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9 Proposed Attorneys for Chapter 11  
10 Debtors and Debtors in Possession

11 UNITED STATES BANKRUPTCY COURT  
12  
13 CENTRAL DISTRICT OF CALIFORNIA  
14  
15 LOS ANGELES DIVISION

11	In re:	)	Case No. LA 07-12312-EC
12	PLEASANT CARE CORPORATION, et al.	)	CHAPTER 11
13	Debtors.	)	Jointly Administered with Case
14		)	Nos.:
15	<input type="checkbox"/> Affects All Debtors	)	Case No. LA 07-12316-EC
16	<input type="checkbox"/> Affects Pleasant Care Corporation only	)	Case No. LA 07-12319-EC
17	<input type="checkbox"/> Affects SNF Properties Incorporated only	)	Case No. LA 07-12322-EC
18	<input type="checkbox"/> Affects PCC Health Services, Inc. only	)	Case No. LA 07-12326-EC
19	<input type="checkbox"/> Affects Atlas Care Enterprises, Inc. only	)	APPLICATION OF DEBTORS AND DEBTORS IN POSSESSION TO EMPLOY JOSEPH C. TUTERA AS PRESIDENT AND CHIEF OPERATING OFFICER, CAROL VAN HORST AS CHIEF CLINICAL OFFICER, AND LTC SERVICES, L.L.C. FOR SUPPORT ON AN AS NEEDED BASIS; DECLARATIONS OF JOSEPH C. TUTERA AND CAROL VAN HORST IN SUPPORT THEREOF
20	<input type="checkbox"/> Affects Ember Care Corporation only	)	
21		)	Date: April 5, 2007
22		)	Time: 3:00 p.m.
23		)	Place: Courtroom 1639
24		)	255 E. Temple St.
25		)	Los Angeles, CA

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1 Pleasant Care Corporation, SNF Properties Incorporated, PCC  
2 Health Services, Inc., Atlas Care Enterprises, Inc., and Ember  
3 Care Corporation, California corporations, jointly administered  
4 Chapter 11 debtors and debtors in possession herein  
5 (collectively, the "Debtors"), hereby submits this Application  
6 (the "Application") for Court approval of their employment of  
7 Joseph C. Tutera ("JT") as President and Chief Operating Officer  
8 ("COO"), Carol Van Horst ("CVH") as Chief Clinical Officer  
9 ("CCO") and LTC Services, L.L.C. ("LTC Services") for support on  
10 an as needed basis upon the terms and conditions described  
11 below. In support of this Application, the Debtors respectfully  
12 represent as follows:  
13

14 A. Chapter 11 Bankruptcy Filings.

15 1. On March 22, 2007 (the "Petition Date"), the Debtors  
16 filed voluntary petitions under Chapter 11 of the Bankruptcy  
17 Code. Since the commencement of these cases, the Debtors have  
18 been operating their businesses as debtors in possession  
19 pursuant to Sections 1107 and 1108 of the Bankruptcy Code.  
20

21 B. The Debtors' Business Structure and Background.

22 2. The Debtors are principally engaged in the business of  
23 owning and operating 30 skilled nursing facilities and  
24 residential care facilities. A skilled nursing facility cares  
25 for patients who require a higher level of nursing care, most of  
26 whom remain there permanently. A residential care facility  
27 cares for patients who require a lesser level of care. Both  
28

1 types of facilities generally involve patients who remain at the  
2 facilities on a long term basis.

3 3. Pleasant Care Corporation ("PCC") owns and operates 14  
4 such facilities; SNF Properties, Inc. ("SNF") owns and operates  
5 5 such facilities; PCC Health Services, Inc. ("PCCH") owns and  
6 operates 5 such facilities; Ember Care Corporation ("ECC") owns  
7 and operates 5 such facilities; Atlas Care Enterprises,  
8 Incorporated ("Atlas") owns and operates one such facility. The  
9 Debtors currently have approximately 3,000 residents at the  
10 Debtors' various facilities.

11 4. While there are five separate corporate Debtors, the  
12 Debtors essentially operate as one consolidated business entity.  
13 There is one group of management for all five Debtors; all of  
14 the Debtors' approximately 3,500 employees are paid by one  
15 Debtor; and all of the Debtors' operating revenue is ultimately  
16 deposited into one general bank account. The Debtors prepare  
17 consolidated financial statements. At a hearing held on March  
18 26, 2007, the Court granted the Debtors' motion to have the  
19 Debtors' five cases jointly administered under the caption of  
20 the PCC Chapter 11 case.

21 5. PCC owns 100% of the stock of SNF, PCCH and Atlas and  
22 94% of ECC. Emmanuel I. Bernabe owns 100% of the stock of PCC.

23 6. Mr. Bernabe started the business in 1982 by acquiring  
24 one facility. Over the next 25 years, Mr. Bernabe acquired and  
25 sold approximately 50 facilities and built the Debtors' business  
26 to its current state. The Debtors collectively generate annual  
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1 revenue of approximately \$200 million and employ approximately  
2 3,500 people. The Debtors have and care for approximately 3,000  
3 residents at their 30 care facilities.

4 7. In addition to the 30 care facilities, the Debtors  
5 have three business offices. The Debtors' primary business  
6 office is located at 2258 Foothill Blvd., La Canada, California  
7 91011. The Debtors' other two business offices are located in  
8 Pasadena and Stockton.

9 8. The Debtors' generally operated profitably until  
10 approximately two years ago.

11 9. In mid-2005, the Debtors' facility located in Napa,  
12 California and the Debtors' facility located in San Joaquin,  
13 California were decertified by the Department of Health Services  
14 ("DHS"), which contended that the two facilities did not meet  
15 the standards for participation under the Medical/Medicare  
16 programs, which account for approximately 85% of the Debtors'  
17 revenue.

18 10. A temporary manager was assigned to the Napa facility  
19 by DHS, with the consent of the Debtors, who had the  
20 responsibility of restoring that facility into DHS compliance.  
21 The agreement was that the Debtors would have no oversight of  
22 the temporary manager, but assist and work with the temporary  
23 manager to restore the Napa facility into DHS compliance. DHS  
24 decided not to recertify the Napa facility even after the  
25 appointment of the temporary manager, and the Debtors closed the  
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1 Napa facility, with the consent of DHS and in accordance with  
2 DHS regulations.

3 11. The Debtors had no realistic alternative facility to  
4 which the Debtors could transfer the San Joaquin residents,  
5 leaving the Debtors in a position of shutting down the San  
6 Joaquin facility or continuing to incur the expenses associated  
7 with the San Joaquin facility without receiving the  
8 corresponding revenue from Medical/Medicare. At the urging of  
9 the San Joaquin residents and their families, the Debtors have  
10 permitted the San Joaquin location to remain open, which was  
11 costing the Debtors approximately \$1 million per month in  
12 operating expenses at the outset of the decertification. Those  
13 losses have reduced to a current level of approximately \$475,000  
14 per month, resulting from normal resident attrition.

