

**State of Arizona,  
*ex rel.* Kristin K. Mayes, Attorney General  
v.  
Heritage Village Bldg2 LLC, et al.**

**Superior Court of the State of Arizona  
County of Maricopa  
Case No. CV2024-005359**

---

***Initial Status Report  
of  
Peter S. Davis, Receiver***

***J.S. Held LLC***

***July 17, 2024***

**TABLE OF CONTENTS**

<b>1. Background and Appointment of the Receiver .....</b>	<b>1</b>
1.1. Analysis of the Receivership Defendants .....	2
<b>2. Receivership Administration .....</b>	<b>2</b>
2.1. Receiver’s Bond .....	2
2.2. Retention of the Receiver’s Firm and Counsel .....	2
2.3. Receivership Procedures .....	3
<b>3. Receivership Activities .....</b>	<b>3</b>
3.1. Site Visits .....	3
3.2. Engagement of Mission Management Services LLC .....	3
3.3. Interviews of Madison’s Accounting Personnel .....	4
3.4. Emergency Loan from FIB .....	6
3.5. Liability Insurance .....	6
3.6. Property Insurance .....	7
3.7. Auto Insurance .....	7
3.8. Passenger Van .....	7
3.9. ADHS License Revocation Proceedings .....	8
3.10. ADHS Enforcement Actions .....	8
3.11. Sale Process .....	9
<b>4. Mismanagement by Madison and Langendoen .....</b>	<b>10</b>
4.1. Failure to Maintain Insurance Coverage .....	10
4.2. Unauthorized Post-Receivership Transfers to Related Parties .....	11
4.3. Heritage Village Investor Zoom Calls .....	11
4.3.1. May 2, 2024 Zoom Call .....	11
4.3.2. June 26, 2024 Zoom Call .....	12
4.4. Analysis of the Pre-Receivership Sources and Uses of Cash .....	13
4.5. Other Improper Activities .....	17
<b>5. Conclusion .....</b>	<b>17</b>

**LIST OF APPENDICES AND EXHIBITS**

Exhibit 1 ..... Sources & Uses Analysis: Summary

## 1. Background and Appointment of the Receiver<sup>1</sup>

Heritage Village is an assisted living facility currently licensed by the Arizona Department of Health Services (“ADHS”) under the name Heritage Village Bldg2 LLC. The facility provides long-term care and assistance to its residents, all of whom are considered vulnerable adults under Arizona’s Adult Protective Services Act. The Heritage Village facility includes eight resident houses and one administrative building located at 8035 East Brown Road in Mesa, Arizona.

Heritage Village has been featured in the local news on multiple occasions, with stories detailing events that occurred on the premises and complaints filed against Heritage Village. The ADHS conducted a series of inspections of Heritage Village during which it identified numerous violations of Arizona law, and in January 2024, the ADHS initiated proceedings to revoke the license under which Heritage Village operates.

After reviewing the ADHS surveys, the State of Arizona (“State”) conducted an investigation to determine if Heritage Village was endangering its residents.<sup>2</sup> The State’s investigation revealed that “ownership and management of Heritage Village are unwilling and/or incapable of complying with the laws protecting the vulnerable adults in their care.”<sup>3</sup>

On March 15, 2024, the State filed a civil *Complaint* (“Complaint”) against Heritage Village Bldg2 LLC, MRC VSL HV Management LLC, MRC VSL HV Management II LLC, MRC VSL Heritage Village LLC, and MRC VSL Heritage Village II LLC (collectively, the “Receivership Defendants” or “Heritage Village”), as well as additional entities and individuals involved in the operations of Heritage Village (see Section 1.1 below), for the protection of the facility’s residents. The State’s Complaint alleged that Heritage Village committed endangerment of vulnerable adults and consumer fraud.

On March 22, 2024, the State filed an *Application (with Notice) for Appointment of Receiver*, seeking the appointment of a Receiver to take control of the operations and finances of Heritage Village. After apparent negotiations with the State, the Receivership Defendants agreed to the immediate appointment of a Receiver, and on April 10, 2024, the State filed a *Stipulated Motion for Appointment of Receiver*.

On April 23, 2024, the Court entered the *Order Appointing Receiver* which appointed Peter S. Davis (“Receiver”) of J.S. Held LLC (“J.S. Held”) as Receiver for the Receivership Defendants.

On May 2, 2024, the Receiver filed the *Motion and Stipulation to Amend Order Appointing Receiver and Motion for Expedited Consideration*. The Court entered the *Amended Order Appointing Receiver* (“Receivership Order”) on May 6, 2024.

Pursuant to the Receivership Order, the Receiver is directed and authorized to assume full control of the Receivership Defendants and take exclusive custody, control, and possession of all Receivership Assets and Receivership Records (as defined therein), among other responsibilities.<sup>4</sup> The Receivership Order also acknowledged First Interstate Bank N.A.’s (“FIB”) first priority security interest in the Receivership Assets

---

<sup>1</sup> The background summary is derived from the following sources and is included in this report for context: (1) *Application (with Notice) for Appointment of Receiver*; the (2) *Complaint*; and the (3) *Order Appointing Receiver*.

<sup>2</sup> *Complaint*; page 3, paragraph 4.

<sup>3</sup> *Complaint*; page 5, paragraph 13.

<sup>4</sup> *Amended Order Appointing Receiver*; page 2, paragraphs 2-3.

---

and authorized the Receiver to borrow funds from FIB, to issue Receiver's certificates to evidence such indebtedness, and to market the Heritage Village facility for sale subject to approval by FIB and the Court.

The Receivership Order directs the Receiver to issue a report to the Court and the parties within 90 days of appointment.<sup>5</sup> The Receiver therefore issues this report as required by the Receivership Order.

### **1.1. Analysis of the Receivership Defendants**

The State's Complaint lists the following defendants, which are believed to have an ownership interest in the Heritage Village enterprise:<sup>6</sup>

- Heritage Village Bldg2 LLC
- MRC VSL HV Management LLC
- MRC VSL HV Management II LLC
- MRC VSL Heritage Village LLC
- MRC VSL Heritage Village II LLC
- MRC HV Investors LLC
- Madison Realty Companies LLC
- Gary Langendoen
- Tracy Li Langendoen
- RSC INT LLC
- Ronald M. Stewart
- Robert J. Walsh
- Mathew Arnold

As mentioned above, Heritage Village Bldg2 LLC (the "Licensee") is the entity licensed by the ADHS to operate an assisted living center.

MRC VSL Heritage Village LLC and MRC VSL Heritage Village II LLC (collectively, the "Property Entities") own the real property at which the Heritage Village facility is located. The Property Entities purchased the business and real property from third party Assisted Living of Arizona LLC in September 2017.<sup>7</sup> At that time, there were two buildings completed and two buildings under construction.<sup>8</sup>

MRC VSL HV Management LLC ("HV Management") operates the Heritage Village facility, and Heritage Village's financial operations are reported on HV Management's tax returns. The Receiver has not identified any indicators that MRC VSL HV Management II LLC is actively conducting business separate from that of HV Management.

HV Management is the sole manager and member owning 20% or more of the Licensee.<sup>9</sup> Madison Realty Companies LLC ("Madison") and RSC INT LLC ("RSC") are both managers of HV Management.<sup>10</sup> Madison and RSC own 75% and 25% of HV Management, respectively.<sup>11</sup>

---

<sup>5</sup> *Amended Order Appointing Receiver*; page 10.

<sup>6</sup> In addition to the Ownership Defendants listed above, the State's Complaint also named a number of other defendants who are not known to have an ownership interest in the Heritage Village Enterprise but were involved in providing care to the Heritage Village residents.

<sup>7</sup> Special Warranty Deeds between Assisted Living of Arizona LLC and the Property Entities (Maricopa County Recorder document nos. 20170678953 and 20170678954).

<sup>8</sup> Transcript from the June 26, 2024 Zoom call, 00:31 minute mark.

<sup>9</sup> Heritage Village Bldg 2 LLC's Application for Registration filed with the Arizona Corporation Commission on March 9, 2017.

<sup>10</sup> MRC VSL HV Management LLC's Application for Registration filed with the Arizona Corporation Commission on March 13, 2017; Articles of Amendment filed on September 12, 2017.

<sup>11</sup> MRC VSL HV Management LLC's 2022 Form 1065 U.S. Return of Partnership Income, K-1 Schedules.

Gary Langendoen (“Langendoen”) is the manager and 50% owner of Madison, while the remaining 50% is owned by Ridgeway Investments Inc.<sup>12</sup>

Defendants Ronald Stewart and Robert Walsh are members and managers of RSC.<sup>13</sup>

Based on the available information, Heritage Village was managed by third party SAL Management Group LLC (“SAL Management”) from approximately January 2018 through June 2022, at which time Madison took over management of the facility. The Management Agreement between Heritage Village and Madison references the following entities:

This Management Agreement (the “Agreement”) is made and entered into as of July 1, 2022 (the “Effective Date”), by and between MRC VSL HV Management, LLC, Heritage Village Bldg2, LLC and any other affiliated licensing entities (“Licensee”), and Madison Realty Companies, LLC (“Manager”).

Pursuant to the above referenced Management Agreement, Madison was entitled to (1) a startup fee of \$6,000 prior to the effective date of the agreement; (2) the greater of a minimum \$17,500 monthly fee or 5% of the gross income from senior living operations; (3) an accounting fees of \$8,000 per month; and (4) a \$5,000 transition fee upon termination of the agreement.<sup>14</sup>

## **2. Receivership Administration**

### **2.1. Receiver’s Bond**

The Receivership Order requires that the Receiver shall “file with the Clerk of this Court a bond in the sum of \$10,000 with sureties to be approved by the Court.”<sup>15</sup> Accordingly, the Receiver filed with the Court the *Notice of Filing Bond of Receiver* on April 22, 2024.

### **2.2. Retention of the Receiver’s Firm and Counsel**

Pursuant to the Receivership Order, the Receiver is authorized to “Choose, engage, and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists, as the Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order.”<sup>16</sup>

Accordingly, on April 22, 2024, the Receiver filed *Petition No. 1: Petition to Set Receiver’s Fees and Approve the Engagement of JS Held LLC and Guttilla Murphy Anderson PC*, in which the Receiver requested (1) authority to retain the Receiver’s firm, J.S. Held, to provide professional support services; (2) authority to

---

<sup>12</sup> <https://www.jrw.com/investment-sponsors/madison-realty-companies/>. Gary Langendoen signed the Management Agreement dated July 1, 2022 as the Manager of Madison Realty Companies LLC.

