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**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA**

United States Securities and Exchange  
Commission,

Plaintiff,

v.

Jonathan Larmore, et al.,

Defendants, and

Michelle Larmore; Marcia Larmore;  
CSL Investments, LLC;  
MML Investments, LLC;  
Spike Holdings, LLC;  
and JMMAL Investments, LLC,

Relief Defendants.

No. CV-23-02470-PHX-DLR

**ORDER (I) APPROVING THE  
ENGAGEMENT AND  
COMPENSATION OF MARCUS &  
MILLICHAP REAL ESTATE  
INVESTMENT SERVICES AS  
BROKER FOR THE SALE OF  
SUBSTANTIALLY ALL ASSETS  
OF GLENROSA 32, LLC; (II)  
APPROVING THE AUCTION AND  
BIDDING PROCEDURES FOR THE  
SALE OF SUBSTANTIALLY ALL  
ASSETS OF GLENROSA 32, LLC;  
AND (III) GRANTING RELATED  
RELIEF**

The Court has considered the Receiver’s Motion for orders: (A) approving (i) the Receiver’s engagement and compensation of Marcus & Millichap Real Estate Investment Services (“Marcus & Millichap”) as broker for the sale of substantially all assets of Glenrosa 32, LLC (“Glenrosa 32”), including the real property located at 3200 East Glenrosa Avenue, Phoenix, Arizona, and related assisted living and memory facility business known as “MorningStar at Arcadia”, including equipment, furniture, fixtures and good will associated with the business (collectively, the “Glenrosa Property”), and

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1 (ii) the proposed auction and bidding procedures for the sale of the Glenrosa Property  
2 (the “Bidding Procedures”), including scheduling an auction and sale hearing date to  
3 consider the sale of the Glenrosa Property; (B) approving the sale of the Glenrosa  
4 Property to SSOF II ARCADIA PROPCO, LLC (“Stalking Horse Buyer”) or such other  
5 bidder that submits a higher and better offer at a public auction, free and clear of all liens,  
6 claims, encumbrances and interests; and (C) granting related relief (Doc. 139, the  
7 “Motion”).<sup>1</sup> The Court finds the relief sought in the Motion is in the best interest of the  
8 Receivership Estate, its creditors, and other parties in interest.

9 The Court makes the following findings:

10 1. This Court has jurisdiction over this matter, the above-captioned defendants  
11 and relief-defendants, and over all property of the Receivership Estate.

12 2. Proper, timely, adequate, and sufficient notice of the Motion has been  
13 provided, such notice was sufficient and appropriate under the particular circumstances,  
14 and no other or further notice of the Motion or relief sought in the Motion is necessary or  
15 required.

16 3. A reasonable opportunity to object or be heard regarding the requested  
17 relief in the Motion and this Order has been afforded to all interested parties, including,  
18 without limitation, all parties to this action and all persons or entities known to the  
19 Receiver that have or may have an interest in any portion of the Glenrosa Property.

20 4. The Receiver has the power and authority to sell the Glenrosa Property, or  
21 any portion of the Receivership Estate, at a public sale pursuant to and in accordance with  
22 the Bidding Procedures, free and clear of liens, claims, and encumbrances, with such  
23 liens, claims, and encumbrances attaching to the proceeds of such sale with the same  
24 validity and in the same order of priority.

25 5. Upon the Receiver’s appointment and after investigating the financial  
26 condition of the Receivership Estate, the Receiver undertook a comprehensive effort to  
27 solicit interest from potential purchasers for the Glenrosa Property.

28 <sup>1</sup> Capitalized undefined terms shall have the meanings ascribed to them in the Motion.

1           6. The Receiver's entry into the Marcus & Millichap Exclusive  
2 Representation Agreement, and the underlying retention of Marcus & Millichap, as a  
3 disinterested professional, is in the best interest of the Receivership Estate and its  
4 creditors.

5           7. The Receiver's existing and continued marketing efforts, combined with  
6 the publication set forth herein is reasonable and sufficient.

