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Superior Court Of California
County Of Los Angeles

NOV 01 2012

John A. Clarke, Executive Officer/Clerk
By: Debra McCullough, Deputy

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Dept. 308

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES – CENTRAL DISTRICT

DR. SEAN PAKDAMAN, MR. SHAHIN
PAKDAMAN, MR. HOMAYOON
PAKDAMAN, MR. SHAROKH
PAKDAMAN, MS. DORINDA VASSIGH,
and MS. AMANDA VASSIGH, Heirs of and
Successors-in-Interest to MRS. SARA
PAKDAMAN, DECEASED, individually and
on behalf of a class of similarly situated
people,

PLAINTIFFS

vs.

COUNTRY VILLA WESTWOOD
CONVALESCENT CENTER, COUNTRY
VILLA WESTWOOD PARTNERSHIP, C.V.
WESTWOOD SINGLE PURPOSE ENTITY,
LLC, COUNTRY VILLA HEALTH
SERVICES, COUNTRY VILLA SERVICE
CORPORATION, KATHERINE CAMPBELL,
MARIA J. CASTANEDA, AG San Gabriel,
LLC; AG Arcadia, LLC; AG LA MESA,
LLC; AG Laguna Hills, LLC; AG Lynwood,
LLC; AG Monrovia, LLC; AG MURRIETA

Case No. BC410892

~~PROPOSED~~ ORDER GRANTING
PRELIMINARY APPROVAL OF CLASS
ACTION SETTLEMENT

Assigned to Hon. Elizabeth A. White, Dept. 48

Action Filed: April 1, 2009
Trial Date: Vacated

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1 SNF, LLC; AG Rancho Mirage, LLC; AG
2 Redlands, LLC; AG Seal Beach, LLC; AG
3 West Covina, LLC; BVCV Operating
4 Company, LLC; CF Merced La Sierra, LLC;
5 CF Madera, LLC; CF Merced Behavioral,
6 LLC; CF Merced, LLC; CF Modesto, LLC;
7 CF Susanville, LLC; CF San Rafael, LLC;
8 CF Quincy, LLC; CF Watsonville East, LLC;
9 CF Watsonville West, LLC; Country Villa
10 South Bay, LLC; Country Villa Claremont
11 Healthcare Center, Inc.; Country Villa East
12 L.P.; Country Villa Imperial LLC; Country
13 Villa Novato Healthcare Center, LLC; Country
14 Villa Pomona Healthcare Center, LLC;
15 Country Villa Plaza Ltd; Country Villa
16 Nursing Center, Inc.; Glendale CV Operating
17 Company, LLC; Mountainside Operating
18 Company, LLC; Riverside Sanitarium, LLC;
19 RRT Enterprises L.P.; Win Win Enterprises,
20 LLC; BH Alliance Corp; AG Facilities
21 Operations, LLC, Crescent Facilities
22 Operations, LLC, Jenmax Enterprises, LLC,
23 SR & DR Operating Company, LLC; United
24 Convalescent Facilities, Inc.; 340 South
25 Alvarado, Inc.; Country Villa Imperial, LLC;
26 Country Villa West, LTD; Reissman Family
27 Trust; Saltzburg Family Trust; Torgan Family
28 Trust; 1989 Reissman Irrevocable Trust;
Saltzburg Family Trust; Eddie Rowles and
DOES 1 through 75, inclusive,

DEFENDANTS.

~~PROPOSED~~ ORDER

NOW THEREFORE, having read and considered the *Stipulation of Settlement* between the Plaintiffs and Defendants named in the Operative Complaint, in conjunction with the additions interlineated on pages 8, 21, and 22 in the *Stipulation of Settlement* and attached hereto as Exhibit A (collectively, the "Settlement Agreement") and Exhibits thereto, IT IS HEREBY ORDERED:

1. This Order hereby incorporates by reference the definitions of the Settlement Agreement as though fully set forth herein, and all terms used herein shall have the same meaning as set forth in

1 the Settlement Agreement. To the extent that any inconsistencies exist between this Order and the
2 Settlement Agreement (including Exhibits thereto), the terms of the Settlement Agreement shall
3 control.

4 2. The Law Offices of Ben Yeroushalmi, APC and Yeroushalmi & Associates shall
5 represent the Class in this lawsuit as "Plaintiffs' Class Counsel." Any Class member may enter an
6 appearance in this lawsuit, at their own expense, either individually or through counsel of their own
7 choice. However, if they do not enter an appearance, they will be represented by Plaintiffs' Class
8 Counsel.

9 3. Dr. Sean Pakdaman, Shahin Pakdaman, Homayoon Pakdaman, Sharokh Pakdaman,
10 Dorinda Vassigh, and Amanda Vassigh, heirs of and successors-in-interest to Mrs. Sara Pakdaman,
11 deceased, shall represent the Class in this lawsuit as "Representative Plaintiffs."

12 4. The Court hereby preliminarily approves the settlement as set forth in the Settlement
13 Agreement as being in the range of reasonableness of a settlement that could ultimately be granted final
14 approval by the Court.

15 5. The Court hereby certifies the entire Class for the claims asserted in the Second
16 Amended Complaint. Furthermore, the Court approves the Representative Plaintiffs for the claims
17 asserted in the Second Amended Complaint and appoints Plaintiffs' Class Counsel to represent the
18 Class members.

19 6. The Settlement Administrator shall be Gilardi & Co. LLC.

20 7. A Final Approval Hearing shall be held on March 7, 2013 at 9:00 a.m. before the
21 Honorable Jane L. Johnson in Department 308 of the Los Angeles Superior Court, Central Civil West
22 Courthouse, Los Angeles, California located at 600 S Commonwealth Ave, Los Angeles, CA 90005.
23 The purpose of the Final Approval Hearing will be to determine whether: (a) the proposed Settlement
24 Agreement and the consideration to the Class described in section V.B of the Settlement Agreement
25 should be finally approved by the Court as fair, reasonable and adequate; (b) any objections to the
26 Settlement should be overruled; (c) the Attorneys' Fees and Costs sought by Plaintiffs' Class Counsel
27 should be approved in the amounts requested; (d) the settlement of the individual claims is fair,
28

1 reasonable, and adequate; and (e) the Judgment of Dismissal With Prejudice dismissing the entire
2 action with prejudice should be entered.

3 8. The Court hereby approves, as to form and content, the revised Class Notice attached
4 hereto as Exhibit B.

5 9. The procedure for mailing and distributing the Notice to the Class Members shall be as
6 follows: By November 8, 2012, the Defendants shall mail or cause to be mailed by the Settlement
7 Administrator, by U.S. Mail to the last known address of record for each member of the Class, the
8 Class Notice attached hereto as Exhibit B.

9 10. The Court finds that dissemination of the Class Notice in the manner set forth in this
10 Order meets the requirements of California Code of Civil Procedure section 382 and California Rule of
11 Court 3.769(f) and due process and constitutes the best notice practicable under the circumstances and
12 shall constitute due and sufficient notice to all persons entitled thereto.

13 11. Any Class member who wishes to participate in the Settlement may submit a Claim
14 Form (included within the Class Notice attached hereto as Exhibit B) in the manner as set forth on the
15 Claim Form, to the address listed on the Claim Form. In order to be valid, the Claim Form must be
16 postmarked no later than December 10, 2012.

17 12. Any Class members may request exclusion from the Class by sending a letter to the
18 Settlement Administrator by mail as set forth in the Plaintiffs' Settlement Agreement. In order to be
19 valid, the Request for Exclusion must be postmarked no later than December 10, 2012. If the Class
20 Member submits a valid and timely request for exclusion, such person shall have no rights under the
21 Plaintiffs' Settlement Agreement, will not be entitled to any payment pursuant to the Plaintiffs'
22 Settlement Agreement and will not be bound by the Plaintiffs' Settlement Agreement or Judgment of
23 Dismissal with Prejudice.

24 13. Any Class Member who wishes to object to all or any part of the proposed Settlement
25 must file written objections with the Clerk of the Court of the Los Angeles County Superior Court in
26 the manner set forth in the Class Notice by December 3, 2012. In addition, Class Members who wish
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1 to appear at the Final Approval Hearing must so state in their objection. All objections must also be
2 served on both Plaintiffs' Class Counsel and Defendants' Counsel as follows:

3 To Plaintiffs' Class Counsel:

4 Law Offices of Ben Yeroushalmi, APC
5 c/o Rodney Tolentino
6 3600 Wilshire Blvd., Suite 1407
7 Los Angeles, CA 90010

8 To Defendants' Counsel:

9 Garcia, Artigliere & Schadrack
10 c/o William M. Artigliere
11 One World Trade Center, Suite 1950
12 Long Beach, CA 90831

13 Only Class Members who have timely filed and delivered properly completed written notices of their
14 intent to appear will be entitled to be heard at the Final Approval Hearing unless the Court orders
15 otherwise. Any Class Member who does not make his or her objection in the manner provided for
16 herein shall be deemed to have waived such objection and shall forever be foreclosed from making any
17 objection to the fairness or adequacy of the proposed Settlement or to the award of Attorneys' Fees and
18 Costs to Plaintiffs' Class Counsel unless otherwise ordered.

19 14. All papers in support of the motion for final approval of the Settlement Agreement and
20 any request by Plaintiffs' Class Counsel for final approval of Attorneys' Fees and Costs shall be filed by
21 **February 7, 2013.**

22 15. The Court reserves the right to adjourn the date of the Final Approval Hearing without
23 further notice to the Class Members, and retains jurisdiction to consider all further applications arising
24 out of or connected with the proposed Settlement Agreement.

25 16. Pending the Court's ruling at the Final Approval Hearing, neither the named Plaintiffs,
26 Class members, and any other person or entity, or any of them, whether directly, representatively, or in
27 any other capacity, whether or not such persons have appeared in the lawsuit, shall institute or
28 prosecute any of the matters referenced as Released Claims in the Settlement Agreement.

17. Neither the Settlement Agreement, nor any of its terms or provisions, nor any of the
negotiations or proceedings connected with it shall be construed in this action or any other lawsuit as an

1 admission or concession by Defendants of the truth of any of the allegations in this action, or of any
2 liability, fault or wrongdoing of any kind.

3
4 IT IS SO ORDERED.

5 Dated: NOV 01 2012, 2012

JANE L. JOHNSON

7 Honorable Jane L. Johnson
8 Judge of the Superior Court
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EXHIBIT A

1 LAW OFFICES OF BEN YERUSHALMI

Ben Yeroushalmi (SBN 232540)

2 Daniel D. Cho (SBN 105409)

3 Tanaz Rostami (SBN 253184)

3600 Wilshire Blvd., Suite 1407

4 Los Angeles, CA 90010

Tel: 213-384-2626

5 Fax: 213-384-2226

6 YERUSHALMI & ASSOCIATES

Reuben Yeroushalmi (SBN 193981)

7 Peter Sato (SBN 238486)

8 Albert G. Lum (SBN 259053)

9100 Wilshire Blvd., Suite 610E

9 Beverly Hills, CA 90212

Tel: 310-623-1926

10 Fax: 310-623-1930

11 Attorneys for PLAINTIFFS DR. SEAN
12 PAKDAMAN, MR. SHAHIN PAKDAMAN,
13 MR. HOMAYOON PAKDAMAN, MR.
14 SHAROKH PAKDAMAN, MS. DORINDA
15 VASSIGH, and MS. AMANDA VASSIGH,
16 Heirs of and Successors-in-Interest to MRS.
17 SARA PAKDAMAN, Deceased, individually and
18 on behalf of a class of similarly situated people,
19 PLAINTIFFS

17 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

18 **COUNTY OF LOS ANGELES, CENTRAL DISTRICT**

20 DR. SEAN PAKDAMAN, MR. SHAHIN
21 PAKDAMAN, MR. HOMAYOON
22 PAKDAMAN, MR. SHAROKH PAKDAMAN,
23 MS. DORINDA VASSIGH, and MS.
24 AMANDA VASSIGH, Heirs of and Successors-
25 in-Interest to MRS. SARA PAKDAMAN,
26 DECEASED, individually and on behalf of a
27 class of similarly situated people,
28 PLAINTIFFS

vs.

26 COUNTRY VILLA WESTWOOD
27 CONVALESCENT CENTER, COUNTRY
28 VILLA WESTWOOD PARTNERSHIP, C.V.
WESTWOOD SINGLE PURPOSE ENTITY,
LLC, COUNTRY VILLA HEALTH
SERVICES, COUNTRY VILLA SERVICE

CASE NO. BC410892

STIPULATION OF SETTLEMENT

Assigned to Hon. Elizabeth A. White, Dept. 48

Action Filed:

April 1, 2009

Trial Date:

Vacated

1 CORPORATION, KATHERINE CAMPBELL,
2 MARIA J. CASTANEDA, AG San Gabriel,
3 LLC; AG Arcadia, LLC; AG LA MESA, LLC;
4 AG Laguna Hills, LLC; AG Lynwood, LLC;
5 AG Monrovia, LLC; AG MURRIETA SNF,
6 LLC; AG Rancho Mirage, LLC; AG Redlands,
7 LLC; AG Seal Beach, LLC; AG West Covina,
8 LLC; BVCV Operating Company, LLC; CF
9 Merced La Sierra, LLC; CF Madera, LLC; CF
10 Merced Behavioral, LLC; CF Merced, LLC; CF
11 Modesto, LLC; CF Susanville, LLC; CF San
12 Rafael, LLC; CF Quincy, LLC; CF Watsonville
13 East, LLC; CF Watsonville West, LLC;
14 Country Villa South Bay, LLC; Country Villa
15 Claremont Healthcare Center, Inc.; Country
16 Villa East L.P.; Country Villa Imperial LLC;
17 Country Villa Novato Healthcare Center, LLC;
18 Country Villa Pomona Healthcare Center, LLC;
19 Country Villa Plaza Ltd; Country Villa Nursing
20 Center, Inc.; Glendale CV Operating Company,
21 LLC; Mountainside Operating Company, LLC;
22 Riverside Sanitarium, LLC; RRT Enterprises
23 L.P.; Win Win Enterprises, LLC; BH Alliance
24 Corp; AG Facilities Operations, LLC, Crescent
25 Facilities Operations, LLC, Jenmax Enterprises,
26 LLC, SR & DR Operating Company, LLC;
27 United Convalescent Facilities, Inc.; 340 South
28 Alvarado, Inc.; Country Villa Imperial, LLC;
Country Villa West, LTD; Reissman Family
Trust; Saltzburg Family Trust; Torgan Family
Trust; 1989 Reissman Irrevocable Trust;
Saltzburg Family Trust; and DOES 1 through
75, inclusive,

Defendants.

This Stipulation of Settlement is made and entered into by and among: Sara Pakdaman, on behalf of herself and on behalf of others similarly situated and by and through her successors interest, namely Shahin Pakdaman, Sean Pakdaman, Homer Pakdaman, Sharokh Pakdaman, Amanda Vassigh and Dorinda Vassigh (the "Plaintiffs and or Representative Plaintiffs"); and the Defendants as defined below, by and through their counsel of record in the Litigation¹.

¹ Concurrently herewith the Parties have entered into a Settlement Agreement and Release with respect to Mrs. Sara Pakdaman's and her heirs' individual personal injury claims ("Individual Settlement"). The obligations of the signatories to the "Individual Settlement" are expressly conditioned upon the "Final Approval," of the Class Action aspect of this action as defined in section ¶¶ 10 and 11 below, of the instant "Stipulation".

1 The Stipulation of Settlement, as well as the concurrently signed "Individual Settlement," are
2 intended by the Parties to settle and compromise the Litigation, which shall be dismissed with
3 prejudice in its entirety, and to fully, finally and forever resolve, discharge and settle the Released
4 Claims, as defined below, according to the terms and conditions set forth herein and in the
5 concurrently signed "Individual Settlement," and are expressly subject to the preliminary and final
6 approval of the Court.

7 **I. DEFINITIONS**

8 Wherever used in this Stipulation of Settlement, the following terms shall have the meanings
9 specified below:

10 1. "**Class**" means all persons who resided in any of the forty five (45) Facilities owned or
11 operated by one or more of the Defendants during the Class Periods described below, and also
12 includes the family members or legal representatives of said persons. Excluded from the Class are
13 any of the Defendants' employees, officers, and directors; legal representatives, successors, and
14 assigns; any entity in which one or more of the Defendants has a controlling interest; any judge to
15 whom the Litigation is assigned and all members of his or her immediate family; and all persons who
16 timely and validly request exclusion from the Class pursuant to the Class Notice disseminated in
17 accordance with the Preliminary Approval Order pursuant to the procedure for such exclusion set
18 forth herein.

19 2. "**Class Counsel**" means the Representative Plaintiffs' counsel of record in the
20 Litigation, on behalf of all Class Members:

21 Ben Yeroushalmi
22 Daniel D. Cho
23 Tanaz Rostami
24 LAW OFFICES OF BEN YERUSHALMI
25 3600 Wilshire Blvd., Suite 1407
26 Los Angeles, CA 90010

27 Reuben Yeroushalmi
28 Peter Sato
Albert Lum
YERUSHALMI & ASSOCIATES
9100 Wilshire Blvd., Suite 610E
Beverly Hills, CA 90212

1 3. “**Class Notice**” means the “**Notice of Class Action Settlement**,” substantially in the
2 form of **Exhibit “B”** attached hereto, to be disseminated by mail in accordance with the Preliminary
3 Approval Order, informing Persons who fall within the Class of, among other things, the pendency of
4 the Litigation, the material terms of the proposed Settlement, and their options with respect thereto.

5 4. “**Class Period**” means as follows: from April 1, 2006 through and including the date of
6 Final Approval, as defined below.

7 5. “**Complaint**” means the Individual and Class Action Complaint filed in this Court by
8 the representative Plaintiff on April 1, 2009. “First Amended Complaint” means the First Amended
9 Individual and Class Action Complaint filed in this Court by the representative Plaintiff on December
10 28, 2009. The “Second Amended Complaint” means the Second Amended Individual and Class
11 Action Complaint filed in this Court by the representative Plaintiff on ~~September 12, 2012~~ “**Operative**
12 **Complaint**”, as used throughout the settlement approval proceedings, shall refer to the Second
13 Amended Complaint.²

14 6. “**Court**” means the Honorable Judge Elizabeth Alan White in Department 48 of the
15 Los Angeles Superior Court, before whom the Litigation is pending.

16 7. “**Defendants**” means and includes Country Villa Service Corporation (“CVSC”);
17 Country Villa Westwood, LP; Country Villa Westwood Convalescent Center, Country Villa
18 Westwood Single Purpose Entity, LLC, AG San Gabriel, LLC; AG Arcadia, LLC; AG LA MESA,

19 _____
20 ² The Second Amended Complaint will be filed on Stipulation naming new Defendants to include; AG San Gabriel, LLC;
21 AG Arcadia, LLC; AG LA MESA, LLC; AG Laguna Hills, LLC; AG Lynwood, LLC; AG Monrovia, LLC; AG
22 MURRIETA SNF, LLC; AG Rancho Mirage, LLC; AG Redlands, LLC; AG Seal Beach, LLC; AG West Covina, LLC;
23 BVCV Operating Company, LLC; CF Merced La Sierra, LLC; CF Madera, LLC; CF Merced Behavioral, LLC; CF
24 Merced, LLC; CF Modesto, LLC; CF Susanville, LLC; CF San Rafael, LLC; CF Quincy, LLC; CF Watsonville East, LLC;
25 CF Watsonville West, LLC; Country Villa South Bay, LLC; Country Villa Claremont Healthcare Center, Inc.; Country
26 Villa East L.P.; Country Villa Imperial LLC; Country Villa Novato Healthcare Center, LLC; Country Villa Pomona
27 Healthcare Center, LLC; Country Villa Plaza Ltd Country Villa Nursing Center, Inc.; Glendale CV Operating Company,
28 LLC; Mountainside Operating Company, LLC; Riverside Sanitarium, LLC; RRT Enterprises L.P.; United Convalescent
Facilities, Inc.; Win Win Enterprises, LLC; BH Alliance Corp; AG Facilities Operations, LLC; Crescent Facilities
Operations, LLC; Jenmax Enterprises, LLC; SR & DR Operating Company, LLC; 340 South Alvarado, Inc.; Country
Villa West, LTD; CV Westwood Single Purpose Entity, LLC; Reissman Family Trust; Saltzburg Family Trust; Torgan
Family Trust; 1989 Reissman Irrevocable Trust; and Saltzburg Family Trust. This Amendment shall not be opposed by the
Defendants. However, should Final Approval, as defined in section ¶¶ 10 and 11 below, of the instant “Stipulation”, not be
achieved, it agreed by and between all parties hereto that the Second Amended Complaint shall be immediately stricken
and the existing First Amended Complaint shall serve as the operative Complaint.

1 LLC; AG Laguna Hills, LLC; AG Lynwood, LLC; AG Monrovia, LLC; AG MURRIETA SNF,
2 LLC; AG Rancho Mirage, LLC; AG Redlands, LLC; AG Seal Beach, LLC; AG West Covina, LLC;
3 BVCV Operating Company, LLC; CF Merced La Sierra, LLC; CF Madera, LLC; CF Merced
4 Behavioral, LLC; CF Merced, LLC; CF Modesto, LLC; CF Susanville, LLC; CF San Rafael, LLC;
5 CF Quincy, LLC; CF Watsonville East, LLC; CF Watsonville West, LLC; Country Villa South Bay,
6 LLC; Country Villa Claremont Healthcare Center, Inc.; Country Villa East L.P.; Country Villa
7 Imperial LLC; Country Villa Novato Healthcare Center, LLC; Country Villa Pomona Healthcare
8 Center, LLC; Country Villa Plaza Ltd Country Villa Nursing Center, Inc.; Glendale CV Operating
9 Company, LLC; Mountainside Operating Company, LLC; Riverside Sanitarium, LLC; RRT
10 Enterprises L.P.; United Convalescent Facilities, Inc. Win Win Enterprises, LLC; BH Alliance Corp;
11 AG Facilities Operations, LLC, Crescent Facilities Operations, LLC, Jenmax Enterprises, LLC; SR
12 & DR Operating Company, LLC; 340 South Alvarado, Inc.; Country Villa West, LTD; CV Westwood
13 Single Purpose Entity, LLC; Reissman Family Trust; Saltzburg Family Trust; Torgan Family Trust;
14 1989 Reissman Irrevocable Trust; Saltzburg Family Trust; and Michael Torgan, Stephen Reissman
15 and Diane Reissman.

