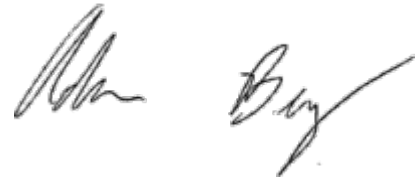


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12 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
13 FOR THE COUNTY OF SANTA CRUZ

14  
15 **PEOPLE OF THE STATE OF  
16 CALIFORNIA,**

17 Plaintiff,

18 v.  
19

20 **SANTA CRUZ SKILLED NURSING, INC.,**  
doing business as **HEARTS & HANDS,**  
21 **POST ACUTE CARE & REHAB CENTER;**  
22 **SANTA CRUZ SKILLED NURSING**  
**CENTER, LLC; SEA COAST HEALTH**  
23 **CARE MANAGEMENT, LLC, a California**  
**Limited Liability Company; VITAL**  
24 **REHAB SERVICES, INC. a California**  
**Limited Liability Company; CARE MUST**  
25 **HOSPICE, a California corporation; A.J.**  
**RANA, an individual; TRILOCHAN**  
26 **SINGH, an individual, and DOES 1-50,**  
**inclusive,**

27 Defendants.  
28

Case No. 19CV02767

**COMPLAINT FOR CIVIL PENALTIES  
AND INJUNCTIVE RELIEF**

(Business and Professions Code, § 17200;  
Civil Code, §3494)

1  
2 The People of the State of California hereby allege as follows:  
3

4 **I. INTRODUCTION**

5 1. This complaint seeks to remedy the Defendants' failure to comply with the laws  
6 ensuring quality of care at their nursing home and humane and orderly discharge therefrom. The  
7 facility has failed to provide the minimum nursing services, has allowed a large amount of  
8 criminal activity at the location, and has unsafely dumped residents out of their home.

9 **II. PARTIES**

10 2. Plaintiff is the People of the State of California, by and through the District Attorney  
11 of Santa Cruz County and the Attorney General of California.

12 3. Defendant SANTA CRUZ SKILLED NURSING, INC. is a corporation organized  
13 and existing under the laws of the State of California that does business under the name HEARTS  
14 & HANDS, POST ACUTE CARE & REHAB CENTER ("HEARTS & HANDS"). Defendant  
15 HEARTS & HANDS holds the license to operate the 144-bed skilled nursing facility with its  
16 principle place of business located at 2990 Soquel Avenue, Santa Cruz, California. HEARTS  
17 AND HANDS is also "a person" within the meaning of sections 17201 of the California Health  
18 and Safety Code.

19 4. Defendant SANTA CRUZ SKILLED NURSING, LLC is a limited liability company  
20 existing under the laws of the State of California that owns the real property 2990 Soquel Avenue,  
21 Santa Cruz, California.

22 5. Defendant A.J. RANA is an individual residing in Elk Grove, California, who until  
23 June of 2017, was the Chief Executive Officer of defendant, SANTA CRUZ SKILLED  
24 NURSING, INC. Defendant, A.J. RANA had, by reason of his position in the corporation,  
25 responsibility and authority either to prevent in the first instance, or promptly to correct, the  
26 violations complained of below, and failed to do so such that being in a position of responsibility  
27 which allowed defendant to influence corporate policies or activities. There is a nexus between  
28 the defendant's position and the violation alleged below such that the defendant could have

1 influenced the corporate actions which constituted the violations, and defendant's actions or  
2 inactions facilitated the violations.

3         6. Defendant TRILOCHAN SINGH, is an individual residing in San Jose, California,  
4 and has been an officer of SANTA CRUZ SKILLED NURSING, INC., at all relevant times  
5 herein, and is currently the Chief Executive Officer of SANTA CRUZ SKILLED NURSING,  
6 INC. Defendant, TRILOCHAN SINGH had, by reason of his position in the corporation,  
7 responsibility and authority either to prevent in the first instance, or promptly to correct, the  
8 violations complained of below, and failed to do so such that being in a position of responsibility  
9 which allowed defendant to influence corporate policies or activities. There is a nexus between  
10 the defendant's position and the violation alleged below such that the defendant could have  
11 influenced the corporate actions which constituted the violations, and defendant's actions or  
12 inactions facilitated the violations.

