

UNITED STATE DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

STEPHEN DEL SESTO, AS RECEIVER AND :
ADMINISTRATOR OF THE ST. JOSEPH :
HEALTH SERVICES OF RHODE ISLAND :
RETIREMENT PLAN, ET AL. :

Plaintiffs :

v. :

C.A. No: 1:18-CV-00328-WES-LDA

PROSPECT CHARTERCARE, LLC, ET AL. :

Defendants. :

**DECLARATION OF STEPHEN DEL SESTO IN SUPPORT OF
SETTLEMENT B AND SETTLEMENT A AND IN SUPPORT OF
PLAINTIFFS' COUNSEL'S MOTION FOR AWARD OF ATTORNEYS'
FEES IN CONNECTION WITH SETTLEMENT B AND SETTLEMENT A**

Stephen Del Sesto, Esq. hereby declares and states as follows:

1. Immediately following my appointment as Temporary Receiver for the St. Joseph Health Services of Rhode Island Retirement Plan (the "Plan"), I concluded that it would be prudent and necessary for the Plan to have special counsel appointed to investigate possible claims the plan might have against third parties in connection with the gross underfunding of the Plan and the sale of the assets of the Plan employer St. Joseph Health Services of Rhode Island to a group of for-profit entities in 2014, and any other issues that might enable me as Receiver to assert viable claims on behalf of the Plan.

2. I then met with attorneys from the law firm of Wistow, Sheehan & Loveley, P.C. ("WSL") to discuss retaining their firm as my Special Counsel. I was very familiar with WSL through many years of practicing law in Rhode Island. I believed WSL were uniquely

suited to undertake this representation based upon their extensive expertise and considerable success in representing plaintiffs in complex, controversial, and bitterly contested commercial (and other) litigation. At this point in time, it was clear that without highly intensive investigation, there was insufficient information on which to make an informed decision as to whether or not there was a sufficient basis to warrant asserting any claims in favor of the Plan.

3. After several discussions and their review of certain documents concerning the Plan, WSL stated they were interested in the representation if the terms of the retainer were satisfactory. We then proceeded to negotiate the terms of the retainer agreement, which negotiation included WSL initially proposing a greater contingent fee but then, at my request, agreeing to a lower percentage. Ultimately WSL agreed to represent me as Receiver on terms that, in my opinion as a fiduciary and Officer of the Superior Court, were both fair and reasonable and favorable to the interests of the Plan and the Receivership Estate and which provided WSL with a sufficient financial incentive to undertake and devote enormous time and resources to the representation.

4. I then sought and obtained approval from the Rhode Island Superior Court in the Receivership Proceedings to retain WSL on the terms that I had negotiated, which are set forth in the Retainer Agreement attached hereto as Exhibit 1.

5. It was not feasible to negotiate an overall contingent fee arrangement covering both the investigation and the litigation that might possibly follow the investigation. The investigation was projected to be extremely complex and time-consuming, and to require obtaining, reviewing and analyzing hundreds of thousands of pages of documents. It was unknown what opposition there would be to the discovery

requests, and what the documents might reveal concerning possible claims. It was understood that after a very significant investment of time in the investigation, WSL might conclude they saw no basis for pursuing any claims. As Receiver I was obligated to have an investigation into possible claims, but I could not expect WSL to do so on a contingent fee basis.

6. Accordingly, the Retainer Agreement provided for different fees in three different scenarios.

7. During the investigative phase of WSL's representation, they would be paid \$375, which they informed me was below their normal hourly rate. Based on my knowledge of legal fees charged in complex multi-million dollar commercial litigation by firms of comparable stature and experience, I believed that rate was indeed below market rates.

8. Any settlements prior to commencement of suit would entitle them to a contingent fee of 10% of the gross settlement, which they informed me was well below their standard contingent fee of 33 1/3% to 40%. That was also well below what I considered was the market rate obtained by firms comparable to WSL.

9. Settlements or recoveries by verdict after the commencement of litigation would entitle them to a contingent fee of 23.33%, which they informed was also significantly below their standard contingent fee. That was also well below what I considered was the market rate obtained by firms comparable to WSL in such complex commercial litigation.

10. The Retainer Agreement did not require WSL under any circumstance to give a credit against their contingent fee for sums paid to them based on their reduced hourly

rate during the investigative phase. I considered that not requiring a credit was fair and reasonable in light of the fact that the hourly rate and the contingent fees provided under the agreement were lower than WSL customarily earned and were below market.

11. Following their appointment as Special Counsel, WSL investigated the basis for claims the Plan may have against third parties, through informal document production, document production pursuant to subpoenas or other orders, and motion practice in the Receivership Proceedings to obtain full compliance with the subpoenas by parties or third parties whose response in many cases was dilatory and incomplete. On many occasions counsel for parties from whom WSL sought documents complained to me that WSL was too aggressive for their comfort and liking and asked for my intercession. I refused because it was entirely clear to me that WSL was acting zealously and in the best interests of the Plan and the Receivership Estate.

12. Shortly after WSL became involved, I along with attorneys from WSL attended a meeting with The Angell Pension Group, Inc. ("Angell") and its counsel, who informed me that Angell and its lawyers had information concerning the Plan that would enhance the Plan's prospects for recovery. They proposed to fully disclose that information if I completely released Angell from liability with no payment whatsoever. In addition to Angell sharing information, they offered to have their attorneys at Groom Law Group advise the Receiver along with WSL. That offer was rejected. That was the only settlement offer or discussion concerning settlement I had with Angell or its lawyers prior to the commencement of this action on June 18, 2018.

13. On several occasions during the period between WSL's appointment and the commencement of this action on June 18, 2018, I spoke directly to counsel for the Prospect Entities, St. Joseph Health Services of Rhode Island, CharterCARE Community Board, Roger Williams Hospital, and the Diocesan Defendants concerning the possibility of settlement, and informed them that if they were interested they should contact WSL and make an offer. I informed WSL of these conversations. In making that request I was following my custom and practice in cases in which I was acting as a court-appointed receiver but also represented by counsel, when entities against whom the Receivership Estate may have claims mentioned even the possibility of discussing settlement. In this case there were no more concrete discussions and certainly no offers of settlement prior to the commencement of this action on June 18, 2018.

14. Following my appointment as Receiver I held regular open meetings with Plan participants to keep them informed. Through these meetings and other communications it became clear that the Plan participants were experiencing a great deal of anxiety and worry concerning the security of their promised benefits, because the Receivership Petition had disclosed that the Plan was insolvent and the Petitioner had requested an immediate across-the-board benefit cut of 40%. Understandably, as the months of investigation wore on, they were imploring me to take action against culpable parties.

15. In the two months prior to the commencement of this action, I had discussions with WSL concerning the claims they believed could appropriately be asserted against third parties in connection with the underfunded status of the Plan, and the

demonstrated reluctance of the prospective defendants to enter into meaningful settlement discussions. I also reviewed drafts of the complaint that was filed on June 18, 2018.

16. In June of 2018 I instructed WSL to file suit on my behalf, and granted permission for them to also bring the case as a class action. At the time I instructed WSL to file suit, I was well aware of WSL's right to a higher contingent fee if cases were settled after the commencement of suit rather than before. By that time I believed, and I continue to believe today, that there would have been no meaningful settlement discussions until after suit had been brought. I did not instruct WSL to share the draft complaint with any potential defendants prior to filing, because I believed that would have no benefit and would actually weaken Plaintiffs' position by suggesting we were reluctant to file suit.

17. Consistent with the Receivership Court's Orders which approved WSL's fees and expenses, I believe that the fee applications filed by WSL in this case in connection with Settlements A and B are fair and reasonable, in addition to being within their express contractual undertaking. Indeed, I consider their offer to credit the hourly fees they received against their contingent fee to be a commendable and entirely voluntary contribution not required by the Retainer Agreement, but, rather, made out of concern for the Plan participants.

18. It is important that Plaintiffs' Counsel have a strong financial incentive to pursue the claims in this litigation, which are legally and factually complex and extremely document-intensive, and span many decades of Plan administration. I believe the existing fee structure gives them that incentive, and their zealous prosecution of Plaintiffs' claims to date vindicates that belief. It would be detrimental to the Receivership Estate and the Plan participants for that financial incentive to be lessened, and for WSL to be awarded fees

that are less than the fees to which they would be entitled under the Retainer Agreement.

I also believe that the objections by the non-settling Defendants to WSL's fee applications are attempts to disincentivize Plaintiffs' Counsel from the vigorous pursuit of claims against them. Accordingly, I support their fee applications without any reservation whatsoever.

19. On or before May 31, 2019, I caused copies of the Notice of Class Action Partial Settlement attached hereto as Exhibit 2, by first class U.S. mail, to all participants or beneficiaries of the St. Joseph Health Services of Rhode Island Retirement Plan.

20. On or before May 31, 2019, I caused to be publicly posted a copy of the Joint Motion and all exhibits thereto, including the Settlement Agreement, which are described in Exhibit 2, to the Receivership website, <https://www.pierceatwood.com/receivership-filings-st-joseph-health-services-rhode-island-retirement-plan>, where they have remained publicly available for download ever since.

21. On or before July 1, 2019, I caused to be mailed copies of the Notice of Class Action Partial Settlement attached hereto as Exhibit 3, by first class U.S. mail, to all participants or beneficiaries of the St. Joseph Health Services of Rhode Island Retirement Plan.

22. On or before July 1, 2019, I caused to be publicly posted a copy of the Joint Motion and all exhibits thereto, including the Settlement Agreement, which are described in Exhibit 3, to the Receivership website, <https://www.pierceatwood.com/receivership-filings-st-joseph-health-services-rhode-island-retirement-plan>, where they have remained publicly available for download ever since.

23. All aspects of the notice plan for both settlements have been completed in accordance with the terms of the settlement agreements.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this 14th of August, 2019 in Rhode Island.



