

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 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 Country Villa Settlement Administrator, c/o Gilardi & Co. LLC, P.O. Box 8060, San Rafael, CA 94912-8060. Your claim must be postmarked on or before December 26, 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 LOS 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 HUNTINGTON DRIVE HEALTH CARE 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 LYNWOOD 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 HEALTH CARE CENTER; (25) COUNTRY VILLA PARK AVENUE NURSING AND HEALTH CENTER; (26) COUNTRY VILLA PAVILION NURSING CENTER; (27) COUNTRY VILLA PLAZA CONVALESCENT 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 TERRACE NURSING 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; 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 (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***.

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 Plaintiffs’ 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.YEROUSHALMILAW.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

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 the Facilities listed in this Notice.

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

FINAL APPROVAL HEARING

On March 21, 2013, at 9 a.m., 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 (f)(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 Press Recipients"). The Proposed Cy Press 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, P.O. Box 8090, San Rafael, CA 94912-8090

Your request must be postmarked **no later than December 26, 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 19, 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