13         7. Defendant, SEA COAST HEALTH CARE MANAGEMENT, LLC, is a California  
14 Limited Liability Company with its operations taking place at 2990 Soquel Avenue, Santa Cruz,  
15 California.

16         8. Defendant, VITAL REHAB SERVICES, INC. is a California Limited Liability  
17 Company with its principal operations taking place at 2990 Soquel Avenue, Santa Cruz,  
18 California.

19         9. Defendant, CARE MUST HOSPICE, is a California corporation, with operations  
20 taking place at 2990 Soquel Avenue, Santa Cruz, California.

21         10. DOES 1 through 50 ("DOES") are Defendant business entities or persons violating  
22 laws regarding skilled nursing homes in connection with the business at 2990 Soquel Avenue,  
23 Santa Cruz, California. The names and identities of defendants DOES 1 through 50 are unknown  
24 to the People, and when they are known, this complaint will be amended to state their names and  
25 identities.

26         11. Each of the defendants both actually and fictitiously named, is hereby alleged to be  
27 the agent or employee of the remaining defendants acting within the course and scope of said  
28 agency or employment, and/or the alter ego of the remaining entity defendants such that each

1 defendant is responsible for the acts and omissions alleged herein. All Defendants collectively,  
2 including HEARTS & HANDS, Defendant SANTA CRUZ SKILLED NURSING, INC., SANTA  
3 CRUZ SKILLED NURSING, LLC, SEA COAST HEALTH CARE MANAGEMENT, LLC,  
4 VITAL REHAB SERVICES, INC., CARE MUST HOSPICE, A.J. RANA, TRILOCHAN  
5 SINGH, and Defendants named as DOES 1 thorough 50 are referred to collectively herein as  
6 “Defendants”.

### 8 III. STATUTORY BACKGROUND

#### 9 A. Laws Protecting Nursing Home Residents

10 12. Due to their vulnerability, the elderly and disabled residents of nursing homes are  
11 protected by many state and federal laws.

12 13. Residents have the right to receive the necessary care and services to attain or  
13 maintain the highest practicable wellbeing. (42 USC §1396r(b)(2); 42 USC §1395i-3(b)(2); 42  
14 CFR §483.24; 22 CCR §72315.)

15 14. The nursing home must care for its residents in such a manner to maintain or enhance  
16 the quality of life of each resident. (42 USC §1396r(b)(1); 42 USC §1395i-3(b)(1); 42 CFR  
17 §483.10(a)(1).)

18 15. Residents have the right to receive care to prevent bedsores. (Health & Safety Code §  
19 1599.1(b).)

20 16. The nursing home must employ an adequate number of qualified personnel. (Health  
21 & Safety Code §1599.1(a); 22 Cal. Code of Regs §72501(e).)

22 17. Residents have the right to be treated with dignity. (42 CFR §483.10(a) & (e); 22 Cal.  
23 Code of Regs §72527(a)(11); 22 Cal. Code of Regs §72315(b).) This includes the right to  
24 reasonable accommodation of individual needs and preferences (42 USC §1395i-3(c)(1)(A)(v);  
25 42 USC §1396r (c)(1)(A)(v); 42 CFR §483.10(e)(3)) and the right to social services to attain or  
26 maintain the highest practicable physical, mental, and psychosocial wellbeing. (42 USC §1395i-  
27 3(b)(4)(A)(ii); 42 USC §1396r (b)(4)(A)(ii); 42 CFR §483.40(d); 42 CFR §483.70(p).)

1 18. Residents are entitled to a safe, clean, comfortable, and homelike environment. (42  
2 CFR §483.10(i)(1), Health & Safety Code §1599.1(e).)

3 19. Residents have the right to participate in planning care and treatment, including any  
4 changes, as well to receive the services in their care plan. (42 USC §1395i-3(c)(1)(A)(i); 42 USC  
5 §1396r(c)(1)(A)(i); 42 CFR §483.10(d)(3), 42 CFR §483.10(c)(2); 42 CFR §483.10(b)(7)(iii).)  
6 Residents also have the right to refuse treatment. (42 CFR §483.10(c)(6); 22 Cal. Code of Regs  
7 §§72527(a)(4), §72528(a)(6).)

