

**Andrew M. Calamari  
Lara Shalov Mehraban  
Sandeep Satwalekar  
Alexander M. Vasilescu  
Neal Jacobson  
Lee A. Greenwood  
David H. Tutor  
Attorneys for the Plaintiff  
SECURITIES AND EXCHANGE COMMISSION  
New York Regional Office  
Brookfield Place  
200 Vesey Street, Suite 400  
New York, NY 10281-1022  
(212) 336-1060 (Greenwood)**

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**v.**

**DWAYNE EDWARDS, TODD BARKER,  
SENIOR SOLUTIONS OF SOCIAL  
CIRCLE, LLC, OXTON PLACE OF  
DOUGLAS, LLC, d/b/a OXTON REAL  
ESTATE OF DOUGLAS, LLC, ROME  
ALF, LLC, SAVANNAH ALF, LLC,  
GAINESVILLE ALF, LLC, WATERFORD  
PLACE ALF, LLC, MONTGOMERY ALF,  
LLC, COLUMBUS ALF, LLC, and  
OPELIKA ALF, LLC,**

**Defendants,**

**-and-**

**OXTON SENIOR LIVING, LLC, MANOR  
HOUSE SENIOR LIVING, LLC, SUSAN  
EDWARDS a/k/a SUSAN ROGERS,  
SHARON NUNAMAKER a/k/a SHARON  
HADDEN, and SDH DESIGN, LLC,**

**Relief Defendants.**

**Civil Case No.**

**Complaint**

Plaintiff Securities and Exchange Commission (the “Commission”), for its Complaint against defendants Dwayne Edwards, Todd Barker, Senior Solutions of Social Circle, LLC, Oxton Place of Douglas, LLC, d/b/a Oxton Real Estate of Douglas, LLC, Rome ALF, LLC, Savannah ALF, LLC, Gainesville ALF, LLC, Waterford Place ALF, LLC, Montgomery ALF, LLC, Columbus ALF, LLC, and Opelika ALF, LLC (collectively, “Defendants”), and relief defendants Oxton Senior Living, LLC, Manor House Senior Living, LLC, Susan Edwards a/k/a Susan Rogers, Sharon Nunamaker a/k/a Sharon Hadden, and SDH Design, LLC (collectively, “Relief Defendants”), alleges as follows:

### **SUMMARY**

1. The Commission brings this emergency action to halt ongoing fraudulent conduct by Dwayne Edwards (“Edwards”) in connection with a series of fraudulent bond offerings to purchase and renovate assisted living and memory care facilities in Georgia and Alabama (together, the “Facilities”).

2. Between July 2014 and September 2015, Edwards, along with his business partner, Todd Barker (“Barker”) and the limited liability companies they set up to serve as the borrowers (the “Borrower Defendants”), raised nearly \$62 million through nine separate conduit municipal bond offerings (the “Offerings”).

3. Offering documents were prepared for each Offering separately. In those documents, which were provided to investors, the Borrower Defendants, through Edwards, stated that the money raised would be used to purchase and renovate a particular Facility, and that the revenues generated by that Facility would then be used to make periodic interest and principal payments back to investors in that specific Offering.

4. Edwards stated in the offering documents that the proceeds of each Offering would be used for a series of specific purposes, including working capital for the Facility, Facility renovations, and a debt service reserve fund (“DSRF”) to be drawn on only if needed to make interest payments. These purposes all related to the specific Facility and not to other Facilities or business ventures that Edwards controlled.

5. The offering documents for each Offering also stated that Edwards, Barker, and their management companies were not allowed to receive management fees if the Facility tied to the specific Offering was not generating sufficient revenue to pay expenses, including interest to bondholders, and in particular if the DSRF for that Offering was being used to make interest payments instead.

6. These statements were false. First, although the vast majority of the Offering proceeds were used to acquire the Facilities, Edwards improperly commingled at least \$3.9 million in Facility revenues and Offering proceeds, including working capital funds, by sweeping up available cash to be used for various purposes. Edwards began to commingle funds in this manner only days after the second Offering closed. Second, Edwards misused commingled Facility revenues and Offering proceeds to pay the costs associated with the purchase of new Facilities through new bond financings. Third, Edwards misappropriated thousands of dollars in commingled Facility revenues and Offering proceeds for personal use, even after he began to draw down on the DSRFs to make interest payments to investors. Finally, Edwards directed or disbursed more than \$944,000 in Offering proceeds and commingled Facility revenues to an entity controlled by relief defendant Sharon Nunamaker (“Nunamaker”), purportedly for renovation work or other services related to the Facilities.

7. Barker, Edwards' 50% business partner for each of the Borrower Defendants and the associated management companies, aided and abetted the fraud by serving as the co-guarantor on eight of the Offerings, by helping Edwards set up their bank account system, and by facilitating a small number of transfers of commingled funds to pay for new bond offerings, before Barker exited the operations of the parent company at the end of 2015.

8. Emergency relief is needed because Edwards' and the Borrower Defendants' fraudulent conduct is ongoing. Edwards has continued to commingle Facility revenues as recently as November 2016, and he still controls the revenue and operations of the Social Circle and Montgomery Facilities.<sup>1</sup> The current management company for the Facilities has found numerous invoices that Edwards did not pay and that the Facilities were in disrepair, putting assisted living and memory care residents at risk. Recently, Edwards has filed preemptive Chapter 11 bankruptcies in the Northern District of Georgia for two of the Facilities after the indenture trustees for the Offerings filed their own receivership actions against him. Prior to these bankruptcy filings, Edwards improperly removed resident checks that had not yet been cashed from at least three Facilities.

9. Given the manner in which Edwards has run the finances of the Facilities since 2014, a single consolidated receivership under the jurisdiction of one court will both maximize repayments for defrauded investors and ensure that the Facilities are administered responsibly for their residents.

### **VIOLATIONS**

10. By virtue of the conduct alleged herein, Edwards and the Borrower Defendants, directly or indirectly, singly or in concert, have engaged and are engaging in transactions, acts,

---

<sup>1</sup> Exhibit A describes each of the Offerings, and provides short names for each Offering and Facility that are used throughout the Complaint.

practices and courses of business that constitute violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)], and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

11. By virtue of the conduct alleged herein, Barker is liable for aiding and abetting both Edwards’ and the Borrower Defendants’ violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], pursuant to Section 15(b) of the Securities Act [15 U.S.C. § 77o(b)] and Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

12. Unless Defendants are permanently restrained and enjoined, Defendants will again engage in the acts, practices, transactions and courses of business set forth in this complaint and in acts, practices, transactions and courses of business of similar type and object.

### **JURISDICTION AND VENUE**

13. The Commission brings this action pursuant to authority conferred by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)], and seeks to permanently restrain and enjoin Defendants from engaging in the acts, practices, transactions, and courses of business alleged herein, and such other and further relief as the Court may deem just and appropriate.

14. The Commission seeks a final judgment ordering (a) Defendants and Relief Defendants to disgorge their ill-gotten gains, together with prejudgment interest thereon; and (b) Defendants to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

15. The Commission also seeks a temporary restraining order and preliminary and permanent injunctions: (a) enjoining Edwards and the Borrower Defendants from future violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]; (b) freezing the personal assets of Edwards and certain of the Relief Defendants; (c) appointing a receiver; (d) enjoining the filing of any bankruptcy, foreclosure, receivership actions by or against any of the entities subject to the receivership; (e) requiring Edwards and the Borrower Defendants to submit a verified accounting; (f) granting expedited discovery; and (g) preventing Defendants and Relief Defendants from destroying or altering any documents.

16. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331, Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

17. Venue is proper in this District pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa] because acts and transactions constituting violations alleged in this Complaint occurred within the District of New Jersey. For example, certain offers and sales of the securities comprising the Offerings occurred within the District of New Jersey, to investors located in counties (such as Bergen, Essex, Morris, and Passaic) that are part of the Newark Division.

18. In connection with the conduct alleged in this Complaint, Defendants, directly or indirectly, have made use of the means or instrumentalities of transportation or communication in, and the means or instrumentalities of, interstate commerce.

## DEFENDANTS

19. **Edwards**, age 54, resides at 850 Carroll Road, Latta, South Carolina 29565. For over 35 years, he has owned or administered assisted living and skilled nursing facilities in the Southeastern United States. He is the founder of Oxtan Senior Living, LLC (“OSL”), and is a 50% owner of the Borrower Defendants and management companies involved in the Offerings. He is the managing member of each of the Borrower Defendants. Edwards is also the founder and owner of Manor House Senior Living, LLC (“Manor House”) and its subsidiary management companies, which Edwards has been using to operate the Facilities since March 2016.

20. **Barker**, age 45, resides at 1029 Cherokee Road, Perry, Georgia 31069. He has been involved in the senior housing business for more than 25 years in the Southeastern United States, focusing on the operation and management of assisted living facilities. He is a 50% owner of the Borrower Defendants. He is also the managing member and 50% owner of the management companies for the Facilities that were established at the time of the Offerings. Following a dispute with Edwards, in December 2015, Barker was locked out of OSL’s offices by Edwards and has not been involved in the management of the Facilities or received payments since.

21. **Senior Solutions of Social Circle, LLC**, is a Georgia limited liability company formed in October 2013, with its principal place of business at 621 North Cherokee Road, Social Circle, Georgia 30025. Its managing member is Edwards, it is owned equally by Edwards and Barker, and it is the Borrower Defendant in the Social Circle Offering.

22. **Oxtan Place of Douglas, LLC**, d/b/a Oxtan Real Estate of Douglas, LLC, is a Georgia limited liability company formed in June 2014, with its principal place of business at

1360 West Gordon Street, Douglas, Georgia 31533. Its managing member is Edwards, it is owned equally by Edwards and Barker, and it is the Borrower Defendant in the Douglas Offering.

23. **Rome ALF, LLC**, is a Georgia limited liability company formed in August 2014, with its principal place of business at 621 North Cherokee Road, Social Circle, Georgia 30025. Its managing member is Edwards, it is owned equally by Edwards and Barker, and it is the Borrower Defendant in the Rome Offering. According to the Georgia Corporations Division, the company was administratively dissolved by the Georgia Secretary of State on December 7, 2016.

24. **Savannah ALF, LLC**, is a Georgia limited liability company formed in July 2014, with its principal place of business at 249 Holland Drive, Savannah, Georgia 31419. Its managing member is Edwards, it is owned equally by Edwards and Barker, and it is the Borrower Defendant in the Savannah Offering. According to the Georgia Corporations Division, the company was administratively dissolved by the Georgia Secretary of State on December 7, 2016.

25. **Gainesville ALF, LLC**, is a Georgia limited liability company formed in January 2015, with its principal place of business at 2030 Windward Lane, Gainesville, Georgia 30501. Its managing member is Edwards, it is owned equally by Edwards and Barker, and it is the Borrower Defendant in the Gainesville Offering.

26. **Waterford Place ALF, LLC**, is a Georgia limited liability company formed in January 2015, with its principal place of business at 2151 Eatonton Road, Building H, Suite 1, Madison, Georgia 30650. Its managing member is Edwards, it is owned equally by Edwards and Barker, and it is the Borrower Defendant in the Waterford Offering. According to the Georgia



Corporations Division, the company was administratively dissolved by the Georgia Secretary of State on December 7, 2016.

27. **Montgomery ALF, LLC**, is a Georgia limited liability company formed in January 2015, with its principal place of business at 2151 Eatonton Road, Building H, Suite 1, Madison, Georgia 30650. Its managing member is Edwards, it is owned equally by Edwards and Barker, and it is the Borrower Defendant in the Montgomery Offering. According to the Georgia Corporations Division, the company was administratively dissolved by the Georgia Secretary of State on December 7, 2016.

28. **Columbus ALF, LLC**, is a Georgia limited liability company formed in December 2014, with its principal place of business at 2151 Eatonton Road, Building H, Suite 1, Madison, Georgia 30650. Its managing member is Edwards, it is owned equally by Edwards and Barker, and it is the Borrower Defendant in the Columbus Offering. According to the Georgia Corporations Division, the company was administratively dissolved by the Georgia Secretary of State on December 7, 2016.

29. **Opelika ALF, LLC**, is a Georgia limited liability company formed in May 2015, with its principal place of business at 2151 Eatonton Road, Building H, Suite 1, Madison, Georgia 30650. Its managing member is Edwards, it is owned equally by Edwards and Barker, and it is the Borrower Defendant in the Opelika Offering. According to the Georgia Corporations Division, the company was administratively dissolved by the Georgia Secretary of State on December 7, 2016.

#### **RELIEF DEFENDANTS**

30. **OSL** is a Georgia limited liability company formed in April 2014, with its principal place of business at 2151 Eatonton Road, Building H, Suite 1, Madison, Georgia

30650. Its founder and managing member is Edwards, and it is owned equally by Edwards and Barker. OSL provides “management support services” for each of the management companies involved in the Offerings (which were also owned by Edwards and Barker). Beginning in September 2014, OSL bank accounts have been used to commingle Facility revenues and working capital funds from the Offerings. According to the Georgia Corporations Division, the company was administratively dissolved by the Georgia Secretary of State on December 7, 2016.

31. **Manor House** is a Georgia limited liability company formed in March 2016, with its principal place of business at 2151 Eatonton Road, Building G, Madison, Georgia 30650. Edwards is its founder and sole member. Edwards has been operating Manor House as a successor to OSL following his dispute with Barker. Since March 2016, the Manor House bank accounts have been used to commingle Facility revenues from the Offerings.

32. **Susan Edwards**, a/k/a Susan Rogers (“Susan Edwards”), age 54, resides at 850 Carroll Road, Latta, South Carolina 29565. She was married to Edwards in 2008. According to Edwards, the only personal bank accounts he uses are those in her name. Edwards has deposited checks from OSL and Manor House into her bank accounts. Edwards has also used OSL and Manor House funds to make loan payments on at least two cars for her personal use (one of which was a Mercedes Benz) and at least one credit card in her name. She has had no formal or informal role in the OSL or Manor House businesses.

33. **Nunamaker**, a/k/a Sharon Hadden, age 45, resides at 822 Currytown Road, North Augusta, South Carolina 29860. She has worked for OSL and Manor House since their inception, and she has worked as the executive director of the Social Circle Facility since at least 2015. She is listed as a member of Manor House and certain of the Manor House entities on the signature cards for certain Manor House bank accounts. Nunamaker is also friends with

Edwards. In addition to receiving a salary and other checks made out to her personally from OSL and Manor House bank accounts, for various purposes, since July 2014, an entity she owns and controls has received more than \$944,000 in Offering proceeds and commingled Facility revenues. These payments are related to purported services and renovation projects for the Facilities. Nunamaker was not entitled to at least a portion of these funds.