7           8. The Receiver has demonstrated a sufficient basis and compelling  
8 circumstances requiring the entry of this Order, the selection of the Stalking Horse Buyer,  
9 the Break-up Fee provided to the Stalking Horse Buyer, and the proposed sale of the  
10 Glenrosa Property in accordance with the Bidding Procedures, and such actions: (a) are  
11 appropriate exercises of the Receiver's reasonable business judgment; (b) are in the best  
12 interest of the Receivership Estate and its creditors; and (c) meet the requirements of and  
13 are consistent with 28 U.S.C. §§ 2001, 2002, and 2004.

14           9. The Receiver's authorization to pay the Break-up Fee is reasonable under  
15 the circumstances as an essential inducement and condition relating to the Stalking Horse  
16 Buyer's entry into, and continuing obligations under the Stalking Horse Agreement.

17           10. The Receiver's promise to pay the Break-up Fee, which has induced the  
18 Stalking Horse Buyer to submit its bid that will serve as a minimum or floor bid on which  
19 the Receiver can rely, provides a material benefit to the Receivership Estate, by  
20 increasing the likelihood that the best possible purchase price for the Glenrosa Property  
21 will be received. The Break-up Fee may be paid by the Receiver without further hearing  
22 or proof upon closing of a sale of the Glenrosa Property to any bidder who submits a  
23 higher and better offer at the Auction.

24           11. The Bidding Procedures are reasonable, non-collusive, negotiated in good  
25 faith, substantively and procedurally fair, and will enable the Receiver to obtain the  
26 highest value for the Glenrosa Property.

27           12. The Receiver may sell the Glenrosa Property in accordance with the  
28 Bidding Procedures.

1           Accordingly,

2           **IT IS ORDERED** that Motion (Doc. 139) is **GRANTED** as follows:

- 3           1. Any objections to the Motion concerning the Bidding Procedures and relief  
4           granted in this Order that have not been withdrawn, waived, resolved,  
5           sustained, or settled, are overruled;
- 6           2. Marcus & Millichap Exclusive Representation Agreement as set forth in  
7           Exhibit B to the Declaration of Randall Coxworth annexed to the Motion, is  
8           approved;
- 9           3. The Stalking Horse Agreement as set forth in Exhibit D to the Declaration of  
10          Randall Coxworth, annexed to the Motion, is approved;
- 11          4. The Bidding Procedures, as set forth in Exhibit A to this Order are approved;
- 12          5. The Receiver may proceed to sell the Glenrosa Property, in accordance with  
13          the Bidding Procedures;
- 14          6. The Receiver may proceed to sell the Glenrosa Property free and clear of liens,  
15          claims, encumbrances, and other interests at a public auction to be held by  
16          Zoom in accordance with and subject to the Bidding Procedures on **June 27,**  
17          **2024, at 10:00 AM (Phoenix Time);**
- 18          7. The Stalking Horse Buyer's deposit (as provided in the Stalking Horse  
19          Agreement) shall be held in escrow and shall not constitute or be deemed to  
20          constitute property of any receivership estate or the Receiver, and the  
21          Receivership Estate and Receiver shall have no interest of any kind (equitable  
22          or otherwise) in the deposit unless and until such deposit is actually  
23          unconditionally paid or payable in accordance with the Stalking Horse  
24          Agreement, and no liens, claims or encumbrances shall attach to the deposit;
- 25          8. The Sale Hearing shall be held telephonically by the Court on **July 10, 2024,**  
26          **at 9:30 AM (Phoenix Time);**
- 27          9. Any objection on any basis to the proposed sale of the Glenrosa Property must  
28          be filed in writing with the Court no later than **July 3, 2024 at 5:00 PM**

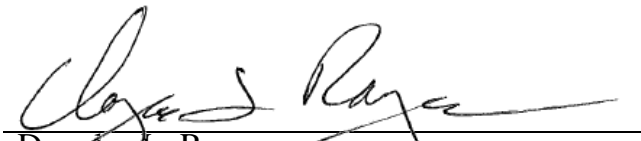
1            **(Phoenix Time)** (the “Objection Deadline”) and served on (a) counsel to the  
2            Receiver, Archer & Greiner, P.C., Attn: Allen G. Kadish and Harrison H.D.  
3            Breakstone, 1211 Avenue of the Americas, New York, New York 10036, and  
4            (b) counsel to the Stalking Horse Buyer, Williams Mullen, Attn: Robert C.  
5            Dewar, Williams Mullen Center, 200 South 10th Street, Suite 1600, Richmond,  
6            Virginia 23219. Any reply must be filed in writing with the Court no later than  
7            **July 8, 2024 at 5:00 PM (Phoenix Time)**;