8 20. Residents have the right to be temporarily absent from the facility. (Welf. & Ins.  
9 Code §14108.2; 42 CFR §483.15(d),(e).)

10 21. Residents have the right to be free from interference or reprisal for exercising their  
11 rights and voicing grievances. (42 USC §1395i-3(c)(1)(A)(vi); 42 USC §1396r(c)(1)(A)(vi); 42  
12 CFR §483.10(b)(1)-(2); 22 CCR §72527(a)(7); Health & Safety Code §1432, 22 CCR  
13 §72527(a)(7); 42 USC §1395i-3(c)(1)(A)(vi); 42 USC §1396r(c)(1)(A)(vi); 42 CFR §483.10(j).)

14 22. Residents have the right to be free from chemical and physical restraints. (42 USC  
15 §1395i-3(c)(1)(A)(ii); 42 USC §1396r(c)(1)(A)(i); 42 CFR §483.12; 22 Cal. Code of Regs  
16 §72527(a)(23); 22 Cal. Code of Regs §72319.)

17 23. Residents have many protections against being discharged from their nursing home.  
18 Generally, the nursing home must permit a resident to remain in the home unless a specified  
19 statutory exemption exists, such as the resident no longer needs the services of the facility or the  
20 resident's needs cannot to met there. (42 CFR §483.15.) Residents are entitled to reasonable  
21 notice of a discharge, which is at least 30 days in most circumstances. (42 CFR §483.15; 22 Cal.  
22 Code of Regs 72527.) The discharge must be safe with sufficient preparation and orientation. (42  
23 CFR §483.15; 22 Cal. Code of Regs 72527.) The nursing home must also notify the ombudsman  
24 of any facility initiated transfers. (Health & Safety Code §1439.6.)

25 24. Due to their vulnerable position of nursing home residents, incidents of suspected of  
26 abuse and neglect involving nursing home residents need to be reported to various authorities,  
27 such as local law enforcement, the State Long-Term Care Ombudsman, and the Department of  
28 Public Health. (Cal. Welf. & Ins. Code §15610 et. seq.; 42 CFR §483.12.)



1 nursing services in California, to render the exercise of jurisdiction over it by the California  
2 courts consistent with traditional notions of fair play and substantial justice.

3 32. Venue is proper in this Court because the causes of action, or parts thereof, arise in  
4 Santa Cruz County because the nursing home causing a public nuisance and operating in violation  
5 of law is located in Santa Cruz.

6 33. On August 19, 2019, Defendant, Santa Cruz Skilled Nursing Center Inc., entered into  
7 a tolling agreement on applicable statutes of limitation, which period from August 19, 2019 to  
8 filing of this complaint should be added to the applicable periods of limitation on all claims set  
9 forth herein.

#### 10 V. SPECIFIC FACTUAL ALLEGATIONS

11 34. In 2017, Defendant HEARTS AND HANDS generated revenue in excess of \$11  
12 million dollars. The vast majority of this money was paid by public funds through the Medicare  
13 and Medi-Cal systems as defendants have in other relevant years.

14 35. Defendant HEARTS AND HANDS entered in the business of caring for elderly, frail,  
15 and disabled persons voluntarily. Defendants are for-profit companies that sought to participate in  
16 the Medicare and Medi-Cal programs.

17 36. Participation in the Medicare and Medi-Cal programs is conditioned upon compliance  
18 with federal and state laws and regulations.

19 37. Defendants have failed to provide the statutory minimum level of care to their  
20 residents and in the process have violated statutes and regulations regarding nursing homes.

21 38. Defendants failed to provide sufficient staff to care for their residents. A failure to  
22 provide sufficient staff is well known within the nursing home industry to lead to inadequate care,  
23 neglect, and an unsafe environment for elders and dependent adults.

