Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

STATE OF RHODE ISLAND PROVIDENCE, SC.		SUPERIOR COURT
ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND, INC.	:	
vs.	:	C.A. No: PC-2017-3856
ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN, as amended	:	

RECEIVER'S PETITION FOR SETTLEMENT INSTRUCTIONS

NOW COMES Stephen F. Del Sesto, Esq., solely in his capacity as the Permanent Receiver (the "Receiver") of the St. Joseph Health Services of Rhode Island Retirement Plan (the "Plan"), and hereby Petitions this Court to approve the proposed settlement ("Proposed Settlement") of claims the Receiver has asserted against CharterCARE Community Board ("CCCB"), St. Joseph Health Services of Rhode Island ("SJHSRI"), and the corporation Roger Williams Hospital ("RWH") (collectively the "Settling Defendants"), in a lawsuit filed in the United States District Court for the District of Rhode Island (C.A. No: 1:18-CV-00328-WES-LDA) (the "Federal Court Action"), and in a lawsuit filed in the Rhode Island Superior Court (C.A. NO.: PC-2018-4386) (the "State Court Action"), which lawsuits concern the alleged underfunded status of the St. Joseph Health Services of Rhode Island Retirement Plan ("the Plan"), and in which Plaintiffs seek relief from the Settling Defendants including money damages that greatly exceed the remaining assets of the Settling Defendants.

The Settling Defendants are the three entities that formerly owned and operated Our Lady of Fatima Hospital and Roger Williams Hospital. They no

longer own those hospitals. The Proposed Settlement does not resolve the Plaintiffs' claims against the non-settling Defendants, or the Plaintiffs' efforts to avoid the sale of Our Lady of Fatima Hospital and Roger Williams Hospital to the current owners and to secure those assets for the Plan. Those claims will continue to be asserted.

Attached hereto as Exhibit A is the settlement agreement ("Settlement Agreement") that the Receiver has entered into subject to obtaining the approval of this Court. The Receiver believes that the Proposed Settlement is in the best interests of the Receivership Estate, the Plan, and the Plan participants, and recommends that this Court approve the Proposed Settlement.

If this Court accepts the Receiver's recommendation, the next step will be that the Receiver's Special Counsel will file a motion in the Federal Court Action asking that the Proposed Settlement be approved by that court, both because it is required for settlement of class actions under Rule 23(e) of the Federal Rules of Civil Procedure, and because judicial approval of a good faith settlement is a condition for the applicability of the recently enacted Rhode Island statute specifically addressed to settlements involving the Plan, R.I. Gen. Laws § 23-17.14-35.

As grounds for this Petition, the Receiver hereby states as follows:

1. This case was commenced on August 17, 2017, upon the Petition of Settling Defendant St. Joseph Health Services of Rhode Island. A copy of the Petition for the Appointment of a Receiver (the "Petition") is annexed hereto as Exhibit B.

2. The Petition alleged that the Plan was insolvent and sought an immediate reduction in benefits of 40% for all Plan participants. Specifically, the Petition sought the following relief:

> (1) the Court appoint a Temporary Receiver forthwith and also appoint a Permanent Receiver to take charge of the assets, affairs, estate, effects and property of the Plan, (2) that the Temporary Receiver and Permanent Receiver be authorized to continue to operate the Plan, (3) that the request for appointment of a permanent receiver and for an immediate 40% uniform reduction in benefits be set for hearing thirty (30) days.

Exhibit B at 7.

3. On October 11, 2017, the Receiver filed his Emergency Petition to Engage Legal Counsel, pursuant to which he sought leave to engage the firm of Wistow, Sheehan & Loveley, P.C. ("WSL"), as Special Counsel. The Emergency Petition with the WSL Retainer Agreement is attached hereto as Exhibit C. That Emergency Petition informed the Court that "following his appointment, the Receiver determined that his fiduciary obligations to the Plan and its beneficiaries include the need to conduct an investigation into the circumstances which resulted in the Plan's significant, and likely irreversible, financial distress," and that "the Receiver believes that assistance of special litigation counsel is warranted and necessary." Exhibit C ¶¶ 4 & 5.

4. On October 17, 2017 this Court granted the Emergency Petition. The Order granting the Emergency Petition is attached hereto as Exhibit D. It states in pertinent part:

> That for the reasons stated in the Receiver's Petition and in accordance with the terms of the Engagement, attached to the Petition as Exhibit A and incorporated herein by reference, the Receiver is hereby authorized to retain the law firm of Wistow Sheehan & Lovely PC ("WSL") to act as the Receivership Estate's special litigation counsel for the purposes more specifically set forth in the Petition and the Engagement . . . .

Exhibit D at 1. The executed WSL Retainer Agreement is attached as Exhibit E.

5. In their role as Special Counsel to the Receiver, WSL issued *subpoenas duces tecum* to the following entities:

- Adler Pollock & Sheehan, P.C.

- Bank of America, N.A.
- Defendant CharterCARE Community Board
- Defendant CharterCARE Foundation
- Rhode Island Department of Health
- Ferrucci Russo, P.C.
- Office of the Rhode Island Attorney General
- Defendant Prospect CharterCare, LLC
- Defendant Prospect Medical Holdings, Inc.
- Defendant Rhode Island Community Foundation
- Defendant Roman Catholic Bishop of Providence
- Defendant SJHSRI (two subpoenas)

6. By agreement, or in acknowledgment of their legal obligation, several of the subpoenaed entities produced documents in the possession and control of other entities. For example, Prospect Medical Holdings also produced documents on behalf of Prospect East Holdings, Inc.; Prospect CharterCare, LLC also produced documents on behalf of Prospect CharterCare SJHSRI, LLC and Prospect CharterCare RWMC, LLC; and Roman Catholic Bishop of Providence also produced documents on behalf of Diocesan Administration Corporation and Diocesan Service Corporation. The Angell Pension Group, Inc. ("Angell") produced copies of their files in compliance with the order appointing the Receiver, for which no subpoena was required.

7. This investigation entailed the production and review of over 1,000,000 pages of documents over an eight-month period, and the commitment of at least 1,472 hours of time by Special Counsel.

8. With the approval of the Receiver, Special Counsel were also retained by seven individual Plan participants, Gail J. Major, Nancy Zompa, Ralph Bryden, Dorothy Willner, Caroll Short, Donna Boutelle, and Eugenia Levesque ("Named Plaintiffs") to investigate and assert claims on their behalf. The Named Plaintiffs agreed to act on their own behalf and on behalf of the other Plan participants in a class action (the "Class Action").

9. The Complaints in both the Federal Court Action and the State Court Action were filed on June 18, 2018. Copies of those Complaints are attached hereto as Exhibits F and G, respectively. These Complaints were filed by Special Counsel on behalf of the Receiver, the Named Plaintiffs, and the proposed class consisting of the Plan participants.

10. At the same time, the Receiver moved for leave to intervene in a civil action that SJHSRI, RWH, and another entity, CharterCARE Foundation, had commenced in the Rhode Island Superior Court in 2015 (the "2015 *Cy Pres* Proceeding"), pursuant to which certain assets of SJHSRI and RWH were transferred to CharterCARE Foundation, which Plaintiffs seek to recover for deposit into the Plan.

11. Over the last several weeks, Counsel for the Settling Defendants and Special Counsel in consultation with the Receiver have conducted settlement negotiations, which involved extensive disclosure of the Settling Defendants' assets, including an initial disclosure and several additional or supplementary disclosures based upon the requests of Special Counsel for additional information and clarification.

12. The negotiations also involved communications by Counsel for the Settling Defendants and Special Counsel with the Rhode Island Department of Labor and Training ("DLT") and a joint meeting with DLT concerning an escrow account (the "DLT

Escrow"), which was then in the amount of approximately $2,500,000, that Settling Defendant RWH had funded, securing RWH's self-insured workers' compensation liabilities. As a result of these communications, DLT agreed to only $750,000 being retained in the DLT Escrow account, and released the balance, which is included in the Initial Lump Sum being paid by the Settling Defendants in connection with the Proposed Settlement.

13. Thereafter, Plaintiffs and the Settling Defendants agreed on the terms set forth in the Settlement Agreement. The proposed settlement would bind the Receiver, the named Plaintiffs, and the settlement class consisting of "[a]ll participants of the St. Joseph Health Services of Rhode Island Retirement Plan," including:

a) all surviving former employees of St. Joseph Health Services of Rhode Island ("SJHSRI") who are entitled to benefits under the Plan; and

b) all representatives and beneficiaries of deceased former employees of SJHSRI who are entitled to benefits under the Plan.

Exhibit A (Settlement Agreement) Exhibit 1 (Class Notice) at 1 & 10.

14. The Settlement Agreement establishes the terms of the Proposed Settlement. In summary, it provides for the following benefits to Plaintiffs:

a) Immediate payment of the Initial Lump Sum of a minimum of $11,150,000, which is 95% of the Settling Defendants' combined liquid operating assets of $11,525,000, up to a maximum of approximately $11,900,000 if the Rhode Island Department of Labor and Training releases the entire DLT Escrow in the amount of approximately $750,000 prior to the due date for payment of the Initial Lump Sum;

b) Assignment of the Settling Defendants' rights to whatever is left in the DLT Escrow;

c) Transfer to the Receiver of the Settling Defendants' rights in CharterCARE Foundation;

d) The Proposed Settlement also obligates the Settling Defendants not to object to Plaintiffs intervening in the 2015 *Cy Pres* Proceeding, and

Plaintiffs' request for an order directing that Plaintiffs' rights in CharterCARE Foundation be adjudicated in the Federal Court Action;

e) The Proposed Settlement gives the Receiver the beneficial interest in Defendant CCCB's interest in Defendant Prospect CharterCare, LLC;

f) The Settling Defendants admit liability on some of the claims asserted against them in the Complaint, including breach of contract, and that Plaintiffs' damages are at least $125,000,000; and

g) The Settlement Agreement obligates the Settling Defendants upon the Receiver's request to petition the Rhode Island Superior Court for judicial liquidations, pursuant to R.I. Gen. Laws § 7-6-63, whereby all of their remaining assets will be liquidated and distributed to their creditors, including Plaintiffs, in accordance with the orders of the court in the Liquidation Proceedings.

15. Thus, the potential total gross recovery for the Plan from the Settling Defendants, or otherwise as a result of the Settlement Agreement, could be as low as the minimum Initial Lump Sum of $11,150,000, or considerably more than that, but, except for the minimum Initial Lump Sum, the amount of the final recovery cannot be determined at this time. All that can be done at this time, and what Special Counsel in consultation with the Receiver has attempted to do, is to put the Receiver in the position to pursue and hopefully maximize the value of those assets.

16. The Settlement Agreement obligates the Plaintiffs to provide the Settling Defendants with releases in the form attached thereto, which preserve any claims concerning breach of the Settlement Agreement by the Settling Defendants, and the following "Excepted Claims":

i. any claims to the extent that there may be assets of CCCB available to be distributed by the court in the Liquidation Proceedings,

ii. any claims concerning the assets of CCCB that were transferred to CharterCARE Foundation in connection with the 2015 *Cy Pres* Proceeding, and

iii. any claims to the assets of the Settling Defendants that were transferred in connection with the 2014 Asset Sale.

Exhibit A (Settlement Agreement) Exhibits 9-11 (Releases to the Settling Defendants). The releases provide that, with respect to the Excepted Claims, the Plaintiffs agree to limit their recourse to the assets referred to in (i) through (iii).

17. The risks to the Plan if the settlement is not approved concern both the significant risk that the Plaintiffs may not prevail on their claims against the Settling Defendants, and the absolute certainty that, if the Proposed Settlement is not approved, the Settling Defendants' assets will be further dissipated by litigation expenses and claims of other creditors, such that it is indisputable that the sum that the Plaintiffs may collect from the Settling Defendants if they prevail will be substantially less than what is being offered in settlement.

18. The Federal Court Action is very complex, involves many Defendants, and the complications of proceeding as a class action, and, therefore, could take years to litigate, at the level of the U.S. District Court and possibly on appeal, during which time the assets of the Settling Defendants could be significantly diminished if not fully expended, if only by the attorneys' fees and expenses of defending this case, the companion State Court Action, and the 2015 *Cy Pres* Proceeding, to say nothing of the Settling Defendants' various ongoing operating expenses.

18. In connection with the negotiations for the Proposed Settlement, the Settling Defendants provided Special Counsel with certain asset disclosure.

19. The Settling Defendants have listed their estimated assets and liabilities in schedules that are attached to the Settlement Agreement, and which the Settling Defendants have certified constitute their best estimates thereof.[1]

20. After the 2014 Asset Sale, the Settling Defendants were left with essentially three forms of assets: a) retained cash maintained in operating accounts, b) accounts receivable and reserve accounts that may or may not become available for collection and deposit in operating accounts in the future, and c) membership interests in other entities, consisting of Settling Defendant CCCB's membership interest in Prospect CharterCare, LLC and Settling Defendant CCCB's alleged membership interest in CharterCARE Foundation.[2]

21. The precision by which their assets can be valued for purposes of evaluating the Proposed Settlement differs among these three asset classes.

Liquid Operating Assets

22. According to the schedule prepared by the Settling Defendants, the current value of the unrestricted cash and cash equivalents of the Settling Defendants is approximately $11,525,000.[3]

Reserve Accounts and Accounts Receivable

23. According to the same schedule, their restricted cash and cash equivalents, and their accounts receivable, total approximately $2,327,186, but those assets are tied up in various reserve accounts or may not be collectible in full or even in

[1] See Ex. A (Settlement Agreement ¶¶ 20-21, Exhibits 12-17).

[2] See Ex. A (Settlement Agreement ¶ 20, Exhibits 12-14).

[3] See Ex. A (Settlement Agreement) ¶ 22, Exhibits 13-15).

part.[4] Under the terms of the Proposed Settlement, the interests of the settling defendants in the DLT Escrow is assigned to the Receiver, and the value of the remaining assets will be determined and realized in judicial liquidations proceedings in the Rhode Island Superior Court.

Interests in Other Entities

The Settling Defendants' Interests in Prospect CharterCare, LLC

24. In connection with the 2014 Asset Sale, Settling Defendant CCCB received a 15% membership interest in Prospect CharterCare, LLC, which indirectly owns and operates Roger Williams Hospital and Our Lady of Fatima Hospital. The current value of those interests is unknown to Plaintiffs. Moreover, the Prospect CharterCare Limited Liability Agreement ("LLC Agreement") provides that such interest may be diluted under certain circumstances, and purport to restrict and even prohibit CCCB from transferring that interest for five years, i.e. until on or about June 20, 2019. Finally, it cannot be assumed that Prospect East, and the other Prospect entities that are Defendants in the Federal Court Action and the State Court Action,[5] will pay the fair value of this interest without compulsion. Accordingly, it is impossible to value CCCB's interest in Prospect CharterCare, LLC at this time.

Settling Defendants' Rights in CharterCARE Foundation

25. The Proposed Settlement gives the Receiver the beneficial interest in Settling Defendant CCCB's interest in CharterCARE Foundation. However, the nature

[4] See Ex. A (Settlement Agreement) ¶ 20, Exhibits 13-15).

[5] Prospect East Holdings, Inc., Prospect Medical Holdings, Inc., Prospect CharterCare, LLC, Prospect CharterCare SJHSRI, LLC, and Prospect CharterCare RWMC, LLC are the "Prospect Entities."

and value of that interest is disputed. Accordingly, the settlement value of that interest cannot be estimated at this time.

Notice to Plan Participants

26. Concurrently with the filing of this Petition, the Receiver is posting the Petition on his website, at https://www.pierceatwood.com/receivership-filings-st-joseph-health-services-rhode-island-retirement-plan, for all Plan participants and the general public to view. The Receiver will also send each Plan participant a notice by first class mail informing them of the date of the hearing on the Receiver's Petition for Settlement Instructions, and directing them to the Receiver's web site to obtain the Petition.

Attorneys' Fees

27. Pursuant to the WSL Retainer Agreement, the attorneys' fees to which Special Counsel is entitled in connection with the proposed settlement is 23 1/3% of the gross settlement amount.[6]

30. Notwithstanding that the WSL Retainer Agreement does not require or provide for any reduction of Special Counsels' contingent fee for hourly fees received in connection with Special Counsel's investigation prior to the assertion of a claim, Special Counsel on their own volition have agreed to such a reduction, to be applied to the first recoveries on the Proposed Settlement. The hourly fees for Special Counsel's investigation total $552,281.25, for 1,472 hours of attorney time. That credit would reduce Plaintiffs' Counsel's fee on the minimum Initial Lump Sum of $11,150,000 from 23 1/3% to approximately 18.38%.[7]

[6] See Exhibit D (WSL Retainer Agreement at 2).

[7] 23.5% of $11,150,000 = $2,601,630, minus $552,281.25 = $2,049,349, which is 18.38% of $11,150,000.

31. Special Counsel in the Federal Court Action intends to ask that court to award fees for Special Counsel's representation of the Settlement Class based upon the fee this Court approved for Special Counsel's representation of the Receiver, less the aforementioned credit.

32. Accordingly, Plaintiffs' Counsel will be seeking an award of attorneys' fees in the Federal Court Action in the amount of 23 1/3% of the Gross Settlement Amount, less $552,281.25.

Conclusion

33. The First Circuit has held that "[a] settlement agreement should be approved as long as it does not 'fall below the lowest point in the range of reasonableness." In re Heathco Int'l, Inc., 136 F.3d 45, 51 (1st Cir. 1998) (quoting In re W.T. Grant Co., 699 F.2d 599, 608 (2d Cir. 1983)). See also In re Mailman Steam Carpet Cleaning Corp., 212 F.3d 632 (1st Cir. 2000) (stating that the test is whether the trustee's actions fall within the universe of reasonable actions, as opposed to whether pressing forward might yield more funds). According to the First Circuit, in determining whether to approve a settlement, the Court should consider the following factors:

a) The probability of success in the litigation being compromised;

b) The difficulties to be encountered in the matter of collection;

c) The complexity of the litigation involved and the expense, inconvenience and delay in pursing the litigation; and

d) The paramount interest of the creditors and a proper deference to their reasonable views.

Cf. Jeffrey v. Desmond, 70 F.2d 183, 185 (1st Cir. 1995) (bankruptcy context).

34. The federal standards enumerated in Paragraph 21 herein have been applied by the Rhode Island Superior Court in receivership proceedings. See, e.g.,

Brook v. The Education Partnership, Inc., No. PB 08-4185, 2010 WL 1456787, at *3 (R.I. Super. Ct. Apr. 8, 2010) (Silverstein, J.). In Brook v. The Education Partnership, Inc., the Superior Court held:

> As discussed supra, in determining whether to approve the Receiver's proposed settlement the Court must consider certain factors and "assess and balance the value of the claim that is being compromised against the value to the estate of the acceptance of the compromise proposal." Among the factors to be considered are: (1) the probability of success in the litigation; (2) the likelihood of difficulties in collection of any judgment; (3) the complexity, expense, inconvenience, and delay of the litigation involved; and (4) the paramount interests of the creditors. The Court will also give deference to the Receiver's business judgment.

Id. at *5 (internal citations omitted).

35. The Receiver believes that the Proposed Settlement advances the interests of the Receivership Estate, the Plan, and the Plan participants, and that the terms of the Proposed Settlement are fair and reasonable given the ordinary risks of litigation and the complexity of the matter, as well as other considerations.

36. Accordingly, the Receiver recommends that the Court approve the Proposed Settlement as in the best interests of the Receivership Estate, the Plan, and the Plan participants, and authorize and direct the Receiver to proceed therewith.

WHEREFORE the Receiver prays for an Order (i) approving the Proposed Settlement as in the best interests of the Receivership Estate, the Plan, and the Plan participants; (ii) authorizing and directing the Receiver to proceed with the Proposed Settlement; and (iii) granting such further relief as this Court may determine to be reasonable and necessary under the circumstances.

Case Number: PC-2017-3856
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Reviewer: Sharon S.

Dated: September 4, 2018

Respondent,
Stephen F. Del Sesto, Esq., Solely in His Capacity as Permanent Receiver of the Receivership Estate,
By his Attorneys,

/s/ Max Wistow

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CERTIFICATE OF SERVICE

I hereby certify that, on the 4th day of September, 2018, I filed and served the foregoing document through the electronic filing system on the following users of record:

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Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
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/s/ Max Wistow

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Exhibit A

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SETTLEMENT AGREEMENT

This settlement agreement ("Settlement Agreement") is entered into as of August 31, 2018, between and among Stephen Del Sesto (as Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan) (the "Receiver") and Gail J. Major, Nancy Zompa, Ralph Bryden, Dorothy Willner, Caroll Short, Donna Boutelle, and Eugenia Levesque, said persons acting individually and[1] on behalf of all class members as defined herein (the Receiver and said persons are collectively referred to as "Plaintiffs"), and, on the other hand, CharterCARE Community Board ("CCCB"), St. Joseph Health Services of Rhode Island ("SJHSRI"), and the corporation Roger Williams Hospital ("RWH") (collectively the "Settling Defendants").

WHEREAS SJHSRI filed a petition to place the St. Joseph Health Services of Rhode Island Retirement Plan ("the Plan") into receivership 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") requesting a hearing authorizing the Receiver to reduce benefits under the Plan by 40%, and the Receiver was appointed by the Court in that proceeding;

WHEREAS Plaintiffs asserted claims against the Settling Defendants and others in a lawsuit filed in the United States District Court for the District of Rhode Island (C.A. No: 1:18-CV-00328-WES-LDA) (the "Federal Court Action"), and in a lawsuit filed in the

[1] Contingent upon the Court certifying the Class as provided herein.

Case Number: PC-2017-3856
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Rhode Island Superior Court (C.A. NO.: PC-2018-4386) (the "State Court Action"), which lawsuits concern the alleged underfunded status of the Plan, in which Plaintiffs seek relief from the Settling Defendants including money damages that greatly exceed the remaining assets of the Settling Defendants;

WHEREAS Plaintiffs filed a motion to intervene in the civil action entitled *In re: CharterCARE Health Partners Foundation, Roger Williams Hospital and St. Joseph Health Services of Rhode Island*, C.A. No: KM-2015-0035 (the "2015 *Cy Pres* Proceeding"), filed in Providence County Superior Court in the State of Rhode Island, and are seeking an order vacating the order entered in the 2015 *Cy Pres* Proceeding on April 20, 2015 and directing that all assets transferred to CharterCARE Foundation pursuant to that order be disposed of in accordance with the orders of the Court in the Federal Court Action in connection with the adjudication of the merits of Plaintiffs' claims, or, if the merits of Plaintiff's claims are adjudicated in the State Court Action, in accordance with the orders of the court in the State Court Action;

WHEREAS the recovery Plaintiffs are seeking from the Settling Defendants is primarily money to be paid into the Plan; and

WHEREAS there is only a limited fund to satisfy Plaintiffs' claims against the Settling Defendants, consisting primarily of the Settling Defendants' limited assets, which may be greatly diminished or exhausted by attorneys' fees and expenses of defending against Plaintiffs' claims.

NOW, THEREFORE, in consideration for the mutual exchange of promises contained herein, the adequacy and sufficiency of which is hereby acknowledged, Plaintiffs and the Settling Defendants hereby agree as follows:

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1. For purposes of this Settlement Agreement, and in addition to other terms that are defined elsewhere in this Settlement Agreement, the following terms shall have the meanings specified herein:

   a. "2014 Asset Sale" means the sale of assets pursuant to the Asset Purchase Agreement entered into as of September 23, 2013, which closed on or about June 20, 2014, pursuant to which the assets of certain entities, including the Settling Defendants, were sold or otherwise transferred.

   b. "CAFA Notice" means the notice of the proposed settlement in compliance with the requirements of the federal Class Action Fairness Act, 28 U.S.C. § 1711 et seq.

   c. "CCCB's Foundation Interests" means all of the claims, rights and interests of CCCB against or in CharterCARE Foundation (f/k/a CharterCARE Health Partners Foundation (f/k/a St. Josephs Health Services Foundation")), including but not limited to the right to recover funds transferred to CharterCARE Foundation in connection with the 2015 *Cy Pres* Proceeding, and any rights and interests appurtenant to CCCB's present or former status as a member or sole member of CharterCARE Foundation.

   d. "CCCB's Hospital Interests" means all of the claims, rights and interests against or in Prospect CharterCare, LLC that CCCB received in connection with the LLC Agreement or subsequently obtained, including but not limited to the 15% membership interest in Prospect CharterCare

LLC, and any rights or interests that SJHSRI or RWH may have in connection therewith.

e. "Class Member" means a member of the Settlement Class.

f. "Class Notice" means the notice to be provided to Class Members of the Final Approval Hearing, in the form attached hereto as Exhibit 1, or as the Court may otherwise direct.

g. "Class Representatives" mean Gail J. Major, Nancy Zompa, Ralph Bryden, Dorothy Willner, Caroll Short, Donna Boutelle, and Eugenia Levesque, who will first seek to be appointed as representatives of the Settlement Class for settlement purposes in connection with this Settlement Agreement, and, thereafter, will seek such appointment for the assertion along with the Receiver of the merits of the Plaintiffs' claims against the remaining defendants.

h. "Counsel for the Settling Defendants" means Attorney Robert D. Fine of the law firm of Chace Ruttenberg & Freedman, LLP, or such other counsel as the Settling Defendants may designate in writing to Plaintiff's Counsel.

i. "Court" means the United States District Court for the District of Rhode Island.

j. "Deadline for Objection to Settlement" means the date identified in the Class Notice by which a Class Member must file or serve written objections, if any, to the Settlement. The Deadline for Objection to

Case Number: PC-2017-3856
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Settlement shall be no later than ten (10) days prior to the Final Approval Hearing or as the Court may otherwise direct.

k. "Deadline for Objection to Award of Attorneys' Fees" means the date identified in the Class Notice by which a Class Member must file or serve written objections, if any, to the proposed award of attorneys' fees. The Deadline for Objection to Award of Attorneys' Fees shall be no later than ten (10) days prior to the Final Approval Hearing or as the Court may otherwise direct.

l. "DLT Escrow" means RWH's Workers Comp Self Insurance Reserve Account which has a balance of $750,000.

m. "Effective Date" means the date upon which the Order Granting Final Settlement Approval is entered.

n. "Final Approval Hearing" means the hearing at which the Court will make a final determination as to 1) whether the terms of the Settlement are fair, reasonable, and adequate, as to the Settlement Class, such that the Settlement should be finally approved by the Court, 2) whether to approve the Settlement as a good faith settlement under R.I. Gen. Laws § 23-17.14-35, 3) what attorneys' fees should be awarded to Plaintiffs' Counsel, and 4) such other and further relief as the Court may direct.

o. "Gross Settlement Amount" means the total of all funds paid by or on behalf of one or more of the Settling Defendants to or at the direction of the Receiver, or otherwise in connection with the Settlement, as well as

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

the fair market value (if there exists a fair market for such assets, or such other value as the court in the Receivership Proceedings or the court in the Liquidation Proceedings may determine) of any property or ownership rights transferred to the Receiver in connection with or pursuant to the Settling Defendants' undertakings in this Settlement Agreement, at the direction or request of the Receiver, or pursuant to the orders of the court in the Receivership Proceedings or the Liquidation Proceedings.

p. "Gross Settlement Amount Prior to Distribution in the Liquidation Proceedings" means the Gross Settlement Amount not including any sums distributed to the Receiver in the Liquidation Proceedings.

q. "Initial Lump Sum" includes any portion of the DLT Escrow that has been released from escrow by the time that payment of the Initial Lump Sum is due, plus the greater of the sum of 1) all cash and investments in hedge funds and other securities held by the Settling Defendants as of the Effective Date, less $600,000, or 2) eleven million one hundred and fifty thousand dollars ($11,150,000).

r. "Joint Motion" means the motion, supporting memorandum, and the exhibits thereto in the form that the Settling Parties have agreed will be filed with the Court in connection with this Settlement Agreement, with such revisions as are necessary to accurately refer to the actions of the court in the Receivership Proceedings in connection with the Receiver's Petition for Settlement Instructions.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

s. "Liquidation Proceedings" means the proceedings to be commenced by each of the Settling Defendants at the direction of the Receiver for judicial liquidation pursuant to R.I. Gen. Laws § 7-6-61.

t. "LLC Agreement" means the agreement entered into among CCCB, Prospect East Holdings, Inc., and Prospect CharterCare, LLC in connection with the 2014 Asset Sale, originally entitled the "AMENDED & RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF PROSPECT CHARTERCARE, LLC (a Rhode Island Limited Liability Company)" and as it thereafter may have been revised or amended.

u. "Net Settlement Amount" means the Gross Settlement Amount less the attorneys' fees paid to Class Counsel.

v. "Notice Plan" means the form, contents, and method of delivery of the Class Notice to be provided to Class Members.

w. "Order Granting Preliminary Settlement Approval" means, unless otherwise ordered by the Court, the order in the form attached hereto as Exhibit 2, 1) certifying the Settlement Class for purposes of determining whether the Settlement is fair, reasonable, and adequate; 2) appointing Plaintiffs' Counsel to represent the Settlement Class, 3) preliminarily approving the Settlement; 4) scheduling hearing on final approval of the Settlement and Plaintiffs' Counsel's application for attorneys' fees; and 5) approving the Notice Plan, or as the Court may otherwise direct.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

x. "Order Granting Final Settlement Approval" means the order approving the Settlement 1) as fair, reasonable, and adequate, 2) as a good faith settlement under R.I. Gen. Laws § 23-17.14-35, 3) awarding attorneys' fees to Plaintiffs' Counsel, and 4) such other and further relief as the Court may direct.

y. "Plaintiffs' Counsels' Motion for Attorneys' Fees" means the motion for attorneys' fees in connection with their representation of the Settlement Class that Plaintiffs' Counsel will submit at the same time as the Joint Motion.

z. "Plaintiffs' Counsel" means the law firm of Wistow, Sheehan & Loveley, P.C. and the attorneys of said firm.

aa. "Settlement" means the settlement described in the Settlement Agreement to be approved by the Court

bb. "Settlement Class" means all participants of the Plan, including:

i) all surviving former employees of 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.

cc. "Settling Parties" means collectively, the Plaintiffs and the Settling Defendants.

dd. "Settling Defendants' Other Assets" shall mean all assets of the Settling Defendants other than the Initial Lump Sum, the balance of the DLT

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

escrow after payment of the Initial Lump Sum, any funds in the Special Reserve Account established pursuant to this Settlement Agreement, CCCB's Foundation Interests, and CCCB's Hospital Interests.