- 8            10. The Receiver shall: (a) provide notice to (i) all relevant federal, state and local  
9            taxing and regulatory authorities or offices that have a reasonably known  
10            interest in the relief requested in the Motion; (ii) counsel to the Stalking Horse  
11            Buyer; (iii) the parties set forth on the certificate of service of the Motion and  
12            any other party that has entered an appearance in this case or otherwise  
13            requested notice in this case; and (iv) all of the persons or entities the Receiver  
14            has identified as (A) having an interest in the Glenrosa Property or (B)  
15            potentially interested in acquiring the Glenrosa Property; (b) publish a notice  
16            of Auction and Sale Hearing with Arizona Business Gazette once a week for at  
17            least four (4) weeks prior to the proposed Auction, which publication shall be  
18            deemed due, timely, good, and sufficient notice of the entry of this Order, the  
19            Sale Order and all proceedings to be held in accordance with this Order;
- 20            11. Any person or entity seeking to participate as a bidder at the Auction shall  
21            comply with the Bidding Procedures;
- 22            12. Each Qualified Bidder participating at the Auction will be required to confirm  
23            that it has not engaged in any collusion with respect to the bidding on or sale of  
24            the Glenrosa Property;
- 25            13. Under no circumstances shall any prospective purchaser have any claims at  
26            law or equity against the Receiver, his professionals or the Receivership Estate  
27            arising out of their participation or involvement in the Auction or the purchase  
28            and sale of the Glenrosa Property;

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14. This Order shall become effective immediately upon its entry; and  
15. This Court shall retain jurisdiction over any matters or disputes arising from or related to this Order or its enforcement.

Dated this 23rd day of May, 2024.

  
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Douglas L. Rayes  
United States District Judge

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**EXHIBIT A**

**BIDDING PROCEDURES**

**MORNINGSTAR AT ARCADIA  
3200 EAST GLENROSA AVENUE  
PHOENIX, AZ 85018**

**CASE NO. 23-CV-02470-DLR**

Allen D. Applbaum, as receiver (the “Receiver”) for ArciTerra Companies, LLC and related entities including, but not limited to Glenrosa 32, LLC (“Glenrosa 32”), submits the following sale and bidding procedures (the “Bidding Procedures”) for the sale of substantially all assets of Glenrosa 32, including the real property located at 3200 East Glenrosa Avenue, Phoenix, Arizona, 85018 and related assisted living and memory facility business known as “MorningStar at Arcadia”, including equipment, furniture, fixtures and good will associated with the business (collectively, the “Glenrosa Property”), free and clear of all liens, claims, encumbrances and interests, as may be approved by the United States District Court for the District of Arizona.

There will be a public Auction to submit and accept bids for the Glenrosa Property held by Zoom on June 27, 2024, beginning at 10:00 a.m. (Phoenix Time). Instructions for attending the Auction will be delivered by Marcus & Millichap Real Estate Investment Services, as broker for the Receiver.

The Receiver has entered into an Asset Purchase Agreement with SSOF II ARCADIA PROPCO, LLC (the “Stalking Horse Buyer”), dated April 16, 2024 (the “Stalking Horse Agreement”) providing for a purchase price for the Glenrosa Property of Twenty Eight Million Two Hundred Fifty Thousand and 00/100 Dollars (\$28,250,000.00) (the “Purchase Price”).

Only “Qualified Bidders” shall be permitted to attend the Auction and submit bids for the Glenrosa Property. A “Qualified Bidder” is a prospective purchaser who, no later than 10 days prior to the Auction:

- a. Submits a written bid proposal to the Receiver that (1) is accompanied by a fully executed asset purchase agreement for the Glenrosa Property for the Purchase Price, plus the Minimum Initial Overbid Amount (defined below), and with terms substantially similar in all material aspects to the terms of the Stalking Horse Agreement and otherwise acceptable to the Receiver in his sole discretion (a “Qualified Bid PSA”), and (2) confirms such prospective

1 purchaser's ability to close and consummate the transaction no later than  
2 twenty (20) business days of entry of the Sale Order.