24 39. Between January 1, 2016 and November 14, 2018, the Santa Cruz Sheriff's Office  
25 was called to the facility for the following issues:

- 26 a. 123 violence assistance calls;
- 27 b. 21 mental health (5150) calls;
- 28 c. 55 missing person calls;

- 1 d. 21 death investigation calls;
- 2 e. 18 narcotics calls;
- 3 f. 11 sexual violence calls;
- 4 g. 10 elder abuse calls.

5 40. This number of law enforcement calls at a nursing home, a serious call every four  
6 days, is abnormal and shows the unsafe environment existing at the nursing home.

7 41. Defendant HEARTS AND HANDS underreported these incidents to the Department  
8 of Public Health and to the State Long-Term Ombudsman.

9 42. Since 2015, the California Department of Public Health has found at least 200  
10 deficiencies at the nursing home. During the same period, there have been at least 148 complaints  
11 made to the Department of Public Health concerning the nursing home.

12 43. Defendants have engaged in a pattern of dumping their residents in an unsafe manner  
13 and without reasonable notice. Among other acts, Defendants have discharged residents to the  
14 streets, discharged residents to unlicensed care homes far from Santa Cruz, and refused to allow  
15 residents to return to the nursing home after brief hospitalizations.

16 44. Defendants use law enforcement to arrest their residents without legal justification  
17 and in a manner detrimental to resident health.

18 45. Defendants have failed to monitor their residents leading to residents eloping. The  
19 residents were unable to receive needed medical care and needed to be hospitalized.

20  
21 **VI. FIRST CAUSE OF ACTION**  
22 **FOR UNFAIR COMPETITION**  
**(AGAINST ALL DEFENDANTS)**

23 46. The People re-allege and incorporate by reference each of the paragraphs above as  
24 though fully set forth herein.

25 47. Defendants are engaged in the business of running a nursing home and providing  
26 property used for nursing care.

27  
28



1 48. Defendants have violated and continue to violate Business and Professions Code  
2 section 17200 by engaging in the unlawful, unfair, or fraudulent business acts or practices by  
3 violating the laws protecting nursing home residents listed above.

4 49. Specifically, in the four years last past plus the tolling period, defendants have  
5 violated the legal duties described in paragraphs 12 through 25, hereinabove, and have committed  
6 the conduct set forth in paragraphs 34 through 45 hereinabove, thus engaging in unlawful and  
7 unfair business practices.

8 50. Defendants have utterly failed to comply with discharge notice requirements on  
9 practically every discharge during the period, instead of providing the requisite thirty-day notice,  
10 providing no notice or notice of less than three days or even after the actual discharge. This  
11 deprives the residents of their rights to appeal and is an indication of the greater problem of the  
12 unfair practice of "patient dumping".

13 51. Defendants have misrepresented their staffing in reports to CMS in order to obtain a  
14 more favorable Five Star Rating in order to be able to falsely advertise the facility.

15 52. Through understaffing the facility from 2015 to 2017, defendants have profited an  
16 estimated \$1.35 million, unlawfully and unfairly at the expense of the residents. Defendants are  
17 continuing the unlawful and unfair conduct of understaffing the facility to save on staffing  
18 expense and unlawfully profit from the corresponding neglect of the resident patients.

19 53. Defendants have failed to report incidents of suspected of abuse and neglect as  
20 required, avoiding the ability of the State Long Term Care Ombudsman to advocate for the  
21 residents.

22 54. Defendants' violations have materially harmed numerous nursing home residents.  
23  
24

25 **VII. SECOND CAUSE OF ACTION**  
26 **FOR FALSE ADVERTIZING**  
27 **(AGAINST ALL DEFENDANTS)**

28 55. The People re-allege and incorporate by reference each of the paragraphs above as

1 though fully set forth herein.

2 56. Defendants provide required staffing and other reporting to the Center for Medicare  
3 and Medicaid Services (CMS), and also reporting to the California Office of Statewide Health  
4 Planning and Development (OSHPD). The reporting to CMS is done on some reports with the  
5 knowledge and intent to obtain a favorable rating known as the "Five Star Rating". The *Five Star*  
6 *Rating* is a universal rating system used by facilities to advertise to prospective patients.