15  
16 12. Thereafter, in September 2006, DHS proceeded to  
17 decertify the Debtors' other two facilities under the same  
18 district as Napa, located in Novato, California and Ukiah,  
19 California. The result of the decertifications was that  
20 Medical/Medicare ceased paying for services provided by those  
21 two facilities, which resulted in reducing the Debtors' monthly  
22 revenue by approximately \$775,000, broken down as \$570,000 for  
23 Novato and \$205,000 for Ukiah.

24  
25 13. While the Debtors could have discharged the patients  
26 at the two decertified locations, at the urging of the residents  
27 and their families, who did not want the residents to be  
28 relocated, the Debtors have continued to this day to provide

1 normal and required services for those residents without  
2 receiving the reimbursement from Medical/Medicare in exchange.  
3 In Novato, there is no alternative facility. The Debtors  
4 continued to provide services to the residents with the  
5 expectation that DHS would revisit the decertification issue and  
6 ultimately recertify the locations because the Debtors had taken  
7 what the Debtors believed to be the appropriate steps necessary  
8 to cause the locations to be recertified. Unfortunately, DHS  
9 has not at this time elected to recertify those locations.

10  
11 14. The expenses associated with the decertified  
12 facilities without the corresponding revenue from  
13 Medical/Medicare have caused the Debtors to incur severe  
14 operating losses over the past approximately two years. In  
15 fiscal year 2006, which covered the period of July 1, 2005  
16 through June 30, 2006, the Debtors incurred operating losses of  
17 approximately \$7,500,000. During the first approximately six  
18 months of fiscal year 2007 (ending December 31, 2006), the  
19 Debtors incurred operating losses of approximately \$7,300,000.  
20 In their current configuration, the Debtors suffer operating  
21 losses of approximately \$2 million per month.

22 C. The Debtors' Secured Debt.

23  
24 15. The Debtors' primary secured creditor is Bridge  
25 Healthcare Finance, LLC ("Bridge"). Bridge was owed  
26 approximately \$8.7 million as of the time of the Debtors'  
27 Chapter 11 filings secured by a first priority lien against  
28 substantially all of the Debtors' accounts receivable and

1 certain of the Debtors' real property leases. The Bridge loan  
2 was originated in 2004 in the original amount of approximately  
3 \$27 million.

4 16. Until March 21, 2007, the day before the Petition  
5 Date, all of the Debtors' collections were paid into a lock box  
6 controlled by Bridge and then swept by Bridge on a daily basis,  
7 and then Bridge would make daily advances to the Debtors. On  
8 March 21, 2007, Bridge advised the Debtors that Bridge intended  
9 to continue to sweep the Debtors' lock box account, but that  
10 Bridge would no longer advance any funds to the Debtors. Bridge  
11 also advised the Debtors that Bridge intended to seek a state  
12 court receiver at a hearing to be held the next day, on March  
13 22, 2007, on an ex parte basis. The Debtors also learned that  
14 Bridge instructed the Debtors' pre-petition financial bank  
15 (Wells Fargo) to remit to Bridge all proceeds collected from  
16 private insurance providers and individuals.

17  
18 17. The only other creditor that the Debtors are aware of  
19 who appears to have a lien against the Debtors' cash is  
20 OmniCare, Inc., which holds secured debt of approximately \$3  
21 million secured by a second priority lien against the accounts  
22 receivable and much of the Debtors' other assets, junior only to  
23 the lien in favor of Bridge.

24 D. The Debtors' Asset Base.

25  
26 18. As of the Petition Date, the Debtors' primary two  
27 assets consisted of their accounts receivable and facilities.  
28 As of the Petition Date, the Debtors had collectible accounts

1 receivable of approximately \$23.5 million. With respect to the  
2 Debtors' facilities, the Debtors have approximately 4,100 beds.  
3 Facilities such as the ones owned by the Debtors sell for a  
4 range of \$8,000-\$27,000 per bed, with an expected average sale  
5 price of more than \$10,000 per bed.

6 19. The Debtors have sold four of their facilities over  
7 the past year. The Debtors sold one facility in June, 2006 for  
8 \$27,000 per bed. The Debtors sold two facilities in January,  
9 2007, one for approximately \$14,200 per bed, and the other for  
10 approximately \$15,000 per bed. The Debtors sold a fourth  
11 facility in March, 2007 for approximately \$18,000 per bed.

12 20. Thus, the Debtors believe that their current accounts  
13 receivable and 23 facilities remaining after closing or selling  
14 the seven Problem Facilities have a total value of at least \$58  
15 million. In addition to the foregoing, the Debtors have a  
16 deposit of approximately \$6.8 million with American Insurance  
17 Guaranty for workers compensation claims, when a total of only  
18 approximately \$1.8 million of such claims have been asserted,  
19 and approximately \$1.5 million of lease deposits. The Debtors  
20 also own the real estate where their corporate office is  
21 located, and believe that the real estate has approximately \$1  
22 million of equity.

23  
24 E. The Debtors' Debt Structure.

25 21. In addition to the approximately \$8.7 million secured  
26 debt owed to Bridge and the approximately \$3 million secured  
27 debt owed to OmniCare, the Debtors owe approximately \$8.2  
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1 million to the Internal Revenue Service; approximately \$3  
2 million in bed taxes to the State of California; approximately  
3 \$6.7 million of unsecured promissory notes; approximately \$2.2  
4 million in litigation settlements; and approximately \$26.4  
5 million in accounts payable.

6 F. The Official Committee of Unsecured Creditors.

7 22. On March 29, 2007, the Office of the United States  
8 Trustee (the "OUST") formed an Official Committee of Unsecured  
9 Creditors (the "Creditors Committee") comprised of four of the  
10 Debtors' largest unsecured creditors/suppliers (Twin Med LLC;  
11 Healthcare Services Group, Inc.; Comprehensive Therapy; and Diary  
12 King) and one of the Debtors' key employee unions (SEIU, United  
13 Healthcare Workers West).

14 23. From the commencement of these Chapter 11 cases, the  
15 Debtors have been working extremely closely with the Creditors  
16 Committee (which before March 29, 2007 was operating as an ad hoc  
17 committee) in an effort to formulate a solution to the problems  
18 facing the Debtors, their residents, employees and creditors.

19 G. Employment of JT, LTC Services and CVH.

20 24. Based upon the Debtors' most recent cash flow  
21 projections, which are attached as an exhibit to the Debtors'  
22 most recent motion for Court approval of the Debtors' continued  
23 use of cash collateral and dip financing from Bridge, it is clear  
24 that the Debtors cannot continue operating, including keeping the  
25 facilities open, caring and feeding the Debtors' approximately  
26 3,000 residents, and paying the Debtors' approximately 3,500  
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1 employees, without a significant amount of dip financing and  
2 trade credit from the Debtors' key suppliers.