Stephen Del Sesto

Exhibit 1

ENGAGEMENT AND FEE AGREEMENT

Stephen F. Del Sesto ("the Receiver"), as and only as Receiver of the St. Joseph Health Services of Rhode Island Retirement Plan (the "Plan"), hereby engages Wistow, Sheehan & Loveley, P.C. ("WSL") as special counsel to the Receiver and the Plan Receivership Estate as follows:

I. INVESTIGATION

The Receiver engages WSL to investigate potential liability or obligation of any persons or entities to pay damages or funds to the Plan (or to assume responsibility for such plan in the future), making use of discovery, records, research and consultations in its discretion. Under the provision concerning Hourly Fees set forth below, WSL will charge an hourly rate for these services. In addition, WSL will be reimbursed on a current basis (i.e. monthly) for any out-of-pocket expenses (such as costs of records, computer-assisted legal research, expert consultants, etc.) actually incurred and without mark-up by WSL during the investigative phase, whether claims are made or not.

II. MAKING CLAIMS

The Receiver further constitutes and appoints WSL to make claims against persons and/or entities who its investigation indicates may be liable for damages or to assume responsibility for the Plan. Said claim(s) may be made by demand letter or by lawsuit, if necessary. The Receiver agrees to pay as legal fees ten percent (10%) of the gross of any amounts recovered prior to the bringing of suit, by way of compromise or settlement. If suit is brought, the Receiver agrees to pay as legal fees twenty-three and one-third percent (23 1/3 %) of the gross of any amount thereafter recovered by way of suit, compromise, settlement or otherwise. In the event that a final resolution of such

claims by settlement or otherwise results in a third party assuming responsibility for the Plan, the fees to be paid to WSL shall be an obligation of the Receivership, the amount of which shall be determined by the Court using the standards of *quantum meruit* pursuant to the laws of Rhode Island, taking into account the benefit rendered to the Plan. In any event, no compromise of the Plan's claims may be made without the Receiver's express authorization and approval by the Court.

III. REIMBURSEMENT OF OUT-OF-POCKET EXPENSES

The Receiver is obligated to reimburse WSL within thirty (30) days of invoicing and in all events for any out-of-pocket expenses incurred by WSL (such as filing fees, costs of depositions, obtaining records, charges for computer-assisted legal research, costs of expert consultants and/or witnesses, etc.) in connection with Sections I or II above.

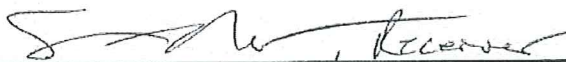
IV. HOURLY FEES

The Receiver shall pay WSL an hourly rate of \$375 per hour which is also the hourly rate presently being charged by the Receiver. In the event the Receiver's own hourly rate is increased, WSL will be entitled to charge such higher rate. Invoices for such hourly fees will be submitted to the Receiver every month for the Receiver's review. The Receiver shall seek Court approval of the fees submitted no less frequently than on a quarterly basis (or more frequently as the Receiver may in his discretion deem appropriate). The Receiver shall pay all Court-approved WSL invoices within three (3) business days of Court approval. The Receiver acknowledges that the attorneys performing services on behalf of WSL include Attorney Max Wistow, Attorney Stephen Sheehan, and Attorney Benjamin Ledsham, and that these services will be

performed during the investigation phase described by Section I as well as the phase, if applicable, described by Section II.

V. Miscellaneous

The Receiver hereby approves and acknowledges delivery of a duplicate copy of this Contingent Fee Agreement and acknowledges receipt of "A Client's Statement of Rights & Responsibilities."



Stephen F. Del Sesto, Esq., as Receiver of the St. Joseph Health Services of Rhode Island Retirement Plan

Date: 10/18/17

Wistow, Sheehan & Loveley, P.C., by



Max Wistow, Esq.

Date: 10/18/17

Exhibit 2

**UNITED STATES DISTRICT COURT
DISTRICT OF RHODE ISLAND**

Del Sesto et al. v. Prospect Chartercare, LLC et al.

C.A. No: 1:18-CV-00328-WES-LDA

NOTICE OF CLASS ACTION PARTIAL SETTLEMENT

YOUR LEGAL RIGHTS MIGHT BE AFFECTED IF YOU ARE A MEMBER OF THE FOLLOWING CLASS (the "Class"):

All participants of the St. Joseph Health Services of Rhode Island Retirement Plan ("the Plan"), including:

- i) all surviving former employees of St. Joseph Health Services of Rhode Island Inc. ("SJHSRI") who are entitled to benefits under the Plan; and
- ii) all representatives and beneficiaries of deceased former employees of SJHSRI who are entitled to benefits under the Plan.

PLEASE READ THIS NOTICE CAREFULLY. A FEDERAL COURT AUTHORIZED THIS NOTICE. THIS IS NOT A SOLICITATION FROM A LAWYER. YOU HAVE NOT BEEN SUED.

Chief Judge William E. Smith of the United States District Court for the District of Rhode Island (the "Court") has preliminarily approved a proposed partial settlement (the "Partial Settlement") of a class action lawsuit brought under the Employee Retirement Income Security Act of 1974 ("ERISA") and state common law. The Partial Settlement will provide for payments to the Plan, in return for releasing certain defendants from any liability, and the lawsuit will continue as to the remaining defendants. The Partial Settlement is summarized below.

The Court has scheduled a hearing (the "Final Approval Hearing") to consider the Named Plaintiffs' motion for final approval of the Partial Settlement, including Plaintiffs' Counsel's application for attorneys' fees. The Final Approval Hearing before U.S. District Chief Judge William E. Smith has been scheduled for August 29, 2019 at 10:00 a.m., in the United States District Court for the District of Rhode Island, Federal Courthouse, Courtroom 3, 1 Exchange Terrace, Providence, Rhode Island 02903. Any

objections to the Partial Settlement or the application for attorneys' fees must be served in writing on Plaintiffs' Counsel and on the Settling Defendants' attorneys, as identified on Pages 15-16 of this Notice of Class Action Partial Settlement ("Mailed Notice"). The procedure for objecting is described below.

This Mailed Notice contains summary information with respect to the Partial Settlement. The terms and conditions of the Partial Settlement are set forth in a Settlement Agreement (herein referred to as the "Settlement B Agreement").¹ Capitalized terms used in this Mailed Notice but not defined in this Mailed Notice have the meanings assigned to them in the Settlement B Agreement. The Settlement B Agreement, and additional information with respect to this lawsuit (the "Action") and the Partial Settlement, is available at the internet site <https://www.pierceatwood.com/receivership-filings-st-joseph-health-services-rhode-island-retirement-plan> ("the Receiver's Web Site") that was established by Attorney Stephen Del Sesto as Court-Appointed Receiver and Administrator of the Plan (hereinafter the "Receiver") in that certain civil action entitled *St. Joseph Health Services of Rhode Island, Inc. v. St. Joseph Health Services of Rhode Island Retirement Plan*, C.A. No. PC-2017-3856, filed in Providence County Superior Court in the State of Rhode Island (the "Receivership Proceedings").

PLEASE READ THIS MAILED NOTICE CAREFULLY AND COMPLETELY. IF YOU ARE A MEMBER OF THE CLASS, THE PARTIAL SETTLEMENT WILL AFFECT YOUR RIGHTS. YOU ARE NOT BEING SUED IN THIS MATTER. YOU DO NOT HAVE TO APPEAR IN COURT, AND YOU DO NOT HAVE TO HIRE AN ATTORNEY IN THIS CASE. IF YOU ARE IN FAVOR OF THE PARTIAL SETTLEMENT, YOU NEED NOT DO ANYTHING. IF YOU DISAPPROVE, YOU MAY OBJECT TO THE PARTIAL SETTLEMENT BY FOLLOWING THE PROCEDURES DESCRIBED BELOW.

YOUR LEGAL RIGHTS AND OPTIONS UNDER THE PARTIAL SETTLEMENT

YOU WILL NOT RECEIVE A DIRECT PAYMENT IN CONNECTION WITH THIS SETTLEMENT

The Partial Settlement provides for payment of certain funds to increase the assets of the Plan, and to put the Plan on a better financial position than it would be without the Partial Settlement to meet payment obligations to Plan participants and their

¹ The separate settlement agreement dated September 4, 2018 and executed between and among the Receiver and the Named Plaintiffs, on the one hand, and St. Joseph Health Services of Rhode Island ("SJHSRI"), Roger Williams Hospital ("RWH"), and CharterCARE Community Board ("CCCB") (herein collectively referred to as the "Heritage Hospital Defendants"), on the other hand, is herein referred to as the "Settlement A Agreement."

beneficiaries in accordance with their rights under the Plan and applicable law. It is not expected that the Partial Settlement will increase Plan assets sufficiently to make the Plan fully funded to meet its benefit obligations. However, the case will go on against the non-settling defendants. Plan participants or beneficiaries of Plan participants will not receive any direct payments in connection with this Partial Settlement.

If the Partial Settlement is approved by the Court and you are a member of the Class, you will not need to do anything.

THIS PARTIAL SETTLEMENT WILL NOT REDUCE YOUR RIGHTS TO COMMENCE OR CONTINUE TO RECEIVE A BENEFIT FROM THE PLAN

If the Partial Settlement is approved by the Court and you are a member of the Class, your entitlement to commence or receive a benefit at the time and in the form provided under the terms of the Plan will not be reduced or diminished as a result of your participation in the Partial Settlement. To the contrary, the effect if the Partial settlement is approved by the Court will be to increase the assets available to pay benefits under the Plan.

YOU MAY OBJECT TO THE SETTLEMENT BY

July 30, 2019.

If you wish to object to any part of the Partial Settlement, you may (as discussed below) write to the Court and counsel about why you object to the Partial Settlement.