16 8. **“Effective Date”** means the first date by which all of the events and conditions
17 specified in ¶(V)(K) of this Stipulation have been met and have occurred.

18 9. **“Facility”** or **“Facilities”** means any skilled nursing facility owned or operated by one
19 or more of the Defendants, as defined above, at any time during the Class Period, as defined herein.
20 The facilities are: (1) COUNTRY VILLA BAY VISTA HEALTHCARE CENTER; (2) COUNTRY
21 VILLA BELMONT HEIGHTS HEALTHCARE CENTER; (3) COUNTRY VILLA BROADWAY
22 HEALTHCARE CENTER; (4) COUNTRY VILLA CLAREMONT HEALTHCARE CENTER; (5)
23 COUNTRY VILLA EAST NURSING CENTER; (6) COUNTRY VILLA GLENDALE
24 HEALTHCARE CENTER; (7) COUNTRY VILLA HACIENDA HEALTHCARE CENTER; (8)
25 COUNTRY VILLA HUNTINGTON DRIVE HEALTHCARE CENTER; (9) COUNTRY VILLA LA
26 MESA HEALTHCARE CENTER; (10) COUNTRY VILLA LA SIERRA CARE CENTER; (11)
27 COUNTRY VILLA LAGUNA HILLS HEALTHCARE CENTER; (12) COUNTRY VILLA LOS
28 FELIZ NURSING CENTER; (13) COUNTRY VILLA LYNWOOD HEALTHCARE CENTER; (14)

1 COUNTRY VILLA MADERA REHABILITATION & NURSING CENTER; (15) COUNTRY
2 VILLA MAPLE HEALTHCARE CENTER; (16) COUNTRY VILLA MAR VISTA NURSING
3 CENTER; (17) COUNTRY VILLA MERCED BEHAVIORAL HEALTHCARE CENTER; (18)
4 COUNTRY VILLA MERCED NURSING & REHABILITATION CENTER; (19) COUNTRY
5 VILLA MODESTO NURSING & REHABILITATION CENTER; (20) COUNTRY VILLA
6 MONROVIA HEALTHCARE CENTER; (21) COUNTRY VILLA MONTE VISTA HEALTHCARE
7 CENTER; (22) COUNTRY VILLA MURRIETA HEALTHCARE CENTER; (23) COUNTRY
8 VILLA NORTH CONVALESCENT CENTER; (24) COUNTRY VILLA NOVATO HEALTHCARE
9 CENTER; (25) COUNTRY VILLA PARK AVENUE NURSING AND HEALTH CENTER; (26)
10 COUNTRY VILLA PAVILION NURSING CENTER; (27) COUNTRY VILLA PLAZA
11 CONVALESCENT CENTER; (28) COUNTRY VILLA QUINCY HEALTHCARE CENTER; (29)
12 COUNTRY VILLA RANCHO MIRAGE HEALTHCARE CENTER; (30) COUNTRY VILLA
13 REDLANDS HEALTHCARE CENTER; (31) COUNTRY VILLA REHABILITATION CENTER;
14 (32) COUNTRY VILLA RIVERSIDE HEALTHCARE CENTER; (33) COUNTRY VILLA
15 RIVERVIEW REHABILITATION & HEALTHCARE CENTER; (34) COUNTRY VILLA SAN
16 RAFAEL HEALTHCARE CENTER; (35) COUNTRY VILLA SEAL BEACH HEALTHCARE
17 CENTER; (36) COUNTRY VILLA SHERATON NURSING AND REHAB. CENTER; (37)
18 COUNTRY VILLA SOUTH CONVALESCENT CENTER; (38) COUNTRY VILLA TERRACE
19 NURSING CENTER; (39) COUNTRY VILLA UNIVERSITY PARK HEALTHCARE CENTER;
20 (40) COUNTRY VILLA WATSONVILLE EAST NURSING CENTER; (41) COUNTRY VILLA
21 WATSONVILLE WEST NURSING & REHAB CENTER; (42) COUNTRY VILLA WEST COVINA
22 HEALTHCARE CENTER; (43) COUNTRY VILLA WESTWOOD CVLT CENTER; (44)
23 COUNTRY VILLA WILSHIRE CONVALESCENT CENTER; and (45) COUNTRY VILLA
24 WOODMAN HEALTHCARE CENTER.

25 10. **“Final”** means (a) if no appeal from the Judgment is filed, the date of expiration of the
26 time for the filing or noticing of any appeal from the Judgment; or (b) if an appeal from the Judgment
27 is filed, and the Judgment is affirmed or the appeal dismissed by a judgment or order of the California
28 Court of Appeal (“Appellate Judgment”), thirty days after the date of such affirmance or dismissal; or

1 (c) if a petition for review of the Appellate Judgment is filed and denied, the date the petition is
2 denied; or (d) if a petition for review of the Appellate Judgment is filed and granted, or the California
3 Supreme Court orders review of the Appellate Judgment on its own motion, and the Appellate
4 Judgment is affirmed or the review proceeding dismissed, and no petition for a writ of certiorari with
5 respect to the California Supreme Court's judgment affirming the Appellate Judgment or dismissing
6 the review proceeding ("Review Judgment") is filed, the date of expiration of the time for the filing of
7 such a petition for a writ of certiorari; or (e) if such a petition for a writ of certiorari is filed and
8 denied, the date the petition is denied; or (f) if such a petition for a writ of certiorari is filed and
9 granted, the date of final affirmance of the Review Judgment or final dismissal of the review
10 proceeding initiated by the petition for a writ of certiorari; or (g) should there be no objections to the
11 settlement filed and ultimately ruled upon by the Court, the date of final approval of the settlement by
12 the Court.

13 11. "**Final Approval Hearing**" means the hearing(s) to be held by the Court to consider
14 and determine whether the proposed settlement of the Litigation as contained in this Stipulation
15 should be approved as fair, reasonable, and adequate, and whether the Judgment approving the
16 settlement contained in this Stipulation should be entered.

17 12. "**Judgment**" means the Judgment, Final Order and Decree to be entered by the Court,
18 substantially in the form attached hereto as **Exhibit "D"**.

19 13. "**Litigation**" means and refers to the case filed by Plaintiffs on April 1, 2009 in the Los
20 Angeles Superior Court, case No. BC 410892 which also includes the Complaint defined in ¶ 5.

21 14. "**Person**" means an individual, corporation, general partnership, limited partnership,
22 association, joint stock company, estate, legal representative, trust, unincorporated association,
23 government or any political subdivision or agency thereof, and any business or legal entity and their
24 spouses, heirs, predecessors, successors, representatives, or assigns.

25 15. "**Preliminary Approval Order**" means the Order re Preliminary Approval of Class
26 Action Settlement, substantially in the form of **Exhibit E** hereto (without exhibits), preliminarily
27 approving this Stipulation, providing for notification to the Settlement Class of the Notice of Class
28 Action Settlement, substantially in the form of **Exhibit "B" hereto**, and seeking the scheduling of the

1 Settlement Hearing.

2 16. **"Released Claims"** means and includes any and all claims, actions, causes of action,
3 rights, suits, damages, debts, liabilities, proceedings, demands, obligations, promises, acts,
4 agreements, warranties and liabilities of any nature whatsoever, whenever incurred, including costs,
5 expenses, penalties, and attorneys' fees, known or unknown, suspected or unsuspected, in law or
6 equity, that the Representative Plaintiff and/or any member of the Class, including their respective
7 predecessors, successors, agents, representatives, executors, administrators, decedents, dependents,
8 heirs, beneficiaries, attorneys, employees, assignors and assignees, ever had, now has, or hereafter
9 can, shall, or may have, relating in any way to the facts and/or conduct and/or omissions giving rise to
10 the Litigation, including any allegedly deceptive advertising or other representation concerning any
11 Facility in any respect, and/or the information provided by any Facility to its prospective or existing
12 residents, and any claims alleging violations of the Unlawful Business Practices Act (Bus. & Prof.
13 Code § 17200 *et seq.*); the Unfair and Fraudulent Business Practices Act (Bus. & Prof. Code § 17200
14 *et seq.*); the False Advertising Act (Bus. & Prof. Code § 17500 *et seq.*); the Consumer Legal Remedies
15 Act (Civil Code § 1750, *et seq.*); and the Health & Safety Code § 1430(b) claims based on violations
16 of Health & Safety Code section 1276.5 or Health & Safety Code section 1599.1(a), whether such
17 *and actions based upon violations of the Elder Abuse and Dependent Adult Civil
Protection Act (Welf. & Inst. Code, § 15600 et seq.)* **Personal injury claims are specifically**
18 **excluded from this definition.** No class member, or any of them, is waiving any claim for personal
19 injuries, emotional injuries, physical injuries or wrongful death.

20 17. **"Released Persons"** means the named defendants in the "Second Amended
21 Complaint", and each of them, and each and all of their respective current and former employees,
22 officers, directors, corporations, companies, affiliates, related entities, partnerships, principals,
23 managing agents, agents, attorneys, insurers, past, Limited Liability Companies, present and future
24 divisions, predecessors, successors, shareholders, trusts, trustees, representatives, administrators,
25 fiduciaries, heirs, beneficiaries, assigns, subrogees, executors, partners, parents, subsidiaries, parent
26 and subsidiary entities and/or privies.

27 18. **"Representative Plaintiffs"** means the named plaintiffs and putative class
28 representative Sara Pakdaman, by and through her heirs and successors in interest Sean Pakdaman,

1 Shahin Pakdaman, Homer Pakdaman, Sharokh Pakdaman, Amanda Vassigh and Dorinda Vassigh,
2 and all of their agents, attorneys, insurers, predecessors, successors in interest, heirs, employees,
3 trustees, representatives, administrators, fiduciaries, assigns, subrogees, executors, partners, parents,
4 subsidiaries, relatives, and/or privies.

5 19. "**Request for Exclusion**" means a written request by a Settlement Class Member to be
6 excluded from the Settlement Class.

7 20. "**Settlement value**" is the sum of the "**Cash Settlement Amount**" of \$3,125,000
8 (Three million, one hundred and twenty-five thousand dollars) plus the Injunctive Relief value of
9 \$30,822,152 for a total of \$33,947,152 (Thirty Three Million Nine Hundred Forty Seven Thousand
10 and Fifty Two Dollars).

11 21. "**Settling Parties**" means the Defendants and the Representative Plaintiffs,
12 collectively.

13 22. "**Stipulation**" means this Stipulation of Settlement, including (a) its attached exhibits
14 and (b) the concurrently agreed upon "Individual Settlement", attached as **Exhibit "F"** to this
15 Settlement, both of which are incorporated herein by reference.

16 **II. RECITALS**

17 1. The Representative Plaintiffs were at all times relevant hereto individuals residing in
18 the State of California.

19 2. Defendants are in the business of owning, operating and/or managing skilled nursing
20 and/or long term care facilities in the State of California, or have been alleged by the Representative
21 Plaintiffs to be in some manner affiliated with other persons or entities who are engaged in the
22 business of owning, operating and/or managing long term care facilities in the State of California.

23 3. On April 1, 2009, Representative Plaintiffs filed an Individual and Class Action
24 Complaint in the above captioned proceeding ("**Complaint.**") The Complaint asserted the following
25 causes of action as Individual Claims: (1) Elder Abuse (Pursuant to the Elder Adult and Dependant
26 Adult Civil Protection Act - Welfare and Institution Code sections 15600 *et seq.*); (2) Negligence; (3)
27 Willful Misconduct; (4) Constructive Fraud; (5) Fraud by Misrepresentation; and (6) Wrongful Death.
28 The Complaint asserted the following causes of action on a class basis: (7) Violations of California

1 Consumer Legal Remedies Act, Civil Code section 1770 et seq.; (8) Violation of Patient's rights
2 (Health & Safety Code section 1430; (9) Violations of Business and Professions Code §§ 17200, et
3 seq.; and (10) Violations of Business and Professions Code §§ 17500, et seq. On April 15, 2009, the
4 above captioned proceeding was assigned the Honorable Judge Elizabeth Alan White in Department
5 48 of the Los Angeles Superior Court (hereinafter referred to as the "Court").

6 4. The Complaint was amended by the First Amended Complaint, filed in the above
7 captioned proceeding on December 28, 2009, the effect of which was to add Amanda Vassigh and
8 Dorinda Vassigh as heirs of and successors in interest to Mrs. Sara Pakdaman and as Plaintiffs to the
9 sixth (6th) cause of action for Wrongful Death ("First Amended Complaint.") On March 3, 2010, the
10 Court granted Defendants' application for Equitable Abstention in regards to Plaintiffs' Ninth Cause of
11 Action for Violations of Business and Professions Code §§ 17200, et seq. and Tenth Cause of Action
12 for Violations of Business and Professions Code §§ 17500, et seq. The only Skilled Nursing Facility
13 owned and or controlled by the Defendants to this Stipulation that was a party to the Complaint and the
14 First Amended Complaint was Country Villa Westwood, LP, dba Country Villa Westwood
15 Convalescent Center (hereinafter referred to as "CVW") (collectively, the Plaintiffs' Individual and
16 Class Action Complaint and First Amended Complaint, and together will all alleged causes of action,
17 shall hereinafter be referred to as the "Plaintiffs' Action" and or "Litigation").

18 5. On September 8, 2010, Plaintiffs filed a Motion for Class Certification on behalf of
19 residents of CVW and as to the Seventh (7th) Cause of action for Violations of California Consumer
20 Legal Remedies Act, Civil Code section 1770 et seq. and the Eighth (8th) Cause of Action for
21 Violations of Patient's rights (Health & Saf Code section 1430). On November 30, 2010, the Court
22 Denied Plaintiffs' Motion for Class Certification as to the Seventh (7th) Cause of Action and Granted
23 Plaintiffs' Motion for Class Certification as to the Eighth (8th) Cause of Action. On December 2,
24 2010, Defendant CVW filed a petition for writ of mandate with the Second Appellate District
25 Challenging the Court's order granting Plaintiffs' Motion for Class Certification as to the 8th cause of
26 Action. On January 5, 2011, the Second Appellate District issued an Order denying CVW's petition.
27 Furthermore, on December 10, 2010, Plaintiffs filed a petition for writ of mandate with the Second
28 Appellate District Challenging the Court's order denying Plaintiffs' Motion for Class Certification as

1 to the 7th cause of Action. On January 5, 2011, the Second Appellate District issued an Order denying
2 Plaintiffs' petition.

3 6. On June 30, 2011, the Parties engaged in the first of two full day mediation sessions
4 before the Honorable Judge Alexander Williams, a retired Los Angeles Superior Court Judge ("Judge
5 Williams."), at ADR Services, INC. in Los Angeles. A second full day mediation session was held
6 with Judge Williams on July 18, 2011. Aside from mediating in person, the Parties conducted dozens
7 of additional conference calls and email communications with and without the participation of Judge
8 Williams intended to further the process of the global resolution of the claims resolved through the
9 instant Stipulation and the concurrent Individual Settlement. At all times, the negotiations were at
10 arms length, hard fought, and acrimonious.

11 7. Both parties engaged in extensive discovery aimed at furthering their respective
12 positions. From its inception, the Plaintiffs' Action was contentious, hard fought, and bitterly
13 contested on almost every single issue. Just by way of example, Plaintiffs briefed and argued over
14 seventy motions, including more than two dozen discovery related motions. Through Class Counsel,
15 the Representative Plaintiff conducted an extensive investigation of the facts which support the
16 allegations raised in the Litigation and in the Second Amended Complaint, including gathering and
17 reviewing public records of deficiencies and alleged violations of state and federal regulations
18 assessed upon many of the Facilities by the Department of Public Health.

19 8. After several months of arms length and at times acrimonious negotiations, the Parties
20 agreed to a Settlement of all Class Claims as against an additional forty-four (44) Skilled Nursing
21 Facilities owned and or operated by the Defendants (other than defendant CVW) and agreed to
22 stipulate to a Second Amended Complaint naming the additional 44 Skilled Nursing Facilities as
23 Defendants in Plaintiffs' Action (subject to the agreements set forth in footnote number 2 hereto). On
24 9/12/12 Plaintiffs filed a Second Amended Complaint naming the additional 44 Skilled Nursing
25 Facilities as defendants in Plaintiffs' Action.

26 9. The Court has made no determination about the merits of Plaintiffs' claims or
27 Defendants' defenses.

28 10. Plaintiffs have agreed to settle the Class Claims pursuant to the provisions of this

1 Stipulation set forth in detail below, considering, among other things:

2 a. The substantial benefits to the Class under the terms of this Stipulation; and

3 b. The attendant expense, risks, difficulties, delays, and uncertainties of the continuation
4 of litigation, trial, post-trial proceedings, and appeals.

5 11. Plaintiffs and Class Counsel agree and believe that this Stipulation provides fair,
6 reasonable and adequate relief to the Class and that settlement on the agreed terms, as set forth below,
7 is in the best interests of the Class.

8 **III. DEFENDANTS' DENIAL OF LIABILITY**

9 1. The Defendants deny all allegations of misconduct or wrongdoing, as alleged in the
10 Litigation, the Second Amended Complaint or at all. Further, Defendants deny that any violation of
11 State Law or Federal Law has occurred, as alleged in the Litigation, the Second Amended Complaint
12 or at all, relative to the provision of skilled nursing services. Notwithstanding same, the Defendants
13 have taken into account the uncertainty and risks inherent in any litigation and have determined that it
14 is desirable and beneficial that the Litigation be settled in the manner and upon the terms and
15 conditions set forth in this Stipulation.

16 **IV. SETTLEMENT RELIEF**

17 1. After a thorough consideration of the facts and the law, including extensive gathering
18 of evidence through discovery and review and analysis of publicly available information, and
19 investigation of the law applicable to their claims and to the defenses raised by the Defendants, the
20 Representative Plaintiff's and Class Counsel recognize and acknowledge that the expense and length
21 of the proceedings necessary to prosecute this action through trial and through appeals would likely
22 exceed any benefits that would accrue to Representative Plaintiffs or to members of the Class, even if
23 they were to ultimately prevail in the litigation. The Representative Plaintiffs and Class Counsel have
24 also taken into account the uncertain outcome and the risk of any litigation, as well as the difficulties
25 and delays inherent in such litigation, including uncertainty over whether a class as to the additional
26 forty four (44) Facilities other than CVW would be certified. Moreover, the Representative Plaintiff
27 and Class Counsel are mindful of the inherent problems of proof under, and possible defenses to, the
28 claims asserted or that could be asserted herein.

1 2. The Representative Plaintiff and Class Counsel believe, and the Settling Parties have
2 agreed, that the settlement set forth in this Stipulation confers substantial benefits on behalf of the
3 Class and each of the members thereof. Based on their factual evaluation, and after extensive
4 settlement discussions, Class Counsel has determined that the settlement set forth in this Stipulation is
5 in the best interest of the Class, and that the settlement is fair and reasonable to the members of the
6 Class.

7 **V. TERMS OF STIPULATION AND SETTLEMENT**

8 **A. Conditional Certification of the Settlement Class**

9 1. The Defendants specifically deny the existence of a Class as to the forty four (44)
10 Facilities other than CVW (given that there is already a certified Class Claim as to the Eighth (8th)
11 Cause of Action against CVW) for the allegations in the Second Amended Complaint. The
12 Defendants specifically deny the claims within the Second Amended Complaint are appropriate for
13 class certification, that the Representative Plaintiff is an appropriate potential class representative, and
14 that the claims raised in the Second Amended Complaint are subject to judicial determination and/or
15 oversight. Nevertheless, for the reasons stated above in Section III, the Defendants hereby consent,
16 solely for purposes of the Stipulation set forth herein, to the conditional certification of the entire
17 Class for the Released Claims asserted in the Second Amended Complaint, to the conditional
18 appointment of Class Counsel for the Released Claims asserted in the Second Amended Complaint,
19 and to the conditional approval of the Representative Plaintiffs for the Released Claims asserted in the
20 Second Amended Complaint; provided, however, that if this Stipulation fails to receive Court
21 approval or otherwise fails to be consummated for whatever reason, the Defendants shall retain all
22 rights to object to the maintenance of the Litigation against the forty four (44) Facilities other than
23 CVW as a class action, and in that event, nothing in this Stipulation or other papers or proceedings
24 related to the Settlement of any sort or nature shall be used as evidence or as a basis of argument by
25 the Representative Plaintiffs or Class Counsel concerning whether the Litigation may properly be
26 maintained as a class action, including whether the purported class is ascertainable, or whether Class
27 Counsel or the Representative Plaintiff can adequately represent the members of the Class under
28 applicable law. Under such circumstances, the Defendants reserve all defenses to the underlying

1 litigation, including but not limited to any objections to class certification against the forty four (44)
2 Facilities other than CVW. In addition, in the event that the settlement fails to be approved or
3 otherwise fails to be consummated for whatever reason, all settling Parties specifically reserve all
4 rights that they had in connection with the Litigation as of the date of this Stipulation. Specifically, if
5 parties fail to obtain Final Approval of the Settlement, the Second Amended Complaint will be
6 stricken and the parties will continue the litigation pursuant to the First Amended Complaint and the
7 procedural posture prior to the Effective Date of this Stipulation. The Parties also agree nothing in
8 this Stipulation or otherwise related to this Litigation shall constitute nor be considered as a consent to
9 class certification of a similar or any other class in the future.