3 25. Bridge has agreed to provide the Debtors with the  
4 necessary continued dip financing, and the Debtors' key suppliers  
5 have agreed to provide the Debtors with the necessary trade  
6 credit, provided the Debtors employ a new, experienced, talented  
7 and professional President and Chief Operating Officer to assume  
8 control of the Debtors' business operations and Chief Clinical  
9 Officer to assume control of the Debtors' clinical matters. The  
10 Debtors are also hopeful that turning control over the Debtors'  
11 business operations and clinical matters to new, experienced and  
12 talented people, coupled with Bridge's dip financing commitment,  
13 will satisfy the various governmental agencies involved with the  
14 Debtors, including the Department of Health Services (the "DHS")  
15 and the OUST.

17 26. Throughout the day on March 29 and March 30, 2007, the  
18 Debtors, the Creditors' Committee and Bridge all worked  
19 collaboratively to find people and companies with excellent  
20 credentials and reputations to serve as the Debtors' President  
21 and COO, and CCO, and to make themselves available to be  
22 interviewed on extremely short notice.

23 27. On March 30, 2007, the Debtors, the Creditors'  
24 Committee and Bridge conducted in-person interviews of four  
25 extremely talented people and companies to serve as the Debtors'  
26 President and COO with support. Those four companies consist of  
27 The Tutera Group; XRoads Solutions Group; Alvarez & Marsal; and  
28

1 Bridge Associates LLC (no relationship with Bridge the secured  
2 creditor in these cases). All four of those companies had  
3 representatives appear in person in Los Angeles on March 30, 2007  
4 to be interviewed in person.

5 28. After analyzing all of the credentials and  
6 qualifications of the four companies, the Debtors, the Creditors'  
7 Committee and Bridge all agreed that employing JT as the Debtors'  
8 President and COO (along with having the significant resources of  
9 LTC Services behind him) was in the best interests of these  
10 estates.

11 29. The Tuttera Group, an affiliate of LTC Services, by and  
12 through various affiliates and subsidiaries (collectively,  
13 "Tuttera"), is a nationally recognized health care management  
14 and restructuring company based in Kansas City, Missouri. Tuttera  
15 currently owns, operates or manages in excess of 40 skilled  
16 nursing, assisted living, or retirement facilities in 10 states  
17 and has operated as many as 90+ facilities at any given time over  
18 the past several years. Tuttera is one of the largest privately  
19 owned health care management companies in the United States. JT  
20 is the President and Chief Executive Officer of Tuttera. A  
21 document setting forth the qualifications of Tuttera and JT is  
22 attached hereto as Exhibit "A". A description of a number of  
23 related engagements in which Tuttera and JT have been involved  
24 with is attached hereto as Exhibit "B".  
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27 30. After analyzing her impressive qualifications and  
28 interviewing her, the Debtors, the Creditors' Committee and

1 Bridge all agreed that employing CVH as the Debtors' CCO, to work  
2 in conjunction with LTC Services and JT, was in the best  
3 interests of these estates.

4 31. The detailed terms of the Debtors' employment of JT,  
5 LTC Services and CVH are set forth in the Retention Agreement  
6 attached hereto as Exhibit "C" (the "Retention Agreement"). The  
7 Retention Agreement was negotiated with and approved by the  
8 Debtors, the Creditors' Committee and Bridge.

9 32. Bridge has advised the Debtors that with the Debtors'  
10 employment of JT, LTC Services and CVH in accordance with the  
11 terms of the Retention Agreement, Bridge would continue to  
12 provide the Debtors with the financing necessary to enable the  
13 Debtors to continue to operate their businesses, subject to the  
14 approval of the Bankruptcy Court.

15 33. Many of the Debtors' key suppliers, including members  
16 of the Creditors' Committee, have advised the Debtors that with  
17 the Debtors' employment of JT, LTC Services and CVH in  
18 accordance with the terms of the Retention Agreement, they would  
19 provide the Debtors with significant post-petition trade credit.

20 H. Scope of Employment of JT, LTC Services and CVH and  
21 Economic Terms.

22 34. A detailed description of the scope of the Debtors'  
23 employment of JT, LTC Services and CVH are set forth in the  
24 Retention Agreement. In summary, JT is being employed as the  
25 Debtors' President and COO, with and complete control over the  
26 Debtors' business operations. JT shall have exclusive control  
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1 over, and decision making power with respect to, the Debtors'  
2 day-to-day business operations.

3 35. In addition to JT serving as the Debtors' President  
4 and COO, JT shall cause LTC Services to provide the Debtors'  
5 with whatever additional staffing is required by the Debtors to  
6 enable JT to perform the services described in the Retention  
7 Agreement for the Debtors' benefit. It is anticipated that JT  
8 will initially utilize up to three additional employees of LTC  
9 Services to enable JT to perform his services as President and  
10 COO as described above for the Debtors' benefit. In addition to  
11 the Debtors' employment of JT as the Debtors' President and COO  
12 and any other employees or representatives of LTC Services that  
13 JT will cause to provide services to the Debtors, the Debtors  
14 will employ CVH as the Debtors' CCO. The general scope of  
15 responsibilities of CVH will be as set forth in Exhibit "1" to  
16 the Retention Agreement.  
17

18 36. JT, LTC Services and CVH will collectively receive  
19 total compensation of \$150,000 per month, plus timely  
20 reimbursement for their reasonable and actual out-of-pocket  
21 expenses, including any reasonable attorney's fees, incurred in  
22 connection with providing services to the Debtors. Subject to  
23 the approval of the Bankruptcy Court, the Debtors shall  
24 reimburse JT the sum of \$10,000 for JT's reasonable legal fees  
25 and expenses incurred with Michael F. Flanagan, L.L.C. in  
26 connection with securing, negotiating and documenting this  
27 transaction. It is anticipated that CVH will be compensated at  
28

1 the flat rate of \$25,000 per month, and JT and LTC Services will  
2 collectively be compensated at the flat rate of \$125,000 per  
3 month.

4 37. Subject to the approval of the Bankruptcy Court, JT,  
5 LTC Services and CVH will be compensated on a monthly basis,  
6 payable in advance each month, but shall still be required to  
7 prepare and file final applications with the Bankruptcy Court at  
8 the conclusion of the Debtors' bankruptcy cases or termination  
9 of JT as President and COO and/or CVH as CCO, respectively. Any  
10 cash collateral order or DIP financing order which is entered by  
11 the Bankruptcy Court in the Debtors' Chapter 11 Cases following  
12 April 1, 2007 shall expressly provide for an irreparable carve-  
13 out for the payment of all obligations due and owing to JT, CVH  
14 and/or LTC Services by the Debtors hereunder. Furthermore, all  
15 obligations due and owing to JT, CVH and/or LTC Services by the  
16 Debtors hereunder shall constitute a superpriority  
17 administrative expense claim in the Debtors' Chapter 11 Cases  
18 and, with the exception of any allowed fees and expenses granted  
19 in favor of the Debtors' counsel, any quarterly fees owing to  
20 the Office of the United States Trustee and any unpaid post-  
21 petition payroll taxes owing to any tax authority, shall have  
22 priority in payment pursuant to 11 U.S.C. § 364(c)(1) over all  
23 other costs and expenses incurred in the Debtors' Chapter 11  
24 Cases which may be allowed pursuant to 11 U.S.C. §§ 503(b) and  
25 507(b). The superpriority status of the obligations hereunder  
26 shall be affirmed in the Order entered by the Bankruptcy Court  
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1 that authorizes the Debtors to enter into the Retention  
2 Agreement.