YOU MAY ATTEND THE FINAL APPROVAL HEARING TO BE HELD ON AUGUST 29, 2019.

If you submit a written objection to the Partial Settlement to the Court and counsel before the Court-approved deadline, you may (but do not have to) attend the Final Approval Hearing about the Partial Settlement and present your objections to the Court. You may attend the Final Approval Hearing even if you do not file a written objection, but you will only be allowed to speak at the Final Approval Hearing if you file a written notice of objection in advance of the Final Approval Hearing AND you file a Notice of Intention To Appear. To file a written notice of objection and Notice of Intention to Appear, you must follow the instructions set forth in answer to Question 13 in this Mailed Notice.

- These rights and options—and the deadlines to exercise them—are explained in this Mailed Notice.

- The Court still has to decide whether to approve the Partial Settlement. Payments will be made only if the Court approves the Partial Settlement and that approval is upheld in the event of any appeal.

Further information regarding this Action and this Mailed Notice may be obtained by contacting the following Plaintiffs' Counsel:

Max Wistow, Esq., Stephen P. Sheehan, Esq.,
or Benjamin Ledsham, Esq.
WISTOW, SHEEHAN & LOVELEY, PC
61 Weybosset Street
Providence, RI 02903
401-831-2700 (tel.)
mwistow@wistbar.com
spsheehan@wistbar.com
bledsham@wistbar.com

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SUMMARY OF PARTIAL SETTLEMENT

This Action is a class action in which the Named Plaintiffs claim that the Plan is underfunded such that it will not be able to pay all of the benefits to which plan participants are entitled, and that the defendants are liable for that underfunding, as well as related claims. Copies of the Complaint and First Amended Complaint filed in the Action are available at the Receiver’s Web Site, <https://www.pierceatwood.com/receivership-filings-st-joseph-health-services-rhode-island-retirement-plan>.

The Settling Defendant is a Rhode Island non-profit foundation called CharterCARE Foundation (“CCF”). The Receiver’s and the Named Plaintiffs’ claims against CCF arise principally from a 2015 transaction in which St. Joseph’s Health Services of Rhode Island (“SJHSRI”) and Roger Williams Hospital (“RWH”) transferred approximately \$8,200,000 of their charitable assets to CCF. In this Action and a related action pending in the Rhode Island Superior Court known as *In re: CharterCARE Health Partners Foundation et al.*, C.A. No. KM-2015-0035 (hereinafter referred to as the “2015 *Cy Pres* Proceeding”), the Receiver and the Named Plaintiffs allege that CCF should not have received any of those funds, and that those funds instead should have been used for the benefit of the Plan. Other claims against CCF by the Receiver and the Named Plaintiffs are set forth in the First Amended Complaint in this Action, all of which CCF denies.

In this Partial Settlement, CCF agrees to pay the Receiver a total settlement payment of four million five hundred thousand dollars (\$4,500,000) (hereinafter referred to as the "Settlement Payment") to be used for the benefit of the Plan (from which Settlement Payment will be deducted attorney's fees and costs). That Settlement Payment will consist of three million nine hundred thousand dollars (\$3,900,000) of charitable assets that CCF received in 2015 from SJHSRI and RWH and now holds through the Rhode Island Foundation ("RIF"), plus an additional six hundred thousand dollars (\$600,000) that will be paid by CCF's liability insurer, RSUI Indemnity Company ("RSUI").

As of August 31, 2018, CCF's fund balance with RIF was \$9,108,384. The Settlement Payment is approximately 49.4% of such amount.

In consideration for CCF's Settlement Payment to the Receiver, the Receiver and the Named Plaintiffs agree to release CCF and RIF and to dismiss all claims against CCF and RIF that were asserted or could have been asserted in this Action or the related 2015 *Cy Pres* Proceeding. The terms and conditions of those releases are more fully described in the Settlement B Agreement.

As part of this Partial Settlement, the Receiver and CharterCARE Community Board ("CCCB") also agree to: (1) transfer to CCF all of "CCCB's Foundation Interests" (as that term is defined in the Settlement A Agreement) that the Receiver may acquire or which he did acquire in the Settlement A Agreement; and (2) certain other terms and conditions reflecting CCF's independence as a Rhode Island non-profit independent foundation.

This Partial Settlement is contingent upon: (1) final approval by the United Street District Court for the District of Rhode Island in this Action; and (2) the Rhode Island Superior Court's entry of a final judgment approving an amended *cy pres* petition authorizing CCF to transfer \$3,900,000 from charitable funds currently held at RIF to the Receiver. Further details regarding this Partial Settlement are described below.

STATEMENT OF POTENTIAL OUTCOME OF THE ACTION

If this Partial Settlement had not been agreed to, or if this Partial Settlement does not receive the necessary final approvals from both the United States District Court for the District of Rhode Island in this Action and the Rhode Island Superior Court in the 2015 *Cy Pres* Proceeding, CCF would dispute the claims asserted in the Action and in the 2015 *Cy Pres* Proceeding.

The Receiver and the Named Plaintiffs would face an uncertain outcome if the Action were to continue. There is no assurance that the Receiver or the Named Plaintiffs will secure recoveries from any of the Defendants, including CCF and the non-settling defendants. In that case, this proposed Partial Settlement may be the only opportunity

to significantly increase the assets of the pension fund to pay benefits as and when they are due, and the consequence of not approving the Partial Settlement may be that the pension fund runs out of money sooner than if the Partial Settlement were approved.

It is not possible to forecast exactly which type of outcome would occur if this Action and the 2015 *Cy Pres* Proceeding were to continue against CCF. The Receiver and the Named Plaintiffs could succeed in recovering all of the approximately \$8,200,000 in charitable assets that were transferred to CCF, plus the appreciation that has accrued on those funds since 2015. Alternatively, the Receiver and the Named Plaintiffs could be unsuccessful, and could end up recovering nothing from CCF. Another possibility is that the Receiver and the Named Plaintiffs could succeed in recovering some, but not all, of the charitable funds that were transferred to CCF in 2015.

Another way that the Receiver could recover funds from CCF would be through a successful effort to enforce the rights in and against CCCB's Foundation Interests that the Receiver may acquire or which he did acquire in the Settlement A Agreement. If those rights were successfully enforced, the Receiver potentially could acquire all or some of CCF's charitable assets and use them for the benefit of the Plan. However, CCF disputes the legality and enforceability of the rights in and against CCCB's Foundation Interests that the Receiver acquired in the Settlement A Agreement. If this Action and the 2015 *Cy Pres* Proceeding were to continue against CCF, then CCF would resist the enforcement of the Receiver's rights in and against CCCB's Foundation Interests that the Receiver may acquire or which he did acquire in the Settlement A Agreement. That possibility of further litigation adds an additional element of uncertainty if this Action and the 2015 *Cy Pres* Proceeding were to continue against CCF.

In summary, the Receiver, the Named Plaintiffs, and CCF do not agree on liability. Nor do they agree on the enforceability of the rights in and against CCCB's Foundation Interests that the Receiver may acquire in the Settlement A Agreement. They also do not agree on the amount that would be recoverable even if the Receiver and the Named Plaintiffs were to prevail at trial against CCF. If this Partial Settlement had not been agreed to, or if this Partial Settlement is not approved, CCF would strongly deny all claims and contentions by the Plaintiffs and deny any wrongdoing with respect to the Plan. CCF further would deny that they are liable to the members of the Settlement Class and would contest whether the members of the Settlement Class have suffered any damages for which CCF could be held legally responsible.

Nevertheless, having considered the uncertainty and expense inherent in any litigation, particularly in a complex case such as this, the Receiver and the Named Plaintiffs and CCF have concluded that it is desirable that the Action be fully and finally settled as between them, on the terms and conditions set forth in the Settlement Agreement.

STATEMENT OF ATTORNEYS' FEES SOUGHT IN THE ACTION

Plaintiffs' Counsel will apply to the Court for an order awarding attorneys' fees in accordance with the Retainer Agreement previously approved by the Rhode Island Superior Court in the Receivership Proceedings concerning Plaintiffs' Counsel's representation of the Receiver in this and other cases, in the amount of 23.5% of the Settlement Payment. Any amount awarded will be paid from the Settlement Payment. CCF will not oppose Plaintiffs' Counsel's application and otherwise has no responsibility for payment of such fees. Previously, in connection with Settlement A, although not required to do so, Plaintiffs' Counsel volunteered to reduce their fees for that settlement by the sum of five hundred and fifty two thousand dollars and 21 cents (\$552,281.25), representing attorneys' fees that Plaintiffs' Counsel were paid in connection with the investigation of whether there were any possibly meritorious claims to be asserted on behalf of the Plan. In the event Settlement A is not approved, Plaintiffs' Counsel will voluntarily reduce their fees for this Settlement by that amount.

WHAT WILL THE CLASS REPRESENTATIVES GET?

Neither the Named Plaintiffs nor any of the Class Members will receive any direct payments in connection with the Partial Settlement. The Receiver will receive the Net Settlement Amount for deposit into the assets of the Plan in accordance with the orders of the Superior Court in the Receivership Proceeding. The benefit the Named Plaintiffs or any of the Class members will receive will be that the funds paid to the Plan in connection with the Partial Settlement will increase the amount of the assets of the Plan available to pay benefits to the Plan participants and the beneficiaries of the Plan participants.

BASIC INFORMATION

1. WHY DID I GET THIS NOTICE PACKAGE?

You are a member of the Settlement Class, because you are a Participant in the Plan, or are the Beneficiary of someone who is a participant in the Plan.

The Court directed that this Mailed Notice be sent to you because since you were identified as a member of the Settlement Class, you have a right to know about the Partial Settlement and the options available to you regarding the Partial Settlement before the Court decides whether to approve the Partial Settlement. This Mailed Notice describes the Action and the Partial Settlement.