2. The Receiver agrees that, within five (5) business days of the execution of this Settlement Agreement by the Settling Parties, the Receiver will file his Petition for Settlement Instructions with the court in the Receivership Proceedings, asking for authority to proceed with this Settlement. If such authority is not obtained for any reason, this Settlement Agreement will be null and void and the Settling Parties will return to their respective positions as if this Settlement Agreement had never been negotiated, drafted, or executed.

3. The Settling Parties agree that, within five (5) business days of the court in the Receivership Proceedings authorizing the Receiver to proceed with this Settlement, Plaintiffs will file the Joint Motion in the Federal Court Action.

4. Plaintiffs agree that prior to the filing of the Joint Motion, they will provide counsel for the Settling Defendants with a list of all known Class members, including the states in which they reside. Within ten (10) business days following the filing of the Joint Motion, the Settling Defendants agree to serve the CAFA Notice in the form and with the exhibits thereto attached hereto as Exhibits 3, 4 & 5, by mailing a copy thereof through the United States Postal Service, First Class Mail, to the Rhode Island Attorney General, the Director of the Rhode Island Department of Business Regulation, the Attorney General for every other State where a Class Member resides, and to the Attorney General of the United States, and, no later than fourteen (14) days prior to the Final Approval Hearing, to provide the Court

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

and the Receiver with written confirmation substantially in the form attached hereto as Exhibits 6, 7 & 8 that they have done so, which shall list each recipient and the address to which the CAFA Notice was sent.

5. As set forth in the Joint Motion, the Settling Parties will request that the Court certify the Settlement Class pursuant to Rule 23(b)(1)(B) of the Federal Rules of Civil Procedure, on the grounds that the Settling Defendants' alleged conduct was uniform with respect to each Class Member and the relief sought inures to the benefit of the Plan as a whole and not directly to any of the Class Members, and the Settling Defendants have limited funds that are greatly exceeded by the claims of the Plaintiffs, such that adjudications of these claims by individual members of the Settlement Class would, as a practical matter, be dispositive of the interests of the other Class Members not parties to the actions, and substantially impair or impede the ability of other members of the Settlement Class to protect their interests as to the Settling Defendants.

6. It is the belief of the Settling Parties that there is no right of any Class Members to opt out of the Settlement Class, because this Settlement involves a limited fund that is insufficient to satisfy all of the claims of the Class Members and the Receiver, and the relief Plaintiffs are seeking is payment into the Plan, from which all of the Class Members have rights of payment.

7. The Settling Parties agree to seek certification of the Settlement Class solely for the purpose of permitting the Settlement Class to participate in the settlement of Plaintiffs' claims against the Settling Defendants, without prejudice to the rights of

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

the remaining defendants in the Federal Court Action or the State Court Action to oppose class certification in connection with Plaintiffs' claims against them.

8. In the event the Court grants the Joint Motion, and unless otherwise directed by the Court, the Order Granting Preliminary Settlement Approval shall be in the form attached hereto as Exhibit 2 and shall require that within ten (10) days of the entry thereof, the Receiver will send the Class Notice to Class Members by mail, through the United States Postal Service, First Class Mail, in the form attached hereto as Exhibit 1, or as the Court may otherwise direct.

9. The Settling Defendants agree to cooperate with Plaintiffs and to take all reasonable measures requested by Plaintiffs to obtain the Order Granting Preliminary Settlement Approval and the Order Granting Final Settlement Approval.

10. Within ten (10) business days after the Effective Date, the Settling Defendants will pay to the Receiver the Initial Lump Sum to be administered by the Receiver in accordance with the orders of the Court in the Receivership Proceeding, as set forth in paragraph 33 of this Settlement Agreement.

11. Within five (5) business days after the Effective Date, Plaintiffs will execute and deliver to Counsel for the Settling Defendants the releases of the Settling Defendants in the form attached hereto as Exhibits 9, 10 &11, to be held in escrow until the Initial Lump Sum, the Irrevocable Assignment re CharterCARE Foundation, the Irrevocable Assignment re DLT Escrow, the copy of notice by the Settling Defendants to CharterCARE Foundation of the Irrevocable Assignment

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

re CharterCARE Foundation, and the Consent of Sole Member have all been received by Plaintiffs' Counsel on behalf of the Plaintiffs.

12. Within five (5) business days after the Effective Date, the Settling Defendants agree to deliver to Plaintiffs' Counsel a document evidencing consent by CCCB as sole member of CharterCARE Foundation (CCCB's Consent as Sole Member") pursuant to R.I. Gen. Laws § 7-6-104, in the form attached hereto as Exhibit 12.

13. Within ten (10) business days after the Effective Date, the Settling Defendants agree to deliver to Plaintiff's Counsel an irrevocable assignment (the "Irrevocable Assignment") to the Receiver of all of CCCB's Foundation Interests, effective ten (10) days thereafter, and, upon written request of the Receiver, to promptly give CharterCARE Foundation written notice of said Irrevocable Assignment by certified mail to CharterCARE Foundation c/o Paula Iacono, 7 Waterman Avenue, North Providence RI, or such other person who becomes CharterCARE Foundation's registered agent, and to counsel for CharterCARE Foundation in the Federal Court Action, with copy to Plaintiffs' Counsel. The Settling Defendants further agree to thereafter assist the Receiver's efforts to confirm and enforce the Irrevocable Assignment and CCCB's Consent as Sole Member.

14. The Settling Defendants warrant and represent that, to their knowledge, CCCB has not participated in amending the articles of incorporation or by-laws of CharterCARE Foundation to change CCCB's status as sole member of CharterCARE Foundation or otherwise eliminate or diminish CCCB's Foundation Interests, that the Settling Defendants have no knowledge of such amendment,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

and that CCCB will not participate in such amendment, or assign, transfer, or otherwise limit or encumber CCCB's Foundation Interests, except as provided in paragraph 13 of this Settlement Agreement.

15. Within five (5) days of the Effective date, the Settling Parties will provide Plaintiffs' Counsel with their fully executed irrevocable assignment of all rights they or any of them may have in the portion of the DLT Escrow that was not included and paid as part of the Initial Lump Sum (the "Irrevocable Assignment re DLT Escrow"), and promptly give the Rhode Island Department of Labor and Training and Citizens Bank written notice of said irrevocable assignment by certified mail, with copy to Plaintiffs' Counsel. The Settling Parties believe that the amount of the DLT Escrow of $750,000 as presently required by the Rhode Island Department of Labor and Training is unreasonably large in light of the purposes for said escrow. The Settling Defendants further agree to thereafter reasonably assist the Receiver to facilitate the Receiver's efforts to obtain all of the funds held in the DLT Escrow to be administered by the Receiver for the benefit of the Plan in accordance with the orders of the court in the Receivership Proceeding, as set forth in paragraph 33 of this Settlement Agreement.

16. Settling Defendants warrant and represent that the balance of the DLT Escrow is seven hundred and fifty thousand dollars ($750,000), that they have not previously assigned, transferred, or otherwise limited or encumbered their rights in the DLT Escrow, and that they will not do so except as provided in paragraph 15 of this Settlement Agreement.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

17. The Settling Defendants warrant and represent that, to their knowledge, CCCB's Hospital Interests stand solely in the name of CCCB, that CCCB has not participated in the amendment or revision of the LLC Agreement from its original terms, and that CCCB has not assigned, transferred, or otherwise limited or encumbered such rights or interests, and that following the execution of the Settlement Agreement, CCCB will not assign, transfer, or otherwise limit or encumber such rights or interests except with the express written consent of the Receiver. The Settling Defendants agree to hold the CCCB Hospital Interests in trust for the Receiver, and that the Receiver will have the full beneficial interests therein.

18. At the written direction of the Receiver addressed to Counsel for the Settling Defendants at any time the Receiver may choose, provided it is more than five (5) business days after the Effective Date, the Settling Defendants agree that CCCB will exercise the put option referred to in the LLC Agreement as the "CCHP Put Option," (the "Put Option") in accordance with the terms of the LLC Agreement pertaining to said exercise, or as the Receiver may otherwise direct, at such time as the Receiver may elect, and that the Receiver shall participate with CCCB in all matters concerning the exercise of the Put Option, and that the Settling Defendants shall promptly take all steps reasonably requested by the Receiver in connection therewith, and transfer to the Receiver any payment to or on behalf of CCCB for all or any part of the CCCB Hospital Interests, to be disposed of by the Receiver for the benefit of the Plan in accordance with the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

orders of the court in the Receivership Proceeding, as set forth in paragraph 33 of this Settlement Agreement.

19. The Settling Defendants agree that, in the event that the Receiver decides that CCCB should not exercise the Put Option, or if CCCB attempts to exercise the Put Option but the attempt is rejected, or in the judgment of the Receiver the result of that attempted exercise is not wholly successful, the Receiver may sue in the name of CCCB to collect or otherwise obtain the value of such beneficial interests, and to cooperate in any litigation commenced by the Receiver and to comply with all of the Receiver's reasonable requests to maximize and realize the full value of CCCB's Hospital Interests, subject to any orders of the court in the Liquidation Proceedings concerning CCCB's responsibilities, to be paid to and distributed by the Receiver for the benefit of the Plan in accordance with the orders of the court in the Receivership Proceedings, as set forth in paragraph 33 of this Settlement Agreement.

20. In the event that the Settling Parties are still seeking the Order Granting Final Settlement Approval on June 20, 2019, the Settling Defendants agree to exercise the Put Option upon the request of the Receiver and at such time as the Receiver may select, provided the Settling Defendants shall have no such obligation if the Receiver makes the request after the Court has refused to grant final settlement approval.

21. In the event that the Court enters the Order Granting Final Settlement Approval, the Settling Defendants agree that upon the Receiver's written demand therefor (or, if no such demand is made within thirty (30) days of the Effective Date, then

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Settling Defendants may proceed without such demand), they will file petitions (hereinafter the "the Petitions for Judicial Liquidation") to liquidate the Settling Defendants' Other Assets and affairs pursuant to R.I. Gen. Laws § 7-6-61 in the Liquidation Proceedings, provided, however, that the Receiver may demand that the Petitions for Judicial Liquidation should be filed jointly, or at different times.

22. The Settling Defendants represent that the schedules attached hereto as Exhibits 13, 14, & 15 set forth their best evaluations of the assets of Settling Defendants CCCB, SJHSRI, and RWH, respectively.

23. The Settling Defendants represent that the schedules attached hereto as Exhibits 16, 17, & 18 contain the names and addresses of all persons or entities whom the Settling Defendants know or reasonably believe may have claims against, or otherwise represent liabilities of, CCCB, SJHSRI, and/or RWH, respectively, which may make them creditors of the Settling Defendants who may be entitled to assert claims in the Liquidation Proceedings, provided that such schedules do not include ordinary operating expenses and liabilities of the Settling Defendants incurred in connection with their on-going wind-down of their operations. The Settling Defendants contest both their liability and the amount of the damages they may owe to some of their putative creditors.

24. The Settling Defendants agree to cooperate with and follow the requests of the Receiver and to take all reasonable measures in the Liquidation Proceedings to obtain court approval of the Petitions for Judicial Liquidation, including but not limited to marshalling the Settling Defendants' Other Assets and other rights of

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

the Settlement Defendants and opposing and seeking to limit the claims of other creditors where appropriate.

25. The relief requested in the Petitions for Judicial Liquidation will include the request for an order of the court enjoining all creditors from asserting their claims against or otherwise affecting the assets of the Settling Defendants except in the Liquidation Proceedings, and authorizing Counsel for the Settling Defendants or such other person as the court may direct to marshal any and all of the assets of the Settling Defendants for liquidation and distribution in the Liquidation Proceedings.

26. After payment of the Initial Lump Sum, the Settling Parties agree that the Settling Defendants may retain liquid assets in their operating accounts of no more than a total of $600,000 ("the Operating Fund"), to be allocated among the Settling Defendants as they see fit, and that the Settling Defendants may continue to receive for deposit into the Operating Fund income from charitable trusts or other sources, provided, however, that if the Operating Fund should ever exceed $600,000, they will immediately deposit the excess in a special reserve account (the "Special Reserve Account") to be paid to the Receiver upon the filing of the first of the Petitions for Judicial Liquidation, and that any balance remaining in the Operating Fund when the cash and other assets of the Settling Defendants are distributed in the Liquidation Proceedings shall be included in the Settling Defendants' Other Assets and distributed by the court to the Settling Defendants' creditors, including the Plaintiffs, as the court may direct in the Liquidation Proceedings.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

27. Commencing with the execution of the Settlement Agreement, the Settling Defendants agree they will not purchase or otherwise obtain any illiquid assets without prior written approval of the Receiver, and will make no payments to anyone, including but not limited to creditors, except in the ordinary course of winding-down their operations, and to provide the Receiver with ten (10) days' written notice of their intention to make any such payments in an amount greater than $50,000, to negotiate in good faith if the Receiver objects to any such payments after being provided with notice thereof, and to submit to the jurisdiction of the Superior Court in the Receivership Proceeding if the Receiver continues to object, so that the Court in the Receivership Proceeding may determine whether such payments should be made.

28. The Settling Defendants acknowledge that SJHSRI, as the former employer of the Plan participants, is liable to the Plaintiffs for breach of contract, and, arguably, on at least some of the other claims Plaintiffs have asserted against the Settling Defendants in the Federal Court Action and the State Court Action, and that Plaintiffs' damages resulting from such liability include the sum that (in addition to the remaining assets of the Plan) would be sufficient to purchase annuities from one or more insurance companies to fund all of the benefits to which the Plan participants are entitled under the Plan, and that, according to the analysis obtained by the Settling Defendants in connection with the filing of the Petition for Receivership, that sum (in addition to the remaining assets of the Plan as represented to Counsel for the Settling Defendants by the Receiver within ten (10) days prior to the execution of this Settlement Agreement) would

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

be at least $125,000,000. The Settling Defendants RWH and CCCB agree that they are liable along with SJHSRI, jointly and severally, for breach of contract to the Plaintiffs and, arguably, on at least some of the other claims Plaintiffs have asserted against the Settling Defendants in the Federal Court Action and the State Court Action, in the amount of damages of at least $125,000,000, and all of the Settling Defendants agree that such sum less the Gross Settlement Amount Prior to Distribution in the Liquidation Proceedings shall be amount of the Plaintiffs' claims as creditors of the Settling Defendants in the Liquidation Proceedings.

29. In connection with the execution of this Settlement Agreement, the Settling Defendants and the Receiver will execute a security agreement granting to the Receiver a security interest (the "Receiver's Security Interest") in all of their accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-or-credit rights, letters of credit, money, and general intangibles (the "Security Agreement") and the UCC-1 Financing Statement attached hereto as Exhibits 19 & 20, respectively, and such other documents as the Settling Parties agree are reasonably necessary to effectuate and perfect the Receiver's Security Interest, to secure the payment of the Initial Lump Sum and the obligations of the Settling Defendants under paragraphs 12, 13, 15, 18, 19, 20, 21, and 26 of this Settlement Agreement.

30. The Settling Defendants contend that their proportionate fault in tort, if any, in causing said damages is small compared to the proportionate fault of the other defendants in the Federal Court Action and the State Court Action, but

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

acknowledge that, under the law governing joint and several liability, the Settling Defendants could be required to pay the full amount of Plaintiffs' damages regardless of the proportionate fault of the other defendants.

31. The Settling Defendants agree to consent to the Receiver participating in the Liquidation Proceedings on behalf of himself, the Plaintiffs, the Plan, or the Plan participants, in accordance with the orders of the court in the Receivership Proceeding, and to perform all actions reasonably necessary in order to facilitate the speedy and just resolution of such proceedings.

32. The Settling Defendants agree to consent to Plaintiffs intervening in the 2015 *Cy Pres* Proceeding, and not to object to Plaintiffs' request for an order vacating the order entered on April 20, 2015 and directing that Plaintiffs' claims, based upon this Settlement Agreement or the matters alleged in the Federal Court Action, to all assets transferred to CharterCARE Foundation pursuant to that order, together with any investment or other proceeds thereof, shall be adjudicated in the Federal Court Action or, if such claims are not adjudicated on the merits in the Federal Court Action, then they shall be adjudicated in the State Court Action.

33. The Net Settlement Amount shall be deposited into and invested with the other Plan assets by the Receiver, in accordance with the orders of the court in the Receivership Proceedings.

34. The Settling Defendants agree that if any claims of whatever nature are asserted against them by any person or entity not a party to this agreement that arise out of or relate to this Settlement Agreement, the Settling Defendants' assets that are

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

the subject of this Settlement Agreement, the Plan, the matters alleged in the Federal Court Action or the State Court Action, or the 2014 Asset Sale or any related agreements (the "Third Party Claims"), the Settling Defendants will promptly notify Plaintiffs' Counsel in writing with full particulars thereof. Plaintiffs' Counsel shall have the option to participate in the defense of any or all Third Party Claims by notifying Counsel for the Settling Parties in writing of the exercise of said option, in which event the Settling Parties agree to cooperate with Plaintiffs' Counsel in said defense and, solely for the benefit of Plaintiffs and Plaintiffs' Counsel, to waive any attorney client privileges and/or work product concerning the Third Party Claims, the matters out of which they arose, or to which they relate.

35. If the Order Granting Final Settlement Approval is not entered for any reason, this Settlement Agreement will be null and void and the Settling Parties will return to their respective positions as if this Settlement Agreement had never been negotiated, drafted, or executed.

36. The Settling Parties agree that, in connection with the filing of the Joint Motion, Plaintiffs' Counsel may apply to the Court for an award of attorneys' fees and expenses. The Settling Defendants agree not to object to such award or the requested amount of the award, and that, unless otherwise directed by the Court, Plaintiffs' Counsel may make their motion returnable on the same day as the Court sets for the Final Approval Hearing.

37. The drafting of this Settlement Agreement is a result of lengthy and intensive arm's-length negotiations, and the presumption that ambiguities shall be

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

construed against the drafter does not apply. None of the Settling Parties will be deemed the drafter of the Settlement Agreement for purposes of construing its provisions.

38. The Court shall retain continuing jurisdiction over the Settling Parties, including the Class Representatives and all Class Members, for purposes of the administration and enforcement of this Settlement Agreement.

39. This Settlement Agreement may be executed by the Settling Parties in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

40. The Plaintiffs and the Settling Defendants further agree that no promise or inducement has been offered, except as herein set forth, and that this Settlement Agreement contains the entire agreement between and among the Settling Parties and supersedes any and all prior agreements, understandings, representations, and discussions, whether written or oral, between the Settling Parties, with the exception that the Settling Parties have agreed upon the form of the Joint Motion.

41. The Plaintiffs and the Settling Defendants further agree that Rhode Island law (excluding its conflict of laws rules) shall govern this Settlement Agreement.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, and upon due authorization, I have hereunto set my hand this 4th day of September, in the year 2018.

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

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this 4th day of September, 2018, before me personally appeared Stephen Del Sesto, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

NOTARY PUBLIC
My Commission Expires: 3/31/2022

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

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

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this 31st day of August, 2018, before me personally appeared Stephen Del Sesto, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

Elizabeth A. Healey
NOTARY PUBLIC
My Commission Expires: 4-4-20

IN WITNESS WHEREOF, I have hereunto set my hand this 31 day of August, in the year 2018.

Gail J. Major
GAIL J. MAJOR

STATE OF RHODE ISLAND

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

COUNTY OF PROVIDENCE

On this 30 day of August, 2018, before me personally appeared Gail J. Major, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

Elizabeth A. Wheeler
NOTARY PUBLIC
My Commission Expires: 4-4-20

IN WITNESS WHEREOF, I have hereunto set my hand this 30 day of August, in the year 2018.

Nancy Zompa
NANCY ZOMPA

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this 30th day of August, 2018, before me personally appeared Nancy Zompa, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

Elizabeth A. Wheeler
NOTARY PUBLIC
My Commission Expires: 4-4-20

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, in the year 2018.

RALPH BRYDEN

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, I have hereunto set my hand this 31st day of August, in the year 2018.

Ralph N. Bryden
RALPH BRYDEN

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this 31st day of August, 2018, before me personally appeared Ralph Bryden, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

Arlene Visitt
NOTARY PUBLIC
My Commission Expires: 9/19/19

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, I have hereunto set my hand this 31st day of August, in the year 2018.

Dorothy Willner
DOROTHY WILLNER

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this 31st day of August, 2018, before me personally appeared Dorothy Willner, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

Arleen Violet
NOTARY PUBLIC
My Commission Expires: 9/19/19

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, I have hereunto set my hand this 31st day of August, in the year 2018.

CAROLL SHORT

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this 31st day of August, 2018, before me personally appeared Caroll Short, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

NOTARY PUBLIC
My Commission Expires: 9/5/21

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of September, in the year 2018.

DONNA BOUTELLE

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this 4th day of September, 2018, before me personally appeared Donna Boutelle, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

NOTARY PUBLIC
My Commission Expires:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, I have hereunto set my hand this 31st day of August, in the year 2018.

Eugenia Levesque
EUGENIA LEVESQUE

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this 31st day of August, 2018, before me personally appeared Eugenia Levesque, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

Arlene Viveiros
NOTARY PUBLIC
My Commission Expires: 9/19/19

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, and upon due authorization, I have hereunto set my hand this 4 day of SEPT, in the year 2018.

[insert name] DAVID M. THRASCH
[insert title] PRESIDENT
CharterCARE Community Board

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this 4TH day of SEPT., 2018, before me personally appeared DAVID M. THRASCH, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

NOTARY PUBLIC
My Commission Expires:

RICHARD J. LAND
NOTARY PUBLIC - RHODE ISLAND
My Commission Expires 05-16-2021

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, and upon due authorization, I have hereunto set my hand this 4 day of SEPT, in the year 2018.

[insert name] DAVID M. HIRSCH
[insert title] PRESIDENT
St. Joseph health Services of Rhode Island

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this 4TH day of SEPT., 2018, before me personally appeared DAVID M. HIRSCH, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

NOTARY PUBLIC
My Commission Expires:

RICHARD J. LAND
NOTARY PUBLIC - RHODE ISLAND
My Commission Expires 05-16-2021

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, and upon due authorization, I have hereunto set my hand this 4 day of SEPT, in the year 2018.

[insert name] DAVID M. HARSCH
[insert title] PRESIDENT
Roger Williams Hospital

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this 4TH day of SEPT., 2018, before me personally appeared DAVID M. HARSCH, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

NOTARY PUBLIC
My Commission Expires:

RICHARD J. LAND
NOTARY PUBLIC - RHODE ISLAND
My Commission Expires 05-16-2021

Case Number: PC-2017-3856
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LIST OF EXHIBITS TO SETTLEMENT AGREEMENT

1. Class Notice of Hearing for Final Settlement Approval;
2. Order Granting Preliminary Settlement Approval;
3. CCCB CAFA Notice;
4. RWH CAFA Notice;
5. SJHSRI CAFA Notice;
6. Settling Defendants' Counsel's Declaration that CAFA Notice has Been Sent on Behalf of CCCB;
7. Settling Defendants' Counsel's Declaration that CAFA Notice has Been Sent on Behalf of RWH;
8. Settling Defendants' Counsel's Declaration that CAFA Notice has Been Sent on Behalf of SJHSRI;
9. Release of CCCB;
10. Release of RWH;
11. Release of SJHSRI;
12. CCCB's Consent as Sole Member
13. Schedule of CCCB Assets;
14. Schedule of SJHSRI Assets;
15. Schedule of RWH Assets;
16. Schedule of CCCB Claims/Liabilities;
17. Schedule of SJHSRI Claims/Liabilities.
18. Schedule of RWH Claims/Liabilities;
19. Security Agreement
20. UCC1s for CCCB, RWH & SJHSRI

Case Number: PC-2017-3856
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Exhibit 1

Case Number: PC-2017-3856
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Reviewer: Sharon S.

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 _____, 2018 at ____ a.m./p.m., in 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 Page ___ 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 www._____.com ("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.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
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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

_____, 2018.

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_____, 2018.

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.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

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

WHAT THIS NOTICE CONTAINS

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
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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, www._____.

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 23.5% 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 21cents ($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. 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 23.5%. 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.

Case Number: PC-2017-3856
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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 that 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, www. _____.

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, www. .com. This motion will be considered at

the Final Approval Hearing described below. 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 _____, 2018.

PLAINTIFFS' COUNSEL

Max Wistow, Esq.
Stephen P. Sheehan, Esq.
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

SETTLING DEFENDANTS' COUNSEL

Robert D. Fine, Esq.
Richard J. Land, Esq.
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Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

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NONSETTLING DEFENDANTS' LOCAL COUNSEL

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The Angell Pension Group, Inc.

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Prospect CharterCare SJHSRI, LLC
Prospect CharterCare RWMC, LLC

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CharterCARE Foundation

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Prospect Medical Holdings, Inc.
Prospect East Holdings, Inc.

Case Number: PC-2017-3856
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Diocesan Administration Corporation
Diocesan Service Corporation

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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 _____, 2018. 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

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
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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 __:_0 _.m. on _____, 2018, 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

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

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 _____, 2018, and must be filed with the Clerk of the Court by mailing it (post-marked no later than ___, 2018) 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, @www._____.com. You are encouraged to read the complete Settlement Agreement.

DATED: _____, 2018

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
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Exhibit 2

Case Number: PC-2017-3856
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Reviewer: Sharon S.

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.	:	

[PROPOSED]
ORDER (1) PRELIMINARILY CERTIFYING A SETTLEMENT CLASS, (2) PRELIMINARILY APPOINTING COUNSEL FOR THE SETTLEMENT CLASS, (3) PRELIMINARILY APPROVING CLASS ACTION PARTIAL SETTLEMENT, (4) APPROVING NOTICE PLAN, AND (4) SETTING FINAL APPROVAL HEARING

WILLIAM E. SMITH, Chief Judge.

This matter having come before the Court on the Joint Motion for Class Certification, Appointment of Class Counsel, and Preliminary Partial Settlement Approval in the above captioned case (the "Action"), filed by Plaintiffs Stephen Del Sesto (as Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan) (the "Receiver"), and Gail J. Major, Nancy Zompa, Ralph Bryden, Dorothy Willner, Caroll Short, Donna Boutelle, and Eugenia Levesque, individually and on behalf of the settlement class (collectively "Plaintiffs"), and Defendants CharterCARE Community Board ("CCCB"), St. Joseph Health Services of Rhode Island ("SJHSRI"), and Roger Williams Hospital ("RWH") (collectively the "Settling Defendants") (Plaintiffs

and the Settling Defendants are referred to collectively as the "Settling Parties") which attaches thereto the Settling Parties' Settlement Agreement (the "Settlement Agreement," which memorializes the "Settlement"). Having duly considered the papers,

THE COURT HEREBY FINDS AND ORDERS AS FOLLOWS:

1. The Court has jurisdiction over the subject matter of the Action, the Settling Parties, and all Settlement Class Members.

2. Unless defined herein, all defined terms in this Order shall have the meanings ascribed to them in the Settlement Agreement.

3. The Court has conducted a preliminary evaluation of the Settlement as set forth in the Settlement Agreement for fairness, adequacy, and reasonableness. Based on this evaluation, the Court finds there is cause to believe that: (i) the Settlement Agreement is fair, reasonable, and adequate, and within the range of possible approval; (ii) the Settlement Agreement has been negotiated in good faith at arms-length between experienced attorneys familiar with the legal and factual issues of this case; and (iii) with respect to the forms of notice of the material terms of the Settlement Agreement to Settlement Class Members for their consideration and reaction, that notice is appropriate and warranted. Therefore, the Court grants preliminary approval of the Settlement.

4. The Court, pursuant to Rule 23(a) and Rule 23(b)(1)(B) of the Federal Rules of Civil Procedure, preliminarily certifies, for purposes of this Settlement only, the following Settlement 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 St. Joseph Health Services of Rhode Island Inc. ("SJHSRI") who are entitled to benefits under the Plan.

