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6 Attorneys for Defendants,  
7 CC-Palo Alto, Inc. a Delaware corporation;  
Classic Residence Management Limited Partnership,  
8 an Illinois limited partnership; and CC-Development  
Group, Inc., a Delaware corporation  
9

10 **IN THE UNITED STATES DISTRICT COURT**  
11 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**

13 **BURTON RICHTER**, an individual;  
14 **LINDA COLLINS CORK**, an individual;  
**GEORGIA L. MAY**, an individual;  
15 **THOMAS MERIGAN**, an individual;  
**ALFRED SPIVACK**, an individual; and  
16 **JANICE R. ANDERSON**, an individual; on  
behalf of themselves and all other similarly  
17 situated

18 Plaintiff,

19 vs.

20 **CC-PALO ALTO, INC.**, a Delaware  
corporation; **CLASSIC RESIDENCE**  
21 **MANAGEMENT LIMITED**  
**PARTNERSHIP**, an Illinois limited  
22 partnership; and **CC-DEVELOPMENT**  
**GROUP, INC.**, a Delaware corporation

23 Defendants.  
24  
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26  
27  
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Case No.: C 14-00750 EJD

**DECLARATION OF GARY SMITH IN  
SUPPORT OF DEFENDANTS'  
COMBINED REPLY IN SUPPORT OF  
MOTION TO DISMISS CLASS ACTION  
COMPLAINT**

Date: August 15, 2014  
Time: 9:00 a.m.  
Dept.: Courtroom 4, 5th Floor  
Judge: Hon. Edward J. Davila

Trial Date: Not yet set.

1 I, Gary Smith, declare:

2 1. I am a Vice President and Treasurer of CC-Development Group, Inc., dba Vi and CC-  
3 Palo Alto, Inc. and am Chief Financial Officer of Classic Residence Management Limited  
4 Partnership. I submit this declaration in support of defendants CC-Palo Alto, Inc., CC-  
5 Development Group, Inc., and Classic Residence Management Limited Partnership's combined  
6 reply in support of their motions to dismiss. This declaration is based on my personal  
7 knowledge, and if called as a witness, I would and could testify competently to the truth thereof  
8 under oath.

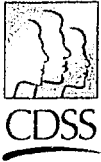
9 2. Attached hereto as **Exhibit A** is a true and correct copy of a notice CC-Palo Alto, Inc.  
10 received from the California Department of Social Services on or about April 24, 2012.

11  
12 I declare under penalty of perjury under the laws of the United States of America that the  
13 foregoing is true and correct.

14  
15  
16 Dated: April 7, 2014

17   
18 GARY SMITH

# **EXHIBIT A**



WILL LIGHTBOURNE  
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY  
**DEPARTMENT OF SOCIAL SERVICES**  
744 P Street • Sacramento, CA 95814 • [www.cdss.ca.gov](http://www.cdss.ca.gov)



EDMUND G. BROWN JR.  
GOVERNOR

April 24, 2012

TO: ALL CONTINUING CARE PROVIDERS

FROM:  JOHN R. RODRIQUEZ, CHIEF  
CONTINUING CARE CONTRACTS BRANCH

SUBJECT: CONTRACTS CONTINGENT ON RESALE

This is to inform you that the Department is now applying the refund reserve requirement to any contract that makes a refund promise that is not contingent on resale. A promise that is contingent on resale for only a specific period will not be considered within the contingent on resale exception to the refund reserve requirement, regardless of the number of years the contingency remains in place. Providers may continue to use, and the Department will continue to approve, contracts with a specific period contingent on resale provision but commencing June 1, 2012, those contracts will require the promising provider to establish a refund reserve.

In short, the refund reserve requirement will apply to all fixed-time contingent on resale contracts entered into after May 1, 2012, and the refund reserve for such contracts must be established and fully funded by the end of the provider's fiscal year ending after June 1, 2012.

Providers who intend to modify their continuing care contracts to remove the specific period contingent on resale refund provision must immediately submit the proposed revisions to the Department for review and approval prior to use. Revisions consisting solely of removing the specific period provision that limits the "contingent on resale" clause will be summarily approved.

If you have any questions, you may contact this office at (916) 657-2592.