The Court in charge of this Lawsuit is the United States District Court for the District of Rhode Island. The persons who sued are Stephen Del Sesto (as Receiver and Administrator of the Plan), and seven Plan participants, Gail J. Major, Nancy Zompa,

Ralph Bryden, Dorothy Willner, Carol Short, Donna Boutelle, and Eugenia Levesque. These Plan participants are called the “Named Plaintiffs,” and the people they sued are called “Defendants.” The Defendants are Prospect Chartercare LLC, CharterCARE Community Board, St. Joseph Health Services of Rhode Island, Inc., Prospect Chartercare SJHSRI, LLC, Prospect Chartercare RWH, LLC, Prospect East Holdings, Inc., Prospect Medical Holdings, Inc., the corporation Roger Williams Hospital, Chartercare Foundation, the Rhode Island Community Foundation, the Roman Catholic Bishop of Providence, the Diocesan Administration Corporation, the Diocesan Service Corporation, and the Angell Pension Group, LLC. The Lawsuit is known as Del Sesto et al. v. Prospect Chartercare LLC, et al., C.A. No: 1:18-CV-00328-WES-LDA.

2. WHAT IS THE ACTION ABOUT?

The Named Plaintiffs claim that, under the Employees Retirement Income Security Act of 1974, as amended (“ERISA”), and state law, the Defendants were obligated to fully fund the Plan, and other related claims, including allegations of fraud and misrepresentation. One of those related claims is that SJHSRI’s and RWH’s transfer of approximately \$8,200,000 of charitable assets to CCF in 2015 was a fraudulent transfer, and that those assets instead should have applied for the benefit of the Plan. Defendants deny the claims in the Lawsuit, deny that they were obligated to fully fund the Plan and Plaintiffs’ related claims, and deny that they have engaged in any wrongdoing.

SETTLEMENT DISCUSSIONS

The proposed Partial Settlement is the product of negotiations between Plaintiffs’ Counsel, the Heritage Hospital Defendants’ counsel, and CCF’s counsel, including asset disclosure, after the filing of the complaint in this proceeding.

3. WHY IS THIS CASE A CLASS ACTION?

In a class action, one or more plaintiffs, called “class representatives” sue on behalf of people who have similar claims. All of these people who have similar claims collectively make up the “class” and are referred to individually as “class members.” One case resolves the issues for all class members together. Because the purported wrongful conduct alleged in this Action affected a large group of people—participants in the Plan—in a similar way, the Named Plaintiffs filed this case as a proposed class action.

4. WHY IS THERE A SETTLEMENT?

As in any litigation, all parties face an uncertain outcome. On the one hand, continuation of the case against CCF could result in a judgment greater than this Partial Settlement.

However, prolonged litigation could potentially result in CCF having to use certain of its charitable funds to defend itself in the Action and the 2015 *Cy Pres* Proceeding. If that happened, that would reduce the funds that are available to benefit the Plan, even if the Receiver and/or the Named Plaintiffs are successful in obtaining a judgment against CCF. This is because CCF's counsel is being paid through a "wasting" insurance policy issued by RSUI with a \$1 million coverage limit. A "wasting" insurance policy is one in which ongoing defense costs erode the \$1 million coverage limit. If this Action and the 2015 *Cy Pres* Proceeding continued against CCF, then CCF could end up exhausting the entire \$1 million limits of its insurance coverage on defense costs before this Action and/or the 2015 *Cy Pres* Proceeding is fully litigated to a conclusion. If that happened, then CCF would seek permission to use its charitable assets to pay its defense costs, and that would have the effect of reducing assets that might instead be made available to benefit the Plan.

Moreover, continuing the case could result in no recovery at all for the Receiver and/or the Named Plaintiffs from CCF. Based on these factors, the Receiver, the Named Plaintiffs, and Plaintiffs' Counsel have concluded that the proposed Partial Settlement is in the best interests of all members of the Class.

5. WHY IS THIS ONLY A PARTIAL SETTLEMENT?

This is a Partial Settlement because it only resolves the Receiver's and the Plaintiffs' claims against CCF. (The Partial Settlement also resolves the Receiver's and Plaintiffs' claims against RIF, because those claims are dependent upon and derivative of the claims against CCF.) Plaintiffs' claims against the remaining defendants are not being settled. (The Settling Parties note, however, that if the separate "Settlement A Agreement" between the Receiver and the Named Plaintiffs, on the one hand, and the Heritage Hospital Defendants, on the other hand, is approved and consummated before this new "Settlement B Agreement" is approved, then the Heritage Hospital Defendants (i.e. SJHSRI, RWH, and CCCB) may no longer be defendants in this Action.) If this Settlement B Agreement is approved, the only expected effect of this Partial Settlement on the Plaintiff's claims against the remaining defendants is that the remaining defendants may be entitled to reduce their liability to the Plaintiffs by the Settlement Payment.

The following hypothetical example may help explain the reduction to which the non-settling defendants may be entitled.

Imagine a personal injury lawsuit brought by a plaintiff against two defendants, in which the plaintiff claims the defendants were negligent, and settled his or her claims against one defendant for \$100, and proceeded to trial against the remaining defendant against whom the plaintiff obtained an award of \$500. The effect of the prior settlement would be at most to reduce the \$500 award by \$100, so that the plaintiff's total recovery would be \$100 from the settlement and an additional \$400 from the defendant against whom the plaintiff went to trial.

6. WILL THIS LAWSUIT CONTINUE AFTER THE PARTIAL SETTLEMENT?

This lawsuit will continue against the defendants who are not parties to the Partial Settlement. Those defendants are Prospect Chartercare LLC, Prospect Chartercare SJHSRI, LLC, Prospect Chartercare RWH, LLC, Prospect East Holdings, Inc., Prospect Medical Holdings, Inc., the Roman Catholic Bishop of Providence, the Diocesan Administration Corporation, the Diocesan Service Corporation, and the Angell Pension Group, LLC. . As noted above, if the separate "Settlement A Agreement" between the Receiver and the Named Plaintiffs, on the one hand, and the Heritage Hospital Defendants, on the other hand, is approved and consummated before this new "Settlement B Agreement" is approved, then the Heritage Hospital Defendants (i.e. SJHSRI, RWH, and CCCB) may no longer be defendants in this Action.) There are no assurances that Plaintiffs' claims against the remaining defendants will be successful or result in any recovery.

7. HOW DO I KNOW WHETHER I AM PART OF THE PARTIAL SETTLEMENT?

You are a member of the Settlement Class if you fall within the criteria for the Settlement Class approved by Chief Judge William E. Smith:

All participants of the St. Joseph Health Services of Rhode Island Retirement Plan ("the Plan"), including:

- i) all surviving former employees of St. Joseph Health Services of Rhode Island Inc. ("SJHSRI") who are entitled to benefits under the Plan; and
- ii) all representatives and beneficiaries of deceased former employees of SJHSRI who are entitled to benefits under the Plan.

8. WHAT DOES THE PARTIAL SETTLEMENT PROVIDE?

This Partial Settlement provides for a total Settlement Payment to the Receiver of \$4,500,000.

This Partial Settlement is contingent upon: (1) final approval by the United Street District Court for the District of Rhode Island in this Action; and (2) the Rhode Island Superior Court's entry of a final judgment approving an amended *cy pres* petition authorizing CCF to transfer \$3,900,000 from charitable funds currently held at RIF to the Receiver.

If this Partial Settlement receives final approval by the United Street District Court for the District of Rhode Island in this Action, then the Settling Parties will cooperate in filing and seeking approval of an amended *cy pres* petition in the 2015 *Cy Pres* Proceeding in the Rhode Island Superior Court. That amended *cy pres* petition will request that the Rhode Island Superior Court approve CCF's transfer to the Receiver of \$3,900,000 of charitable funds that it received in 2015 from SJHSRI and RWH and now holds at RIF. If the Rhode Island Superior Court enters a final judgment approving that amended *cy pres* petition, then CCF will complete the Settlement Payment to the Receiver by paying the \$3,900,000 of charitable funds that CCF holds at RIF, plus the \$600,000 from the RSUI insurance policy.

If the Rhode Island Superior Court does not approve the amended *cy pres* petition and proceed to enter final judgment thereon, then this Partial Settlement will be considered null and void, the Settling Parties will be restored to the respective positions that they occupied before this Partial Settlement was signed, and the Action and the 2015 *Cy Pres* Proceeding will both continue to proceed against CCF and RIF.

If instead this Partial Settlement receives all the necessary approvals from the United Street District Court for the District of Rhode Island in this Action and the Rhode Island Superior Court in the 2015 *Cy Pres* Proceeding, then CCF will proceed to make the complete Settlement Payment to the Receiver. In exchange, CCF will receive the following consideration from the Receiver, the Named Plaintiffs, and the Heritage Hospital Defendants.

First, all members of the Settlement Class shall be deemed to fully release CCF and RIF from the Released Claims (the "Settlement Releases").² The Settlement Releases will release CCF and RIF, together with each of their past and present officers,

² As part of the Settlement B Agreement, the Heritage Hospital Defendants are also providing releases to CCF and RIF under the terms and conditions set forth in the Settlement B Agreement.

directors, or attorneys, but only to the extent that such individuals or entities were acting in their capacity as officers, directors, or attorneys for CCF and RIF, respectively, but not for any other entity or entities. The Released Claims mean any and all past, present and future causes of action, claims, damages, awards, equitable, legal, and administrative relief, interest, demands or rights that are based upon, related to, or connected with, directly or indirectly, in whole or in part, the allegations, facts, subjects or issues that have been, could have been, may be or could be set forth or raised in the Lawsuit, including but not limited to any and all claims seeking damages because of the underfunded status of the Plan. The Settlement B Agreement and its exhibits provides a complete description of the scope of the Settlement Releases. Together with those Settlement Releases, the Partial Settlement provides that the Receiver and the Named Plaintiffs will dismiss with prejudice all claims that were asserted or could have been asserted against CCF and RIF in this Action and the 2015 *Cy Pres* Proceeding.