34. **SDH Design, LLC** (“SDH”), is a South Carolina limited liability company formed in June 2013, with its principal place of business at 300 Main Street, Edgefield, South Carolina 29824. Nunamaker is the sole owner and member of SDH. The only source of income for SDH is funds disbursed by OSL, Manor House, or purportedly related to the Facilities. Since July 2014, SDH has received more than \$944,000 in Offering proceeds and commingled Facility revenues in exchange for purported services and renovation projects related to the Facilities, at least a portion of which it was not entitled.

#### **OTHER RELEVANT ACTOR**

35. Christopher Brogdon (“Brogdon”), age 68, resides in Atlanta, Georgia. Eight of the Offerings involved purchases of Facilities from Brogdon. Pursuant the judgment entered in *SEC v. Christopher Freeman Brogdon, et al.*, No. 15 Civ. 8173 (KM) (D.N.J.) (filed Nov. 20, 2015), Brogdon is in the process of repaying more than \$86 million to investors in connection with his own, separate offering fraud involving a variety of other senior living projects.

#### **FACTS**

##### **I. Structure of the Offerings**

36. From July 2014 through September 2015, the Borrower Defendants raised nearly \$62 million through nine conduit municipal bond offerings to build, purchase, and renovate assisted living facilities in Georgia and Alabama. (See Exhibit A.)

37. Edwards is the managing member of each of the Borrower Defendants, and Edwards and Barker equally own each of them. Edwards and Barker also equally own the management companies for the Facilities, with Barker serving as the managing member.

38. Eight of the nine Offerings also included a guarantee agreement from Edwards and Barker, through which they personally guaranteed the timely payment of interest and principal in the Offerings.

39. In a conduit municipal bond offering, a municipal entity technically serves as the issuer but issues the bonds on behalf of a “conduit” borrower such as a private college, hospital, or assisted living facility. The conduit borrower then agrees to make payments to bondholders from the revenues generated by the underlying facility.

40. Here, the proceeds of the Offerings, which were not rated by any rating agency, were used to finance the construction, acquisition,<sup>2</sup> and renovation of assisted living and memory care facilities for the benefit of separate borrowers owned and operated by Edwards and Barker. The Borrower Defendants, not the issuers, were obligated to make payments to bondholders. To do so, the Borrower Defendants pledged the Facility and the revenues it generated as security for that Offering.

41. As additional security, the trust indentures for the Offerings mandated the creation of both a capitalized interest fund and a DSRF at the trustee bank to be funded from the proceeds of the Offering.

42. The capitalized interest fund was to be used to pay interest on the bonds at the beginning of the Offering, until the completion of the renovations or construction.

---

<sup>2</sup> In some of the Offerings, rather than hold title to the Facility itself, the Borrower Defendant technically leased the Facility from the municipal issuer. This Complaint refers to the obligors in the Offerings, including lessees, as borrowers.

43. The DSRF was available to make payments of interest or principal to bondholders to the extent a Borrower Defendant did not otherwise have sufficient funds available to make a payment. If the DSRF was drawn down, the trust indenture required the Borrower Defendant to replenish the amount drawn down within 12 months, through 12 equal monthly payments of 1/12 of the withdrawal amount.

## **II. Chronology of the Offerings**

44. Edwards began operating the Social Circle Facility on a leased basis in November 2013 through OSL, prior to becoming business partners with Barker, and ultimately acquired the Facility with Barker through the Social Circle Offering in July 2014.

45. Having prior experience with bond financings himself, Edwards approached a local bond counsel (“Counsel A”), about helping to finance this purchase. Counsel A referred Edwards to an underwriter (“Underwriter A”), with which Counsel A had worked on prior senior living bond financings. After discussions with Counsel A, Edwards also decided to use a second underwriter (“Underwriter B”) for many of the subsequent Offerings.

46. The eight Offerings that closed after the Social Circle Offering all involved purchases of facilities owned by Brogdon—that is, a portion of the proceeds of each of these Offerings was used to buy a Facility from an entity Brogdon owned and controlled.

47. Though neither Edwards nor Barker had a prior relationship with Brogdon, in April 2014, Edwards sought out Brogdon for these purchases. Edwards knew of Brogdon’s reputation as a “big-time operator” in the industry; he also knew that Brogdon was seeking to sell some of his assisted living and memory care facilities in Georgia and Alabama.

48. In May 2014, before the Social Circle Offering had even closed, Edwards and Barker met with Brogdon, Brogdon’s attorney, and Counsel A, and agreed to buy four of

Brogdon's Georgia properties. Edwards and Barker agreed to fund these purchases through successive bond offerings to be assembled by substantially the same financing team that Brogdon himself had used for many years.

49. At dinner after the closing for the Rome Offering, in December 2014, Edwards began discussions with Brogdon regarding the purchase of three additional Facilities through bond offerings. Subsequently, Edwards had discussions with Brogdon about purchasing the final property, the Opelika Facility.

50. Through the course of the Offerings, Edwards developed a relationship with Brogdon. He spoke to Brogdon "about every week," whether it was to ask Brogdon "financial questions" or to negotiate the purchase of another Facility. Edwards described Brogdon as "brilliant"; in fact, Edwards had the May 2014 letter of intent he signed with Brogdon framed and hung in Edwards' office.

51. Edwards and Barker took on different roles in their business—Edwards handled the bond financings and Barker ran the operations of the Facilities. Edwards was the primary provider of information about the projects and the primary contact on behalf of the Borrower Defendants with other members of the finance team. For example, Edwards provided the forecasted budget for the Facility, the purchase price, and the sources and uses of funds for each Offering.

52. Edwards signed all bond documents related to the Offerings on behalf of the Borrower Defendants, including each of the official statements and loan agreements.

53. Following a dispute with Edwards, in December 2015, Barker was locked out of OSL's offices by Edwards and has not been involved in the management of the Facilities or received payments since.

### **III. Relevant Disclosures to Investors**

54. An official statement is a type of disclosure document used in municipal bond offerings. Official statements are posted on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website (“EMMA”), and are provided to investors in the offering.

55. An official statement was prepared, disseminated, and filed on EMMA for each of the Offerings.

56. Among other documents, the official statements for the Offerings summarize and attach a copy of the loan agreement. A loan agreement is an agreement between the borrower and the issuer that sets forth their respective obligations.<sup>3</sup>

57. Each of the official statements and loan agreements for the Offerings were signed by Edwards on behalf of the Borrower Defendant.

58. The official statements disclose Edwards’ and Barker’s ownership interests and roles in both the Borrower Defendants and the associated management companies.

59. Though the official statements disclose the expanding network of OSL entities and affiliates, they do not disclose that the revenues generated by the Facility in one Offering would be (a) commingled with the revenues generated by a Facility in another Offering; or (b) used to pay the expenses of a Facility in another Offering.

60. In fact, each official statement discloses that the sole source of funds to make these payments is the revenue generated by the specific Facility in that Offering.

61. Further, the loan agreements attached to the official statements for three of the Offerings state that the Borrower Defendant has covenanted not to either “[c]ommingle its funds

---

<sup>3</sup> Where the Borrower Defendant was actually the lessee of the Facility, the lease agreement sets forth these obligations. This Complaint refers to all such agreements as loan agreements.

or assets with assets of, or pledge its assets with or for, any of its members, managers, affiliates, principals, or any other Person,” or to “[m]ake any loans or advances to any third party, including any of its members, managers, principals or affiliates, or the affiliates of any of its members, managers or principals.”