10 **B. Consideration to the Class**

11 1. Plaintiff Sub-Class One: "Private Pay Residents-Unfair and
12 Deceptive Business Practices"

13 The first subclass is defined as follows: all persons who resided in (or continue to reside in)
14 California skilled nursing Facilities owned and/or operated by the Defendants from four years prior to
15 the date of Final Approval, with the exception of CVW, for which this subclass consists of all
16 persons who resided in (or continue to reside in) CVW from April 1, 2006 through the date of Final
17 Approval, wherein the Defendants were reimbursed for services provided to "class member" by
18 private pay and/or privately acquired insurance and/or any HMO or PPO. The sub-class does not
19 include any officers, directors or employees of the Defendants. As to this sub-class, consideration
20 shall be in the form of a binding injunction which shall be substantially similar to that which is
21 attached hereto as **Exhibit "C"**.

22 2. Plaintiff Sub-Class Two: "Private Pay Residents-Consumer Legal
23 Remedies Act Violations"

24 The second subclass is defined as follows: all persons who resided in (or continue to reside in)
25 California skilled nursing Facilities owned and/or operated by the Defendants from four years prior to
26 the date of Final Approval, with the exception of CVW, for which this subclass consists of all
27 persons who resided in (or continue to reside in) CVW from April 1, 2006 through the date of Final
28 Approval, for whose stays the defendants were reimbursed for services by Medicare or Medi-Cal.
The class does not include: any officers, directors or employees of the Defendants. As to this sub-

1 class, consideration shall be injunctive relief which shall be substantially similar to that which is
2 attached hereto as **Exhibit "C"**.

3 3. Plaintiff Sub-Class Three: "Successor in Interest Class- All Alleged Violations"

4 The third sub-class is defined as follows: The Successor in Interest of any deceased persons
5 who resided in California skilled nursing Facilities owned and/or operated by the Defendants from
6 four years prior to the date of Final Approval, with the exception of CVW, for which this subclass
7 consists of the Successor in Interest of any deceased persons who resided in CVW from April 1, 2006
8 through the date of Final Approval, regardless of the method in which Defendants were reimbursed
9 for the services provided to and or the stays of the Class Member residents. As to this sub-class,
10 consideration shall be that, within thirty (30) days of the Final Approval, as defined in Section I, ¶¶
11 10 and 11 above, of the instant "Stipulation", Defendants shall pay to each Successor in Interest, as
12 defined within this sub-class, who submits a timely and proper claim using a form substantially
13 similar to that attached hereto as **Exhibit "A"**, the sum of \$55 (fifty five dollars). Upon proper and
14 timely receipt of a claim from the Family-Member Class Member, and following verification of (a)
15 the residency of the deceased former resident during the Class Period and (b) the Successor in
16 Interest of the deceased former resident, payment shall be made via check mailed 30 days after the
17 properly submitted claim is received by the Defendants and Final Approval, as defined in section ¶¶
18 10 and 11 below, of the instant "Stipulation" is completed, whichever is later in time to occur. For
19 purposes of this Sub-Class, "Successor in Interest" is defined as "the beneficiary of the decedent's
20 estate or other successor in interest who succeeds to a cause of action or to a particular item of the
21 property that is the subject of a cause of action, consistent with California Code of Civil Procedure
22 §377.11.

23 4. Plaintiff Sub-Class Four: "Health & Safety Code Section 1430(b) Violations".

24 The Fourth subclass is defined as follows: all persons who resided in (or continue to reside
25 in) California skilled nursing Facilities owned and/or operated by the Defendants from four years
26 prior to the date of Final Approval, with the exception of CVW, for which this sub-class consists of
27 all persons who resided in (or continue to reside in) CVW from April 1, 2006 through the date of
28 Final Approval, regardless of the manner in which Defendants were reimbursed for services and or

1 stays. The class does not include any officers, directors or employees of the Defendants. As to this
2 class, consideration shall be injunctive relief which shall be substantially similar to that which is
3 attached hereto as Exhibit "C".

4 Further consideration as to this sub-class exclusively shall be that, within thirty (30) days of
5 the Final Approval, Defendants shall pay to each Settlement Class Member who is at that time
6 presently living but no longer residing in any of the Defendants' Facilities, and who submits a timely
7 and proper claim using a form substantially similar to that attached hereto as "Exhibit A" the sum of
8 \$130 (one hundred thirty dollars). Upon proper and timely receipt of claim from the class member,
9 and following verification of the residency of the claimant, payment shall be made to the Settlement
10 Class Member via check mailed 30 days after the properly submitted claim is received by the
11 Defendants and Final Approval, as defined in Section I., ¶¶ 10 and 11 above, of the instant
12 "Stipulation" is completed, whichever is later in time to occur, except as provided for class members
13 who presently reside in one of the Defendant Facilities who shall be entitled to certain credits without
14 the need of a claim as more fully set immediately below.

15 That, as to each sub-class 4 Class Member who is at the time of the distribution of funds
16 referred to in sub-class 4, then residing in any Defendant Facility bound by the Settlement
17 Agreement, each such Settlement Class Member's account with the Facility shall receive a credit in
18 the amount of \$130 (one hundred thirty dollars) without the need for any "opt in" procedure. Said
19 credit shall be given within 45 (forty-five) days from Final Approval, as defined in Section I., ¶¶ 10
20 and 11 below, of the instant "Stipulation". If, after the distribution of funds referred to above, but
21 before the distribution of credits as provided in this paragraph, the Defendants receive notice that a
22 class member who is due to receive such credits intends to vacate the Defendant Facility prior to the
23 award of such credits, Defendants shall advance the award of such credits to said resident as
24 expeditiously as reasonably possible, such that the resident will have a reasonable opportunity to
25 utilize the credit before vacating the Facility, with our without notice of the class members opting in
26 to this settlement agreement.

27 5. The Defendants' obligation to pay cash to Class Claimants will be capped at a total
28 payment of \$3,125,000 – the "Class Settlement Cash-Fund." In the event that the amount of total

1 claims submitted exceeds \$3,125,000, the payments to Class Claimants shall be pro-rated. In no event
2 shall the Defendants' obligation to pay Class Claimants exceed \$3,125,000.

3 6. In the event that total payments to Class Claimants are less than \$3,125,000, any
4 unpaid amount ("Unused Funds") will not remit to Defendants, but shall be distributed for the benefit
5 of the Class as follows:

6 (a): Cy Pres: within thirty (30) days of the Effective Date of this Class
7 Settlement Agreement \$180,000 of the Unused Funds shall be donated by Defendants,
8 by way of an award in the nature of Cy Pres to one or more charitable or non-profit
9 organizations (the "Proposed Cy Press Recipients"). The Proposed Cy Press
10 Recipients shall be selected by Class Counsel, subject to the approval of Defendants,
11 which approval shall not be unreasonably withheld. In the event that Defendants do
12 not approve selection of any of the Cy Press Recipients within five (5) business days
13 of receiving the proposal, the Parties will submit the dispute to Judge Williams of
14 ADR Services, Inc., who will have sole authority, after appropriate consultation with
15 the Parties, to make a binding decision on whether the objectionable Cy Pres
16 Recipients(s) is an appropriate recipient of the Unused Funds. The Parties agree that
17 all Proposed Cy Press Recipients must serve a purpose that has a nexus with the
18 underlying causes of action in this Litigation.

19 (b): Any portions of the Unused Funds which may still remain after Cy Pres
20 donations are made shall be used by Defendants for the benefit of the class by providing extra
21 daily activities for residents of all Facilities as determined by clinical employees of the Facilities
22 themselves. These funds (for extra daily activities) are to be expended by Defendants over the period
23 of two years after the Judgment becomes Final, as defined herein. Defendants agree to provide
24 reports and declarations of utilization at reasonable intervals, and at a minimum once every six (6)
25 months until two years after the Judgment becomes Final.

26 7. Claim forms shall be due no later than 30 days after the date of the Notice being
27 provided to class members as mandated herein.

28 8. No Person shall have any claim against the Representative Plaintiff, any member of the

1 Class, Class Counsel, or counsel for the Defendants based upon any matter concerning the Cash
2 Settlement Amount, the Settlement Value, administration of the settlement embodied in this
3 Stipulation, distributions made pursuant to this Stipulation and the settlement contained herein, or
4 upon further orders of the Court.

5 **C. Preliminary Approval Order; Scheduling of Settlement Hearing**

6 1. Promptly after execution of this Stipulation, Class Counsel shall submit this Stipulation
7 and its exhibits to the Court and shall apply for entry of a Preliminary Approval Order preliminarily
8 approving this Stipulation, providing for mailing of the Class Notice, and scheduling a Settlement
9 Hearing on whether the Settlement should be granted final approval, whether the Judgment should be
10 entered, and whether the Fee Application should be granted.

11 **D. Class Notice Procedure And Costs; Confidentiality of Health Information**

12 1. Within 30 (thirty) days of the entry of the Preliminary Approval Order, the Defendants
13 shall mail or cause to be mailed, by U.S. Mail to the last known residence address of record of each
14 member of the Class, the Class Notice substantially in the form of Exhibit "B" attached hereto. This
15 mechanism of notice has been chosen by the Settling Parties in light of the privacy rights of residents
16 of long-term care facilities in their personal, financial, and health information, which are subject to the
17 protections of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the
18 applicable requirements of the Standards for Privacy of Individually Identifiable Health Information
19 and its implementing regulations issued by the U.S. Department of Health and Human Services (45
20 C.F.R. Parts 160-64; HIPAA Privacy Regulations), and California Civil Code §§ 56 *et seq.*, 1789.29
21 and 1798.82, which protect the confidentiality of individually identifiable personal and health
22 information.

23 2. In providing the Class Notice and in all other aspects of administration of this
24 Stipulation of Settlement, the Settling Parties agree to take all measures necessary to comply with the
25 requirements of these laws and any other applicable laws governing the privacy of personal and health
26 information. In particular, the Representative Plaintiff and Class Counsel agree to keep confidential
27 any personal and health information pertaining to any member(s) of the Class to which they might be
28 exposed in the course of attempting to perform their obligations under this Stipulation and/or any

1 Order(s) of the Court.

2 3. The Defendants shall bear sole responsibility for providing Class Notice and shall bear
3 all costs associated with providing Class Notice. No portion of the Cash **Settlement Amount** and or
4 the Class Settlement Funds may be used by Defendants for purposes of providing Notice or for
5 administration costs related to the Class Settlement Agreement. The names of the persons to whom the
6 Class Notice is sent shall remain confidential to the Defendants and their designated representative,
7 Gilardi & Co. LLC, and shall not be disclosed to Class Counsel or to any other person or entity except
8 by Court Order on good cause shown.

9 4. No later than fifteen (15) days prior to the Final Approval Hearing, the Defendants'
10 designated representative, Gilardi & Co. LLC, shall file a declaration with the Court stating a) that the
11 Class Notice has been sent; b) providing the number of Class Notice letters sent; and c) attaching as an
12 exhibit a copy of a non-addressed exemplar notice in the form actually sent to Class Members.

13 **E. Final Approval Hearing**

14 1. Concurrently with or subsequent to the provision of Class Notice, Class Counsel will
15 brief the issue of final approval of the Stipulation of Settlement in accordance with the Preliminary
16 Approval Order or such other or further order(s) of the Court.

17 2. At the Final Approval Hearing, the Settling Parties will jointly move for final approval
18 of the Settlement and entry of the proposed Judgment, and will present their arguments in support
19 thereof.

20 **F. Exclusion (Opt Outs)**

21 1. Any member of the Class who wishes to be excluded from the Class must submit a
22 written Request for Exclusion no later than thirty (30) days after the date on which Class Notice is
23 mailed. Each written Request for Exclusion must state:

24 (a) The Class member's name;

25 (b) The Class member's address and telephone number (the address of an attorney alone is
26 not sufficient); and

27 (c) That the Class member wishes to be excluded from the Class and from participating in
28 the proposed Stipulation.

1 2. After completing a written Request for Exclusion, any Person wishing to be excluded
2 from the Class must also:

3 (a) Sign the Request for Exclusion;

4 (b) Return the Request for Exclusion to the designee of the Defendants at the address
5 specified in the Class Notice; and

6 (c) Return the Request for Exclusion so that it is postmarked no later than thirty (30) days
7 after which the date on which Class Notice is mailed.

8 3. Each member of the Class who timely submits a Request for Exclusion shall no longer
9 be a member of the Class, shall be barred from participation in this Stipulation, and shall receive no
10 benefits from this Stipulation. In no event shall the Representative Plaintiff be eligible to be excluded
11 from the Class.

12 4. Within five (5) business days after the last date on which members of the Class may
13 exclude themselves from the Class, the Defendants shall provide Class Counsel with written notice of
14 the total number of Persons who requested to exclude themselves from the Class.

15 5. Notwithstanding any other provision(s) of this Stipulation, the Defendants may
16 unilaterally withdraw from and terminate this Stipulation if the number of members of the Class who
17 request exclusion from the Class exceeds two hundred (200) Persons. In the event the Defendants
18 exercise that option, this Stipulation shall be of no force or effect whatsoever, all obligations
19 hereunder shall be null and void, and the parties shall be restored to their respective positions as if this
20 settlement had never existed.

21 6. Any notice of intent to withdraw and terminate this Stipulation must be made no later
22 than five (5) after the date Defendant provides written notice to Class Counsel of the number of
23 persons who have excluded themselves, as described in Section (V)(H)(4).

24 7. Except as required by law, the Representative Plaintiff and Class Counsel acknowledge
25 that it would be a conflict of interest for either or both of them to represent or to actively assist any
26 Person(s) who elect to exclude themselves from the Class in pursuing or considering the pursuit of any
27 claim, action or litigation against any of the Released Persons, that relates to the facts giving rise to
28 the Litigation, including but not limited to the alleged failure to staff the facilities in accordance with

1 state and federal regulations at a Facility, any allegedly deceptive advertising or other representation
2 concerning any Facility in any respect, and/or the information provided by any Facility to its
3 prospective or existing residents, whether such claims are known or unknown, suspected or
4 unsuspected.

5 **G. Releases**

6 1. As of the Effective Date, the Representative Plaintiff and each member of the Class
7 who has not validly excluded himself or herself from the Class pursuant to Section (V)(H) shall be
8 deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released,
9 relinquished, and discharged all Released Claims and Unknown Claims, as defined herein.

10 2. "Unknown Claims" means any claims which the Representative Plaintiff or a member
11 of the Class does not know or suspect to exist in his, her or its favor as of the Effective Date, which, if
12 known by him, her or it, might have affected his, her or its settlement with and release of the Released
13 Persons, or might have affected his, her or its decision not to object to this Stipulation, which claims
14 relate to the facts giving rise to the Litigation, including but not limited to the alleged failure to staff
15 the facilities in accordance with state and federal regulations at a Facility, any allegedly deceptive
16 advertising or other representation concerning any Facility in any respect, and/or the information
17 provided by any Facility to its prospective or existing residents, whether such claims are known or
18 unknown, suspected or unsuspected. Personal injury claims are excluded from this definition.

19 3. With respect to any and all Released Claims against the Released Persons, the Parties
20 stipulate and agree that, upon the Effective Date, the Representative Plaintiff shall expressly waive
21 and relinquish, and the other members of the Class shall be deemed to have, and by operation of the
22 Judgment shall have, expressly waived and relinquished, to the fullest extent permitted by law, (a) the
23 provisions, rights, and benefits conferred by Section 1542 of the California Civil Code, which
24 provides:

25 **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE**
26 **CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER**
27 **FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF**
28 **KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS**
SETTLEMENT WITH THE DEBTOR.

and (b) any law of any state or territory of the United States, Federal law or principle of common law,

1 or of international or foreign law, which is similar, comparable or equivalent to Section 1542 of the
2 California Civil Code, that relates to the facts giving rise to the Litigation, including but not limited to
3 the alleged failure to staff the facilities in accordance with state and federal regulations at a Facility,
4 any allegedly deceptive advertising or other representation concerning any Facility in any respect,
5 and/or the information provided by any Facility to its prospective or existing residents, whether such
6 claims are known or unknown, suspected or unsuspected.

7 4. The Representative Plaintiff and the members of the Class may hereafter discover facts
8 in addition to or different from those which they now know or believe to be true with respect to the
9 Released Claims, but the Settling Parties hereby stipulate and agree that upon the Effective Date, the
10 Representative Plaintiff fully, finally and forever settles and releases, and each other member of the
11 Class shall be deemed to, and by operation of the Judgment shall have, fully, finally, and forever
12 settled and released, any and all Released Claims against the Released Persons, including but not
13 limited to claims that are known or unknown, suspected or unsuspected, contingent or non-contingent,
14 whether or not concealed or hidden which now exist, or heretofore have existed, upon any theory of
15 law or equity now existing or coming into existence in the future, including, but not limited to,
16 conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule,
17 without regard to the subsequent discovery or existence of such different or additional facts that relate
18 to the facts giving rise to the Litigation, including but not limited to the alleged failure to staff the
19 facilities in accordance with state and federal regulations at a Facility, any allegedly deceptive
20 advertising or other representation concerning any Facility in any respect, and/ or the information
21 provided by any Facility to its prospective or existing residents, whether such claims are known or
22 unknown, suspected or unsuspected.

23 The Settling Parties acknowledge that they bargained for the foregoing waiver ^{Personal injury claims and actions based upon} ~~excluded from~~
^{violations of the Elder Abuse and Dependent Adult} ~~this definition.~~
^{Civil Protection Act (Welf. & Inst. Code §15500 et seq.) are specifically}

24 5. Upon the Effective Date, all members of the Class shall be bound by the releases set
25 forth in Section (V)(I) ¶¶ 1-4.

26 **H. Class Counsel's Attorneys' Fees and Costs**

27 Class Counsel intends to file an application for an award of attorneys' fees and costs in the
28 amount of Four Million Two Hundred Thousand Dollars (\$4,200,000) (the "Fee Application"). The

1 Defendants agree not to oppose an application for an award of attorneys' fees and costs that does not
2 exceed Four Million Two Hundred Thousand Dollars (\$4,200,000). Any fees and costs awarded by
3 the Court to Class Counsel shall be paid within fifteen (15) days after the Judgment becomes Final, as
4 defined herein and subject to the prior approval of the Court.

5 I. **Conditions of Settlement, Effect of Disapproval, Cancellation or**
6 **Termination**

7 1. The Effective Date of this Stipulation and settlement shall be the date of occurrence of
8 the last of the following events:

9 (a) The Court has entered the Preliminary Approval Order;

10 (b) The Court has entered the Judgment, or a judgment substantially in the form of

11 **Exhibit "D"**; and

12 (c) The Judgment has become Final, as defined herein.

13 2. If all of the conditions specified in Section (V)(I)(1) are not met, then the Stipulation
14 shall be canceled and terminated unless Class Counsel and Defendants mutually agree in writing to
15 proceed with the Stipulation.

16 3. In the event that this Stipulation is not approved by the Court or the settlement set forth
17 in the Stipulation is terminated or fails to become effective in accordance with its terms for whatever
18 reason, the Settling Parties shall be restored to their respective pre-settlement positions in the
19 Litigation. In such event, the terms and provisions of the Stipulation and any documents relating to it,
20 shall have no further force and effect with respect to the Settling Parties and shall not be used in this
21 Litigation or in any other proceeding for any purpose, and any Judgment or Order entered by the
22 Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*. And,
23 specifically the operative Complaint shall be deemed to be the First Amended Complaint and the filed
24 Second Amended Complaint would be stricken as having never been effectively filed.

25 J. **Intended Beneficiaries**

26 No provision of this Stipulation shall provide any rights to, or be enforceable by, any person or
27 entity that is not a member of the Class, a Released Person or counsel for the Representative Plaintiff
28 (solely with respect to fees and disbursements to be paid from the Settlement Amount pursuant to

1 Court order). No member of the Class may assign or otherwise convey any right to enforce any
2 provision of this Stipulation.

3 **K. No Conflict Intended**

4 Any inconsistency between this Stipulation and the other documents referenced herein shall be
5 resolved in favor of this Stipulation. The headings used in this Stipulation are intended for the
6 convenience of the reader only and shall not affect the meaning or interpretation of this Stipulation.

7 **L. No Party is the Drafter**

8 None of the parties hereto shall be considered to be the drafter of this Stipulation or any
9 provision hereof for the purpose of any statute, case law or rule of interpretation or construction that
10 would or might cause any provision to be construed against the drafter hereof.

11 **M. Miscellaneous Provisions**

12 1. The Settling Parties (a) acknowledge that it is their intent to consummate this
13 Stipulation; (b) agree to cooperate to the extent necessary to effectuate and implement all terms and
14 conditions of the Stipulation; (c) agree to exercise their best efforts to accomplish the foregoing terms
15 and conditions of the Stipulation; and (d) agree to recommend acceptance of the Stipulation by all
16 members of the Class.

17 2. The Settling Parties intend this Stipulation to be a final and complete resolution of all
18 disputes between them with respect to the Litigation. The Stipulation compromises claims that are
19 contested and shall not be deemed to be an admission by any Settling Party as to the merits of any
20 claim or defense.

21 3. Neither the Stipulation nor the settlement, nor any act performed or document executed
22 pursuant to or in furtherance of the Stipulation or the settlement: (i) is or may be deemed to be or may
23 be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing
24 or liability of any Defendant, or of the propriety of Class Counsel's maintaining this Litigation as a
25 class action; or (ii) is or may be deemed to be or may be used as an admission of, or evidence of, any
26 fault or omission of the Defendant in any civil, criminal, or administrative proceeding in any court,
27 administrative agency, or other tribunal, except that the Defendants may file the Stipulation of the
28 Judgment in any action that may be brought against it in order to support a defense or counterclaim

1 based on principles of res judicata, collateral estoppel, release, good faith settlement, judgment bar, or
2 reduction, or any other theory of claim preclusion or issue preclusion or similar defense or
3 counterclaim.