5. The Court hereby preliminarily appoints Plaintiffs Gail J. Major, Nancy Zompa, Ralph Bryden, Dorothy Willner, Caroll Short, Donna Boutelle, and Eugenia Levesque, as Representatives of the Settlement Class pursuant to Rule 23 of the Federal Rules of Civil Procedure.

Case Number: PC-2017-3856
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6. The Court preliminary appoints Plaintiffs' Counsel Wistow, Sheehan & Loveley, P.C. to represent the Settlement Class pursuant to Rule 23 of the Federal Rules of Civil Procedure.

7. On [MONTH DAY], 2018, in courtroom [insert] of the United States District Court for the District of Rhode Island, Federal Courthouse, 1 Exchange Terrace, Providence, Rhode Island, or at such other date and time later set by Court Order, this Court will hold a Final Approval Hearing on the fairness, adequacy and reasonableness of the Settlement Agreement and to determine whether (i) final approval of the Settlement embodied by the Settlement Agreement should be granted, and (ii) Plaintiffs' Counsel's application for attorneys' fees for representing the Settlement Class, should be granted, and in what amount.

8. No later than [MONTH DAY], 2018, which is fourteen (14) days prior to the Final Approval Hearing, Plaintiffs must file papers in support of final approval of the Settlement and respond to any written objections.

9. The Settling Defendants may (but are not required to) file papers in support of final approval of the Settlement, so long as they do so no later than [MONTH DAY], 2018.

10. The non-settling Defendants may (but are not required to) file papers in opposition or in support of final approval of the Settlement, so long as they do so no later than [MONTH DAY], 2018.

11. The Court approves the proposed Notice Plan for giving notice to the Settlement Class (i) directly, by first class mail, per the Class Notice of Hearing for Final Settlement Approval ("Class Notice") attached to the Settlement Agreement as Exhibit 1; and (ii) by publishing the Joint Motion with all exhibits thereto, including but not limited to the Settlement Agreement, on the web site maintained by the Receiver Attorney Stephen Del Sesto at the web address of the Receiver, www._____ , as more fully described in the Settlement Agreement. The Notice Plan, in form, method, and content, complies with the requirements of Rule 23 and due process, and constitutes the best notice practicable under the circumstances. The Court hereby directs the Settling Parties and specifically the Receiver to complete all aspects of the Notice Plan no later than [MONTH DAY], 2018, in accordance with the terms of the Settlement Agreement.

12. The Settling Defendants will file with the Court by no later than [MONTH DAY], 2018, which is fourteen (14) days prior to the Final Approval Hearing, proof that Notice was provided was provided by each of the Settling Defendants to the appropriate State and federal officials pursuant to the Class Action Fairness Act, 28 U.S.C. § 1715.

14. As the settlement involves a limited fund, which is expected to be fully disposed of in connection with the Settlement, Settlement Class Members do not have the right to exclude themselves or opt-out of the settlement. Consequently, all

Settlement Class Members will be bound by all determinations and judgments concerning the Settlement Agreement.

15. Settlement Class Members who wish to object to the Settlement, or to Plaintiffs' Counsel's Motion for Award of Attorneys, Fees, must do so by the Objection Deadline of [MONTH DAY], 2018, which is sixty (60) calendar days after the Settlement Notice Date.

16. To object to the Settlement, or to Plaintiffs' Counsel's Motion for Award of Attorneys' Fees, Settlement Class Members must follow the directions in the Notice and file a written Objection with the Court by the Objection Deadline. In the written Objection, the Settlement Class Member must state his or her full name, address, and home or cellular telephone number(s) by which the Settlement Class Member may be called. He or she must also state the reasons for his or her Objection, and whether he or she intends to appear at the Fairness Hearing on his or her own behalf or through counsel. Any documents supporting the Objection must also be attached to the Objection. Any and all objections shall identify any lawyer that assisted or provided advice as to the case or such objection. No Objection will be valid unless all of the information described above is included. Copies of all papers filed with the Court must be simultaneously delivered to Class Counsel, counsel for the Settling Defendants, and counsel for the non-settling defendants by mail utilizing the United States Postal Service First Class Mail, to the addresses listed hereinbelow, or by email to the email addresses listed hereinbelow.

17. If a Settlement Class Member does not submit a written comment on the proposed Settlement or the application of Class Counsel for attorneys' fees in accordance with the deadline and procedure set forth in the Notice, and the Settlement Class Member wishes to appear and be heard at the Final Approval Hearing, the Settlement Class Member must file a notice of intention to appear with the Court and serve a copy upon Class Counsel, counsel for the Settling Defendants, and counsel for the non-settling defendants, in the manner provided herein, no later than Objection Deadline, and comply with all other requirements of the Court for such an appearance.

18. Any Settlement Class Member who fails to timely file a written objection with the Court and notice of his or her intent to appear at the Final Approval Hearing in accordance with the terms of this Order, above and as detailed in the Class Notice, and at the same time provide copies to Class Counsel, counsel for the Settling Defendants, and counsel for the non-settling defendants as provided herein, shall not be permitted to object to the Settlement Agreement or to Plaintiffs' Counsel's Motion for Award of Attorneys' Fees at the Final Approval Hearing, shall be foreclosed from seeking any review of the Settlement Agreement by appeal or other means, shall be deemed to have waived his, her,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

or its objections, and shall be forever barred from making any such objections in the Action. All members of the Settlement Class will be bound by all determinations and judgments in the Action, whether favorable or unfavorable to the Settlement Class.

19. If the Settlement is not approved or consummated for any reason whatsoever, the Settlement and all proceedings in connection with the Settlement will be without prejudice to the right of Defendant or the Settlement Class representatives to assert any right or position that could have been asserted if the Settlement Agreement had never been reached or proposed to the Court. In such an event, the Parties will return to the *status quo ante* in the Action and the certification of the Settlement Class will be deemed vacated. The certification of the Settlement Class for settlement purposes will not be considered as a factor in connection with any subsequent class certification decision.

20. Counsel for the Settling Parties are hereby authorized to use all reasonable procedures in connection with approval and administration of the Settlement that are not materially inconsistent with this Order or the Settlement Agreement, including making, without further approval of the Court, minor changes to the form or content of the Class Notice, and other exhibits that they jointly agree are reasonable and necessary. The Court reserves the right to approve the Settlement Agreement with such modifications, if any, as may be agreed to by the Settling Parties without further notice to the members of the Settlement Class.

ORDERED: ENTERED:

_____ _____

Smith, C. J. Dep. Clerk

Dated: Dated:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
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EXHIBIT 1

PLAINTIFFS' COUNSEL

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NONSETTLING DEFENDANTS' LOCAL COUNSEL

Steven J. Boyajian, Esq.
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The Angell Pension Group, Inc.

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Joseph V. Cavanagh, Jr., Esq.
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jvc@blishcavlaw.com

Prospect CharterCare, LLC
Prospect CharterCare SJHSRI, LLC
Prospect CharterCare RWMC, LLC

Andrew R. Dennington, Esq.
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dwagner@shslawfirm.com

Prospect Medical Holdings, Inc.
Prospect East Holdings, Inc.

Howard Merten, Esq.
Paul M. Kessimian, Esq.
Christopher M. Wildenhain, Esq.
Eugene G. Bernardo, II, Esq.
Steven E. Snow, Esq.
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Roman Catholic Bishop of Providence
Diocesan Administration Corporation
Diocesan Service Corporation

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Rhode Island Community Foundation

Case Number: PC-2017-3856
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Exhibit 3

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

[on letterhead of Chace Ruttenberg & Freedman, LLP]

[date]

VIA FIRST CLASS MAIL

[INSERT ADDRESSEE]

Re: Stephen Del Sesto et al. v. Prospect CharterCare, LLC, et al., C.A. No: 1:18-CV-00328-WES-LDA (D.R.I.)

Dear Sir or Madam:

Pursuant to the Class Action Fairness Act, 28 U.S.C. § 1715, CharterCARE Community Board ("CCCB") hereby provides this notice of its proposed class action settlement in the above-referenced matter currently pending in the U.S. District Court for the District of Rhode Island.

A motion for preliminary approval of the proposed settlement was filed with the court on September , 2018 and the court granted preliminary approval on _____, 2018. In compliance with 28 U.S.C. §§ 1715(b)(1), (4) & (5), please find enclosed, copies of the following documents:

1. Complaint, filed June 18, 2018 [Exhibit 1].

2. Joint Motion for Preliminary Settlement Approval filed September , 2018, with accompanying memorandum and exhibits thereto [Exhibit 2].

With regard to 28 U.S.C. § 1715(b)(2), a fairness hearing regarding CCCB's settlement is currently scheduled for _____, 2018.

With regard to 28 USC § 1715(b)(3), no right to request exclusion from the class exists and Class Counsel were ordered to provide all potential class members with Notice of Proposed Class Action Settlement via first class mail no later than _____, 2018. [Exhibit 3]

With regard to 28 USC § 1715(b)(5), there has been no other settlement of agreement contemporaneously made between class counsel and counsel for CCCB.

With regard to USC § 1715(b)(6) and (8), there has been no final judgment or notice of dismissal yet filed relating to CCCB's proposed settlement.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

On _____, 2018 the Court entered an Order granting preliminary approval of CCCB's settlement. [Exhibit 3]

With regard to 28 U.S.C. § 1715(b)(7), attached is a list of the names and states of residence of all class members, totaling [insert number of Class members]. However, CCCB cannot provide the "estimated proportionate share of the claims of such members to the entire settlement," 28 U.S.C. §§ 1715(b)(7)(A), 1715(b)(7)(B), because settlement will be paid into the St. Joseph Health Services of Rhode Island Retirement Plan, not distributed to individual class members. Moreover, the final amount of the settlement has not yet been determined, as it depends on subsequent collection efforts by Plaintiffs and Plaintiffs' Counsel.

Please contact the undersigned if you have any questions about this notice or require additional information.

Sincerely,

[Robert D. Fine]

Enclosures

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit 4

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

[on letterhead of Chace Ruttenberg & Freedman, LLP]

[date]

VIA FIRST CLASS MAIL

[INSERT ADDRESSEE]

Re: Stephen Del Sesto et al. v. Prospect CharterCare, LLC, et al., C.A. No: 1:18-CV-00328-WES-LDA (D.R.I.)

Dear Sir or Madam:

Pursuant to the Class Action Fairness Act, 28 U.S.C. § 1715, Roger Williams Hospital (RWH") hereby provides this notice of its proposed class action settlement in the above-referenced matter currently pending in the U.S. District Court for the District of Rhode Island.

A motion for preliminary approval of the proposed settlement was filed with the court on September , 2018 and the court granted preliminary approval on _____, 2018. In compliance with 28 U.S.C. §§ 1715(b)(1), (4) & (5), please find enclosed, copies of the following documents:

1. Complaint, filed June 18, 2018 [Exhibit 1].

2. Joint Motion for Preliminary Settlement Approval filed September , 2018, with accompanying memorandum and exhibits thereto [Exhibit 2].

With regard to 28 U.S.C. § 1715(b)(2), a fairness hearing regarding RWH's settlement is currently scheduled for _____, 2018.

With regard to 28 USC § 1715(b)(3), no right to request exclusion from the class exists and Class Counsel were ordered to provide all potential class members with Notice of Proposed Class Action Settlement via first class mail no later than _____, 2018. [Exhibit 3]

With regard to 28 USC § 1715(b)(5), there has been no other settlement of agreement contemporaneously made between class counsel and counsel for RWH.

With regard to USC § 1715(b)(6) and (8), there has been no final judgment or notice of dismissal yet filed relating to RWH's proposed settlement.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

On _____, 2018 the Court entered an Order granting preliminary approval of RWH's settlement. [Exhibit 3]

With regard to 28 U.S.C. § 1715(b)(7), attached is a list of the names and states of residence of all class members, totaling [insert number of Class members]. However, RWH cannot provide the "estimated proportionate share of the claims of such members to the entire settlement," 28 U.S.C. §§ 1715(b)(7)(A), 1715(b)(7)(B), because the settlement will be paid into the St. Joseph Health Services of Rhode Island Retirement Plan, not distributed to individual class members. Moreover, the final amount of the settlement has not yet been determined, as it depends on subsequent collection efforts by Plaintiffs and Plaintiffs' Counsel.

Please contact the undersigned if you have any questions about this notice or require additional information.

Sincerely,

[Robert D. Fine]

Enclosures

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
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Exhibit 5

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

[on letterhead of Chace Ruttenberg & Freedman, LLP]

[date]

VIA FIRST CLASS MAIL

[INSERT ADDRESSEE]

Re: Stephen Del Sesto et al. v. Prospect CharterCare, LLC, et al., C.A. No: 1:18-CV-00328-WES-LDA (D.R.I.)

Dear Sir or Madam:

Pursuant to the Class Action Fairness Act, 28 U.S.C. § 1715, St. Joseph Health Services of Rhode Island ("SJHSRI") hereby provides this notice of its proposed class action settlement in the above-referenced matter currently pending in the U.S. District Court for the District of Rhode Island.

A motion for preliminary approval of the proposed settlement was filed with the court on September , 2018 and the court granted preliminary approval on _____, 2018. In compliance with 28 U.S.C. §§ 1715(b)(1), (4), (5), please find enclosed, copies of the following documents:

1. Complaint, filed June 18, 2018 [Exhibit 1].

2. Joint Motion for Preliminary Settlement Approval filed September , 2018, with accompanying memorandum and exhibits thereto [Exhibit 2].

With regard to 28 U.S.C. § 1715(b)(2), a fairness hearing regarding SJHSRI's settlement is currently scheduled for _____, 2018.

With regard to 28 USC § 1715(b)(3), no right to request exclusion from the class exists and Class Counsel were ordered to provide all potential class members with Notice of Proposed Class Action Settlement via first class mail no later than _____, 2018. [Exhibit 3]

With regard to 28 USC § 1715(b)(5), there has been no other settlement of agreement contemporaneously made between class counsel and counsel for SJHSRI.

With regard to USC § 1715(b)(6) and (8), there has been no final judgment or notice of dismissal yet filed relating to SJHSRI's proposed settlement.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

On _____, 2018 the Court entered an Order granting preliminary approval of SJHSRI's settlement. [Exhibit 3]

With regard to 28 U.S.C. § 1715(b)(7), attached is a list of the names and states of residence of all class members, totaling [insert number of Class members]. However, SJHSRI cannot provide the "estimated proportionate share of the claims of such members to the entire settlement," 28 U.S.C. §§ 1715(b)(7)(A), 1715(b)(7)(B), because the settlement will be paid into the St. Joseph Health Services of Rhode Island Retirement Plan, not distributed to individual class members. Moreover, the final amount of the settlement has not yet been determined, as it depends on subsequent collection efforts by Plaintiffs and Plaintiffs' Counsel.

Please contact the undersigned if you have any questions about this notice or require additional information.

Sincerely,

[Robert D. Fine]

Enclosures

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
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Exhibit 6

Case Number: PC-2017-3856
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Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

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 ROBERT D. FINE, ESQ. REGARDING NOTICE OF PROPOSED SETTLEMENT PURSUANT TO 28 U.S.C. S 1715 ON BEHALF OF CHARTERCARE COMMUNITY BOARD

Robert D. Fine hereby declares and states as follows:

1. I have personal knowledge of the matters stated herein, and if called to testify as a witness, I could and would testify competently to the following facts.

2. I am an attorney with the law firm of Chace Ruttenberg & Freedman, LLP, which serves as counsel for Defendant CharterCARE Community Board (“CCCB”) in the above-captioned action.

3. I submit this declaration upon personal knowledge to demonstrate CCCB’S compliance with the notice requirements of the Class Action Fairness Act of 2005, 28 U.S.C. §1715 ("CAFA").

4. On September , 2018, Plaintiffs and Defendants CCCB, St. Joseph Health Services of Rhode Island (“SJHSRI”), and Roger Williams Hospital (“RWH”) (collectively the “Settling Parties”) filed their Joint Motion for Preliminary Approval of Partial Settlement.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

5. On _____, 2018, this Court signed an order preliminarily approving the proposed class action settlement between the Settling Parties in the above-captioned action.

6. On _____, 2018, pursuant to 28 U.S.C. §1715 (a) & (b), Chace Ruttenberg & Freedman, LLP staff, acting under my direction and supervision, served the CAFA Notice, which consisted of a cover letter and certain accompanying documents, upon the U.S. Attorney General and the appropriate government officials for all of the states in which proposed members of the Settlement Class reside, based on information provided to me by Attorney Stephen Del Sesto as Receiver and Administrator for the St. Joseph Health Services of Rhode Island Retirement Plan, by mail using the United States Postal Service First Class Mail.

7. Attached hereto as Exhibit A is a true and correct copy of the letter that was mailed as described in paragraph 6.

8. Attached hereto as Exhibit B is the list of names and addresses of the government officials upon whom the CAFA Notice was served.

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

Executed this _____ of _____, 2018 in Rhode Island.

_____[sign]_____

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

EXHIBIT A

[on letterhead of Chace Ruttenberg & Freedman, LLP]

[date]

VIA FIRST CLASS MAIL

[INSERT ADDRESSEE]

Re: Stephen Del Sesto et al. v. Prospect Chartercare LLC, et al., C.A. No: 1:18-CV-00328-WES-LDA (D.R.I.)

Dear Sir or Madam:

Pursuant to the Class Action Fairness Act, 28 U.S.C. §1715, CharterCARE Community Board ("CCCB") hereby provides this notice of its proposed class action settlement in the above-referenced matter currently pending in the U.S. District Court for the District of Rhode island.

A motion for preliminary approval of the proposed settlement was filed with the court on September , 2018 and the court granted preliminary approval on _____, 2018. In compliance with 28 U.S.C. §§ 1715(b)(1), (4), (5), please find enclosed, copies of the following documents:

1. Complaint, filed June 18, 2018 [Exhibit 1].

2. Joint Motion for Preliminary Settlement Approval filed September , 2018, with accompanying memorandum and exhibits thereto [Exhibit 2].

With regard to 28 U.S.C. § 1715(b)(2), a fairness hearing regarding SJHSRI's settlement is currently scheduled for _____, 2018.

With regard to 28 USC § 1715(b)(3), no right to request exclusion from the class exists and Class Counsel were ordered to provide all potential class members with Notice of Proposed Class Action Settlement via first class mail no later than _____, 2018. [Exhibit 3]

With regard to 28 USC § 1715(b)(5), there has been no other settlement of agreement contemporaneously made between class counsel and counsel for SJHSRI.

With regard to USC § 1715(b)(6) and (8), there has been no final judgment or notice of dismissal yet filed relating to SJHSRI's proposed settlement.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

On _____, 2018 the Court entered an Order granting preliminary approval of CCCB's settlement. [Exhibit 3]

With regard to 28 U.S.C. § 1715(b)(7), attached is a list of the names and states of residence of all class members, totaling [insert number of Class members]. However, SJHSRI cannot provide the "estimated proportionate share of the claims of such members to the entire settlement," 28 U.S.C. §§ 1715(b)(7)(A), 1715(b)(7)(B), because the settlement will be paid into the St. Joseph Health Services of Rhode Island Retirement Plan, not distributed to individual class members. Moreover, the final amount of the settlement has not yet been determined, as it depends on subsequent collection efforts by Plaintiffs and Plaintiffs' Counsel.

Please contact the undersigned if you have any questions about this notice or require additional information.

Sincerely,

[Robert D. Fine]

Enclosures

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

EXHIBIT B

Name Title Address City State Zip Phone

[insert for RI Secretary of State, RI Attorney General, and Attorney Generals for all American states, territories, etc. where any class member resides]

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit 7

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

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 ROBERT D. FINE, ESQ. REGARDING NOTICE OF PROPOSED SETTLEMENT PURSUANT TO 28 U.S.C. S 1715 ON BEHALF OF ROGER WILLIAMS HOSPITAL

Robert D. Fine hereby declares and states as follows:

1. I have personal knowledge of the matters stated herein, and if called to testify as a witness, I could and would testify competently to the following facts.

2. I am an attorney with the law firm of Chace Ruttenberg & Freedman, LLP, which serves as counsel for Defendant Roger Williams Hospital (“RWH”) in the above-captioned action.

3. I submit this declaration upon personal knowledge to demonstrate RWH’s compliance with the notice requirements of the Class Action Fairness Act of 2005, 28 U.S.C. § 1715 ("CAFA").

4. On September , 2018, Plaintiffs and Defendants RWH, St. Joseph Health Services of Rhode Island (“SJHSRI”), and CharterCARE Community Board (CCCB”) (collectively the “Settling Parties”) filed their Joint Motion for Preliminary Approval of Partial Settlement.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

5. On _____, 2018, this Court signed an order preliminarily approving the proposed class action settlement between the Settling Parties in the above-captioned action.

6. On _____, 2018, pursuant to 28 U.S.C. §1715 (a) & (b), Chace Ruttenberg & Freedman, LLP staff, acting under my direction and supervision, served the CAFA Notice, which consisted of a cover letter and certain accompanying documents, upon the U.S. Attorney General and the appropriate government officials for all of the states in which proposed members of the Settlement Class reside, based on information provided to me by Attorney Stephen Del Sesto as Receiver and Administrator for the St. Joseph Health Services of Rhode Island Retirement Plan, by mail using the United States Postal Service First Class Mail.

7. Attached hereto as Exhibit A is a true and correct copy of the letter that was mailed as described in paragraph 6.

8. Attached hereto as Exhibit B is the list of names and addresses of the government officials upon whom the CAFA Notice was served.

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

Executed this _____ of _____, 2018 in Rhode Island.

_____[sign]_____

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

EXHIBIT A

[on letterhead of Chace Ruttenberg & Freedman, LLP]

[date]

VIA FIRST CLASS MAIL

[INSERT ADDRESSEE]

Re: Stephen Del Sesto et al. v. Prospect CharterCare LLC, et al., C.A. No: 1:18-CV-00328-WES-LDA (D.R.I.)

Dear Sir or Madam:

Pursuant to the Class Action Fairness Act, 28 U.S.C. §1715, Roger Williams Hospital (RWH") hereby provides this notice of its proposed class action settlement in the above-referenced matter currently pending in the U.S. District Court for the District of Rhode island.

A motion for preliminary approval of the proposed settlement was filed with the court on September , 2018 and the court granted preliminary approval on _____, 2018. In compliance with 28 U.S.C. §§ 1715(b)(1), (4) & (5), please find enclosed, copies of the following documents:

1. Complaint, filed June 18, 2018 [Exhibit 1].

2. Joint Motion for Preliminary Settlement Approval filed September , 2018, with accompanying memorandum and exhibits thereto [Exhibit 2].

With regard to 28 U.S.C. §1715(b)(2), a fairness hearing regarding RWH's settlement is currently scheduled for _____, 2018.

With regard to 28 USC § 1715(b)(3), no right to request exclusion from the class exists and Class Counsel were ordered to provide all potential class members with Notice of Proposed Class Action Settlement via first class mail no later than _____, 2018. [Exhibit 3]

With regard to 28 USC § 1715(b)(5), there has been no other settlement of agreement contemporaneously made between class counsel and counsel for RWH.

With regard to USC § 1715(b)(6) and (8), there has been no final judgment or notice of dismissal yet filed relating to RWH's proposed settlement.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

On _____, 2018 the Court entered an Order granting preliminary approval of RWH's settlement. [Exhibit 3]

With regard to 28 U.S.C. § 1715(b)(7), attached is a list of the names and states of residence of all class members, totaling [insert number of Class members]. However, RWH cannot provide the "estimated proportionate share of the claims of such members to the entire settlement," 28 U.S.C. §§ 1715(b)(7)(A), 1715(b)(7)(B), because the settlement will be paid into the St. Joseph Health Services of Rhode Island Retirement Plan, not distributed to individual class members. Moreover, the final amount of the settlement has not yet been determined, as it depends on subsequent collection efforts by Plaintiffs and Plaintiffs' Counsel.

Please contact the undersigned if you have any questions about this notice or require additional information.

Sincerely,

[Robert D. Fine]

Enclosures

EXHIBIT B

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Name	Title	Address	City	State	Zip	Phone

[insert for RI Secretary of State, RI Attorney General, and Attorney Generals for all American states, territories, etc. where any class member resides]

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit 8

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

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 ROBERT D. FINE, ESQ. REGARDING NOTICE OF PROPOSED SETTLEMENT PURSUANT TO 28 U.S.C. S 1715 ON BEHALF OF ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND

Robert D. Fine hereby declares and states as follows:

1. I have personal knowledge of the matters stated herein, and if called to testify as a witness, I could and would testify competently to the following facts.

2. I am an attorney with the law firm of Chace Ruttenberg & Freedman, LLP, which serves as counsel for Defendant St. Joseph Health Services of Rhode Island ("SJHSRI") in the above-captioned action.

3. I submit this declaration upon personal knowledge to demonstrate SJHSRI'S compliance with the notice requirements of the Class Action Fairness Act of 2005, 28 U.S.C. § 1715 ("CAFA").

4. On September , 2018, Plaintiffs and Defendants SJHSRI, CharterCARE Community Board ("CCCB"), and Roger Williams Hospital ("RWH") (collectively the "Settling Parties") filed their Joint Motion for Preliminary Approval of Partial Settlement.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

5. On _____, 2018, this Court signed an order preliminarily approving the proposed class action settlement between the Settling Parties in the above-captioned action.

6. On _____, 2018, pursuant to 28 U.S.C. §1715 (a) & (b), Chace Ruttenberg & Freedman, LLP staff, acting under my direction and supervision, served the CAFA Notice, which consisted of a cover letter and certain accompanying documents, upon the U.S. Attorney General and the appropriate government officials for all of the states in which proposed members of the Settlement Class reside, based on information provided to me by Attorney Stephen Del Sesto as Receiver and Administrator for the St. Joseph Health Services of Rhode Island Retirement Plan, by mail using the United States Postal Service First Class Mail.

7. Attached hereto as Exhibit A is a true and correct copy of the letter that was mailed as described in paragraph 6.

8. Attached hereto as Exhibit B is the list of names and addresses of the government officials upon whom the CAFA Notice was served.

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

Executed this _____ of _____, 2018 in Rhode Island.

_____[sign]_____

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

EXHIBIT A

[on letterhead of Chace Ruttenberg & Freedman, LLP]

[date]

VIA FIRST CLASS MAIL

[INSERT ADDRESSEE]

Re: Stephen Del Sesto et al. v. Prospect Chartercare LLC, et al., C.A. No: 1:18-CV-00328-WES-LDA (D.R.I.)

Dear Sir or Madam:

Pursuant to the Class Action Fairness Act, 28 U.S.C. §1715, St. Joseph Health Services of Rhode Island ("SJHSRI") hereby provides this notice of its proposed class action settlement in the above-referenced matter currently pending in the U.S. District Court for the District of Rhode island.

A motion for preliminary approval of the proposed settlement was filed with the court on September , 2018 and the court granted preliminary approval on _____, 2018. In compliance with 28 U.S.C. §§ 1715(b)(1), (4), (5), please find enclosed, copies of the following documents:

1. Complaint, filed June 18, 2018 [Exhibit 1].

2. Joint Motion for Preliminary Settlement Approval filed September , 2018, with accompanying memorandum and exhibits thereto [Exhibit 2].

With regard to 28 U.S.C. §1715(b)(2), a fairness hearing regarding SJHSRI's settlement is currently scheduled for _____, 2018.

With regard to 28 USC § 1715(b)(3), no right to request exclusion from the class exists and Class Counsel were ordered to provide all potential class members with Notice of Proposed Class Action Settlement via first class mail no later than _____, 2018. [Exhibit 3]

With regard to 28 USC § 1715(b)(5), there has been no other settlement of agreement contemporaneously made between class counsel and counsel for SJHSRI.

With regard to USC § 1715(b)(6) and (8), there has been no final judgment or notice of dismissal yet filed relating to SJHSRI's proposed settlement.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

On _____, 2018 the Court entered an Order granting preliminary approval of SJHSRI's settlement. [Exhibit 3]

With regard to 28 U.S.C. § 1715(b)(7), attached is a list of the names and states of residence of all class members, totaling [insert number of Class members]. However, SJHSRI cannot provide the "estimated proportionate share of the claims of such members to the entire settlement," 28 U.S.C. §§ 1715(b)(7)(A), 1715(b)(7)(B), because the settlement will be paid into the St. Joseph Health Services of Rhode Island Retirement Plan, not distributed to individual class members. Moreover, the final amount of the settlement has not yet been determined, as it depends on subsequent collection efforts by Plaintiffs and Plaintiffs' Counsel.

Please contact the undersigned if you have any questions about this notice or require additional information.

