STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL

P.O. BOX 30736
LANSING, MICHIGAN 48909

DANA NESSEL
ATTORNEY GENERAL

August 25, 2020

VIA FIRST CLASS MAIL

Senior Living Portage, LLC
(d/b/a StoryPoint Portage)

c/o CSC Lawyers Incorporating Service
Resident Agent
601 Abbot Road
East Lansing, MI 48823

Dear Sir/Madam:

Re: *Senior Living Portage, LLC (d/b/a StoryPoint Portage), et al.*

This letter gives you notice of intended action in accordance with MCL 445.905(2) and directs you to immediately cease and desist from engaging in the unlawful business practices described below. A separate, companion notice is directed to Senior Village Management, LLC, CSIG Holding Company, LLC, Senior Living Brighton, (d/b/a/ Independence Village of Brighton), and other named senior living facilities, c/o their resident agent Robert Czapiewski.

As background, this Office is responsible for enforcement of the Michigan Consumer Protection Act, MCL 445.901 *et seq*. Under this Act, the Attorney General may bring injunctive actions to protect the interests of consumers.

It has come to this Office's attention that in mid-July 2020, residents of senior living facilities Independence Village of Brighton/Senior Living Brighton, LLC and StoryPoint Portage (Senior Living Portage, LLC) were charged a $900 'supplemental COVID-19 fee' by the facilities' management company Senior Village Management, LLC. It is our understanding that residents of the other nine Michigan senior living facilities under parent company CSIG Holding Company, LLC ownership and Senior Village Management, LLC operation, and to whom notice is also directed, were likewise charged the fee. This fee was unilaterally imposed on seniors as a mandatory charge without prior warning and consent.

After receiving a consumer complaint to the Attorney General, we recently met with Andrew Dorr from Senior Village Management to learn more about this fee. Mr. Dorr said the fee was a one-time fee to partially offset cost increases

attributed to COVID-19 response, retroactive to March 2020. This included additional charges for meal service, personal protective equipment, and cleaning services. Dorr also said that residents who were upset by the fee and pushed back strongly were told they did not have to pay it. At this time, this Office has no information about how many residents have (and have not) paid the fee; and we question the fairness of a fee ultimately borne only by those too trusting or afraid to push back against its imposition.

The supplemental COVID-19 fee charged to residents of the facilities is not permitted under the applicable lease and is improperly imposed, contrary to representations to residents.

Paragraph 3 of the lease, which Mr. Dorr identified as authorizing the fee, provides for increase in "*monthly charges*" with a 30-day written notice; which will occur *in coordination with the annual auto-renewal* of the lease; pasted below.

> **3. INCREASES:** Increase in the monthly charges will be communicated with a 30 day written notice either sent by mail or placed in the resident's internal mailbox. Increase in the monthly charges, if applicable, will occur in coordination with the annual auto renew and be effective the 1st day of the following month.

The one-time $900 fee is clearly distinguishable and cannot be justified under this lease provision. Paragraph 15 of the lease permits the lessor to increase the rental charge in the event of increase in property taxes or utility costs. Other overhead cost increases are not included; and by implication are therefore excluded. No doubt, residents confronted with bills for this fee in the context of the pandemic have felt both legal and emotional pressure to pay them. Your leases with these residents provide a mechanism for you to increase rent at the time of renewal to recapture additional expenses you may incur in taking appropriate action to protect the consumers who count on your assistance. Your adherence to the terms of the lease you drafted allows an opportunity for residents to compare your services and costs against those offered by competitors. But your recent action in presenting bills to residents not contemplated by the lease has left them in the unfortunate position of either paying or living with the fear or uncertainty over the consequences of not doing so.

These facts implicate the following unfair trade practices, as identified in Michigan's Consumer Protection Act:

> (n) Causing a probability of confusion or of misunderstanding as to the legal rights, obligations, or remedies of a party to a transaction.

(s) Failing to reveal a material fact, the omission of which tends to mislead or deceive the consumer, and which fact could not reasonably be known by the consumer.

(aa) Causing coercion and duress as the result of the time and nature of a sales presentation.

(bb) Making a representation of fact or statement of fact material to the transaction such that a person reasonably believes the represented or suggested state of affairs to be other than it actually is.

MCL 445.903(1)(n)(s)(aa)(bb)

The purpose of this letter is to put you on notice as required by the MCPA. From this point, this Office has the latitude to either commence a lawsuit after ten days or invoke a judicial process for a formal investigation through subpoenas. While we are prepared to follow one or both of these paths, we are willing to enter into an assurance of voluntary compliance—a device anticipated in the MCPA. Such assurance would require cancellation of the fee, and refund/credit for payments already collected, among other terms.

We look forward to hearing from you soon.

Sincerely,

/s/ Darrin Fowler
Darrin Fowler
Kathy Fitzgerald
Assistant Attorneys General
Corporate Oversight Division
(517) 335-7632

cc: Andrew Dorr (Electronic Service)