<sup>13</sup> Nevada Secretary of State record for RSC INT (Entity No. E0197552017-4); *Answer and Crossclaim* filed by RSC INT LLC, et al., page 15.

<sup>14</sup> Management Agreement dated July 1, 2022; pages 12-13, section 9.

<sup>15</sup> *Amended Order Appointing Receiver*; page 2.

<sup>16</sup> *Amended Order Appointing Receiver*; page 4, paragraph 9.

retain Ryan Anderson of Guttilla Murphy Anderson PC<sup>17</sup> to serve as general counsel to the Receiver; and (3) approval of the hourly rates set forth in the application.

On May 22, 2024, the Court entered the *Order Granting Petition No. 1*, which approved the engagement and billing rates of the Receiver's firm, J.S. Held, and the Receiver's counsel.

### **2.3. Receivership Procedures**

On May 23, 2024, the Court entered the *Order Granting Petition No. 2*, which clarified important procedural and administrative aspects of the Heritage Village receivership proceeding. The *Order Granting Petition No. 2* established that any person seeking relief from the Court in connection with this receivership shall file with the Court a pleading labeled a "Petition;" each of which should be consecutively numbered and accompanied by a proposed form of order.

Among other things, the *Order Granting Petition No. 2* also clarified that the receivership case would remain on the active calendar until terminated by order of the Receivership Court; established procedures for service and for the maintenance and use of service lists; authorized the filing of *ex parte* petitions by the Receiver for certain limited matters; established an interim claims procedure for persons who wish to assert a claim against the receivership estate; established procedures for providing notice and issuing subpoenas; and established a procedure for filing petitions for the payment of fees incurred by the Receiver and certain professionals engaged by the Receiver.

### **3. Receivership Activities**

The Receiver's efforts to date are discussed in detail below.

#### **3.1. Site Visits**

The Receiver and his staff at J.S. Held conducted multiple in-person site visits during the first several days of the receivership and participated in numerous meetings and telephone conferences throughout the course of the receivership. During these meetings, the Receiver interviewed and communicated with Langendoen and his wife Tracy Langendoen, Heritage Village staff, Mission personnel, ADHS representatives, Adult Protective Services ("APS") representatives, lenders, bankers, and others to evaluate the condition of Heritage Village's facility, operations, and most importantly, its residents.

#### **3.2. Engagement of Mission Management Services LLC**

Shortly after his appointment, the Receiver retained Mission Management Services LLC ("Mission") to conduct an initial independent assessment of Heritage Village's operations, the condition of its residents, and the overall patient care being provided by Heritage Village to its residents. The Receiver selected Mission based on recommendations from professionals in the industry as well as communications with Mission personnel and independent research of the company's experience with operating distressed long term care facilities nationwide.

---

<sup>17</sup> Ryan Anderson subsequently joined Burch & Cracchiolo PA. See the *Notice of Substitution of Counsel* filed on May 1, 2024.

---

Mission's initial review revealed multiple serious operational and patient care issues that negatively impacted the safety and well-being of Heritage Village residents, the effectiveness of the facility's workforce, and the operation of the facility. As a result, the Receiver immediately terminated Madison's management role at Heritage Village and requested that Mission take over management operations to ensure the Heritage Village is properly operated and its residents would receive proper patient care.

Based on Mission's performance and findings, on May 17, 2024, the Receiver filed *Petition No. 3: Petition for Order Approving Engagement of Mission Management Services*. Petition No. 3 details the results of Mission's initial evaluation of Heritage Village's clinical processes, procedures, and operations and seeks the Court's approval of the retention of Mission to manage Heritage Village.

On June 12, 2024, the Court entered the *Order Granting Petition No. 3*, which formally approved the engagement of Mission as the management company for Heritage Village.

### **3.3. Interviews of Madison's Accounting Personnel**

Madison's accounting team is led by Eddie Siu ("Siu") and Angelito Caballa ("Caballa"), who provide services for multiple Langendoen-controlled assisted living facilities and related entities, which are located in multiple jurisdictions. While Heritage Village is only one of these facilities, it has become apparent that Heritage Village's financial operations have been significantly intertwined and its cash has been comingled with other Langendoen-controlled assisted living facilities.

On April 25, 2024, Paula Durham of J.S. Held traveled to Pasadena, California to meet with Siu and Caballa to discuss Heritage Village's financial operations. The key elements of this interview are summarized as follows:

- Siu has worked with Langendoen in the assisted living facility industry for at least ten years. Despite holding the title of Chief Financial Officer ("CFO"), Siu was unable to provide any real insight into Heritage Village's financial operations. For example, Siu was unable to provide a cash forecast, even a rough estimate, for Heritage Village, and he had no idea what payments were expected in the coming weeks.
- Caballa joined Madison in December 2023 and is responsible for Heritage Village's accounting functions. Shortly after his employment started, Caballa apparently experienced a major medical event and was out of the office through the end of February 2024. Madison did not have anyone else do Caballa's job during his absence. As a result, Heritage Village's QuickBooks data was incomplete for at least the four months prior to the Receiver's appointment. Based on the interview, it was clear that Caballa's knowledge of Heritage Village expenses and intercompany transactions was extremely limited.
- During the interview, Siu explained that Madison's standard operating procedure was to transfer funds between Langendoen-controlled assisted living facilities and related entities. Siu admitted he regularly moved funds from "the entities that have money to those that need money" because they are "one big family." Siu further admitted that there is no formal documentation for these transfers, in the form of an intercompany loan agreement or a quantified repayment plan for the transfers of funds between and among the Langendoen-controlled entities. When pressed, Siu agreed that the intercompany balances are "definitely owed" but seemed confused between "owed" and "collectible." Siu further explained that the intercompany balances do not accrue interest because they are "all in the family."



**J.S. Held LLC**  
**State of Arizona v. Heritage Village Bldg2 LLC, et al.**

---

- Interviews with Caballa highlighted serious operational issues including the discovery that while Heritage Village contended it had current auto and liability insurance policies, Madison was unable to provide any proof of insurance coverage. This contention that Heritage Village had current auto and liability insurance was later proved to be false, as the Receiver independently discovered that Heritage Village’s commercial liability insurance policy was cancelled effective February 1, 2023 due to non-payment, and its auto policy was cancelled effective April 1, 2024 due to non-payment of a \$188 premium. See Sections 3.5 and 3.7 below.
- In addition to issues related to the use of Heritage Village funds, the Receiver determined that Madison was unable to properly document Heritage Village income. For example, certain Arizona Long Term Care System (“ALTCs”) affiliated payors have been making estimated lump-sum payments to Heritage Village representing payments for specific Heritage Village residents but have not been providing details as to who the payments are for. As a result, Madison has been unable to apply payments to specific resident accounts, which has caused an overstatement in accounts receivable as well as unapplied deposits.<sup>18</sup> Neither Siu nor Caballa was aware that Banner, an ALTCs-affiliated payor, had terminated its contract with Heritage Village in March 2024.
- Other sources of income to Heritage Village include individual residents, who pay via check or Zego (formerly PayLease.com, a credit card processing system). Unfortunately, Siu and Caballa were not able to respond to basic questions about the Zego payments. For example:
  - They were unable to explain why Heritage Village had two Zego accounts—one in Madison’s name, and one in the former manager’s name (SAL Management).
  - They were also unable to explain Zego transaction reversals but suggested they related to residents who had either left or died.<sup>19</sup>
- Accounts payable reflected in Heritage Village’s QuickBooks file is not current. When asked about a specific vendor whose most recent statement did not match the balance reflected in QuickBooks, Caballa asserted that the vendor must not have applied payments correctly, but then admitted that some of the checks recorded in QuickBooks may not have been sent. Caballa stated that Heritage Village’s accounts payable needed to be reconciled for many of its vendors.
- Madison’s accounting team could not explain a number of other questions regarding Heritage Village’s QuickBooks data related to intercompany balance discrepancies, accrued payables, amounts paid to a regional manager that did not work for Heritage Village, etc.

Based on the interviews of Siu and Caballa, as well as the Receiver’s subsequent analyses, the Receiver has grave concerns about the historical financial operations of Heritage Village.

---

<sup>18</sup> The Receiver learned that (1) the Arizona Health Care Cost Containment System (“AHCCCS”) is Arizona’s Medicaid agency that offers health care programs to serve Arizona residents that meet certain income and other requirements; (2) ALTCs is an AHCCCS program that provides health insurance for individuals who are age 65 or older, or who have a disability, and who require nursing facility level of care; (3) In February 2024, Change Healthcare experienced a cyber-attack that took its systems offline; and (4) AHCCCS does not have a direct relationship with Change Healthcare, but many AHCCCS contracted health plans do, and the outage has impacted certain ALTCs-affiliated payors’ ability to pay for services provided by Heritage Village to its residents.

<sup>19</sup> The Receiver’s subsequent research indicated that many of these reversals were actually resident payments that had been returned, but these were not being properly recorded in QuickBooks or pursued for collection.

---

### 3.4. Emergency Loan from FIB

During the initial days of the Receivership, it became clear that Heritage Village's financial operations were precarious, and Heritage Village was at risk of being unable to pay for key services and supplies necessary to continue operations. In an effort to continue to serve its vulnerable residents and avoid a chaotic abrupt closure of Heritage Village, the Receiver scrambled to raise emergency funds to maintain operations.

As discussed above, the Receivership Order acknowledged FIB's first priority security interest in the Receivership Assets and authorized the Receiver to borrow funds from FIB and to issue Receiver's certificates to evidence such indebtedness. The Receiver collaborated with Mission to prepare an estimated cash projection in support of the Receiver's request for a \$350,000 advance from FIB.

On May 9, 2024, the Receiver coordinated the receipt of \$350,000 from FIB to fund Heritage Village's ongoing operations, including the liability insurance deposit discussed below, payroll, and other urgent expenses.

### 3.5. Liability Insurance

Prior to the receivership, Madison worked with insurance broker Lockton Companies ("Lockton") to manage the insurance needs of Heritage Village and other Madison-managed facilities. Heritage Village was covered by a Future Care professional and general liability insurance policy through January 31, 2024. Lockton provided a quote reflecting an annual premium of \$354,433 and a premium finance agreement that required a down payment of \$63,849. Despite Lockton's repeated efforts throughout January 2024 to follow up regarding the impending policy expiration, Langendoen/Madison failed to bind coverage and pay the premium.