Sincerely,

[Robert D. Fine]

Enclosures

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

EXHIBIT B

Name Title Address City State Zip Phone

[insert for RI Secretary of State, RI Attorney General, and Attorney Generals for all American states, territories, etc. where any class member resides]

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit 9

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

JOINT TORTFEASOR RELEASE

STEPHEN DEL SESTO, AS RECEIVER AND ADMINISTRATOR OF THE ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN; GAIL J. MAJOR; NANCY ZOMPA; RALPH BRYDEN; DOROTHY WILLNER; CAROLL SHORT; DONNA BOUTELLE; and EUGENIA LEVESQUE (collectively the "Releasors"), on behalf of themselves and their predecessors, successors, and assigns, grant this joint tortfeasor release (the "Joint Tortfeasor Release") and do hereby release and forever discharge CharterCARE Community Board ("CCCB") ("Releasee") of and from any and all actions, claims and demands against CCCB of every kind and nature, both at law and in equity (hereinafter the "Released Claims"),

a) arising out of or in any respect relating to the St. Joseph Health Services of Rhode island Retirement Plan ("the Plan");

b) that were or could have been asserted in connection with that certain civil action entitled *Stephen Del Sesto, as Receiver for the St. Joseph Health Services of Rhode Island Retirement Plan*, et al. *v. Prospect Chartercare LLC*, et al., C.A. No. 2018-4386, filed in Providence County Superior Court in the State of Rhode Island (the "State Court Action");

c) that were or could have been asserted in connection with that certain civil action entitled *Stephen Del Sesto, as Receiver for the St. Joseph Health Services of Rhode Island Retirement Plan*, et al. *v. Prospect CharterCare LLC*, et al., C.A. No. 1:18-CV-00328-WES-LDA, filed in the United States District Court for the District of Rhode Island (the "Federal Court Action");

d) that were or could have been asserted in connection with 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 "State Court Receivership Action"); and

e) that were or could have been asserted in connection with that certain civil action entitled *In re: CharterCare Health Partners Foundation, Roger Williams Hospital and St. Joseph Health Services of Rhode Island, Inc.*, C.A. No. KM-2015-0035 (the "2015 Cy Pres Action") if Releasees were permitted to intervene in such action.

Notwithstanding the foregoing, any claims the Releasors may have arising out of or relating to any breach of the Settlement Agreement dated as of August __, 2018 (the "Settlement Agreement") are not released. In addition, the following claims (the "Excepted Claims") are not released:

a) any claims to the extent that there may be assets of CCCB available to be distributed by the court in the Liquidation Proceedings referred to in the Settlement Agreement;

b) any claims the Releasors may have concerning the assets of CCCB that were transferred to CharterCARE Foundation in connection with the 2015 *Cy Pres* Proceeding referred to in the Settlement Agreement; and

c) the assets of CCCB transferred in connection with the 2014 Asset Sale referred to in the Settlement Agreement.

As to the Excepted Claims, the Releasors agree to limit their recourse to the assets referred to in (a) through (c).

As used herein, "CCCB" or "Releasee" refers to CharterCARE Community Board, and those of its officers, directors, attorneys, and agents who have only served in such capacities since June 20, 2014, except that this release applies solely to their roles as officers, directors, attorneys, and agents of CCCB and does not apply to, or otherwise release them from liability in connection with, their roles as officers, directors, attorneys, and agents of any other entity. The following persons or entities are expressly not released: Monsignor Timothy Reilly, Roman Catholic Bishop of Providence, Diocesan Administration Corporation, Diocesan Service Corporation, Prospect CharterCare, LLC, Prospect CharterCare SJHSRI, LLC, Prospect CharterCare RWMC, LLC, Prospect East

Holdings, Inc., Prospect Medical Holdings, Inc., CharterCARE Foundation, Rhode Island Foundation, and The Angell Pension Group, Inc.

Releasors reduce their claims or potential future claims against any party deemed a joint tortfeasor under Rhode Island General Laws § 23-17.14-35 in the amount set forth in the Settlement Agreement only.

This Release may be executed in one or more counterparts, which, when taken together, shall constitute a single instrument. A true copy of each counterpart shall be deemed an original.

Rhode Island law (excluding its conflict of laws rules) shall govern this Release.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, and upon due authorization, I have hereunto set my hand this _____ day of _____, in the year 2018.

_____
Stephen Del Sesto, as receiver for the St. Joseph Health Services of Rhode Island Retirement Plan

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this ____ day of _____, 2018, before me personally appeared _____, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

_____
NOTARY PUBLIC
My Commission Expires:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, in the year 2018.

_____
GAIL J. MAJOR

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this ____ day of _____, 2018, before me personally appeared _____, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

_____
NOTARY PUBLIC
My Commission Expires:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, in the year 2018.

_____
NANCY ZOMPA

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this ____ day of _____, 2018, before me personally appeared _____, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

_____
NOTARY PUBLIC
My Commission Expires:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, in the year 2018.

_____
RALPH BRYDEN

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this ____ day of _____, 2018, before me personally appeared _____, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

_____
NOTARY PUBLIC
My Commission Expires:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, in the year 2018.

_____
DOROTHY WILLNER

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this ____ day of _____, 2018, before me personally appeared _____, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

_____
NOTARY PUBLIC
My Commission Expires:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, in the year 2018.

_____
CAROLL SHORT

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this ____ day of _____, 2018, before me personally appeared _____, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

_____
NOTARY PUBLIC
My Commission Expires:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, in the year 2018.

_____
DONNA BOUTELLE

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this ____ day of _____, 2018, before me personally appeared _____, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

_____
NOTARY PUBLIC
My Commission Expires:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, in the year 2018.

_____
EUGENIA LEVESQUE

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this ____ day of _____, 2018, before me personally appeared _____, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

_____
NOTARY PUBLIC
My Commission Expires:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit 10

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

JOINT TORTFEASOR RELEASE

STEPHEN DEL SESTO, AS RECEIVER AND ADMINISTRATOR OF THE ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN; GAIL J. MAJOR; NANCY ZOMPA; RALPH BRYDEN; DOROTHY WILLNER; CAROLL SHORT; DONNA BOUTELLE; and EUGENIA LEVESQUE (collectively the "Releasors"), on behalf of themselves and their predecessors, successors, and assigns, do hereby release and forever discharge the corporation Roger Williams Hospital ("RWH") ("Releasee") of and from any and all actions, claims and demands against RWH of every kind and nature, both at law and in equity (hereinafter the "Released Claims"), whether known or unknown,

a) arising out of or in any respect relating to the St. Joseph Health Services of Rhode island Retirement Plan ("the Plan");

b) that were or could have been asserted in connection with that certain civil action entitled *Stephen Del Sesto, as Receiver for the St. Joseph Health Services of Rhode Island Retirement Plan*, et al. *v. Prospect Chartercare LLC*, et al., C.A. No. 2018-4386, filed in Providence County Superior Court in the State of Rhode Island (the "State Court Action");

c) that were or could have been asserted in connection with that certain civil action entitled *Stephen Del Sesto, as Receiver for the St. Joseph Health Services of Rhode Island Retirement Plan*, et al. *v. Prospect CharterCare LLC*, et al., C.A. No. 1:18-CV-00328-WES-LDA, filed in the United States District Court for the District of Rhode Island (the "Federal Court Action");

d) that were or could have been asserted in connection with 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 "State Court Receivership Action"); and

e) that were or could have been asserted in connection with that certain civil action entitled *In re: CharterCare Health Partners Foundation, Roger Williams Hospital and St. Joseph Health Services of Rhode island, Inc.*, C.A. No. KM-2015-0035 (the "2015 Cy Pres Action") if Releasees were permitted to intervene in such action.

Notwithstanding the foregoing, any claims the Releasors may have arising out of or relating to any breach of the Settlement Agreement dated as of August __, 2018 (the "Settlement Agreement") are not released. In addition, the following claims (the "Excepted Claims") are not released:

a) any claims to the extent that there may be assets of RWH available to be distributed by the court in the Liquidation Proceedings referred to in the Settlement Agreement;

b) any claims the Releasors may have concerning the assets of RWH that were transferred in connection with the 2015 Cy Pres Proceeding referred to in the Settlement Agreement; and

c) to the assets of RWH transferred in connection with the 2014 Asset Sale referred to in the Settlement Agreement.

As to the Excepted Claims, Releasors agree to limit their recourse against Releasees to the assets referred to in (a) through (c).

As used herein, "RWH" or "Releasee" refers to the corporation Roger Williams Hospital, and its officers, directors, attorneys, and agents, that have only served in such capacities since June 20, 2014, except that this release applies solely to their roles as officers, directors, attorneys, and agents of RWH and does not apply to, or otherwise release them from liability in connection with, their roles as officers, directors, attorneys, and agents of any other entity. The following persons or entities are expressly not released: Monsignor Timothy Reilly, Roman Catholic Bishop of Providence, Diocesan Administration Corporation, Diocesan Service Corporation, Prospect CharterCare, LLC, Prospect CharterCare SJHSRI, LLC, Prospect CharterCare RWMC, LLC, Prospect East

Holdings, Inc., Prospect Medical Holdings, Inc., CharterCARE Foundation, Rhode Island Foundation, and The Angell Pension Group, Inc.

Releasors reduce their claims or potential future claims against any party deemed a joint tortfeasor under Rhode Island General Laws § 23-17.14-35 in the amount set forth in the Settlement Agreement only.

This Release may be executed in one or more counterparts, which, when taken together, shall constitute a single instrument. A true copy of each counterpart shall be deemed an original.

Rhode Island law (excluding conflict of laws) shall govern this Release.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

IN WITNESS WHEREOF, and upon due authorization, I have hereunto set my hand this _____ day of _____, in the year 2018.

_____
Stephen Del Sesto, as receiver for the St. Joseph Health Services of Rhode Island Retirement Plan

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this ____ day of _____, 2018, before me personally appeared _____, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

_____
NOTARY PUBLIC
My Commission Expires:

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GAIL J. MAJOR

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

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NANCY ZOMPA

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

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RALPH BRYDEN

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

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DOROTHY WILLNER

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

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CAROLL SHORT

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

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DONNA BOUTELLE

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

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EUGENIA LEVESQUE

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

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Exhibit 11

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JOINT TORTFEASOR RELEASE

STEPHEN DEL SESTO, AS RECEIVER AND ADMINISTRATOR OF THE ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN; GAIL J. MAJOR; NANCY ZOMPA; RALPH BRYDEN; DOROTHY WILLNER; CAROLL SHORT; DONNA BOUTELLE; and EUGENIA LEVESQUE (collectively the "Releasors"), on behalf of themselves and their predecessors, successors, and assigns, grant this joint tortfeasor release (the "Joint Tortfeasor Release") and do hereby release and forever discharge St. Joseph Health Services of Rhode Island, Inc. ("SJHSRI") ("Releasee") of and from any and all actions, claims and demands against SJHSRI of every kind and nature, both at law and in equity (hereinafter the "Released Claims"),

a) arising out of or in any respect relating to the St. Joseph Health Services of Rhode island Retirement Plan ("the Plan");

b) that were or could have been asserted in connection with that certain civil action entitled *Stephen Del Sesto, as Receiver for the St. Joseph Health Services of Rhode Island Retirement Plan*, et al. *v. Prospect Chartercare LLC*, et al., C.A. No. 2018-4386, filed in Providence County Superior Court in the State of Rhode Island (the "State Court Action");

c) that were or could have been asserted in connection with that certain civil action entitled *Stephen Del Sesto, as Receiver for the St. Joseph Health Services of Rhode Island Retirement Plan*, et al. *v. Prospect CharterCare LLC*, et al., C.A. No. 1:18-CV-00328-WES-LDA, filed in the United States District Court for the District of Rhode Island (the "Federal Court Action");

d) that were or could have been asserted in connection with 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 "State Court Receivership Action"); and

e) that were or could have been asserted in connection with that certain civil action entitled *In re: CharterCare Health Partners Foundation, Roger Williams Hospital and St. Joseph Health Services of Rhode Island, Inc.*, C.A. No. KM-2015-0035 (the "2015 Cy Pres Action") if Releasees were permitted to intervene in such action.

Notwithstanding the foregoing, any claims the Releasors may have arising out of or relating to any breach of the Settlement Agreement dated as of August __, 2018 (the "Settlement Agreement") are not released. In addition, the following claims (the "Excepted Claims") are not released:

a) any claims to the extent that there may be assets of SJHSRI available to be distributed by the court in the Liquidation Proceedings referred to in the Settlement Agreement;

b) any claims the Releasors may have concerning the assets of SJHSRI that were transferred to CharterCARE Foundation in connection with the 2015 *Cy Pres* Proceeding referred to in the Settlement Agreement; and

c) the assets of SJHSRI transferred in connection with the 2014 Asset Sale referred to in the Settlement Agreement.

As to the Excepted Claims, the Releasors agree to limit their recourse to the assets referred to in (a) through (c).

As used herein, "SJHSRI" or "Releasee" refers to St. Joseph Health Services of Rhode Island, Inc., and those of its officers, directors, attorneys, and agents who have only served in such capacities since June 20, 2014, except that this Release applies solely to their roles as officers, directors, attorneys, and agents of SJHSRI and does not apply to, or otherwise release them from liability in connection with, their roles as officers, directors, attorneys, and agents of any other entity. The following persons or entities are expressly not released: Monsignor Timothy Reilly, Roman Catholic Bishop of Providence, Diocesan Administration Corporation, Diocesan Service Corporation, Prospect CharterCare, LLC, Prospect CharterCare SJHSRI, LLC, Prospect CharterCare

Case Number: PC-2017-3856
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RWMC, LLC, Prospect East Holdings, Inc., Prospect Medical Holdings, Inc., CharterCARE Foundation, Rhode Island Foundation, and The Angell Pension Group, Inc.

Releasors reduce their claims or potential future claims against any party deemed a joint tortfeasor under Rhode Island General Laws § 23-17.14-35 in the amount set forth in the Settlement Agreement only.

This Release may be executed in one or more counterparts, which, when taken together, shall constitute a single instrument. A true copy of each counterpart shall be deemed an original.

Rhode Island law (excluding its conflict of laws rules) shall govern this Release.

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IN WITNESS WHEREOF, and upon due authorization, I have hereunto set my hand this _____ day of _____, in the year 2018.

_____
Stephen Del Sesto, as receiver for the St. Joseph Health Services of Rhode Island Retirement Plan

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

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CAROLL SHORT

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DONNA BOUTELLE

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EUGENIA LEVESQUE

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

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Exhibit 12

Case Number: PC-2017-3856
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Reviewer: Sharon S.

CONSENT OF CHARTERCARE COMMUNITY BOARD AS SOLE MEMBER OF CHARTERCARE FOUNDATION

The undersigned CharterCARE Community Board ("CCCB"), in its capacity as sole member of CharterCARE Foundation ("CCF"), approves, authorizes and consents to the following actions, pursuant to CCCB's inherent powers and R.I. Gen. Laws § 7-6-104:

1. CCCB hereby elects the following three persons as independent directors of CCF: Attorney Arlene Violet, Attorney Christopher Callaci, and Attorney Jeffrey Kasle;

2. CCCB hereby authorizes and approves amendment of the by-laws of CCF, effective immediately, by re-adopting the by-laws of CCF in the form amended as of October 8, 2013 (attached hereto as Exhibit A), with the following modifications:

   (a) deleting the last three sentences of Section 2.01 in their entirety, and substituting the following:

   > CharterCARE Community Board's membership in CharterCare Foundation may be assigned to Attorney Stephen Del Sesto in his capacity as Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan.

   (b) deleting section 3.05 in its entirety and substituting the following:

   > SECTION 3.05. Term. All directors serving on the Board prior to August 2018 are removed, and offices of directors held prior to August 2018 are declared vacant. Each independent director elected by CharterCARE Community Board shall hold office until resignation or death, and a successor shall have been duly appointed and qualified.

   (c) deleting all references to "CharterCARE Health Partners" and substituting therefor "CharterCARE Community Board"

   (d) deleting all references to "CharterCARE Health Partners Foundation" and substituting therefor "CharterCARE Foundation"

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
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Reviewer: Sharon S.

3. CCCB hereby authorizes and approves amendment of the articles of incorporation of CCF, effective immediately, to delete subsection 3 of Article 4 of the Articles of Incorporation and substitute the following:

> 3. Meetings. The sole member of the Corporation shall be Attorney Stephen Del Sesto in his capacity as Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan. Meetings of the members of the Corporation may be held anywhere in the United States.

IN WITNESS WHEREOF, and upon due authorization, I have hereunto set my hand this _____ day of _____, in the year 2018.

_____
[insert name]
[insert title]
CharterCARE Community Board

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

On this ____ day of _____, 2018, before me personally appeared _____, to me known, and known to me to be the same person described in and who executed the above instrument and he/she acknowledged to me that he/she executed the same as his/her free act and deed.

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Exhibit A

Case Number: PC-2017-3856
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Submitted: 9/4/2018 4:09 PM
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REVISED

BY-LAWS

OF

CHARTERCARE HEALTH PARTNERS FOUNDATION

Adopted on August 22, 2011 and revised
on October 8, 2013*

By: _____
Kenneth Belcher, Secretary

*This revision is to address a typographical error in Section 2.01 of the Bylaws which identified CharterCare Health Partners as "SJHSRI" rather "CCHP" and is in furtherance of the resolution approved at a Meeting of the Sole Member and the Directors of St. Joseph Health Services Foundation dated August 22, 2011, that changed the name of the Foundation to "CharterCare Health Partners Foundation" and directed that its sole member be CharterCare Health Partners..

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ARTICLE I

GENERAL

SECTION 1.01. Name and Purpose. CharterCare Health Partners Foundation (the "Foundation") is a nonprofit corporation organized exclusively for charitable, scientific and educational purposes within the meaning of Section 501(c) (3) of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), and the regulations promulgated thereunder. Such purposes are set out in Article Third of the Articles of Incorporation of the Foundation, from time to time in effect (the "Articles of Incorporation").

Notwithstanding any other provision of the Articles of Incorporation or these By-Laws, the Foundation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or corresponding section of any future federal tax code. No substantial part of the activities of the Foundation shall be carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided by Section 501(h) of the Code), or participating in, or intervening in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office.

SECTION 1.02. Powers. The Foundation shall have the power, either directly or indirectly, either alone or in conjunction and/or cooperation with others, to do any and all lawful acts and things and to engage in any and all lawful activities which may be necessary, useful, suitable, desirable or proper for the furtherance, accomplishment, fostering or attainment of any or all of the purposes for which the Foundation is organized, and to aid or assist other organizations whose activities are such as to further accomplish, foster, or attain any of the Foundation's purposes. Notwithstanding anything herein to the contrary, the Foundation shall exercise only such powers as are in furtherance of the exempt purposes of organizations as set

Case Number: PC-2017-3856
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Envelope: 1697121
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forth in Section 501(c)(3) and the Code and the rules and regulations promulgated thereunder.

SECTION 1.03. Nonprofit Status. The Foundation is not organized for profit and no part of the net earnings of the Foundation shall inure to the benefit of any director or officer. In the event of the liquidation of the Foundation, whether voluntary or involuntary, no director or officer shall be entitled to any distribution or division of the Foundation's property or the proceeds thereof, and upon such liquidation, the balance of all money, assets and other property of the Foundation, after the payment of all its debts and obligations, shall be distributed pursuant to Section 8 of Article Fourth of the Articles of Incorporation.

SECTION 1.04. Principal Office. The principal office of the Foundation shall be located at 200 High Service Avenue, North Providence, Rhode Island. The Foundation may have such other offices or places of business, either within or outside the State of Rhode Island, as the business of the Foundation may require and as the Board of Directors may from time to time establish.

SECTION 1.05. Registered Office. The registered office of the Foundation shall be located 200 High Service Avenue, North Providence, Rhode Island. The registered office may be changed from time to time by the Board of Directors in compliance with the provisions of applicable law.

ARTICLE II

MEMBERSHIP

SECTION 2.01. Membership. The sole Member of the Foundation shall be CharterCare Health Partners ("CCHP"), a Rhode Island non-profit corporation qualifying as tax-exempt under Section 501(c)(3) of the Code. CCHP may from time to time designate a representative who shall act with the full power and authority of the Member. No membership may be assigned

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Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

or transferred or encumbered in any manner whatsoever, either voluntarily, involuntarily or by operation of law. Any proposed or attempted assignment, transfer or termination of membership shall be void. Notwithstanding the foregoing, any legally appointed successor to CCHP by way of corporate merger, acquisition or other similar event shall become the sole Member hereof.

SECTION 2.02. Enumerated Powers. The powers of the Members shall be limited to taking action on the activities enumerated below and those activities expressly requiring action of the Members pursuant to law or the Articles of Incorporation:

(a) election of the independent directors;

(b) authorization or approval of any amendment to the Articles of Incorporation of the Foundation;

(c) authorization or approval of any amendment to the By-Laws of the Foundation;

(d) authorization or approval of any change to the name of the Foundation;

(e) authorization or approval of any merger, consolidation, reorganization, or sale, transfer, disposition, pledge or hypothecation of all or substantially all of the assets of the Foundation;

(f) authorization or approval of the establishment and the organizational documents (including any amendment, revision or repeal thereof), of any equity or contractual joint venture between the Foundation and any third party in which the Foundation will have more than a twenty percent (20%) interest in the revenues or profits of the joint venture, excluding contracts in the ordinary course of business;

(g) authorization or approval of any plan of dissolution, liquidation,

Case Number: PC-2017-3856
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Submitted: 9/4/2018 4:09 PM
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Reviewer: Sharon S.

assignment for the benefit of creditors, petition for voluntary bankruptcy or appointment of a receiver, or any plan for winding up the affairs of the Foundation, or any liquidating distribution by the Foundation;

(h) authorization or approval of the incurrence of any debt, loan, borrowing, debt guarantee, whether as primary obligor or co-obligor, pledge, lien, hypothecation, security interest or encumbrance on any of the property or assets of the Foundation;

(i) authorization or approval of any acquisition or lease of, or interest in, real estate, by the Foundation;

(j) authorization or approval of undertaking any expenditure outside of the annual budget whether by contract or otherwise, in excess of $25,000;

(k) authorization or approval of entering into any contract or commitment which involves aggregate payments in excess of $50,000 in any year; and

(l) authorization or approval of the settlement of any litigation or other dispute involving the Foundation.

SECTION 2.03. Annual Meeting. The annual meeting of the Members shall be held on such date and at such place and time as the Board may designate. If such meeting is for any reason not held on the date determined in accordance with this section, a special meeting, as defined below, in lieu of the annual meeting may be held with the same force and effect of the annual meeting.

SECTION 2.04. Special Meetings. A special meeting of the Member may be called at any time by the President, the Board of the Foundation, or by the Member.

SECTION 2.05. Notice. Notice of the annual meeting or any special meeting shall be

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Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

given by the Secretary to the Member at the Member's address on file with the Secretary either by mail or electronic communication, at least seven (7) days prior to the meeting and in the case of a special meeting, stating the purpose thereof.

SECTION 2.06. Voting. The Member shall have one (1) vote on all matters on which the Member is entitled to vote.

SECTION 2.07. Action Without a Meeting. Any action required or permitted to be taken by the Member may be taken without a meeting if the Member consents in writing and if such written consent is filed with the records of the Foundation. Such consents shall be treated for all purposes as a vote at a meeting.

ARTICLE III

BOARD OF DIRECTORS

SECTION 3.01. General Powers. The Foundation's property, affairs and business shall be managed by the Board and the Board shall have, and may exercise, all of the powers of the Foundation, except those reserved to the Members by law, the Articles or these By-Laws.

SECTION 3.02. Number; Qualification and Election. The members of the Board serving at the time CharterCARE Health Partners becomes the sole Member of the Foundation shall remain in office until a new Board is elected by the sole Member at its annual meeting or at a special meeting. Commencing with such election the Board shall consist of a total of fifteen (15) directors, which shall include two (2) individuals who shall be ex officio directors and the remaining thirteen (13) directors who shall be elected as set forth herein by the Member at its annual meeting or at a special meeting. Each member of the Board shall have equal voting authority. The two (2) ex officio members of the Board shall be the individuals then serving as the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of CharterCARE

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Envelope: 1697121
Reviewer: Sharon S.

Health Partners and the thirteen (13) remaining members of the Board shall consist of four (4) individuals selected by the Member from among those individuals who are then serving as members of the CharterCARE Health Partners Board of Trustees, two (2) individuals selected by the Member from among those individuals who are then serving as members of the Roger Williams Medical Center Board of Trustees, two (2) individuals selected by the Member from among those individuals who are then serving as members of the CharterCare Health Partners Board of Trustees and five (5) individuals who shall be independent directors. An ex officio director who is no longer serving as either the CEO or the CFO of CharterCARE Health Partner shall be immediately replaced by the individual then serving in that capacity and a director who was selected by the Member as set forth herein from among the members of the Board of Trustees of CharterCARE Health Partners, Roger Williams Medical Center or CharterCare Health Partners who is no longer serving in that capacity shall be immediately replaced by the individual then serving in that capacity.

SECTION 3.03. Nomination Process. The Nominating Committee of the Member shall serve as the Nominating Committee. At least fifteen (15) days prior to the Member's annual meeting or a special meeting called for the election or replacement of directors of the Foundation, the Nominating Committee shall provide to the Board of Trustees of the Member a list of nominees for election as independent directors and a list of nominees for election as directors from the members of the Boards of Trustees of CharterCARE Health Partners, Roger Williams Medical Center and CharterCare Health Partners. The Nominating Committee shall adopt such procedures, including procedures for the solicitation of potential nominees, as are necessary to carry out its duties.

SECTION 3.04. Increase and Decrease in Number. The number and designation of

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

directors of the Foundation may be modified from time to time by majority vote of the Board.

SECTION 3.05. Term. Each director, other than ex officio directors and other than as set forth herein, shall hold office for a three (3) year term, up to a maximum of two (2) terms, and until a successor shall have been duly appointed and qualified or until death, resignation or removal in the manner hereinafter provided and each ex officio director shall hold office so long as he or she is serving as either the CEO or the CFO of CharterCARE Health Partners. Terms of the initial directors elected after CharterCARE Health Partners becomes the sole Member at its annual meeting or at a special meeting shall be staggered such that each year the terms of a portion of the directors shall expire.

SECTION 3.06. Quorum and Voting. A majority of the total number of directors at the time in office shall constitute a quorum for the transaction of business at any meeting. In the absence of a quorum, a majority of the directors present may adjourn any meeting from time to time without further notice until a quorum be had. Each director shall have one (1) vote on all matters addressed by the Board. The directors shall act only as a Board, and the individual director shall have no power as such.

SECTION 3.07. Place of Meetings. The Board may hold its meetings at any place within or without the State of Rhode Island as it may from time to time determine and shall be specified or fixed in the respective notices or waivers of notice thereof.

SECTION 3.08. Action Without a Meeting. Any action required or permitted to be taken by the directors may be taken without a meeting if all of the directors consent in writing and if the written consents are filed with the Foundation's records. Such consents shall be treated for all purposes as a vote at a meeting.

SECTION 3.09. Telephonic Participation In Meetings. Directors may participate in their

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

respective meetings by means of telephone conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

SECTION 3.10. Annual Meetings. The annual meeting of the Board shall be held immediately following the Members' annual meeting. If any day in which the annual meeting is fixed shall be a legal holiday, then the meeting shall be held on the next succeeding business day that is not a legal holiday. If for any reason such annual meeting is omitted, a special meeting may be held in place thereof and any business transacted or elections held at such special meeting shall have the same effect as if transacted at the annual meeting. Purposes for which an annual meeting is to be held, in addition to those prescribed by law or these By-Laws, may be specified by the President or by a majority of the Board.

SECTION 3.11. Regular Meetings. Regular meetings of the Board shall be held as often as the Board shall determine from time to time by vote. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting which would otherwise be held on that day shall be held at the same hour on the next succeeding business day that is not a legal holiday. Notice of regular meetings need not be given.

SECTION 3.12. Special Meetings; Notice. Special meetings of the Board shall be held whenever called by the President. Notice of each such meeting shall be given by the Secretary or the person calling the meeting by mailing such notice addressed to each director at his/her residence or usual place of business, or conveying such notice electronically, verbally by telephone or personally, at least twenty-four (24) hours before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting, but need not state the purpose thereof except as otherwise expressly provided in these By-Laws. A statement contained

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

in the minutes of any Board meeting over the signature of the Secretary to the effect that due notice of such meeting has been given shall be conclusive evidence that proper notice of such Meeting has been duly given.

SECTION 3.13. Waiver of Notice. Notice of the time, place and purpose (unless otherwise specified) of any Board meeting may be waived in writing by any director either before or after such meeting and attendance in person at a Board meeting or any meeting held in lieu thereof shall be equivalent to having waived notice thereof.

SECTION 3.14. Resignation of Directors. Any director may resign at any time by providing written notice to the Board, the President or the Secretary. Any director's resignation shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.15. Removal of Directors. Subject to these By-Laws, any director may be removed, either with or without cause, by the vote of a majority of the directors at a special meeting called for said purpose.

SECTION 3.16. Vacancies. In the case of director vacancies caused by death, resignation, removal, disqualification or any other cause, the Board, by an affirmative vote of a majority of the directors then in office, shall use best efforts to elect a duly-qualified individual to serve the remainder of the departing director's term. Notwithstanding the foregoing, any actions taken at a meeting or as otherwise provided herein while such positions are vacant shall be valid so long as a quorum is then present.

