

**James F. Gleason**  
**8515 Costa Verde Boulevard, #109**  
**San Diego, CA 92122-1130**

April 4, 2007

**Via Certified Mail, Return Receipt Requested**

CCW La Jolla, L.L.C.  
CC-La Jolla, Inc.  
Classic Residence Management Limited Partnership  
8515 Costa Verde Blvd.  
San Diego, CA 92122

Dear Sir or Madame:

Pursuant to California Civil Code section 1782, subdivision (a)(1), the purpose of this letter is to notify you of violations of the Consumer Legal Remedies Act (Civ. Code § 1770, et seq.<sup>1</sup>) which have occurred and are occurring at the Classic Residence by Hyatt at La Jolla Village Towers, located at 8515 Costa Verde Boulevard, San Diego, California, 92122. Pursuant to section 1782, subdivision (b), you have 30 days from the date of this letter to rectify the violations, as discussed below, or legal action will be pursued.

I want to point out that the Resident Council and numerous residents have brought these matters to your attention for more than one year without satisfactory resolution. Resident representatives traveled to Sacramento to meet with officials of the Department of Social Services (DSS) on these matters and issues, only to be met with an e-mail from your legal office which misstates facts and seeks to mislead those officials, such as referring to the wrong residency agreement, omitting numerous of your continuing care promises, and claiming residents' were simply "dissatisf[ied] with [the] basic for-profit [continuing care retirement community] model." We have not heard back from the DSS, and given your misrepresentations to it, do not hold out much hope for a speedy resolution from it. Finally, a lawsuit brought by Mr. Short has been met with more stonewalling, a refusal to expedite the case, and your failure to provide requested documents and information. Indeed, since that lawsuit was filed, at least eight residents have died. Moreover, your residency agreements expressly state "time is of the essence with the performance of this Agreement." I believe it is my obligation to attempt have residents' deeply-held concerns appreciated and rectified by you without further delay.

---

<sup>1</sup>

All future references will be to the Civil Code unless otherwise stated.

Section 1770, subdivision (a), provides in relevant part:

“The following unfair methods of competition and unfair or deceptive acts or practices undertaken by any person in a transaction intended to result or which results in the sale or lease of goods or services to any consumer are unlawful:

...

- (5) Representing that goods or services have . . . characteristics . . . [or] . . . benefits . . . which they do not have . . . .
- (7) Representing that goods or services are of a particular standard, quality, or grade . . . if they are of another . . . .
- (9) Advertising goods or services with intent not to sell them as advertised . . . .
- (14) Representing that a transaction confers or involves rights, remedies, or obligations which it does not have or involve . . . .
- (16) Representing that the subject of a transaction has been supplied in accordance with a previous representation when it has not.”

These violations occurred with regard to the following transactions:

1. Representing that the health care provided in the care center is of “high quality” and “expert.” In fact, the care provided is substandard because: (a) many care providers do not understand or speak English fluently, (b) the training, supervision and care provided in the care center is below the standard of care, and (c) you are admittedly “understaffed.”
2. Representing that entrance fees paid by independent living residents would be used to fund pre-paid long term health care. In fact, none of the entrance fees have been set aside to be used for this purpose.
3. Representing that independent living residents could move to the care center with no extra cost, except one additional meal per day. Instead, residents who move from your independent living facility to the care center have been charged substantial additional costs for the care they receive, such as nursing care because the nurses provided by you are unable to communicate effectively in English. These additional charges should be included in the care provided by at no additional cost pursuant to you representations.

4. Representing that monthly fees charged to residents in the independent living facility would not include any operating loss of the care center. Instead, you have charged the operating losses of the care center to monthly fees assessed to independent living residents.
5. Representing that you would provide 24-hour emergency medical response to the residents of your independent living facility and that the wellness center staff is available to independent living residents “around the clock to respond to medical emergencies.” Neither of these vital continuing care promises are being fulfilled.
6. Representing you would provide “gracious retirement living,” “luxury senior living at its finest,” “a relaxed, easy going lifestyle,” “luxurious surroundings,” and “almost unlimited opportunities for relaxation,” and peace and quiet. In fact, due to the manner in which you have engaged in construction of a new high-rise on the property, the living environment is extremely noisy, dusty, cold, and disruptive. Moreover, numerous important health-related facilities, such as the indoor swimming pool and the exercise room were eliminated or reduced.
7. Representing that you would “work diligently to manage expenses,” that residents would “reap the benefits of group purchasing,” and that residents could “rest assured that [you] are looking at all of [your] expenses and systems to find ways of reducing the impact of [monthly fee] increases.” Instead, you have entered into transactions with related parties for expenses such as management, marketing, and administration that are well above market rates for those expenses in order to gouge elderly residents with unnecessary monthly fees and conceal your practice as simply passing along normal operating expenses.

Pursuant to section 1782, subdivision (a)(2), please rectify your violations by taking the following remedial measures:

1. Provide each independent living resident for the past three years, including those who have transferred to the care center, \$5,000 pursuant to section 1780, subdivision (b)(1), and section 3345, subdivision (b). Further, you must agree to pay for monitoring by a licensed health care consultant selected by the Health Services Committee of the Resident Association’s elected Resident Council for at least three years to ensure that the level of care provided at the care center is “high quality” and “expert,” including (a) hiring and retention of only care givers who speak, read and write English fluently, (b) the training, supervision and care provided in the care center is at or above the standard of care advertised by you, and (c) you obtain and maintain appropriate staffing levels for the care center.
2. Set aside \$18.4 million into a trust fund, to be administered by a mutually

agreeable trustee, to be used only to subsidize care center operating losses for past or present independent living residents on or before August 1, 2005. All earnings from the fund would remain in the fund only to be used for purpose of providing for long-term care for this group of independent living residents and subsidizing the care center for these residents.

3. Reimburse all nursing care costs, with interest at the statutory rate of 10 percent per annum, charged to independent living residents with the extensive continuing care plan, who have moved to the care center in the past three years. Agree to cease the practice of charging any such present or former independent living residents for nursing care costs in the future.
4. Reimburse independent living residents over the past three years the portion of monthly fees charged to them to subsidize the operating loss of the care center. In addition, pay each of these residents \$5,000 pursuant to section 1780, subdivision (b)(1), and section 3345, subdivision (b).
5. Reimburse independent living residents over the past three years a total amount of \$350,400 and reinstate 24-hour emergency medical response to the residents of the unassisted living facility and the availability around the clock of wellness center staff. In addition, pay each of these residents \$5,000 pursuant to section 1780, subdivision (b)(1), and section 3345, subdivision (b).
6. Reimburse all present and former independent living residents who entered into residency agreements prior to June 30, 2006, an amount equal to 50 percent of the monthly fees charged to them since November 15, 2005, with interest at the statutory rate of ten percent per annum. Further, agree that monthly fees will not be increased for any independent living resident until construction of the second tower, including all construction activity, has been completed.
7. Terminate the managing and marketing agreement dated April 28, 1998, and reimburse to present and former residents of the independent living facility all expenses paid to Classic Residence Management for management fees, marketing expenses, sales commissions, and administrative expenses for the past four years, with interest at the rate of ten percent per annum. In addition, pay each of these residents \$5,000 pursuant to section 1780, subdivision (b)(1), and section 3345, subdivision (b).

April 4, 2007  
Page 5

Thank you in advance for your prompt attention to this matter.

Sincerely,

James F. Gleason