

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

MARTIN J. WALSH,)
SECRETARY OF LABOR,)
UNITED STATES DEPARTMENT OF LABOR,)
)
Plaintiff,)
)
v.)
)
SPRING CREEK SNF LLC D/B/A SPRING)
CREEK REHABILITATION AND NURSING)
CENTER; FRANKLIN CENTER OPCO LLC)
D/B/A LAUREL LAKES REHABILITATION)
AND WELLNESS CENTER; PANACEA)
HEALTH CORP; MARY ANN)
CHAKLOS; ANDREW LEROY AND)
STEVEN ROSENZWEIG,)
)
Defendants.)

Civil Action No. 1:22-cv-00975-SHR

CONSENT JUDGMENT

Plaintiff, Secretary of Labor, United States Department of Labor, hereinafter referred to as "Plaintiff" or "the Secretary," has filed his Complaint alleging violations of the Fair Labor Standards Act of 1938, 29 U.S.C. § 201, et seq. (hereinafter "the Act"). Defendants Spring Creek SNF LLC, doing business as Spring Creek Rehabilitation and Nursing Center (hereinafter "Spring Creek") and Franklin Center Opco LLC, doing business as Laurel Lakes Rehabilitation and Wellness Center (hereinafter "Laurel Lakes") have appeared by counsel, and waive their Answer and any defense which they may have and hereby agree to the entry of this Consent Judgment without contest. It is, therefore, upon motion of the attorneys for Plaintiff and for cause shown:

ORDERED, ADJUDGED, AND DECREED that Defendant Spring Creek and Defendant Laurel Lakes, their officers, agents, servants, and all persons acting or claiming to act on their

behalf and interest be, and they hereby are, permanently enjoined and restrained from violating the provisions of Sections 6, 7, 11(c), and 15 of the Act, in any manner, specifically:

1. Defendant Spring Creek and Defendant Laurel Lakes shall not, contrary to Section 6 of the Act, pay to any of their employees who in any workweek are engaged in commerce or in the production of goods for commerce, or employed in an enterprise engaged in commerce or in the production of goods for commerce, within the meaning of the Act, wages at rates less than those which are now, or which in the future may become, applicable under Sections 6 and 15(a)(2) of the Act.

2. Defendant Spring Creek and Defendant Laurel Lakes shall not, contrary to Section 7 of the Act, employ any of their employees including, but not limited to, any of their employees working at Spring Creek and/or Laurel Lakes, or at any business location owned, operated, and/or controlled by Defendant Spring Creek and/or Defendant Laurel Lakes, and at any other business location at which their employees perform work, in any workweek when they are engaged in commerce or employed in an enterprise engaged in commerce, within the meaning of the Act, for workweeks longer than the hours now, or which in the future become, applicable under Sections 7 and 15(a)(2) of the Act, unless the said employees receive compensation for their employment in excess of the prescribed hours at a rate equivalent to one and one-half times the regular rates applicable to them.

3. Defendant Spring Creek and Defendant Laurel Lakes shall not fail to make, keep, and preserve adequate records of their employees and of the wages, hours, and other conditions and practices of employment maintained by them including, but not limited to, any of their employees working at Spring Creek and/or Laurel Lakes, or at any business location owned, operated, and/or controlled by Defendant Spring Creek and Defendant Laurel Lakes, and at any

other business location at which their employees perform work, as prescribed by the Regulations issued pursuant to Section 11(c) and 15(a)(5) of the Act and found at 29 C.F.R. Part 516.

4. Defendant Spring Creek and Defendant Laurel Lakes shall not discharge or take any retaliatory action against any of their employees, whether or not directly employed by Defendants, because the employee engages in any of the following activities pursuant to Section 15(a)(3) of the Act:

i. Discloses, or threatens to disclose, to a supervisor or to a public agency, any activity, policy, or practice of the Employers or another employer, with whom there is a business relationship, that the employee reasonably believes is in violation of the Act, or a rule or regulation promulgated pursuant to the Act;

ii. Provides information to, or testifies before, any public agency or entity conducting an investigation, hearing or inquiry into any alleged violation of the Act, or a rule or regulation promulgated pursuant to the Act, by the Employers or another employer with whom there is a business relationship;

iii. Objects to, or refuses to participate in any activity, policy or practice which the employee reasonably believes is in violation of the Act, or a rule or regulation promulgated pursuant to the Act.

It is further ORDERED, ADJUDGED and DECREED by the Court that:

5. Defendant Spring Creek is enjoined and restrained from withholding gross back wages in the sum total amount \$230,955.01, and is liable for the payment of \$230,955.01 in liquidated damages, due certain employees and former employees of Defendant Spring Creek as set forth and identified in Schedule A, which is attached as Exhibit A hereto and made a part hereof.

6. Defendant Laurel Lakes is enjoined and restrained from withholding gross back wages in the sum total amount \$25,728.95 and is liable for the payment of \$25,728.95 in liquidated damages, due certain employees and former employees of Defendant Laurel Lakes as set forth and identified in Schedule A, which is attached as Exhibit A hereto and made a part hereof.

7. Defendant Spring Creek shall pay gross back wages and liquidated damages in the total amount of \$461,910.02, for violations of the overtime provisions of the Act by Spring Creek alleged to have occurred during the period beginning August 1, 2019 and ending January 27, 2021, ("relevant period"). This amount shall represent the full extent of back wages and liquidated damages owed by Spring Creek for the relevant period to the employees set forth and identified on the attached Schedule A. It is further agreed that the overtime compensation and liquidated damage payments by the Defendant Spring Creek in the amounts as specified above are in the nature of back wages and liquidated damages pursuant to the provisions of the Act. Defendant Spring Creek shall remain responsible for all tax payments considered to be the "employer's share," including, but not limited to, FICA.