3 38. JT, LTC Services and CVH shall commence working for  
4 the Debtors effective as of April 1, 2007. The Debtors'  
5 employment of JT, LTC Services and CVH shall be subject to the  
6 approval of the Bankruptcy Court, nunc pro tunc, to April 1,  
7 2007, pursuant to the terms of an order in a form acceptable to  
8 JT and CVH, with the understanding that the Debtors shall  
9 attempt to obtain such Bankruptcy Court approval in the most  
10 expeditious manner possible.

11 39. The Debtors have agreed to indemnify and hold harmless  
12 JT and LTC Services (along with the officers, directors,  
13 members, principals, affiliates, independent contractors,  
14 employees, and agents of LTC Services) and CVH in accordance  
15 with the terms of the Retention Agreement.  
16

17 40. JT, LTC Services and CVH have agreed not to solicit,  
18 recruit or hire any of the Debtors' employees for a period of  
19 two years subsequent to the completion or termination of the  
20 Retention Agreement as set forth in the Retention Agreement.

21 41. JT may not be terminated as President and COO, nor  
22 have the scope of his duties or level of control altered or  
23 diminished, without the prior approval of the Bankruptcy Court  
24 after notice and a hearing. CVH may not be terminated as CCO,  
25 nor have the scope of her duties or level of control altered or  
26 diminished, without the prior approval of the Bankruptcy Court  
27 after notice and a hearing; provided, however, that,  
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1 notwithstanding termination, JT and/or CVH, as the case may be,  
2 shall be entitled to any amounts due hereunder through the  
3 effective date of termination. Neither JT nor CVH may terminate  
4 his/her employment by the Debtors without the prior approval of  
5 the Bankruptcy Court after notice and a hearing, which may not  
6 occur on less than thirty days prior written notice to the  
7 Debtors, the Creditors Committee and the Debtors' secured  
8 creditors.

9  
10 42. No sale of any of the Debtors' nursing home or  
11 residential care facilities may occur without the prior  
12 consultation with, and approval by, Mr. Bernabe, unless Mr.  
13 Bernabe refuses to provide such approval and the Bankruptcy  
14 Court approves such sale after notice and a hearing without the  
15 approval of Mr. Bernabe or over the objection of Mr. Bernabe.

16 43. The Debtors may not propose or seek to confirm a plan  
17 of reorganization in their Chapter 11 cases without the prior  
18 consultation with, and approval by, Mr. Bernabe, unless Mr.  
19 Bernabe refuses to provide such approval and the Bankruptcy  
20 Court, after notice and a hearing, authorizes the Debtors to  
21 file and seek to confirm a plan of reorganization without the  
22 approval of Mr. Bernabe or over the objection of Mr. Bernabe.

23 I. Efforts At Working With Governmental Agencies.

24 44. On Friday, March 30, 2007, JT, CVH and Michael F.  
25 Flanagan (outside counsel to LTC Services) attended an all-hands  
26 meeting with a number of representatives of the Office of the  
27 United States Trustee (the "UST"), which included Peter C.  
28

1 Anderson (the United States Trustee), Jill M. Sturtevant (the  
2 Assistant United States Trustee), and Alvin Mar and Russell  
3 Clementson, attorneys for the United States Trustee, in an  
4 effort to enable the UST representatives to familiarize  
5 themselves and get comfortable with the professionals the  
6 Debtors are seeking to employ.

7 45. On Monday, April 2, 2007, JT and other  
8 representative(s) of LTC Services are flying to Sacramento,  
9 California to meet with, among others, representatives of the  
10 California Department of Health Services in an effort to enable  
11 them to familiarize themselves and get comfortable with the  
12 professionals the Debtors are seeking to employ.  
13

14 J. Miscellaneous Matters.

15 46. Neither LTC Services, JT nor CVH has been paid any  
16 money by the Debtors at any time.

17 47. Neither LTC Services, JT nor CVH has received any lien  
18 or other interest in property of the Debtors or of a third party  
19 to secure payment of their fees or expenses.

20 48. LTC Services, JT and CVH all understand that the  
21 payment of their fees and expenses will be subject to Bankruptcy  
22 Court approval after notice and a hearing.

23 49. Neither LTC Services, JT nor CVH has shared or agreed  
24 to share their compensation from the Debtors with any other  
25 person or entity, except among their members.  
26

27 50. LTC Services, JT nor CVH all understand the provisions  
28 of 11 U.S.C. Sections 327, 330 and 331 which require, among

1 other things, Court approval of the Debtors' employment of them  
2 and of all fees and reimbursement of expenses that they will  
3 receive from the Debtors and the Debtors' estates.

4 51. Neither LTC Services, JT nor CVH is a creditor, an  
5 equity security holder or an insider of the Debtors.

6 52. Neither LTC Services, JT nor CVH has any connection  
7 with any insider of the Debtors or any insider of an insider of  
8 the Debtors.

9 53. Neither LTC Services, JT nor CVH was an investment  
10 banker for any outstanding security of the Debtors. Neither LTC  
11 Services, JT nor CVH was within three years before the Petition  
12 Date an investment banker for a security of the Debtors, or an  
13 attorney for such an investment banker in connection with the  
14 offer, sale or issuance of any security of the Debtors.

15 54. Neither LTC Services, JT nor CVH was, within two years  
16 before the Petition Date, a director, officer or employee of the  
17 Debtors or of any investment banker for any security of the  
18 Debtors.

19 55. As set forth in the annexed Declarations, neither LTC  
20 Services, JT nor CVH holds or represents any interest materially  
21 adverse to the interest of the Debtors' estates or of any class  
22 of creditors or equity security holders, by reason of any direct  
23 or indirect relationship to, connection with, or interest in,  
24 the Debtors or an investment banker for any security of the  
25 Debtors, or for any other reason.  
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56. As set forth in the annexed Declarations, to the best of their knowledge, neither LTC Services, JT nor CVH holds or represents any interest materially adverse to the Debtors or the Debtors' estates, and they are all "disinterested persons" as that term is defined in Section 101(14) of the Bankruptcy Code. Also, to the best of their knowledge, they all have no prior connection with the Debtors, any creditors of the Debtors or their estates, or any other party in interest in these cases, or their respective attorneys or accountants, the United States Trustee or any person employed by the United States Trustee.

57. The Debtors believe that their employment of LTC Services, JT and CVH upon the terms and conditions set forth herein is in the best interest of the Debtors' estates.

**WHEREFORE**, the Debtors respectfully request that the Court approve the Debtors' employment of LTC Services, JT and CVH upon the terms and conditions set forth herein.

