Sunrise Community, Inc and Affiliates Whistleblower Protection Policy

Sunrise Community, Inc. and Affiliates, the Organization, shall comply with Section 6032 of the Deficit Reduction Act of 2005.

The Whistleblower Protection Policy is designed to encourage and enable directors, trustees, volunteers, employees, contractors and agents to raise concerns within the organization for investigation and appropriate action. No director, trustee, volunteer, employee, agent or contractor who, in good faith, reports a concern shall be subject to retaliation or, in the case of an employee, adverse employment consequences.

Summary:

> *The Organization directs its activities in full compliance with Federal, State and Local laws and regulations.*
>
> *Applies to all companies which comprise Sunrise Community Inc. and Affiliates, employees (including management), directors, trustees, volunteers, contractors and agents.*
>
> *The Organization's Compliance Officer and Compliance Committee under the direction of the Chief Operating Officer ("COO") are responsible for establishing and updating this procedure and for its implementation.*

Employees have the responsibility to report, *in good faith,* concerns or observations about matters involving violations of the law, regulations or the Organization's Code of Conduct. Sunrise Community, Inc. and Affiliates are committed to a policy that encourages timely disclosure of such concerns and prohibits any action directed against an employee, manager or staff members for making a good faith report of concern.

Anyone reporting a concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper practice, or a violation of the Code of Conduct.

The act of making allegations that proves to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious offense and may result in discipline, up to and including dismissal from employment. Such conduct may also give rise to other actions, including legal action.

Any manager, supervisor or employee who engages in retribution, retaliation or harassment against a reporting employee is subject to discipline up to and including dismissal.

All instances of retaliation, retribution or harassment against reporting employees will be reported to the Director of Human Resources who will determine the appropriate follow-up action(s) to include any potential discipline, if any, in consultation with the appropriate management staff.

Employees should first discuss their concern with their immediate supervisor. If, after speaking with their supervisor, they continue to have reasonable grounds to believe that their concern is valid and they are not satisfied with their supervisor's response, they should report the concern to the Compliance Officer.

If the employee's immediate supervisor is the subject of the concern, the employee should communicate his or her concern directly with the supervisor's supervisor and the Sunrise Compliance Officer.

The Compliance Officer shall take all appropriate action as necessary.

Concerns also may be submitted anonymously using the *Compliance Hotline* **(1-800-563-6299**) or electronically from the Sunrise website using the Compliance Reporting Form. Any anonymous concerns called in will be documented by the Compliance Officer and all appropriate action will be taken.

Sunrise Community, Inc. and Affiliates' Boards of Directors, Trustees, volunteers, contractors and agents should submit concerns in writing directly to the Compliance Officer or call the Compliance Hotline (**1-800-563-6299**).

All reported concerns will be promptly investigated by the Organization and all appropriate corrective action will be taken as necessary.

The federal False Claims Act (the "FCA") helps the Federal government combat fraud and recovers losses resulting from fraud in Federal programs, purchases, or contracts. The FCA is found at 31 U.S.C. §§ 3729-3733. Several states have enacted similar laws and detailed descriptions of these laws may be found on the organization's internal website referred to as the Sunrise Resource Center.

A person or entity may violate the FCA by knowingly: (1) submitting a false claim for payment, (2) making or using a false record or statement to obtain payment for a false claim, (3) conspiring to make a false claim or get one paid, or (4) making or using a false record to avoid payments owed to the Government.

The FCA imposes penalties of $5,500 to $11,000 per claim, plus three times the amount of damages to the Government for FCA violations. Lawsuits must be filed by the later of either: (1) three years after the violation was discovered by the Federal official responsible for investigating violations (but no more than ten years after the violation was committed), or (2) six years after the violation was committed.

An individual has the right to file a civil suit for him or herself and for the Government to challenge a suspected FCA violation. The suit must be filed in the name of the Government. Such an individual is called a *qui tam* plaintiff or “relator.” Successful relators may generally receive between 15 and 30 percent of the total amount recovered (plus reasonable costs and attorney fees) depending on the involvement of the relator and whether the Government prosecuted the case. An individual cannot file a lawsuit based on public information, unless he or she is the original source of the information.

The FCA contains important protections for whistleblowers. Employees who report fraud and consequently suffer discrimination are entitled to all relief necessary to be made whole, including two times their back pay plus interest, reinstatement at the seniority level they would have had except for the discrimination, and compensation for any costs or damages they have incurred.

Federal law also provides administrative remedies, in the amount of up to $5,000 for each false claim or statement and an assessment of up to twice the amount of each false or fraudulent claim, against any person who makes, or causes someone else to make, a false claim or a false statement. The administrative remedies for false claims and statements are found at 31 U.S.C. §§ 3801-3812.