Second, CCF will receive the benefit of having a final judgment entered in the 2015 *Cy Pres* Proceeding that confirms CCF's continued right to use and administer all of the charitable funds that it received in 2015 from SJHSRI and RWH excepting the funds that CCF agrees to transfer to the Receiver as part of this Partial Settlement.

Third, the Receiver and the Heritage Hospital Defendants will assign and transfer to CCF all of "CCCB's Foundation Interests," as that term is used in the Settlement A Agreement. Furthermore, the Receiver and the Heritage Hospital Defendants agree to execute certain documents that recognize CCF's right to operate as an independent Rhode Island non-profit foundation, free from control or oversight by the Receiver or any of the Heritage Hospital Defendants, immediately upon CCF's payment of the Settlement Payment.

The above description of the proposed Partial Settlement is only a summary. The complete terms, including the definitions of the Released Parties and Released Claims, are set forth in the Settlement B Agreement (including its exhibits), which may be obtained at the Receiver's Web Site:

<https://www.pierceatwood.com/sites/default/files/Joint%20Motion%20for%20Preliminary%20Settlement%20Approval%20%28CCF%29%20with%20Supporting%20Memo%201.04.19.pdf>.

9. CAN I GET OUT OF THE PARTIAL SETTLEMENT?

You do not have the right to exclude yourself from the Partial Settlement. The Settlement B Agreement provides for certification of the Class as a non-opt-out class action under Federal Rule of Civil Procedure 23(b)(1)(B), and the Court has determined

that the requirements of that rule have been satisfied. As a member of the Class, you will be bound by any judgments or orders that are entered in the Action for all claims that were or could have been asserted in the Action or are otherwise released under the Partial Settlement.

Although you cannot opt out of the Partial Settlement, you can object to the Partial Settlement and ask the Court not to approve it. For more information on how to object to the Partial Settlement, see the answer to Question 13 below.

10. WHO ARE THE LAWYERS REPRESENTING THE CLASS

Plaintiffs' Counsel Wistow, Sheehan & Loveley, P.C. have been preliminarily appointed to represent the Class.

11. DO I HAVE A LAWYER IN THE CASE?

The Court has appointed Plaintiffs' Counsel Wistow, Sheehan & Loveley, P.C. to represent the Class in the Action. You will not be charged directly by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

12. HOW WILL THE LAWYERS BE PAID?

Plaintiffs' Counsel will file a motion for the award of attorneys' fees of 23.5% of the Settlement Payment. The percentage of 23.5% is the same percentage applicable to Plaintiffs' Counsel's representation of Attorney Stephen Del Sesto as Receiver in this lawsuit, and was previously approved by Associate Justice Brian P. Stern of the Rhode Island Superior Court in connection with the case captioned *St. Joseph Health Services of Rhode Island, Inc., Petitioner, v. St. Josephs Health Services of Rhode Island Retirement Plan, as amended*, PC-2017-3856 (the "Receivership Proceedings"). The petition filed on behalf of St. Joseph Health Services of Rhode Island, Inc. alleged that the Plan was insolvent and sought an immediate reduction in benefits of 40% for all Plan participants. The Superior Court in the Receivership Proceedings authorized the retention of Wistow, Sheehan & Loveley, P.C. as Special Counsel to the Receiver, to investigate and assert possible claims that may benefit the Plan, pursuant to Wistow, Sheehan & Loveley, P.C.'s retainer agreement which was approved by the Superior Court.

Copies of Plaintiffs' Counsel's Motion for Award of Attorneys' Fees and Costs may be obtained at the Receiver's Web Site, <https://www.pierceatwood.com/receivership-filings-st-joseph-health-services-rhode-island-retirement-plan>. This motion will be considered at the Final Approval Hearing described below. CCF will not take any position on that matter before the Court.

In the event the separate Settlement A is not approved by the Court, then instead of seeking 23.5% of the Settlement Payment, Plaintiff's Counsel will seek 23.5% of the Settlement Payment, reduced by the sum of \$552,281.25, which is the amount of attorneys' fees previously paid to Plaintiffs' Counsel in connection with their investigation of claims prior to commencing this lawsuit.

OBJECTING TO THE ATTORNEYS' FEES

By following the procedures described in the answer to Question 13, you can tell the Court that you do not agree with the fees and expenses the attorneys intend to seek and ask the Court to deny their motion or limit the award.

13. HOW DO I TELL THE COURT IF I DO NOT LIKE THE PARTIAL SETTLEMENT?

If you are a member of the Settlement Class, you can object to the Partial Settlement if you do not like any part of it. You can give reasons why you think the Court should not approve it. To object, you must send a letter or other writing saying that you object to the Partial Settlement in *Del Sesto et al. v. Prospect Chartercare, LLC et al.*, C.A. No: 1:18-CV-00328-WES-LDA. Be sure to include your name, address, telephone number, signature, and a full explanation of all the reasons why you object to the Partial Settlement. Your written objection must be sent to the following counsel and must be postmarked by no later than July 30, 2019.

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Prospect CharterCare SJHSRI, LLC
Prospect CharterCare RWMC, LLC

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Prospect East Holdings, Inc.

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Roman Catholic Bishop of Providence
Diocesan Administration Corporation
Diocesan Service Corporation

Steven E. Snow, Esq.
Partridge Snow & Hahn LLP
40 Westminster Street, Suite 1100
Providence, RI 02903
hm@psh.com
pk@psh.com
cmw@psh.com
egb@psh.com
ses@psh.com

You must also file your objection with the Clerk of the Court of the United States District Court for the District of Rhode Island by mailing it to the address set forth below. The objection must refer prominently to *Del Sesto et al. v. Prospect Chartercare, LLC et al.*, C.A. No: 1:18-CV-00328-WES-LDA. Your objection must be postmarked no later than July 30, 2019. The address is:

Clerk of the Court
United States District Court for the
District of Rhode Island
Federal Courthouse
1 Exchange Terrace
Providence, Rhode Island 02903

14. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE PARTIAL SETTLEMENT?

THE FINAL APPROVAL HEARING

The Court will hold a hearing to decide whether to approve the Partial Settlement as fair, reasonable, and adequate (the "Final Approval Hearing"). You may attend the Final Approval Hearing, but you do not have to attend.

The Court will hold the Final Approval Hearing at 10:00 a.m. on August 29, 2019, at the United States District Court for the District of Rhode Island, Federal Courthouse, 1 Exchange Terrace, Providence, Rhode Island 02903, in Courtroom 3. The Court may adjourn the Final Approval Hearing without further notice to the members of the Settlement Class, so if you wish to attend, you should confirm the date and time of the Final Approval Hearing with Plaintiffs' Counsel before doing so. At that hearing, the Court will consider whether the Partial Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will also rule on the

motions for attorneys' fees. The Parties do not know how long these decisions will take or whether appeals will be taken.

15. DO I HAVE TO COME TO THE HEARING?

No, but you are welcome to come at your own expense. If you file an objection, you do not have to come to the Final Approval Hearing to talk about it. As long as you mailed your written objection on time, it will be before the Court when the Court considers whether to approve the Partial Settlement. You also may pay your own lawyer to attend the Final Approval Hearing, but such attendance is also not necessary.

16. MAY I SPEAK AT THE HEARING?

If you submit a written objection to the Partial Settlement to the Court and counsel before the Court-approved deadline, you may (but do not have to) attend the Final Approval Hearing and present your objections to the Court. You may attend the Final Approval Hearing even if you do not file a written objection, but you will only be allowed to speak at the Final Approval Hearing if you file a written objection in advance of the Final Approval Hearing AND you file a Notice of Intention To Appear, as described in this paragraph. To do so, you must send a letter or other paper called a "Notice of Intention To Appear at Final Approval Hearing in Del Sesto et al. v. Prospect Chartercare, LLC et al., C.A. No: 1:18-CV-00328-WES-LDA." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention To Appear must be sent to the attorneys listed in the answer to Question 13 above, postmarked no later than July 30, 2019, and must be filed with the Clerk of the Court by mailing it (post-marked no later than July 30, 2019) to the address listed in the answer to Question 13.

17. WHAT HAPPENS IF I DO NOTHING AT ALL?

If you do nothing and you are a member of the Settlement Class, you will participate in the Partial Settlement of the Action as described above in this Mailed Notice.

GETTING MORE INFORMATION

18. ARE THERE MORE DETAILS ABOUT THE PARTIAL SETTLEMENT?

Yes. This Mailed Notice summarizes the proposed Partial Settlement. The complete terms are set forth in the Settlement B Agreement. Copies may be obtained at the Receiver's Web Site, <https://www.pierceatwood.com/receivership-filings-st-joseph-health-services-rhode-island-retirement-plan>. You are encouraged to read the complete Settlement B Agreement.

DATED: May 31, 2019

1972357.1 02611.000

Exhibit 3

**UNITED STATES DISTRICT COURT
DISTRICT OF RHODE ISLAND**

Del Sesto et al. v. Prospect Chartercare, LLC et al.

C.A. No: 1:18-CV-00328-WES-LDA

NOTICE OF CLASS ACTION PARTIAL SETTLEMENT

YOUR LEGAL RIGHTS MIGHT BE AFFECTED IF YOU ARE A MEMBER OF THE FOLLOWING CLASS (the "Class"):

All participants of the St. Joseph Health Services of Rhode Island Retirement Plan ("the Plan"), including:

- i) all surviving former employees of St. Joseph Health Services of Rhode Island Inc. ("SJHSRI") who are entitled to benefits under the Plan; and
- ii) all representatives and beneficiaries of deceased former employees of SJHSRI who are entitled to benefits under the Plan.