8. Defendant Laurel Lakes shall pay gross back wages and liquidated damages in the total amount of \$51,457.90, for violations of the overtime provisions of the Act by Spring Creek alleged to have occurred during the period beginning August 1, 2019 and ending January 27, 2021, ("relevant period"). This amount shall represent the full extent of back wages and liquidated damages owed by Laurel Lakes for the relevant period to the employees set forth and identified on the attached Schedule A. It is further agreed that the overtime compensation and liquidated damage payments by the Defendant Laurel Lakes in the amounts as specified above are in the nature of back wages and liquidated damages pursuant to the provisions of the Act.

Defendant Laurel Lakes shall remain responsible for all tax payments considered to be the “employer’s share,” including, but not limited to, FICA.

i. The provisions of this Consent Judgment relative to back wage and liquidated damages payments shall be deemed satisfied when Defendant Spring Creek delivers to the designated representatives of the Plaintiff payment in the amount of \$461,910.02 and when Defendant Laurel Lakes delivers to the designated representatives of the Plaintiff payment in the amount of \$51,457.90, within thirty (30) days of the entry of this Judgment by the Court.

Payment may be made online by ACH transfer, credit card, or debit card by going to

<https://www.pay.gov/public/form/start/77689032> or www.pay.gov.

Alternatively, payment may be in the form of a certified check, bank check, or money order made payable to the order of “**Wage and Hour Division – Labor**,” and mailed to:

U.S. Department of Labor, Wage & Hour Division
Northeast Regional Office,
1835 Market Street, 19th Floor, Mailstop WHD/19,
Philadelphia, PA 19103-2968

The check or money order shall bear the following reference:

The check or money order shall bear the following reference for Spring Creek Case ID#1934557.

The check or money order shall bear the following reference for Laurel Lakes Case ID#1934567.

ii. The Secretary, through the Wage and Hour Division, shall distribute the back wages (less any applicable federal taxes, withholdings, and deductions) and liquidated damages payments to the employees and former employees, or to their estates, as set forth in Schedule A. Schedule A will show for each individual the gross back pay due (subject to applicable legal deductions), and liquidated damages. Any sums not distributed to the employees or former employees on Schedule A, or to their estates, because of inability to locate

the proper persons or because of such persons' refusal to accept such sums, shall be deposited with the Treasurer of the United States pursuant to 29 U.S.C § 216(c).

iii. To the best of their ability and based upon information it currently has in its possession, Defendants shall provide to Plaintiff the social security number and last known address of each employee or former employee due money under this Consent Judgment at the time of the initial lump sum payment.

iv. The provisions of this Consent Judgment shall not in any way affect any legal right of any individual not named in Exhibit A, nor shall the provisions in any way affect any legal right of any individual named in Exhibit A to file any action against Defendant Spring Creek and Defendant Laurel Lakes for any violations alleged to have occurred outside the relevant period.

9. Neither Defendant Spring Creek, Defendant Laurel Lakes, nor anyone on their behalf, shall directly or indirectly solicit or accept the return or refusal of any sums paid under this Consent Judgment. Any such amount shall be immediately paid to the Secretary for deposit as above, and Defendant Spring Creek and Defendant Laurel Lakes shall have no further obligations with respect to such returned monies. If recovered wages have not been claimed by the employee or the employee's estate within three years of the entry of this Consent Judgment, the Secretary shall deposit such money with the Treasury in accordance with Section 16(c) of the Act.

10. Further, the parties agree that the instant action is deemed to solely cover business and operations for Defendant Spring Creek and Defendant Laurel Lakes for the relevant period for all claims raised in the Complaint as a result of the Secretary's investigation. The parties agree that the filing of this action and the provisions of this Judgment shall not, in any way,

affect, determine, or prejudice any and all rights of any person specifically named on Schedule A or the Secretary for any period after January 27, 2021, or any persons, be they current or former employees, not specifically named on Schedule A, insofar as such rights are conferred and reserved to said employees by reason of Section 16(b) of the Act. Further, nothing in this Consent Judgment shall be interpreted to terminate the instant civil action against individual defendants, Mary Ann Chaklos and Andrew Leroy.

11. Defendant Spring Creek and Defendant Laurel Lakes agree that they are employers within the meaning of Section 3(d) of the Fair Labor Standards Act, 29 U.S.C. § 203(d).

12. By entering into this Consent Judgment, Plaintiff does not waive his right to conduct future investigations of Defendant Spring Creek and Defendant Laurel Lakes under the provisions of the FLSA and to take appropriate enforcement action, including assessment of civil money penalties pursuant to Section 16(e) of the FLSA, with respect to any violations disclosed by such investigations.

13. Defendant Steven Rosenzweig and Defendant Panacea Health Corp. shall be dismissed from this action without prejudice.

It is FURTHER, ORDERED, ADJUDGED, AND DECREED that each party will bear its own fees and other expenses incurred by such party in connection with any stage of this proceeding including, but not limited to, attorney fees which may be available under the Equal Access to Justice Act, as amended.

S/Sylvia H. Rambo
UNITED STATES DISTRICT JUDGE

Dated: October 24, 2022