4 4. The Settling Parties agree, to the extent permitted by law, that all agreements made and
5 orders entered during the course of the Litigation relating to the confidentiality of information shall
6 survive this Stipulation. If any of the Settling Parties receives a valid discovery request, subpoena, or
7 other request from a legal proceeding (collectively "Request") seeking the production of such
8 agreements and other documents that have been deemed confidential, such party shall provide written
9 notice via facsimile to the other parties of such Request within two (2) business days of receiving such
10 request so that the other parties can seek an appropriate protective order before the material is
11 provided.

12 5. All of the Exhibits to the Stipulation are material and integral parts hereof and are fully
13 incorporated herein by this reference.

14 6. The Stipulation may be amended or modified only by a written instrument signed by
15 or on behalf of all Settling Parties or their respective successors-in-interest.

16 7. The Stipulation and the Exhibits attached hereto constitute the entire agreement among
17 the parties hereto, and no representations, warranties, or inducements have been made to any party
18 concerning the Stipulation or its Exhibits other than the representations, warranties, and covenants
19 contained and memorialized in such documents. Except as otherwise expressed provided in this
20 Stipulation, the Settling Parties will bear their own respective costs.

21 8. Class Counsel, on behalf of the Class, is expressly authorized by the Representative
22 Plaintiff to take all appropriate action required or permitted to be taken by the Class pursuant to the
23 Stipulation to effectuate its terms and also is expressly authorized to enter into any modifications or
24 amendments to the Stipulation, which are deemed appropriate, on behalf of the Class.

25 9. Each Person executing the Stipulation or any of its Exhibits on behalf of any party
26 hereto hereby warrants that such person has the full authority to do so.

27 10. The Stipulation may be executed in one or more counterparts. All executed
28 counterparts and each of them shall be deemed to be one and the same instrument. Counsel for the

1 9. Each Person executing the Stipulation or any of its Exhibits on behalf of any party
2 hereto hereby warrants that such person has the full authority to do so.

3 10. The Stipulation may be executed in one or more counterparts. All executed
4 counterparts and each of them shall be deemed to be one and the same instrument. Counsel for the
5 parties to the Stipulation shall exchange among themselves original signed counterparts and a
6 complete set of original executed counterparts shall be filed with the Court.

7 11. The Stipulation shall be binding upon, and inure to the benefit of, the successors and
8 assigns of the parties hereto.

9 12. The Court shall retain jurisdiction to enforce the terms of the Stipulation, including the
10 releases of the Released Persons set forth herein, and all parties hereto submit to the jurisdiction of the
11 Court for purposes of implementing and enforcing the settlement embodied in the Stipulation.

12 13. The Stipulation and the Exhibits hereto shall be considered to have been negotiated,
13 executed, and delivered, and to be wholly performed, in the State of California, and the rights and
14 obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and
15 governed by, the internal, substantive laws of the State of California without giving effect to that
16 State's choice of law principles.

17 **N. PUBLICITY**

18 1. Class Counsel and the Representative Plaintiff agree that they will not issue any press
19 release regarding this case or the settlement thereof to the press or other media organization prior to
20 the Final Approval of Settlement. Class Counsel and the Representative Plaintiff further agree that
21 they will not voluntarily discuss this case with any member of the press or media prior to the Final
22 Approval of Settlement.

23 IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed by
24 their duly authorized representatives.

25 **DEFENDANTS**

26 Dated: _____, 2012

By:
Country Villa Service Corporation ("CVSC")

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 28 Dated: _____, 2012

By: *Maria Lussman*
 Country Villa Westwood, LP

By: *Maria Lussman*
 Country Villa Westwood Convalescent Center

By: *Maria Lussman*
 Country Villa Westwood Single Purpose Entity, LLC

By: _____
 AG San Gabriel, LLC

By: _____
 AG Arcadia, LLC

By: _____
 AG LA MESA, LLC

By: _____
 AG Laguna Hills, LLC

By: _____
 AG Lynwood, LLC

By: _____
 AG Monrovia, LLC

By: _____
 AG Murrieta SNF, LLC



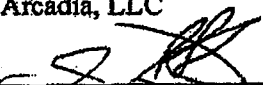
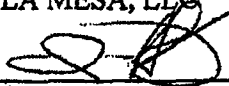
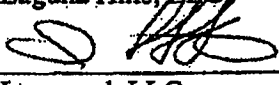
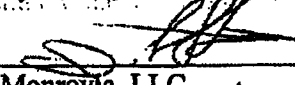



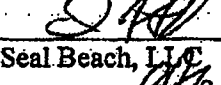

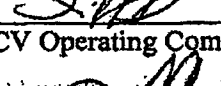
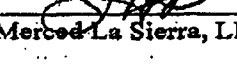
By: _____
 AG Rancho Mirage, LLC

By: _____
 AG Redlands, LLC

By: _____
 AG Seal Beach, LLC

By: _____
 AG West Covina, LLC


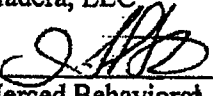
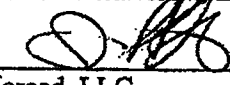
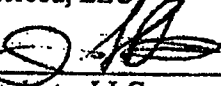

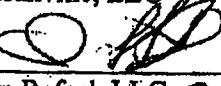
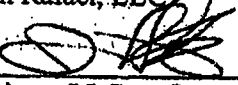


By: _____
 BVCV Operating Company, LLC

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2	Dated: _____, 2012	By: _____ Country Villa Westwood Convalescent Center
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4	Dated: _____, 2012	By: _____ Country Villa Westwood Single Purpose Entity, LLC
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7	Dated: _____, 2012	By:  AG San Gabriel, LLC
8	Dated: _____, 2012	By:  AG Arcadia, LLC
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10	Dated: _____, 2012	By:  AG LA MESA, LLC
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17	Dated: _____, 2012	By:  AG Murrieta SNE, LLC
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19	Dated: _____, 2012	By:  AG Rancho Mirage, LLC
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24	Dated: _____, 2012	By:  AG West Covina, LLC
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26	Dated: _____, 2012	By:  BVCV Operating Company, LLC
27	Dated: _____, 2012	By:  CF Merced La Sierra, LLC
28	Dated: _____, 2012	

STIPULATION OF SETTLEMENT

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By: 
CF Madera, LLC
By: 
CF Merced Behavioral, LLC
By: 
CF Merced, LLC
By: 
CF Modesto, LLC
By: 
CF Susanville, LLC
By: 
CF San Rafael, LLC
By: 
CF Quincy, LLC
By: 
CF Watsonville East, LLC
By: 
CF Watsonville West, LLC
By: _____
Country Villa South Bay, LLC
By: _____
Country Villa Claremont Healthcare Center, Inc.
By: _____
Country Villa East L.P.
By: _____
Country Villa Imperial LLC
By: _____
Country Villa Novato Healthcare Center, LLC
By: _____
Country Villa Pomona Healthcare Center, LLC

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By: _____
 CF Merced La Sierra, LLC
 By: _____
 CF Madera, LLC
 By: _____
 CF Merced Behavioral, LLC
 By: _____
 CF Merced, LLC
 By: _____
 CF Modesto, LLC
 By: _____
 CF Susanville, LLC
 By: _____
 CF San Rafael, LLC
 By: _____
 CF Quincy, LLC
 By: _____
 CF Watsonville East, LLC
 By: _____
 CF Watsonville West, LLC
 By: *Maureen Kussman*
 Country Villa South Bay, LLC
 By: *Maureen Kussman*
 Country Villa Claremont Healthcare Center, Inc.
 By: *Maureen Kussman*
 Country Villa East L.P.
 By: *Maureen Kussman*
 Country Villa Imperial LLC
 By: *Maureen Kussman*
 Country Villa Novato Healthcare Center, LLC
 By: *Maureen Kussman*
 Country Villa Pomona Healthcare Center, LLC


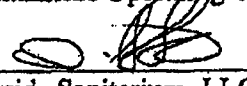
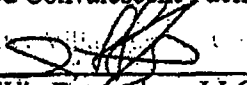

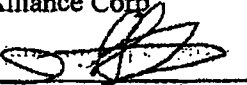

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By: *John P. Rossini*
Country Villa Plaza Ltd
By: *John P. Rossini*
Country Villa Nursing Center, Inc.
By: _____
Glendale CV Operating Company, LLC
By: *John P. Rossini*
Mountainside Operating Company, LLC
By: _____
Riverside Sanitarium, LLC
By: *John P. Rossini*
RRT Enterprises L.P.
By: _____
United Convalescent Facilities, Inc.
By: _____
Win Win Enterprises, LLC
By: _____
BH Alliance Corp
By: _____
AG Facilities Operations, LLC
By: _____
Crescent Facilities Operations, LLC
By: _____
Jenmax Enterprises, LLC
By: _____
Wheaten, LLC
By: _____
Bering Properties, L.P.
By: *John P. Rossini*
SR & DR Operating Company, LLC

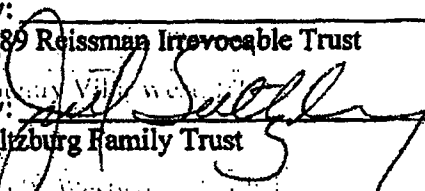
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5	Dated: _____, 2012	By: _____ Glendale CV Operating Company, LLC
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7	Dated: _____, 2012	By: _____ Mountainside Operating Company, LLC
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9	Dated: _____, 2012	By: _____ Riverside Sanitarium, LLC
10		
11	Dated: _____, 2012	By: _____ RRT Enterprises L.P.
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13	Dated: _____, 2012	By: _____ United Convalescent Facilities, Inc.
14		
15	Dated: _____, 2012	By: _____ Win Win Enterprises, LLC
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17	Dated: _____, 2012	By: _____ AG Facilities Operations, LLC
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19	Dated: _____, 2012	By: _____ Crescent Facilities Operations, LLC
20		
21	Dated: _____, 2012	By: _____ Jenmax Enterprises, LLC
22		
23	Dated: _____, 2012	By: _____
24		
25	Dated: _____, 2012	By: _____ SR & DR Operating Company, LLC
26		
27	Dated: _____, 2012	By: _____ 340 South Alvarado, Inc.
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STIPULATION OF SETTLEMENT

1	Dated: _____, 2012	By: _____ Country Villa Plaza Ltd
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4	Dated: _____, 2012	By:  Glendale CV Operating Company, LLC
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6	Dated: _____, 2012	By: _____ Mountainside Operating Company, LLC
7		
8	Dated: _____, 2012	By:  Riverside Sanitarium, LLC
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10	Dated: _____, 2012	By: _____ RRT Enterprises L.P.
11	Dated: _____, 2012	By: _____ United Convalescent Facilities, Inc.
12	_____ 2012	
13	Dated: _____, 2012	By:  Win Win Enterprises, LLC
14		
15	Dated: _____, 2012	By:  BH Alliance Corp
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18	Dated: _____, 2012	By:  Crescent Facilities Operations, LLC
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20	Dated: _____, 2012	By: _____ Jenmax Enterprises, LLC
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22	Dated: _____, 2012	By: _____ United Convalescent Facilities, Inc.
23	Dated: _____, 2012	By: _____ Win Win Enterprises, LLC
24	Dated: _____, 2012	By: _____ , L.P.
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By: *Diane Reissman*
 340 South Alvarado, Inc
 By: *Diane Reissman*
 Country Villa West, LTD
 By: *Diane Reissman*
 CV Westwood Single Purpose Entity, LLC
 By: *Diane Reissman*
 Reissman Family Trust
 By: _____
 Saltzburg Family Trust
 By: *Michael Torgan*
 Torgan Family Trust
 By: *Diane Reissman*
 1989 Reissman Irrevocable Trust
 By: _____
 Saltzburg Family Trust
 By: _____
 Eddie Rowles
 By: *Diane Reissman*
 Diane Reissman
 By: *Stephen Reissman*
 Stephen Reissman
 By: *Michael Torgan*
 Michael Torgan

1	Dated: _____, 2012	By: _____ 340 South Alvarado, Inc.
2		
3	Dated: _____, 2012	By: _____ Country Villa West, LTD
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5	Dated: _____, 2012	By: _____ CV Westwood Single Purpose Entity, LLC
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7	Dated: _____, 2012	By: _____ Reissman Family Trust
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9	Dated: _____, 2012	By: _____ Saltzburg Family Trust
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11	Dated: _____, 2012	By: _____ 1989 Reissman Irrevocable Trust
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13	Dated: _____, 2012	By:  Saltzburg Family Trust
14		
15	Dated: _____, 2012	By: _____ Eddie Rowles
16		
17	Dated: _____, 2012	By: _____ Diane Reissman
18		
19	Dated: _____, 2012	By: _____ Saltzburg Family Trust
20		
21	Dated: _____, 2012	By: _____ Stephen Reissman
22		
23	Dated: _____, 2012	By: _____ Michael Torgan
24		
25	Dated: _____, 2012	By: _____ Diane Reissman
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27	Dated: _____, 2012	By: _____ Stephen Reissman
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STIPULATION OF SETTLEMENT

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 27
 28

By: _____
 340 South Alvarado, Inc.
 By: _____
 Country Villa West, LTD
 By: _____
 CV Westwood Single Purpose Entity, LLC
 By: _____
 Reissman Family Trust
 By: *[Signature]*
 Saltzburg Family Trust
 By: _____
 Torgan Family Trust
 By: _____
 340 South Alvarado, Inc.
 By: _____
 1989 Reissman Irrevocable Trust
 By: *[Signature]*
 Saltzburg Family Trust
 By: _____
 CV Westwood Single Purpose Entity, LLC
 Eddie Rowles
 By: _____
 Reissman Family Trust
 Diane Reissman
 By: _____
 Stephen Reissman
 By: _____
 Torgan Family Trust
 Michael Torgan
 By: _____
 1989 Reissman Irrevocable Trust
 By: _____
 Eddie Rowles
 By: _____
 Diane Reissman

Foot

STIPULATION OF SETTLEMENT

By: _____
 Michael Torgan

1 **PLAINTIFFS AND THE PUTATIVE CLASS**

2 Sara Pakdaman, on behalf of herself and on behalf of others similarly situated and by and through her
3 successors interest, namely Shahin Pakdaman, Sean Pakdaman, Homer Pakdaman, sharokh
4 Pakdaman, Amanda Vassigh and Dorinda Vassigh

5 Dated: _____, 2012 By: _____
6 Sean Pakdaman

7 Dated: _____, 2012 By: _____
8 Shahin Pakdaman

9 Dated: _____, 2012 By: _____
10 Homer Pakdaman

11 Dated: _____, 2012 By: _____
12 Sharokh Pakdaman

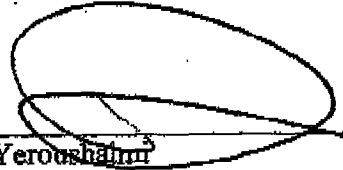
13 Dated: _____, 2012 By: _____
14 Amanda Vassigh

15 Dated: _____, 2012 By: _____
16 Dorinda Vassigh

17 **APPROVED AS TO FORM:**

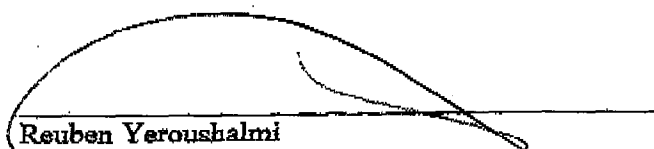
18 DATED: _____, 2012

LAW OFFICES OF BEN YERUSHALMI

19
20 By: 
21 Ben Yeroushalmi
22 Attorneys for Plaintiffs

23 DATED: _____, 2012

YERUSHALMI & ASSOCIATES


24
25 By: 
26 Reuben Yeroushalmi
27 Attorneys for Plaintiffs

28

1 **PLAINTIFFS AND THE PUTATIVE CLASS**

2 Sara Pakdaman, on behalf of herself and on behalf of others similarly situated and by and through her
3 successors interest, namely Shahin Pakdaman, Sean Pakdaman, Homer Pakdaman, sharokh
4 Pakdaman, Amanda Vassigh and Dorinda Vassigh

5 Dated: _____, 2012

By: 
Sean Pakdaman

7 Dated: _____, 2012

By: _____
Shahin Pakdaman

9 Dated: _____, 2012

By: _____
Homer Pakdaman

10 Dated: _____, 2012

By: _____
Sharokh Pakdaman

12 Dated: _____, 2012

By: _____
Amanda Vassigh

14 Dated: _____, 2012

By: _____
Dorinda Vassigh

16 **APPROVED AS TO FORM:**

17 DATED: _____, 2012

LAW OFFICES OF BEN YERUSHALMI

20 By: _____
21 Ben Yeroushalmi
22 Attorneys for Plaintiffs

23 DATED: _____, 2012

YERUSHALMI & ASSOCIATES

26 By: _____
27 Reuben Yeroushalmi
28 Attorneys for Plaintiffs

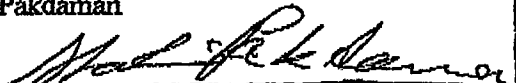
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Sean Pakdaman

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Shahin Pakdaman

9 Dated: _____, 2012

By: 
Homer Pakdaman

10

11 Dated: _____, 2012

By: _____
Sharokh Pakdaman

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13 Dated: _____, 2012

By: _____
Amanda Vassigh

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15 Dated: _____, 2012

By: _____
Dorinda Vassigh

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17 **APPROVED AS TO FORM:**

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18 DATED: _____, 2012

LAW OFFICES OF BEN YERUSHALMI

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By: _____
Ben Yeroushalmi
Attorneys for Plaintiffs

21

22

23

24 DATED: _____, 2012

YERUSHALMI & ASSOCIATES

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By: _____
Reuben Yeroushalmi
Attorneys for Plaintiffs

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1 **PLAINTIFFS AND THE PUTATIVE CLASS**

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4 Pakdaman, Amanda Vassigh and Dorinda Vassigh

5 Dated: _____, 2012 By: _____
6 Sean Pakdaman

7 Dated: _____, 2012 By: _____
8 Shahin Pakdaman

9 Dated: _____, 2012 By: _____
10 Homer Pakdaman

11 Dated: _____, 2012 By: _____
12 Sharokh Pakdaman **SHAHROKH PAKDAMAN**

13 Dated: _____, 2012 By: _____
14 Amanda Vassigh

15 Dated: _____, 2012 By: _____
16 Dorinda Vassigh

17 **APPROVED AS TO FORM:**

18 DATED: _____, 2012

LAW OFFICES OF BEN YERUSHALMI

21 By: _____
22 Ben Yerushalmi
23 Attorneys for Plaintiffs

24 DATED: _____, 2012

YERUSHALMI & ASSOCIATES

26 By: _____
27 Reuben Yerushalmi
28 Attorneys for Plaintiffs

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4 Pakdaman, Amanda Vassigh and Dorinda Vassigh

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By: _____
Sean Pakdaman

7 Dated: _____, 2012

By: _____
Shahin Pakdaman

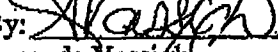
9 Dated: _____, 2012

By: _____
Homer Pakdaman

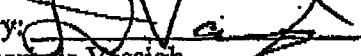
11 Dated: _____, 2012

By: _____
Sharokh Pakdaman

13 Dated: _____, 2012

By: 
Amanda Vassigh

15 Dated: _____, 2012

By: 
Dorinda Vassigh

16 **APPROVED AS TO FORM:**

17 DATED: _____, 2012

LAW OFFICES OF BEN YERUSHALMI

By: _____
Ben Yeroushalmi
Attorneys for Plaintiffs

23 DATED: _____, 2012

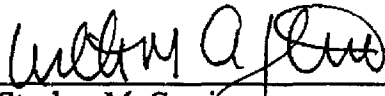
YERUSHALMI & ASSOCIATES

By: _____
Reuben Yeroushalmi
Attorneys for Plaintiffs

1 DATED: Sept. 7, 2012

GARCIA, ARTIGLIERE & SCHADRACK

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By: 
w/ Stephen M. Garcia
Attorneys for Defendants

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EXHIBIT "A"

CLAIM FORM

IMPORTANT: To qualify for compensation as part of the settlement, you must sign the following Claim Form or a document containing the information in this Claim Form under penalty of perjury.

You may file only one Claim Form. You must select and fill in one of the following two (2) Options.

If at some time during the Class Period you lived in one of the Facilities listed in this Notice, or, if you are the Successor in Interest for a deceased former resident of one of the Facilities during the Class Period, please complete either Option (1) or Option (2):

Option (1) – PLEASE PLACE A CHECK IN THE BOX IF YOU WERE OR ARE A RESIDENT OF ONE OF THE 45 FACILITIES LISTED IN THE NOTICE

At some time during the period of April 1, 2006 to the present, I resided in one of the 45 Facilities listed in this Notice. I was a resident of _____ (name of facility).

Option (2) – PLEASE PLACE A CHECK IN THE BOX IF YOU ARE A SUCCESSOR IN INTEREST TO A DECEASED FORMER RESIDENT OF ONE OF THE 45 FACILITIES

I am the Successor in Interest to a deceased individual who at some time during the period of April 1, 2006 to the present, resided in one the Facilities listed in this Notice. He/She was a resident of _____ (name of facility).