Dated: April 1, 2007

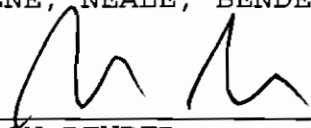
PLEASANT CARE CORPORATION; SNF  
PROPERTIES INCORPORATED; PCC  
HEALTH SERVICES, INC.; ATLAS CARE  
ENTERPRISES, INC.; AND EMBER  
CARE CORPORATION

By: 

EMMANUEL I. BERNABE  
President

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Submitted By:  
LEVENE, NEALE, BENDER, RANKIN & BRILL L.L.P.

By: 

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RON BENDER  
MONICA Y. KIM  
JACQUELINE L. RODRIGUEZ  
LEVENE, NEALE, BENDER, RANKIN & BRILL L.L.P.  
Proposed Attorneys for Chapter 11  
Debtors and Debtors in Possession



1 lesser level of care. Both types of facilities generally  
2 involve patients who remain at the facilities on a long term  
3 basis.

4 6. I understand that the Debtors currently have  
5 approximately 3,000 residents at the Debtors' various facilities  
6 and approximately 3,500 employees.

7  
8 7. I am advised that based upon the Debtors' most recent  
9 cash flow projections, which are attached as an exhibit to the  
10 Debtors' most recent motion for Court approval of the Debtors'  
11 continued use of cash collateral and dip financing from Bridge,  
12 it is clear that the Debtors cannot continue operating, including  
13 keeping the facilities open, caring and feeding the Debtors'  
14 approximately 3,000 residents, and paying the Debtors'  
15 approximately 3,500 employees, without a significant amount of  
16 dip financing and trade credit from the Debtors' key suppliers.

17 8. I am further advised that the Debtors' primary secured  
18 creditor, Bridge Healthcare Finance, LLC ("Bridge"), has agreed  
19 to provide the Debtors with the necessary continued dip  
20 financing, and the Debtors' key suppliers have agreed to provide  
21 the Debtors with the necessary trade credit, provided the Debtors  
22 employ a new, experienced, talented and professional President  
23 and Chief Operating Officer to assume control of the Debtors'  
24 business operations and Chief Clinical Officer ("COO") to assume  
25 control of the Debtors' clinical matters. I understand that the  
26 Debtors are also hopeful that turning control over the Debtors'  
27 business operations and clinical matters to new, experienced and  
28

1 talented people, coupled with Bridge's dip financing commitment,  
2 will satisfy the various governmental agencies involved with the  
3 Debtors, including the Department of Health Services (the "DHS")  
4 and the Office of the United States Trustee (the "OUST").

5 9. On March 31, 2007, Michael F. Flanagan (Tutera's  
6 counsel) and I were interviewed in person by representatives of  
7 Bridge, the Debtors and the Official Committee of Unsecured  
8 Creditors (the "Creditors Committee"), which I understand is  
9 comprised of four of the Debtors' largest unsecured  
10 creditors/suppliers (Twin Med LLC; Healthcare Services Group,  
11 Inc.; Comprehensive Therapy; and Dairy King) and one of the  
12 Debtors' key employee unions (SEIU, United Healthcare Workers  
13 West).

14  
15 10. After completion of our interview, I was advised that  
16 the Debtors, the Creditors' Committee and Bridge all agreed that  
17 having the Debtors employ me as the Debtors' President and COO  
18 (along with having the significant resources of Tutera behind me)  
19 was in the best interests of these estates.

20  
21 11. Tutera, by and through various affiliates and  
22 subsidiaries, is a nationally recognized health care management  
23 and restructuring company based in Kansas City, Missouri. Tutera  
24 currently owns, operates or manages in excess of 40 skilled  
25 nursing, assisted living, or retirement facilities in 10 states  
26 and has operated as many as 90+ facilities at any given time over  
27 the past several years. Tutera is one of the largest privately  
28 owned health care management companies in the United States. As

1 set forth above, I am the President and Chief Executive Officer  
2 of Tutera. A document setting forth my qualifications as well as  
3 those of Tutera is attached hereto as Exhibit "A". A description  
4 of a number of related engagements in which Tutera and I have  
5 been involved with is attached hereto as Exhibit "B".

6  
7 12. After analyzing her impressive qualifications and  
8 interviewing her, the Debtors, the Creditors' Committee and  
9 Bridge all agreed that employing Carol Van Horst ("CVH") as the  
10 Debtors' CCO, to work in conjunction with LTC Services and me,  
11 was in the best interests of these estates. I am confident of my  
12 ability to work well with CVH.

13 13. The detailed terms of the Debtors' employment of LTC  
14 Services, CVH and me are set forth in the Retention Agreement  
15 attached hereto as Exhibit "C" (the "Retention Agreement"). The  
16 Retention Agreement was negotiated with and approved by the  
17 Debtors, the Creditors' Committee and Bridge.

18 14. I am advised that Bridge has advised the Debtors that  
19 with the Debtors' employment of LTC Services, myself and CVH in  
20 accordance with the terms of the Retention Agreement, Bridge  
21 will continue to provide the Debtors with the financing  
22 necessary to enable the Debtors to continue to operate their  
23 businesses, subject to the approval of the Bankruptcy Court.

24 15. I am further advised that many of the Debtors' key  
25 suppliers, including members of the Creditors' Committee, have  
26 advised the Debtors that with the Debtors' employment of LTC  
27 Services, myself and CVH in accordance with the terms of the  
28

1 Retention Agreement, they will provide the Debtors with  
2 significant post-petition trade credit.

3 16. A detailed description of the scope of the Debtors'  
4 employment of LTC Services, myself and CVH are set forth in the  
5 Retention Agreement. In summary, I am being employed as the  
6 Debtors' President and COO, with and complete control over the  
7 Debtors' business operations. I shall have exclusive control  
8 over, and decision making power with respect to, the Debtors'  
9 day-to-day business operations.  
10

11 17. In addition to my serving as the Debtors' President  
12 and COO, I shall cause LTC Services to provide the Debtors' with  
13 whatever additional staffing is required by the Debtors to  
14 enable me to perform the services described in the Retention  
15 Agreement for the Debtors' benefit. I anticipate that I will  
16 initially utilize up to three additional employees of LTC  
17 Services to enable me to perform my services as President and  
18 COO as described above for the Debtors' benefit. In addition to  
19 the Debtors' employment of me as the Debtors' President and COO  
20 and any other employees or representatives of LTC Services that  
21 I will cause to provide services to the Debtors, the Debtors  
22 will employ CVH as the Debtors' CCO. The general scope of  
23 responsibilities of CVH will be as set forth in Exhibit "1" to  
24 the Retention Agreement.  
25

26 18. LTC Services, CVH and I will collectively receive  
27 total compensation of \$150,000 per month, plus timely  
28 reimbursement for our reasonable and actual out-of-pocket

1 expenses, including any reasonable attorney's fees, incurred in  
2 connection with providing services to the Debtors. Subject to  
3 the approval of the Bankruptcy Court, the Debtors shall  
4 reimburse me the sum of \$10,000 for JT's reasonable legal fees  
5 and expenses incurred with Michael F. Flanagan, L.L.C. in  
6 connection with securing, negotiating and documenting this  
7 transaction. I anticipate that CVH will be compensated at the  
8 flat rate of \$25,000 per month, and LTC Services and I will  
9 collectively be compensated at the flat rate of \$125,000 per  
10 month.  
11