SECTION 3.17. Compensation. No director shall receive any compensation for his/her services as a director of the Foundation.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

ARTICLE IV

COMMITTEES

SECTION 4.01. Appointment. The Board may from time to time by vote create such committees of directors, officers, employees or other persons for the purpose of advising the Foundation's Board, officers and/or employees in all such matters as the Board shall deem advisable and with such functions and duties as the Board shall prescribe by vote. Each committee shall have a chairperson appointed by the President. Unless otherwise expressly required in these By-Laws, committee members shall be appointed by the President; provided, however, that any such appointment may be reversed by majority vote of the Board. Committee members may be but need not be directors. The Board shall have power to increase or decrease the number of members on any committee at any time and to discharge any such committee, either with or without cause, at any time.

SECTION 4.03. Meetings and Notice. Committee meetings may be called by the President or the committee chairperson. Each committee shall meet as often as necessary and appropriate to perform its duties. Notice of a meeting's date, time and place shall be given at such time and in such manner as to provide reasonable notice to committee members of the meeting. Each committee shall keep minutes of its proceedings.

SECTION 4.04. Removal and Vacancies. The President may remove any committee member or chairperson whose selection is not otherwise specified in the By-Laws. Vacancies in any committee's membership may be filled by appointments made in the same manner as provided for in the original appointments.

SECTION 4.05. Quorum. Unless otherwise provided in the Board's resolution designating a committee, each committee member shall have one (1) vote and a majority of the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

whole committee shall constitute a quorum. The act of a majority of the members present at a committee meeting at which a quorum is present shall constitute the act of the committee.

SECTION 4.06. Rules. Each committee may adopt rules for its own governance not inconsistent with these By-Laws or with any roles adopted by the directors.

ARTICLE V

OFFICERS

SECTION 5.01. Enumeration. The officers of the Foundation shall consist of a President, a Secretary, and a Treasurer, and such other officers as the Board may from time to time appoint. Each officer of the Foundation shall be a director.

SECTION 5.02. Election, Qualifications and Term of Office. The officers shall be elected by the Board at the annual meeting of the Foundation or special meeting held in lieu thereof. Each officer shall hold office for a one (1) year term and until a successor shall have been duly elected and qualified or until death, resignation, disqualification or removal in the manner hereinafter provided.

SECTION 5.03. Removal. Any officer may be removed, either with or without cause, by the vote of a majority of the directors at a special meeting called for said purpose.

SECTION 5.04. Resignation. Any officer may resign at any time by giving written notice to the Board or to the Secretary. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified herein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5.05. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled for the unexpired portion of the term by the Board at any regular or special meeting.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

SECTION 5.06. The President. The President shall act as chair of the Board and have general charge and supervision of the affairs of the Foundation. The President shall perform such other duties assigned to him/her by the Board.

SECTION 5.08. The Secretary. The Secretary shall record or cause to be recorded all the proceedings of Board meetings and meetings of all committees to which a secretary shall not have been appointed; shall see that all notices are duly given in accordance with the provisions of these By-Laws and as required by law; shall be custodian of the records and of the Foundation's seal; and have such other powers and perform such other duties as the Board may from time to time prescribe.

SECTION 5.09. The Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all Foundation funds, credits and property, render a statement concerning the condition of the Foundation's finances at all regular meetings and, upon the Board's request, make a full financial report to the Board. The Treasurer also shall have charge of the Foundation's books and records of account, which shall be kept at such office of the Foundation as the Board shall from time to time designate; be responsible for the keeping of correct and adequate records of the Foundation's assets, liabilities, business and transactions and at all reasonable times exhibit the books and records of account to any of the directors; review the Foundation's budget annually; be responsible for monitoring the budget; and, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board or the President.

SECTION 5.10. Other Officers. Each other officer chosen by the directors shall perform such duties and have such powers as may be designated from time to time by the Board.

SECTION 5.11. Other Powers and Duties. Each officer shall, subject to these By-Laws

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

and in addition to the duties and powers specifically set forth in these By-Laws, have such duties and powers as are customarily incident to his/her office. The exercise of any power which by law, the Articles or these By-Laws, or in accordance with any vote of the Board, may be exercised by a Foundation officer only in the event of another officer's absence or any other contingency, shall bind the Foundation in favor of anyone relying therein in good faith, whether or not such absence or contingency existed.

SECTION 5.12. Bonding. Any officer, employee, agent or factor shall give such bond with such surety or sureties for the faithful performance of his/her duties as the Board may from time to time require.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 6.01. Indemnification. Subject to the exclusions hereinafter set forth, the Foundation will indemnify an Indemnified Person against and hold the Indemnified Person harmless from any Covered Loss or Covered Expenses.

SECTION 6.02. Advance Payment of Covered Expenses. The Foundation will pay the Covered Expenses of an Indemnified Person in advance of the final disposition of any Proceeding. The advance payment of Covered Expenses will be subject to the Indemnified Person's first agreeing in writing with the Foundation to repay the sums paid by it hereunder if it is thereafter determined that the Proceeding involved an Excluded Claim or that the Indemnified Person was otherwise not entitled to indemnity under this Article VI.

SECTION 6.03. Exclusions.

(a) The Foundation will not be liable to pay any Covered Loss or Covered Expense (an "Excluded Claim"):

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

(i) With respect to a Proceeding, if the Foundation determines that the Indemnified Person (i) did not conduct himself or herself in good faith, (ii) engaged in intentional misconduct, and (iii) in the case of a criminal proceeding, knowingly violated the law;

(ii) With respect to a Proceeding in which a final judgment or other final adjudication determines that the Indemnified Person is liable on the basis that personal benefit was improperly received by him or her;

(iii) For which the Indemnified Person is otherwise indemnified or reimbursed; or

(iv) If a final judgment or other final adjudication determines that such payment is unlawful.

(b) With respect to a Proceeding by or on behalf of the Foundation in which the Indemnified Person is adjudged to be liable to the Foundation, the Foundation may indemnify the Indemnified Person for his or her Covered Expenses but shall not indemnify the Indemnified Person for his or her Covered Loss.

(c) Notwithstanding any other provisions herein, the Foundation shall indemnify an Indemnified Person for any Covered Expense in the event that the Indemnified Person is wholly successful, on the merits or otherwise, in the defense of any Proceeding under Section 6.03(a)(i).

SECTION 6.04. Notice to Foundation; Insurance. Promptly after receipt by the Indemnified Person of the notice of the commencement of or the threat of commencement of any Proceeding, the Indemnified Person will, if indemnification with respect thereto may be sought from the Foundation under this Article VI, notify the Foundation of the commencement thereof. If, at the time of the receipt of such notice, the Foundation has any directors' and officers'

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

liability insurance in effect, the Foundation will give prompt notice of the commencement of such Proceeding to the insurer in accordance with the procedures set forth in the policy or policies in favor of the Indemnified Person. The Foundation will thereafter take all necessary or desirable action to cause such insurer to pay, on behalf of the Indemnified Person, any and all Covered Loss and Covered Expense payable as a result of such Proceeding in accordance with the terms of such policies.

SECTION 6.05. Indemnification Procedures.

(a) Payments on account of the Foundation's indemnity against Covered Loss will be subject to the Foundation's first determining that the Covered Loss results from a claim which is not an Excluded Claim. Such a determination will be made by a majority vote of a quorum of Trustees not at the time parties to the Proceeding or by majority vote of the Members. The determination required by this Section 6.05 will be made within sixty (60) days of the Indemnified Person's written request for payment of a Loss, and if it is determined that the Covered Loss is not an Excluded Claim, payment will be made forthwith thereafter.

(b) Payment of an Indemnified Person's Covered Expenses in advance of the final disposition of any Proceeding will be made within twenty (20) days of the Indemnified Person's written request therefor. Any determination required as to the reasonableness of requested Covered Expenses shall be made in accordance with Section 6.05(a). From time to time prior to the payment of Covered Expenses, the Foundation may, but is not required to, determine (in accordance with Section 6.05(a) above) whether the Covered Expenses claimed may reasonably be expected, upon final disposition of the Proceeding, to constitute an Excluded Claim. If such a determination is pending, payment of the Indemnified Person's Covered Expenses may be delayed up to sixty (60) days after the Indemnified Person's written request therefor, and if it is

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

determined that the Covered Expenses are not an Excluded Claim, payment will be made forthwith thereafter.

SECTION 6.06. Settlement. The Foundation will have no obligation to indemnity the Indemnified Person under this Article VI for any amounts paid in settlement of any Proceeding effected without the Foundation's prior written consent. The Foundation will not unreasonably withhold or delay its consent to any proposed settlement The Foundation may consent to a settlement subject to the requirement that a determination thereafter will be made as to whether the Proceeding involved an Excluded Claim or not.

SECTION 6.07. Rights Not Exclusive. The rights provided hereunder will not be deemed exclusive of any other rights to which the Indemnified Person may be entitled under the Act, any agreement, vote of disinterested directors or otherwise, both as to action in the Indemnified Person's official capacity and as to action in any other capacity while holding such position or office, and shall continue after the Indemnified Person ceases to serve the Foundation in an official capacity.

SECTION 6.08. Enforcement.

(a) The Indemnified Person's right to indemnification hereunder will be enforceable by the Indemnified Person in any court of competent jurisdiction and will be enforceable notwithstanding that an adverse determination has been made as provided in Section 6.05 above.

(b) In the event that any action is instituted by the Indemnified Person under this Article VI to enforce or interpret any of the terms of this Article VI, the Indemnified Person will be entitled to be paid all court costs and expenses, including reasonable attorneys' fees, incurred by the Indemnified Person with respect to such action, unless the court determines that each of the material assertions made by the Indemnified Person as a basis for such action was not made

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

in good faith or was frivolous.

SECTION 6.09. Successors and Assigns. This Article VI will be (a) binding upon all successors and assigns of the Foundation (including any transferee of all or substantially all of its assets); and (b) binding on and inure to the benefit of the heirs, executors, administrators, and other personal representatives of the Indemnified Person. If the Foundation sells or otherwise transfers all or substantially all of its assets to a third party, the Foundation will, as a condition of such sale or other transfer, require such third party to assume and perform the obligations of the Foundation under this Article VI.

SECTION 6.10. Amendment. No amendment of this Article VI will be effective as to an Indemnified Person without such Indemnified Person's written consent.

SECTION 6.11. Insurance. The Foundation shall have, to the fullest extent permitted by state and federal law, the power to purchase and maintain insurance on behalf of any Indemnified Person against any liability asserted against or incurred by an Indemnified Person arising out of his or her status as an Indemnified Person whether or not the Foundation would have the power to indemnity the Indemnified Person against such liability pursuant to this Article VI.

SECTION 12. Definitions.

"Covered Act" means any act or omission by an Indemnified Person in the Indemnified Person's official capacity as a member of the governing body, director, trustee, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or other entity or enterprise, including entities and enterprises which are subsidiaries or affiliates of the Foundation, or employee benefit plan.

"Covered Expense" means any reasonable expense incurred by an Indemnified Person in connection with the defense of any claim made against the Indemnified Person for Covered Acts

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

including legal, accounting or investigative fees and expenses, including the expense of bonds necessary to pursue an appeal of an adverse judgment.

"Covered Loss" means any amount which an Indemnified Person is legally obligated to pay as a result of any claim made against the Indemnified Person for a Covered Act including judgment for, and awards of, damages, amounts paid in settlement of any claim, any fine or penalty or, with respect to an employee benefit plan, any excise tax or penalty.

"Excluded Claim" is defined in Section 6.03.

"Indemnified Person" means any individual who is or was a director or officer of the Foundation.

"Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

ARTICLE VII

CONFLICT OF INTEREST

SECTION 7.01. Policy Adoption. The Foundation is committed to pursuing its mission and to conducting its affairs in accordance with high professional, religious and ethical standards which include the avoidance of detrimental conflicts of interest. The Foundation believes that avoiding such conflicts is imperative in preserving the public's trust. Persons who agree to serve the Foundation should not use their position for personal gain, or to expose the Foundation to potential harm as a result of conflict of interest.

The Foundation shall adopt and maintain a Conflict of Interest Policy which applies to Designated Persons, as defined below, and deliberations by the Board and its committees.

SECTION 7.02. General Principles. Any Designated Person has an obligation to: (i) protect decisions involving the Foundation against conflicts of interest; (ii) maintain the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

confidentiality of information obtained through service to the Foundation; (iii) assure that the Foundation acts for the benefit of the community as a whole rather than for the private benefit of a Designated Person; and (iv) fully disclose any personal business opportunities that are competitive with the Foundation or in which the Foundation would have an interest. In the furtherance of these obligations all Designated Persons shall exercise the utmost good faith in all transactions touching upon their duties to the Foundation or its property. In their dealings with and on behalf of the Foundation, they shall be held to a strict standard of honest and fair dealing. Designated Persons shall scrupulously avoid any conflict between their individual interests and the interests of the Foundation in any and all actions taken by them. They shall disclose any interests or activities in which they are involved or become involved, directly or indirectly, that could conflict with the interests or activities of the Foundation and shall obtain approval prior to commencing, continuing, or consummating any activity or transaction which raises a possible conflict of interest. Designated Persons are also obliged to disclose any potential conflict of interest arising from the interests and activities of their Immediate Family, as defined in the Policy. Failure to comply with the Conflict of Interest Policy may disqualify a person from serving as a Designated Person or, if already serving as a Designated Person, may, if the Designated Person is an employee of the Foundation, result in disciplinary action up to and including dismissal, subject to the terms of any applicable employment or collective bargaining agreement or, in the case of a Designated Person who is a Trustee, the Trustee shall be deemed to have resigned.

SECTION 7.03. Designated Persons. "Designated Persons" shall include the following:

(a) Members of the Board of Directors of the Foundation;

(b) Members of administration or senior management of the Foundation;

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

(c) Committee Chairpersons or members of a Committee with Board delegated powers, who have a direct or indirect ability to influence the use of Foundation resources;

(d) Persons and/or staff members with the authority to purchase, to select or to influence the purchase of goods or services on behalf of the Foundation; and

(e) Any other person(s) and/or staff members whom the Board may from time to time designate.

ARTICLE VIII

FISCAL AUTHORITY

SECTION 8.01. Deposits. All funds of the Foundation shall be deposited from time to time to the credit of the Foundation in such banks, trust companies or other depositories as the directors may select.

SECTION 8.02. Gifts. The directors may accept on behalf of the Foundation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Foundation.

SECTION 8.03. Budget. An annual budget shall be prepared at the President's direction for approval by the directors at their annual meeting.

ARTICLE IX

EXECUTION OF DOCUMENTS

SECTION 9.01. Contracts, etc., How Executed. Unless otherwise determined by the Board, the President or the Treasurer may enter into any contract or execute and deliver any contract or other instrument, the execution of which is not otherwise specifically provided for, in the name and on behalf of the Foundation. The Board, except as otherwise provided in these By-Laws, may authorize any other or additional officer, officers, agent or agents of the Foundation

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

to enter into any contract or execute and deliver any contract or other instrument in the name and on behalf of the Foundation and such authority may be general or confined to specific instances. Unless authorized to do so by these By-Laws or by the directors, no officer, agent or employee shall have any power or authority to bind the Foundation by any contract or engagement or to pledge its credit or render it liable pecuniarily for any purpose or in any amount.

SECTION 9.02. Checks, Drafts, etc. All of the Foundation's checks, drafts, bills of exchange or other orders for the payment of money, obligations, notes or other evidences of indebtedness, bills of lading, warehouse receipts and insurance certificates shall be signed or endorsed by such of the Foundation's officer, officers, employee or employees as shall from time to time be determined by Board resolution.

SECTION 9.03. Shares Held by Foundation. Any shares of stock issued by any corporation and owned or controlled by the Foundation may be voted at such corporation's shareholders' meeting by the Foundation's President or the Treasurer.

ARTICLE X

SEAL

The seal of the Foundation shall be in the form of a circle and shall bear the Foundation's name and the state and year of its incorporation.

ARTICLE XI

FISCAL YEAR

Except as from time to time otherwise provided by the Board, the Foundation's fiscal year shall commence on the 1st day of October of each year.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

ARTICLE XII

MISCELLANEOUS

SECTION 12.01. Personal Liability. Directors and officers of the Foundation shall not be personally liable for any Foundation debt, liability or obligation. All persons, corporations or other entities extending credit to, contracting with or having any claim against the Foundation may look only to the Foundation's funds and property for the payment of any debt, damages, judgment or decree, or of any money that may otherwise become due or payable to them from the Foundation.

SECTION 12.02. Corporate Records. The original or attested copies of the Articles of Incorporation, these By-Laws, and records of all meetings of the Members and the Board and all of the Foundation's records, the names and the record addresses of all directors, Members and officers shall be kept in North Providence, Rhode Island, at the Foundation's principal office or at an office of its Secretary or Resident Agent. Said copies and records need not all be kept in the same office_ They shall be available at all reasonable times for the inspection of any director or officer for any proper purpose, but not to secure a list or other information for the purpose of selling said list or information or copies thereof or of using the same for a purpose other than in the interest of the director or officer relative to the Foundation's affairs. Except as otherwise may be required by law, the Articles or these By-Laws, the Foundation shall be entitled to treat a director's, Member's or officer's record address as shown on its books as the address of such person or entity for all purposes, including the giving of any notices and it shall be the duty of each such person or entity to notify the Foundation of his/her/its latest post office address.

SECTION 12.03. Evidence of Authority. A certificate by the Secretary as to any action taken by a director, officer or representative of the Foundation shall be conclusive evidence of

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

such action as to all who rely thereon in good faith.

SECTION 12.04. Ratification. Any action taken on behalf of the Foundation by a director, officer or representative of the Foundation which requires authorization by the directors shall be deemed to have been duly authorized if subsequently ratified by the directors retrospectively if action by them was necessary for authorization.

SECTION 1.01. Articles of Incorporation. All references in these By-Laws to the Articles shall be deemed to refer to the Articles, as amended, and in effect from time to time.

ARTICLE XIII

AMENDMENTS

Alterations and repeal of the By-Laws, and new By-Laws not inconsistent with the laws of the State of Rhode Island or with the Articles of Incorporation, may be adopted by the Foundation upon the authorization or approval by the Member after such alteration, repeal or new By-Law is proposed by a majority vote of the Board at any meeting at which a quorum shall be present. The proposed alteration or repeal or of the proposed new By-Laws shall be included in the notice of such Board meeting at which such alteration, repeal or adoption is acted upon.

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Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit 13

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

	EXHIBIT 13	
	(CCCB ASSETS)	
Asset Description	**Estimated Asset Value**	**Asset Value Date**
Cash	$18,387.80	8/29/2018
15% membership interest in Prospect Chartercare LLC	Unknown	N/A
100% of SJHSRI	Unknown	N/A
100% of RWH	Unknown	N/A
Ownership of CharterCare Foundation*	Unknown	N/A
*Potentially disputed		

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit 14

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

	EXHIBIT 14	
	(SJHSRI ASSETS)	
Asset Description	**Estimated Asset Value**	**Asset Value Date**
Cash	$1,673,125.44	8/29/2018
Investments	$1,208,913.75	6/30/2018
Citizens Self Insured Retention Trust (Malpractice Claims)	$130,285.63	7/31/2018
Beneficial Interests in Charitable Trusts:		
	Trust Value*	
TUW Harold A. Sweetland	$1,001,825.58	9/30/2017
TUW Albert Steinert	$293,428.94	7/31/2018
The Combined Townsend Fund	$20,034,635.79	6/30/2018
Anthony Iavozza	$2,039,706.78	12/31/2017
*Trust Value is not the value of SJHSRI's beneficial interest. SJHSRI has certain income and/or distribution rights under the Trusts. Those rights have been disclosed to the Receiver and the Receiver's counsel.		

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Southwest Consulting Associates Appeal Impacts
CharterCare
Documented as of 07/23/18

						pre 10/01/13		*post 10/01/13*
Hospital	Provider Number	FYE	Eligible Days (Net impact)	CCHIP Impact	HSN Impact	M+C Impact MCD Fraction	M+C Impact SSI Fraction	M+C Impact MCD Fraction
St. Joseph	41-0005	9/30/08	-	-	-	1,456,667	477,257	-
St. Joseph	41-0005	9/30/09	-	-	-	1,449,389	385,073	-
St. Joseph	41-0005	9/30/10	-	-	-	1,535,426	508,626	-
St. Joseph	41-0005	9/30/11	-	-	-	1,352,053	439,824	-
St. Joseph	41-0005	9/30/12	-	-	-	1,063,583	360,508	-
St. Joseph	41-0005	9/30/13	-	-	-	952,516	428,929	-
St. Joseph	41-0005	6/19/14	-	-	-	-	-	158,376
St. Joseph	41-0005	9/30/14	-	-	-	-	-	66,975
		Total	-	-	-	7,809,634	2,600,217	225,351

Note 1: Gross Impacts are reflected above without any reduction for SCA fees.

Note 2: Also under appeal is the Baystate SSI Matching process issue.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit 15

Case Number: PC-2017-3856
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	EXHIBIT 15	
	(RWH ASSETS)	
Asset Description	**Estimated Asset Value**	**Asset Value Date**
Cash	$1,778,101.57	8/29/2018
Investments	$6,864,404.61	7/31/2018
Special Purpose Fund - Citizens Bank Account*	$209,433.79	8/29/2018
Citizens Workers Comp Self Insurance Reserve Acct	$750,000.00	8/29/2018
Medicare/Resident Payment Cap Litigation	$875,000.00	Estimated Maximum Value
Beneficial Interests in Charitable Trusts:		
	Trust Value**	
George Boyden fbo Barbara S Abram	$288,573.43	9/30/2017
U/W George L. Flint	$1,077,666.71	6/30/2018
Will Prescott Knight	$363,531.90	6/30/2018
Sarah S. Brown Fund	$2,070,534.30	6/30/2018
Harry M. Miriam and William C. Horton Fund	$7,551,370.61	7/31/2018
TUW Albert Steinert	$288,636.38	6/30/2018
Walter Simpson Life Annuity	$1,717,590.96	7/31/2018
*Subject to Cy Pres Order		
**Trust Value is not the value of RWH's beneficial interest. RWH has certain income and/or distribution rights		
under the Trusts. Those rights have been disclosed to the Receiver and the Receiver's counsel.		

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Southwest Consulting Associates Appeal Impacts
CharterCare
Documented as of 07/23/18

						pre 10/01/13		*post 10/01/13*
Hospital	Provider Number	FYE	Eligible Days (Net impact)	CCHIP Impact	HSN Impact	M+C Impact MCD Fraction	M+C Impact SSI Fraction	M+C Impact MCD Fraction
Roger Williams	41-0004	9/30/05	-	-	-	652,848	-	-
Roger Williams	41-0004	9/30/06	-	-	-	429,029	791,117	-
Roger Williams	41-0004	9/30/07	-	15,619	-	903,823	635,413	-
Roger Williams	41-0004	9/30/08	28,223	11,289	11,289	1,181,055	662,127	-
Roger Williams	41-0004	9/30/09	-	-	-	1,128,828	391,325	-
Roger Williams	41-0004	9/30/10	35,767	-	-	788,851	518,905	-
Roger Williams	41-0004	9/30/11	-	-	11,675	634,253	621,788	-
Roger Williams	41-0004	9/30/12	17,148	13,644	-	531,575	687,970	-
Roger Williams	41-0004	9/30/13	-	-	-	617,000	277,089	-
Roger Williams	41-0004	6/19/14	-	-	-	-	-	92,294
Roger Williams	41-0004	9/30/14	-	-	-	-	-	44,822
		Total	81,138	40,552	22,964	6,867,262	4,585,734	137,116

Note 1: Gross Impacts are reflected above without any reduction for SCA fees.

Note 2: Also under appeal is the Baystate SSI Matching process issue.

Case Number: PC-2017-3856
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Exhibit 16

Case Number: PC-2017-3856
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Reviewer: Sharon S.

		EXHIBIT 16		
		(CCCB LIABILITIES)		
Creditor	**Creditor's Counsel**	**Counsel Address**	**Nature of Claim**	**Amount of Claim**
Prospect Medical Holdings, Inc.	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect East Holdings,	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare, L	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare Physicians, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare RWMC, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare SJHSRI, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare Elmhurst, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Any and all other Company/Prospect Indemnified Persons, as such term is defined in that certain Asset Purchase Agreement, dated as of September 24, 2013	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Rhode Island Department of Environmental Management, et al (see attached list)	Ronald N. Gagnon, P.E.	RIDEM, 235 Promenade St., Providence, RI 02908-5767	Environmental - TrukAway Landfill, Warwick, RI	Unliquidated

Case Number: PC-2017-3856
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Exhibit 17

Case Number: PC-2017-3856
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Reviewer: Sharon S.

		EXHIBIT 17		
		(SJHSRI LIABILITIES)		
Creditor	**Creditor's Counsel**	**Counsel Address**	**Case # (if applicable)/Claim # (if applicable/Nature of Claim**	**Amount of Claim**
Antoneta Grande	Coia & Lepore	226 S Main St #1, Providence, RI 02903	Claim #: 314581/Workers Compensation	Unliquidated
Karapet Emdjian	Karapet Emdjian	575 Wickenden Street, Apt 812, Providence, 02903	Claim #: 314593/Workers Compensation	Unliquidated
Maria Lindo	Gary Levine, Esq.	56 Pine St #250, Providence, RI 02903	Claim #: 314594/Workers Compensation	Unliquidated
Dianne McCray	Jack DeGiovanni	989 Waterman Ave, East Providence, RI 02914	Case #: 201701002/Claim #: 314597/Workers Compensation	Unliquidated
Mary Kay Hicks	John Harnett	155 S Main St, Providence, RI 02903	Case #: 201405590/Claim #: 314592/Workers Compensation	Unliquidated
Sheila Zoglio	Coia & Lepore	226 S Main St #1, Providence, RI 02903	Case #: 201205909/Claim #: 314579/Workers Compensation	Unliquidated
Jean Reynolds	John Harnett	155 S Main St, Providence, RI 02903	Claim #: 314628/Workers Compensation	Unliquidated
Jacqueline Durante	Zach Mandell, Esq.	Mandell, Schwartz & Boisclair, One Park Row, Providence, RI 02903	Case #: PC-2013-6568/Personal Injury (slip and fall)	Unliquidated
Richard Pacheco	Richard Brederson, Esq.	Brederson Law Center, 950 Smith Street, Providence, RI 02908	Case #: PC-2016-0058/Personal Injury (slip and fall)	Unliquidated
Wendy Marcello	Wendy Marcello	524 Atwood Avenue, Apt. C, Cranston, RI 02920	Case #: KC-2017-0096/120708/Medical Malpractice	Unliquidated
Rosa Brito	Richard Pacia, Esq.	Joseph A. Voccola, Esq. and Associates, 454 Broadway, Providence, RI 02909	Claim #: 75995E/Personal Injury (slip and fall)	Unliquidated
Ivan Toro	Lisa Cronin, Esq.	Orabona Law Offices, P.C., 129 Dorrance Street, Providence, RI 02903	Case #: PC-2016-4668/Claim #: 77544/Personal Injury (slip and fall)	Unliquidated
Prospect Medical Holdings, Inc.	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect East Holdings, Inc.	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated

Prospect CharterCare, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare Physicians, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare RWMC, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare SJHSRI, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare Elmhurst, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Any and all other Company/Prospect Indemnified Persons, as such term is defined in that certain Asset Purchase Agreement, dated as of September 24, 2013	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Rhode Island Department of Environmental Management, et al (see attached list)	Ronald N. Gagnon, P.E.	RIDEM, 235 Promenade St., Providence, RI 02908-5767	Environmental - TrukAway Landfill, Warwick, RI	Unliquidated
American Funds			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)
Angell Pension Group			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)
Fidelity Investments			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)
Lincoln Financial Group			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Metlife/Brighthouse Financial			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)
Voya Financial			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
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Envelope: 1697121
Reviewer: Sharon S.

Exhibit 18

Case Number: PC-2017-3856
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Reviewer: Sharon S.