PLEASE READ THIS NOTICE CAREFULLY. A FEDERAL COURT AUTHORIZED THIS NOTICE. THIS IS NOT A SOLICITATION FROM A LAWYER. YOU HAVE NOT BEEN SUED.

Chief Judge William E. Smith of the United States District Court for the District of Rhode Island (the "Court") has preliminarily approved a proposed partial settlement (the "Partial Settlement") of a class action lawsuit brought under the Employee Retirement Income Security Act of 1974 ("ERISA") and state common law. The Partial Settlement will provide for payments to the Plan, in return for releasing certain defendants from any liability, and the lawsuit will continue as to the remaining defendants. The Partial Settlement is summarized below.

The Court has scheduled a hearing (the "Final Approval Hearing") to consider the Named Plaintiffs' motion for final approval of the Partial Settlement, including Plaintiffs' Counsel's application for attorneys' fees. The Final Approval Hearing before U.S. District Chief Judge William E. Smith has been scheduled for September 10, 2019 at 10 a.m., in Courtroom 3 of the United States District Court for the District of Rhode

Island, Federal Courthouse, 1 Exchange Terrace, Providence, Rhode island, 02903. Any objections to the Partial Settlement or the application for attorneys' fees must be served in writing on Plaintiffs' Counsel and on the Settling Defendants' attorneys, as identified on Pages 14-15 of this Notice of Class Action Partial Settlement ("Mailed Notice"). The procedure for objecting is described below.

This Mailed Notice contains summary information with respect to the Partial Settlement. The terms and conditions of the Partial Settlement are set forth in a Settlement Agreement ("Settlement Agreement"). Capitalized terms used in this Mailed Notice but not defined in this Mailed Notice have the meanings assigned to them in the Settlement Agreement. The Settlement Agreement, and additional information with respect to this lawsuit (the "Action") and the Partial Settlement, is available at the internet site <https://www.pierceatwood.com/receivership-filings-st-joseph-health-services-rhode-island-retirement-plan> ("the Receiver's Web Site") that was established by Attorney Stephen Del Sesto as Court-Appointed Receiver and Administrator of the Plan in that certain civil action entitled *St. Joseph Health Services of Rhode Island, Inc. v. St. Joseph Health Services of Rhode Island Retirement Plan*, C.A. No. PC-2017-3856, filed in Providence County Superior Court in the State of Rhode Island (the "Receivership Proceedings").

PLEASE READ THIS MAILED NOTICE CAREFULLY AND COMPLETELY. IF YOU ARE A MEMBER OF THE CLASS, THE PARTIAL SETTLEMENT WILL AFFECT YOUR RIGHTS. YOU ARE NOT BEING SUED IN THIS MATTER. YOU DO NOT HAVE TO APPEAR IN COURT, AND YOU DO NOT HAVE TO HIRE AN ATTORNEY IN THIS CASE. IF YOU ARE IN FAVOR OF THE PARTIAL SETTLEMENT, YOU NEED NOT DO ANYTHING. IF YOU DISAPPROVE, YOU MAY OBJECT TO THE PARTIAL SETTLEMENT BY FOLLOWING THE PROCEDURES DESCRIBED BELOW.

YOUR LEGAL RIGHTS AND OPTIONS UNDER THE PARTIAL SETTLEMENT

YOU WILL NOT RECEIVE A DIRECT PAYMENT IN CONNECTION WITH THIS SETTLEMENT

The Partial Settlement provides for payment of certain funds to increase the assets of the Plan, and to put the Plan on a better financial position than it would be without the Partial Settlement to meet payment obligations to Plan participants and their beneficiaries in accordance with their rights under the Plan and applicable law. It is not expected that the Partial Settlement will increase Plan assets sufficiently to make the Plan fully funded to meet its benefit obligations. However, the case will go on against

the non-settling defendants. Plan participants or beneficiaries of Plan participants will not receive any direct payments in connection with this Partial Settlement.

If the Partial Settlement is approved by the Court and you are a member of the Class, you will not need to do anything.

THIS PARTIAL SETTLEMENT WILL NOT REDUCE YOUR RIGHTS TO COMMENCE OR CONTINUE TO RECEIVE A BENEFIT FROM THE PLAN

If the Partial Settlement is approved by the Court and you are a member of the Class, your entitlement to commence or receive a benefit at the time and in the form provided under the terms of the Plan will not be reduced or diminished as a result of your participation in the Partial Settlement. To the contrary, the effect if the Partial settlement is approved by the Court will be to increase the assets available to pay benefits under the Plan.

YOU MAY OBJECT TO THE SETTLEMENT BY August 30, 2019.

If you wish to object to any part of the Partial Settlement, you may (as discussed below) write to the Court and counsel about why you object to the Partial Settlement.

YOU MAY ATTEND THE FINAL APPROVAL HEARING TO BE HELD ON SEPTEMBER 10, 2019.

If you submit a written objection to the Partial Settlement to the Court and counsel before the Court-approved deadline, you may (but do not have to) attend the Final Approval Hearing about the Partial Settlement and present your objections to the Court. You may attend the Final Approval Hearing even if you do not file a written objection, but you will only be allowed to speak at the Final Approval Hearing if you file a written notice of objection in advance of the Final Approval Hearing AND you file a Notice of Intention To Appear. To file a written notice of objection and Notice of Intention to Appear, you must follow the instructions set forth in answer to Question 13 in this Mailed Notice.

- These rights and options—and the deadlines to exercise them—are explained in this Mailed Notice.
- The Court still has to decide whether to approve the Partial Settlement. Payments will be made only if the Court approves the Partial Settlement and that approval is upheld in the event of any appeal.

Further information regarding this Action and this Mailed Notice may be obtained by contacting the following Plaintiffs' Counsel:

Max Wistow, Esq., Stephen P. Sheehan, Esq.,
or Benjamin Ledsham, Esq.
WISTOW, SHEEHAN & LOVELEY, PC
61 Weybosset Street
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401-831-2700 (tel.)
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SUMMARY OF PARTIAL SETTLEMENT

This Action is a class action in which the Named Plaintiffs claim that the Plan is underfunded such that it will not be able to pay all of the benefits to which plan participants are entitled, and that the defendants are liable for that underfunding, as well as related claims. Copies of the Complaint filed in the Action are available at the Receiver’s Web Site, <https://www.pierceatwood.com/receivership-filings-st-joseph-health-services-rhode-island-retirement-plan>.

The Settling Defendants are St. Joseph Health Services of Rhode Island Inc. (“SJHSRI”), CharterCARE Community Board (“CCCB”), and the corporation Roger Williams Hospital (“RWH”). They will pay an Initial Lump Sum of eleven million one hundred and fifty thousand dollars (\$11,150,000) plus however much has been released by the Rhode Island Department of Labor and Training from a reserve account (“DLT Escrow Account”) established years ago in connection with RWH’s self-insured workers compensation program, up to possibly the full amount of the DLT Escrow Account which is currently seven hundred and fifty thousand dollars (\$750,000), and the Settling Defendants will cooperate with Plaintiffs’ Counsel and the Receiver to seek to obtain the balance of the DLT Escrow Account, the assets of another defendant in this case, CharterCARE Foundation, and to obtain the value of CCCB’s membership interest in another defendant in this case, Prospect CharterCARE, Inc., all to be paid into the Plan after payment of attorneys’ fees, in accordance with the orders of the Rhode Island Superior Court in the Receivership Proceedings. The Settling Defendants at the

direction of the Receiver will thereafter file Petitions for Judicial Liquidation in the Rhode Island Superior Court, seeking judicial liquidation of their assets and distribution of those assets to their creditors, including to the Receiver to be paid into the Plan in accordance with the orders of the court in the Receivership Proceedings. Accordingly, the Total Settlement Amount is presently unknown. However, it will be at least the amount of the Initial Lump Sum, and Plaintiffs' Counsel and the Receiver hope to obtain significantly more money for the Plan pursuant to the Partial Settlement.

STATEMENT OF POTENTIAL OUTCOME OF THE ACTION

If this Partial Settlement had not been agreed to, or if this Partial Settlement is not approved, the Settling Defendants would dispute the claims asserted in the Action. Further, the Plaintiffs would face an uncertain outcome if the Action were to continue.

There is no assurance that Plaintiffs will secure recoveries from any of the Defendants, including the settling Defendants and the non-settling defendants. In that case, the proposed Partial Settlement may be the only opportunity to significantly increase the assets of the pension fund to pay benefits as and when they are due, and the consequence of not approving the Partial Settlement may be that the pension fund runs out of money sooner than if the Partial Settlement were approved.

The Plan documents themselves contain various provisions which arguably could be read to relieve SJHSRI of any obligation to fund the Plan, and to limit the Plaintiffs' recovery to the assets in the Plan. The Plaintiffs claim that such provisions either were not intended to have that effect, or are unenforceable. However, it is uncertain whether the Plaintiffs would prevail on these issues. Moreover, although the Plaintiffs contend that such agreements are unenforceable, at least some of the Plan participants who went on to work for Prospect Chartercare LLC in 2014 at Our Lady of Fatima Hospital signed arbitration agreements that might apply to their claims against the Settling Defendants. Those arbitration agreements purport to waive those employees' rights to participate in a class action. If those provisions were enforceable, those employees might have to retain their own attorneys and proceed individually against the Settling Defendants to assert their claims.

The Receiver and the Named Plaintiffs and the Settling Defendants disagree on liability. They also do not agree on the amount that would be recoverable even if the Receiver and the Named Plaintiffs were to prevail at trial. If this Partial Settlement had not been agreed to, or if this Partial Settlement is not approved, the Settling Defendants would strongly deny all claims and contentions by the Plaintiffs and deny any wrongdoing with respect to the Plan. The Settling Defendants would deny that they are liable to the members of the Settlement Class and that the members of the Settlement Class have

suffered any damages for which the Settling Defendants could be held legally responsible.