12 19. Subject to the approval of the Bankruptcy Court, LTC  
13 Services, CVH and I will be compensated on a monthly basis,  
14 payable in advance each month, but shall still be required to  
15 prepare and file final applications with the Bankruptcy Court at  
16 the conclusion of the Debtors' bankruptcy cases or termination  
17 of me as President and COO and/or CVH as CCO, respectively. Any  
18 cash collateral order or DIP financing order which is entered by  
19 the Bankruptcy Court in the Debtors' Chapter 11 Cases following  
20 April 1, 2007 shall expressly provide for an irreparable carve-  
21 out for the payment of all obligations due and owing to CVH, LTC  
22 Services and/or me by the Debtors hereunder. Furthermore, all  
23 obligations due and owing to CVH, LTC Services and/or me by the  
24 Debtors hereunder shall constitute a superpriority  
25 administrative expense claim in the Debtors' Chapter 11 Cases  
26 and, with the exception of any allowed fees and expenses granted  
27 in favor of the Debtors' counsel, any quarterly fees owing to  
28

1 the Office of the United States Trustee and any unpaid post-  
2 petition payroll taxes owing to any tax authority, shall have  
3 priority in payment pursuant to 11 U.S.C. § 364(c)(1) over all  
4 other costs and expenses incurred in the Debtors' Chapter 11  
5 Cases which may be allowed pursuant to 11 U.S.C. §§ 503(b) and  
6 507(b). The superpriority status of the obligations hereunder  
7 shall be affirmed in the Order entered by the Bankruptcy Court  
8 that authorizes the Debtors to enter into the Retention  
9 Agreement.  
10

11 20. LTC Services, CVH and I shall commence working for the  
12 Debtors effective as of April 1, 2007. The Debtors' employment  
13 of LTC Services, CVH and me shall be subject to the approval of  
14 the Bankruptcy Court, nunc pro tunc, to April 1, 2007, pursuant  
15 to the terms of an order in a form acceptable to CVH and me,  
16 with the understanding that the Debtors shall attempt to obtain  
17 such Bankruptcy Court approval in the most expeditious manner  
18 possible.  
19

20 21. The Debtors have agreed to indemnify and hold harmless  
21 LTC Services (along with LTC Services' officers, directors,  
22 members, principals, affiliates, independent contractors,  
23 employees, and agents), CVH and me in accordance with the terms  
24 of the Retention Agreement.

25 22. LTC Services, CVH and I have agreed not to solicit,  
26 recruit or hire any of the Debtors' employees for a period of  
27 two years subsequent to the completion or termination of the  
28 Retention Agreement as set forth in the Retention Agreement.

1           23. I may not be terminated as President and COO, nor have  
2 the scope of my duties or level of control altered or  
3 diminished, without the prior approval of the Bankruptcy Court  
4 after notice and a hearing. CVH may not be terminated as CCO,  
5 nor have the scope of her duties or level of control altered or  
6 diminished, without the prior approval of the Bankruptcy Court  
7 after notice and a hearing; provided, however, that,  
8 notwithstanding termination, CVH or I, as the case may be, shall  
9 be entitled to any amounts due hereunder through the effective  
10 date of termination. Neither CVH nor I may terminate our  
11 employment by the Debtors without the prior approval of the  
12 Bankruptcy Court after notice and a hearing, which may not occur  
13 on less than thirty days prior written notice to the Debtors,  
14 the Creditors Committee and the Debtors' secured creditors.

16           24. No sale of any of the Debtors' nursing home or  
17 residential care facilities may occur without the prior  
18 consultation with, and approval by, Mr. Bernabe, unless Mr.  
19 Bernabe refuses to provide such approval and the Bankruptcy  
20 Court approves such sale after notice and a hearing without the  
21 approval of Mr. Bernabe or over the objection of Mr. Bernabe.

23           25. The Debtors may not propose or seek to confirm a plan  
24 of reorganization in their Chapter 11 cases without the prior  
25 consultation with, and approval by, Mr. Bernabe, unless Mr.  
26 Bernabe refuses to provide such approval and the Bankruptcy  
27 Court, after notice and a hearing, authorizes the Debtors to  
28

1 file and seek to confirm a plan of reorganization without the  
2 approval of Mr. Bernabe or over the objection of Mr. Bernabe.

3 26. On Friday, March 30, 2007, CVH, Michael F. Flanagan  
4 (outside counsel to Tutera) and I attended an all-hands meeting  
5 with a number of representatives of the OUST, which included  
6 Peter C. Anderson (the United States Trustee), Jill M.  
7 Sturtevant (the Assistant United States Trustee), and Alvin Mar  
8 and Russell Clementson, attorneys for the United States Trustee,  
9 in an effort to enable the OUST representatives to familiarize  
10 themselves and get comfortable with the professionals the  
11 Debtors are seeking to employ, including me.

13 27. On Monday, April 2, 2007, other representative(s) of  
14 LTC Services and I are flying to Sacramento, California to meet  
15 with, among others, representatives of the California Department  
16 of Health Services in an effort to enable them to familiarize  
17 themselves and get comfortable with the professionals the  
18 Debtors are seeking to employ, including me.

19 28. Neither LTC Services nor I have been paid any money by  
20 the Debtors at any time.

22 29. Neither LTC Services nor I have received any lien or  
23 other interest in property of the Debtors or of a third party to  
24 secure payment of our fees or expenses.

25 30. LTC Services and I understand that the payment of our  
26 fees and expenses will be subject to Bankruptcy Court approval  
27 after notice and a hearing.

1           31. Neither LTC Services nor I have shared or agreed to  
2 share our compensation from the Debtors with any other person or  
3 entity, except among our members.

4           32. LTC Services and I all understand the provisions of 11  
5 U.S.C. Sections 327, 330 and 331 which require, among other  
6 things, Court approval of the Debtors' employment of us and of  
7 all fees and reimbursement of expenses that we will receive from  
8 the Debtors and the Debtors' estates.

9  
10           33. Neither LTC Services nor I is a creditor, an equity  
11 security holder or an insider of the Debtors.

12           34. Neither LTC Services nor I have any connection with  
13 any insider of the Debtors or any insider of an insider of the  
14 Debtors.

15           35. Neither LTC Services nor I was an investment banker  
16 for any outstanding security of the Debtors. Neither LTC  
17 Services nor I was within three years before the Petition Date  
18 an investment banker for a security of the Debtors, or an  
19 attorney for such an investment banker in connection with the  
20 offer, sale or issuance of any security of the Debtors.

21           36. Neither LTC Services nor I was, within two years  
22 before the Petition Date, a director, officer or employee of the  
23 Debtors or of any investment banker for any security of the  
24 Debtors.