On March 29, 2024, Langendoen reached out to a new insurance broker, Shomer Insurance Services ("Shomer"), regarding a request for liability insurance. On April 4, 2024, Shomer provided Langendoen a quote reflecting an annual premium of \$310,247 and a premium finance agreement that required a down payment of \$95,530. This policy included coverage retroactive to February 1, 2024 to eliminate any lapse in coverage. On April 16, 2024, Shomer advised Langendoen that the carrier would not honor the February 1, 2024 effective date if coverage was not bound soon.

On April 19, 2024, Langendoen requested an advance from the \$400,000 reserve fund held by FIB to pay the \$95,530 down payment. In response, John Seeberger at FIB stated as follows:<sup>20</sup>

*Since the court has at the State of Arizona's request appointed a receiver to take over a [sic] run the facility the receiver is responsible for the operation of the facility including making sure it is properly insured. On April 11, 2024, since the loan was in default the \$400,000 reserve account was applied to the principal balance of the loan as allowed under the terms of the loan agreement.*

Langendoen did not receive the requested advance from the FIB reserve account, and Heritage Village did not make the down payment required to bind insurance coverage.

Shortly after the inception of the receivership, the Receiver requested a quote from a new insurance broker, Assured Partners ("Assured"). Due to the significant historical claims filed against Heritage

---

<sup>20</sup> Email dated 04/19/24 from John Seeberger to Gary Langendoen.

Village's prior policies, as well as the appointment of a Receiver of Heritage Village, Assured was only able to provide a quote from a single carrier (subsequently referred to by another broker as the "carrier of last resort"), which reflected an exorbitant annual premium of \$534,318 and a down payment of \$106,864. As this was the only immediately available option to obtain liability insurance for Heritage Village,<sup>21</sup> the Receiver bound the new policy effective May 10, 2024. The carrier refused to provide retroactive coverage.

The current policy has a 25% minimum earned premium, which means the carrier will retain 25% of the premium regardless of when the policy is cancelled. The Receiver continues to pursue additional options for more affordable liability insurance and hopes to replace the current policy after three months have passed and the 25% premium has been earned.

### **3.6. Property Insurance**

Prior to the receivership, Madison worked with Shomer to bind property insurance through Philadelphia Insurance Companies ("Philadelphia") effective February 1, 2024, which covers the Heritage Village facility as well as two other Madison-managed facilities located in Arizona. Because the policy covers three different properties, the Receiver was concerned that the entire policy could be cancelled if Madison failed to pay for the other facilities' share of the monthly premium. This concern was justified by Madison's failure to pay the balance due until just before the policy cancellation deadline during the last three months.

Accordingly, the Receiver requested that Shomer coordinate with the carrier to separate Heritage Village's policy. However, Shomer expressed concern that the carrier may cancel Heritage Village's coverage immediately due to the "change in ownership" resulting from the Receiver's appointment.

The Receiver subsequently worked with another insurance broker, Insurance Office of America ("IOA"), to pursue separate property insurance for Heritage Village. IOA communicated directly with Philadelphia, who agreed not to cancel the current policy until another policy was in place for Heritage Village. The Receiver bound a new property insurance policy with Philadelphia effective July 10, 2024.

### **3.7. Auto Insurance**

During communications with Lockton, the Receiver learned that Heritage Village's auto insurance policy had been cancelled effective April 1, 2024 due to non-payment of the \$188 balance due. The Receiver instructed Heritage Village personnel not to use the company's van until auto insurance could be obtained. The Receiver initially sought to add auto insurance coverage to the existing Philadelphia property insurance policy but changed course after Shomer indicated that Heritage Village's policy could not be separate from Madison's other policies without risk of cancellation. With IOA's assistance, the Receiver bound new auto insurance coverage effective June 20, 2024.

### **3.8. Passenger Van**

On May 10, 2024, Langendoen notified the Receiver that Heritage Village was in default on the lease of its van, a 2018 Ford E350 Elkhart Coach, which Heritage Village staff use to transport residents and run

---

<sup>21</sup> The Receivership Order and the State of Arizona requires an assisted living facility to maintain commercial liability insurance.

---

errands. At that time, there were only four payments remaining due on the van plus a \$1 mandatory buyout, but the van was subject to repossession if the outstanding balance was not paid.

The Receiver subsequently coordinated payment of the \$3,719 past due balance, the final lease payment of \$1,200, and the \$1 mandatory buyout to purchase the vehicle at the end of the lease. The vehicle was paid off on July 2, 2024.

### **3.9. ADHS License Revocation Proceedings**

As mentioned above, in January 2024, the ADHS initiated proceedings to revoke the license under which Heritage Village operates as a result of several inspections and serious violations of the statutes and rules governing its licensure. The Receivership Order authorized the Receiver to negotiate with the ADHS to prevent the revocation of the license under which the Heritage Village Assisted Living facility operates.<sup>22</sup>

Accordingly, the Receiver is working with the ADHS to finalize a settlement agreement agreeable to both parties.<sup>23</sup>

### **3.10. ADHS Enforcement Actions**

Since the inception of the receivership, the ADHS has issued three Notices of Enforcement Action to Heritage Village, summarized as follows:

- June 27, 2024 – The ADHS conducted a survey on April 16, 2024 to investigate the facility’s failure to employ a certified manager since April 2, 2024. The ADHS assessed a penalty of \$1,400, calculated at \$100 per day for fourteen days.
  - This enforcement action relates to a pre-receivership event.
- June 27, 2024 – The ADHS conducted a survey on April 26, 2024 to investigate an uncorrected deficiency from a complaint investigation conducted on January 22, 2024. The ADHS found that two residents were not treated with dignity and respect and assessed a penalty of \$250.
  - This enforcement action relates to a pre-receivership event.
- July 8, 2024 – The ADHS conducted a survey on June 14, 2024 to investigate the facility manager’s failure to document a report of alleged abuse, neglect, or exploitation to a peace officer or APS. The ADHS assessed a penalty of \$1,000.
  - This enforcement action relates to Heritage Village’s executive director’s failure to document a report made to a peace officer or APS. Mission conducted an investigation, immediately suspended the executive director, and ultimately terminated her for failure to report the allegations. Mission began recruiting a replacement executive director shortly after the initial suspension to avoid any lapse in having a licensed manager on staff.

The Receiver coordinated the execution and submission of the Enforcement Agreement Forms for all three enforcement actions and directed accounting personnel to pay the associated fines.

---

<sup>22</sup> Amended Order Appointing Receiver; page 4, paragraph 8.

<sup>23</sup> Any agreement to resolve the DHS cases will be subject to approval by the Receivership Court.

---

### 3.11. Sale Process

The Receivership Order directs the Receiver to “market the Facility for sale and complete such sale as soon as practicable after the Facility is stabilized,” subject to approval by the Court and FIB.<sup>24</sup>

Accordingly, on May 15, 2024, the Receiver engaged SLIB II, Inc. dba Senior Living Investment Brokerage (“SLIB”) to market the property for sale, negotiate with prospective buyers, organize and coordinate tours and the due diligence process, and serve as the intermediary between all parties through closing.

On May 15, 2024, the Receiver and SLIB agreed to the following estimated timeline for the marketing and sale process:

- May 20, 2024 – Inform all prospective buyers of initial bid-deadline (June 10, 2024) and list the property on LoopNet.
- June 10, 2024 – Deadline for prospective buyers to submit their initial bids.
  - After initial offers are received, the top 3-5 offers will be invited to tour the property.
- June 28, 2024 – Deadline for prospective buyers to submit their final offers.
- July 3, 2024 – Receiver to select a buyer and sign the LOI (letter of intent).
- July 8-26, 2024 – Parties to negotiate the terms and form of the PSA (purchase and sale agreement).
- July 29-September 12, 2024 – Prospective buyer to complete due diligence.
- September 13-October 12 or 27, 2024 – Closing period (30-45 days).

Prior to the receivership, Langendoen had retained SLIB to market Heritage Village for sale alongside two other Arizona assisted living facilities in a package deal. SLIB originally estimated that Heritage Village had a value of approximately \$15-17 million based on the March rent roll, financial data through January 2024, and other information provided by Langendoen. However, the financial data provided by Langendoen was inaccurate, as Madison had not reconciled Heritage Village’s operating accounts since November 30, 2023, and Heritage Village’s QuickBooks data was incomplete for at least December 2023 and January 2024 due to Caballa’s absence.

After SLIB was formally engaged by the Receiver in mid-May, the Receiver provided updated financials and rent rolls, which showed a significant decline in performance from the information provided by Langendoen, which caused the decrease in the anticipated value of Heritage Village.

SLIB provided the offering memorandum to sixty-four prospective buyer groups and ultimately received offers from five interested parties, as summarized in **Table 1** below.

**Table 1: LOI Summary**

Buyer		Price	Due Diligence
			Period
Valley ALF Ventures LLC	LOI #1	\$14,592,000	45 days
	LOI #2	\$16,012,800	
Avista Senior Living	LOI #1	\$12,500,000	45 days
	LOI #2	\$12,800,000	
Mosaic Development Services		\$10,500,000	90 days
WhiteGlove Care/BlueMark		\$10,000,000	45 Days
Oxford Health Group		\$9,000,000	30 days

---

<sup>24</sup> Amended Order Appointing Receiver; page 7, paragraph 3.

---

Unfortunately, on June 21, 2024, Valley ALF Ventures LLC withdrew its offer and declined to participate going forward.

Given the targeted but widespread marketing effort and the number of prospective buyers who initially expressed interest, SLIB is confident that the remaining offers represent the current market value of the Heritage Village facility.

On June 29, 2024, Avista Senior Living (“Avista”) submitted its best and final offer reflecting a price of \$12.8 million. Because Avista has an excellent reputation in the assisted living facility market, and none of the other prospective buyers were willing to increase their price, the Receiver accepted Avista’s LOI on July 2, 2024. Avista and the Receiver are currently negotiating the terms and form of the PSA. The Receiver will seek the Court’s approval of the sale after Avista has completed its due diligence.

#### 4. Mismanagement by Madison and Langendoen

The Receiver has identified a number of indicators of mismanagement and misrepresentation by Langendoen and Madison as discussed in detail below.

##### 4.1. Failure to Maintain Insurance Coverage

As mentioned in Section 3.5 above, on April 16, 2024, Shomer advised Langendoen that the carrier would not honor the February 1, 2024 effective date on proposed liability insurance if coverage was not bound soon. Heritage Village received a substantial AHCCCS-affiliated payor deposit the next day and therefore had sufficient cash on hand to pay the \$95,530 down payment (as shown in the following excerpt from Heritage Village’s April 2024 FIB statement), yet both Langendoen and Madison failed to ensure payment was made.