Nevertheless, having considered the uncertainty and expense inherent in any litigation, particularly in a complex case such as this, the Receiver and the Named Plaintiffs and Settling Defendants have concluded that it is desirable that the Action be fully and finally settled as between them, on the terms and conditions set forth in the Settlement Agreement.

STATEMENT OF ATTORNEYS' FEES SOUGHT IN THE ACTION

Plaintiffs' Counsel will apply to the Court for an order awarding attorneys' fees in accordance with the Retainer Agreement previously approved by the Rhode Island Superior Court in the Receivership Proceedings concerning Plaintiffs' Counsel's representation of the Receiver in this and other cases, in the amount of 23 and 1/3% of the Gross Settlement Amount, except that, although not required to do so, Plaintiffs' Counsel have volunteered to reduce their fees by the sum of five hundred and fifty two thousand dollars and 21 cents (\$552,281.25), either in connection with this Settlement or in connection with the separately pending settlement with Defendant CharterCARE Foundation, whichever (if either) is approved first. This sum represents attorneys' fees that Plaintiffs' Counsel were paid in connection with the investigation of whether there were any possibly meritorious claims to be asserted on behalf of the Plan. The result of this reduction would be to reduce Plaintiffs' Counsel's attorneys' fees on the Initial Lump Sum to 18.5% of that amount, rather than 23 and 1/3%. Any amount awarded will be paid from the Gross Settlement Amount. The Settling Defendants will not oppose Plaintiffs' Counsel's application and otherwise have no responsibility for payment of such fees.

WHAT WILL THE CLASS REPRESENTATIVES GET?

Neither the Named Plaintiffs nor any of the Class Members will receive any direct payments in connection with the Partial Settlement. The Receiver will receive the Net Settlement Amount for deposit into the assets of the Plan in accordance with the orders of the Superior Court in the Receivership Proceeding. The benefit the Named Plaintiffs or any of the Class members will receive will be that the funds paid to the Plan in connection with the Partial Settlement will increase the amount of the assets of the Plan available to pay benefits to the Plan participants and the beneficiaries of the Plan participants.

BASIC INFORMATION

1. WHY DID I GET THIS NOTICE PACKAGE?

You are a member of the Settlement Class, because you are a Participant in the Plan, or are the Beneficiary of someone who is a participant in the Plan.

The Court directed that this Mailed Notice be sent to you because since you were identified as a member of the Settlement Class, you have a right to know about the Partial Settlement and the options available to you regarding the Partial Settlement before the Court decides whether to approve the Partial Settlement. This Mailed Notice describes the Action and the Partial Settlement.

The Court in charge of this Lawsuit is the United States District Court for the District of Rhode Island . The persons who sued are Stephen Del Sesto (as Receiver and Administrator of the Plan)(the "Receiver"), and seven Plan participants, Gail J. Major, Nancy Zompa, Ralph Bryden, Dorothy Willner, Caroll Short, Donna Boutelle, and Eugenia Levesque. These Plan participants are called the "Named Plaintiffs," and the people they sued are called "Defendants." The Defendants are Prospect Chartercare LLC, CharterCARE Community Board, St. Joseph Health Services of Rhode Island, Inc., Prospect Chartercare SJHSRI, LLC, Prospect Chartercare RWH, LLC, Prospect East Holdings, Inc., Prospect Medical Holdings, Inc., the corporation Roger Williams Hospital, Chartercare Foundation, the Rhode Island Community Foundation, the Roman Catholic Bishop of Providence, the Diocesan Administration Corporation, the Diocesan Service Corporation, and the Angell Pension Group, LLC. The Lawsuit is known as Del Sesto et al. v. Prospect Chartercare LLC, et al., C.A. No: 1:18-CV-00328-WES-LDA.

2. WHAT IS THE ACTION ABOUT?

The Named Plaintiffs claim that, under the Employees Retirement Income Security Act of 1974, as amended ("ERISA"), and state law, the Defendants were obligated to fully fund the Plan, and other related claims, including allegations of fraud and misrepresentation. Defendants deny the claims in the Lawsuit, deny that they were obligated to fully fund the Plan and Plaintiffs' related claims, and deny that they have engaged in any wrongdoing.

SETTLEMENT DISCUSSIONS

The proposed Partial Settlement is the product of negotiations between Plaintiffs' Counsel and the Settling Defendants' counsel, including asset disclosure, after the filing of the complaint in this proceeding.

3. WHY IS THIS CASE A CLASS ACTION?

In a class action, one or more plaintiffs, called "class representatives" sue on behalf of people who have similar claims. All of these people who have similar claims collectively make up the "class" and are referred to individually as "class members." One case resolves the issues for all class members together. Because the purported wrongful conduct alleged in this Action affected a large group of people—participants in the Plan—in a similar way, the Named Plaintiffs filed this case as a proposed class action.

4. WHY IS THERE A SETTLEMENT?

As in any litigation, all parties face an uncertain outcome. On the one hand, continuation of the case against the Settling Defendants could result in a judgment greater than this Partial Settlement. However, the Settling Defendants are very unlikely to have sufficient assets to pay more than the Gross Settlement Amount even if the judgment exceeds that amount, and almost certainly will have less assets than that Gross Settlement Amount by the time such a judgment is obtained. Moreover, continuing the case could result in no recovery at all for the Named Plaintiffs from the Settling Defendants. Based on these factors, the Named Plaintiffs and Plaintiffs' Counsel have concluded that the proposed Partial Settlement is in the best interests of all members of the Class.

5. WHY IS THIS ONLY A PARTIAL SETTLEMENT?

This is a Partial Settlement because it only resolves the Plaintiffs' claims against the Settling Parties. Plaintiffs' claims against the remaining defendants are not being settled. If this Settlement is approved, the only expected effect of the Partial Settlement on the Plaintiff's claims against the remaining defendants is that the remaining defendants will claim to be entitled to reduce their liability to the Plaintiffs by the Gross Settlement Amount. In other words, the non-settling defendants will argue that Plaintiffs are not be entitled to recover the same damages twice, once from the Settling Defendants and again from one or more the remaining defendants.

The following hypothetical example may help explain the reduction that the non-settling defendants may seek.

Imagine a personal injury lawsuit brought by a plaintiff against two defendants, in which the plaintiff claims the defendants were negligent, and settled his or her claims against one defendant for \$100, and proceeded to trial against the

remaining defendant against whom the plaintiff obtained an award of \$500. The effect of the prior settlement would be at most to reduce the \$500 award by \$100, so that the plaintiff's total recovery would be \$100 from the settlement and an additional \$400 from the defendant against whom the plaintiff went to trial.

6. WILL THIS LAWSUIT CONTINUE AFTER THE PARTIAL SETTLEMENT?

This lawsuit will continue against the defendants who are not parties to the Partial Settlement. Those defendants are Prospect Chartercare LLC, Prospect Chartercare SJHSRI, LLC, Prospect Chartercare RWH, LLC, Prospect East Holdings, Inc., Prospect Medical Holdings, Inc., Chartercare Foundation, the Rhode Island Community Foundation, the Roman Catholic Bishop of Providence, the Diocesan Administration Corporation, the Diocesan Service Corporation, and the Angell Pension Group, LLC. There are no assurances that Plaintiffs' claims against the remaining defendants will be successful or result in any recovery.

7. HOW DO I KNOW WHETHER I AM PART OF THE PARTIAL SETTLEMENT?

You are a member of the Settlement Class if you fall within the criteria for the Settlement Class approved by Chief Judge William E. Smith:

All participants of the St. Joseph Health Services of Rhode Island Retirement Plan ("the Plan"), including:

- i) all surviving former employees of St. Joseph Health Services of Rhode Island Inc. ("SJHSRI") who are entitled to benefits under the Plan; and
- ii) all representatives and beneficiaries of deceased former employees of SJHSRI who are entitled to benefits under the Plan.

8. WHAT DOES THE PARTIAL SETTLEMENT PROVIDE?

The Partial Settlement provides for payment in stages. There will be an Initial Lump Sum payment of eleven million one hundred and fifty thousand dollars (\$11,150,000) plus however much has been released from the DLT Escrow Account, up to possibly the full amount of the DLT Escrow Account which is currently seven hundred and fifty thousand dollars (\$750,000).

The Settling Defendants will also transfer to the Receiver their interests in the remaining balance of the DLT Escrow Account and in two other entities. It is alleged that Settling Defendant CCCB has a membership interest in a foundation named CharterCARE Foundation. The Receiver will attempt to obtain those assets. However, it is expected that CharterCARE Foundation will deny that CCCB has any interest in or claim to those funds. It is impossible at this time to know whether the Receiver will obtain any funds from CharterCARE Foundation or the amount of what those funds will be if the receiver recovers any such funds.

It is also alleged that Settling Defendant CCCB has a membership interest in Prospect CharterCARE LLC, which indirectly through subsidiary corporations owns and operates two hospitals, Roger Williams Hospital, and Our Lady of Fatima Hospital. The Partial Settlement would obligate CCCB to cooperate with the Receiver to obtain that interest or the value thereof, for deposit into the Plan in accordance with the orders of the Superior Court in the Receivership Proceeding. However, Prospect CharterCARE LLC may dispute or seek to diminish the value of CCCB's membership interest. Thus, it is impossible at this time to know whether the Receiver will obtain any funds in connection with that membership interest.

The Settlement Agreement provides that the remaining assets of the Settling Defendants will be liquidated through proceedings for judicial liquidation in the Rhode Island Superior Court. Those proceedings will determine the competing claims of the Plaintiffs and other creditors to those remaining assets. It is hoped but it is impossible to guarantee that the Receiver will receive significant sums to be deposited into the Plan in accordance with the orders of the Superior Court in the Receivership Proceeding.