62. The loan agreement attached to the official statement for a fourth Offering, the Opelika Offering, contains a “Covenant of Separateness” that contains substantially similar representations and warranties by the Borrower Defendant in that Offering.

63. As summarized in each of the official statements, each loan agreement obligates the applicable Borrower Defendant to make payments to the related indenture trustee sufficient to enable that trustee to pay interest and principal of the applicable bonds to bondholders.

64. Each official statement discloses that the applicable Borrower Defendant is entitled to collect Facility revenues in an operating account specific to that Facility so long as no event of default had occurred under the loan agreement.

65. With those revenues, the Borrower Defendant is then required to pay all operating expenses of the applicable Facility, and to remit to the related indenture trustee funds sufficient to make a series of payments in the following order of priority and by the fifteenth day of the specified month: (a) the next interest payment that will not be covered by capitalized interest; (b) a portion of the next principal payment; (c) a portion of the ad valorem taxes that will next be due on the Facility; (d) any replenishment payments to the DSRF; and (e) the management fee for the next month.

66. Each official statement also summarizes the management agreements, which permit the management companies to receive a monthly fee of up to 6% of the gross revenues generated by the Facility in the prior month. As reflected in the waterfall of funds described in



the previous Paragraph, any management fee is fully subordinated to the payment of debt service on the bonds.

67. Finally, each official statement contains a “Plan of Financing” that describes the sources and uses of the funds for that Offering. The sources of the funds for each Offering are comprised substantially, if not exclusively, of funds raised by the underwriter from investors. The uses of the funds typically include the purchase price of the Facility, the amounts dedicated to finance the renovation or construction projects, the amount dedicated for capitalized interest, and the DSRF.

68. For seven of the Offerings, the Plan of Financing states that a portion of the proceeds are to be used as “working capital” for the Facility serving as collateral for that Offering.

69. These working capital funds, approximately \$125,000 to \$250,000 per Offering, were to be used by the Borrower Defendant to help cover day-to-day operating expenses and maintenance associated with the Facility during the transition of ownership.

70. These funds were transferred into a bank account set up by the Borrower Defendants on the closing date for the Offering pursuant to wire transfer instructions provided by Edwards.

#### **IV. Commingling of Facility Revenues and Working Capital Funds by the Borrower Defendants, Edwards, and Barker**

71. Edwards began commingling revenues generated by Facilities connected to separate Offerings in September 2014, days after the second Offering closed in late August 2014. He did so either by electronically transferring funds between bank accounts or by writing checks from one bank account to another.

72. As new Offerings closed, Edwards began to commingle the revenues generated by those Facilities almost immediately after the closings.

73. Edwards continued this practice after he stopped working with Barker in December 2015, through a new set of bank accounts he established at a different bank (in the name of Manor House and a series of Manor House-affiliates).

74. Edwards has commingled Facility revenues in the Manor House bank accounts through at least November 2016.

75. In total, between September 2014 and November 2016, the OSL and Manor House accounts have received more than \$3.5 million in transfers from the various Facility sub-accounts. These accounts have then transferred approximately \$1.5 million back to other sub-accounts during the same time period. (*See Exhibit B.*)

76. The remaining \$2 million was used to pay Edwards and Barker, to pay mixed business and personal expenses, and to fund expenses related to new Facility purchases and bond offerings.

77. Approximately \$430,000 has also been transferred between and among Facility sub-accounts without first going through OSL bank accounts during the period.

78. Edwards' practice of commingling Facility revenues and using those revenues to pay the expenses of other Facilities was contrary to the representations he made on behalf of the Borrower Defendants in the official statements concerning the separateness of these Facilities and Offerings. The official statements disclose to investors that they would be investing in a particular Facility, and that they would be paid interest and principal with the revenues generated by that Facility. In reality, however, these revenues were used to prop up Edwards' and Barker's

ever-expanding network of Facilities that they acquired, or sought to acquire, through new bond offerings.

79. As early as September 2014, and in connection with the seven Offerings that closed after that time, Edwards and the Borrower Defendants made false and misleading representations that failed to disclose to investors that their investments were actually being used to fund all of Edwards' and Barker's Facilities rather than the specific Facility connected to the Offering in which they had invested.

**a. Bank Account Structure**

80. As each of the Offerings closed, Edwards and Barker set up an expanding network of OSL-affiliated bank accounts at a local bank in Georgia.

81. Typically, Edwards and Barker would establish an account for each Borrower Defendant and its associated management company. As Facility revenues came in each month, Edwards transferred some or all of those funds into a single account in the name of OSL. These "sweeps" of available funds occurred on a monthly basis and, at times, more frequently, if Edwards needed to use the revenues of one Facility to help pay the expenses of another Facility, or if Edwards and Barker were seeking to use the revenues to help fund an additional assisted living facility purchase for the next contemplated bond deal.

82. Periodically, Edwards also transferred Facility revenues between and among bank accounts for the Borrower Defendants and associated management companies in order to cover expenses or make payments for other Facilities.

83. While some of the sweeps and transfers are described as "loans" to or from either OSL or the other OSL-affiliated entities in bank and accounting records, there appear to be no documents memorializing such loans and no evidence that interest was paid on account of such

purported loans. Such loans were also expressly prohibited by the loan agreements attached to the official statements for four of the Offerings.

84. Barker set up the network of OSL bank accounts, and both he and Edwards had signature authority on the accounts. In practice, Edwards exercised control over these bank accounts. Edwards orchestrated the inter-account transfers of commingled Facility revenues using either his electronic login or through the writing of checks. Edwards signed the vast majority of the checks written out of the OSL accounts.

85. Barker signed a small fraction of the OSL checks and facilitated at least five transfers out of the accounts related to the purchases of new Facilities, which are described in more detail in Paragraph 101.

**b. Edwards Admitted to Commingling Facility Revenues**

86. After his split with Barker, who had been handling the management of the Facilities through December 2015, Edwards hired Management Company A as the management company for eight of the Facilities.

87. Management Company A is one of the largest operators of assisted living, memory care, and senior housing in the United States. It is headquartered in Hickory, North Carolina, and manages communities in nine states, primarily located in the Southeastern United States. Pursuant to the sub-management agreements between Management Company A and the Borrower Defendants (signed by Edwards), Management Company A was to receive a management fee of 6% of the Facility's revenues or a minimum amount, whichever was greater.

88. According to Management Company A's CFO, prior to Management Company A's takeover on May 1, 2016, Edwards instructed Management Company A to continue his prior practice of commingling Facility revenues. Edwards told Management Company A that to the

extent that one Facility was not generating sufficient revenues to pay its expenses, Edwards's practice was to take funds from the "strong sisters," meaning the positive cash flow Facilities, and to provide funds to the "weak sisters," meaning the negative cash flow Facilities.

89. Edwards stated that the Opelika Facility was in "severe distress," and told Management Company A they would have to support the Opelika Facility by using the revenues generated by the "strong sisters." At this time, Edwards had lost his license to operate assisted living facilities in Alabama, where the Opelika Facility, Waterford Facility, and Montgomery Facility are located, and the Opelika Facility was not permitted to admit new residents due to a failed inspection.

