aspen Skilled Healthcare, Inc. and Northstar Senior Living, Inc. about their exposure to the Japanese and other cultures and experience with "cultural sensitivity." As you know, subsidiaries of Aspen would operate the two nursing homes and the intermediate care facility, and Northstar would operate the retirement home. We thought that this information would be helpful for you to evaluate the parties dedication to maintaining "cultural sensitivity."

Neal

Aspen Skilled Healthcare, Inc.

Aspen Skilled Healthcare acquired Mission Palms Healthcare in Westminster, CA in November 2009. At the time, the 99 bed nursing facility was 72% occupied with primarily Vietnamese residents. Aspen immediately recognized that only 10% of the staff spoke Vietnamese, all the signage was in English only, the option for even generic Asian food was available only a few times per month. Although the facility claimed it '*catered to the Vietnamese population*', the programs were uninspired and inconsistent.

Our leadership teams went to work to identify the market and the services needed and wanted by the seniors in the community. With such a strong Vietnamese population in Westminster, Aspen implemented programs to catering to Vietnamese cultural preferences. Today at Mission Palms, about 35% of the staff speak fluent Vietnamese, including employees in admissions, nursing, therapy, housekeeping, dietary, activities, and social services. We provide a Vietnamese cuisine menu with 3 meals per day 7 days per week available to all residents and visitors. Our activities department has engaged Vietnamese musicians, dancers, artists for programming 3 days per week. Residents have access to Vietnamese television stations, radio stations and newspapers everyday. Signage, information and materials throughout the facility are written in Vietnamese. On weekends, the facility provides religious services specifically for Vietnamese Buddhist and Catholic residents. Mission Palms residents and employees celebrate all Vietnamese holidays together with special events and activities geared toward increasing awareness of Vietnamese culture.

Aspen is proud of the cultural programming at Mission Palms, which is consistently 96% occupied and enjoys a great relationship with the Westminster community. We have built relationships with area physicians who trust that their patients will be well-cared for at Mission Palms. The hospital discharge planners know that we run authentic Vietnamese programs and enthusiastically recommend our services to Vietnamese families seeking care for their loved ones.

We recognize the cultural uniqueness of the Keiro facilities and look forward to continuing the programs in place which cater to the residents served. We are committed to applying our experiences at Mission Palms to maintain and build upon the Japanese cultural foundation at the Keiro facilities.

We welcome anyone to tour our Mission Palms facility to see and feel these cultural enhancements for themselves.

Northstar Senior Living, Inc.

The CEO of Northstar Senior Living, Inc. lived in Japan for two years where he spoke Japanese and lived in normal Japanese circumstances and accommodations. He is a student and lover of Japanese culture. If you ask his children what their favorite foods are they will tell you dishes such as oyakudonburi, tonkatsu, curry rice, shabu shabu, and sukiyaki. Mr. Jensen also studied Japanese literature, culture and language as part of his undergraduate degree.

The General Counsel of Northstar Senior Living, Inc. was a foreign exchange student in Japan living with a Japanese family and attending Japanese high school/juku ("cram school").

Both Northstar officers are not only sensitive to the Japanese culture but also students of the culture and huge fans of all things Japanese.

In addition, Northstar senior team members have also been involved with some other cultural specific senior living products. They have Jewish centric communities with religious services, activities and foods tailored to the Jewish residents. Northstar also currently operates the first and only LGBT senior living community in Palm Springs, CA.

Neal H. Brockmeyer  
Locke Lord LLP  
300 S. Grand Ave., Suite 2600  
Los Angeles, CA 90071  
213-687-6774 Direct  
213-341-6774 Fax  
[nbrockmeyer@lockelord.com](mailto:nbrockmeyer@lockelord.com)  
[www.lockelord.com](http://www.lockelord.com)

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**Scott Chan**

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**From:** Brockmeyer, Neal H. <NBrockmeyer@lockelord.com>  
**Sent:** Thursday, July 30, 2015 1:21 PM  
**To:** Scott Chan  
**Cc:** Shawn Miyake (smiyake@keiro.org)  
**Subject:** Follow Up on Your Inquiry

Scott:

With respect to your inquiry concerning Riviera, I contacted Shawn Miyake, the President and CEO of the Keiro entities, who sent me the following comment:

"We are familiar with Riviera having visited their facilities and having had families come to us from their facilities for years. In general we are not impressed with the condition of their facilities, the cultural sensitivity of their menus and programming. There was no effort made to tour our facilities or make further inquiries beyond throwing out the \$44 million number which we could not take very seriously."