EXHIBIT 18

(RWH LIABILITIES)

Creditor	Contact Information	Contact Address	Case #(s) (if applicable)/Claim #(s) (if applicable)/Nature of Claim	Amount of Claim
Kellie Carney, et al	Amato DeLuca, Esq.	DeLuca & Weizenbaum, Ltd., 199 N. Main St, Providence, RI 02903	Case #: PC-2009-0613/Claim #s: 57767 & 58189/Medical Malpractice	Unliquidated
Dennis Giordano, et al	Doug Chabot, Esq.	Decof, Decof & Barry, One Smith Hill, Providence, RI 02903	Case #: PC-2015-0633/Claim #: 785948E/Medical Malpractice	Unliquidated
Christina Mancini	Laura Harrington, Esq.	Harrington Law Group, PC, 4 Broadway, Newport, RI 02840	Case #: PC-2017-0671/Claim #: 78533E/Medical Malpractice	Unliquidated
Judith O'Brien	Christopher E. Fay, Esq.; Andrew L. Alberino, III, Esq.	Fay Law Associates, 917 Reservoir Avenue, Cranston, RI 02910	Case #: PC-2015-3869/Claim #: 73319E/Medical Malpractice	Unliquidated
Ana Polanco, et al	Timothy P. Lynch, Esq.	Marasco & Nesselbush LLP, 685 Westminster Street, Providence, RI 02903	Case #: PC-2016-3629/Claim #: 76073E/Medical Malpractice	Unliquidated
Louis Scotti, et al	Kevin M. Daley, Esq.	Daley & Orton, 1383 Warwick Avenue, Warwick, RI 02888	Case #: PC-2011-6871 (consolidated for discovery with PC-2013-1810)/Claim #: 68994/Medical Malpractice	Unliquidated
Pamela Tonsberg	David E. Maglio, Esq.	The Owen Building, 101 Dyer Street, 2nd Floor, Providence, RI 02903	Case #: PC-2015-5258/Claim #: 76026E/Medical Malpractice	Unliquidated
Lisa Weber	Gregory Sorbello, Esq.	Peter Iascone & Associates, Ltd., 117 Bellevue Avenue, Newport, RI 02840	Case #: PC-2016-4778/Claim #: 113607/Medical Malpractice	Unliquidated
Janice Battey, et al	Kevin Daley, Esq.	Daley & Orton, 1383 Warwick Avenue, Warwick, RI 02888	Case #: PC-2015-1122/Claim #: 76466E/Medical Malpractice	Unliquidated
Stephanie Chenard, et al	Matthew Rocheleau, Esq.	Brosco & Brosco, 312 S. Main Street, No. 1, Providence, RI 02903	Case #: PC-2016-4033/Claim #: 76981E/Medical Malpractice	Unliquidated
Elaine Donahue	Kevin Daley, Esq.	Daley & Orton, 1383 Warwick Avenue, Warwick, RI 02888	Case #: PC-2016-3138/Claim #: 113786/Medical Malpractice	Unliquidated
Erin Dugas	Gil A. Bianchi Jr., Esq.	Bianchi & Brouillard PC, The Hanley Building, 55 Pine Street, Suite 250, Providence, RI 02903	Case #: PC-2013-4644/Claim #: 76342E-01/Medical Malpractice	Unliquidated

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
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Maryann Narducci	James T. McCormick, Esq.	536 Atwells Avenue, 2nd Floor, Providence, RI 02909	Case #: PC-2015-4966/Claim #: 106990/Medical Malpractice	Unliquidated
Brian Dockray	James McCormick, Esq.	536 Atwells Avenue, 2nd Floor, Providence, RI 02909	Case #: PC-2015-4785/Claim #: 106988/Medical Malpractice	Unliquidated
Steven Axtell	Zach Mandell, Esq.	Mandell, Schwartz & Boisclair, One Park Row, Providence, RI 02903	Case #: PC-2017-4130/Claim #: 108475/Medical Malpractice	Unliquidated
Michael Nissensohn, M.D	Gregory Tumolo; Ronald J. Resmini	10 Dorrance St #400, Providence, RI 02903; 155 S Main St #400, Providence, RI 02903	Case #: PC-2012-6232/Wrongful Termination	Unliquidated
Prospect Medical Holdings, Inc.	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect East Holdings, Inc.	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare Physicians, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare RWMC, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare SJHSRI, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Prospect CharterCare Elmhurst, LLC	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Any and all other Company/Prospect Indemnified Persons, as such term is defined in that certain Asset Purchase Agreement, dated as of September 24, 2013	Gary W. Herschman, Esq.	Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attention: Gary W. Herschman, Esq.	Indemnification	Unliquidated
Rhode Island Department of Environmental Management, et al (see attached list)	Ronald N. Gagnon, P.E.	RIDEM, 235 Promenade St., Providence, RI 02908-5767	Environmental - TrukAway Landfill, Warwick, RI	Unliquidated
Roger Williams Medical Center	Moshe Berman, Esq.	825 Chalkstone Ave., Providence, RI 02908	"Special Purposes" Fund per Cy Pres Petition/Order	$ 209,433.79

Case Number: PC-2017-3856
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American Funds			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)
Fidelity Investments			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)
Metlife/Brighthouse Financial			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)
Minnesota Life Insurance Company/Securian Financial			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)
TIAA-CREF			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)
VALIC (AIG)			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)
Voya Financial			Miscellaneous fully-funded Retirement Plan	Potential wind-down expense (amount unknown)

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
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Exhibit 19

Case Number: PC-2017-3856
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Reviewer: Sharon S.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "**Agreement**"), dated as of the ____ day of _____, 2018, is made by and among Stephen Del Sesto (as Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan) ("Secured Creditor"), and St. Joseph Health Services of Rhode Island, Roger Williams Hospital and CharterCARE Community Board (collectively, the "Debtor").

Under the terms hereof, the Secured Party desires to obtain and the Debtor desires to grant the Secured Party security for the Obligations (as hereinafter defined).

NOW, THEREFORE, the Debtor and the Secured Party, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) "**Collateral**" means all accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property and investment accounts, letter-or-credit rights, letters of credit, money, and general intangibles, and any and all proceeds of any thereof, whether now or hereafter existing or arising.

(b) "**Obligations**" means those obligations of Debtor to pay the Initial Lump Sum, as such term is defined in that certain Settlement Agreement among Debtor, Secured Party and others of even date herewith ("Settlement Agreement"), together with the obligations of Debtor under paragraphs 12, 14, 17 and 18 of the Settlement Agreement.

(c) "**UCC**" means the Uniform Commercial Code, as adopted and enacted and as in effect from time to time in the State of Rhode Island. Terms used herein which are defined in the UCC and not otherwise defined herein shall have the respective meanings ascribed to such terms in the UCC.

2. Grant of Security Interest. To secure the Obligations, the Debtor, as debtor, hereby assigns and grants to the Secured Party, as secured party, a continuing lien on and security interest in the Collateral.

3. Use of Collateral. The Debtor will not voluntarily transfer or grant or allow the imposition of a lien or security interest upon the Collateral or use any portion thereof in any manner inconsistent with this Agreement or with the terms and conditions of any policy of insurance thereon, except in the ordinary course of the operation of Debtor's business or if replaced by items of equal or greater value. Notwithstanding anything to the contrary contained herein, Secured Party acknowledges and agrees that Debtor may use the Collateral in connection with the wind-down of Debtor's businesses, including without limitation, payment of expenses and liabilities incurred in the ordinary course of business.

4. Further Assurances. Debtor hereby irrevocably authorizes Secured Party at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto to perfect and maintain the security interest granted herein. Debtor further agrees to execute and deliver such other documents and instruments as Secured Party may deem reasonably necessary or appropriate to effectuate and perfect the lien and security interest granted herein.

5. Remedies. Upon the occurrence of any breach of this Agreement by Debtor and at any time thereafter, the Secured Party shall be entitled to exercise all the remedies of a secured party under the UCC.

6. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt. Such notices and other communications may be hand-delivered, sent by facsimile transmission with confirmation of delivery and a copy sent by first-class mail, or sent by nationally recognized overnight courier service, to a party's address set forth above or to such other address as any party may give to the other in writing for such purpose.

7. Preservation of Rights. No delay or omission on the Secured Party's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Secured Party's action or inaction impair any such right or power. The Secured Party's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Secured Party may have under other agreements, at law or in equity.

8. Illegality. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

9. Entire Agreement. This Agreement (including the documents and instruments referred to herein, specifically including the Settlement Agreement) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to security interest granted to Secured Party.

10. Counterparts. This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Agreement by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

11. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective heirs, executors, administrators, successors and assigns.

12. Interpretation. In this Agreement, unless the Secured Party and the Debtor otherwise agree in writing, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections) or exhibits are to those of this Agreement unless otherwise indicated. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. If this Agreement is executed by more than one Debtor, the obligations of such persons or entities will be joint and several.

13. Termination. This Agreement shall terminate as follows:

a. Immediately upon denial by the Rhode Island Superior Court, 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"), of the Secured Party's request for authorization to proceed with the settlement contemplated in the Settlement Agreement; or

b. Immediately upon the denial by the United States District Court for the District of Rhode Island, in that certain civil action entitled *Stephen Del Sesto, as Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan, et al., v. Prospect CharterCare, LLC, et al.*, C.A. No: 1:18-CV-00328-WES-LDA (the "Federal Court Action"), of the joint request for approval of the Settlement Agreement as contemplated therein.

(EXECUTION PAGE FOLLOWS)

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
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IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and date first above written.

WITNESS:
Signed and delivered in the presence of:

DEBTOR:

ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND, ROGER WILLIAMS HOSPITAL, and CHARTERCARE COMMUNITY BOARD

_____
Print Name:

By:_____
Name:
Title:

SECURED PARTY:

_____
Print Name:

By:_____
Name:
Title:

Case Number: PC-2017-3856
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Exhibit 20

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State of Rhode Island and Providence Plantations
Department of State - Business Services Division
148 W. River Street, Providence, Rhode Island 02904-2615
Phone: (401) 222-3040 | **Email:** corporations@sos.ri.gov | **Website:** www.sos.ri.gov

Uniform Commercial Code (UCC) Filing Information

Hours for filing:	Public Counter: Monday – Friday 8:30 AM to 4:30 PM Online filing – 24/7
Information Requests:	Information on specific filings of record with this office will not be given over the Telephone; only general information will be available. UCC11 Information Requests cannot be ordered over the telephone. All filings must be communicated in writing.
Filing Fees:	Filings must be communicated in writing and will not be accepted unless accompanied by the minimum filing fee. Checks are to be made payable to the Rhode Island Department of State. We accept VISA, MasterCard, Discover, and American Express for all over-the-counter and online transactions. A small enhanced access fee is charged for all credit card transactions. See our website for more information on enhanced access fees.
Refunds:	Refunds will be issued for duplicate payments and rejected documents not corrected within 30-days from the date the filing was submitted to this office. Refunds will not be issued for valid transactions and overpayments in the amount of $10 or less. Enhanced access fees are not refundable. To request a refund or view our refund policy click here.
Paper Filing Forms:	The IACA National Filing Forms will be accepted for filing. Rhode Island does provide a state form for UCC11 Information Requests. Please carefully read all instructions prior to filing.
Acknowledgments:	Acknowledgements are no longer being mailed. If you would like to receive an Acknowledgement of your fling, you **MUST** provide a valid email address. Complete ITEM C of the filing form to include a valid email address. E-acknowledgements for all approved filings are emailed at 3pm and 8pm daily.
Filing Evidence:	If you do not receive an Acknowledgement or if you would like to obtain a copy of any recorded UCC, follow these steps: • Go to our UCC Database • To search for a UCC1 – you must search by debtor name • To search for a UCC3 – you can search by file number or debtor name • Click on the filing number to view the filing summary page • Click on the PDF link to view and print the filing
Rejected Filings:	Paper filers will receive their filing and payment via US mail addressed to the individual/entity that submitted the paperwork. Correspondence will accompany the paperwork indicating what steps need to be taken to correct the filling. You may also use our Rejected Filing Viewer to view the rejected document. • To search for a UCC1 – you must search by debtor name • To search for a UCC3 – you must search by file number

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: [redacted]
Envelope: [redacted]
Reviewer: [redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Richard J. Land, Esq.

B. E-MAIL CONTACT AT FILER (optional)
rland@crfllp.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Chace Ruttenberg & Freedman, LLP
One Park Row, Suite 300
Providence, RI 02903

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
CharterCare Community Board

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/ INITIAL(S)	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
c/o One Park Row, Suite 300	**Providence**	**RI**	**02903**	**USA**

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/ INITIAL(S)	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
St. Joseph Health Services of Rhode Island Retirement Plan (Stephen Del Sesto, Receiver)

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/ INITIAL(S)	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
c/o One Financial Plaza, 26th Floor	**Providence**	**RI**	**02903**	**USA**

4. COLLATERAL: This financing statement covers the following collateral:

all accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property and investment accounts, letter-or-credit rights, letters of credit, money, and general intangibles of the Debtor and any and all proceeds of any thereof, whether now or hereafter existing or arising.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

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Please type or laser-print this form. Be sure it is completely legible. Read and follow all Instructions, especially Instruction 1; use of the correct name for the Debtor is crucial.

Fill in form very carefully; mistakes may have important legal consequences. If you have questions, consult your attorney. The filing office cannot give legal advice.

Send completed form and any attachments to the filing office, with the required fee.

ITEM INSTRUCTIONS

A and B. To assist filing offices that might wish to communicate with filer, filer may provide information in item A and item B. These items are optional.

C. Complete item C if filer desires an acknowledgment sent to them. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form the Acknowledgment Copy or a carbon or other copy of this form for use as an acknowledgment copy.

1. **Debtor's name.** Carefully review applicable statutory guidance about providing the debtor's name. Enter only one Debtor name in item 1 -- either an organization's name (1a) or an individual's name (1b). If any part of the Individual Debtor's name will not fit in line 1b, check the box in item 1, leave all of item 1 blank, check the box in item 9 of the Financing Statement Addendum (Form UCC1Ad) and enter the Individual Debtor name in item 10 of the Financing Statement Addendum (Form UCC1Ad). Enter Debtor's correct name. Do not abbreviate words that are not already abbreviated in the Debtor's name. If a portion of the Debtor's name consists of only an initial or an abbreviation rather than a full word, enter only the abbreviation or the initial. If the collateral is held in a trust and the Debtor name is the name of the trust, enter trust name in the Organization's Name box in item 1a.

1a. Organization Debtor Name. "Organization Name" means the name of an entity that is not a natural person. A sole proprietorship is **not** an organization, even if the individual proprietor does business under a trade name. If Debtor is a registered organization (e.g., corporation, limited partnership, limited liability company), it is advisable to examine Debtor's current filed public organic records to determine Debtor's correct name. Trade name is insufficient. If a corporate ending (e.g., corporation, limited partnership, limited liability company) is part of the Debtor's name, it must be included. Do not use words that are not part of the Debtor's name.

1b. Individual Debtor Name. "Individual Name" means the name of a natural person; this includes the name of an individual doing business as a sole proprietorship, whether or not operating under a trade name. The term includes the name of a decedent where collateral is being administered by a personal representative of the decedent. The term does not include the name of an entity, even if it contains, as part of the entity's name, the name of an individual. Prefixes (e.g., Mr., Mrs., Ms.) and titles (e.g., M.D.) are generally not part of an individual name. Indications of lineage (e.g., Jr., Sr., III) generally are not part of the individual's name, but may be entered in the Suffix box. Enter individual Debtor's surname (family name) in Individual's Surname box, first personal name in First Personal Name box, and all additional names in Additional Name(s)/Initial(s) box.

If a Debtor's name consists of only a single word, enter that word in Individual's Surname box and leave other boxes blank.

For both organization and individual Debtors. Do not use Debtor's trade name, DBA, AKA, FKA, division name, etc. in place of or combined with Debtor's correct name; filer may add such other names as additional Debtors if desired (but this is neither required nor recommended).

1c. Enter a mailing address for the Debtor named in item 1a or 1b.

2. **Additional Debtor's name.** If an additional Debtor is included, complete item 2, determined and formatted per Instruction 1. For additional Debtors, attach either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP) and follow Instruction 1 for determining and formatting additional names.

3. **Secured Party's name.** Enter name and mailing address for Secured Party or Assignee who will be the Secured Party of record. For additional Secured Parties, attach either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP). If there has been a full assignment of the initial Secured Party's right to be Secured Party of record before filing this form, either (1) enter Assignor Secured Party's name and mailing address in item 3 of this form and file an Amendment (Form UCC3) [see item 5 of that form]; or (2) enter Assignee's name and mailing address in item 3 of this form and, if desired, also attach Addendum (Form UCC1Ad) giving Assignor Secured Party's name and mailing address in item 11.

4. **Collateral.** Use item 4 to indicate the collateral covered by this financing statement. If space in item 4 is insufficient, continue the collateral description in item 12 of the Addendum (Form UCC1Ad) or attach additional page(s) and incorporate by reference in item 12 (e.g., See Exhibit A). Do not include social security numbers or other personally identifiable information.

Note: If this financing statement covers timber to be cut, covers as-extracted collateral, and/or is filed as a fixture filing, attach Addendum (Form UCC1Ad) and complete the required information in items 13, 14, 15, and 16.

5. If collateral is held in a trust or being administered by a decedent's personal representative, check the appropriate box in item 5. If more than one Debtor has an interest in the described collateral and the check box does not apply to the interest of all Debtors, the filer should consider filing a separate Financing Statement (Form UCC1) for each Debtor.

6a. If this financing statement relates to a Public-Finance Transaction, Manufactured-Home Transaction, or a Debtor is a Transmitting Utility, check the appropriate box in item 6a. If a Debtor is a Transmitting Utility and the initial financing statement is filed in connection with a Public-Finance Transaction or Manufactured-Home Transaction, check only that a Debtor is a Transmitting Utility.

6b. If this is an Agricultural Lien (as defined in applicable state's enactment of the Uniform Commercial Code) or if this is not a UCC security interest filing (e.g., a tax lien, judgment lien, etc.), check the appropriate box in item 6b and attach any other items required under other law.

7. **Alternative Designation.** If filer desires (at filer's option) to use the designations lessee and lessor, consignee and consignor, seller and buyer (such as in the case of the sale of a payment intangible, promissory note, account or chattel paper), bailee and bailor, or licensee and licensor instead of Debtor and Secured Party, check the appropriate box in item 7.

8. **Optional Filer Reference Data.** This item is optional and is for filer's use only. For filer's convenience of reference, filer may enter in item 8 any identifying information that filer may find useful. Do not include social security numbers or other personally identifiable information.

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Reviewer: Sharon S.

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Department of State - Business Services Division
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UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Richard J. Land, Esq.

B. E-MAIL CONTACT AT FILER (optional)
rland@crfllp.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Chace Ruttenberg & Freedman, LLP
One Park Row, Suite 300
Providence, RI 02903

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1a. ORGANIZATION'S NAME
Roger Williams Hospital

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/ INITIAL(S)	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
c/o One Park Row, Suite 300	**Providence**	**RI**	**02903**	**USA**

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/ INITIAL(S)	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
St. Joseph Health Services of Rhode Island Retirement Plan (Stephen Del Sesto, Receiver)

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/ INITIAL(S)	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
c/o One Financial Plaza, 26th Floor	**Providence**	**RI**	**02903**	**USA**

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all accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property and investment accounts, letter-or-credit rights, letters of credit, money, and general intangibles of the Debtor and any and all proceeds of any thereof, whether now or hereafter existing or arising.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
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7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

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C. Complete item C if filer desires an acknowledgment sent to them. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form the Acknowledgment Copy or a carbon or other copy of this form for use as an acknowledgment copy.

1. **Debtor's name.** Carefully review applicable statutory guidance about providing the debtor's name. Enter only one Debtor name in item 1 -- either an organization's name (1a) or an individual's name (1b). If any part of the Individual Debtor's name will not fit in line 1b, check the box in item 1, leave all of item 1 blank, check the box in item 9 of the Financing Statement Addendum (Form UCC1Ad) and enter the Individual Debtor name in item 10 of the Financing Statement Addendum (Form UCC1Ad). Enter Debtor's correct name. Do not abbreviate words that are not already abbreviated in the Debtor's name. If a portion of the Debtor's name consists of only an initial or an abbreviation rather than a full word, enter only the abbreviation or the initial. If the collateral is held in a trust and the Debtor name is the name of the trust, enter trust name in the Organization's Name box in item 1a.

1a. Organization Debtor Name. "Organization Name" means the name of an entity that is not a natural person. A sole proprietorship is **not** an organization, even if the individual proprietor does business under a trade name. If Debtor is a registered organization (e.g., corporation, limited partnership, limited liability company), it is advisable to examine Debtor's current filed public organic records to determine Debtor's correct name. Trade name is insufficient. If a corporate ending (e.g., corporation, limited partnership, limited liability company) is part of the Debtor's name, it must be included. Do not use words that are not part of the Debtor's name.

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4. **Collateral.** Use item 4 to indicate the collateral covered by this financing statement. If space in item 4 is insufficient, continue the collateral description in item 12 of the Addendum (Form UCC1Ad) or attach additional page(s) and incorporate by reference in item 12 (e.g., See Exhibit A). Do not include social security numbers or other personally identifiable information.

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UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Richard J. Land, Esq.

B. E-MAIL CONTACT AT FILER (optional)
rland@crfllp.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

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1a. ORGANIZATION'S NAME
St. Joseph Health Services of Rhode Island

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/ INITIAL(S)	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/ INITIAL(S)	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
St. Joseph Health Services of Rhode Island Retirement Plan (Stephen Del Sesto, Receiver)

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/ INITIAL(S)	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
c/o One Financial Plaza, 26th Floor	**Providence**	**RI**	**02903**	**USA**

4. COLLATERAL: This financing statement covers the following collateral:

all accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property and investment accounts, letter-or-credit rights, letters of credit, money, and general intangibles of the Debtor and any and all proceeds of any thereof, whether now or hereafter existing or arising.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Instructions for UCC Financing Statement (Form UCC1)

Please type or laser-print this form. Be sure it is completely legible. Read and follow all Instructions, especially Instruction 1; use of the correct name for the Debtor is crucial.

Fill in form very carefully; mistakes may have important legal consequences. If you have questions, consult your attorney. The filing office cannot give legal advice.

Send completed form and any attachments to the filing office, with the required fee.

ITEM INSTRUCTIONS

A and B. To assist filing offices that might wish to communicate with filer, filer may provide information in item A and item B. These items are optional.

C. Complete item C if filer desires an acknowledgment sent to them. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form the Acknowledgment Copy or a carbon or other copy of this form for use as an acknowledgment copy.

1. **Debtor's name.** Carefully review applicable statutory guidance about providing the debtor's name. Enter only one Debtor name in item 1 -- either an organization's name (1a) or an individual's name (1b). If any part of the Individual Debtor's name will not fit in line 1b, check the box in item 1, leave all of item 1 blank, check the box in item 9 of the Financing Statement Addendum (Form UCC1Ad) and enter the Individual Debtor name in item 10 of the Financing Statement Addendum (Form UCC1Ad). Enter Debtor's correct name. Do not abbreviate words that are not already abbreviated in the Debtor's name. If a portion of the Debtor's name consists of only an initial or an abbreviation rather than a full word, enter only the abbreviation or the initial. If the collateral is held in a trust and the Debtor name is the name of the trust, enter trust name in the Organization's Name box in item 1a.

1a. Organization Debtor Name. "Organization Name" means the name of an entity that is not a natural person. A sole proprietorship is **not** an organization, even if the individual proprietor does business under a trade name. If Debtor is a registered organization (e.g., corporation, limited partnership, limited liability company), it is advisable to examine Debtor's current filed public organic records to determine Debtor's correct name. Trade name is insufficient. If a corporate ending (e.g., corporation, limited partnership, limited liability company) is part of the Debtor's name, it must be included. Do not use words that are not part of the Debtor's name.

1b. Individual Debtor Name. "Individual Name" means the name of a natural person; this includes the name of an individual doing business as a sole proprietorship, whether or not operating under a trade name. The term includes the name of a decedent where collateral is being administered by a personal representative of the decedent. The term does not include the name of an entity, even if it contains, as part of the entity's name, the name of an individual. Prefixes (e.g., Mr., Mrs., Ms.) and titles (e.g., M.D.) are generally not part of an individual name. Indications of lineage (e.g., Jr., Sr., III) generally are not part of the individual's name, but may be entered in the Suffix box. Enter individual Debtor's surname (family name) in Individual's Surname box, first personal name in First Personal Name box, and all additional names in Additional Name(s)/Initial(s) box.

If a Debtor's name consists of only a single word, enter that word in Individual's Surname box and leave other boxes blank.

For both organization and individual Debtors. Do not use Debtor's trade name, DBA, AKA, FKA, division name, etc. in place of or combined with Debtor's correct name; filer may add such other names as additional Debtors if desired (but this is neither required nor recommended).

1c. Enter a mailing address for the Debtor named in item 1a or 1b.

2. **Additional Debtor's name.** If an additional Debtor is included, complete item 2, determined and formatted per Instruction 1. For additional Debtors, attach either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP) and follow Instruction 1 for determining and formatting additional names.

3. **Secured Party's name.** Enter name and mailing address for Secured Party or Assignee who will be the Secured Party of record. For additional Secured Parties, attach either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP). If there has been a full assignment of the initial Secured Party's right to be Secured Party of record before filing this form, either (1) enter Assignor Secured Party's name and mailing address in item 3 of this form and file an Amendment (Form UCC3) [see item 5 of that form]; or (2) enter Assignee's name and mailing address in item 3 of this form and, if desired, also attach Addendum (Form UCC1Ad) giving Assignor Secured Party's name and mailing address in item 11.

4. **Collateral.** Use item 4 to indicate the collateral covered by this financing statement. If space in item 4 is insufficient, continue the collateral description in item 12 of the Addendum (Form UCC1Ad) or attach additional page(s) and incorporate by reference in item 12 (e.g., See Exhibit A). Do not include social security numbers or other personally identifiable information.

Note: If this financing statement covers timber to be cut, covers as-extracted collateral, and/or is filed as a fixture filing, attach Addendum (Form UCC1Ad) and complete the required information in items 13, 14, 15, and 16.

5. If collateral is held in a trust or being administered by a decedent's personal representative, check the appropriate box in item 5. If more than one Debtor has an interest in the described collateral and the check box does not apply to the interest of all Debtors, the filer should consider filing a separate Financing Statement (Form UCC1) for each Debtor.

6a. If this financing statement relates to a Public-Finance Transaction, Manufactured-Home Transaction, or a Debtor is a Transmitting Utility, check the appropriate box in item 6a. If a Debtor is a Transmitting Utility and the initial financing statement is filed in connection with a Public-Finance Transaction or Manufactured-Home Transaction, check only that a Debtor is a Transmitting Utility.

6b. If this is an Agricultural Lien (as defined in applicable state's enactment of the Uniform Commercial Code) or if this is not a UCC security interest filing (e.g., a tax lien, judgment lien, etc.), check the appropriate box in item 6b and attach any other items required under other law.

7. **Alternative Designation.** If filer desires (at filer's option) to use the designations lessee and lessor, consignee and consignor, seller and buyer (such as in the case of the sale of a payment intangible, promissory note, account or chattel paper), bailee and bailor, or licensee and licensor instead of Debtor and Secured Party, check the appropriate box in item 7.

8. **Optional Filer Reference Data.** This item is optional and is for filer's use only. For filer's convenience of reference, filer may enter in item 8 any identifying information that filer may find useful. Do not include social security numbers or other personally identifiable information.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit B

Case Number: PC-2017-3856
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Submitted: 9/18/2017 9:06:46 AM
Envelope: 1603624
Reviewer: Lynn S.

STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

St. Joseph Health Services of Rhode Island, Inc. Vs. St. Josephs Health Services of Rhode Island Retirement Plan, as amended	PC 2017-

PETITION FOR THE APPOINTMENT OF A RECEIVER

Petitioner respectfully represents that:

1. Petitioner, a Rhode Island domestic non-profit corporation, formerly provided hospital and related medical services to communities in northern Rhode Island. In connection therewith, Petitioner coordinated compensation and benefits for its employees, including a defined benefit pension plan. [1]

2. In June 2014, Petitioner sold substantially all of its operating assets to a newly-formed entity (the "Hospital Purchaser") owned by Prospect Medical Holdings, Inc. ("Prospect") and CharterCARE Community Board ("CCCB"),[2] and specifically organized for such purpose. As a result of the sale, Petitioner ceased operating as a health care institution and entered into a "wind-down" phase.

3. Respondent, a defined benefit pension plan, was organized by Petitioner

[1] Generally speaking, a "defined benefit pension plan" is a retirement vehicle which pays out to a beneficiary a defined annuity payment based upon the employee's compensation during employment and length of employment. By comparison, a "defined contribution pension plan" is a retirement vehicle which pays out to a beneficiary a variable annuity or lump sum payment based upon the contributions made to the plan during the employee's employment.

[2] CCCB was organized in 2009 to seek operating efficiencies and to stem the on-going losses from the operations of Petitioner and Roger Williams Hospital.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2017 9:06:46 AM
Envelope: 1603624
Reviewer: Lynn S.

as of July 1, 1965 (and amended from time to time), for the benefit of Petitioner's employees (the Respondent pension plan, as amended, shall be hereinafter referred to as the "Plan"). A copy of the latest Plan document is attached as **Exhibit 1.**

4. Prior to the sale, eligibility for employee participation in the Plan was terminated, thereby closing the Plan to new participants. At the time of the sale, the Plan was estimated to be approximately 90% funded.[3] In connection with the sale, additional benefit accruals for existing plan participants were terminated effectively "freezing" benefits for then-eligible employees. Neither Prospect nor the Hospital Purchaser assumed the Plan or any liability with respect thereto as clearly stated in the asset purchase agreement among the parties.[4]

5. At the time of the transaction with the Hospital Purchaser, Petitioner elected to contribute $14,000,000 to the Plan as a one-time contribution.

6. Throughout its history, Petitioner has been affiliated with the Catholic Church. Petitioner has continued that affiliation during and after the sale to the Hospital Purchaser. As an affiliate of the Catholic Church, the Plan qualified as a "church plan," which is exempt from the provisions of the Employment Retirement Income Security Act of 1974 ("ERISA") governing defined benefit pension plans. As a result of the "church plan" exemption, Petitioner was not required to make annual minimum contributions to the Plan, or make pension insurance payments to the

---

[3] As will be discussed below, the concept of "funding" of a pension plan has different meanings under different circumstances. Here, the assumptions made about the funding level at the time of the transaction with the Hospital Purchaser did not consider all of the long-term issues affecting the Plan.

