

In re Assisted Living Concepts, Inc. Securities Litigation

COURT: United States District Court for the Eastern District of Wisconsin
CASE NUMBER: 12-CV-884-JPS
CLASS PERIOD: 03/04/2011 – 08/06/2012

Settlement:

On August 27, 2013, the parties reached an agreement to settle the action for \$12 million in cash. On September 6, 2013, Lead Plaintiff filed its motion for preliminary approval of the settlement and on September 25, 2013, the Court granted Lead Plaintiff's motion. On November 14, 2013, Lead Plaintiff filed its motion for final approval of the settlement and plan of allocation and on December 19, 2013, the Court granted Lead Plaintiff's motion. The deadline for submitting claim forms was February 6, 2014.

More information about the settlement can be found at www.alcsecuritieslitigation.com.

The claims administration was completed in June 2018. On July 30, 2018, the Motion for Approval of Distribution Plan was filed. On August 10, 2018, the Court entered the Order Approving the Distribution Plan. The first distribution of the net settlement fund occurred in October 2018. The second distribution occurred in December 2021. The third distribution occurred in March 2024.

Description of the Case:

Assisted Living Concepts, Inc. ("ALC" or the "Company") and its subsidiaries operate licensed assisted living and senior living facilities across the United States, including in Georgia, South Carolina and Alabama. This class action is brought against ALC and its former President and Chief Executive Officer, Laurie Bebo, on behalf of ALC investors who purchased or otherwise acquired ALC common stock between March 4, 2011 and August 6, 2012, inclusive (the "Class Period").

This action alleges that, during the Class Period, the Defendants made material misrepresentations and omissions in SEC filings and other public statements regarding ALC's compliance with occupancy, operating and other covenants under the terms of a lease with Ventas Realty (the "Ventas Lease") for eight assisted living residences. Under the terms of the Ventas Lease, ALC was obligated to maintain an overall occupancy rate of at least 82% and maintain all regulatory licenses required to operate the leased facilities for their intended use. The action alleges that ALC was in breach of the Ventas Lease throughout the Class Period, including its operating and minimum occupancy covenants. The action also alleges that ALC failed to disclose to investors numerous uncorrected citations for serious regulatory violations prior to and throughout the Class Period, which led state regulators to serve notices of intent to revoke licenses for three Ventas-leased facilities during the Class Period. When ALC's prior misrepresentations and omissions became apparent to the market, the price of ALC's securities dropped sharply, causing the Class to incur substantial losses.

On November 11, 2012, the Court appointed the Pension Trust Fund for Operating Engineers ("Operating Engineers") as Lead Plaintiff and BLB&G as Lead Counsel. On February 15, 2013, Operating Engineers filed an Amended Complaint and on June 21, 2013, the Court largely denied Defendants' motions to dismiss the Amended

Complaint and sustained claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934 for the entire Class Period. The Court's June 21, 2013 Order lifted the PSLRA discovery stay and discovery promptly commenced.

Case Documents

- August 10, 2018 - Distribution Order
- September 25, 2013 - Stipulation of Settlement
- September 6, 2013 - Order
- September 25, 2013 - Notice of Pendency of Class Action and Proposed Settlement, Final Approval Hearing, and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses
- May 3, 2013 - Order Granting Motion to Lift the PSLRA Stay
- June 21, 2013 - Order Regarding Motion to Dismiss
- November 14, 2012 - Order Appointing Pension Trust Fund Lead Plaintiff