Definitions

3.1 False Claims Act (FCA): The Federal False Claims Act (the "FCA") is found at 31 U.S.C. §§ 3729-3733.3733. The FCA helps the Federal government combat fraud and recovers losses resulting from fraud in Federal programs, purchases, or contracts.

3.2 Claim: For the purposes of the False Claims Act (FCA), "claim" includes any request or demand, whether under a contract or otherwise, for money or property which is made to a contractor, grantee, or other recipient if the Government provides any portion of the money or property which is requested or demanded, or if the Government will reimburse such contractor, grantee, or other recipient for any portion of the money or property which is requested or demanded.

3.3 False Claim: For the purposes of the administrative remedies provisions, a "false claim" is defined as a claim that the person knows or has reason to know: is false; includes or is supported by any written statement which asserts a material fact which is false; includes or is supported by any written statement that omits a material fact; is false as a result of such omission; and is a statement in which the person making such statement has a duty to include such material fact; or is for payment for the provision of property or services which the person has not provided as claimed.

3.4 False Statement: For the purposes of the administrative remedies provisions, a "false statement" is defined as a statement that the person knows or has reason to know asserts a material fact which is false or omits a material fact that makes the statement false.

3.5 Government: The United States of America Government.

3.6 Knowingly: For the purposes of the FCA, "knowingly" means that a person: (1) has actual knowledge of the information; (2) acts in deliberate ignorance of the truth or falsity of the information; or (3) acts in reckless disregard of the truth or falsity of the information, and no proof of specific intent to defraud is required.

State False Claims Acts Information

[as of December 19th, 2006]

As referenced in Sunrise Community, Inc. and Affiliates' Compliance/Whistleblower Protection policy, the following are detailed summaries of the false claims acts and other relevant laws in states in which Sunrise Community, Inc. and Affiliates operate. These state summaries are intended to comply with Section 6032 of the Deficit Reduction Act of 2005. This list will be updated from time to time as additional laws are implemented. If you have any questions regarding these summaries or other state laws, please contact the Compliance Officer.

Index of State Information

State False Claims Acts Information

[as of December 19th, 2006]

Alabama

The state of Alabama has not adopted any false claims acts or statutes that contain *qui tam* or whistleblower provisions that are similar to those found in the Federal False Claims Act. It has, however, adopted a Medicaid anti-fraud statute that makes it unlawful for a person to submit a false statement of a material fact in any claim or application to the Alabama Medicaid program. Violations of the statute are criminal offenses punishable by imprisonment and/or significant monetary penalties. Ala. Code § 22-1-11.

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State False Claims Acts Information

[as of December 19th, 2006]

Connecticut

The state of Connecticut has not adopted any false claims acts or statutes that contain *qui tam* or whistleblower provisions that are similar to those found in the Federal False Claims Act. It has, however, adopted "vendor fraud" and false statement statutes that make it unlawful for a person to, among other things, submit false claims to the Connecticut Medicaid program or to accept excessive payments for goods or services performed. Violations of these statutes are criminal offenses and are punishable by imprisonment and significant fines. Conn. Gen. Stat. §§ 53a-290 et seq., 17B-238. In certain circumstances, individuals who report fraud may be eligible for up to 15% of the amounts recovered attributable to the report. Regs. Conn. Stage Agencies §§ 17b-102-01 et seq.

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State False Claims Acts Information
[as of December 19th, 2006]

Florida

The Florida False Claims Act ("FFCA") helps prevent fraud and allows the state to recover funds lost because of fraud in state programs, purchases, or contracts. Florida Statutes §§ 68.081–68.09.

Liability and Damages/Statute of Limitations

- The actions that violate the FFCA include: (1) submitting a false claim for payment, (2) making or using a false record to get a false claim paid, (3) conspiring to make a false claim or get one paid, or (4) making or using a false record to avoid payments owed to the state government.
- Penalties of $5,000 to $10,000 per claim plus three times the amount of damages to the state government for FFCA violations may be imposed.
- Lawsuits must be filed within the later of either: (1) five years after the violation was committed, or (2) two years after the state official responsible for investigating the violation discovered the important facts (but no more than seven years after the violation was committed).

Qui Tam Actions/Whistleblower Provisions

- An individual (or *qui tam* plaintiff) can sue for violations of the FFCA. Individuals who report fraud receive between 15 and 25 percent of the total amount recovered if the state prosecutes the case, and between 25 and 30 percent (plus reasonable costs and attorney fees) if the *qui tam* plaintiff litigates the case on his or her own. An individual cannot file a lawsuit based on public information, unless he or she is the original source of the information.
- Employees who report fraud and consequently suffer discrimination can sue their employers under the Florida Civil Rights Act.