[4] Prospect had no role in the evaluation of the Plan or its funding level.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2017 9:06:46 AM
Envelope: 1603624
Reviewer: Lynn S.

Pension Benefit Guaranty Corporation ("PBGC").[5]

7. Petitioner is advised and believes that the Plan will lose "church plan" status on or before December 31, 2018.

8. If the Plan loses its status as a "church plan," Petitioner would be required to make minimum annual contributions and annual payments to PBGC, and would otherwise be required to comply with ERISA. Petitioner does not have the financial resources to make such payments, or to comply with the other financial and regulatory requirements of ERISA.

9. Angell Pension Group, Inc. ("Angell") performs valuable administrative services for the Plan and serves as the Plan's actuary. Angell prepares an annual actuarial report of the Plan, the most recent of which is attached hereto as **Exhibit 2** (the "Actuarial Report").

10. Pursuant to the Actuarial Report, the Plan is severely underfunded and requires additional capital of over $43,000,000 to reach a 100% funding level. See Actuarial Report, p. 2. One of the underlying assumptions in the actuarial calculation, an annual rate of return of 7.75%, has been consistently attributed to the Plan and, historically, constituted a reasonable estimate of performance. However, going forward there is concern that 7.75% projected annualized return is unlikely to be sustained in the long term. Applying a lower anticipated annual rate of return would result in a higher underfunding projection.

11. In light of the considerable underfunding and the imminent loss of "church plan" status, Petitioner requested that Angell perform analyses of different

[5] PGBC is the quasi-governmental entity that insures defined benefit pension plans.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2017 9:06:46 AM
Envelope: 1603624
Reviewer: Lynn S.

Plan termination and liquidation scenarios to facilitate an evaluation of options for the Plan and its beneficiaries. Angell provided an analysis dated May 8, 2017, attached hereto as **Exhibit 3** (the "Initial Termination Analysis").

12. The Initial Termination Analysis demonstrated that upon an immediate termination of the Plan, beneficiaries currently receiving benefits would receive a payout of approximately 60% of their accrued benefits and all other beneficiaries would receive no distributions whatsoever. Petitioner believes that such an outcome represents the least favorable result.

13. Following review and evaluation of the Initial Termination Analysis, in an effort to identify better options for Plan beneficiaries, Petitioner requested that Angell perform an analysis of the Plan based upon a uniform reduction of 40% for all current and future beneficiaries' benefits, and assuming more conservative annualized rates of return. In response to such request, Angell provided an analysis dated May 24, 2017, attached hereto as **Exhibit 4** (the "Benefit Adjustment Analysis").

14. The Benefit Adjustment Analysis demonstrates:

a. That at an annualized rate of return of 6.66%, the Plan will pay out 60% of accrued benefits to 100% of Plan beneficiaries;

b. That at an annualized rate of return of 6.5%, the Plan will pay out 60% of accrued benefits to almost all of the Plan beneficiaries, with the last "allocation group" receiving approximately 48.6% of their accrued benefits; and

c. That at an annualized rate of return of 6.0%, the Plan will pay out 60% of accrued benefits to almost all of the Plan beneficiaries, with the last

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2017 9:06:46 AM
Envelope: 1603624
Reviewer: Lynn S.

"allocation group" receiving only 9% of their accrued benefits.[6]

15. Petitioner believes that a uniform reduction of 40% of pension benefits is likely the most reasonable approach to achieving an equitable resolution for all beneficiaries and therefore requests that the receiver be given authority to make such uniform reduction immediately in order to preserve the Pension assets for the benefit of all beneficiaries.

16. Petitioner, and, Petitioner's affiliates, Roger Williams Hospital and CCCB,[7] are winding down their respective affairs. Upon conclusion of such wind-down efforts, the net assets of Petitioner, RWH and CCCB may become available to assist with the Plan.[8] While the availability of additional funds is uncertain at this time, such additional funds could be used to support the Plan for long-term pay-outs to beneficiaries or provide supplemental distributions to beneficiaries whose benefit payments might be reduced as part of the Plan's wind-down process. The potential for additional Plan funds is not contemplated by the Benefit Adjustment Analysis.

17. Petitioner believes that the Plan should not be terminated immediately, but rather, that the Court should oversee a long-term wind-down of the Plan through a judicial receivership in the nature of a liquidating trust.

18. Petitioner anticipates that a long-term judicial wind-down could achieve the following goals:

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[6] This 15% payout is more than this group would receive under an immediate liquidation.

[7] The wind-down of CCCB could potentially take a long time due to its ownership interest in the Hospital Purchaser.

[8] Petitioner anticipates that the wind-down of RWH and SJHSRI is likely to take several years to complete.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2017 4:09:46 PM
Envelope: 1603624
Reviewer: Lynn S.

a. Afford all of the Plan beneficiaries the opportunity to receive periodic payments of at least the estimated amount that would result from an immediate termination of the Plan;

b. Afford beneficiaries the opportunity to benefit from the contribution of additional funds to the Plan to increase benefit pay-outs over time;

c. Afford beneficiaries the opportunity to benefit from higher than expected returns should the Plan investments outperform the returns assumed in the Benefit Adjustment Analysis.

19. Petitioner is informed and believes that the Plan is unsustainable absent court intervention and will be unable to pay all accrued benefits as they become due.

20. Absent judicial intervention, Petitioner anticipates that the Plan will be terminated and its funds distributed in a manner that will result in current Plan beneficiaries receiving approximately 60% of their accrued benefits and all others receiving nothing.

21. In the opinion of Petitioner, it is urgent and advisable that a Temporary Receiver be appointed immediately to take charge of the affairs, assets, estate, effects and property of the Plan to preserve the same for the interest of all creditors and the benefit of all interested parties. Petitioner further believes that the current administrators and actuaries of the Plan should remain in place for administrative purposes and to continue to render services to the Plan consistent with past practice, so as to avoid unnecessary additional delay, cost and expense.[9]

[9] Since the commencement of the wind-down process, administrative expenses of the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2017 4:09:46 PM
Envelope: 1603624
Reviewer: Lynn S.

22. Petitioner, together with RWH and CCCB are authorized, in the sole discretion of their respective officers and directors, to fund the fees and expenses of the Receiver from time to time, in an effort to avoid further impairment of the Plan's assets to the extent possible.[10]

23. This Petition is made in good faith for the protection of the Plan and for the benefit of its beneficiaries, and the appointment of a Temporary Receiver is most desirable pending final hearing on the appointment of a Permanent Receiver.

24. This Petition is filed to seek relief as requested by virtue of and pursuant to this Court's equity powers and pursuant to its powers as authorized by the laws and statutes of the State of Rhode Island.

WHEREFORE, Petitioner respectfully requests that (1) the Court appoint a Temporary Receiver forthwith and also appoint a Permanent Receiver to take charge of the assets, affairs, estate, effects and property of the Plan, (2) that the Temporary Receiver and Permanent Receiver be authorized to continue to operate the Plan, (3) that the request for appointment of a permanent receiver and for an immediate 40% uniform reduction in benefits be set for hearing thirty (30) days

---

Plan, other than investment management and custodian fees, have been paid for with non-Plan assets. Petitioner anticipates that such expenses will continue to be paid for using non-Plan assets so as to avoid further impairment of participant claims. Investment management and custodial fees and expenses would continue to be paid from Plan assets.

[10] This authorization should not be construed as an obligation of, or affirmative undertaking by, Petitioner, RWH or CCCB, who may determine, in their sole discretion, not to fund such expenses at any given time.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
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Envelope: 1603621
Reviewer: Lynn S.

from the date this petition is heard, (4) that notice of such hearing and the relief requested be given to all present and future Plan beneficiaries, at their last known addresses, and to the representative(s) of any unions and other organizations collectively representing any groups of beneficiaries, and (5) that Petitioner have such other and further relief as this Court shall deem proper.

PETITIONER,

St. Joseph Hospital Services
Rhode Island

By _____

David Hirsch, President

COMMONWEALTH OF MASSACHUSETTS
COUNTY OF Barnstable

In Barnstable on the 16 day of August, 2017, before me personally appeared David Hirsch, who made oath that he subscribed to the foregoing Petition, that he knows the contents thereof and that the same are true, excepting those matters stated on information and belief, and as to those matters he believes them to be true.

_____
Notary Public
My commission expires: Feb. 23, 2018

LAURA A. LACINA
NOTARY PUBLIC
COMMONWEALTH OF MASSACHUSETTS
MY COMMISSION EXPIRES FEBRUARY 23, 2018

On this 16 day of August, 2017 before me, the undersigned notary public, personally appeared David M. Hirsch proved to me through satisfactory evidence of identification, which were RI drivers License, to be the person whose name is signed on the preceding or attached document, and acknowledge to me that (he) (she) signed it voluntarily for its stated purpose.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2017 9:06:46 AM
Envelope: 1603624
Reviewer: Lynn S.

CERTIFICATE OF ATTORNEY

I, the undersigned, Attorney for the Petitioner, certify that this Petition is made in good faith for the protection of the Plan and for the benefit of beneficiaries, and that the appointment of a Temporary Receiver is desirable pending a hearing for the appointment of a Permanent Receiver.

Richard J. Land (5592)
Chace Ruttenberg & Freedman, LLP
One Park Row, Suite 300
Providence, RI 02903
Tel.: 401-453-6400
Email: rland@crfllp.com

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 10/20/2017 9:34:35 AM
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STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

St. Joseph Health Services of Rhode Island, Inc.	
Vs.	PC 2017-3856
St. Josephs Health Services of Rhode Island Retirement Plan, as amended	

EMERGENCY PETITION TO ENGAGE SPECIAL LEGAL COUNSEL

To the Honorable Providence County Superior Court, now comes Stephen F. Del Sesto, Esquire, Temporary Receiver ("Receiver") of St. Josephs Health Services of Rhode Island Retirement Plan, as amended (hereinafter referred to as the "Plan") and hereby states as follows:

1. Stephen F. Del Sesto was appointed as Temporary Receiver of the Plan on August 18, 2017.

2. The Plan was established as a Rhode Island Trust to hold and distribute funds as a private retirement pension plan established by the Petitioner for the benefit of certain of its employees.

3. For at least the past 10+ years the Plan was substantially underfunded with only two (2) contributions being made between September 2008 and June 2014 ($1.5 million and $14 million, respectively). In addition, following a June 2014 sale of substantially all of Petitioner's operating assets, the Plan was "orphaned" with no source of funds available for regular, annual contributions into the Plan which are necessary for the Plan's long term survival.

4. Immediately following his appointment, the Receiver determined that his fiduciary obligations to the Plan and its beneficiaries include the need to conduct an investigation into the circumstances which resulted in the Plan's significant, and likely irreversible, financial distress. While the Receiver has not yet identified any actionable claims against any parties, the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 10/20/2017 9:34:35 AM
Envelope: 1097122
Reviewer: Sarah MS.

Receiver believes that this investigation should include an investigation of the parties involved in the administration of the Plan and the transaction(s) that resulted in the "orphan" status of the Plan and its significant underfunding.

5. Based upon the multi-layered aspects of this required investigation and the potential for complex litigation arising out of that investigation, the Receiver believes that assistance of special litigation counsel is warranted and necessary.

6. In this regard, the Receiver has had several substantive discussions with Attorneys Max Wistow, Stephen Sheehan and Benjamin Ledsham from the law firm of Wistow, Sheehan & Lovely PC ("WSL") regarding whether WSL would be interested in assisting the Receiver and the Plan Receivership Estate with this investigation and any resulting litigation. WSL have indicated a willingness to assist the Receiver and, even without the security of a formal engagement, have already spent substantial time working with the Receiver to sort through and understand the complexities of this matter. Based on the Receiver's knowledge of WSL and the significant value already brought to this matter in a relatively short period of time, the Receiver believes that WSL's experience, skill, knowledge and assistance will bring a valuable benefit to the Estate and the beneficiaries of the Plan. As a result, the Receiver requests that this Court authorize him to retain WSL as special counsel to the Receiver for the purposes outlined herein and in the attached, proposed engagement attached hereto as Exhibit A.

7. Due to the nature of the investigation and the potential for litigation, during the investigatory phase of the engagement where WSL will charge the Estate a blended rate of $375 per hour (the same hourly rate as the charged by the Receiver) the Receiver recommends that he be permitted to review and issue a recommendation to this Court regarding the approval WSL's invoices and submit those invoices in a redacted format for the Court's review.

WHEREFORE, for the reasons set forth herein and for the purposes outlined herein and in Exhibit A, your Receiver respectfully requests that an Order be entered allowing your Receiver to retain WSL to act as special legal counsel to the Receiver and Estate in accordance with the proposed engagement attached as Exhibit A. The Receiver also requests that the Order

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 10/11/2017 7:09:34 AM
Envelope: 1697122
Reviewer: Sharon S.

indicate that WSL's invoices be submitted to the Court for approval in a redacted form and accompanied with a recommendation by the Receiver regarding those invoices.

Respectfully submitted,

/s/ Stephen F. Del Sesto

Stephen F. Del Sesto, Esq. (#6336)
Solely in his capacity as Temporary Receiver for St. Josephs Health Services of Rhode Island Retirement Plan and not individually
72 Pine Street, 5th Floor
Providence, RI 02903
Tel: 401-490-3415
sdelsesto@pierceatwood.com
Dated: October 10, 2017

CERTIFICATE OF SERVICE

I hereby certify that on the 11th day of October, 2017, I electronically filed and served the within document via the Electronic Case Filing System of the Superior Court with notice to all parties in the system.

/s/ Stephen F. Del Sesto

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
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Reviewer: Sarah MS.

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

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 10/12/2017 9:34:35 AM
Envelope: 1297922
Reviewer: Sarah MS.

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

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 10/12/2017 9:34:35 AM
Envelope: 1297922
Reviewer: Sarah MS.

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:

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

Max Wistow, Esq.

Date:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/1/2021 4:08:35 PM
Envelope: 1397972
Reviewer: Sarah MS.

• *Your attorney will discuss the negotiation process with you and will agree to a settlement offer only if you have approved it.*

9. Your attorney will explain to you, in advance, any major expenses anticipated in your legal matter.

10. Your attorney will tell you if other lawyers will be involved in your representation and how the cost to you for their involvement will be calculated.

11. When your fee is not a single, set amount, your attorney will give you periodic billings detailing *your* fees, costs, and expenses.

12. If legal fees will be applied against a settlement, your attorney will provide you with a final statement after the matter is concluded detailing what costs and expenses are being applied against your settlement and the amount you will receive.

As your legal advisor, your **attorney has** the right to expect that:

1. You will make a full and honest disclosure of all of the (acts — good and bad — that relate to your legal matter, and you will inform your attorney about any new facts or circumstances that may affect your case as they arise.

2. *You* will adhere to your fee agreement with your attorney, pay your bills for all work that has been performed, and pay for all costs that were advanced for you. If you have any questions about your bill, you will discuss them with your attorney.

3. You will seek your attorney's advice before discussing any information relating to your legal matter with others.

4. You will tell your attorney if you have any conce ns or reservations about the advice you are being given.

5. You will be on time for all court hearings and appointments with your attorney or let your attorney know in advance if you cannot be on time.

6. If you cannot reach your attorney when you phone the office, you will leave your name and phone number and a brief message.

7. You will complete the tasks requested by your attorney in a timely fashion or let your attorney know when you cannot.

8. You will discuss your expectations about what you want to accomplish in your legal matter with your attorney. When your expectations are not being met, you will talk to your attorney about it.

You have the right to change attorneys if you are dissatisfied with the representation you are receiving. However, in certain circumstances you will need the court's permission. It is also important for you to know that your attorney may decide to stop representing you. This may be due to your not meeting your obligations to your attorney or for some other reason. This too may require court permission.

This Client's Statement of Rights and Responsibilities is based on the Rhode Island Rules of Professional Conduct for attorneys. If you have any questions about this statement of your rights and obligations, you should contact the Rhode Island Bar Association at (401) 421-5740.

Rhode Island Bar Association
115 Cedar Street • Providence, Rhode Island 02903

A Client's Statement of Rights & Responsibilities*

'For purposes of compliance with the Rhode Island Supreme Court Rules of Professional Conduct, Rule 1.4 as amended.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: [illegible]
Envelope: [illegible]
Reviewer: [illegible]

NOTIFICATION TO CLIENTS OF THEIR RIGHTS AND RESPONSIBILITIES

Preamble

Good communication is essential to an effective attorney-client relationship. A lawyer should be assured that a new or prospective client has a full understanding of the nature of the attorney-client relationship, including what the client can reasonably expect from the lawyer and what the lawyer can reasonably expect from the client. If the client does not have such an understanding, the lawyer shall take reasonable steps to educate the client about the relationship.

The Client's Statements of Rights and Responsibilities set out below is designed to provide an outline of the lawyer's expectations of the client and the client's expectations of the lawyer. The lawyer may use the Client's Statement of Rights and Responsibilities to in-form a new or prospective client of those expectations. The Client's Statement of Rights and Responsibilities is not, however, the exclusive method by which a lawyer might so inform the client.

The Client's Statement of Rights and Responsibilities shall not be used as a basis for litigation or for sanctions or penalties. The Client's Statement of Rights and Responsibilities does not supersede or detract from the Rules of Professional Conduct, nor does the Client's Statement of Rights and Responsibilities alter existing standards of conduct against which lawyer negligence may be determined.

Application

When a lawyer has not regularly represented a client, the lawyer shall provide the prospective client with a statement of the client's rights and responsibilities. The lawyer shall give this information to the client prior to the signing of a written retainer agreement and shall obtain a signed acknowledgment of its receipt. The rights set forth in this statement are intended to be consistent with the standards mandated by the Rules of Professional Conduct. This statement does not supersede the obligations imposed by the Rules of Professional Conduct, and is intended as an explanation to the client of their rights under the Rules and their responsibilities in the attorney-client relationship. The text of the rules remains authoritative.

Client's Statement of Rights and Responsibilities

In an attorney/client relationship each party has certain rights. A right that both parties have is to be treated at all times with courtesy and respect. This statement first explains your rights as a client when you hire an attorney, and immediately afterwards what your attorney has the right to expect of you. This statement is intended to promote better communication and prevent misunderstandings between you and your attorney.

As the client in a legal matter, you have the right to expect that:

1. Your attorney will handle your legal matter competently.

• *When hiring an attorney you have the right to ask questions about the attorney's education, training, and experience and expect that your attorney will remain current with recent developments in the law that relate to your matter.*

2. Your attorney will charge you a reasonable fee and explain how it will be computed and when payments are expected from you.

•*If you are not a regular client, your attorney will give you a written statement before, or as soon as the work begins indicating the basis or rate of the fee you will be charged.*

•*If you are asked to pay a retainer, your attorney will explain how it will be spent and, if you ask, will provide you with a periodic written statement detailing how it has been spent.*

• *If your attorney is working on a contingent-fee basis, your attorney will put in writing, in advance what the attorney's percentage will be, whether you will be billed for costs and expenses, and whether deductions will be taken from your settlement prior to calculating the fee.*

3. Your attorney will work diligently for you and pursue the lawful means necessary to present or de-fend your case.

4. Your attorney will strive to resolve your legal mat-ter promptly and will inform you if for any reason it cannot be resolved in a timely fashion. .

5. Your attorney will respond to reasonable ques tions about the progress of your legal matter and will explain office policies to you to ensure satisfactory communication with you, including:

'how to reach your attorney.

•*when and how your telephone calls will be returned.*

'how to obtain copies of paper/documents from your legal file.

6. Your attorney will exercise independent, professional judgment on your behalf free from any conflict of interest.

7. Most of your communications with your attorney are confidential. Your attorney will explain to you when the statements you make or secrets you reveal about your case cannot be kept confidential.

8. You have the right to make final decisions regarding your legal matter.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit D

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
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STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

St. Joseph Health Services of Rhode Island, Inc.

Vs.

St. Josephs Health Services of Rhode Island Retirement Plan, as amended

PC 2017-3856

ORDER APPROVING RECEIVER'S EMERGENCY PETITION TO ENGAGE SPECIAL LEGAL COUNSEL

This matter having come before this Honorable Court on October 11, 2017, Justice Brian Stern presiding, with respect to the Receiver's Emergency Petition to Engage Special Legal Counsel (the "Petition"), it is hereby

ORDERED, ADJUDGED AND DECREED:

1. That for the reasons stated in the Receiver's Petition and in accordance with the terms of the Engagement, attached to the Petition as Exhibit A and incorporated herein by reference, the Receiver is hereby authorized to retain the law firm of Wistow Sheehan & Lovely PC ("WSL") to act as the Receivership Estate's special litigation counsel for the purposes more specifically set forth in the Petition and the Engagement;

2. Until further order of this Court, the Receiver shall be authorized to submit to the Court for approval the time records/invoices of WSL in redacted format along with a reasoned recommendation by the Receiver regarding the approval of the same;

3. The Receiver's first request for approval of the fees of WSL may include those fees reasonably incurred by WSL in connection with this matter since August 18, 2017;

4. This Order shall be effective *nunc pro tunc* as of October 11, 2017.

ENTERED as an Order of this Court this 17 day of October, 2017.

ENTERED:

Stern, J.
Date: October 17, 2017

BY ORDER:

Clerk, Superior Court
Date: October 17, 2017

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit E

Case Number: PC-2017-3856
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Envelope: 1697121
Reviewer: Sharon S.

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

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

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

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

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

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/1/2021 7:08:35 AM
Envelope: 1897972
Reviewer: Sarah MS.

• *Your attorney will discuss the negotiation process with you and will agree to a settlement offer only if you have approved it.*

9. Your attorney will explain to you, in advance, any major expenses anticipated in your legal matter.

10. Your attorney will tell you if other lawyers will be involved in your representation and how the cost to you for their involvement will be calculated.

11. When your fee is not a single, set amount, your attorney will give you periodic billings detailing *your* fees, costs, and expenses.

12. If legal fees will be applied against a settlement, your attorney will provide you with a final statement after the matter is concluded detailing what costs and expenses are being applied against your settlement and the amount you will receive.

As your legal advisor, your **attorney has** the right to expect that:

1. You will make a full and honest disclosure of all of the (acts — good and bad — that relate to your legal matter, and you will inform your attorney about any new facts or circumstances that may affect your case as they arise.

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•If you are asked to pay a retainer, your attorney will explain how it will be spent and, if you ask, will provide you with a periodic written statement detailing how it has been spent.

• If your attorney is working on a contingent-fee basis, your attorney will put in writing, in advance, what the attorney's percentage will be, whether you will be billed for costs and expenses, and whether deductions will be taken from your settlement prior to calculating the fee.

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•when and how your telephone calls will be re-turned.

'how to obtain copies of paper/documents from your legal file.

6. Your attorney will exercise independent, professional judgment on your behalf free from any conflict of interest.

7. Most of your communications with your attorney are confidential. Your attorney will explain to you when the statements you make or secrets you reveal about your case cannot be kept confidential.

8. You have the right to make final decisions regarding your legal matter.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit F

Case Number: PC-2017-3856
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Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

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; GAIL J. MAJOR; NANCY ZOMPA; RALPH BRYDEN; DOROTHY WILLNER; CAROLL SHORT; DONNA BOUTELLE; and EUGENIA LEVESQUE,	:	
Plaintiffs	:	
v.	:	C.A. NO.: _____
PROSPECT CHARTERCARE, LLC; CHARTERCARE COMMUNITY BOARD; ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND; PROSPECT CHARTERCARE SJHSRI, LLC; PROSPECT CHARTERCARE RWMC, LLC; PROSPECT EAST HOLDINGS, INC.; PROSPECT MEDICAL HOLDINGS, INC.; ROGER WILLIAMS HOSPITAL; CHARTERCARE FOUNDATION; THE RHODE ISLAND COMMUNITY FOUNDATION; ROMAN CATHOLIC BISHOP OF PROVIDENCE; DIOCESAN ADMINISTRATION CORPORATION; DIOCESAN SERVICE CORPORATION; and THE ANGELL PENSION GROUP, INC.,	:	Jury Trial Demanded Class Action
Defendants.	:	

COMPLAINT

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

TABLE OF CONTENTS

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

PLAINTIFFS

1. The St. Joseph Health Services of Rhode Island Retirement Plan (the "Plan") is a defined benefit retirement plan based in Rhode Island with over 2,700 participants.

2. Plaintiff Stephen Del Sesto is a resident of East Providence, Rhode Island. He brings this action on behalf of the Plan and all of the Plan participants, in his capacity as Receiver for and Administrator of the Plan. He was appointed by the Rhode Island Superior Court in the case captioned *St. Joseph Health Services of Rhode Island, Inc. v. St. Josephs Health Services of Rhode Island Retirement Plan, as amended*, PC-2017-3856 (the "Receivership Proceeding").

3. Plaintiff Gail J. Major resides in Cranston, Rhode Island and is a participant in the Plan. She brings this action in her individual capacity and on behalf of all other Plan participants.

4. Plaintiff Nancy Zompa resides in Cranston, Rhode Island and is a participant in the Plan. She brings this action in her individual capacity and on behalf of all other Plan participants.

5. Plaintiff Ralph Bryden resides in North Scituate, Rhode Island and is a participant in the Plan. He brings this action in his individual capacity and on behalf of all other Plan participants.

6. Plaintiff Dorothy Willner resides in Cranston, Rhode Island and is a participant in the Plan. She brings this action in her individual capacity and on behalf of all other Plan participants.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

7. Plaintiff Caroll Short resides in Smithfield, Rhode Island and is a participant in the Plan. She brings this action in her individual capacity and on behalf of all other Plan participants.

8. Plaintiff Donna Boutelle resides in Johnston, Rhode Island and is a participant in the Plan. She brings this action in her individual capacity and on behalf of all other Plan participants.

9. Plaintiff Eugenia Levesque resides in West Greenwich, Rhode Island and is a participant in the Plan. She brings this action in her individual capacity and on behalf of all other Plan participants.

10. The Plaintiffs who bring this action both in their individual capacity and on behalf of all other Plan participants are referred to collectively as the "Proposed Class Representatives."

DEFENDANTS

11. Defendant PROSPECT CHARTERCARE, LLC ("Prospect Chartercare") is a limited liability company organized and existing under the laws of the State of Rhode Island, with its principal office in Los Angeles, California. Directly, and through its 100% owned subsidiaries PROSPECT CHARTERCARE SJHSRI, LLC[1] and PROSPECT CHARTERCARE RWMC, LLC,[2] Prospect Chartercare owns and operates health care

[1] Not to be confused with St. Joseph Health Services of Rhode Island which until the 2014 Asset Sale owned and operated Fatima Hospital. St. Joseph Health Services of Rhode Island is controlled by the nonprofit corporation CharterCARE Community Board, not the for-profit Prospect Chartercare.

[2] Not to be confused with the corporation Roger Williams Hospital that owned and operated Roger Williams Hospital prior to the 2014 Asset Sale, which is owned or controlled by CharterCARE Community Board, not Prospect Chartercare. Flow charts setting forth the relationships of certain Defendants and other entities, before the 2014 Asset Sale and as a result of the 2014 Asset Sale, are attached hereto at Tab 1.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

facilities in Rhode Island, including but not limited to two hospitals, Roger Williams Hospital and Our Lady of Fatima Hospital ("Fatima Hospital"), having acquired them in connection with an asset sale that closed on June 20, 2014 (the "2014 Asset Sale"). Prospect Chartercare currently has two members.

12. One member of Prospect Chartercare, holding a 15% ownership interest, is Defendant CharterCARE Community Board ("CCCB"), an entity organized and existing under the laws of the State of Rhode Island as a non-profit corporation, with its principal office in Providence, Rhode Island. Prior to the 2014 Asset Sale, CCCB was known as CharterCARE Health Partners, or CCHP.

13. The other member of Prospect Chartercare, holding the remaining 85% ownership interest, is Defendant Prospect East Holdings, Inc. ("Prospect East"), a for-profit corporation organized and existing under the laws of the State of Delaware with a principal office and place of business in Los Angeles, California. Prospect East is the wholly owned subsidiary of Defendant Prospect Medical Holdings, Inc.

14. Defendant Prospect Medical Holdings, Inc. ("Prospect Medical Holdings") is a corporation organized and existing under the laws of the State of Delaware with a principal office and place of business in Los Angeles, California. Prospect Medical Holdings owns all of the shares of Prospect East.

15. Defendant St. Joseph Health Services of Rhode Island ("SJHSRI") is an entity organized and existing under the laws of the State of Rhode Island as a non-profit corporation, with its principal office in Providence, Rhode Island.

16. Prior to the 2014 Asset Sale, SJHSRI owned Fatima Hospital. Since then, SJHSRI no longer operates a hospital or otherwise provides health care. Instead, SJHSRI's business consists of defending lawsuits and workers' compensation claims,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

collecting certain debts and receivables, paying or settling certain liabilities which were excluded from the 2014 Asset Sale, and, until the Receiver was appointed, administering the Plan.

