

Aldersgate Racketeering Situation Rough Draft

On Monday, June 10th, North Carolina state insurance regulators opted to extend their financial watch over the local Charlotte retirement community Aldersgate, a watch that started in August of 2023. The North Carolina Department of Insurance stated the reason for this financial observation was that Aldersgate was “insolvent or in imminent danger of becoming insolvent.” This comes amid an allegation from Kenneth McElwee, a former resident of the retirement community, who claims that Aldersgate involved itself in a “unlawful racketeering enterprise” while handling residents’ entry fees.¹

So, what exactly is Aldersgate being accused of? What is racketeering? According to the Legal Information Institute at the Cornell Law School, racketeering is defined as “a set of illegal activities aimed at commercial profit that may be disguised as legitimate business deals.”² Racketeering can include fraud, extortion, bribery, or any other illegal business practice used to try and illegally gain a profit. In this case, McElwee alleged that Aldersgate illegally took money from residents and placed it under a parent company in order to avoid state regulations. Additionally, McElwee alleges that the retirement community misrepresented what the entrance fee would be used for, not telling residents that a portion of the funds would be escrowed.^{3,4}

Last week, the attorneys for Aldersgate responded to the complaint with a motion to dismiss the case with prejudice, stating that the plaintiff is “converting what is, at best, a contractual dispute into something nefarious” and “lacks standing.”⁵ Additionally, Aldersgate states that McElwee’s allegations are “insufficient to state a claim” due to their vague, nondescript nature. In this instance, Aldersgate states that the plaintiffs have not met the standard of proof for any kind of fraudulent activity under the RICO act, which the plaintiffs used as evidence for their case. The outcome of the case has yet to be decided, but regardless, Aldersgate still has a long way to go to rectify the financial “problems and deficiencies” identified by the N.C. Department of Insurance.⁶

Endnotes

1. https://charlotteledger.substack.com/p/company-benefits-are-going-to-the?utm_campaign=email-post&r=13x1j&utm_source=substack&utm_medium=email
2. <https://www.law.cornell.edu/wex/racketeering>
3. <https://charlotteledger.substack.com/p/residents-lawsuit-says-aldergate-0b8>
4. https://docs.google.com/document/d/1jKYsjrLxYJET93_EIz5QuNEEsGh2DMR-z29PpuLqTnI/edit
5. https://docs.google.com/document/d/1jKYsjrLxYJET93_EIz5QuNEEsGh2DMR-z29PpuLqTnI/edit
6. https://charlotteledger.substack.com/p/company-benefits-are-going-to-the?utm_campaign=email-post&r=13x1j&utm_source=substack&utm_medium=email