25  
26           37. To the best of my knowledge, neither LTC Services nor  
27 I holds or represents any interest materially adverse to the  
28 interest of the Debtors' estates or of any class of creditors or

1 equity security holders, by reason of any direct or indirect  
2 relationship to, connection with, or interest in, the Debtors or  
3 an investment banker for any security of the Debtors, or for any  
4 other reason.

5 38. To the best of my knowledge, neither LTC Services nor  
6 I hold or represent any interest materially adverse to the  
7 Debtors or the Debtors' estates, and we are all "disinterested  
8 persons" as that term is defined in Section 101(14) of the  
9 Bankruptcy Code. Also, to the best of my knowledge, we all have  
10 no prior connection with the Debtors, any creditors of the  
11 Debtors or their estates, or any other party in interest in  
12 these cases, or their respective attorneys or accountants, the  
13 United States Trustee or any person employed by the United  
14 States Trustee.  
15

16 39. I believe that LTC Services and I are well qualified  
17 to provide the services being requested of us for these estates.

18 I declare and verify under penalty of perjury that the  
19 foregoing is true and correct to the best of my knowledge.

20 Executed on this 1st day of April, 2007, at Los Angeles,  
21 California.  
22

23 \_\_\_\_\_  
24 JOSEPH C. TUTERA, Declarant  
25  
26  
27  
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1 residential care facility cares for patients who require a  
2 lesser level of care. Both types of facilities generally  
3 involve patients who remain at the facilities on a long term  
4 basis.

5 6. I understand that the Debtors currently have  
6 approximately 3,000 residents at the Debtors' various facilities  
7 and approximately 3,500 employees.

8 7. I am advised that based upon the Debtors' most recent  
9 cash flow projections, which are attached as an exhibit to the  
10 Debtors' most recent motion for Court approval of the Debtors'  
11 continued use of cash collateral and dip financing from Bridge,  
12 it is clear that the Debtors cannot continue operating, including  
13 keeping the facilities open, caring and feeding the Debtors'  
14 approximately 3,000 residents, and paying the Debtors'  
15 approximately 3,500 employees, without a significant amount of  
16 dip financing and trade credit from the Debtors' key suppliers.

17 8. I am further advised that the Debtors' primary secured  
18 creditor, Bridge Healthcare Finance, LLC ("Bridge"), has agreed  
19 to provide the Debtors with the necessary continued dip  
20 financing, and the Debtors' key suppliers have agreed to provide  
21 the Debtors with the necessary trade credit, provided the Debtors  
22 employ a new, experienced, talented and professional Chief  
23 Operating Officer to assume control of the Debtors' business  
24 operations and Chief Clinical Officer to assume control of the  
25 Debtors' clinical matters. I understand that the Debtors are  
26 also hopeful that turning control over the Debtors' business  
27  
28

1 operations and clinical matters to new, experienced and talented  
2 people, coupled with Bridge's dip financing commitment, will  
3 satisfy the various governmental agencies involved with the  
4 Debtors, including the Department of Health Services (the "DHS")  
5 and the Office of the United States Trustee (the "OUST").

6  
7 9. I have met with and been interviewed in person by  
8 representatives of Bridge, the Debtors and the Official Committee  
9 of Unsecured Creditors (the "Creditors Committee"), which I  
10 understand is comprised of four of the Debtors' largest unsecured  
11 creditors/suppliers (Twin Med LLC; Healthcare Services Group,  
12 Inc.; Comprehensive Therapy; and Dairy King) and one of the  
13 Debtors' key employee unions (SEIU, United Healthcare Workers  
14 West).

15 10. After completion of our interview, I was advised that  
16 the Debtors, the Creditors' Committee and Bridge all agreed that  
17 having the Debtors employ me as the Debtors' CCO was in the best  
18 interests of these estates. I understand that Joseph C. Tutera  
19 ("JT") will be employed as the Debtors' President and Chief  
20 Operating Officer, and that I will be working closely with JT and  
21 the other members at LTC Services, L.L.C. ("LTC Services") who  
22 are assigned to these cases. I am confident of my ability to  
23 work well with JT and LTC Services.

24  
25 11. My professional resume, which also sets forth my  
26 qualifications, is attached hereto as Exhibit "D".

27 12. The detailed terms of the Debtors' employment of LTC  
28 Services, JT and me are set forth in the Retention Agreement

1 attached hereto as Exhibit "C" (the "Retention Agreement"). The  
2 Retention Agreement was negotiated with and approved by the  
3 Debtors, the Creditors' Committee and Bridge.

4 13. I am advised that Bridge has advised the Debtors that  
5 with the Debtors' employment of LTC Services, JT and me in  
6 accordance with the terms of the Retention Agreement, Bridge  
7 will continue to provide the Debtors with the financing  
8 necessary to enable the Debtors to continue to operate their  
9 businesses, subject to the approval of the Bankruptcy Court.  
10

11 14. I am further advised that many of the Debtors' key  
12 suppliers, including members of the Creditors' Committee, have  
13 advised the Debtors that with the Debtors' employment of LTC  
14 Services, JT and me in accordance with the terms of the  
15 Retention Agreement, they will provide the Debtors with  
16 significant post-petition trade credit.

17 15. A detailed description of the scope of the Debtors'  
18 employment of LTC Services, myself and CVH are set forth in the  
19 Retention Agreement. The general scope of my responsibilities  
20 will be as set forth in Exhibit "1" to the Retention Agreement.  
21

22 16. LTC Services, JT and I will collectively receive total  
23 compensation of \$150,000 per month, plus reimbursement for our  
24 reasonable and actual third-party expenses incurred in  
25 connection with providing services to the Debtors. I anticipate  
26 that I will be compensated at the flat rate of \$25,000 per  
27 month, and JT and LTC Services will collectively be compensated  
28 at the flat rate of \$125,000 per month. Subject to the approval

1 of the Bankruptcy Court, LTC Services, JT and I will be  
2 compensated on a monthly basis, but shall still be required to  
3 prepare and file final applications with the Bankruptcy Court at  
4 the conclusion of the Debtors' bankruptcy cases or upon the  
5 termination of our employment.

6 17. LTC Services, JT and I shall commence working for the  
7 Debtors effective as of April 1, 2007. The Debtors' employment  
8 of LTC Services, JT and me shall be subject to the approval of  
9 the Bankruptcy Court, with the understanding that the Debtors  
10 shall attempt to obtain such Bankruptcy Court approval in the  
11 most expeditious manner possible.

12 18. The Debtors have agreed to indemnify and hold harmless  
13 LTC Services (along with LTC Services' officers, directors,  
14 members, principals, affiliates, independent contractors,  
15 employees, and agents), JT and me in accordance with the terms  
16 of the Retention Agreement.

17 19. LTC Services, JT and I have agreed not to solicit,  
18 recruit or hire any of the Debtors' employees for a period of  
19 two years subsequent to the completion or termination of the  
20 Retention Agreement as set forth in the Retention Agreement.