**Table 2: FIB-0123 Bank Statement Excerpt**

MRC VSL HERITAGE VILLAGE LLC		XXXXXXXXXXXX0123	Statement Ending 04/30/2024		Page 4 of 6
<b>ANALYZED BUSINESS CHECKING-XXXXXXXXXXXX0123 (continued)</b>					
<b>Account Activity (continued)</b>					
Post Date	Description	Debits	Credits	Balance	
04/17/2024	HCCLAIMPMT HNB - ECHO TRN* 1* 1133055530* 1341858379\		\$161,394.92	<b>\$161,875.31</b>	

As a direct result of Madison’s failure to timely bind coverage and pay the required premium, Heritage Village operated without liability insurance from February 1, 2024 through May 9, 2024 and was forced to purchase a policy that was approximately \$200,000 more expensive than previously quoted policies.

Likewise, Heritage Village operated without auto insurance from April 1, 2024 until April 29, 2024 when the Receiver determined that the van was uninsured. Heritage Village staff were unable to use the van to transport residents and run errands from April 29, 2024 until replacement coverage was obtained on June 20, 2024.

#### 4.2. Unauthorized Post-Receivership Transfers to Related Parties

On April 22, 2024, four days after the Receivership Order was signed, Langendoen coordinated the unauthorized transfer of \$80,000 from Heritage Village’s bank account to other Langendoen-controlled entities, including \$40,000 to MRSC AZ Mesa Master Tenant LLC and \$40,000 to MRSC AZ Apache Junction Master Tenant LLC. These funds originated from the aforementioned AHCCCS deposit received on April 17, 2024.

Madison is the sole manager and member owning 20% or more of both MRSC AZ Mesa Master Tenant LLC and MRSC AZ Apache Junction Master Tenant LLC.<sup>25</sup>

The Receiver demanded the immediate return of these funds, and ultimately received three deposits totaling \$41,000. The remaining unpaid balance due to Heritage Village for these unauthorized post-receivership transfers is \$39,000, as summarized in **Table 3** below.

**Table 3: Net Balance Due from Unauthorized Transfers**

Account	Date	Amount	Description
FIB 0123	04/22/24	(40,000.00)	OUTGOING WIRE 463731 MRSC AZ MESA MASTER TENANT LLC
FIB 0123	04/22/24	(40,000.00)	OUTGOING WIRE 463732 MRSC AZ APACHE JUNCTION MASTER TENA
WF 1024	04/25/24	16,000.00	WT SEQ149490 MRSC AZ MESA MASTER TEN
WF 1024	04/26/24	10,000.00	DEPOSIT - MRSC AZ APACHE JUNCTION MASTER TENANT LLC
WF 1024	05/01/24	15,000.00	DEPOSIT - MRSC AZ APACHE JUNCTION MASTER TENANT LLC
<b>Net Balance Due</b>		<b>(39,000.00)</b>	

#### 4.3. Heritage Village Investor Zoom Calls

The Receiver understands that Langendoen may have solicited funds from a number of “investors” to finance the purchase and/or construction of the Heritage Village property and facility. The available information indicates that investors contributed funds to MRC HV Investor LLC, which then invested in the Property Entities (MRC VSL Heritage Village LLC and MRC VSL Heritage Village II LLC). The Receiver has not fully investigated this issue because MRC HV Investor LLC is not a Receivership Defendant.

The Receiver received two emails labeled “Recorded 2024 MRC Heritage Village Update Zoom Meeting,” which contain links to recorded Zoom calls that occurred on May 2, 2024 and June 26, 2024. During these calls, Langendoen made multiple misrepresentations to the participants in these meetings, as discussed in detail below.

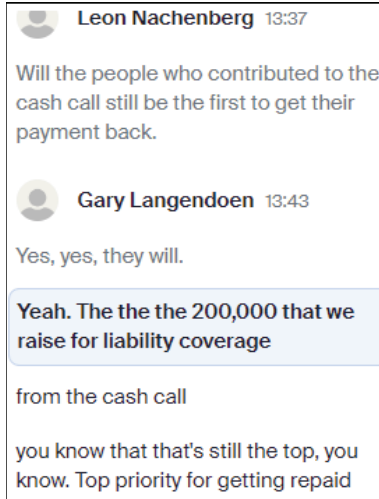
##### 4.3.1. May 2, 2024 Zoom Call

During the May 2, 2024 Zoom call, Langendoen alluded to raising \$200,000 from investors to pay for liability insurance. However, these funds, if actually received by Langendoen were *never* deposited to Heritage Village’s bank accounts and were *not* used to purchase liability insurance for Heritage Village. Therefore, the Receiver has serious concerns that Langendoen may have improperly solicited funds from third party “investors” under false pretenses and deceived them into believing that these funds would be used for the benefit of Heritage Village.

---

<sup>25</sup> MRSC AZ Mesa Master Tenant LLC’s Application for Registration filed with the Arizona Corporation Commission on April 7, 2016; MRSC AZ Apache Junction Master Tenant LLC’s Application for Registration filed with the Arizona Corporation Commission on April 4, 2016.

During the May 2, 2024 Zoom call, a participant named Leon Nachenberg asked, “Will the people who contributed to the cash call still be the first to get their payment back?”<sup>26</sup> Langendoen responded that the \$200,000 raised for liability coverage from the cash call is the top priority for getting repaid.<sup>27</sup> See a screenshot from the call transcript below.

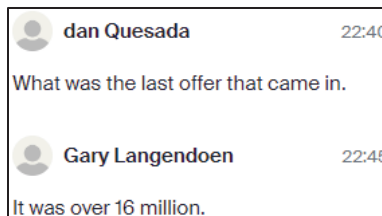


On April 19, 2024, Langendoen learned that FIB swept the reserve account that Langendoen had hoped to use to pay for liability insurance, and the above referenced Zoom call took place on May 2, 2024. As such, the Receiver believes that sometime between these two dates (which occurred during the receivership), Langendoen may have raised \$200,000 from “investors” under the auspices that these funds were to pay for Heritage Village’s liability insurance, but instead, Langendoen may have used these funds for other purposes that did not benefit Heritage Village.

#### **4.3.2. June 26, 2024 Zoom Call**

During the June 26, 2024 Zoom call, Langendoen made several misleading and false statements to attendees regarding the pending sale of Heritage Village, the facility’s value, and the total secured debt.

During the call, a participant named Dan Quesada asked, “What was the last offer that came in?”<sup>28</sup> Langendoen responded, “It was over 16 million.”<sup>29</sup> Langendoen failed to explain to the investors that (1) the \$16 million offer was withdrawn on June 21, 2024; and (2) the \$16 million offer was an outlier, as all other offers ranged from \$9 million to \$12.5 million at that time.



---

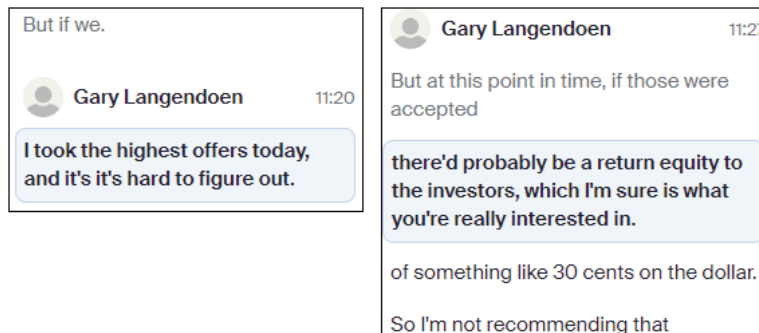
<sup>26</sup> Transcript from the May 2, 2024 Zoom call, 13:37 minute mark.  
<sup>27</sup> Transcript from the May 2, 2024 Zoom call, 13:45 minute mark.  
<sup>28</sup> Transcript from the June 26, 2024 Zoom call, 22:40 minute mark.  
<sup>29</sup> Transcript from the June 26, 2024 Zoom call, 22:45 minute mark.

---



In addition, a participant named Scott Curry asked, “What’s the total size of the loan?”<sup>30</sup> Langendoen falsely responded, “From memory, it’s in the 12 million dollar range.”<sup>31</sup> Langendoen again stated, “Well, there’s 12 million of debt”<sup>32</sup> and total equity investment “in the 10 to 12 million range.”<sup>33</sup> However, the total secured debt on the Heritage Village property at that time was *at least* \$16.1 million.<sup>34</sup>

Langendoen further misled the “investors” to believe that that the Receiver had received an offer to purchase Heritage Village that would be sufficient to repay investors 30% of their investment.<sup>35</sup> However, even the highest offer of \$16,012,800 (which was withdrawn prior to the June 26, 2024 Zoom call) was insufficient to pay SLIB’s 2.5% commission and both secured lenders in full, leaving nothing for investors. Specifically, Langendoen stated as follows:



According to the Receiver’s calculations, Heritage Village would have to sell for *at least* \$20 million to generate a 30% return to investors, and *at least* \$28 million to generate a 100% return to investors (based on Langendoen’s estimated total investor equity of \$11 million). These calculations do not account for closing costs, receivership fees, etc.

Moreover, Langendoen told investors that a REIT would “start buying in the 20 million dollar range” and “the highest offer we got is a little under that so far.”<sup>36</sup> Langendoen further stated “I thought late last year we could get 25 million”<sup>37</sup> and “if financing prices were ever [to] come down, then the price might even increase,” giving investors a vastly false impression of Heritage Village’s value.

#### 4.4. Analysis of the Pre-Receivership Sources and Uses of Cash

The Receiver prepared a comprehensive analysis of the sources and uses of funds flowing through the Receivership Defendants’ bank accounts in order to identify any potential claims that Heritage Village may have for improper payments to related parties. The accounts included in the Receiver’s analysis (the “Summarized Accounts”) are listed in **Table 4** below.

---

<sup>30</sup> Transcript from the June 26, 2024 Zoom call, 21:25 minute mark.  
<sup>31</sup> Transcript from the June 26, 2024 Zoom call, 21:29 minute mark.  
<sup>32</sup> Transcript from the June 26, 2024 Zoom call, 22:55 minute mark.  
<sup>33</sup> Transcript from the June 26, 2024 Zoom call, 23:08 minute mark.  
<sup>34</sup> Heritage Village owed approximately \$7.1 million to HJ Sims as of June 1, 2024 (email dated May 8, 2024 from Curtis King to Peter Davis), and approximately \$8,963,940 to First Interstate Bank as of May 22, 2024 (email dated May 22, 2024 from John Seeberger to Andrew Short, including attached Loan Payoff Statement).  
<sup>35</sup> Transcript from the June 26, 2024 Zoom call, 11:37 minute mark.  
<sup>36</sup> Transcript from the June 26, 2024 Zoom call, 12:40 minute mark.  
<sup>37</sup> Transcript from the June 26, 2024 Zoom call, 23:26 minute mark.