The Settlement Agreement provides that the Settling Defendants may retain operating funds of no more than \$600,000 to enable them to complete the liquidation proceedings, and that any operating funds they receive in excess of \$600,000 will be paid to the Receiver when the petitions for liquidation are filed, to be deposited into the Plan in accordance with the orders of the Superior Court in the Receivership Proceeding after attorneys' fees.

Participation in this Partial Settlement will have no impact on your right to commence or continue to receive your benefits at the time and in the form provided under the terms of the Plan other than to increase the amount of funds the Plan will have available to pay benefits to Plan participants and their Beneficiaries.

If the Partial Settlement is approved by the Court, all members of the Settlement Class shall be deemed to fully release the Settling Defendants from the Released Claims (the "Settlement Releases"). The Settlement Releases will release the Settling Defendants,

together with each of their current officers, directors, or attorneys, with the exception of one director, Monsignor Timothy Reilly, who will not be released. The Released Claims mean any and all past, present and future causes of action, claims, damages, awards, equitable, legal, and administrative relief, interest, demands or rights that are based upon, related to, or connected with, directly or indirectly, in whole or in part, the allegations, facts, subjects or issues that have been, could have been, may be or could be set forth or raised in the Lawsuit, including but not limited to any and all claims seeking damages because of the underfunded status of the Plan.

However, the Settlement Releases do not release any claims for breach of the Settlement Agreement, any claims to the extent that there may be assets of the Settling Defendants available to be distributed by the court in the Liquidation Proceedings referred to in the Settlement Agreement, any claims the Plaintiffs may have concerning the assets of the Settling Defendants were transferred in connection with the 2015 Cy Pres Proceeding referred to in the Settlement Agreement, and any claims to the assets of the Settling Defendants that were transferred in connection with the 2014 Asset Sale referred to in the Settlement Agreement.

The Settling Defendants will be entitled to receive the Settlement Releases in accordance with the terms of the Settlement Agreement.

The above description of the proposed Partial Settlement is only a summary. The complete terms, including the definitions of the Released Parties and Released Claims, are set forth in the Settlement Agreement (including its exhibits), which may be obtained at the Receiver's Web Site, <https://www.pierceatwood.com/receivership-filings-st-joseph-health-services-rhode-island-retirement-plan>.

9. CAN I GET OUT OF THE PARTIAL SETTLEMENT?

It is anticipated that this Partial Settlement and the judicial liquidation proceedings will dispose of all of the assets of the Settling Defendants, such that there will be no assets left to satisfy the claims of any individual Plan participants who might otherwise wish to assert claims against the Settling Defendants. As a result, you do not have the right to exclude yourself from the Partial Settlement. The Settlement Agreement provides for certification of the Class as a non-opt-out class action under Federal Rule of Civil Procedure 23(b)(1)(B), and the Court has determined that the requirements of that rule have been satisfied. As a member of the Class, you will be bound by any judgments or orders that are entered in the Action for all claims that were or could have been asserted in the Action or are otherwise released under the Partial Settlement.

Although you cannot opt out of the Partial Settlement, you can object to the Partial Settlement and ask the Court not to approve it. For more information on how to object to the Partial Settlement, see the answer to Question 13 below.

10. WHO ARE THE LAWYERS REPRESENTING THE CLASS

Plaintiffs' Counsel Wistow, Sheehan & Loveley, P.C. have been preliminarily appointed to represent the Class.

11. DO I HAVE A LAWYER IN THE CASE?

The Court has appointed Plaintiffs' Counsel Wistow, Sheehan & Loveley, P.C. to represent the Class in the Action. You will not be charged directly by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

12. HOW WILL THE LAWYERS BE PAID?

Plaintiffs' Counsel will file a motion for the award of attorneys' fees of 23.5% of the Gross Settlement Amount, reduced by the sum of \$552,281.25, which is the amount of attorneys' fees previously paid to Plaintiffs' Counsel in connection with their investigation of claims prior to commencing this lawsuit. The percentage of 23.5% is the same percentage applicable to Plaintiffs' Counsel's representation of Attorney Stephen Del Sesto as Receiver in this lawsuit, and was previously approved by Associate Justice Brian P. Stern of the Rhode Island Superior Court in connection with the case captioned *St. Joseph Health Services of Rhode Island, Inc., Petitioner, v. St. Josephs Health Services of Rhode Island Retirement Plan, as amended*, PC-2017-3856 (the "Receivership Proceedings"). The petition filed on behalf of St. Joseph Health Services of Rhode Island, Inc. alleged that the Plan was insolvent and sought an immediate reduction in benefits of 40% for all Plan participants. The Superior Court in the Receivership Proceedings authorized the retention of Wistow, Sheehan & Loveley, P.C. as Special Counsel to the Receiver, to investigate and assert possible claims that may benefit the Plan, pursuant to Wistow, Sheehan & Loveley, P.C.'s retainer agreement which was approved by the Superior Court.

Copies of Plaintiffs' Counsel's Motion for Award of Attorneys' Fees may be obtained at the Receiver's Web Site, <https://www.pierceatwood.com/receivership-filings-st-joseph->

health-services-rhode-island-retirement-plan. This motion will be considered at the Final Approval Hearing described below. Settling Defendants will not take any position on that matter before the Court.

OBJECTING TO THE ATTORNEYS' FEES

By following the procedures described in the answer to Question 13, you can tell the Court that you do not agree with the fees and expenses the attorneys intend to seek and ask the Court to deny their motion or limit the award.

13. HOW DO I TELL THE COURT IF I DO NOT LIKE THE PARTIAL SETTLEMENT?

If you are a member of the Settlement Class, you can object to the Partial Settlement if you do not like any part of it. You can give reasons why you think the Court should not approve it. To object, you must send a letter or other writing saying that you object to the Partial Settlement in Del Sesto et al. v. Prospect Chartercare, LLC et al., C.A. No: 1:18-CV-00328-WES-LDA. Be sure to include your name, address, telephone number, signature, and a full explanation of all the reasons why you object to the Partial Settlement. Your written objection must be sent to the following counsel and must be postmarked by no later than August 30, 2019.

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Prospect CharterCare SJHSRI, LLC
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Roman Catholic Bishop of Providence
Diocesan Administration Corporation
Diocesan Service Corporation

David A. Wollin, Esq.
Hinckley Allen & Snyder LLP
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Providence, RI 02903-2319
dwollin@hinckleyallen.com

Rhode Island Community Foundation

You must also file your objection with the Clerk of the Court of the United States District Court for the District of Rhode Island by mailing it to the address set forth below. The objection must refer prominently to Del Sesto et al. v. Prospect Chartercare, LLC et al., C.A. No: 1:18-CV-00328-WES-LDA . Your objection must be postmarked no later than August 30, 2019. The address is:

Clerk of the Court
United States District Court for the
District of Rhode Island
Federal Courthouse

1 Exchange Terrace
Providence, Rhode Island 02903

14. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE PARTIAL SETTLEMENT?

THE FINAL APPROVAL HEARING

The Court will hold a hearing to decide whether to approve the Partial Settlement as fair, reasonable, and adequate (the "Final Approval Hearing"). You may attend the Final Approval Hearing, but you do not have to attend.

The Court will hold the Final Approval Hearing at 10:00 a.m. on September 10, 2019, at the United States District Court for the District of Rhode Island, Federal Courthouse, 1 Exchange Terrace, Providence, Rhode Island 02903, in the courtroom then occupied by United States Chief District Judge William E. Smith. The Court may adjourn the Final Approval Hearing without further notice to the members of the Settlement Class, so if you wish to attend, you should confirm the date and time of the Final Approval Hearing with Plaintiffs' Counsel before doing so. At that hearing, the Court will consider whether the Partial Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will also rule on the motions for attorneys' fees. The Parties do not know how long these decisions will take or whether appeals will be taken.

15. DO I HAVE TO COME TO THE HEARING?

No, but you are welcome to come at your own expense. If you file an objection, you do not have to come to the Final Approval Hearing to talk about it. As long as you mailed your written objection on time, it will be before the Court when the Court considers whether to approve the Partial Settlement. You also may pay your own lawyer to attend the Final Approval Hearing, but such attendance is also not necessary.

16. MAY I SPEAK AT THE HEARING?

If you submit a written objection to the Partial Settlement to the Court and counsel before the Court-approved deadline, you may (but do not have to) attend the Final Approval Hearing and present your objections to the Court. You may attend the Final Approval Hearing even if you do not file a written objection, but you will only be allowed

to speak at the Final Approval Hearing if you file a written objection in advance of the Final Approval Hearing AND you file a Notice of Intention To Appear, as described in this paragraph. To do so, you must send a letter or other paper called a "Notice of Intention To Appear at Final Approval Hearing in Del Sesto et al. v. Prospect Chartercare, LLC et al., C.A. No: 1:18-CV-00328-WES-LDA ." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention To Appear must be sent to the attorneys listed in the answer to Question 13 above, postmarked no later than August 30, 2019, and must be filed with the Clerk of the Court by mailing it (post-marked no later than August 30, 2019) to the address listed in the answer to Question 13.

17. WHAT HAPPENS IF I DO NOTHING AT ALL?

If you do nothing and you are a member of the Settlement Class, you will participate in the Partial Settlement of the Action as described above in this Mailed Notice.

GETTING MORE INFORMATION

18. ARE THERE MORE DETAILS ABOUT THE PARTIAL SETTLEMENT?

Yes. This Mailed Notice summarizes the proposed Partial Settlement. The complete terms are set forth in the Settlement Agreement. Copies may be obtained at the Receiver's Web Site, <https://www.pierceatwood.com/receivership-filings-st-joseph-health-services-rhode-island-retirement-plan>. You are encouraged to read the complete Settlement Agreement.

DATED: July 1, 2019