

FILED IN OFFICE

FEB 20 2017

CLERK

IN THE SUPERIOR COURT OF FLOYD COUNTY
STATE OF GEORGIA

BOKF, N.A., as Indenture Trustee,

Plaintiff,

v.

Case No. SU16CV01749JFL002

ROME ALF, LLC; OXTON PLACE OF
ROME, LLC; MANOR HOUSE OF
ROME, LLC; AFFINITY LIVING
GROUP, LLC; DWAYNE EDWARDS;
and TODD BARKER,

Defendants.

MONTHLY OPERATING REPORT DATED FEBRUARY 17, 2017

Healthcare Management Partners, LLC (“*HMP*”) and Derek Pierce (“*Pierce*” and together with HMP, the “*Receiver*”), as receiver, by and through its undersigned counsel, submits this Monthly Operating Report for the period from January 15, 2017 through February 11, 2017 (the “*Reporting Period*”).

ADMINISTRATION OF THE RECEIVERSHIP ESTATE AND FACILITY OPERATIONS

As previously reported, since the Receiver’s appointment on October 11, 2016 pursuant to the *Order Granting Consent Motion for the Entry of an Order: (I) Appointing an Interim Receiver; (II) Granting Injunctive Relief; and (III) Approving Receiver Financing* (the “*Receivership Order*”),¹ the Receiver has gained access to and control over the Receivership Estate. Having control of the Receivership Estate, the Receiver has continued preparation of marketing materials for the eventual sale of the assets comprising the Receivership Estate, continues to provide oversight and direction to the current manager of the assets comprising the

¹ Capitalized terms used in this report and not otherwise defined shall have the meanings ascribed to them in the Receivership Order.

Receivership Estate, and prepared and continually updated forward-looking cash flow analyses and projections. In addition, the Receiver continues to have communications with potential purchasers of substantially all assets of the Receivership Estate. The Receiver is currently evaluating how best to market the assets of the Receivership Estate. The Receiver will continue to take all actions the Receiver deems necessary and advisable to fulfill the Receiver's obligations under the Receivership Order.

TURNOVER OF ASSETS AND RECORDS

The Receivership Order appointed the Receiver to control, manage, administer, operate, and protect the Receivership Estate. In addition, the Receiver was appointed to, among other things, operate and administer the Receivership Estate in an economical and efficient manner. To that end, as previously reported, the Receiver immediately demanded that the above-captioned defendants (the "*Defendants*") deliver to the Receiver: (i) full access to all Books and Records; (ii) full and exclusive control over any and all Cash Equivalent Assets, Contract and Licenses, and Contact Information Assets; and (iii) full access to and exclusive control over any and all Physical Assets. Further, the Receiver: (a) has taken control of (i) the administration and operation of the Facility and Physical Assets and (ii) the bank accounts and accounts receivable; (b) is establishing protocols to ensure unhindered control of the identified Cash Equivalent Assets; and (c) has requested full access to the Books and Records.² To date, the Defendants have cooperated with the Receiver. The Receiver continues to investigate whether requests for additional information are necessary and to assess whether he has obtained access to all necessary Books and Records.

² Many records have been received; however, the Receiver still has certain requests outstanding.
4851-6362-7331.2

PROFESSIONAL FEES AND EXPENSES

As previously reported, Affinity Living Group, LLC (“*Affinity*”) continues to manage the Facility under the Receiver’s direction and control.

Waller Lansden Dortch & Davis, LLP (“*Waller*”) continues to act as general counsel to the Receiver and to assist with the substantial legal work required to advise and represent the Receiver with respect to his general duties under the Receivership Order. The reasonable fees and expenses of the Receiver and Receiver Affiliates are payable on a current basis as priority administrative claims against the Receivership Estate, without the need for any fee application or other filing with or order of this court. The fees and expenses of the Receiver for the period from January 1, 2017 through January 31, 2017 are \$1,805.42. The fees and expenses of the Waller for the period from January 1, 2017 through January 31, 2017 are \$4,821.30. As of the date of this report, the foregoing fees and expenses of the Receiver and Waller have not been paid.

FINANCIAL PERFORMANCE

Attached as Exhibit A to this monthly operating report is a cash flow analysis for the Reporting Period. As set forth in the attached cash flow analysis, during the Reporting Period, the Receivership Estate collected \$74,896 in cash receipts and expended \$60,399 in necessary operating expenses, resulting in a positive cash flow in the amount of \$14,497. As of February 6, 2017, the census at the Facility was thirty-three (33), with twenty-seven (27) vacant units available for occupancy. The Receiver anticipates being able to continue implementing measures to enhance revenue generation and decrease expenses incurred in connection with the operation of the Receivership Estate.