---

J.S. Held LLC  
State of Arizona v. Heritage Village Bldg2 LLC, et al.

**Table 4: Summarized Accounts**

Account Holder	Account Details		Sources by Period	
	Bank	Account	Quickbooks	Bank Website/Stmts
MRC VSL HV Management LLC	Wells Fargo Bank	xxxxxx1024		04/01/20-04/30/24
MRC VSL HV Management LLC	Wells Fargo Bank	xxxxxx3517		04/01/20-04/30/24
MRC VSL HV Management LLC	Wells Fargo Bank	xxxxxx7883	04/01/20-04/30/24	
MRC VSL Heritage Village LLC	Great Western Bank	xxxxxx0123		04/01/20-04/29/22
MRC VSL Heritage Village LLC	First Interstate Bank	xxxxxx0123	04/30/22-05/15/22	05/16/22-04/30/24
MRC VSL Heritage Village LLC	East West Bank	xxxxxx3618	04/01/20-12/31/20	01/01/21-03/31/24
MRC VSL Heritage Village LLC	Great Western Bank	xxxxxx8169	04/01/20-11/17/20	

As shown above, the Receiver was not provided bank statements for certain accounts and/or periods despite repeated requests to Madison. However, the Receiver’s analysis of the available bank records and QuickBooks data indicates that the QuickBooks data is relatively accurate and reliable through late 2023. Accordingly, the Receiver relied on QuickBooks data provided by Madison to fill in the gaps.

The Receiver’s analysis covers the period from April 1, 2020 through April 17, 2024 (the “Analysis Period”) in order to encompass the four-year period prior to the receivership, as well as the post-receivership transfers to the Langendoen-controlled entities reflected above in **Table 3**, which occurred just after the receivership began.

For the purposes of this analysis, the Receiver prepared an Excel database of all transactions reflected in the bank statements (or QuickBooks records where applicable) for the Summarized Accounts during the Analysis Period. The Receiver then assigned each transaction a category based on to/from whom the funds were paid, and for what purpose, in order to summarize the sources and uses of the funds flowing through Heritage Village’s accounts.

The Receiver’s preliminary summary analysis is attached hereto at **Exhibit 1**. Details of the underlying transactions summarized in **Exhibit 1** are available upon request. The Receiver’s analyses are ongoing; therefore, information contained herein is preliminary, tentative, and subject to change. In addition, as the Analysis Period only encompasses the four-year period prior to the start of the receivership, this analysis does not incorporate any balances due to/from related parties that existed as of April 1, 2020.

Although this was a significant and time-consuming undertaking, the Receiver believed that this investigation was necessary to understand, document, and make public the extensive undocumented intercompany transfers that took place within Heritage Village’s bank accounts.

The Receiver’s preliminary analysis of the Summarized Accounts indicates that Madison disregarded corporate formalities and the specific business purpose of each of the accounts and supports Siu’s admission that Madison frequently moves funds from the entities that have money to those that need money based on the assertion that they are “one big family.” Moreover, despite multiple requests, the Receiver has not been provided with any notes, loans or agreements documenting any of these related party loans, nor do they accrue interest.

**Table 5** provides a condensed summary of the net transfers to or for the benefit of related parties, while the Receiver’s key findings are described below.

**J.S. Held LLC**  
**State of Arizona v. Heritage Village Bldg2 LLC, et al.**

**Table 5: Summary of the Net Transfers to Related Parties**

Category	Apr 1-Dec 31,				Jan 1-Apr 17,		Total
	2020	2021	2022	2023	2024		
Gary Langendoen - Loan	141,000	-	105,000	-	-	-	<b>246,000</b>
Citrus Gardens Leasing LLC	(18,000)	(53,000)	-	42,000	(42,000)	-	<b>(71,000)</b>
Citrus Gardens Senior Living, LLC	(35,000)	-	-	-	-	-	<b>(35,000)</b>
Cornerstone Longwood Sr Living Acq LP	(10,000)	-	-	-	-	-	<b>(10,000)</b>
Grandtag Madison Realty LLC	10,000	-	-	-	-	-	<b>10,000</b>
Lafayette Senior Living Acquisitions LP	(23,000)	-	-	-	-	-	<b>(23,000)</b>
Madison Realities LLC	-	-	-	375,000	-	-	<b>375,000</b>
Madison Realty Companies LLC - Loan	79,000	139,376	(13,400)	(431,200)	(215,428)	-	<b>(441,652)</b>
Madison Realty Equities LLC	(553,500)	(239,900)	(168,969)	(91,500)	-	-	<b>(1,053,869)</b>
Madison Realty Senior Care Fund LLC	51,000	71,000	-	-	-	-	<b>122,000</b>
Madison Realty Senior Care II-AZ DST	113,000	4,800	-	-	-	-	<b>117,800</b>
Madison Realty Senior Care I-UT DST	29,500	23,000	38,000	(116,200)	(34,000)	-	<b>(59,700)</b>
Madison Westlead Realty LP	(700)	-	-	-	-	-	<b>(700)</b>
MRC HV Investors LLC	(277,700)	(4,000)	(43,030)	(409,000)	(45,100)	-	<b>(778,830)</b>
MRSC Alta Ridge DST	274,000	-	(15,000)	-	-	-	<b>259,000</b>
MRSC AZ Apache Junction DST	-	-	(8,750)	10,000	-	-	<b>1,250</b>
MRSC AZ Apache Junction Master Tenant LLC	(14,329)	-	-	(826,676)	(49,762)	-	<b>(890,767)</b>
MRSC AZ Mesa DST	-	-	(8,750)	-	73,000	-	<b>64,250</b>
MRSC AZ Mesa Master Tenant LLC	183	129	-	(6,588)	101,630	-	<b>95,354</b>
MRSC CO Aspen House DST	138,000	19,500	(365,713)	(175,825)	-	-	<b>(384,038)</b>
MRSC CO Aspen House Master Tenant LLC	-	-	(66,991)	(272,278)	(69,500)	-	<b>(408,769)</b>
MRSC Holladay	-	-	-	(6,597)	-	-	<b>(6,597)</b>
MRSC UT Cache Valley DST	-	-	28,496	(10,250)	10,000	-	<b>28,246</b>
MRSC UT Ridgeview Master Tenant LLC	-	-	-	(17,446)	-	-	<b>(17,446)</b>
MRSC UT Sandy AL	-	-	-	(6,712)	-	-	<b>(6,712)</b>
MRSC UT Sandy MC DST	-	-	(20,000)	(4,422)	-	-	<b>(24,422)</b>
New Health Pain Treatment Center	-	(20,000)	(50,000)	-	-	-	<b>(70,000)</b>
North American Senior Properties LP	68,000	-	-	-	-	-	<b>68,000</b>
Red Rock Senior Living Leasing LLC	-	-	-	15,000	-	-	<b>15,000</b>
Verandas Colorado Sr. Living Leasing LLC	-	-	(19,000)	279	(1,600)	-	<b>(20,321)</b>
<b>Subtotal</b>	<b>(26,526)</b>	<b>(57,074)</b>	<b>(606,085)</b>	<b>(1,930,392)</b>	<b>(270,736)</b>	<b>(2,900,922)</b>	
Gary Langendoen - Reimbursement	(789)	(973)	(7,225)	(14,620)	(54)	-	<b>(23,661)</b>
Tracy Langendoen - Reimbursement	-	-	(11,478)	(21,628)	-	-	<b>(33,106)</b>
Madison Realty Companies LLC - Mgmt/Acctg Fee	(106,248)	(159,164)	(84,000)	(81,000)	(40,000)	-	<b>(470,412)</b>
Madison Realty Companies LLC - Reimbursement	-	-	(58)	(1,651)	(1,256)	-	<b>(2,964)</b>
<b>Subtotal</b>	<b>(107,037)</b>	<b>(160,137)</b>	<b>(102,760)</b>	<b>(118,899)</b>	<b>(41,310)</b>	<b>(530,143)</b>	
<b>TOTAL</b>	<b>(133,563)</b>	<b>(217,211)</b>	<b>(708,845)</b>	<b>(2,049,291)</b>	<b>(312,045)</b>	<b>(3,431,066)</b>	

The most notable findings based on the Receiver's preliminary analysis of the sources and uses of funds are summarized below:

- Langendoen/Madison transferred funds to/from or for the benefit of at least twenty-nine different related business entities during the Analysis Period.
- Langendoen/Madison transferred a net total of \$3,431,066 from Heritage Village's accounts to related parties during the Analysis Period.
  - Approximately \$530,143 of this represents purported management fees, accounting fees, consulting fees, and reimbursements paid to Madison, as well as reimbursements paid to Langendoen and his wife. If these were presumed to be valid and appropriate disbursements, ***the remaining net total transfer from Heritage Village's accounts exceeds \$2.9 million over the four-year Analysis Period.***

**J.S. Held LLC**  
**State of Arizona v. Heritage Village Bldg2 LLC, et al.**

---

- The most significant beneficiaries of Heritage Village funds include the following (highlighted in **Table 5** above):
  - Madison Realty Equities LLC – \$1,053,869
  - MRSC AZ Apache Junction Master Tenant LLC – \$890,767
  - MRC HV Investors LLC - \$778,830
  - Madison Realty Companies LLC (loans) – \$441,652
  - MRSC CO Aspen House Master Tenant LLC – \$408,769
  - MRSC CO Aspen House DST – \$384,038
- Langendoen/Madison transferred a net total of \$312,045 from Heritage Village to or for the benefit of related parties during January 1-April 17, 2024, which directly caused Heritage Village’s inability to pay its insurance premiums and therefore caused the loss of liability and auto insurance coverage.
- In addition to undocumented loans to related parties, Langendoen/Madison frequently caused Heritage Village to pay expenses on behalf of other Langendoen-controlled assisted living facilities and related entities. For example:
  - On January 27, 2023, Heritage Village paid \$427,833 to First American Title Insurance Co. and \$258,693 to Sunwest Bank on behalf of MRSC AZ Apache Junction Master Tenant LLC.
  - Heritage Village paid the Larimer County (Colorado) Treasurer for property taxes on behalf of MRSC CO Aspen House DST on multiple occasions:
    - \$58,258 on February 14, 2022
    - \$93,684 on August 26, 2022
    - \$17,114 on August 23, 2022
    - \$6,318 on August 30, 2022
  - On June 27, 2023, Heritage Village paid \$88,435 to Berkley North Pacific for insurance on behalf of numerous entities. Of this amount, \$24,371 was allocated to Heritage Village, and \$64,064 was allocated to nine other Langendoen-controlled entities.
  - On September 12, 2022, Heritage Village made a loan payment of \$38,504 to ORIX Real Estate Capital LLC on behalf of MRSC UT Cache Valley DST.
  - On May 21, 2020, Heritage Village paid \$59,000 to a payroll provider on behalf of MRSC AZ Apache Junction Master Tenant LLC (\$32,500) and MRSC AZ Mesa Master Tenant LLC (\$26,500).
  - On March 24, 2021, Heritage Village paid \$29,000 to another payroll provider on behalf of Citrus Gardens Leasing LLC.
  - On March 6, 2024, Heritage Village paid \$26,728 to Good Financial Processing Inc. on behalf of MRSC AZ Mesa Master Tenant LLC. This was a broker commission for refinancing the loan on the property located at 537 South Higley Road in Mesa, Arizona.
  - On February 12, 2024, Heritage Village paid \$26,230 a consulting fee to Thomas Hsu on behalf of MRSC AZ Mesa Master Tenant LLC related to refinancing the Higley Road loan.