Neal

Neal H. Brockmeyer  
Locke Lord LLP  
300 S. Grand Ave., Suite 2600  
Los Angeles, CA 90071  
213-687-6774 Direct  
213-341-6774 Fax  
[nbrockmeyer@lockelord.com](mailto:nbrockmeyer@lockelord.com)  
[www.lockelord.com](http://www.lockelord.com)

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**Scott Chan**

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**From:** Brockmeyer, Neal H. <NBrockmeyer@lockelord.com>  
**Sent:** Friday, July 31, 2015 1:06 PM  
**To:** Scott Chan  
**Subject:** RE: Follow Up on Your Inquiry

Scott:

Following receipt of your email, I spoke with Shawn Miyake and with Chris Hyldahl of Blueprint HealthCare Real Estate Advisors, who was engaged to market the Keiro properties. They have both provided me with additional information concerning the marketing process.

First, I want to point out that Keiro is not losing \$3 million because the transaction with The Ensign Group, Inc. was never consummated, and the \$44 million offer by Riviera was never reduced to writing like the offers by Pacifica and Aspen.

Second, market conditions since the proposed Ensign transaction actually deteriorated resulting in fewer buyers being interested, which was further affected by Keiro not being able to consummate the prior transaction and by Keiro's desire to sell all the facilities to one buyer so they could continue to operate as a continuum of culturally sensitive care. Much industry consolidation had already occurred leaving companies searching for individual facilities to fill out their geographic footprints.

As for Riviera, Chris says that the Riviera offer was made within 48 hours of receiving some materials on the facilities. In his opinion, Riviera was just trying to tie up the property as there was no chance of making a serious offer without conducting due diligence. Chris says that the offer was conveyed orally through Riviera's CFO acting on behalf of Mr. Jacobs and that when Chris went back to "dig deeper," he learned that Mr. Jacobs was unavailable for over three weeks and the CFO was frustrated because of the difficulty in reaching him. At that point, the decision was made to eliminate Riviera from the process. During this period, both Pacifica and Aspen were conducting due diligence and submitted separate letters of intent, which then resulted in a single letter of intent from Pacifica to purchase all the facilities. Through additional negotiations, Keiro was able to increase the price by an additional \$1 million to \$41 million. Riviera threw out the \$44 million price orally and, unlike Pacifica and Aspen, no additional efforts of due diligence were made.

Shawn's impressions of Riviera are based in part on his past visit to the Gardena Convalescent Center, and input from Keiro administrators and from residents who transferred to Keiro facilities. In addition, he is aware that Riviera's closest facility to one of Keiro's facilities, Gardena Retirement Center, has had a number of visits by Community Care Licensing resulting in 1 "A" and 3 "B" citations. Its closest nursing facility to the South Bay Keiro Nursing Home, Gardena Convalescent Center, has an overall rating of 2 stars on Nursing Home Compare, while Aspen's nursing home in Westminster, California, Mission Palms Healthcare Center, is rated 4 stars. While both provide "culturally sensitive" services, Aspen appears to execute its services more in a manner similar to Keiro's approach, with "cultural sensitivity" being one of the significant factors in Keiro's decision-making process.

Neal

---

**From:** Scott Chan [mailto:Scott.Chan@doj.ca.gov]  
**Sent:** Thursday, July 30, 2015 4:25 PM

**To:** Brockmeyer, Neal H.  
**Subject:** RE: Follow Up on Your Inquiry

What does Shawn mean by not being impressed by Riviera facilities, that is, are they dirty, understaffed, turnover, citations, federal investigations etc. Charity is now losing \$3 million so we need better explanation with more detail as to why Keiro did not pursue this offer.

---

**From:** Brockmeyer, Neal H. [<mailto:NBrockmeyer@lockelord.com>]  
**Sent:** Thursday, July 30, 2015 1:21 PM  
**To:** Scott Chan  
**Cc:** Shawn Miyake ([smiyake@keiro.org](mailto:smiyake@keiro.org))  
**Subject:** Follow Up on Your Inquiry

Scott:

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Neal

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300 S. Grand Ave., Suite 2600  
Los Angeles, CA 90071  
213-687-6774 Direct  
213-341-6774 Fax  
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