90. Management Company A ultimately stopped commingling funds for the Facilities it managed in late August 2016, after discussing this practice with the indenture trustee for six of the Offerings, Bank of Oklahoma, N.A. ("BOKF"), and its counsel.

**c. Edwards Commingled Working Capital Funds with Facility Revenues**

91. In addition to commingling Facility revenues, nearly \$1 million out of the more than \$3.5 million that Edwards commingled in OSL and Manor House bank accounts consists of working capital funds disbursed from the proceeds of seven of the Offerings. These commingled working capital funds represent over 75% of the total working capital funds disbursed in the Offerings. These funds were intended to be used by the Borrower Defendants solely for the operation of the Facility securing that Offering.

92. For three of the Offerings, Edwards commingled working capital funds with other funds in the OSL bank account, and then used those funds for other unrelated purposes, within days of the closing.

93. Edwards lied about his use of working capital funds during his investigative testimony on October 27, 2015. During that testimony, when Edwards was asked about the appropriate uses of working capital funds, Edwards testified that “[w]e’ve just used working capital to pay payables, our payroll if we’re having a shortage until we get the property stabilized.” Edwards further testified that it is impermissible to use working capital funds from one bond offering to pay expenses for a facility unrelated to that bond offering.

94. In reality, however, as recently as a month earlier, Edwards had commingled working capital funds from the Opelika Offering in OSL bank accounts, which he then used to fund new bond offerings, to pay unrelated Facility expenses, and for other personal uses.

**V. Misuse of Commingled Facility Revenues and Working Capital Funds to Support New Bond Offerings**

95. Between July 2014 and December 2015, Edwards and Barker regularly used commingled Facility revenues and working capital funds to finance new bond offerings.

96. These funds have primarily been used as the earnest money to purchase the Facilities or to extend the time period within which they may complete the purchases. These funds have also been used for other expenses associated with the Facilities and the Offerings, including appraisals, environmental surveys, and state licensing fees.

97. These funds were primarily derived from commingled Facility revenues and working capital funds.

98. When an Offering closed, OSL received reimbursements of the amounts it spent using commingled funds from the proceeds of that Offering. When a contemplated bond offering did not close, however, OSL did not receive reimbursements and forfeited these nonrefundable expenditures.

99. From July through December 2015, OSL disbursed over \$485,000 for five contemplated bond offerings to purchase additional assisted living facilities. Of that amount, all but approximately \$54,000 (which came from Susan Edwards in December 2015) came from commingled Facility revenues and working capital funds.

100. Edwards alone signed the purchase agreements for these facilities. Edwards authorized nearly all of the related payments and corresponded with the proposed deal teams regarding the expected terms of these offerings.

101. Barker facilitated at least three transfers of earnest funds and signed at least two checks out of OSL bank accounts for expenses related to the five contemplated bond offerings. Barker made three earnest fund transfers of \$50,000 each out of OSL's bank accounts to an attorney escrow account on September 18, 2015, October 23, 2015, and November 12, 2015. Barker also signed two checks for bond allocation funds to a state development authority dated November 17, 2015, for \$4,000 and \$3,500 each.

102. By September 2015, however, these five contemplated bond offerings began to face delays by the underwriters—Underwriter A and Underwriter B. These delays resulted, at least in part, from the Commission's investigation of Brogdon's securities offerings, which both Underwriter A and Underwriter B had helped underwrite over the years.

103. Edwards knew how devastating it would be not to close these five deals, because it meant OSL would not receive reimbursements for its expenditures the way it had in the past. On October 5, 2015, Edwards wrote an email to Underwriter B and certain members of the finance team, in which he stated:

I just got a disturbing phone call from [Underwriter A] stating that we cannot move forward on any deals because of disclosure and that I am under SEC investigation. Let me make my self [sic] very clear any attempt to stop these projects will result in me throwing all of it in a Chapter 7 bankruptcy filing

immediately. . . We are done here. I assure the bankruptcy will have the SEC crawling all over the place \$60 mil down the drain.

104. Edwards did not file any bankruptcy actions at this time. Instead, in the following months, Edwards continued to seek to close these five deals with either Underwriter A, Underwriter B, or another underwriter to provide the financing.

105. By late 2015 or early 2016, however, these five deals fell apart because Edwards was unable to locate an underwriter to finance the deals. This meant that the more than \$485,000 in commingled Facility revenues and working capital funds that OSL had disbursed for these deals was not paid back.

#### **VI. Misappropriation of Commingled Facility Revenues and Working Capital Funds by Edwards and Barker**

106. Between July 2014 and November 2016, Facility revenues and working capital funds were used to make payments totaling at least \$621,000 to, or for the benefit of, Edwards (\$396,000) and Barker (\$225,000).

107. Of these amounts, Edwards and Barker received checks totaling approximately \$288,000 and \$222,000, respectively. Edwards wrote and signed the vast majority of these checks. Though many checks include remarks that presumably describe the basis for the payments in various ways—“rent,” “lease,” “management fees,” or “other income”—Edwards and Barker were not entitled to a significant portion of these payments.

108. Edwards and Barker have also made at least \$328,000 in payments from these accounts to pay other expenses which may include both business and personal uses, including: (a) large corporate credit card bills of roughly \$20,000 per month, which include substantial expenses for hotel rooms, food, and entertainment; and (b) rent payments on a house near the offices of OSL that Edwards and Barker used.



**a. Rent or Lease Payments**

109. Since July 2014, Edwards and Barker have received more than \$126,000 in checks that contain notations indicating they are for purported rent or lease payments for the Facilities (\$55,000 and \$71,000, respectively).

110. Over \$62,000 of the amounts paid to Edwards and Barker were made with rent collected by the “Villas”—a set of four independent living units within the Social Circle Facility. Edwards and Barker maintained a separate bank account for the Villas, into which Edwards deposited the revenue generated by these units.

111. Between July 2014 and September 2015, Edwards paid himself and Barker more than \$32,000 and \$30,000, respectively, of the approximately \$71,000 in revenue (rent checks from residents) that was deposited into the Villas bank account.

112. The official statements did not disclose that Edwards, Barker, or their management companies were entitled to take rent or lease payments from Facility revenues after the acquisition of the Facility and the closing of the Offering. To the contrary, rent checks from Facility residents constituted Facility revenue that was required to be used as directed by the underlying legal documents as described in the official statements.

**b. Management Fees**

113. Since July 2014, Edwards and Barker have received more than \$238,000 in checks with a notation that indicates the payment relates to “management fees” (\$125,000 and \$113,000, respectively). Edwards and Barker received these payments from the OSL and Manor House accounts, which contained commingled Facility revenues and working capital funds, in amounts that do not match up in either dates or amounts to the management fee

transfers from the Facility sub-accounts into the OSL or Manor House accounts. Edwards and Barker were not entitled to a substantial portion of these fees.

114. As described in the official statements, the management companies for each of the Facilities were permitted to receive a management fee of up to 6% of the revenues generated by the Facility in the prior month. However, any management fee could be paid from Facility revenues only after the payment of operating expenses for the Facility and debt service (both interest and principal, if any) for the Offering.

115. Management fees paid to the management companies were the only source of funds from which Edwards and Barker were entitled to pay themselves management fees. In practice, however, Edwards did not follow the procedures for such distributions—he did not remit the funds to the trustees for payment (he transferred the funds into the OSL or Manor House account and then paid himself and Barker) and he did not ensure that the payments were limited to 6% of the Facility revenues in the prior month (he transferred round-dollar amounts that often exceeded 6% out of Facility accounts into OSL and Manor House accounts).