The net total transfers of at least \$2.9 million to or for the benefit of other Langendoen/Madison entities ultimately prevented Heritage Village from paying its debts as they came due. At the inception of the receivership, Heritage Village was uninsured and past due on invoices due to food providers, utility services, and other essential vendors and service providers, all of which placed Heritage Village’s vulnerable residents at risk.

**The Receiver’s initial investigation has determined that Langendoen and Madison effectively stripped Heritage Village of its working capital, causing unnecessary risk to the business and its residents, lenders, and investors.**

---

#### 4.5. Other Improper Activities

As discussed in Section 3.3 above, Madison failed to maintain Heritage Village’s accounting system for at least the four months prior to the Receiver’s appointment. Moreover, Madison’s accounting team, Caballa and Siu, had very limited knowledge of Heritage Village’s finances. These issues are particularly concerning given the \$8,000 monthly accounting fee that Heritage Village paid to Madison for August 2023 through April 2024 (prior monthly accounting fees were approximately \$3,500).

According to Heritage Village staff, employees of other Madison-managed Arizona facilities attempted to take Heritage Village supplies for use at the other facilities during the receivership. The Receiver quickly put an end to this improper practice. The Receiver also noted that HV Management’s QuickBooks file includes a FIB operating account titled to one of the Property Entities, MRC VSL Heritage Village LLC. These issues, along with the lack of notes or agreements documenting related party loans and the failure to accrue interest, demonstrate Langendoen/Madison’s failure to observe corporate formalities.

#### 5. Conclusion

As of the date of this report, the Receiver and Mission have made great strides in improving Heritage Village operations and the condition of its vulnerable residents. While efforts made to date have somewhat stabilized Heritage Village’s finances, the Receiver has encouraged Mission to increase marketing efforts and believes that the successes achieved to date will encourage additional resident move-ins, thereby increasing revenues.

The Receiver continues to work towards improved relations with ADHS and APS and hopes to reach an agreeable settlement with ADHS soon.

The Receiver is currently evaluating available options to address the mismanagement of Heritage Village by Langendoen and Madison, including the improper transfer of at least \$2.9 million to Langendoen-controlled assisted living facilities and related entities during the Analysis Period, which effectively stripped Heritage Village of its working capital, causing unnecessary risk to the business and its residents, lenders, and investors.



---

Peter S. Davis, Receiver  
J.S. Held LLC

---

July 17, 2024

Date

Category	Apr 1-Dec 31, 2020			2021			2022		
	Deposits	Disb.	Net Total	Deposits	Disb.	Net Total	Deposits	Disb.	Net Total
<b>Beginning Balance</b>	322,603	-	322,603	132,965	-	132,965	143,811	-	143,811
<b>Business Income</b>									
Resident Income/Refunds	3,967,690	(206,616)	3,761,075	5,272,468	(167,935)	5,104,534	6,451,315	(193,165)	6,258,150
Tax Refunds	-	-	-	-	-	-	6	-	6
PPP/Provider Relief/Stimulus	481,743	-	481,743	-	-	-	414,267	-	414,267
Office Lease Income	900	-	900	5,300	(6,428)	(1,128)	6,932	-	6,932
Other Deposits	1	-	1	1,807	-	1,807	117	-	117
<b>Subtotal</b>	<b>4,450,334</b>	<b>(206,616)</b>	<b>4,243,719</b>	<b>5,279,575</b>	<b>(174,363)</b>	<b>5,105,213</b>	<b>6,872,638</b>	<b>(193,165)</b>	<b>6,679,473</b>
<b>Business Expenses</b>									
Accounting Fees	-	(23,000)	(23,000)	-	(32,500)	(32,500)	-	(23,500)	(23,500)
Advertising	-	(3,600)	(3,600)	-	(5,222)	(5,222)	-	(8,481)	(8,481)
Bank Fees	-	(3,645)	(3,645)	-	(3,544)	(3,544)	-	(3,663)	(3,663)
Consulting Expense	-	(36,590)	(36,590)	-	(45,720)	(45,720)	-	(62,630)	(62,630)
Contract Labor/Staffing Agencies	-	(345,481)	(345,481)	-	(3,478)	(3,478)	-	(232,290)	(232,290)
Dues & Licenses	-	(15,052)	(15,052)	-	(7,439)	(7,439)	-	(21,041)	(21,041)
Employee Benefits	-	(22,281)	(22,281)	-	(68,569)	(68,569)	-	(36,796)	(36,796)
Employee Reimbursements	-	(1,564)	(1,564)	-	(5,872)	(5,872)	180	(6,657)	(6,477)
Food & Dietary Consulting	-	(166,729)	(166,729)	-	(226,679)	(226,679)	-	(281,783)	(281,783)
GW/FIB Loan Payments	-	(457,881)	(457,881)	-	(556,260)	(556,260)	-	(672,713)	(672,713)
Insurance	-	(268,654)	(268,654)	591	(350,851)	(350,260)	16,090	(259,940)	(243,851)
Landscaping & Pest Control	-	(13,040)	(13,040)	-	(23,617)	(23,617)	-	(13,080)	(13,080)
Legal Fees	-	-	-	-	(5,220)	(5,220)	-	(31,754)	(31,754)
Miscellaneous Expense	-	(5,902)	(5,902)	-	(3,917)	(3,917)	-	(5,761)	(5,761)
Office Expenses	-	(15,890)	(15,890)	-	(19,122)	(19,122)	-	(16,755)	(16,755)
Payroll	30,107	(1,831,708)	(1,801,600)	1,560	(2,526,410)	(2,524,849)	6,750	(3,108,274)	(3,101,524)
Pharmacy/Medical Expenses	30	(30,158)	(30,128)	-	(51,159)	(51,159)	86	(43,925)	(43,839)
Property/Income/Franchise Taxes	-	(94,064)	(94,064)	-	(35,448)	(35,448)	-	(3,746)	(3,746)
Referrals & Placement Agencies	-	(22,064)	(22,064)	-	(43,964)	(43,964)	-	(77,853)	(77,853)
Repairs & Maintenance	-	(20,679)	(20,679)	-	(13,638)	(13,638)	-	(30,678)	(30,678)
Resident Activities	-	(317)	(317)	-	(2,008)	(2,008)	-	(2,612)	(2,612)
SAL Management Group LLC	-	(239,306)	(239,306)	-	(317,216)	(317,216)	-	(276,193)	(276,193)
Security	-	(1,770)	(1,770)	-	(540)	(540)	-	(12,554)	(12,554)
Supplies	-	(41,965)	(41,965)	-	(22,643)	(22,643)	-	(29,025)	(29,025)
Training	-	(1,040)	(1,040)	-	(5,559)	(5,559)	-	(4,965)	(4,965)
Utilities	16	(173,889)	(173,872)	400	(211,072)	(210,672)	-	(221,448)	(221,448)
Vehicle Lease & Auto Expenses	-	(7,198)	(7,198)	-	(15,223)	(15,223)	-	(12,296)	(12,296)
<b>Subtotal</b>	<b>30,154</b>	<b>(3,843,464)</b>	<b>(3,813,310)</b>	<b>2,552</b>	<b>(4,602,892)</b>	<b>(4,600,340)</b>	<b>23,106</b>	<b>(5,500,415)</b>	<b>(5,477,309)</b>
<b>Unverified Business Expenses</b>									
Credit Card - Divvy	-	-	-	-	(74,434)	(74,434)	-	(222,545)	(222,545)
Credit Card - Wells Fargo	-	(64,229)	(64,229)	-	(34,813)	(34,813)	-	-	-
Hartford (accrued interest/rent?)	-	(390,292)	(390,292)	-	(166,224)	(166,224)	-	(306,130)	(306,130)
Individual - Gabrielle LaVia (Settlement)	-	-	-	-	-	-	-	(35,000)	(35,000)
First American Title Insurance Co.	60,000	-	60,000	-	-	-	-	-	-
The O'Sullivan Group Inc.	-	(80,787)	(80,787)	-	-	-	-	(14,580)	(14,580)
WRC Holdings LLC (Loan)	-	(14,919)	(14,919)	-	(4,000)	(4,000)	110,000	(110,000)	-
Other Entities/Individuals	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>60,000</b>	<b>(550,226)</b>	<b>(490,226)</b>	<b>-</b>	<b>(279,470)</b>	<b>(279,470)</b>	<b>110,000</b>	<b>(688,255)</b>	<b>(578,255)</b>