Regardless of which of the foregoing two Options you selected, the following applies to you:

I realize that by reason of the Settlement described herein, I shall be deemed to have fully, finally, and forever released, relinquished and discharged Defendants and certain of their affiliated entities and persons from any and all claims which were made in the action entitled *Sean Pakdaman, et al., v. Country Villa Westwood, et al.*, Case No. BC410892, pending in Los Angeles Superior Court, and that relate to or arise out of all claims of alleged violations by Defendants under: (1) California Health & Safety Code § 1430(b) based on alleged violations of Health & Safety Code sections 1276.5 or 1599.1(a); (2) the Consumer Legal Remedies Act; and (3) California Business and Professions code sections 17200 et seq and 17500 et seq, including claims for unfair, unlawful, or

1 fraudulent business act or practice and unfair, deceptive untrue or misleading advertising, or any
2 allegations that Defendants engaged in understaffing in violation of state and federal regulations,
3 whether such claims be known or unknown, as described more fully in the Stipulation. This does not
4 include personal injury claims. Claims for personal injuries (if any) have been specifically excluded
5 from the Released Claims, and, as such, are not being released as part of the Settlement.

6 I understand that this claim form is being submitted in a proceeding before the Superior Court
7 of the State of California, County of Los Angeles. I further affirm that the information contained in
8 this form is true and correct, and make the representations contained herein under penalty of perjury.

9 _____
10 Name of Resident

11 _____
12 Signature of Resident or Responsible Party

13 _____
14 Street Address

15 _____
16 City, State and Zip Code

17 **IMPORTANT: To have your claim considered, you must mail this form, or a document**
18 **containing the information requested in this form and your affirmation of that information**
19 **executed under penalty of perjury, to _____ . Your claim must be postmarked on or before**
20 **_____ 2012 (no later than 30 days from the mailing of the notice).**

21 PLEASE DO NOT TELEPHONE THE CLERK OF THE COURT

22 Dated: _____

23 BY ORDER OF THE SUPERIOR COURT
24 STATE OF CALIFORNIA
25 COUNTY OF OS ANGELES

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EXHIBIT "B"

Regardless of which of the foregoing two Options you selected, the following applies to you:

I realize that by reason of the Settlement described herein, I shall be deemed to have fully, finally, and forever released, relinquished and discharged Defendants and certain of their affiliated entities and persons from any and all claims which were made in the action entitled *Sean Pakdaman, et al., v. Country Villa Westwood, et al.*, Case No. BC410892, pending in Los Angeles Superior Court, and that relate to or arise out of all claims of alleged violations by Defendants under: (1) California Health & Safety Code § 1430(b) based on alleged California Business and Professions code sections 17200 et seq and 17500 et seq, including claims for unfair, unlawful, or fraudulent business act or practice and unfair, deceptive untrue or misleading advertising, or any allegations that Defendants engaged in understaffing in violation of state and federal regulations, whether such claims be known or unknown, as described more fully in the Stipulation. This does not include personal injury claims. Claims for personal injuries (if any) have been specifically excluded from the Released Claims, and, as such, are not being released as part of the Settlement.

I understand that this claim form is being submitted in a proceeding before the Superior Court of the State of California, County of Los Angeles. I further affirm that the information contained in this form is true and correct, and make the representations contained herein under penalty of perjury.

Name of Resident _____

Signature of Resident or Responsible Party _____

Street Address _____

City, State and Zip Code _____

IMPORTANT: To have your claim considered, you must mail this form, or a document containing the information requested in this form and your affirmation of that information executed under penalty of perjury, to _____, c/o Gilardi & Co. LLC, P.O. Box 8060, San Rafael, CA 94912-8060. Your claim must be postmarked on or before _____, 2012 (no later than 30 days from the mailing of the notice).

PLEASE DO NOT TELEPHONE THE CLERK OF THE COURT

Dated: _____
BY ORDER OF THE SUPERIOR COURT
STATE OF CALIFORNIA
COUNTY OF OS ANGELES

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

This Notice pertains to the settlement ("Class Action Settlement") of a class action lawsuit entitled *Sean Pakdaman, et al., v. Country Villa Westwood, et al.*, Los Angeles Superior Court Case No. BC410892 (the "Lawsuit"). The Class Action Settlement applies to the following nursing home facilities:

- (1) COUNTRY VILLA BAY VISTA HEALTH CARE CENTER; (2) COUNTRY VILLA BELMONT HEIGHTS HEALTHCARE CENTER; (3) COUNTRY VILLA BROADWAY HEALTH CARE CENTER; (4) COUNTRY VILLA CLAREMONT HEALTHCARE CENTER; (5) COUNTRY VILLA EAST NURSING CENTER; (6) COUNTRY VILLA GLENDALE HEALTHCARE CENTER; (7) COUNTRY VILLA HACIENDA HEALTHCARE CENTER; (8) COUNTRY VILLA HUNTINGTONDRIVEHEALTHCARE CENTER; (9) COUNTRY VILLA LA MESA HEALTHCARE CENTER; (10) COUNTRY VILLA LA SIERRA CARE CENTER; (11) COUNTRY VILLA LAGUNA HILLS HEALTHCARE CENTER; (12) COUNTRY VILLA LOS FELIZ NURSING CENTER; (13) COUNTRY VILLA LYNNWOOD HEALTHCARE CENTER; (14) COUNTRY VILLA MADERA REHABILITATION & NURSING CENTER; (15) COUNTRY VILLA MAPLE HEALTHCARE CENTER; (16) COUNTRY VILLA MAR VISTA NURSING CENTER; (17) COUNTRY VILLA MERCED BEHAVIORAL HEALTHCARE CENTER; (18) COUNTRY VILLA MERCED NURSING & REHABILITATION CENTER; (19) COUNTRY VILLA MODESTO NURSING & REHABILITATION CENTER; (20) COUNTRY VILLA MONROVIA HEALTHCARE CENTER; (21) COUNTRY VILLA MONTE VISTA HEALTHCARE CENTER; (22) COUNTRY VILLA MURRIETA HEALTHCARE CENTER; (23) COUNTRY VILLA NORTH CONVALESCENT CENTER; (24) COUNTRY VILLA NOVATO HEALTHCARE CENTER; (25) COUNTRY VILLA PARKA VENUE NURSING AND HEALTH CENTER; (26) COUNTRY VILLAP A VILION NURSING CENTER; (27) COUNTRY VILLA PLAZA CONY ALESCENT CENTER; (28) COUNTRY VILLA QUINCY HEALTHCARE CENTER; (29) COUNTRY VILLA RANCHO MIRAGE HEALTHCARE CENTER; (30) COUNTRY VILLA REDLANDS HEALTH CARE CENTER; (31) COUNTRY VILLA REHABILITATION CENTER; (32) COUNTRY VILLA RIVERSIDE HEALTHCARE CENTER; (33) COUNTRY VILLA RIVERVIEW REHABILITATION & HEALTH CARE CENTER; (34) COUNTRY VILLA SAN RAFAEL HEALTHCARE CENTER; (35) COUNTRY VILLA SEAL BEACH HEALTH CARE CENTER; (36) COUNTRY VILLA SHERATON NURSING AND REHAB. CENTER; (37) COUNTRY VILLA SOUTH CONVALESCENT CENTER; (38) COUNTRY VILLA TERRACENURSING CENTER; (39) COUNTRY VILLA UNIVERSITY PARK HEALTHCARE CENTER; (40) COUNTRY VILLA WATSONVILLE EAST NURSING CENTER; (41) COUNTRY VILLA WATSONVILLE WEST NURSING & REHAB CENTER; (42) COUNTRY VILLA WEST COVINA HEALTHCARE CENTER; (43) COUNTRY VILLA WESTWOODCVLTCENTER; (44) COUNTRY VILLA WILSHIRE CONVALESCENT CENTER; and (45) COUNTRY VILLA WOODMAN HEALTHCARE CENTER (the "Facilities") and their affiliated owners and companies, Country Villa Service Corporation ("CVSC"); Country Villa Westwood, LP; Country Villa Westwood Convalescent Center, Country Villa Westwood Single Purpose Entity, LLC, AG San Gabriel, LLC, AG Arcadia, LLC, AG LA MESA, LLC, AG Laguna Hills, LLC, AG Lynwood, LLC, AG Monrovia, LLC, AG MURRIETA SNF, LLC, AG Rancho Mirage, Merced La Sierra, LLC, CF Seal Beach, LLC, AG West Covina, LLC, BVCV Operating Company, LLC, CF Merced La Sierra, LLC, CF Madera, LLC, CF Merced Behavioral, LLC, CF Merced, LLC, CF Modesto, LLC, CF Susanville, LLC; CF San Rafael, LLC; CF Quincy, LLC; CF Watsonville East, LLC; CF Watsonville West, LLC; Country Villa South Bay, LLC; Country Villa Claremont Healthcare Center, Inc.; Country Villa East L.P.; Country Villa Imperial LLC; Country Villa Novato Healthcare Center, Inc.; Country Villa Pomona Healthcare Center, LLC; Country Villa Plaza Ltd Country Villa Nursing Center, Inc.; Glendale CV Operating Company, LLC; Mountanside Operating Company, LLC; Riverside Sanitarium, LLC; RRT Enterprises L.P.; United Convalescent Facilities, Inc. Win Win Enterprises, LLC; BH Alliance Corp, AG Facilities Operations, LLC, Crested Facilities Operations, LLC, Jenmax Enterprises, LLC, SR & DR Operating Company, LLC; 340 South Alvarado, Inc.; Country Villa West, LTD; CV Westwood Single Purpose Entity, LLC; Reissman Family Trust; Saltzburg Family Trust; Torgan Family Trust; 1989 Reissman Irrevocable Trust; and Saltzburg Family Trust (together with the Facilities, "Defendants").

The Los Angeles Superior Court (the "Court") has ordered that notice be given of the proposed Class Action Settlement in the Lawsuit. If the proposed Class Action Settlement is approved by the Court, ***your legal rights may be affected.*** This Notice of Proposed Class Action Settlement summarizes the Class Action lawsuit and the settlement, and ***what you need to do if you want to file a claim, opt out of the class, or object to the settlement.***

Sean Pakdaman, et al., v. Country Villa Westwood, et al.,
Case No. BC410892

CLAIM FORM

Barcode BarDisplay
FName LName
Addr1 Addr2
City, St Zip-Zip4

Name / Mailing Address Changes:

IMPORTANT: To qualify for compensation as part of the settlement, you must sign the following Claim Form or a document containing the information in this Claim Form under penalty of perjury.

You may file only one Claim Form. You must select and fill in one of the following two (2) Options. If at some time during the Class Period you lived in one of the Facilities listed in this Notice, or, if you are the Successor in Interest for a deceased former resident of one of the Facilities during the Class Period, please complete either Option (1) or Option (2):

Option (1) – PLEASE PLACE A CHECK IN THE BOX IF YOU WERE OR ARE A RESIDENT OF ONE OF THE 45 FACILITIES LISTED IN THE NOTICE

At some time during the period of April 1, 2006 to the present, I resided in one of the 45 Facilities listed in this Notice.

I was a resident of _____ (name of facility).

Option (2) – PLEASE PLACE A CHECK IN THE BOX IF YOU ARE A SUCCESSOR IN INTEREST TO A DECEASED FORMER RESIDENT OF ONE OF THE 45 FACILITIES

I am the Successor in Interest to a deceased individual who at some time during the period of April 1, 2006 to the present, resided in one of the Facilities listed in this Notice.

He/She was a resident of _____ (name of facility).

The Lawsuit includes: (1) personal injury and wrongful death claims on behalf of the Representative Plaintiff and her surviving family members (“Individual Personal Injury Allegations”), and (2) Class Allegations on behalf of the Class (“Class Allegations”). The Parties have reached an agreement to settle both the Individual Personal Injury Allegations as well as the Class Allegations, subject to the Court’s approval.

The damages sought for the estate of the Representative Plaintiff and her successors in interest through the Individual Personal Injury Allegations are separate and apart from damages sought for the Class under the Class Allegations, the latter of which seeks relief on behalf of the entire Class of persons who resided in one of the Defendants’ Facilities during the Class Period. The Individual Personal Injury Allegations include allegations of Elder Abuse and Neglect, Negligence, Willful Misconduct, Constructive Fraud, Fraud by Misrepresentation, and Wrongful Death. The relief recovered by the Representative Plaintiff for the settlement of the Individual Personal Injury Allegations do not affect the relief recovered by the Class Members under the Settlement of the Class Allegations.

The damages sought for the Class under the Class Allegations seek relief on behalf of the entire Class of persons who resided in one of the Defendants’ Facilities during the Class Period. Under the Class Allegations, the Representative Plaintiff alleges that the Defendants violated the California Consumer Legal Remedies Act (Civil Code section 1770 et seq); the Unfair, Unlawful and Fraudulent Business Practices Act (Business and Professions Code section 17200 et seq); the False Advertising Act (Business and Professions Code section 17500 et seq); and Health & Safety Code section 1430(b) by allegedly (1) failing to meet California’s minimum staffing requirements, (2) failing to employ an adequate number of qualified employees to carry out all facility functions at the Facilities operated by the Defendants during the Class Period, and (3) engaging in false, deceptive and misleading advertising regarding the quality of care provide at the Facilities during the Class Period. The Defendants have denied, and continue to deny, any wrongdoing, as alleged in the Complaint or at all. The Court has made no determination about the merits of Plaintiff’s claims or Defendants’ defenses.

CLASS PERIOD

The parties have agreed (subject to Final Approval by the Court) that the Litigation may be maintained on behalf of the following Class of persons:

1) **All persons who resided in any Facility owned or operated by one or more of the Defendants from April 1, 2006 through and including the date of Final Approval (“Class Period”).**

Excluded from the class are any of the Defendants’ officers, directors and employees; legal representatives, successors, and assigns; any entity in which one or more of the Defendants has a controlling interest; any judge to whom the Litigation is assigned and all members of his or her immediate family; and all persons who **timely and validly request exclusion** from the Class.

KEY SETTLEMENT TERMS: WHAT THIS MEANS FOR CLASS MEMBERS

The parties have negotiated a proposed settlement, the terms of which are set forth in the Class Action Settlement (“Settlement”), which is subject to Court approval. The complete Settlement Agreement for the Lawsuit can be obtained at WWW.YEROSHAI.LAW.COM. Here are the key terms of the Settlement:

1) **Injunction**

Pursuant to a Court-ordered injunction, the terms of which were negotiated by the parties to the Settlement, **Defendants will ensure that nurse staffing levels at all of the facilities exceed the minimum staffing requirements under California law.** According to Health & Safety code section 1276.5, skilled nursing facilities operating in California, are required to provide a minimum nursing staff-to-resident ratio of 3.2 Nursing Hours Per Patient Per Day (“NHPPD”). **Through the instant Settlement, the defendants are agreeing to provide a minimum nursing staff-to-patient ratio of 3.4 NHPPD, which is above and beyond the minimum staffing requirements under California law, at all of the skilled nursing facilities identified above, except Country Villa Merced Behavioral Healthcare Center and Country Villa Riverside Healthcare Center.** Through the instant settlement and injunction, Country Villa Merced Behavioral Healthcare Center and Country Villa Riverside Healthcare

FINAL APPROVAL HEARING

On March 7, 2012, at 9 am, the Honorable Jane Johnson will hold a hearing in Department 308 of the Superior Court of the State of California for the County of Los Angeles, located at 600 South Commonwealth Ave., Los Angeles, CA 90005, to determine whether the proposed settlement is fair, adequate and reasonable and should be approved. The hearing may be continued or rescheduled by the Court without further notice. The Court may enter its order at the hearing, or it may consider the matter further and enter its order after the hearing. If the Court approves the proposed settlement, it will enter a judgment that will dismiss the Litigation as to all Class Members, except those Class Members who request to be excluded from the Settlement. All people who meet the Class Definition and do not validly and timely request exclusion from the Class will be forever barred from prosecuting their own lawsuits relating to the conduct alleged in the operative complaint, and they and their heirs, executors, administrators, and representatives shall be deemed to have fully released and forever discharged such claims against Defendants and related persons and entities that in any way relate to the matters alleged in the Litigation. Personal injury claims are excluded from this definition.

Center, which are facilities that provide care to mentally disordered patients, will agree to be bound, subject to inspections to ensure compliance, with all laws, rules, and regulations pertaining to such facilities, including but not limited to 22 CCR section 72329.1 (5)(1), and California Health & Safety Code section 1276.9. The injunction shall become effective on the Effective Date of the Settlement, if it occurs, and remain in place thereafter for at least 48 months. This injunction, negotiated by the Class Representative and Class Counsel, confers a significant benefit on the Class Members still residing in the Facilities, and has an estimated beneficial value to the class of \$30,822,152 in terms of extra staffing costs required to employ nursing staff above and beyond the state mandated minimum. The Defendants have agreed to audits at 5 Facilities to be chosen at random by an independent monitor to be selected by Class Counsel every six months and to be paid for by the Defendants. The Independent monitor will audit the staffing levels of 5 randomly selected Facilities every six months for a period of four years - to ensure compliance with this Injunction. Should the monitor find substantial violations of the Injunction to be issued by the Court, there will be corrective action and there may be penalties imposed. The Court will retain jurisdiction to monitor and enforce the injunction.

2.) Cash Payments to Eligible Class Members

As part of the Settlement, Defendants have agreed to pay Class members' claims up to \$3,125,000. In the event that the total claims submitted exceed \$3,125,000, the claims of each class member shall be pro-rated. The amount of \$3,125,000, which is subject to Court approval, will benefit the Class as follows:

a) Payments to Current and Former Living Residents of Defendants' Facilities

- All persons who resided in (or continue to reside in) the *Defendants' Facilities* from April 1, 2006 through the date of the Final Approval, are entitled to receive **\$130**.
- For those residents currently residing in any Defendant Facility bound by the Settlement Agreement, each such Settlement Class Member's account with the Facility shall receive a *credit* in the amount of **\$130** without the need for any "opt in" procedure as described in the Notice.

b) Payments to Family Members of Deceased Former Residents (Survivors)

The Successor in Interest of a deceased resident who resided in Defendants' Facilities from April 1, 2006 to the date of the Final Approval, is entitled to receive **\$55 *IF they "opt" in***

c.) Cy Pres Fund

In the event that total payments to Class Claimants are less than \$3,125,000, any unpaid amount ("Unused Funds") will not remit to Defendants, but shall be distributed for the benefit of the Class as follows: **\$180,000** of the Unused Funds shall be donated by Defendants, by way of an award in the nature of Cy Pres to one or more charitable or non-profit organizations which serve a purpose that has a nexus with the underlying causes of action in this Litigation (the "Proposed Cy Pres Recipients"). The Proposed Cy Pres Recipients shall be selected by Class Counsel, subject to the agreement of Defendants and Final Approval of the Court. The proposed Cy Pres Recipients will use the funds for the benefit of the greater elderly population in California, and on programs and benefits with a nexus to the underlying causes of action to this lawsuit. Any portions of the Unused Funds which may still remain after Cy Pres donations are made shall be used by Defendants for the benefit of the Class through extra daily activities for residents of all Facilities. These funds are to be expended by Defendants over the period of two years after the Judgment becomes Final.

3.) Attorneys Fees and Litigation Costs

As approved by the Court, two law firms served as "Class Counsel" throughout the Lawsuit on behalf of the Class: the Law Offices of BenYeroushalmi, and Yeroushalmi & Associates. Class counsel have

worked on the case since at least November 2008, taken or defended more than a dozen depositions, interviewed almost 100 witnesses and obtained signed affidavits in support of Plaintiffs' allegations from 60 witnesses, reviewed more than 100,000 documents, briefed and argued over 72 motions (including two writs or applications to the appellate courts), succeeded on a vigorously opposed Motion for Class Certification, engaged and extensively consulted more than a half dozen expert witnesses and consultants, and vigorously prepared for trial. The Settlement was reached as Class Counsel were engaged in trial preparations. During these three years of litigation (which included extensive research and investigations of the scope and severity of the Defendants' alleged violations both prior to filing the instant Lawsuit and throughout the Litigation) *Class Counsel have received no compensation* for their services and have advanced substantial litigation expenses on behalf of the Class. Subject to Court approval, the Defendants have agreed to pay, and Class Counsel will apply for attorneys' fees and costs not to exceed Four Million, Two Hundred Thousand Dollars (\$4,200,000). **Any award of attorneys' fees and expenses will be paid separately from, and will not reduce, the benefits provided to Class members under the Settlement. Class Members are not personally liable for any attorneys' fees and expenses to Plaintiffs' counsel.**

4.) Release of All Claims

The Defendants categorically deny any and all allegations made by Plaintiffs in the Litigation, and affirm their ongoing commitment to remain in compliance with all applicable laws and regulations governing skilled nursing facilities in the State of California, including but not limited to the staffing requirements of California Health & Safety Code section 1276.5 ("Section 1276.5"). Defendants similarly deny any and all allegations of fraud as related to interactions with consumers, and affirm their intent to continue to operate within the terms and provisions of the California False Advertising Law and the Consumer Legal Remedies Act. Nevertheless, in exchange for agreeing to the injunction, and the other consideration from the Defendants as provided in the Settlement, Defendants and their related entities and affiliates shall be released from any and all legal liability with respect to the claims which were asserted or could have been asserted in the Lawsuit, subject to specific limitations in the Settlement Agreement. **Claims for personal injuries, including actions based upon violations of the Elder Abuse and Dependent Adult Civil Protection Act (Welfare & Institutions Code section 15600 et seq.) (if any) have been specifically excluded from the Lawsuit, and, as such, are not being released as part of the Settlement. However, Class Members who participate in the Settlement are deemed to have released all other claims that were asserted or could have been asserted in the Lawsuit, including all claims under:**

- (1) California Health & Safety Code section 1430(b) based on violations of Health & Safety Code sections 1276.5 or 1599.1(a) that arose prior to the Settlement date,
- (2) Consumer Legal Remedies Act, and (3) California Business and Professions Code sections 17200 et seq., and 17500 et seq., including claims for unfair, unlawful, or fraudulent business practices and unfair, deceptive, untrue or misleading advertising. By releasing these claims, you will be giving up important rights and benefits, including the right to assert these or related claims to a jury. You may wish to consult with your own attorney before deciding to stay in this Class and give up those rights.