116. Based on a review of the financial statements filed on EMMA for the Offerings, during 2015, only the Douglas Facility received sufficient revenues to cover the payment of management fees.

117. It appears from the financial statements for the Offerings and other sources that OSL was not entitled to collect at least \$338,000 in management fees during 2015 alone, including \$24,000 in purported management fees related to the Montgomery Facility (which was not open or generating any revenue at the time).

118. Further, in 2016, Edwards improperly took management fees from seven of the Offerings while using the Offerings' DSRFs to make interest payments to bondholders.

119. Between February and August 2016, Edwards used a total of nearly \$1.3 million in DSRF funds, net of a handful of replenishment payments, to pay debt service on seven of the Offerings.

120. Edwards began these draws following a meeting with BOKF and its counsel in December 2015. During the meeting, Edwards proposed to use the DSRF for four Offerings for between seven and ten months to help make debt service payments—the Savannah Offering, the Columbus Offering, the Gainesville Offering, and the Waterford Offering. Edwards provided documents and information to BOKF as to the financial difficulties facing the Facilities, offered a series of expected remedial measures, and ultimately entered into an agreement with BOKF whereby the 1/12 replenishment payments would be automatically transferred back to BOKF each month.

121. The DSRF draws for these four Offerings began on February 2016 in amounts of \$40,000 or \$45,000 per Offering. By June 2016, however, Edwards stopped making the required DSRF replenishment payments for these Offerings.

122. Edwards also drew down on the DSRFs for two other Offerings for which BOKF was indenture trustee—the Rome Offering (beginning in July 2016) and the Douglas Offering (beginning in August 2016). Additionally, beginning in May 2016, Edwards drew down on the DSRF for one other Offering, the Opelika Offering, for which another bank, Trustee Bank B, was the indenture trustee.

123. Edwards' DSRF draws continued until August 2016, when the trustees declared defaults on the bonds and began the process of seeking receivers. During this period, Edwards has either taken for himself, or paid to Management Company A pursuant to a sub-management

agreement, management fees of more than \$271,000 from Facility revenues that should have been fully subordinated to the payment of debt service.

**c. Other Payments**

124. Since July 2014, Edwards and Barker have received more than \$258,000 in other compensation from the management companies and Facility accounts (\$216,000 and \$42,000, respectively).

125. Of this amount, Edwards and Barker received \$146,000 in checks with notations that either reference “other income” or do not include any description of the payment (\$108,000 and \$38,000, respectively).

126. In addition, Edwards and Barker received \$112,000 in car loan, credit card, or other payments on their behalf (\$108,000 and \$3,000, rounded down, respectively). For Edwards, these payments are comprised of loan payments for at least two cars for his wife’s personal use, at least one credit card in his wife’s name, and a jewelry purchase. Edwards and Barker were not entitled to a substantial portion of these payments for the same reasons as described above.

**VII. Edwards Funneled Offering Proceeds and Commingled Facility Revenues to SDH**

127. Nunamaker, through her limited liability company, SDH, received Offering proceeds and commingled Facility revenues to which she was not entitled.

128. Edwards signed and submitted requisitions to the indenture trustees for each of the nine Offerings seeking reimbursements to SDH.

129. The SDH requisitions were each accompanied by an invoice from SDH, which purported to reflect expenditures that SDH made related to the Facilities for a variety of different

purposes—the purchase of furniture, mattresses and bedding, flooring, carpeting, kitchen and bathroom supplies, artwork, other maintenance tasks.

130. The SDH invoices are in at least five different invoice formats, but provide little information beyond the name of the company, an address in South Carolina, a brief (often one word) description of the materials purchased, and an amount paid. The invoices provide no further evidence that the amounts listed were actually paid by SDH.

131. Since July 2014, the indenture trustees have disbursed proceeds from all nine Offerings for renovation or construction requisition claims made by SDH totaling approximately \$759,000. In addition to these payments, between July 2014 and November 2016, SDH has received approximately \$185,000 from OSL, Manor House, and Facility bank accounts, for a total of approximately \$944,000.

132. The SDH bank accounts show: (a) that SDH has no source of income other than funds disbursed by OSL, Manor House, or purportedly related to the Facilities; (b) there are no contemporaneous, similarly-sized disbursements for the items for which it sought reimbursement; and (c) that funds were used for personal expenditures and withdrawals.

133. Neither Nunamaker nor SDH appear to have legitimately earned, or to have been entitled to reimbursement for, at least a portion of these funds.

134. For example, in April 2016, just as Management Company A was preparing to take over the management (and collection of revenue) for the Facilities, Edwards continued to sweep Facility revenue between and among the OSL bank accounts he controlled. He used these funds to make two large, round-dollar amount payments to SDH, among other recipients—a \$91,000 check for “furniture” on May 26, 2016, and a \$59,000 check for “furniture/equipment” on September 6, 2016. The final Offering closed over eight months prior, in September 2015. In

2016, there are no contemporaneous, similarly-sized disbursements out of the SDH bank accounts around the dates of these checks for purported furniture or equipment purchases.

#### **VIII. The State of the Facilities**

135. Before taking over the management of eight of the nine Facilities, in late April 2016, Edwards told Management Company A that he was current on all of the payables related to the Facilities.

136. Upon taking over on May 1, 2016, however, Management Company A discovered that Edwards had been neglecting those Facilities. Management Company A immediately began to receive invoices from unpaid vendors for prior work on the Facilities, some of which dated to November and December 2015, when Barker ceased managing the Facilities. These unpaid vendors included the providers of essential services, such as food, insurance, and utilities, which were required to be paid by Management Company A in order to keep the Facilities open. These payments of aged vendor invoices fully depleted the operating reserves for the Facilities.

137. Management Company A also found that property taxes had not been paid and were due.

138. One of Management Company A's regional directors visited each of the Facilities upon Management Company A's assumption of management and found that the Facilities were in a state of disrepair, potentially putting residents at risk, because Edwards had deferred maintenance.

#### **IX. Recent Threats and Misconduct**

139. Edwards has continued to threaten to file bankruptcies since October 2015. For example, on January 22, 2016, in emails with the indenture trustee for the Social Circle Offering, Trustee Bank A, Edwards threatened that any attempt to enforce the lockbox provisions of the

bond documents for the Social Circle Facility would result in Edwards placing the Facility into bankruptcy. Such enforcement would have merely required Edwards to send the revenues generated by the Facility directly to the trustee for disbursement, as opposed to exercising sole control over the use of those funds in his own bank accounts.

140. Faced with the prospect of losing control over these Facility revenues, however, Edwards wrote: “[A]ny attempt to implement lock box could result in pulling my license off the wall and immediately and or [sic] counsel has advised that A [sic] Chapter 11 filing would stop it immediately. I am prepared to take either action.”

141. Additionally, in May 2016, Edwards told Management Company A that he was considering filing bankruptcy on the Opelika Facility, and that he would “cram down bond payments and you make no payments until plan approved which can take a long time,” which would help “clean the slate.”

142. Indeed, in late September 2016, two days after BOKF filed a series of state court receiver actions,<sup>4</sup> Edwards filed Chapter 11 bankruptcy cases for the Gainesville and Douglas Facilities. The Gainesville and Douglas Facilities are both Facilities that generate positive cash flow before the payment of debt service.