3 b. Provides evidence, in a form reasonably acceptable to the Receiver, that the  
4 prospective purchaser has funds immediately available to pay the Purchase  
5 Price for the Glenrosa Property, plus the Minimum Initial Overbid Amount.

6 c. Submits a good faith deposit of five percent (5%) of the amount bid by such  
7 prospective purchaser (the "Deposit") by wire transfer or certified bank check  
8 to be held in escrow by First Chicago Title Company. Deposit instructions will  
9 be provided upon request to Marcus & Millichap or the Receiver's undersigned  
10 counsel. The Deposit of each prospective purchaser that complies with  
11 subsections a. and b. above (each, a "Qualified Bidder") that is not determined  
12 at the Auction to have submitted the Successful Bid (as defined below) or the  
13 Back Up Bid (as defined below) shall be irrevocable and non-refundable until  
14 such time as the Auction concludes or the Receiver receives and accepts a  
15 higher or better bid at the Auction. At the conclusion of the Auction, the  
16 Successful Bidder and Back-up Bidder shall increase the Deposit amount to ten  
17 percent (10%) of the Purchase Price after the Auction. The Deposit submitted  
18 by a Qualified Bidder that submits the Back Up Bid shall be irrevocable and  
19 nonrefundable until the closing of the sale of the Glenrosa Property to the  
20 Successful Bidder.

21 d. The Stalking Horse Buyer is Deemed a Qualified Bidder: Notwithstanding the  
22 bidding requirements above, the Stalking Horse Buyer is deemed a Qualified  
23 Bidder.

24 e. Minimum Initial Overbid and Subsequent Overbids: All initial overbids must  
25 be at least \$1,000,000 in excess of the Purchase Price (the "Minimal Initial  
26 Overbid Amount"). Subsequent overbids shall be in increments of at least  
27 \$100,000 above the Minimal Initial Overbid Amount and subsequent higher  
28 bids.

f. Bidding at the Auction: The Auction shall continue until there is only one bid  
made by a Qualified Bidder (a "Qualified Bid") that the Receiver, in  
consultation with Marcus & Millichap and his other professionals, determines  
is the highest and best Qualified Bid (the "Successful Bid"). The Receiver  
shall also determine which Qualified Bid is the second highest and best  
Qualified Bid (the "Back Up Bid"). To the extent the Stalking Horse Buyer  
Purchase Price is the second highest and best Qualified Bid it shall be the Back  
Up Bid.



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- g. Due Diligence. All Qualified Bidders will be permitted to conduct due diligence on the Glenrosa Property, including via a review of the due diligence materials prepared by Marcus & Millichap, prior to the Auction.
  
- h. No Contingencies. The sale to any Qualified Bidder shall not be subject to any contingencies, including without limitation, for financing, due diligence, or inspection.
  
- i. As Is/Where Is Purchase. The sale to any Qualified Bidder shall be on an "AS-IS, WHERE-IS" basis, with no representations or warranties made by the Receiver, his professionals, or the Receivership Entities.

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**EXHIBIT B**

**SALE NOTICE**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA**

Securities and Exchange Commission,

Plaintiff,

v.

Jonathan Larmore; ArciTerra Companies,  
LLC; ArciTerra Note Advisors II, LLC;  
ArciTerra Note Advisors III, LLC;  
ArciTerra Strategic Retail Advisor, LLC;  
and Cole Capital Funds, LLC,

Defendants, and

Michelle Larmore; Marcia Larmore;  
CSL Investments, LLC;  
MML Investments, LLC;  
Spike Holdings, LLC;  
and JMMAL Investments, LLC,

Relief Defendants.