Category	Apr 1-Dec 31, 2020			2021			2022		
	Deposits	Disb.	Net Total	Deposits	Disb.	Net Total	Deposits	Disb.	Net Total
<b>Related Party Transfers</b>									
Gary Langendoen - Loan	141,000	-	141,000	-	-	-	105,000	-	105,000
Gary Langendoen - Reimbursement	-	(789)	(789)	-	(973)	(973)	-	(7,225)	(7,225)
Tracy Langendoen - Reimbursement	-	-	-	-	-	-	-	(11,478)	(11,478)
Citrus Gardens Leasing LLC	-	(18,000)	(18,000)	40,000	(93,000)	(53,000)	25,000	(25,000)	-
Citrus Gardens Senior Living, LLC	-	(35,000)	(35,000)	-	-	-	-	-	-
Cornerstone Longwood Sr Living Acq LP	-	(10,000)	(10,000)	-	-	-	-	-	-
Grandtag Madison Realty LLC	10,000	-	10,000	-	-	-	-	-	-
Lafayette Leasing LLC	97,726	(97,726)	-	-	-	-	-	-	-
Lafayette Senior Living Acquisitions LP	-	(23,000)	(23,000)	-	-	-	-	-	-
Madison Realities LLC	-	-	-	-	-	-	-	-	-
Madison Realty Companies LLC - Loan	79,000	-	79,000	153,376	(14,000)	139,376	67,000	(80,400)	(13,400)
Madison Realty Companies LLC - Mgmt/Acctg Fee	-	(106,248)	(106,248)	-	(159,164)	(159,164)	-	(84,000)	(84,000)
Madison Realty Companies LLC - Reimbursement	-	-	-	-	-	-	-	(58)	(58)
Madison Realty Equities LLC	1,000	(554,500)	(553,500)	-	(239,900)	(239,900)	60,000	(228,969)	(168,969)
Madison Realty Senior Care Fund LLC	88,000	(37,000)	51,000	71,000	-	71,000	-	-	-
Madison Realty Senior Care II-AZ DST	135,000	(22,000)	113,000	10,500	(5,700)	4,800	-	-	-
Madison Realty Senior Care I-UT DST	31,000	(1,500)	29,500	23,000	-	23,000	55,000	(17,000)	38,000
Madison Westlead Realty LP	-	(700)	(700)	-	-	-	-	-	-
MRC HV Investors LLC	2,500	(280,200)	(277,700)	-	(4,000)	(4,000)	17,200	(60,230)	(43,030)
MRSC Alta Ridge DST	299,000	(25,000)	274,000	-	-	-	-	(15,000)	(15,000)
MRSC AZ Apache Junction DST	-	-	-	-	-	-	-	(8,750)	(8,750)
MRSC AZ Apache Junction Master Tenant LLC	38,270	(52,599)	(14,329)	-	-	-	-	-	-
MRSC AZ Mesa DST	-	-	-	-	-	-	-	(8,750)	(8,750)
MRSC AZ Mesa Master Tenant LLC	26,683	(26,500)	183	129	-	129	15,000	(15,000)	-
MRSC CO Aspen House DST	149,000	(11,000)	138,000	19,500	-	19,500	3,000	(368,713)	(365,713)
MRSC CO Aspen House Master Tenant LLC	-	-	-	-	-	-	28,000	(94,991)	(66,991)
MRSC Holladay	-	-	-	-	-	-	-	-	-
MRSC UT Cache Valley DST	-	-	-	-	-	-	67,000	(38,504)	28,496
MRSC UT Ridgeview Master Tenant LLC	-	-	-	-	-	-	-	-	-
MRSC UT Sandy AL	-	-	-	-	-	-	-	-	-
MRSC UT Sandy MC DST	-	-	-	-	-	-	-	(20,000)	(20,000)
New Health Pain Treatment Center	-	-	-	-	(20,000)	(20,000)	-	(50,000)	(50,000)
North American Senior Properties LP	-	-	-	-	-	-	-	-	-
Red Rock Senior Living Leasing LLC	68,000	-	68,000	-	-	-	-	-	-
Verandas Colorado Sr. Living Leasing LLC	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>1,166,179</b>	<b>(1,301,762)</b>	<b>(135,583)</b>	<b>317,505</b>	<b>(536,737)</b>	<b>(219,232)</b>	<b>490,200</b>	<b>(1,201,067)</b>	<b>(710,867)</b>
<b>Unclassified Transactions</b>									
Unclassified Deposits	5,762	-	5,762	4,677	-	4,677	2,057	-	2,057
Adjustment for Missing Statements	-	-	-	-	-	-	8,996	-	8,996
Returned Items	15,448	(15,448)	-	4,114	(4,114)	-	-	-	-
<b>Subtotal</b>	<b>21,210</b>	<b>(15,448)</b>	<b>5,762</b>	<b>8,791</b>	<b>(4,114)</b>	<b>4,677</b>	<b>11,053</b>	<b>-</b>	<b>11,053</b>
<b>Intracompany Transfers</b>									
MRC VSL Heritage Village (EWB-3618)	-	(816,406)	(816,406)	45,000	(951,454)	(906,454)	23,000	(1,101,027)	(1,078,027)
MRC VSL Heritage Village (FIB-0123)	709,820	(215,000)	494,820	1,643,305	(137,066)	1,506,239	1,121,531	(7,000)	1,114,531
MRC VSL Heritage Village (GWB-8169)	150,000	-	150,000	-	-	-	-	-	-
MRC VSL HV Mgmt (WF-1024)	2,165,534	(212,682)	1,952,851	2,407,675	(518,717)	1,889,958	2,930,134	(156,000)	2,774,134
MRC VSL HV Mgmt (WF-3517)	11,771	(1,723,344)	(1,711,573)	72,279	(2,594,586)	(2,522,307)	8,000	(2,820,138)	(2,812,138)
MRC VSL HV Mgmt (WF-7883)	17,816	(87,508)	(69,692)	176,411	(142,848)	33,563	4,500	-	4,500
<b>Subtotal</b>	<b>3,054,940</b>	<b>(3,054,940)</b>	<b>-</b>	<b>4,344,670</b>	<b>(4,344,670)</b>	<b>-</b>	<b>4,087,165</b>	<b>(4,084,165)</b>	<b>3,000</b>
<b>TOTAL</b>	<b>9,105,421</b>	<b>(8,972,456)</b>	<b>132,965</b>	<b>10,086,058</b>	<b>(9,942,246)</b>	<b>143,811</b>	<b>11,737,973</b>	<b>(11,667,067)</b>	<b>70,906</b>

Category	2023			Jan 1-Apr 17, 2024			Total		
	Deposits	Disb.	Net Total	Deposits	Disb.	Net Total	Deposits	Disb.	Net Total
<b>Beginning Balance</b>	70,906	-	70,906	20,418	-	20,418	322,603	-	322,603
<b>Business Income</b>									
Resident Income/Refunds	8,107,071	(356,386)	7,750,685	2,524,378	(141,159)	2,383,219	26,322,924	(1,065,261)	25,257,663
Tax Refunds	1,127,136	-	1,127,136	53,069	-	53,069	1,180,211	-	1,180,211
PPP/Provider Relief/Stimulus	-	-	-	-	-	-	896,010	-	896,010
Office Lease Income	55,500	(3,466)	52,034	13,500	-	13,500	82,132	(9,894)	72,238
Other Deposits	22,415	-	22,415	13,631	-	13,631	37,972	-	37,972
<b>Subtotal</b>	<b>9,312,122</b>	<b>(359,852)</b>	<b>8,952,270</b>	<b>2,604,578</b>	<b>(141,159)</b>	<b>2,463,419</b>	<b>28,519,248</b>	<b>(1,075,155)</b>	<b>27,444,093</b>
<b>Business Expenses</b>									
Accounting Fees	-	(41,095)	(41,095)	-	(5,500)	(5,500)	-	(125,595)	(125,595)
Advertising	-	(6,400)	(6,400)	-	-	-	-	(23,702)	(23,702)
Bank Fees	-	(7,806)	(7,806)	-	(4,217)	(4,217)	-	(22,876)	(22,876)
Consulting Expense	-	(46,708)	(46,708)	-	(66,000)	(66,000)	-	(257,648)	(257,648)
Contract Labor/Staffing Agencies	-	(131,933)	(131,933)	-	(34,000)	(34,000)	-	(747,182)	(747,182)
Dues & Licenses	-	(28,575)	(28,575)	-	(14,840)	(14,840)	-	(86,946)	(86,946)
Employee Benefits	-	(103,534)	(103,534)	-	(39,633)	(39,633)	-	(270,813)	(270,813)
Employee Reimbursements	1,261	(1,271)	(10)	-	-	-	1,441	(15,364)	(13,923)
Food & Dietary Consulting	-	(487,745)	(487,745)	-	(141,689)	(141,689)	-	(1,304,626)	(1,304,626)
GW/FIB Loan Payments	-	(664,943)	(664,943)	-	(166,304)	(166,304)	-	(2,518,103)	(2,518,103)
Insurance	-	(275,542)	(275,542)	-	(5,235)	(5,235)	16,681	(1,160,221)	(1,143,540)
Landscaping & Pest Control	-	(35,583)	(35,583)	-	(3,749)	(3,749)	-	(89,069)	(89,069)
Legal Fees	-	(26,940)	(26,940)	-	(48,426)	(48,426)	-	(112,340)	(112,340)
Miscellaneous Expense	-	(3,639)	(3,639)	-	(1,194)	(1,194)	-	(20,413)	(20,413)
Office Expenses	444	(19,385)	(18,941)	-	(1,756)	(1,756)	444	(72,465)	(72,465)
Payroll	3,003	(4,025,792)	(4,022,790)	1,213	(1,280,767)	(1,279,554)	42,634	(12,772,951)	(12,730,317)
Pharmacy/Medical Expenses	-	(48,599)	(48,599)	-	(2,031)	(2,031)	116	(175,871)	(175,755)
Property/Income/Franchise Taxes	-	(171,552)	(171,552)	-	-	-	-	(304,811)	(304,811)
Referrals & Placement Agencies	-	(136,269)	(136,269)	-	(10,600)	(10,600)	-	(290,750)	(290,750)
Repairs & Maintenance	-	(89,042)	(89,042)	-	(2,427)	(2,427)	-	(156,464)	(156,464)
Resident Activities	-	(7,344)	(7,344)	-	(900)	(900)	-	(13,182)	(13,182)
SAL Management Group LLC	-	-	-	-	-	-	-	(832,715)	(832,715)
Security	-	(6,141)	(6,141)	-	(690)	(690)	-	(21,695)	(21,695)
Supplies	-	(25,136)	(25,136)	-	(8,017)	(8,017)	-	(126,786)	(126,786)
Training	-	(10,282)	(10,282)	-	-	-	-	(21,846)	(21,846)
Utilities	-	(308,009)	(308,009)	-	(67,188)	(67,188)	416	(981,605)	(981,189)
Vehicle Lease & Auto Expenses	-	(12,356)	(12,356)	-	(6,238)	(6,238)	-	(53,311)	(53,311)
<b>Subtotal</b>	<b>4,707</b>	<b>(6,721,623)</b>	<b>(6,716,915)</b>	<b>1,213</b>	<b>(1,911,402)</b>	<b>(1,910,189)</b>	<b>61,732</b>	<b>(22,579,795)</b>	<b>(22,518,063)</b>
<b>Unverified Business Expenses</b>									
Credit Card - Diwy	-	(223,519)	(223,519)	-	(121,823)	(121,823)	-	(642,320)	(642,320)
Credit Card - Wells Fargo	-	-	-	-	-	-	-	(99,042)	(99,042)
Hartford (accrued interest/rent?)	-	-	-	-	-	-	-	(862,646)	(862,646)
Individual - Gabrielle LaVia (Settlement)	-	-	-	-	-	-	-	(35,000)	(35,000)
First American Title Insurance Co.	-	(9,980)	(9,980)	-	-	-	60,000	-	60,000
The O'Sullivan Group Inc.	-	-	-	-	-	-	-	(24,560)	(24,560)
WRC Holdings LLC (Loan)	-	-	-	-	-	-	110,000	(190,787)	(80,787)
Other Entities/Individuals	-	(5,000)	(5,000)	-	-	-	-	(23,919)	(23,919)
<b>Subtotal</b>	<b>-</b>	<b>(238,499)</b>	<b>(238,499)</b>	<b>-</b>	<b>(121,823)</b>	<b>(121,823)</b>	<b>170,000</b>	<b>(1,878,273)</b>	<b>(1,708,273)</b>