HOW TO PARTICIPATE IN THE SETTLEMENT

If you are a member of the Class, and wish to participate in the Settlement, **you must complete and submit the attached Claim Form** in the manner prescribed therein, to the address listed on the Claim Form. The beneficiaries or surviving family members (Successors in Interest) of a deceased class member may participate in the Settlement and receive a cash payment by following the instructions on the Claim Form. Your interests will be represented by Class Counsel. If you choose, you may enter an appearance individually or through your own counsel at your own expense. You have the right to consult and/or retain an attorney of your own choice, at your own expense, to advise you regarding the Settlement and your rights in connection with the Settlement.

HOW TO OPT-OUT

If you are a member of the Class and wish to exclude yourself from the Class, you must mail a signed request for exclusion from the Class to:

Gilardi & Co. LLC, 3301 Kerner Blvd, San Rafael, CA 94901

Your request must be postmarked **no later than December 10, 2012, thirty (30) days** after which the date on which the Class Notice is mailed. Your request must contain:

- (1) the name of this lawsuit;
- (2) your full name and current address;
- (3) a statement of intention **to exclude yourself from this lawsuit;** and
- (4) your signature.

If you exclude yourself from the Class, you will not be entitled to participate in or object to the Settlement, you will not be entitled to submit a Claim Form, and you will not be bound by the Settlement or Judgment.

HOW TO OBJECT TO THE SETTLEMENT

If you are a member of the Class and wish to object to or comment upon the Settlement, the objection must contain:

- (1) the name of this lawsuit;
- (2) your full name and current address;
- (3) the grounds for your objection; and
- (4) that you resided in one of the Facilities from April 1, 2006 to the date of Final Approval.

Class Members may so object either on their own or through an attorney hired at their own expense. Class Members who intend to appear and be heard at the Final Approval Hearing shall be required to so state in connection with their objection. Objections must be filed with the Court listed below, **no later than December 3, 2012, twenty (20) calendar days** after the Class Notice Date. Mail objections to:

Clerk of the Court
 Superior Court of the State of California
 County of Los Angeles
 111 N. Hill Street,
 Los Angeles, CA 90012

Copies of any written objections must also be served on Plaintiffs' Class Counsel and Defendants' Counsel, at the following addresses:

Law Offices of Ben Yeroushalmi, APC, (Plaintiffs' Class Counsel)
 c/o Rodney Tolentino
 3600 Wilshire Blvd., Suite 1407
 Los Angeles, CA 90010

and

Garcia Artigiere and Schadrack, (Defendants' Counsel)
 c/o Stephen M. Garcia
 One World Trade Center, Suite 1950
 Long Beach, CA 90831

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EXHIBIT "C"

1 LAW OFFICES OF BEN YEROUSHALMI
Ben Yeroushalmi (SBN 232540)
2 Daniel D. Cho (SBN 105409)
Tanaz Rostami (SBN 253184)
3 3600 Wilshire Blvd., Suite 1407
4 Los Angeles, CA 90010
Tel: 213-384-2626
5 Fax: 213-384-2226

6 YEROUSHALMI & ASSOCIATES
Reuben Yeroushalmi (SBN 193981)
7 Peter Sato (SBN 238486)
8 Albert Lum (259053)
9100 Wilshire Blvd., Suite 610E
9 Beverly Hills, CA 90212
Tel: 310-623-1926
10 Fax: 310-623-1930

11 Attorneys for Plaintiffs

12 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
13 **FOR THE COUNTY OF LOS ANGELES – CENTRAL DISTRICT**

14 DR. SEAN PAKDAMAN, MR. SHAHIN) CASE NO. BC 410892
15 PAKDAMAN, MR. HOMAYOON)
16 PAKDAMAN, MR. SHAROKH) INDIVIDUAL AND CLASS ACTION
PAKDAMAN, MS. DORINDA VASSIGH,)
17 and MS. AMANDA VASSIGH, Heirs of) INJUNCTION
and Successors-in-Interest to MRS. SARA)
18 PAKDAMAN, DECEASED, individually and) Judge: The Honorable Elizabeth Allen White
on behalf of a class of similarly situated)
19 people,) Action Filed: April 1, 2009
) Trial Date: Vacated
20)
Plaintiffs,)
21 vs.)
)
22 COUNTRY VILLA WESTWOOD)
CONVALESCENT CENTER, et al.,)
23)
24 Defendants.)
)

25
26 Plaintiff Sara Pakdaman, on behalf of herself and on behalf of others similarly situated and by and
27 through her successors interest, namely Shahin Pakdaman, Sean Pakdaman, Homer Pakdaman,
28 Sharokh Pakdaman, Amanda Vassigh and Dorinda Vassigh (the "Plaintiffs and or Representative

1 Plaintiffs”), by and through Class Counsel authorized to settle this litigation on their behalf, and
2 Defendants Country Villa Service Corporation (“CVSC”); Country Villa Westwood, LP; Country
3 Villa Westwood Convalescent Center, Country Villa Westwood Single Purpose Entity, LLC, AG San
4 Gabriel, LLC; AG Arcadia, LLC; AG LA MESA, LLC; AG Laguna Hills, LLC; AG Lynwood,
5 LLC; AG Monrovia, LLC; AG MURRIETA SNF, LLC; AG Rancho Mirage, LLC; AG Redlands,
6 LLC; AG Seal Beach, LLC; AG West Covina, LLC; BVCV Operating Company, LLC; CF Merced
7 La Sierra, LLC; CF Madera, LLC; CF Merced Behavioral, LLC; CF Merced, LLC; CF Modesto,
8 LLC; CF Susanville, LLC; CF San Rafael, LLC; CF Quincy, LLC; CF Watsonville East, LLC; CF
9 Watsonville West, LLC; Country Villa South Bay, LLC; Country Villa Claremont Healthcare Center,
10 Inc.; Country Villa East L.P.; Country Villa Imperial LLC; Country Villa Novato Healthcare Center,
11 LLC; Country Villa Pomona Healthcare Center, LLC; Country Villa Plaza Ltd Country Villa Nursing
12 Center, Inc.; Glendale CV Operating Company, LLC; Mountainside Operating Company, LLC;
13 Riverside Sanitarium, LLC; RRT Enterprises L.P.; United Convalescent Facilities, Inc. Win Win
14 Enterprises, LLC; BH Alliance Corp; AG Facilities Operations, LLC, Crescent Facilities Operations,
15 LLC, Jenmax Enterprises, LLC, , , L.P., SR & DR Operating Company, LLC; 340 South Alvarado,
16 Inc.; Country Villa West, LTD; CV Westwood Single Purpose Entity, LLC; Reissman Family Trust;
17 Saltzburg Family Trust; Torgan Family Trust; 1989 Reissman Irrevocable Trust; and the Saltzburg
18 Family Trust (collectively referred to as “Defendants”) by and through their counsel of record in this
19 action, have stipulated that this Injunction and Final Judgment (“IFJ”) may be entered in the above
20 referenced action.

21 I.

22 DEFINITIONS

23 1. **Covered Persons:** As used herein, Covered Persons include each of the named
24 Defendants. “Covered Persons” does not include private caregivers hired by any resident or the family
25 or friends of any resident to provide care to a resident of one of Defendants’ California skilled nursing
26 facilities.

27 2. **Defendants:** As used herein Defendants shall include the named Defendants, and each
28 of them separately.

1 3. **Effective Date:** As used herein, is the date of the filing of this IFJ.

2 4. **Effective Period:** As used herein, is the period of time the injunctive provisions of this
3 IFJ are in effect, beginning on the date of the filing of this IFJ.

4 5. **Facility or Skilled Nursing Facility:** As used herein, means each and every facility
5 licensed as a long-term nursing facility and located in California named in the IFJ as a Defendant.
6 Specifically, the Facilities subject to this IFJ are: (1) COUNTRY VILLA BAY VISTA
7 HEALTHCARE CENTER; (2) COUNTRY VILLA BELMONT HEIGHTS HEALTHCARE
8 CENTER; (3) COUNTRY VILLA BROADWAY HEALTHCARE CENTER; (4) COUNTRY VILLA
9 CLAREMONT HEALTHCARE CENTER; (5) COUNTRY VILLA EAST NURSING CENTER; (6)
10 COUNTRY VILLA GLENDALE HEALTHCARE CENTER; (7) COUNTRY VILLA HACIENDA
11 HEALTHCARE CENTER; (8) COUNTRY VILLA HUNTINGTON DRIVE HEALTHCARE
12 CENTER; (9) COUNTRY VILLA LA MESA HEALTHCARE CENTER; (10) COUNTRY VILLA
13 LA SIERRA CARE CENTER; (11) COUNTRY VILLA LAGUNA HILLS HEALTHCARE
14 CENTER; (12) COUNTRY VILLA LOS FELIZ NURSING CENTER; (13) COUNTRY VILLA
15 LYNWOOD HEALTHCARE CENTER; (14) COUNTRY VILLA MADERA REHABILITATION &
16 NURSING CENTER; (15) COUNTRY VILLA MAPLE HEALTHCARE CENTER; (16) COUNTRY
17 VILLA MAR VISTA NURSING CENTER; (17) COUNTRY VILLA MERCED BEHAVIORAL
18 HEALTHCARE CENTER; (18) COUNTRY VILLA MERCED NURSING & REHABILITATION
19 CENTER; (19) COUNTRY VILLA MODESTO NURSING & REHABILITATION CENTER; (20)
20 COUNTRY VILLA MONROVIA HEALTHCARE CENTER; (21) COUNTRY VILLA MONTE
21 VISTA HEALTHCARE CENTER; (22) COUNTRY VILLA MURRIETA HEALTHCARE CENTER;
22 (23) COUNTRY VILLA NORTH CONVALESCENT CENTER; (24) COUNTRY VILLA NOVATO
23 HEALTHCARE CENTER; (25) COUNTRY VILLA PARK AVENUE NURSING AND HEALTH
24 CENTER; (26) COUNTRY VILLA PAVILION NURSING CENTER; (27) COUNTRY VILLA
25 PLAZA CONVALESCENT CENTER; (28) COUNTRY VILLA QUINCY HEALTHCARE
26 CENTER; (29) COUNTRY VILLA RANCHO MIRAGE HEALTHCARE CENTER; (30) COUNTRY
27 VILLA REDLANDS HEALTHCARE CENTER; (31) COUNTRY VILLA REHABILITATION
28 CENTER; (32) COUNTRY VILLA RIVERSIDE HEALTHCARE CENTER; (33) COUNTRY
VILLA RIVERVIEW REHABILITATION & HEALTHCARE CENTER; (34) COUNTRY VILLA

1 SAN RAFAEL HEALTHCARE CENTER; (35) COUNTRY VILLA SEAL BEACH HEALTHCARE
2 CENTER; (36) COUNTRY VILLA SHERATON NURSING AND REHAB. CENTER; (37)
3 COUNTRY VILLA SOUTH CONVALESCENT CENTER; (38) COUNTRY VILLA TERRACE
4 NURSING CENTER; (39) COUNTRY VILLA UNIVERSITY PARK HEALTHCARE CENTER;
5 (40) COUNTRY VILLA WATSONVILLE EAST NURSING CENTER; (41) COUNTRY VILLA
6 WATSONVILLE WEST NURSING & REHAB CENTER; (42) COUNTRY VILLA WEST COVINA
7 HEALTHCARE CENTER; (43) COUNTRY VILLA WESTWOOD CVLT CENTER; (44)
8 COUNTRY VILLA WILSHIRE CONVALESCENT CENTER; and (45) COUNTRY VILLA
9 WOODMAN HEALTHCARE CENTER.

10 6. **Resident and Patient:** As used herein, are used interchangeably, and any reference to
11 one includes the other.

12 7. **Monitor and Monitoring:** As used herein, means to watch, observe, check for, and/or
13 keep track of compliance with the applicable provisions of this IFJ to which the required monitoring
14 relates, including reviewing records when necessary. The monitoring required by this PIFJ need not be
15 constant and/or continuous, but may be periodic with a reasonable frequency sufficient to achieve the
16 goal(s) for which the monitoring is required as more fully set forth in the Settlement Agreement and
17 limited to the terms of the Settlement Agreement.

18 8. **“Full Compliance”** means compliance with the provisions of sections III-V of this IFJ,
19 which will be deemed met unless the Plaintiffs prove a violation of this IFJ as set forth below.

20 9. **“Substantial Discrepancy”** means a negative difference of 3% or more between the actual
21 Nursing Hours Per Patient Day as determined by the Auditor and the claimed Nursing Hours Per
22 Patient Day as reported by audited Facility for the Audit period that results in the actual Nursing
23 Hours Per Patient Day being less than 3.4 when it was reported more than 3.4 such that a violation
24 under paragraph 21 is triggered.

25 10. **“Patient Care Staff” and “Nursing Hours Per Patient Day”**: As used herein,
26 “Patient Care Staff” means any staff in a skilled nursing facility in California having responsibility for
27 the direct care of a resident. **“Nursing Hours Per Patient Day”** means the total hours of nursing
28 duties provided by the Facility’s Patient Care Staff, as defined herein, divided by the Facility’s daily
resident census. For the purposes of enforcing this IFJ, the determination of “Patient Care Staff” and

1 the total "Nursing Hours Per Patient Day" provided by each Facility shall be limited to the regulatory
2 definition set forth in California Health & Safety Code section 1276.5 and the latest interpretive
3 guidelines issued by the California Department of Public Health for defining and implementing
4 California Health & Safety Code section 1276.5. "Patient care staff" does not include private
5 caregivers hired by any resident or the family or friends of any resident to provide care to a resident of
6 one of Defendants' California skilled nursing facilities.

7 **II.**

8 **GENERAL PROVISIONS**

9 11. Nothing in this IFJ, nor any act performed, nor any document executed pursuant to this
10 IFJ, shall constitute a finding of any violation of any statutory, regulatory, common law, or equitable
11 duty, claim, or principle.

12 12. Venue lies in the County of Los Angeles because at least some of the acts and/or
13 omissions by the Defendants as alleged are claimed to have occurred within the County of Los
14 Angeles, State of California.

15 13. The venue for enforcement of any violation of this IFJ shall lie in the County of Los
16 Angeles or in a county where one or more alleged violations of this IFJ occurs. Jurisdiction for any
17 other purpose is retained in this Court.

18 14. The injunctive provisions of this IFJ are entered into pursuant to California Business
19 and Professions Code section 17203.

20 15. This IFJ shall only apply to the skilled nursing facilities in California named as
21 Defendants in this action. This IFJ shall not apply to skilled nursing facilities in California that were
22 once, but are no longer, owned, licensed, operated, managed, directed, administered, or controlled by
23 one or more of the Defendants, their respective subsidiaries.

24 16. The terms and conditions of this IFJ shall not apply to any Skilled Nursing Facility
25 other than the Facilities listed in paragraph 5 above.

26 **III.**

27 **INJUNCTIVE RELIEF -DUTY TO PROVIDE 3.4 NURSING HOURS PER PATIENT
28 DAY IN EACH FACILITY FOR FOUR YEARS**

17. Pursuant to California Business and Professions Code section 17203, all Covered

1 Persons, while engaged in the conduct of any business activity involving or related to any California
2 skilled nursing facility owned, licensed, operated, managed, directed, administered, or controlled by
3 any of the Defendants, are enjoined and restrained such that all covered persons shall remain in
4 substantial compliance with the order under this IFJ to provide 3.4 Nursing Hours Per Patient Day at
5 each of the 45 Facilities listed in paragraph 5 of this IFJ, with the exception of Country Villa Merced
6 Behavioral Healthcare Center and Country Villa Riverside Healthcare Center³. A Defendant shall not
7 be deemed in violation of the order under this IFJ to provide 3.4 Nursing Hours Per Patient Day at
8 each of the 45 Facilities listed in paragraph 8 of this IFJ if that staffing level is not met by reason of
9 fire, flood, earthquake, outbreak or other cause of multiple nurse staff absences completely beyond the
10 control of the defendant which cannot be overcome by reasonable diligence. In such event
11 Defendant(s) will provide a description of and evidence of the event or circumstances and the steps
12 Defendant(s) has taken to mitigate the effect to the Compliance Monitor.

13 18. Defendants shall adhere to the Posting Requirements. Furthermore, nothing in this IFJ
14 shall relieve Defendants, or any of them, from complying with any other applicable federal or state
15 statute or regulation.

16 **IV.**

17 **INJUNCTIVE RELIEF – COMPLIANCE WITH STATUTES AND REGULATIONS**

18 19. Pursuant to California Business and Professions Code section 17203, all Covered
19 Persons, while engaged in the conduct of any business activity involving or related to any California
20 skilled nursing facility owned, licensed, operated, managed, directed, administered, or controlled by
21 any of the Defendants, are enjoined and restrained from engaging in or performing directly or
22 indirectly any act that is in violation of any federal or state statute or regulation governing the
23 operation of a California skilled nursing facility with respect to the quality and delivery of care or the

24 ³ Country Villa Merced Behavioral Healthcare Center and Country Villa Riverside Healthcare Center, which are facilities
25 that provide care to mentally disordered patients, are not subject to the requirement under this IFJ to maintain a 3.4
26 NHPPD. Instead, through the instant IFJ, these two facilities will agree to be bound, subject to inspections to ensure
27 compliance as set forth below, with all laws, rules, and regulations pertaining to facilities that provide care to mentally
28 disordered patients, including but not limited to 22 CCR section 72329.1(f)(1), and California Health & Safety Code
section 1276.9. With the exception of the requirement to maintain an NHPPD of 3.4, Country Villa Merced Behavioral
Healthcare Center and Country Villa Riverside Healthcare Center are obligated to comply with all other terms and
requirements of this IFJ.

1 physical environment in which such care is provided to patients of such skilled nursing facility. By
2 way of this injunction all Covered Persons shall remain in substantial compliance with federal or state
3 statute or regulation governing the operation of a California skilled nursing facility with respect to the
4 quality and delivery of care or the physical environment in which such care is provided to patients of
5 such skilled nursing facility. With respect to any reference to state or federal statutes or regulations to
6 be complied with, the actual language of the statutes and regulations, Defendants shall comply with
7 such statutes and regulations and revisions of such statutes or regulations effective subsequent to the
8 Effective Date of the IFJ; i.e., the conduct of Defendants shall be governed by the language of the
9 statutes and regulations in effect at the time of such conduct. If any revisions to existing statutes or
10 regulations result in the statutes or regulations or their subdivisions being renumbered, then the
11 statutes or regulations or subdivisions as renumbered shall continue to be complied with by the
12 Defendants.

13 **V.**

14 **INJUNCTIVE RELIEF – IFJ OBLIGATIONS**

15 20. Pursuant to California Business and Professions Code section 17203, all Covered
16 Persons, while engaged in the conduct of any business activity involving or related to any facility
17 owned, licensed, operated, managed, directed, administered, or controlled by any of the Defendants,
18 are ordered to comply with the following injunctive obligations during the Effective Period:

19 **A. Compliance Program**

20 **1) Compliance Monitor**

21 21. There shall be appointed a Compliance Monitor who shall be selected by lead class
22 counsel Ben Yeroushalmi. That the costs affiliated with the efforts of the Compliance monitor set
23 forth herein shall be borne exclusively by the Defendants. The compliance monitor shall ensure that
24 the Defendants comply with all terms of the injunction as more specifically set forth below.

25 (a) Compliance with Staffing Levels. The Defendants named in the Second
26 Amended Complaint shall substantially comply with the staffing requirements so as to staff each
27 Facility (except Country Villa Merced Behavioral Healthcare Center and Country Villa Riverside
28 Healthcare Center, which are subject to the obligations set forth in footnote 1 above) at a minimum
ratio of 3.4 Nursing Hours Per Patient Day as those terms are defined and interpreted by California

1 Health & Safety Code § 1276.5 (“Section 1276.5”) and the then prevailing interpretive guidelines of
2 the California Department of Public Health for defining and implementing California Health & Safety
3 Code section 1276.5.

4 (b) Compliance with False Advertising Law. The defendants named in the
5 Complaint also shall not engage in false advertising in violation of California’s False Advertising
6 Law, Busn. & Prof. Code § 17500 *et seq.* (the “FAL”).

7 (c) Minimum audit requirement. In order to ensure compliance with Section 21
8 (a) above, once every six months the Defendants will submit to audits of their nurse staffing levels at
9 (5) five of the Defendants’ Facilities identified in paragraph 5 above. The Facilities shall be selected
10 at random by the Compliance Monitor and shall be referred to as the “Audit Facilities.” The
11 Compliance Monitor shall randomly select five (5) Audit facilities prior to the end of the first six
12 months following the Effective Date of this IFJ. On or before the fifteenth day of the last month of
13 each subsequent six-month Audit period following the effective date of this IFJ, the Compliance
14 Monitor shall send a letter to Defendants’ counsel informing counsel of the next five (5) Audit
15 Facilities to be audited for that six month Audit Period. Within 30 days following such notification,
16 the Audit Facilities randomly selected by the Compliance Monitor shall provide the Compliance
17 Monitor with weekly staffing and patient census summaries for the Audit Facilities, showing weekly
18 aggregates of facility staffing numbers and patient censuses, sufficient to inform the Compliance
19 Monitor of the arithmetic mean Nursing Hours Per Patient Day within the meaning of California
20 Health & Safety Code Section 1276.5, and the then prevailing interpretive guidelines of the California
21 Department of Public Health for defining and implementing California Health & Safety Code section
22 1276.5, for that six month Audit Period. And if requested by the Compliance Monitor, Defendants
23 will provide sufficient back up data generated and maintained by the Audit Facilities so that the
24 Compliance Monitor may do an in-depth audit of the back up data supporting Defendants’ assertions
25 of substantial Compliance with the order under this IFJ to provide 3.4 Nursing Hours Per Patient Day
26 at each of the Audit Facilities. The Defendants shall also provide the Compliance Monitor, for the
27 Audit Period, with copies of any deficiencies or citations issued to the Audit Facilities by the
28 California Department of Health Services during the Audit Period such that the Compliance Monitor
may assess the sufficiency of staff to meet the needs of the facility residents. The Defendants’

1 Facilities shall be responsible for all fees incurred by the Compliance Monitor in connection with its
2 duties under this IFJ.