Case No. 23-cv-02470-DLR

**NOTICE OF PUBLIC SALE OF  
SUBSTANTIALLY ALL ASSETS OF  
GLENROSA 32, LLC**

TO ALL PARTIES IN INTEREST:

Notice is hereby given that Allen D. Applbaum, as Receiver for ArciTerra Companies, LLC and related entities including, but not limited to Glenrosa 32, LLC, intends to sell, through his broker, Marcus & Millichap Real Estate Investment Services (“Marcus & Millichap”), substantially all assets of Glenrosa 32, LLC, including the real property located at 3200 East Glenrosa Avenue, Phoenix, Arizona and related assisted living and memory facility business known as “MorningStar at Arcadia”, including equipment, furniture, fixtures and good will associated with the business (collectively, the “Glenrosa Property”), free and clear of all liens, claims, interests and encumbrances (the “Sale”).

1 Pursuant to the Motion for Entry of an Orders: (A) approving (i) the Receiver’s  
2 engagement and compensation of Marcus & Millichap as broker for the sale of  
3 substantially all assets of Glenrosa 32, LLC, including the Glenrosa Property, and (ii) the  
4 proposed auction and bidding procedures for the sale of the Glenrosa Property (the  
5 “Bidding Procedures”), including the scheduling of an Auction and Sale Hearing to  
6 consider the sale of the Glenrosa Property; (B) approving the sale of the Glenrosa  
7 Property to **SSOF II ARCADIA PROPCO, LLC** (“Stalking Horse Buyer”) or such  
8 other bidder that submits a higher and better offer at a public auction, free and clear of all  
9 liens, claims, encumbrances and interests; and (C) granting related relief (the “Sale  
10 Motion”), the Receiver is soliciting higher and better offers for the Glenrosa Property.

11 The Receiver is soliciting higher and better offers by means of an Auction, which  
12 shall be governed by the terms and conditions of the order establishing bidding  
13 procedures (the “Bidding Procedures Order”) approved by the Court.

14 The Sale Motion and the Bidding Procedures Order are on file with the United  
15 States District Court for the District of Arizona, Sandra Day O’Connor U.S. Courthouse,  
16 401 W. Washington St., Suite 130, SPC 1, Phoenix, Arizona 85003-2118 (the “Court”),  
17 and are available for review during regular business hours. **Copies of the Sale Motion,  
18 the Bidding Procedures Order, and the Stalking Horse Buyer Asset Purchase  
19 Agreement are also available upon request from the undersigned or by visiting the  
20 Receiver’s website at [www.arciterrareceivership.com](http://www.arciterrareceivership.com).**

21 OBJECTIONS, if any, to the relief requested in the Sale Motion or to final  
22 approval of the proposed Sale of the Glenrosa Property must be filed in writing with the  
23 Clerk of the Court on or before July 3, 2024 at 5:00 p.m., Phoenix Time (the “Objection  
24 Deadline”). A copy of the objection must also be served on all of the following so as to  
25 be received by the Objection Deadline: (i) counsel to the Receiver, Archer & Greiner,  
26 P.C., Attn: Allen G. Kadish and Harrison H.D. Breakstone, 1211 Avenue of the  
27 Americas, New York, New York 10036, and (b) counsel to the Stalking Horse Buyer,  
28 Williams Mullen, Attn: Robert C. Dewar, Williams Mullen Center, 200 South 10th  
Street, Suite 1600, Richmond, Virginia 23219.

29 **Through this Notice, HIGHER AND BETTER OFFERS to purchase the  
30 Glenrosa Property are hereby solicited.** If offers are timely received, an auction will  
31 be held on June 27, 2024 at 10:00 a.m., Phoenix Time, by Zoom. Instructions for  
32 attending the Auction will be delivered by Marcus & Millichap to all Qualified Bidders  
33 (as defined in the Bidding Procedures Order).

34 A FINAL HEARING on the Sale Motion will take place telephonically on July 10,  
35 2024, at 9:30 a.m., Phoenix Time, before the Honorable Douglas L. Rayes.

1           Please be advised that any of the foregoing dates may be changed by the Court  
2 without further notice.

3           If you have any questions regarding or would like copies of materials relating to  
4 the information in this Notice, please make such request in writing to Counsel for the  
5 Receiver, Archer & Greiner, P.C., 1211 Avenue of the Americas, New York, New York  
6 10036 Attn: Allen G. Kadish and Harrison H.D. Breakstone.  
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