Category	2023			Jan 1-Apr 17, 2024			Total		
	Deposits	Disb.	Net Total	Deposits	Disb.	Net Total	Deposits	Disb.	Net Total
<b>Related Party Transfers</b>									
Gary Langendoen - Loan	-	-	-	-	-	-	246,000	-	246,000
Gary Langendoen - Reimbursement	-	(14,620)	(14,620)	-	(54)	(54)	-	(23,661)	(23,661)
Tracy Langendoen - Reimbursement	-	(21,628)	(21,628)	-	-	-	-	(33,106)	(33,106)
Citrus Gardens Leasing LLC	131,200	(89,200)	42,000	98,000	(140,000)	(42,000)	294,200	(365,200)	(71,000)
Citrus Gardens Senior Living, LLC	-	-	-	-	-	-	-	(35,000)	(35,000)
Cornerstone Longwood Sr Living Acq LP	-	-	-	-	-	-	-	(10,000)	(10,000)
Grandtag Madison Realty LLC	-	-	-	-	-	-	10,000	(97,726)	(87,726)
Lafayette Leasing LLC	-	-	-	-	-	-	97,726	(23,000)	74,726
Lafayette Senior Living Acquisitions LP	-	-	-	-	-	-	-	-	-
Madison Realities LLC	375,000	-	375,000	-	-	-	375,000	-	375,000
Madison Realty Companies LLC - Loan	31,500	(462,700)	(431,200)	-	(215,428)	(215,428)	330,876	(772,528)	(441,652)
Madison Realty Companies LLC - Mgmt/Acctg Fee	-	(81,000)	(81,000)	-	(40,000)	(40,000)	-	(470,412)	(470,412)
Madison Realty Companies LLC - Reimbursement	-	(1,651)	(1,651)	-	(1,256)	(1,256)	-	(2,964)	(2,964)
Madison Realty Equities LLC	15,000	(106,500)	(91,500)	-	-	-	76,000	(1,129,869)	(1,053,869)
Madison Realty Senior Care Fund LLC	-	-	-	-	-	-	159,000	(37,000)	122,000
Madison Realty Senior Care II-AZ DST	-	-	-	-	-	-	145,500	(27,700)	117,800
Madison Realty Senior Care I-UT DST	20,000	(136,200)	(116,200)	10,000	(44,000)	(34,000)	139,000	(198,700)	(59,700)
Madison Westlead Realty LP	-	-	-	-	-	-	-	(700)	(700)
MRC HV Investors LLC	3,000	(412,000)	(409,000)	-	(45,100)	(45,100)	22,700	(801,530)	(778,830)
MRSC Alta Ridge DST	-	-	-	-	-	-	299,000	(40,000)	259,000
MRSC AZ Apache Junction DST	10,000	-	10,000	-	-	-	10,000	(8,750)	1,250
MRSC AZ Apache Junction Master Tenant LLC	58,700	(885,376)	(826,676)	87,000	(136,762)	(49,762)	183,970	(1,074,737)	(890,767)
MRSC AZ Mesa DST	-	-	-	100,000	(27,000)	73,000	100,000	(35,750)	64,250
MRSC AZ Mesa Master Tenant LLC	-	(6,588)	(6,588)	198,000	(96,370)	101,630	239,812	(144,458)	95,354
MRSC CO Aspen House DST	-	(175,825)	(175,825)	-	-	-	171,500	(555,538)	(384,038)
MRSC CO Aspen House Master Tenant LLC	16,800	(289,078)	(272,278)	43,500	(113,000)	(69,500)	88,300	(497,069)	(408,769)
MRSC Holladay	-	(6,597)	(6,597)	-	-	-	-	(6,597)	(6,597)
MRSC UT Cache Valley DST	-	(10,250)	(10,250)	10,000	-	10,000	77,000	(48,754)	28,246
MRSC UT Ridgeview Master Tenant LLC	-	(17,446)	(17,446)	-	-	-	-	(17,446)	(17,446)
MRSC UT Sandy AL	-	(6,712)	(6,712)	-	-	-	-	(6,712)	(6,712)
MRSC UT Sandy MC DST	-	(4,422)	(4,422)	-	-	-	-	(24,422)	(24,422)
New Health Pain Treatment Center	-	-	-	-	-	-	-	(70,000)	(70,000)
North American Senior Properties LP	-	-	-	-	-	-	68,000	-	68,000
Red Rock Senior Living Leasing LLC	15,000	-	15,000	-	-	-	15,000	-	15,000
Verandas Colorado Sr. Living Leasing LLC	5,000	(4,721)	279	-	(1,600)	(1,600)	53,000	(73,321)	(20,321)
<b>Subtotal</b>	<b>681,200</b>	<b>(2,732,514)</b>	<b>(2,051,314)</b>	<b>546,500</b>	<b>(860,569)</b>	<b>(314,069)</b>	<b>3,201,585</b>	<b>(6,632,650)</b>	<b>(3,431,066)</b>
<b>Unclassified Transactions</b>									
Unclassified Deposits	6,970	-	6,970	7,909	-	7,909	27,375	-	27,375
Adjustment for Missing Statements	-	-	-	-	(40)	(40)	8,996	(40)	8,956
Returned Items	93,363	(93,363)	-	72,274	(72,274)	-	185,199	(185,199)	-
<b>Subtotal</b>	<b>100,333</b>	<b>(93,363)</b>	<b>6,970</b>	<b>80,183</b>	<b>(72,314)</b>	<b>7,869</b>	<b>221,570</b>	<b>(185,239)</b>	<b>36,331</b>
<b>Intracompany Transfers</b>									
MRC VSL Heritage Village (EWB-3618)	-	(10,000)	(10,000)	-	-	-	68,000	(2,878,887)	(2,810,887)
MRC VSL Heritage Village (FIB-0123)	958,600	(478,700)	479,900	249,000	(79,500)	169,500	4,682,256	(917,266)	3,764,990
MRC VSL Heritage Village (GWB-8169)	3,906,600	(746,500)	3,160,100	1,282,600	(227,500)	1,055,100	150,000	-	150,000
MRC VSL HV Mgmt (WF-1024)	3,900	(3,637,350)	(3,633,450)	5,500	(1,230,100)	(1,224,600)	101,450	(12,005,517)	(11,904,067)
MRC VSL HV Mgmt (WF-7883)	450	-	450	1,537,100	(1,537,100)	-	199,177	(230,356)	(31,179)
<b>Subtotal</b>	<b>4,869,550</b>	<b>(4,872,550)</b>	<b>(3,000)</b>	<b>1,537,100</b>	<b>(1,537,100)</b>	<b>-</b>	<b>17,893,426</b>	<b>(17,893,426)</b>	<b>-</b>
<b>TOTAL</b>	<b>15,038,819</b>	<b>(15,018,401)</b>	<b>20,418</b>	<b>4,789,993</b>	<b>(4,644,367)</b>	<b>145,625</b>	<b>50,390,163</b>	<b>(50,244,538)</b>	<b>145,625</b>

**Notes:**

[1] The following accounts are included in this analysis:

Account Holder	Account Details		Sources by Period		
	Bank	Account	Quickbooks	Bank Website/Stmts	Bank Website/Stmts
MRC VSL HV Management LLC	Wells Fargo Bank	xxxxx1024		04/01/20-04/30/24	04/01/20-04/30/24
MRC VSL HV Management LLC	Wells Fargo Bank	xxxxx3517		04/01/20-04/30/24	04/01/20-04/30/24
MRC VSL HV Management LLC	Wells Fargo Bank	xxxxx7883	04/01/20-04/30/24		
MRC VSL Heritage Village LLC	Great Western Bank	xxxxx0123		04/01/20-04/29/22	
MRC VSL Heritage Village LLC	First Interstate Bank	xxxxx0123	04/30/22-05/15/22	05/16/22-04/30/24	
MRC VSL Heritage Village LLC	East West Bank	xxxxx3618	04/01/20-12/31/20	01/01/21-03/31/24	
MRC VSL Heritage Village LLC	Great Western Bank	xxxxx8169	04/01/20-11/17/20		

[2] The Receiver's analysis covers the period from April 1, 2020 through April 17, 2024 (the "Analysis Period") in order to encompass the four-year period prior to the receivership, as well as the five post-receivership transfers to/from Langendoen-controlled entities reflected in Table 3 to the Receiver's Initial Status Report, which occurred just after the receivership began.

**Sources:**

Bank statements, cancelled checks, and deposit details for MRC VSL HV Management LLC's Wells Fargo Bank account ending in 1024 for the period 04/01/20-04/30/24.  
 Bank statements, cancelled checks, and deposit details for MRC VSL HV Management LLC's Wells Fargo Bank account ending in 3517 for the period 04/01/20-04/30/24.  
 Bank statements and cancelled checks for MRC VSL Heritage Village LLC's Great Western Bank account ending in 0123 for the period 01/01/21-04/29/22.  
 Bank statements and cancelled checks for MRC VSL Heritage Village LLC's First Interstate Bank account ending in 0123 for the period 05/23/22-04/30/22.  
 Online banking activity for MRC VSL Heritage Village LLC's First Interstate Bank account ending in 0123 for the period 05/16/22-05/23/22.  
 Bank statements and cancelled checks for MRC VSL Heritage Village LLC's East West Bank account ending in 3618 for the period 01/01/21-03/31/24.  
 QuickBooks company file for MRC VSL Heritage Village LLC.  
 QuickBooks company file for MRC VSL HV Management LLC.