3 (d) Compliance Monitor's Reports. Within thirty (30) days following the Compliance
4 Monitor's receipt of the Defendant's documentation supporting substantial compliance with this IFJ,
5 the Compliance Monitor shall prepare written reports for each of the audited Facilities, and deliver a
6 copy of these reports to counsel for the Parties. The Compliance Monitor's report shall contain all the
7 following:

- 8 I. A specific description of any Substantial Discrepancies;
- 9 II. The Compliance Monitor's findings as to the actual Nursing Hours Per Patient Day for
10 each day in which the Compliance Monitor determined that there was a Substantial
11 Discrepancy;
- 12 III. The Compliance Monitor's findings as to whether the Facility is providing sufficient
13 qualified staffing to provide at least 3.4 Nursing Hours Per Patient Day for all days in
14 the subject reporting period;
- 15 IV. A summary of deficiency notices, citations, or complaints that concern or relate to
16 staffing issues;
- 17 V. and anything the Compliance Monitor believes is relevant to the Facility's compliance
18 with this Injunction. All parties shall destroy their respective copies of the Compliance
19 Monitor's report within 60 days of the termination of this Injunction.

18 If Defendants wish to respond to the Compliance Monitor's report, Defendants shall have
19 fourteen (14) days from the date the Compliance Monitor's Report is received by Defendants' counsel
20 of record to respond to the report and or provide supplemental back-up data. The Compliance Monitor
21 may update its report in response to any Defendants response or supplemental back-up data.

22 If the Compliance Monitor finds any Substantial Discrepancy, then that Facility shall be
23 audited again during the next quarter, in addition to the Facilities selected as part of the normal
24 auditing process.

25 (e) Reporting of any violations by Auditor. If, at any time, the Compliance Monitor
26 determines that the six month Nurse Staffing and Resident Census summaries, information, back-up
27 data, and any other documents used by the Auditor to monitor compliance pursuant to the terms of this
28 IFJ, reveals that any of the Audit Facilities failed to be in substantial compliance with the order under

1 this IFJ to provide 3.4 Nursing Hours Per Patient Day at each of the 45 Facilities listed in paragraph 5
2 of this IFJ, or, if the Compliance Monitor discovers a Substantial Discrepancy between the six month
3 Nurse Staffing and Resident Census summaries and the back up data the Auditor is entitled to review,
4 the Auditor shall inform the parties of the purported violation. The Audit Facility (or Facilities)
5 alleged to have committed the purported violation(s) shall then have 15 days to provide Class Counsel
6 with a letter explaining the purported violation(s) and its correction of such violation(s). The Audit
7 Facility (or Facilities) must provide Class Counsel with a specific plan to cure such violation within
8 15 days. If any Audit Facility is found to violate this IFJ more than 3 separate times in any six month
9 period during the Audit Process and fails to correct a violation within 5 days, the Representative
10 Plaintiff may seek an order of contempt as set forth below. A violation shall be presumed should any
11 Audit Facility fail to have sufficient staff to meet the requirements of Section 21(a) above during a
12 continuous week long period of time within the Audit Period.

13 (f) Term of Injunction. The provisions of this Injunction shall remain in effect for
14 a minimum eight (8) consecutive Audit Periods (i.e., Forty Eight (48) months).

15 22. **ENFORCEMENT / CONTEMPT.**

16 In the event that any defendants' Facilities fails to comply substantially with the requirements
17 under Section 21 above, and/or fails to cure as set forth in the section, the Representative Plaintiff may
18 bring a motion to enforce the provisions of such section provided it first provides the affected
19 defendant Facility with 15-days written notice of its intent to bring such a motion prior to filing such
20 motion. The parties shall then meet and confer regarding the basis for the Representative Plaintiff's
21 anticipated motion in an attempt to resolve it informally. Should such attempts at meeting and
22 conferring fail, the Representative Plaintiff may file her enforcement motion in accordance with the
23 timing provisions of Cal. Code Civ. Proc. §1005. Should enforcement become necessary and should
24 the Plaintiff prevail, the Court shall impose a penalty of \$500.00 per violation and the Plaintiff's
25 counsel shall be awarded attorneys fees and costs incurred in the bringing of such a motion. Should
26 the any defendant be found in violation of this injunction by the Court then the Injunction period shall
27 be extended 12 months with two additional inspections by the Monitor in accordance with all
28 provisions of this agreement, including one review in detail the backup data for the staffing numbers
and patient census summaries provided by the defendants' Facilities.

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23. **MODIFICATION OF INJUNCTION**

The injunctive provisions set forth above may be modified only by written agreement of the defendants' Facilities and the Representative Plaintiff, after noticed motion, and upon entry of a revised judgment by the Court thereon, or upon motion of the Representative Plaintiff or any defendant Facility or facilities as provided by law and upon entry of a modified consent judgment by the Court.

24. **COURT'S CONTINUING JURISDICTION**

Pursuant to California Code of Civil Procedure § 664.6, and at the request of the Parties, the Court shall retain continuing jurisdiction over all parties and over this action to enforce the terms of this IFJ.

25. **SIGNATURES**

This Agreement may be signed in counterparts. A signature transmitted by fax shall have the same force and effect as an original signature.

GOOD CAUSE APPEARING THEREFORE, THE FOREGOING PROVISIONS SHALL BE THE ORDER OF THIS COURT.

IT IS SO ORDERED.

Dated: _____
JUDGE OF THE SUPERIOR COURT

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) is entered into between and among DR. SEAN PAKDAMAN, MR. SHAHIN PAKDAMAN, MR. HOMAYOON PAKDAMAN, MR. SHAROKH PAKDAMAN, MS. AMANDA VASSIGH AND MS. DORINDA VASSIGH, Heirs and Successors-in-interest to MRS. SARA PAKDAMAN, DECEASED, and individually as well, (hereinafter referred to as “Releasors”), and COUNTRY VILLA WESTWOOD CONVALESCENT CENTER, COUNTRY VILLA WESTWOOD PARTNERSHIP, C.V. WESTWOOD SINGLE PURPOSE ENTITY, LLC, REISSMAN FAMILY TRUST, STEPHEN N. REISSMAN, DIANE REISSMAN, SALTZBURG FAMILY TRUST, JOEL SALTZBURG, SUSAN SALTZBURG, COUNTRY VILLA HEALTH SERVICES, COUNTRY VILLA SERVICE CORPORATION, EDDIE ROWLES, MICHAEL TORGAN, KATHERINE CAMPBELL, MARIA J. CASTANEDA and their owners, operators, agents, employees and assigns (hereinafter referred to as “Releasees”). The instant Agreement settles only the Releasors’ individual, non class action claims against the Releasees, and is contingent upon Final Approval of a concurrent Stipulation of Settlement of Releasors’ class action claims against Releasees and other related defendants.

Recitals

A. Releasors caused to be filed a Complaint (hereinafter “Complaint”) against Releasees in the Superior Court, State of California, County of Los Angeles, Case No. BC410892. The original complaint was filed on April 1, 2009. The First Amended Complaint (FAC) filed on December 28, 2009 includes the following individual causes of action alleged against Releasees: Elder Abuse, Negligence, Willful Misconduct, Constructive Fraud and Fraud by Misrepresentation, and wrongful death (hereinafter referred to as the Individual Claims”). The FAC also contained several causes of action alleged as class action claims (hereinafter referred to as “Class Action Claims”). The action, Case No. BC410892, shall be referred to hereinafter in its entirety as the Litigation.

B. The parties desire to enter into a settlement in order to provide for certain payments in full settlement and discharge of all claims which are or might have been the subject of a Complaint and other potential causes of action upon the terms and conditions set forth herein below.

C. This Agreement to settle Releasors’ Individual Claims against Releasees is a conditional settlement expressly conditioned as a condition precedent on “Final Approval” and resolution by way of a settlement reduced to consent decree and or consent judgment only, of the certified Class Action Claims in the Litigation. “Final Approval” means (a) if no appeal from the Judgment is filed, the date of expiration of the time for the filing or noticing of any appeal from the Judgment; or (b) if an appeal from the Judgment is filed, and the Judgment is affirmed or the appeal dismissed by a judgment or order of the California Court of Appeal (“Appellate Judgment”), thirty days after the date of such affirmance or dismissal; or (c) if a petition for review of the Appellate Judgment is filed and denied, the date the petition is denied; or (d) if a petition for review of the Appellate Judgment is filed and granted, or the California Supreme Court orders review of the Appellate Judgment on its own motion, and the Appellate Judgment is

affirmed or the review proceeding dismissed, and no petition for a writ of certiorari with respect to the California Supreme Court's judgment affirming the Appellate Judgment or dismissing the review proceeding ("Review Judgment") is filed, the date of expiration of the time for the filing of such a petition for a writ of certiorari; or (e) if such a petition for a writ of certiorari is filed and denied, the date the petition is denied; or (f) if such a petition for a writ of certiorari is filed and granted, the date of final affirmance of the Review Judgment or final dismissal of the review proceeding initiated by the petition for a writ of certiorari; or (g) should there be no objections to the settlement filed and ultimately ruled upon by the Court, the date of final approval of the settlement by the Court. Should "Final Approval" and resolution by way of settlement only not occur, then there shall be no Agreement between the parties and nothing in this Agreement or other papers or proceedings related to the settlement of any sort or nature shall be used as evidence. In addition, in the event that the settlement fails to be approved or otherwise fails to be consummated, including, but not limited to, the Judgment not becoming Final, all settling Parties specifically reserve all rights that they had in connection with the Litigation as of the date of this Agreement.

NOW, THEREFORE it is hereby agreed as follows:

1. Full Release of All Liability

For and in consideration of the Releasees' agreement to make payment within 10 days of Final Approval in the total sum of Six Hundred Seventy -Five Thousand Dollars Dollars U.S. (\$675,000.00), made payable to DR. SEAN PAKDAMAN, MR. SHAHIN PAKDAMAN, MR. HOMAYOON PAKDAMAN, MR. SHAROKH PAKDAMAN, MS. AMANDA VASSIGH AND MS. DORINDA VASSIGH, Heirs and Successors-in-interest to MRS. SARA PAKDAMAN, DECEASED, **Releasors** hereby agree to dismiss the Individual Claims asserted against Releasees. . **Releasors** hereby agrees to release Releasees and their staff, owners, personnel, agents, servants, consultants, representatives, insurers, employees, officers, directors, medical director, subsidiaries, partners, affiliates, parent corporations, any management company, their predecessors and successors in interest, assigns and insurers of and from any and all past, present, or future claims, demands, liens, obligations, rights, actions, causes of action, claims for loss of services, comfort and society, attorneys' fees, damages, costs, punitive damages, expenses, and compensation of any nature whatsoever, whether for compensatory or punitive damages, which **Releasors** now has or which may hereinafter accrue or otherwise be acquired on account of, or in any way growing out of or which are the subject of the Individual Claims asserted in any complaint filed in the Litigation (and related pleadings), including but not limited to any and all known or unknown individual, non Class Action claims for bodily injuries, personal injuries, violations of patient's bill of rights, wrongful death, fraud, alleged elder abuse and neglect and the consequences thereof which have resulted, or which may result in the future, from the alleged negligent and/or intentional acts and/or omissions of the Releasees. Any Class Action Claims asserted by Releasors against Releasees and related defendants in the Litigation will be released separately through Final Approval of the concurrent settlement of the Class Action Claims.

It is further understood and agreed that all rights under Section 1542 of the Civil Code of California and any similar law of any state or territory of the United States are hereby EXPRESSLY WAIVED.

SAID SECTION READS AS FOLLOWS:

1542. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Releasors hereby declare and represent that the injuries sustained are or may be permanent and/or progressive and that recovery therefrom is uncertain and indefinite in making this Agreement. Accordingly, Releasors rely wholly upon their judgment, belief and knowledge of the nature, extent and duration of said injuries and liability. Therefore, it is further understood and agreed that this Agreement is made without reliance upon any statement or representation of the party or parties hereby released or their representatives or by any physician or surgeon employed by them.

Except as otherwise provided, Releasors further hold Releasees harmless from any claim or lien or right of reimbursement asserted by, medical insurance carriers or governmental entities who are interested in or have any claim arising out of the Individual Claims, and will hold harmless, the Releasees hereby released.

Releasors further declare and represent that no promise, inducement or agreement not herein expressed has been made to Releasors, and that this Settlement Agreement and Release contains the entire agreement between the parties hereto with respect to the Individual Claims, and that the terms of this Settlement Agreement and Release are contractual and not a mere recital.

2. Indemnification

Except as otherwise provided, Releasors further hold the Releasees harmless from any claims or lien or right of reimbursement asserted by any, medical insurance carriers, governmental entities, or professional liability insurance carriers, who are interested in or have any claim arising out of the incidents or damages alleged herein with respect to the Individual Claims. Moreover, Releasors expressly agree to hold harmless and indemnify and defend Releasees and its agents and employees against any and all subsequent action or claim brought by any person or entity regarding lien and/or right of reimbursement issues related to the injuries asserted in the Individual Claims..

3. Delivery of Dismissal with Prejudice

Upon Final Approval of the Class Action Claims, counsel for Releasors shall deliver to counsel of Releasees an executed dismissal with prejudice as to the Individual Claims. The Class Action Claims shall be dismissed upon Final Approval pursuant to the terms set forth in the concurrent Stipulation of Settlement of the Class Action claims. Releasors have authorized their attorney to execute this Dismissal on their behalf and thereby authorize counsel for

Releasees to file said Dismissal with the Court after payment has been made and has been cleared through the bank(s).

4. Final Compromise: No Admissions

Releasors agree and acknowledge that they accept payment of the sums specified in this Agreement as a full and complete compromise of matters involving disputed issues; that neither payment of the sum by Releasees or their assigns, nor the negotiations for this settlement (including all statements, admissions or communications by Releasees and its attorneys or representatives) shall be considered admissions by them; and that no past or present wrongdoings on the part of the Releasees shall be implied by such payments or negotiations.

5. Cooperation of the Parties

All parties agree to cooperate fully and to execute any and all supplementary documents and to take all additional actions that may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement which are not inconsistent with its terms.

6. Non-Disclosure/Confidentiality Agreement

All parties have agreed that except to the extent necessary for obtaining Final Approval of the concurrent settlement of the Class Action Claims, the provisions of this Agreement shall not be disclosed by the Releasors or their attorneys or by the Releasees or their attorneys to anyone who is not a party or agent, representative, or assignee of a party to this action absent a court order or when required by law to do so.

Notwithstanding the confidentiality provisions stated herein, Releasors may disclose the terms and amount of the settlement to the Courts, lien holders and tax professionals as necessary for the limited purposes of approval of the settlement, probate of the estate, resolution of outstanding healthcare liens or right of reimbursement, tax planning purposes, and any purpose related to obtaining Final Approval of the settlement of the Class Action Claims.

7. Advice of Counsel

In entering into this Agreement, the Releasors represent that they have relied upon the advice of counsel, who is an attorney of their own choice, and that the terms of this Agreement have been completely read and explained to them by their attorney and that these terms are fully understood and voluntarily accepted by Releasors.

8. Warranty of Capacity to Execute Agreement

Releasors represent and warrant that no other person or entity has or has had any interest in the claims, demands, obligations or causes of action referred to in this Agreement, except as otherwise set forth herein and that Releasors have the sole right and exclusive authority to execute this Agreement and receive this sum specified herein; and that they have not sold, assigned, transferred, conveyed or otherwise disposed of any claims, demands, obligations, or causes of action referred to in this Agreement.

All persons executing this Release warrant and represent that they have full authority to accept the terms of this Release on behalf of the party on whose behalf they execute this Release.

9. Governing Law

This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

10. Attorneys Fees' and Costs

Except to the extent that Releasors' attorneys in the Litigation shall be awarded attorneys' fees as set forth in the Concurrent Settlement of the Class Action claims upon Final Approval of the Settlement of the Class Action Claim, each party hereto shall bear all their own attorneys' fees and costs arising from the Individual Claims asserted in this Litigation. In the event of a dispute relating to this agreement the prevailing party shall be entitled to reasonable attorneys fees and costs.

11. Liens

Releasors have full responsibility for any and all third party liens, known or unknown, past present or future, that are in any way connected to the medical, custodial, skilled or hospital care and treatment of Sara Pakdaman. Specifically excluded are any liens, known or unknown, by any of the Releasees or their staff, owners, personnel, agents, servants, consultants, representatives, insurers, employees, officers, directors, medical director, subsidiaries, partners, affiliates, parent corporations, or any management company, for the skilled nursing care and treatment Sara Pakdaman received from Releasees.

Plaintiffs understand that the Medicare Secondary Payer Act (42 U.S.C. §1395y(b))(the "Act") applies to any personal injury settlement involving a Medicare beneficiary. As part of the Act, Plaintiffs have an obligation to verify entitlement and resolve conditional payment, and Releasees have an obligation to report. Accordingly, a tort recovery record may need to be established by Plaintiffs and a reporting event may be triggered, which would be the responsibility of Releasees, possibly by and through their insurance carrier. In the case of a reportable event, Releasees will comply with the Act and all applicable reporting guidance provided by the Centers for Medicare and Medicaid Services (CMS). Releasees will determine whether the claim is reportable under the Act. If there is an obligation to establish a record with CMS, Plaintiffs shall provide COUNTRY VILLA WESTWOOD CONVALESCENT CENTER, COUNTRY VILLA WESTWOOD PARTNERSHIP, C.V. WESTWOOD SINGLE PURPOSE ENTITY, LLC, REISSMAN FAMILY TRUST, STEPHEN N. REISSMAN, DIANE REISSMAN, SALTZBURG FAMILY TRUST, JOEL SALTZBURG, SUSAN SALTZBURG, COUNTRY VILLA HEALTH SERVICES, COUNTRY VILLA SERVICE CORPORATION, EDDIE ROWLES, MICHAEL TORGAN, KATHERINE CAMPBELL, MARIA J. CASTANEDA and their owners, operators, agents, employees and assigns information validating that a tort recovery record has been established with CMS, and/or its recovery contractor. The parties expressly agree that payment of settlement proceeds is not conditioned upon Plaintiff providing proof that all Medicare reimbursement claims and obligations have been satisfied. Rather, Releasees as well agree to forward the settlement proceeds within ten (10) days

of Final Approval. Following Plaintiff's opening of a tort recovery record, Plaintiff's attorney agrees to: (1) hold all settlement proceeds in a client trust account (or similar account should needs-based government benefits require preserving) until Plaintiff obtains claims satisfaction documents from CMS and/or its recovery contractor; and (2) provide COUNTRY VILLA WESTWOOD CONVALESCENT CENTER, COUNTRY VILLA WESTWOOD PARTNERSHIP, C.V. WESTWOOD SINGLE PURPOSE ENTITY, LLC, REISSMAN FAMILY TRUST, STEPHEN N. REISSMAN, DIANE REISSMAN, SALTZBURG FAMILY TRUST, JOEL SALTZBURG, SUSAN SALTZBURG, COUNTRY VILLA HEALTH SERVICES, COUNTRY VILLA SERVICE CORPORATION, EDDIE ROWLES, MICHAEL TORGAN, KATHERINE CAMPBELL, MARIA J. CASTANEDA and their owners, operators, agents, employees and assigns, through their counsel, with written proof of the satisfaction of any claim asserted by Medicare pursuant to the Act prior to disbursing to Plaintiff any proceeds received in connection with this settlement. As part of this settlement, Plaintiffs agree to indemnify, defend, and hold COUNTRY VILLA WESTWOOD CONVALESCENT CENTER, COUNTRY VILLA WESTWOOD PARTNERSHIP, C.V. WESTWOOD SINGLE PURPOSE ENTITY, LLC, REISSMAN FAMILY TRUST, STEPHEN N. REISSMAN, DIANE REISSMAN, SALTZBURG FAMILY TRUST, JOEL SALTZBURG, SUSAN SALTZBURG, COUNTRY VILLA HEALTH SERVICES, COUNTRY VILLA SERVICE CORPORATION, EDDIE ROWLES, MICHAEL TORGAN, KATHERINE CAMPBELL, MARIA J. CASTANEDA and their owners, operators, agents, employees and assigns harmless against and from any such Medicare reimbursement claims.

12. Prior Agreements

It is the intent of the parties in entering into this Agreement that this is the full and final agreement between the parties and that this document supersedes all prior agreements, whether oral or written.

13. Court's Continuing Jurisdiction

This settlement is intended to be and may be enforced pursuant to C.C.P §664.6 in the Superior Court of Los Angeles County; and Department 48 (The Honorable Elizabeth White, Judge Presiding) shall retain jurisdiction as to any interpretation, enforcement and related issues and disputes. In the event of a material breach or default, the court, upon motion, may enter a judgment pursuant to the terms of this agreement. This agreement is intended by the parties hereto to be enforceable, binding and admissible in a court of law pursuant to evidence code §1123; and all parties agree to its disclosure as required or reasonably necessary pursuant to said statute.

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WE HAVE READ THE FOREGOING RELEASE AND FULLY UNDERSTAND AND
ACCEPT IT.