21 20. I may not be terminated as CCO, nor have the scope of  
22 my duties or level of control altered or diminished, without the  
23 prior approval of the Bankruptcy Court after notice and a  
24 hearing. I may not terminate my employment by the Debtors  
25 without the prior approval of the Bankruptcy Court after notice  
26 and a hearing, which may not occur on less than thirty days  
27  
28

1 prior written notice to the Debtors, the Creditors Committee and  
2 the Debtors' secured creditors.

3       21. On Friday, March 30, 2007, Michael F. Flanagan  
4 (outside counsel to LTC Services), JT and I attended an all-  
5 hands meeting with a number of representatives of the OUST,  
6 which included Peter C. Anderson (the United States Trustee),  
7 Jill M. Sturtevant (the Assistant United States Trustee), and  
8 Alvin Mar and Russell Clementson, attorneys for the United  
9 States Trustee, in an effort to enable the OUST representatives  
10 to familiarize themselves and get comfortable with the  
11 professionals the Debtors are seeking to employ, including me.  
12

13       22. I have been paid any money by the Debtors at any time.

14       23. I have not received any lien or other interest in  
15 property of the Debtors or of a third party to secure payment of  
16 our fees or expenses.

17       24. I understand that the payment of my fees and expenses  
18 will be subject to Bankruptcy Court approval after notice and a  
19 hearing.

20       25. I have not shared or agreed to share my compensation  
21 from the Debtors with any other person or entity, except among  
22 our members.

23       26. I understand the provisions of 11 U.S.C. Sections 327,  
24 330 and 331 which require, among other things, Court approval of  
25 the Debtors' employment of me and of all fees and reimbursement  
26 of expenses that I will receive from the Debtors and the  
27 Debtors' estates.  
28

1           27. I am not a creditor, an equity security holder or an  
2 insider of the Debtors.

3           28. I do not have any connection with any insider of the  
4 Debtors or any insider of an insider of the Debtors.

5           29. I was not an investment banker for any outstanding  
6 security of the Debtors. I was not within three years before  
7 the Petition Date an investment banker for a security of the  
8 Debtors, or an attorney for such an investment banker in  
9 connection with the offer, sale or issuance of any security of  
10 the Debtors.

11           30. I was not, within two years before the Petition Date,  
12 a director, officer or employee of the Debtors or of any  
13 investment banker for any security of the Debtors.

14           31. To the best of my knowledge, I do not hold or  
15 represent any interest materially adverse to the interest of the  
16 Debtors' estates or of any class of creditors or equity security  
17 holders, by reason of any direct or indirect relationship to,  
18 connection with, or interest in, the Debtors or an investment  
19 banker for any security of the Debtors, or for any other reason.

20           32. To the best of my knowledge, I do not hold or  
21 represent any interest materially adverse to the Debtors or the  
22 Debtors' estates, and I am a "disinterested persons" as that  
23 term is defined in Section 101(14) of the Bankruptcy Code.  
24 Also, to the best of my knowledge, I have no prior connection  
25 with the Debtors, any creditors of the Debtors or their estates,  
26 or any other party in interest in these cases, or their  
27  
28

1 respective attorneys or accountants, the United States Trustee  
2 or any person employed by the United States Trustee.

3 I declare and verify under penalty of perjury that the  
4 foregoing is true and correct to the best of my knowledge.

5 Executed on this 1st day of April, 2007, at Los Angeles,  
6 California.

7  
8 CAROL VAN HORST, Declarant  
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**PROOF OF SERVICE**  
STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am an employee in the County of Los Angeles, State of California. I am over the age of 18 and am not a party to the within action; my business address is: 10250 Constellation Boulevard, Suite 1700, Los Angeles, California 90067.

On April 2, 2007 I served the foregoing document(s) described as:

APPLICATION OF DEBTORS AND DEBTORS IN POSSESSION TO EMPLOY JOSEPH C. TUTERA AS PRESIDENT AND CHIEF OPERATING OFFICER, CAROL VAN HORST AS CHIEF CLINICAL OFFICER, AND LTC SERVICES, L.L.C. FOR SUPPORT ON AN AS NEEDED BASIS; DECLARATIONS OF JOSEPH C. TUTERA AND CAROL VAN HORST IN SUPPORT THEREOF

on the interested parties in this action by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at Los Angeles, California, addressed as follows:

SEE ATTACHED SERVICE LIST

(By Mail) I caused such envelope with postage thereon, fully prepaid to be placed in the United States mail. Executed on April \_\_, 2007, at Los Angeles, California.

(By Facsimile) I caused said document to be sent via facsimile transmission to the party(ies) so designated on attached list. Executed on April \_\_, 2007, at Los Angeles, California.

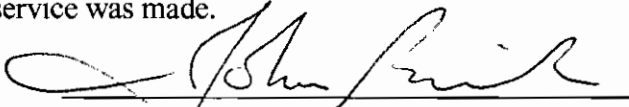
(By E-mail) I caused such document to be delivered via email to the addressees on the attached list. Executed on April 2, 2007, at Los Angeles, California.

(By Personal Service) I caused such envelope to be delivered by hand to the offices of the addressees so delineated on the attached list. Executed on April \_\_, 2007, at Los Angeles, California.

(By Federal Express **and** Express Mail) I caused said document to be sent via Federal Express **or** for next business morning delivery to the attached list. Executed on April 2, 2007, at Los Angeles, California.

(State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

(Federal) I declare that I am an employee in the offices of a member of the State Bar of this Court at whose direction the service was made.

  
\_\_\_\_\_  
John Berwick

EMAIL SERVICE LIST

Re: In re Pleasant Care Corporation, In re Ember Care Corporation, In re PCC Health Services, Inc., In re SNF Properties Incorporated, In re Atlas Care Enterprises, Inc.

Date: April 2, 2007

Name	Email address
Counsel for Secured Creditor Bridge Opportunity, Michael Gerard Fletcher	<a href="mailto:mfletcher@frandzel.com">mfletcher@frandzel.com</a>
Office of the U.S. Trustee (Alvin Mar and Russel Clementson)	<a href="mailto:russell.clementson@usdoj.gov">russell.clementson@usdoj.gov</a> ; <a href="mailto:alvin.mar@usdoj.gov">alvin.mar@usdoj.gov</a>
Leslie Cohen	<a href="mailto:lcohen@linerlaw.com">lcohen@linerlaw.com</a>
H. Alexander Fisch	<a href="mailto:afisch@stutman.com">afisch@stutman.com</a>
Eric S. Prezant	<a href="mailto:epezant@vedderprice.com">epezant@vedderprice.com</a>
Theodore Stoman, Counsel for Omnicare	<a href="mailto:TStolman@Stutman.com">TStolman@Stutman.com</a>
Richard Pachulski	<a href="mailto:rpachulski@pszyjw.com">rpachulski@pszyjw.com</a>
Pachulski, Stang	<a href="mailto:smaizel@pszyjw.com">smaizel@pszyjw.com</a>
Michael Tuchin	<a href="mailto:mtuchin@ktbslaw.com">mtuchin@ktbslaw.com</a>
James Smith, counsel to Well Fargo	<a href="mailto:Smithvj@wellsfargo.com">Smithvj@wellsfargo.com</a>
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