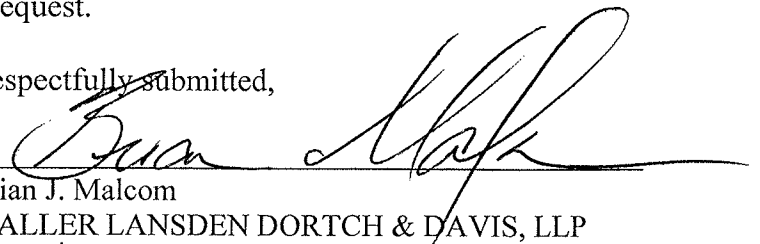
SEC RECEIVERSHIP COMMENCED

On January 20, 2017, the Securities and Exchange Commission (the “*SEC*”) commenced an action in the United States District Court for the District of New Jersey (the “*Federal Court*”)

against, among others, Dwayne Edwards, Todd Barker, and Rome ALF, LLC for alleged violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, and 17 C.F.R. § 240.10b-5. The SEC's action is currently docketed in the Federal Court as case number 2:17-cv-00393-ES-SCM and is styled as *Securities and Exchange Commission v. Edwards et al.* (the "**Federal Action**"). On that same day, the Federal Court entered the *Order Appointing Receiver* (later docketed on January 23, 2017 as docket number 7) (the "**Federal Receiver Order**") on an emergency and temporary basis, which appointed the Receiver in this action as receiver over several related entities. In addition, the Federal Receiver Order contemplates the receivership currently pending in this court being terminated, with the Federal Receiver Order immediately and simultaneously establishing a receivership over of the Receivership Estate in the Federal Court, with the Receiver continuing to serve as the court-appointed receiver for the Receivership Estate with substantially similar powers and obligations. On February 16, 2017, the Federal Court conducted a status conference and set a final hearing regarding the injunctive relief requested by the SEC for May 17, 2017. At this time, however, the Receiver is unable to anticipate at what time this receivership may become a receivership administered in the Federal Court. Copies of pertinent pleadings filed in the Federal Action may be obtained from the Receiver's counsel upon request.

Dated: February 17, 2017

Respectfully submitted,



Brian J. Malcom
WALLER LANSDEN DORTCH & DAVIS, LLP
1901 6th Avenue North, Suite 1400
Birmingham, Alabama 35203
Telephone: (205) 226-5706
Facsimile: (205) 214-7342
E-mail: brian.malcom@wallerlaw.com

*Attorneys for Healthcare Management Partners, LLC,
as Receiver*

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served on all counsel of record via electronic mail as follows:

T. Joshua Archer
Walter E. Jones
Matthew B. Ames
Balch & Bingham, LLP
30 Ivan Allen, Jr. Blvd., NW
Suite 700
Atlanta, GA 30309

Theodore N. Stapleton
Suite 100-B
2802 Paces Ferry Road
Atlanta, GA 30339

Frederic Dorwart
James A. Higgins
Nora R. O'Neill
Sarah W. Poston
Frederick Dorwart Lawyers
(*pro hac vice* pending)
124 East Fourth Street
Tulsa, OK 74103

Thomas W. Waldrep, Jr.
Francisco T. Morales
Waldrep Law
101 S. Stratford Road, Suite 210
Winston-Salem, NC 27104

R. Bates Lovett
FisherBroyles, LLP
35 Barnard Street, Ste. 300
Savannah, GA 31401
bates.lovett@fisherbroyles.com

This the 17th day of February, 2017.



Of Counsel

EXHIBIT A
CASH FLOW REPORT

Manor House Cash flow- Rome

From 15th January to 11th February 2017

Category	Week beginning:	1/15/2017	1/22/2017	1/29/2017	2/5/2017
	Week ending:	1/21/2017	1/28/2017	2/4/2017	2/11/2017
	Week number:	-3	-2	-1	0
	Actual/Projected:	Act	Act	Act	Act
Bal b/f		68,441	59,566	67,883	50,482
Deposits					
Resident deposits		10,200	6,400	2,200	56,096
Intragroup inflows		-	-	-	-
Advances from Indenture Trustee		-	-	-	-
Total inflows		10,200	6,400	2,200	56,096
Payments					
Administrative costs		-	-	-	-
Bank charges		(83)	-	-	-
BOKF protection payment		-	-	-	-
Case cost		-	-	-	-
Refund		-	-	(198)	-
Intragroup outflows		-	-	-	-
Equipment		-	-	-	-
Food		-	-	(2,559)	-
Housekeeping and Laundry		-	-	-	-
Insurance		-	-	(1,934)	-
Maintenance		-	-	-	-
Marketing		(55)	-	-	-
Mgmt Fee		-	-	(8,000)	-
Other		-	-	(804)	-
Other employee costs		-	-	(521)	-
Other expense		-	-	-	-
Payroll		(18,937)	-	-	(23,641)
Permits & License Fee		-	-	-	-
Petty Cash		-	-	-	-
Rent-Wire Bank of Oklahoma		-	-	-	-
Repairs and Maintenance		-	-	-	-
Telephone & internet		-	1,918	(473)	-
Utilities		-	-	(5,112)	-
Wire-Mortgage Payment Shortage		-	-	-	-
Total payments		(19,075)	1,918	(19,601)	(23,641)
Balance c/f		59,566	67,883	50,482	82,937