143. Just before commencing these bankruptcy proceedings, Edwards appeared at the Columbus, Gainesville, and Rome Facilities and seized resident rent checks that had not yet been deposited into the bank accounts for those Facilities controlled by Management Company A.

---

<sup>4</sup> As listed on Exhibit A, on September 28, 2016, BOKF filed state court actions in Alabama and Georgia seeking the appointment of a receiver for five Facilities; BOKF filed an Alabama state court action in connection with its sixth Facility on September 30, 2016. Trustee Bank B filed a federal receivership action, on August 9, 2016, in connection with the Opelika Facility. Trustee Bank A has not filed actions seeking the appointment of a receiver in connection with either the Social Circle or Montgomery Facilities.

Edwards also told the executive director of the Rome Facility that she had been fired and had a police officer escort the executive director of the Gainesville Facility out of the building.

144. In response, BOKF obtained a temporary restraining order against Edwards enjoining him from interfering with Management Company A's management of the Rome Facility. BOKF also sought a temporary restraining order against Edwards enjoining him from interfering with Management Company A's management of the Gainesville Facility, but Edwards filed for Chapter 11 bankruptcy relief before BOKF's motion could be heard.

145. Edwards subsequently returned all of the checks but for a \$12,000 prepayment check from a new resident of the Columbus Facility. Edwards deposited the \$12,000 check into an old account for the Columbus Facility that he continued to control and then transferred those funds to other accounts he controlled. The funds were used for various expenses unrelated to the Columbus Facility, including payroll for the Social Circle Facility, a personal medical bill, and to open and fund other new accounts.

146. On December 9, 2016, Edwards moved to voluntarily dismiss the Gainesville and Douglas bankruptcies.

147. Though Barker had not been involved in the operations or management of the Facilities since December 2015, in late August 2016, Barker received copies of the notices of default and demands on the guarantee agreement from BOKF regarding its six Offerings.

148. In response, Barker wrote Edwards an email, copying Nunamaker, in which Barker writes that he has "picked out my orange jump suit," and that Barker hopes "you, Susan, Sharon," and others have done so as well because they are all going to be spending time in prison. Barker then asks Edwards whether he "really think[s] I forgot all the details of the misuse of funds, and all the details of your business dealings you shared with me? Barker writes



that he and his lawyer “have been preparing for this for months” and that Edwards “should have worked with [Barker] rather than threatening [Barker] and doing everything [Edwards] could to screw [Barker].” Barker goes on to write that it “[l]ooks like the final joke is on us all” and that he “[h]ope[s] it was worth it to you because we are all about to pay a big price.” At the end of the email, Barker promises to “destroy us all.”

### **FIRST CLAIM FOR RELIEF**

#### **Violations of Section 17(a) of the Securities Act by Edwards and the Borrower Defendants**

149. Paragraphs 1 to 148 are re-alleged and incorporated by reference as if fully set forth herein.

150. By engaging in the acts and conduct alleged above, Edwards and the Borrower Defendants, directly or indirectly, in the offer or sale of securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails: (a) with scienter, employed, and is employing, devices, schemes, or artifices to defraud; (b) obtained, and is obtaining, money or property by means of untrue statements of material fact or by omitting to state a material fact necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged, and is engaging, in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchasers.

151. By reason of the foregoing, Edwards and the Borrower Defendants have violated and, unless restrained and enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

## **SECOND CLAIM FOR RELIEF**

### **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder by Edwards and the Borrower Defendants**

152. Paragraphs 1 to 148 are re-alleged and incorporated by reference as if fully set forth herein.

153. By engaging in the acts and conduct alleged above, Edwards and the Borrower Defendants, directly or indirectly, in connection with the purchase or sale of securities, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, with scienter: (a) employed, and is employing, devices, schemes, or artifices to defraud; (b) made, and is making, untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged, and is engaging, in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person.

154. By reason of the foregoing, Edwards and the Borrower Defendants have violated and, unless restrained and enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

## **THIRD CLAIM FOR RELIEF**

### **Aiding and Abetting Liability for Barker**

155. Paragraphs 1 to 148 are re-alleged and incorporated by reference as if fully set forth herein.

156. By engaging in the acts and conduct alleged above, Barker, directly or indirectly, aided and abetted the primary violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder

[17 C.F.R. § 240.10b-5] by Edwards and the Borrower Defendants by knowingly or recklessly providing substantial assistance to each of their violations.

157. By reason of the foregoing, Barker is liable under Section 15(b) of the Securities Act [15 U.S.C. § 77o(b)] and Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

### **PRAYER FOR RELIEF**

**WHEREFORE**, the Commission respectfully requests that this Court grant the following relief:

#### **I.**

An order temporarily and preliminarily, through a final judgment, restraining and enjoining Edwards and the Borrower Defendants from directly or indirectly committing future violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

#### **II.**

An order temporarily and preliminarily, through a final judgment, freezing the personal assets of Edwards and Relief Defendants Susan Edwards, Nunamaker, and SDH;

#### **III.**

An order temporarily and preliminarily, through a final judgment, appointing a receiver over the facilities, borrowers, and management companies listed on Exhibit A as follows: (a) for Group 1, immediately; (b) for Group 2, once the state and federal court receiver orders in the listed actions are vacated; and (c) for Group 3, once the listed Chapter 11 bankruptcy actions are dismissed;

**IV.**

An order temporarily and preliminarily, through a final judgment, enjoining the filing of any bankruptcy, foreclosure, receivership actions by or against any of the entities subject to the receivership;

**V.**

An order requiring Edwards and the Borrower Defendants to submit a verified accounting;

**VI.**

An order temporarily and preliminarily, through the Court's decision on Plaintiff's application for a preliminary injunction, permitting expedited discovery;

**VII.**

An order temporarily, and preliminarily through a final judgment, restraining and enjoining the Defendants and Relief Defendants and any person or entity acting at their direction or on their behalf, from destroying, altering, concealing, or otherwise interfering with the access of the Commission to relevant documents, books and records;

**VIII.**

A final judgment permanently restraining and enjoining Defendants from directly or indirectly, or by aiding and abetting, committing future violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

**IX.**

A final judgment ordering Defendants and Relief Defendants to disgorge all ill-gotten gains or unjust enrichment, plus prejudgment interest thereon;

X.

A final judgment ordering Defendants to pay civil monetary penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; and

XI.

Granting such other and further relief as the Court deems just, equitable, or necessary in connection with the enforcement of the federal securities laws and for the protection of investors.

Dated: New York, New York  
January 20, 2017

Respectfully submitted,

By:  \_\_\_\_\_

Andrew M. Calamari  
Lara Shalov Mehraban  
Sandeep Satwalekar  
Alexander M. Vasilescu  
Neal Jacobson  
Lee A. Greenwood  
David H. Tutor  
Attorneys for the Plaintiff  
SECURITIES AND EXCHANGE  
COMMISSION  
New York Regional Office  
Brookfield Place  
200 Vesey Street, Suite 400  
New York, NY 10281-1022  
(212) 336-1060 (Greenwood)

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

DWAYNE EDWARDS, et al.,

Defendants,

-and-

OXTON SENIOR LIVING, LLC, et al.,

Relief Defendants.

Civil Case No.