7 57. Defendants have provided false staffing information in order to obtain a favorable  
8 *Five Star Rating* and publish and republish such rating on the public website, their own sponsored  
9 website and in advertising. The published *Five Star Rating* is obtained by false reporting thus  
10 defendants are causing false and/or misleading information to be published in advertising, which  
11 is known, or reasonably should be known, to be false and/or misleading in violation of Business  
12 and Professions Code §17500.

13 58. The unlawful conduct, acts and omissions of Defendants in violation of section 17500  
14 of the Business and Professions Code, as set forth herein, demonstrates the necessity and legal  
15 basis for granting injunctive relief, disgorgement and restitution to victims and imposing civil  
16 penalties pursuant to sections 17535 and 17536 of the Business and Professions Code of \$2,500  
17 for each such publication and republication and/or for each continuous day of publication.

18  
19 **VIII. THIRD CAUSE OF ACTION**  
20 **FOR PUBLIC NUISANCE**  
21 **(AGAINST ALL DEFENDANTS)**

22 59. People re-allege and incorporate by reference each of the paragraphs above as though  
23 fully set forth herein.

24 60. A "nuisance" is defined in section 3479 of the Civil Code as "[a]nything which is  
25 injurious to health, including, but not limited to, the illegal sale of controlled substances, or is  
26 indecent or offensive to the senses, or an obstruction to the free use of property, so as to interfere  
27 with the comfortable enjoyment of life or property . . . ."

28 61. A "public nuisance" is defined in section 3480 of the Civil Code as a nuisance "which  
affects at the same time an entire community or neighborhood, or any considerable number of

1 persons, although the extent of the annoyance or damage inflicted upon individuals may be  
2 unequal.”

3 62. Pursuant to Code of Civil Procedure section 3494, “a public nuisance may be abated  
4 by any public body or officer authorized thereto by law.” Courts have recognized that the  
5 Attorney General has authority to maintain an action in the name of the People of the State of  
6 California to abate a public nuisance.

7 63. Defendants’ conduct is injurious to the public health and has interfered with the  
8 comfortable enjoyment of life or property.

9 64. Defendants created a substantial and unreasonable threat to public health and safety.  
10 Defendants’ conduct has caused significant harm and its social utility is outweighed by the  
11 gravity of the harm inflicted.

12 65. The public health hazard affects and/or interferes with an entire community’s and/or a  
13 considerable number of persons’ right to health, safety, peace, comfort, and convenience in the  
14 State of California thereby constituting a public nuisance pursuant to California Civil Code  
15 section 3480.

16 66. Defendants are liable for public nuisance in that Defendants created and/or  
17 contributed to the creation of and/or assisted in the creation and/or were a substantial contributing  
18 factor in the creation of the public nuisance.

19  
20 **PRAYER FOR RELIEF**

21 **WHEREFORE**, Plaintiff prays for judgment against Defendants as follows:

22 1. For civil penalties for each violation of Business and Professions Code section 17200  
23 pursuant to Business and Professions Code section 17206; 17206.1; and sections 17500, 17535  
24 and 17536, and Civil Code section 3345;

25 2. For temporary restraining orders, preliminary injunctions, permanent injunctions, or  
26 other orders prohibiting defendants, their agents, officers, directors, successors and assigns, and  
27 subsequent purchasers from engaging in unfair competition as defined in Business and  
28 Professions Code section 17200, including the acts and practices alleged in this complaint

1 pursuant to Business and Professions Code section 17203; and Civil Code section 3491; and from  
2 engaging in false advertising as set forth in Business and Professions Code section 17500;

3 3. For restitution, disgorgement of profits, and repayment of unjust enrichment pursuant  
4 to Business and Professions Code section 17203, 17535 and 17536;

5 4. For appointment of a receiver pursuant to Code of Civil Procedure section 564;

6 5. For costs; and

7 6. For such other and further relief as the court deems just and proper.  
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9 Dated: September 12, 2019

JEFFREY S. ROSELL  
District Attorney of Santa Cruz

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By: Douglas B. Allen  
Assistant District Attorney