DATED: _____

Sara Pakdaman, by and through her Successor in
Interest, Sean Pakdaman

DATED: _____


Sean Pakdaman

DATED: _____

Shahin Pakdaman

DATED: _____

Homayoon Pakdaman

DATED: _____

Sharokh Pakdaman

DATED: _____

Amanda Vassigh

DATED: _____

Dorinda Vassigh

WE HAVE READ THE FOREGOING RELEASE AND FULLY UNDERSTAND AND ACCEPT IT.

DATED: _____

Sara Pakdaman, by and through her Successor in Interest, Sean Pakdaman

DATED: _____

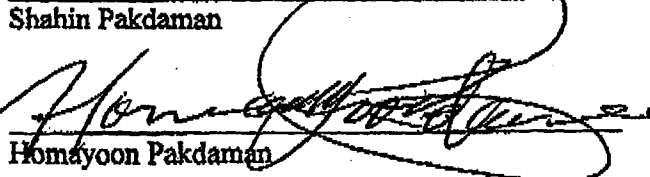
Sean Pakdaman

DATED: _____



Shahin Pakdaman

DATED: _____



Homayoon Pakdaman

DATED: _____

Sharokh Pakdaman

DATED: _____

Amanda Vassigh

DATED: _____

Dorinda Vassigh

WE HAVE READ THE FOREGOING RELEASE AND FULLY UNDERSTAND AND ACCEPT IT.

DATED: _____

Sara Pakdaman, by and through her Successor in Interest, Sean Pakdaman

DATED: _____

Sean Pakdaman

DATED: _____

Shahin Pakdaman

DATED: _____

Homayoon Pakdaman

DATED: _____



Sharokh Pakdaman **SHAROKH PAKDAMAN**

DATED: _____

Amanda Vassigh

DATED: _____

Dorinda Vassigh

WE HAVE READ THE FOREGOING RELEASE AND FULLY UNDERSTAND AND ACCEPT IT.

DATED: _____

Sara Pakdaman, by and through her Successor in Interest, Sean Pakdaman

DATED: _____

Sean Pakdaman

DATED: _____

Shahin Pakdaman

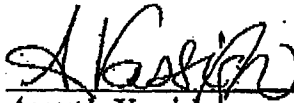
DATED: _____

Homayoon Pakdaman

DATED: _____

Sharokh Pakdaman

DATED: 6 _____



Amanda Vassigh

DATED: _____

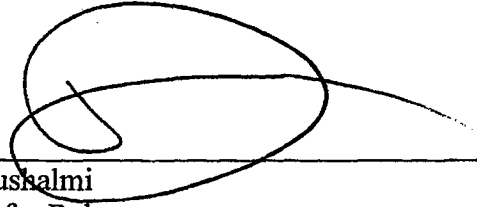


Dorinda Vassigh

APPROVED AS TO FORM AND CONTENT
AND AGREED TO AS TO LIEN PROVISIONS:
NAME OF PLAINTIFFS COUNSEL

DATED: _____

By:



Ben Yeroushalmi
Attorneys for Releasers

Dated: _____

COUNTRY VILLA WESTWOOD
CONVALESCENT CENTER

Dated: _____

COUNTRY VILLA WESTWOOD
PARTNERSHIP, C.V.

Dated: _____

WESTWOOD SINGLE PURPOSE ENTITY, LLC

Dated: _____

REISSMAN FAMILY TRUST

Dated: _____

STEPHEN N. REISSMAN

Dated: _____

DIANE REISSMAN

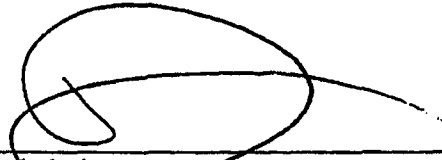
Dated: _____

SALTZBURG FAMILY TRUST

APPROVED AS TO FORM AND CONTENT
AND AGREED TO AS TO LIEN PROVISIONS:
NAME OF PLAINTIFFS COUNSEL

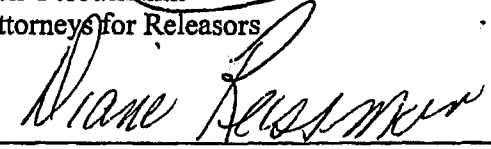
DATED: _____

By:



Ben Yeroushalmi
Attorneys for Releasors

Dated: 9/7/12

x 

COUNTRY VILLA WESTWOOD
CONVALESCENT CENTER

Dated: 9/7/12

x 

COUNTRY VILLA WESTWOOD
PARTNERSHIP, C.V.

Dated: 9/7/12

x 

WESTWOOD SINGLE PURPOSE ENTITY, LLC

Dated: 9/7/12



REISSMAN FAMILY TRUST

Dated: 9/12/12



STEPHEN E. REISSMAN

Dated: 9/7/12



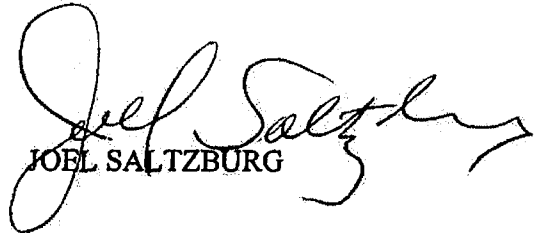
DIANE REISSMAN

Dated: 9/10/12



SALTZBURG FAMILY TRUST

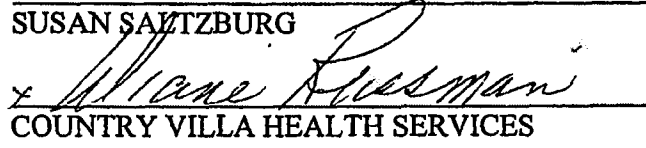
Dated: 9/10/12


JOEL SALTZBURG

Dated: _____

SUSAN SALTZBURG

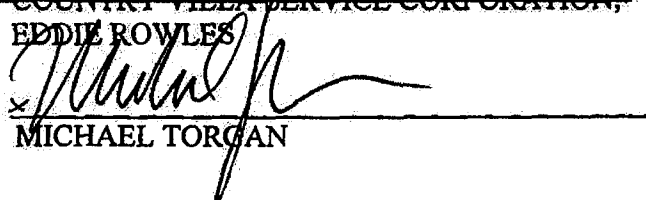
Dated: 9/7/12


* Marie Resman
COUNTRY VILLA HEALTH SERVICES

Dated: _____

~~COUNTRY VILLA SERVICE CORPORATION,
EDDIE ROWLES~~

Dated: 9/7/12


* Michael Torgan
MICHAEL TORGAN

Dated: _____

KATHERINE CAMPBELL

Dated: _____

MARIA J. CASTANEDA

APPROVED AS TO FORM AND CONTENT:

DATED: _____, 2012

GARCIA, ARTIGLIERE & SCHADRACK

By: _____
Stephen M. Garcia
Attorneys for Defendants

Dated: _____

JOEL SALTZBURG

Dated: _____

SUSAN SALTZBURG

Dated: _____

COUNTRY VILLA HEALTH SERVICES

Dated: _____

COUNTRY VILLA SERVICE CORPORATION,
EDDIE ROWLES

Dated: _____

MICHAEL TORGAN

Dated: 9-12-12

Katherine Campbell
KATHERINE CAMPBELL

Dated: _____

MARIA J. CASTANEDA

APPROVED AS TO FORM AND CONTENT:

DATED: _____, 2012

GARCIA, ARTIGLIERE & SCHADRACK

By: _____

Stephen M. Garcia
Attorneys for Defendants

Dated: _____

JOEL SALTZBURG

Dated: _____

SUSAN SALTZBURG

Dated: _____

COUNTRY VILLA HEALTH SERVICES

Dated: _____

COUNTRY VILLA SERVICE CORPORATION,
EDDIE ROWLES

Dated: _____

MICHAEL TORGAN

Dated: _____

KATHERINE CAMPBELL

Dated: 9/14/2012



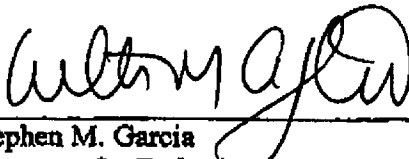
MARIA J. CASTANEDA

APPROVED AS TO FORM AND CONTENT:

DATED: 10/12/12, 2012

GARCIA, ARTIGLIERE & SCHADRACK

By:



Stephen M. Garcia
Attorneys for Defendants

EXHIBIT B

Regardless of which of the foregoing two Options you selected, the following applies to you:

I realize that by reason of the Settlement described herein, I shall be deemed to have fully, finally, and forever released, relinquished and discharged Defendants and certain of their affiliated entities and persons from any and all claims which were made in the action entitled *Sean Pakataman, et al., v. Country Villa Westwood, et al.*, Case No. BC410892, pending in Los Angeles Superior Court, and that relate to or arise out of all claims of alleged violations by Defendants under: (1) California Health & Safety Code § 1430(b) based on alleged violations of Health & Safety Code sections 1276.5 or 1599.1(a); (2) the Consumer Legal Remedies Act; and (3) California Business and Professions code sections 17200 et seq and 17500 et seq, including claims for unfair, unlawful, or fraudulent business act or practice and unfair, deceptive untrue or misleading advertising, or any allegations that Defendants engaged in understaffing in violation of state and federal regulations, whether such claims be known or unknown, as described more fully in the Stipulation. This does not include personal injury claims. Claims for personal injuries (if any) have been specifically excluded from the Released Claims, and, as such, are not being released as part of the Settlement.

I understand that this claim form is being submitted in a proceeding before the Superior Court of the State of California, County of Los Angeles. I further affirm that the information contained in this form is true and correct, and make the representations contained herein under penalty of perjury.

Name of Resident _____
 Signature of Resident or Responsible Party _____
 Street Address _____
 City, State and Zip Code _____

IMPORTANT: To have your claim considered, you must mail this form, or a document containing the information requested in this form and your affirmation of that information executed under penalty of perjury, to _____, c/o Gilardi & Co. LLC, P.O. Box 8060, San Rafael, CA 94912-8060. Your claim must be postmarked on or before _____, 2012 (no later than 30 days from the mailing of the notice).

PLEASE DO NOT TELEPHONE THE CLERK OF THE COURT

Dated: _____
 BY ORDER OF THE SUPERIOR COURT
 STATE OF CALIFORNIA
 COUNTY OF OS ANGELES

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

This Notice pertains to the settlement ("Class Action Settlement") of a class action lawsuit entitled *Sean Pakataman, et al., v. Country Villa Westwood, et al.*, Los Angeles Superior Court Case No. BC410892 (the "Lawsuit"). The Class Action Settlement applies to the following nursing home facilities:

- (1) COUNTRY VILLA BAY VISTA HEALTH CARE CENTER; (2) COUNTRY VILLA BELMONT HEIGHTS HEALTHCARE CENTER; (3) COUNTRY VILLA BROADWAY HEALTH CARE CENTER; (4) COUNTRY VILLA CLAREMONT HEALTHCARE CENTER; (5) COUNTRY VILLA EAST NURSING CENTER; (6) COUNTRY VILLA GLENDALE HEALTHCARE CENTER; (7) COUNTRY VILLA HACIENDA HEALTHCARE CENTER; (8) COUNTRY VILLA HUNTINGTON DRIVE HEALTHCARE CENTER; (9) COUNTRY VILLA LA MESA HEALTHCARE CENTER; (10) COUNTRY VILLA LA SIERRA CARE CENTER; (11) COUNTRY VILLA LAGUNA HILLS HEALTHCARE CENTER; (12) COUNTRY VILLA LOS FELIZ NURSING CENTER; (13) COUNTRY VILLA LYNNWOOD HEALTHCARE CENTER; (14) COUNTRY VILLA MADERA REHABILITATION & NURSING CENTER; (15) COUNTRY VILLA MAPLE HEALTHCARE CENTER; (16) COUNTRY VILLA MAR VISTA NURSING CENTER; (17) COUNTRY VILLA MERCED BEHAVIORAL HEALTHCARE CENTER; (18) COUNTRY VILLA MERCED NURSING & REHABILITATION CENTER; (19) COUNTRY VILLA MODESTO NURSING & REHABILITATION CENTER; (20) COUNTRY VILLA MONROVIA HEALTHCARE CENTER; (21) COUNTRY VILLA MONTE VISTA HEALTHCARE CENTER; (22) COUNTRY VILLA MURRIETA HEALTHCARE CENTER; (23) COUNTRY VILLA NORTH CONVALESCENT CENTER; (24) COUNTRY VILLA NOVATO HEALTHCARE CENTER; (25) COUNTRY VILLA PARKA VENUE NURSING AND HEALTH CENTER; (26) COUNTRY VILLAP A VILION NURSING CENTER; (27) COUNTRY VILLA PLAZA CONY ALESCENT CENTER; (28) COUNTRY VILLA QUINCY HEALTHCARE CENTER; (29) COUNTRY VILLA RANCHO MIRAGE HEALTHCARE CENTER; (30) COUNTRY VILLA REDLANDS HEALTH CARE CENTER; (31) COUNTRY VILLA REHABILITATION CENTER; (32) COUNTRY VILLA RIVERSIDE HEALTHCARE CENTER; (33) COUNTRY VILLA RIVERVIEW REHABILITATION & HEALTH CARE CENTER; (34) COUNTRY VILLA SAN RAFAEL HEALTHCARE CENTER; (35) COUNTRY VILLA SEAL BEACH HEALTH CARE CENTER; (36) COUNTRY VILLA SHERATON NURSING AND REHAB. CENTER; (37) COUNTRY VILLA SOUTH CONVALESCENT CENTER; (38) COUNTRY VILLA TERRACENURSING CENTER; (39) COUNTRY VILLA UNIVERSITY PARK HEALTHCARE CENTER; (40) COUNTRY VILLA WATSONVILLE EAST NURSING CENTER; (41) COUNTRY VILLA WATSONVILLE WEST NURSING & REHAB CENTER; (42) COUNTRY VILLA WEST COVINA HEALTHCARE CENTER; (43) COUNTRY VILLA WESTWOOD CVLT CENTER; (44) COUNTRY VILLA WILSHIRE CONVALESCENT CENTER; and (45) COUNTRY VILLA WOODMAN HEALTHCARE CENTER (the "Facilities") and their affiliated owners and companies, Country Villa Service Corporation ("CVSC"); Country Villa Westwood, LP; Country Villa Westwood, Convalescent Center, Country Villa Westwood Single Purpose Entity, LLC, AG San Gabriel, LLC, AG Arcadia, LLC, AG LA MESA, LLC, AG Laguna Hills, LLC, AG Lynwood, LLC, AG Monrovia, LLC, AG MURRIETA SNF, LLC, AG Rancho Mirage, LLC, AG Redlands, LLC, AG Seal Beach, LLC, AG West Covina, LLC, BVCV Operating Company, LLC, CF Merced La Sierra, LLC, CF Madera, LLC, CF Merced Behavioral, LLC, CF Merced, LLC, CF Modesto, LLC, CF Susanville, LLC, CF San Rafael, LLC, CF Quincy, LLC, CF Watsonville East, LLC, CF Watsonville West, LLC, Country Villa South Bay, LLC; Country Villa Claremont Healthcare Center, Inc.; Country Villa East L.P.; Country Villa Imperial LLC; Country Villa Novato Healthcare Center, LLC; Country Villa Pomona Healthcare Center, LLC; Country Villa Plaza Ltd Country Villa Nursing Center, Inc.; Glendale CV Operating Company, LLC; Mountinside Operating Company, LLC; Riverside Sanitarium, LLC; RRT Enterprises L.P.; United Convalescent Facilities, Inc. Win Win Enterprises, LLC; BH Alliance Corp, AG Facilities Operations, LLC, Crescent Facilities Operations, LLC; Jenmax Enterprises, LLC; SR & DR Operating Company, LLC; 340 South Alvarado, Inc.; Country Villa West, LTD; CV Westwood Single Purpose Entity, LLC; Reissman Family Trust; Saltzberg Family Trust; Torgan Family Trust; 1989 Reissman Irrevocable Trust; and Saltzberg Family Trust (together with the Facilities, "Defendants").

The Los Angeles Superior Court (the "Court") has ordered that notice be given of the proposed Class Action Settlement in the Lawsuit. If the proposed Class Action Settlement is approved by the Court, your legal rights may be affected. This Notice of Proposed Class Action Settlement summarizes the Class Action lawsuit and the settlement, and what you need to do if you want to file a claim, opt out of the class, or object to the settlement.

worked on the case since at least November 2008, taken or defended more than a dozen depositions, interviewed almost 100 witnesses and obtained signed affidavits in support of Plaintiffs' allegations from 60 witnesses, reviewed more than 100,000 documents, briefed and argued over 72 motions (including two writs or applications to the appellate courts), succeeded on a vigorously opposed Motion for Class Certification, engaged and extensively consulted more than a half dozen expert witnesses and consultants, and vigorously prepared for trial. The Settlement was reached as Class Counsel were engaged in trial preparations. During these three years of litigation (which included extensive research and investigations of the scope and severity of the Defendants' alleged violations both prior to filing the instant Lawsuit and throughout the Litigation) Class Counsel have received no compensation for their services and have advanced substantial litigation expenses on behalf of the Class. Subject to Court approval, the Defendants have agreed to pay, and Class Counsel will apply for attorneys' fees and costs not to exceed Four Million, Two Hundred Thousand Dollars (\$4,200,000). Any award of attorneys' fees and expenses will be paid separately from, and will not reduce, the benefits provided to Class members under the Settlement. Class Members are not personally liable for any attorneys' fees and expenses to Plaintiffs' counsel.

4.) Release of All Claims

The Defendants categorically deny any and all allegations made by Plaintiffs in the Litigation, and affirm their ongoing commitment to remain in compliance with all applicable laws and regulations governing skilled nursing facilities in the State of California, including but not limited to the staffing requirements of California Health & Safety Code section 1276.5 ("Section 1276.5"). Defendants similarly deny any and all allegations of fraud as related to interactions with consumers, and affirm their intent to continue to operate within the terms and provisions of the California False Advertising Law and the Consumer Legal Remedies Act. Nevertheless, in exchange for agreeing to the injunction, and the other consideration from the Defendants as provided in the Settlement, Defendants and their related entities and affiliates shall be released from any and all legal liability with respect to the claims which were asserted or could have been asserted in the Lawsuit, subject to specific limitations in the Settlement Agreement. Claims for personal injuries, including actions based upon violations of the Elder Abuse and Dependent Adult Civil Protection Act (Welfare & Institutions Code section 15600 et seq.) (if any) have been specifically excluded from the Lawsuit, and, as such, are not being released as part of the Settlement. However, Class Members who participate in the Settlement are deemed to have released all other claims that were asserted or could have been asserted in the Lawsuit, including all claims under:

- (1) California Health & Safety Code section 1430(b) based on violations of Health & Safety Code sections 1276.5 or 1599.1(a) that arose prior to the Settlement date,
- (2) Consumer Legal Remedies Act, and (3) California Business and Professions Code sections 17200 et seq., and 17500 et seq., including claims for unfair, unlawful, or fraudulent business practices and unfair, deceptive, untrue or misleading advertising. By releasing these claims, you will be giving up important rights and benefits, including the right to assert these or related claims to a jury. You may wish to consult with your own attorney before deciding to stay in this Class and give up those rights.

HOW TO PARTICIPATE IN THE SETTLEMENT

If you are a member of the Class, and wish to participate in the Settlement, you must complete and submit the attached Claim Form in the manner prescribed therein, to the address listed on the Claim Form. The beneficiaries or surviving family members (Successors in Interest) of a deceased class member may participate in the Settlement and receive a cash payment by following the instructions on the Claim Form. Your interests will be represented by Class Counsel. If you choose, you may enter an appearance individually or through your own counsel at your own expense. You have the right to consult and/or retain an attorney of your own choice, at your own expense, to advise you regarding the Settlement and your rights in connection with the Settlement.

HOW TO OPT-OUT

If you are a member of the Class and wish to exclude yourself from the Class, you must mail a signed request for exclusion from the Class to:

Gilardi & Co. LLC, 3301 Kerner Blvd, San Rafael, CA 94901

Your request must be postmarked no later than December 10, 2012, thirty (30) days after which the date on which the Class Notice is mailed. Your request must contain:

- (1) the name of this lawsuit;
- (2) your full name and current address;
- (3) a statement of intention to exclude yourself from this lawsuit; and
- (4) your signature.

If you exclude yourself from the Class, you will not be entitled to participate in or object to the Settlement you will not be entitled to submit a Claim Form, and you will not be bound by the Settlement or Judgment.

HOW TO OBJECT TO THE SETTLEMENT

If you are a member of the Class and wish to object to or comment upon the Settlement, the objection must contain:

- (1) the name of this lawsuit;
- (2) your full name and current address;
- (3) the grounds for your objection; and
- (4) that you resided in one of the Facilities from April 1, 2006 to the date of Final Approval.

Class Members may so object either on their own or through an attorney hired at their own expense. Class Members who intend to appear and be heard at the Final Approval Hearing shall be required to so state in connection with their objection. Objections must be filed with the Court listed below, no later than December 3, 2012, twenty (20) calendar days after the Class Notice Date. Mail objections to:

Clerk of the Court
Superior Court of the State of California
County of Los Angeles
111 N. Hill Street,
Los Angeles, CA 90012

Copies of any written objections must also be served on Plaintiffs' Class Counsel and Defendants' Counsel, at the following addresses:

Law Offices of Ben Yeroushalmi, APC, (Plaintiffs' Class Counsel)
c/o Rodney Tolentino
3600 Wilshire Blvd., Suite 1407
Los Angeles, CA 90010

and

Garcia Artigliere and Schadrack, (Defendants' Counsel)
c/o Stephen M. Garcia
One World Trade Center, Suite 1950
Long Beach, CA 90831