Local Rule 11.2 Certification

Pursuant to Local Rule 11.2, I certify that the matter in controversy alleged in the foregoing Complaint is not the subject of any other action pending in any court, or of any pending arbitration or administrative proceeding.

Dated: January 20, 2017  
New York, New York

Respectfully submitted,



Andrew M. Calamari  
Regional Director  
Attorney for the Plaintiff  
SECURITIES AND EXCHANGE  
COMMISSION  
New York Regional Office  
Brookfield Place  
200 Vesey Street, Suite 400  
New York, NY 10281-1022  
(212) 336-1060 (Greenwood)

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**v.**

**DWAYNE EDWARDS, et al.,**

**Defendants,**

**-and-**

**OXTON SENIOR LIVING, LLC, et al.,**

**Relief Defendants.**

**Civil Case No.**

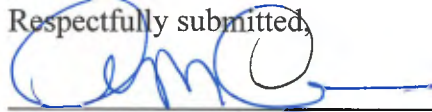
**Designation of Agent for Service**

Pursuant to Local Rule 101.1(f), because the Securities and Exchange Commission (the “Commission”) does not have an office in this District, the United States Attorney for the District of New Jersey is hereby designated as eligible as an alternative to the Commission to receive service of all notices or papers in the captioned action. Therefore, service upon the Chief of the Economic Crimes Unit of the United States Attorney’s Office for the District of New Jersey, 970 Broad Street, Newark, New Jersey 07102, shall constitute service upon the

Commission for purposes of this action.

Dated: January 20, 2017  
New York, New York

Respectfully submitted,



---

Andrew M. Calamari  
Regional Director  
Attorney for the Plaintiff  
SECURITIES AND EXCHANGE  
COMMISSION  
New York Regional Office  
Brookfield Place  
200 Vesey Street, Suite 400  
New York, NY 10281-1022  
(212) 336-1060 (Greenwood)



**Exhibit A**

<b>Closing</b>	<b>Face Value</b>	<b>Issuer</b>	<b>Trustee</b>	<b>Facility</b>	<b>Borrower Defendant</b>	<b>Management Companies</b>	<b>Relevant Pending Litigation</b>
7/3/2014	\$3,250,000	Development Authority of Walton County	Trustee Bank A	Oxton Village of Social Circle d/b/a Manor House of Social Circle 621 N. Cherokee Street Social Circle, Georgia	Senior Solutions of Social Circle, LLC	Oxton Senior Living, LLC Oxton Village of Social Circle, LLC Oxton Village Villas, LLC Manor House Senior Living, LLC Manor House of Social Circle LLC	None
8/28/2014	\$4,600,000	Douglas-Coffee County Industrial Authority	BOKF, N.A.	Oxton Place of Douglas d/b/a Manor House of Douglas 1360 West Gordon Street, Douglas, Georgia	Oxton Place of Douglas, LLC, d/b/a Oxton Real Estate of Douglas, LLC	Oxton Place of Douglas Operations, LLC Manor House of Douglas, LLC	State court action in Georgia Chapter 11 bankruptcy case in the Northern District of Georgia
12/17/2014	\$6,000,000	Cave Spring Housing Development Corporation	BOKF, N.A.	Oxton Place of Rome d/b/a Manor House of Rome 1168 Chulio Road SE, Rome, Georgia	Rome ALF, LLC	Oxton Place of Rome, LLC Manor House of Rome, LLC	State court action in Georgia; receiver appointed
1/16/2015	\$7,000,000	Savannah Economic Development Authority	BOKF, N.A.	Oxton Court of Savannah d/b/a Manor House of Savannah 249 Holland Drive, Savannah, Georgia	Savannah ALF, LLC	Oxton Court of Savannah, LLC Manor House of Savannah, LLC	State court action in Georgia; receiver appointed
3/25/2015	\$8,375,000	Gainesville and Hall County Development Authority	BOKF, N.A.	Oxton Place of Gainesville d/b/a Manor House of Gainesville 2030 Windward Lane, Gainesville, Georgia	Gainesville ALF, LLC	Oxton Place of Gainesville, LLC Manor House of Gainesville, LLC	State court action in Georgia Chapter 11 bankruptcy case in the Northern District of Georgia
5/14/2015	\$9,750,000	The Medical Clinic Board of the City of Montgomery-1976 East	BOKF, N.A.	Oxton Court at Waterford Place d/b/a Manor House of Waterford Place 3920 Antoinette Drive, Montgomery, Alabama	Waterford Place ALF, LLC	Oxton Court at Waterford Place, LLC Manor House at Waterford Place, LLC	State court action in Alabama; receiver appointed
5/29/2015	\$6,025,000	The Medical Clinic Board of the City of Montgomery-1976 East	Trustee Bank A	Oxton Place of Montgomery d/b/a Manor House of Montgomery 3300 Lynchburg Drive, Montgomery, Alabama	Montgomery ALF, LLC	Oxton Place of Montgomery, LLC Manor House of Montgomery, LLC	None
7/24/2015	\$8,600,000	Development Authority of Columbus, Georgia	BOKF, N.A.	Oxton Place of Columbus d/b/a Manor House of Columbus 6830 River Road, Columbus, Georgia	Columbus ALF, LLC	Oxton Place of Green Island, LLC Manor House of Columbus, LLC	State court action in Georgia; receiver appointed
9/24/2015	\$8,150,000	The Medical Clinic Board of the City of Opelika, Alabama	Trustee Bank B	Oxton Court of Opelika d/b/a Manor House of Opelika 1001 Fox Run Parkway, Opelika, Alabama	Opelika ALF, LLC	Oxton Court of Opelika, LLC Manor House of Opelika, LLC	Federal court action in Alabama; receiver appointed
<b>Total</b>	<b>\$61,750,000</b>						

**Exhibit B**

**Summary of Transfers between Facility Accounts and Commingling Accounts\***

<b>Facility</b>	<b>From Commingling Accounts</b>	<b>To Commingling Accounts</b>
Columbus Facility	\$ (76,502)	\$ 307,529
Douglas Facility	\$ (38,947)	\$ 542,931
Gainesville Facility	\$ (112,567)	\$ 445,456
Montgomery Facility	\$ (66,095)	\$ 191,937
Opelika Facility	\$ (150,007)	\$ 249,851
Rome Facility	\$ (102,626)	\$ 432,397
Savannah Facility	\$ (294,468)	\$ 592,441
Social Circle Facility	\$ (483,514)	\$ 563,093
Waterford Facility	\$ (190,050)	\$ 246,182
<b>Grand Total</b>	<b>\$ (1,514,776)</b>	<b>\$ 3,571,817</b>

\*The Commingling Accounts are the OSL and Manor House accounts.

**Summary of Transfers between Facility Accounts**

<b>Facility</b>	<b>Amount Received</b>	<b>Amount Paid</b>
Columbus Facility	\$ (20,072)	\$ 40,859
Douglas Facility	\$ (169,028)	\$ 47,681
Gainesville Facility	\$ (60,540)	\$ 60,918
Montgomery Facility	\$ (10,700)	\$ 372
Opelika Facility	\$ (3,852)	\$ 37,432
Rome Facility	\$ (55,200)	\$ 46,428
Savannah Facility	\$ (44,030)	\$ 77,515
Social Circle Facility	\$ (37,751)	\$ 113,286
Waterford Facility	\$ (28,300)	\$ 4,983
<b>Grand Total</b>	<b>\$ (429,473)</b>	<b>\$ 429,473</b>