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State False Claims Acts Information

[as of December 19th, 2006]

Tennessee

The Tennessee False Claims Act ("TFCA") is a state law that is designed to help the state government and political subdivisions combat fraud and recover losses resulting from fraud in programs, purchases, or contracts. Tenn. Code Ann. §§ 4-18-101. The Tennessee Medicaid False Claims Act (**"**TMFCA**"**) applies solely to false claims under the Medicaid program. Tenn. Code Ann. §§ 71-5-182.

Liability and Damages/Statute of Limitations

- Actions that violate both the TFCA and the TMFCA include: (1) submitting a false claim for payment, (2) making or using a false record to get a false claim paid, (3) conspiring to make a false claim or get one paid, or (4) making or using a false record to avoid payments owed. In addition, anyone who benefits from a false claim that was mistakenly submitted also violates the TFCA if he or she does not disclose the false claim soon after he or she discovers it. Finally, the TFCA also broadly prohibits using any false representation or practice to procure anything of value from the state government or any political subdivision. The courts can waive penalties and reduce damages for violations if the false claims are voluntarily disclosed. The TFCA does not apply to controversies of less than $500, workers' compensation claims, Medicaid claims, or tax claims.

- Penalties of $2,500 to $10,000 per claim plus three times the amount of damages to the state or political subdivision may be imposed for TFCA violations.

- Under the TFCA, a civil suit must be filed within three years after the violation was discovered, but no more than ten years after the violation was committed.

- The TMFCA applies only to Medicaid claims. Penalties of $5,000 to $10,000 per claim plus treble damages may be imposed for TMFCA violations.

- Under the TMFCA, a civil suit can be filed within the later of: (1) six years after the violation was committed, or (2) three years after the violation was discovered (but no more than ten years after the violation was committed).

Qui Tam Actions/Whistleblower Protections

- An individual (or *qui tam* plaintiff) can sue for violations of the TFCA or the TMFCA. Individuals who report fraud receive between 25 and 33 percent of the total amount recovered if the government prosecutes the case under the TFCA and between 15 and 25 percent under the TMFCA. If the *qui tam* plaintiff litigates the case on his or her own, he or she receives between 33 and 50 percent of the proceeds under the TFCA and between 25 and 30 percent under the TMFCA (plus reasonable costs and attorney fees). Under both acts, an individual cannot file a lawsuit based on public information, unless he or she is the original source of the information.

- Both the TMFCA and the TFCA contain important protections for whistleblowers. Employees who report fraud and consequently suffer discrimination may be awarded (1) two times their back pay plus interest, (2) reinstatement at the seniority level they would have had except for the discrimination, and (3) compensation for any costs or damages they have incurred. Under the TFCA, the employer may also be liable for punitive damages.

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State False Claims Acts Information

[as of December 19th, 2006]

Virginia

The Virginia Fraud Against Taxpayers Act ("FTA") is a state law that helps the Commonwealth combat fraud and recover losses resulting from fraud in programs, purchases, or contracts.

VA Code Annotated §§ 8.01-216.1.

Liability and Damages/Statute of Limitations

- Actions that violate the FTA include: (1) submitting a false claim for payment, (2) making or using a false record to get a false claim paid, (3) conspiring to make a false claim or get one paid, or (4) making or using a false record to avoid payments owed to the Commonwealth or a political subdivision.
- The Commonwealth imposes penalties of $5,500 to $10,000 per claim, three times the amount of damages to the Commonwealth for FTA violations, plus the costs of a civil suit for recovery of penalties or damages.
- A civil suit must be filed within the later of: (1) six years after the violation was committed, or (2) three years after the date that the violation was discovered (but no more than ten years after the violation was committed).

Qui Tam Actions/Whistleblower Protections

- An individual (or *qui tam* plaintiff) can sue for violations of the FTA. Individuals who report fraud receive between 15 and 25 percent of the total amount recovered if the government prosecutes the case, and between 25 and 30 percent (plus reasonable costs and attorney fees) if the *qui tam* plaintiff litigates the case on his or her own. An individual cannot file a lawsuit based on public information, unless he or she is the original source of the information. The FTA contains important protections for whistleblower.
- Employees who report fraud and consequently suffer discrimination may be awarded (1) two times their back pay plus interest, (2) reinstatement at the seniority level they would have had except for the discrimination, and (3) compensation for any costs or damages they have incurred.

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