17. Defendant Roger Williams Hospital ("RWH") is an entity organized and existing under the laws of the State of Rhode Island as a non-profit corporation, with its principal office in Providence, Rhode Island. RWH is the survivor of a merger in 2010 with Roger Williams Medical Center, and has sometimes done business under that name.

18. Prior to the 2014 Asset Sale, RWH owned the hospital it operated under the name of Roger Williams Hospital. Upon the sale, RWH ceased operating a hospital or otherwise providing medical care, and existed only to provide funds to SJHSRI and possibly other individuals and entities (but did not provide funds to the Plan), defend lawsuits and workers' compensation claims, collect certain debts and receivables, and pay or settle certain liabilities which were excluded from the 2014 Asset Sale.

19. At all relevant times CCCB was the ostensible parent company of both SJHSRI and RWH, although, as discussed below, the separate corporate statuses of CCCB, SHJSRI, and RWH must be disregarded to prevent fraud.

20. Defendant PROSPECT CHARTERCARE SJHSRI, LLC ("Prospect Chartercare St. Joseph") is a limited liability company organized and existing under the laws of the State of Rhode Island with its principal office in Los Angeles, California. Prospect Chartercare St. Joseph has owned Fatima Hospital since the 2014 Asset Sale. The sole member of Prospect Chartercare St. Joseph is Prospect Chartercare.

21. Defendant PROSPECT CHARTERCARE RWMC, LLC ("Prospect Chartercare Roger Williams") is a limited liability company organized and existing under

the laws of the State of Rhode Island with its principal office in Los Angeles, California. Prospect Chartercare Roger Williams has owned Roger Williams Hospital since the 2014 Asset Sale. The sole member of Prospect Chartercare Roger Williams is Prospect Chartercare.

22. As used herein, "Prospect Entities" refers collectively to Defendants Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect Chartercare Roger Williams, Prospect Medical Holdings, and Prospect East.

23. As used herein, "Old Fatima Hospital" refers to Fatima Hospital when it was owned and operated by SJHSRI, and "New Fatima Hospital" refers to Fatima Hospital since June 20, 2014 when it has been owned and operated by Prospect Chartercare St. Joseph. "Old Roger Williams Hospital" refers to Roger Williams Hospital when it was owned and operated by RWH, and "New Roger Williams Hospital" refers to Roger Williams Hospital since June 20, 2014 when it has been owned and operated by Prospect Chartercare Roger Williams.

24. SJHSRI, CCCB, RWH, the Diocesan Defendants, and the Prospect Entities have contractually, publically, and repeatedly described the ownership and operation of New Fatima Hospital and New Roger Williams Hospital as a joint venture between the Prospect Entities and CCCB and they must be treated as joint venturers.

25. Defendant CharterCARE Foundation ("CC Foundation") is an entity organized and existing under the laws of the State of Rhode Island as a non-profit corporation, with its principal office in North Providence, Rhode Island. It was formerly named CharterCare Health Partners Foundation. Its sole member is CCCB.

26. Defendant Rhode Island Community Foundation, d/b/a Rhode Island Foundation ("RI Foundation"), is an entity organized and existing under the laws of the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
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State of Rhode Island as a non-profit corporation, with its principal office in Providence, Rhode Island. RI Foundation holds and invests funds on behalf of CC Foundation to which Plaintiffs claim to be entitled, and is named herein solely as a stakeholder of property claimed by Plaintiffs, so that Plaintiffs may be accorded complete relief. When Defendant RI Foundation is intended to be referred to herein it is always specifically identified by name, and statements generally referencing "Defendants," "all of the Defendants," or "all of the other Defendants," do not refer to Defendant RI Foundation unless Defendant RI Foundation is referred to by name.

27. The Roman Catholic Bishop of Providence ("Corporation Sole") is a corporation sole, created by an act of the Rhode Island General Assembly entitled *An Act to Create the Roman Catholic Bishop of Providence, and His Successors, a Corporation Sole*, with its principal office in Providence, Rhode Island. Since May 31, 2005, Bishop Thomas Tobin was the President and Chief Executive Officer of Corporation Sole. He was acting within the scope of his employment by Defendant Corporation Sole with respect to all of his actions and omissions alleged herein.

28. Diocesan Administration Corporation ("Diocesan Administration") is an entity organized and existing under the laws of the State of Rhode Island as a non-profit corporation, with its principal office in Providence, Rhode Island. It aids in administering the affairs of the Roman Catholic Diocese of Providence ("Diocese of Providence") and was instrumental in various matters alleged herein concerning the Diocese of Providence. Since May 31, 2005, Bishop Tobin was the President and Chief Executive Officer of Diocesan Administration. He was acting within the scope of his employment by Defendant Diocesan Administration with respect to all of his actions and omissions alleged herein.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
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29. Diocesan Service Corporation ("Diocesan Service") is an entity organized and existing under the laws of the State of Rhode Island as a non-profit corporation, with its principal office in Providence, Rhode Island. It aids in administering the affairs of and services provided by the Diocese of Providence and was instrumental in various matters alleged herein concerning the Diocese of Providence. Since May 31, 2005, Bishop Tobin was the President and Chief Executive Officer of Diocesan Service. He was acting within the scope of his employment by Defendant Diocesan Service with respect to all of his actions and omissions alleged herein.

30. Defendants Corporation Sole, Diocesan Administration, and Diocesan Service, are collectively referred to herein as the "Diocesan Defendants."

31. The Angell Pension Group, Inc. ("Angell") is a corporation organized and existing under the laws of Rhode Island with its principal office in East Providence, Rhode Island. Since 2005, Angell provided actuarial services in connection with the Plan, and, at least since 2011, Angell provided administrative services which included dealing directly with and advising Plan participants, initially on behalf of and as agents for SJHSRI and CCCB, and later on behalf of and as agents for SJHSRI, CCCB, and the Prospect Entities.

JURISDICTION AND VENUE

32. Plaintiffs brings this Complaint under 28 U.S.C. § 1331 and 29 U.S.C. § 1132(a) and (e)(1), as some of the claims asserted herein are founded on violations of Sections 502(a)(1)(A), 502(a)(1)(B), 502(a)(2), 502(a)(3) & 503 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and on federal common law such as estoppel in favor of participants and beneficiaries to enforce benefits promises, even where those promises may not be included in a written plan.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Although SJHSRI operated the Plan as if it qualified for exemption from ERISA as a "church plan," Plaintiffs base their ERISA claims on factual allegations that prove that the requirements for the exemption upon which SJHSRI relied were not met, on many different levels and at various different times. Accordingly, the Plan and various entities involved with the Plan became and continue to be subject to ERISA.

33. In addition, Plaintiffs assert various state law claims that arise out a common nucleus of operative facts as the claims based on ERISA, over which the Court has supplemental jurisdiction pursuant to 28 U.S.C. § 1367(a). Some of those state law claims are within the concurrent jurisdiction of the federal courts and the state courts and, therefore, are not preempted under ERISA.

34. Plaintiffs assert other state law claims that may be pre-empted if the Court determines that the Plan was covered by ERISA at the times those claims arose. Since the issue of whether the Plan was covered by ERISA will be disputed, Plaintiffs plead those claims in the alternative. The Court also has supplemental jurisdiction over those alternative state law claims pursuant to 28 U.S.C. § 1367(a), even if it is ultimately determined that the Plan was not governed by ERISA.

35. Venue in the District of Rhode Island is proper under 28 U.S.C. § 1391, in that a substantial part of the events or omissions giving rise to the claim occurred, and a substantial part of property that is the subject of the action is situated, in Rhode Island. Venue in the District of Rhode Island is also proper under 29 U.S.C. § 1132, in that the Plan is administered and certain breaches concerning the Plan took place in Rhode Island.

36. All of the Defendants have sufficient minimum contacts with and are subject to the personal jurisdiction of the Court.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

CLASS ACTION ALLEGATIONS

37. The Proposed Class Representatives bring this action as a class action pursuant to Fed. R. Civ. P. 23 on behalf of themselves and the following class of persons similarly situated: All participants or beneficiaries of the Plan (the "Class"). The Receiver joins in the application of the Proposed Class Representatives that they be appointed class representatives, and that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23.

38. Excluded from the Class are any high-level executives at SJHSRI or at the other Defendants, or any employees who have responsibility or involvement in the administration of the Plan, or who are subsequently determined to be fiduciaries of the Plan, or who knowingly participated in any of the wrongful acts described herein.

A. NUMEROSITY

39. The exact number of Class members is unknown to the Proposed Class Representatives at this time, but may be readily determined from records maintained by Defendants in conjunction with records obtained by the Receiver. The number of Plan beneficiaries is estimated to exceed 2,700. Upon information and belief, many, if not all, of those persons are likely members of the Class, and thus the Class is so numerous that joinder of all members is impracticable.

B. COMMONALITY

40. The issues regarding liability in this case present common issues of law and fact, with answers that are common to all members of the Class, including but not limited to (1) whether and/or when the Plan became subject to ERISA, and if so, whether violations of ERISA have occurred; (2) the determination of Defendant

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

SJHSRI's obligations and the Plan participants' rights under the Plan, and whether those obligations were breached and those rights violated; (3) the determination of whether all of the Defendants committed fraud; (4) the determination of whether all of the Defendants engaged in a civil conspiracy; (5) the determination of whether all of the Defendants aided and abetted fraud; (6) whether the transfers of assets in connection with the 2014 Asset Sale and/or 2015 *Cy Pres* Proceeding constitute fraudulent transfers; (7) whether Defendants violated the Hospital Conversions Act in connection with obtaining regulatory approval of the 2014 Asset Sale; (8) whether the Diocesan Defendants aided and abetted the filing of a false tax return in connection with their agreement to continue to list SJHSRI in the Catholic Directory after the 2014 Asset Sale; (9) whether Defendants owe or owed fiduciary duties to participants of the Plan, either under ERISA or state law; and (10) issues of successor liability.

41. The issues regarding the relief are also common to the members of the Class as the relief will include, but are not limited to (1) equitable relief ordering Defendants to fund the Plan, for the benefit of all Plan beneficiaries; (2) a judgment avoiding the transfers in connection with the 2014 Asset Sale and 2015 *Cy Pres* Proceeding; (3) a declaration that the Plan is subject to ERISA; and (4) awarding to Plaintiffs' counsel attorneys' fees and expenses as provided by the common fund doctrine, 29 U.S.C. § 1132(g), and/or other applicable doctrine.

C. TYPICALITY

42. The Proposed Class Representatives' claims are typical of the claims of the other members of the Class, because their claims arise from the same events, practices and/or courses of conduct, including, but not limited to, Defendants' treatment of the Plan as exempt from ERISA, Defendants' transfers of assets in connection with

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

the 2014 Asset Sale and/or 2015 *Cy Pres* Proceeding, Defendants' misrepresentations to Plan beneficiaries, Defendants' misrepresentations to regulators in connection with the approval of the 2014 Asset Sale, and Defendants' fraudulent schemes to defraud Plaintiffs. The Proposed Class Representatives' claims are also typical, because all Class members are similarly affected by Defendants' wrongful conduct.

43. The Proposed Class Representatives' claims are also typical of the claims of the other members of the Class because, to the extent the Proposed Class Representatives seek equitable or declaratory relief, it will affect all Class members equally. Specifically, the equitable relief sought includes but is not limited to requiring Defendants to make the Plan whole for all contributions that should have been made pursuant to ERISA funding standards, reformation of the Plan to correspond to Defendants' representations and promises in connection therewith, and for interest and investment income on such contributions. The declaratory relief sought will address Defendants' obligations to all Plan participants.

44. Defendants do not have any defenses unique to the Proposed Class Representatives' claims that would make the Proposed Class Representatives' claims atypical of the remainder of the Class.

D. ADEQUACY

45. The Proposed Class Representatives will fairly and adequately represent and protect the interests of all members of the Class.

46. The Proposed Class Representatives do not have any interests antagonistic to or in conflict with the interests of the Class.

47. Defendants have no unique defenses against the Proposed Class Representatives that would interfere with Plaintiffs' representation of the Class.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

48. The Proposed Class Representatives have engaged counsel (a) with extensive experience in complex litigation, (b) who have already devoted hundreds of hours and secured and reviewed approximately one million pages of documents in investigating those claims, and (c) with the approval of the Rhode Island Superior Court, represent the Receiver whose interests are identical to the interests of the Proposed Class Representatives.

E. RULE 23(B)(1) REQUIREMENTS

49. The requirements of Rule 23(b)(1)(A) are satisfied because prosecution of separate actions by the members of the Class would create a risk of establishing incompatible standards of conduct for Defendants.

50. The requirements of Rule 23(b)(1)(B) are satisfied because adjudications of these claims by individual members of the Class would, as a practical matter, be dispositive of the interests of the other members not parties to the actions, or substantially impair or impede the ability of other members of the Class to protect their interests.

F. RULE 23(B)(2) REQUIREMENTS

51. Class action status is also warranted under Rule 23(b)(2) because Defendants have acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final injunctive, declaratory, or other appropriate equitable relief with respect to the Class as a whole.

G. RULE 23(B)(3) REQUIREMENTS

52. If the Class is not certified under Rule 23(b)(1) or (b)(2), then certification under (b)(3) is appropriate because questions of law or fact common to members of the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Class predominate over any questions affecting only individual members. The common issues of law or fact that predominate over any questions affecting only individual members include, but are not limited to: (1) whether and/or when the Plan became subject to ERISA, and if so, whether violations of ERISA have occurred; (2) the determination of Defendant SJHSRI's obligations and the Plan participants' rights under the Plan, and whether those obligations were breached and those rights violated; (3) the determination of whether all of the Defendants committed fraud; (4) the determination of whether all of the Defendants engaged in a civil conspiracy; (5) the determination of whether all of the Defendants aided and abetted fraud; (6) whether the transfers of assets in connection with the 2014 Asset Sale and/or 2015 Cy Pres Proceeding constitute fraudulent transfers; (7) whether Defendants violated the Hospital Conversions Act in connection with obtaining regulatory approval of the 2014 Asset Sale; (8) whether the Diocesan Defendants aided and abetted the filing of a false tax return in connection with their agreement to continue to list SJHSRI in the Catholic Directory after the 2014 Asset Sale; (9) whether Defendants owe or owed fiduciary duties to participants of the Plan, either under ERISA or state law; and (10) issues of successor liability.

53. A class action is superior to the other available methods for the fair and efficient adjudication of this controversy because:

A. Individual Class members do not have an interest in controlling the prosecution of these claims in individual actions rather than a class action, because the equitable and declaratory relief sought by any Class member will either inure to the benefit of the Plan or affect each class member equally;

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

B. Individual members also do not have any interest in controlling the prosecution of these claims because the monetary relief that they could seek in any individual action is identical to the relief that is being sought on their behalf herein;

C. This litigation is properly concentrated in this forum, where most or all Defendants are headquartered and/or located, where Plaintiffs are located or live, and where the Receivership Proceeding concerning the Plan is already pending; and

D. There are no difficulties managing this case as a class action.

RELATED PROCEEDINGS

54. Concurrently with the filing of this Complaint, Plaintiffs have filed or are filing a parallel proceeding in the Rhode Island Superior Court (the "State Action"), asserting the state law claims made herein, but solely for the purposes of protecting Plaintiffs from the possible expiration of any time limitations during the pendency of the proceeding in this Court, should the Court for any reason decline to exercise supplemental jurisdiction over those state law claims. Plaintiffs intend to ask that the State Action be stayed pending the resolution of the proceeding in this Court.

55. Plaintiffs have also sought or will seek leave to intervene in a case that is currently pending in the Rhode Island Superior Court entitled *In re: CHARTERCARE HEALTH PARTNERS FOUNDATION, ROGER WILLIAMS HOSPITAL and ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND*, C.A. No. KM-2015-0035 (the "2015 *Cy Pres* Proceeding"), in which Plaintiffs ask the state court to order that Defendants CC Foundation and RI Foundation hold the approximately $8,200,000 (and any proceeds thereof) that was transferred from SJHSRI and RWH pursuant to the order of the court in that proceeding, so as to protect Plaintiff's claims against those

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

funds and preserve the *status quo* pending the determination of the merits of those claims in this Court or in the State Action.

OVERVIEW

56. This case concerns an insolvent defined benefit retirement plan with over 2,700 participants, consisting of hospital nurses and other hospital workers who, after many years of dedicated service to their patients and SJHSRI, learned in August of 2017 that the Plan had not been adequately funded. The disclosure occurred when the Plan was placed into receivership by SJHSRI, with the request that the Rhode Island Superior Court approve a virtually immediate 40% across-the-board reduction in benefits.

57. The harm to the Plan participants' pensions is the product of (at least) four separate but related factual scenarios and schemes:

a. For nearly fifty years SJHSRI used the Plan as a marketing tool to hire and retain employees, and promised employees and prospective employees that SJHSRI made 100% of the necessary contributions and that they had no investment risk, leading them to mistakenly but justifiably conclude that SJHSRI was making the necessary contributions and their pensions were safe;

b. For most of at least the past ten years, SJHSRI stopped making necessary contributions with the result that the Plan was grossly underfunded, but SJHSRI and other Defendants conspired to conceal it from Plan participants through fraudulent misrepresentations and material omissions regarding the Plan;

c. For many years SJHSRI and other Defendants secretly sought a means to terminate the Plan without exposing SJHSRI's substantial operating assets and charitable funds to lawsuits by Plan participants for benefits, including in December of 2012 when SJHSRI considered unilaterally terminating the Plan and paying benefits only to employees who were already retired, which would have deprived over 1,800 other Plan participants of any pension whatsoever, but reconsidered because SJHSRI feared that the excluded Plan participants would bring a successful class action

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

that would end up costing SJHSRI more than it would save by terminating the Plan;

d. Beginning in 2011, SJHSRI and other Defendants put into operation a scheme to transfer SJHSRI's operating assets, cash, and most of its expected future charitable income to entities controlled by SJHSRI's parent company, intending that such assets thereby would be out of reach of a suit by the Plan participants, and then terminate the Plan. This scheme had four key stages:

i. First, in connection with the 2014 Asset Sale, SJHSRI and related entities engaged in the fraudulent transfer of SJHSRI's operating assets to the control of a for-profit limited liability company, leaving SJHSRI with the insolvent pension plan and no operating assets, in return for SJHSRI's parent company getting a 15% stake in the for-profit company that they thought would be safe from the claims of Plan participants, and made fraudulent misstatements and material omissions concerning the Plan to the state regulatory agencies whose approval was required for the transfer to go forward.

ii. Next, to evade federal law imposing liability on control groups and successors under ERISA, SJHSRI and other Defendants conspired with the Diocesan Defendants to falsely claim that the Plan continued to qualify as a "church plan," which if true would have exempted it from ERISA. This claim violated federal tax laws and ERISA.

iii. Then, to secure cash which should have gone to bolster the Plan, SJHSRI's parent company over the last four years stripped at least $8,200,000 in charitable assets from SJHSRI and its other subsidiary, and either spent or put the money in a foundation it controlled. This was accomplished by misleading the Rhode Island Superior Court in 2015 into approving these wrongful and fraudulent transfers under the doctrine of *cy pres*.

iv. Finally, having accomplished their goal of stripping SJHSRI of virtually all value, SJHSRI and its affiliates sought to wash their hands of the problem they created, and put the Plan into receivership in August of 2017 and asked the state court to reduce SJHSRI's liabilities to Plan participants by 40% on the grounds that SJHSRI had insufficient assets to fund the Plan.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

58. SJHSRI, the Prospect Entities, and other Defendants violated ERISA, committed fraud, breached their contractual obligations, violated their duty of good faith and fair dealing, and otherwise acted wrongfully. As a result, they must be required to compensate losses to the Plan and remedy such violations, including returning all assets improperly diverted from the Plan, and to otherwise fully fund the Plan.

59. They also ran afoul of Rhode Island laws prohibiting fraudulent conveyances. The remedies for those violations include that the Prospect Entities must turn over to the Plan and its participants the entirety of the assets they acquired in the 2014 Asset Sale, with no credit or offset for what they paid for those assets, or for the improvements that they may have made on the facilities. In other words, the Plaintiffs are entitled to judgment awarding them these assets, including but not limited to New Fatima Hospital and New Roger Williams Hospital, or ordering that these properties and other assets be sold and awarding Plaintiffs the proceeds from the sale up to the amount necessary to fully fund the Plan on a termination basis and ensure the pensions of all Plan participants.

FACTS

A. CONCERNING THAT THE PLAN IS SUBJECT TO ERISA

1. Exemption for Church Plans

60. The vast majority of defined benefit pension plans are subject to and required to comply with ERISA.

61. The requirements under ERISA include the obligations to make the minimum contributions to the plan required by ERISA, to inform plan participants if the employer was not making those minimum contributions, and to pay premiums to the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Pension Benefit Guaranty Corporation ("PBGC") for insurance coverage to protect participants against insolvency of the plan.

62. Moreover, entities which purchase the assets of an ERISA plan sponsor, and which continue to carry on essentially the same business at the same location and with the same employees, have liability for the plan under the doctrine of successor liability, which cannot be avoided by the parties' express exclusion of the pension liability from the asset sale.

63. However, certain pension plans established and/or operated by churches or qualified church-controlled organizations are exempt from ERISA (hereinafter "Church Plan" or "Church Plans"), provided they comply with the terms of the exemption. So too most governmental plans are exempted from ERISA.

64. Although even Church Plans may elect to be covered under ERISA, in 1984, the Retirement Board for the predecessor to the Plan rejected a proposal to make that election, because the Board saw no benefit to SJHSRI in protecting employees by making the election, and wished to avoid the annual premium to the PBGC, which at that time they believed was $15,000 per year.

65. At various times during the period from 1995 to the present, SJHSRI did not fund the Plan in accordance with the requirements of ERISA and the recommendations of the Plan's actuaries, with the result that the Plan is grossly underfunded.

66. During the period from 1995 to the present, SJHSRI and the other entities and individuals administering the Plan and communicating with Plan participants never informed Plan participants that they claimed that the Plan was not subject to ERISA, that the Plan was underfunded, or that the Plan was not being funded in accordance

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

either with ERISA or the recommendations of SJHSRI's actuaries, with the result that all Plan participants who were not aiding and abetting Defendants or otherwise participating in the conspiracy were taken completely by surprise when that was disclosed in connection with the filing of the Receivership Proceeding in August of 2017.

67. As discussed below, there came a time when the Plan no longer qualified as a Church Plan, but SJHSRI, RWH, CCCB, Angell, the Prospect Entities, and the Diocesan Defendants all fraudulently conspired to misrepresent that the Plan remained qualified as a Church Plan, in violation of federal tax laws and ERISA, as part of their scheme to avoid successor liability of the Prospect Entities and to shield New Fatima Hospital from liability for the Plan.

68. Thus, the determination of whether and when the Plan ceased to qualify as a Church Plan is essential to determining the rights of the parties herein.

69. The definition of "Church Plan" is set forth in 26 U.S.C. § 1002(33)(A)&(C) as follows:

> (A) The term "church plan" means a plan established and maintained (to the extent required in clause (ii) of subparagraph (B)) for its employees (or their beneficiaries) by a church or by a convention or association of churches which is exempt from tax under section 501 of Title 26.
>
> * * *
>
> (C) For purposes of this paragraph--
>
> > (i) A plan established and maintained for its employees (or their beneficiaries) by a church or by a convention or association of churches includes a plan maintained by an organization, whether a civil law corporation or otherwise, the principal purpose or function of which is the administration or funding of a plan or program for the provision of retirement benefits or welfare benefits, or both, for the employees of a church or a convention or association of churches, if such organization is controlled by or associated with a church or a convention or association of churches.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

(ii) The term employee of a church or a convention or association of churches includes—

(I) a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry, regardless of the source of his compensation;

(II) an employee of an organization, whether a civil law corporation or otherwise, which is exempt from tax under section 501 of title 26 and which is controlled by or associated with a church or a convention or association of churches; and

(III) an individual described in clause (v).

(iii) A church or a convention or association of churches which is exempt from tax under section 501 of title 26 shall be deemed the employer of any individual included as an employee under clause (ii).

(iv) An organization, whether a civil law corporation or otherwise, is associated with a church or a convention or association of churches if it shares common religious bonds and convictions with that church or convention or association of churches.

70. As discussed below, the Plan did not qualify as a Church Plan for various reasons based on events that occurred at various times: (a) beginning in 2009; (b) continuing through the 2014 Asset Sale; and (c) culminating with the Plan being put into receivership in August of 2017.

71. More specifically,

a. at various times since 2009, the Plan did not qualify as a Church Plan because the Plan was not maintained by a qualifying "principal-purpose" organization;

b. at various times since 2009, and certainly by the 2014 Asset Sale and the Plan being put into receivership in August of 2017, the Plan did not qualify as a Church Plan because SJHSRI was no longer "controlled by or associated with a church or a convention or association of churches;" and

c. at various times since 2009, and certainly after the 2014 Asset Sale and the Plan being put into receivership in August of 2017, the Plan did not qualify as a Church Plan because SJHSRI was no longer

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

entitled to tax exempt status under the group exemption issued to the United States Conference of Catholic Bishops, and therefore was no longer properly included in the Catholic Directory because it was no longer "operated, supervised or controlled by or in connection with the Roman Catholic Church in the United States."

2. The Plan did not satisfy the "principal-purpose" requirement

72. Under 29 U.S.C. § 1002 (33)(c)(i), a pension plan that includes employees of non-church entities cannot qualify as a Church Plan unless (a) the Plan was "maintained by an organization, the principal purpose of which is the administration or funding of a plan for the provision of retirement or welfare benefits or both…," *and* (b) the principal-purpose organization is controlled by or associated with a church.

73. In addition, under 29 U.S.C. § 1002 (33)(c)(ii)(II), any non-church entity that employs plan participants must be "controlled by or associated with a church or a convention or association of churches" or the plan loses its status as a Church Plan.

74. The prototypical "principal-purpose" organization is a church benefits board that administers a plan whose participants include employees of non-church agencies controlled by or associated with the church.

75. The requirement that the plan must be maintained by a "principal-purpose" organization serves to ensure that the obligations of the organization responsible for administering or funding the pension plan are to the plan, not to interests or responsibilities that are or may be adverse to the interests of the plan.

76. The separate requirement that the "principal-purpose" organization itself must be controlled by or associated with a church maintains the close connection between the organization administering or funding the plan and the church, upon which the special exemption from ERISA for Church Plans is based.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

77. As of 2009, SJHSRI had taken over the administration of the SJHSRI Plan, and SJHSRI's Finance Committee was administering the Plan and making its investment decisions. At the same time, SJHSRI's Finance Committee was managing the operating hospitals' finances and managing other non-Plan matters, demonstrating that the Finance Committee was not a principal-purpose organization.

78. In August 27, 2009, SJHSRI sent out notices to plan participants saying that SJHSRI had decided to freeze the Plan. These notices were signed by "Plan Administrator, St. Joseph Health Services of Rhode Island." SJHSRI owned and operated Old Fatima Hospital, and, therefore, was not and could not have been a principal-purpose organization.

79. In 2011, SJHSRI's Board of Trustees itself amended the Plan. Whereas prior amendments had been signed by SJHSRI's Retirement Board, the 2011 amendment was effectuated by SJHSRI's Board of Trustees, evidencing the lack of a principal-purpose organization. Indeed, the 2011 SJHSRI Plan stated:

> The Employer shall be the Plan Administrator, hereinafter called the Administrator and named fiduciary of the Plan . . . .

SJHSRI was operating a fully functional hospital and, therefore, was not a "principal-purpose organization" devoted principally to administering or funding the Plan.

80. On April 29, 2013, Bishop Tobin issued a Resolution ratifying the 2011 amendment of the Plan and also (*inter alia*) ratifying the following:

> That the Board of Trustees of St. Joseph Health Services of Rhode Island is the Retirement Board with respect to the Plan and acts on behalf of St. Joseph Health Services of Rhode Island as the Plan Administrator of the Plan;
>
> That the Board of Trustees of St. Joseph Health Services of Rhode Island has the authority, pursuant to the terms of the Plan, to appoint a

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

committee to act on its behalf with respect to administrative matters related to the Plan; and

That the Board of Trustees of St. Joseph Health Services of Rhode Island has appointed the Finance Committee of CharterCARE Health Partners to act on its behalf with respect to administrative matters relating to the Plan.

81. This Resolution thus confirmed that SJHSRI's Board of Trustees was the Retirement Board. The Board of Trustees was primarily responsible for direction of all of the activities of SJHSRI, including the operation of Old Fatima Hospital, and, therefore, was not a principal-purpose organization. Moreover, the Board of Trustees delegated administration of the Plan to the wholly-secular CCCB Finance Committee, which directed financial matters for CCCB, including management of Old Fatima Hospital and Old Roger Williams Hospital, and, therefore, was not controlled by or associated with any church, and was not a principal-purpose organization.

82. After the closing of the 2014 Asset Sale, the Board of Trustees and the CCCB Finance Committee ceased any administration of the Plan. By resolution dated December 15, 2014, CCCB caused SJHSRI to delegate "the administration, management and potential wind-down" of the Plan to SJHSRI's president and to one of SJHSRI's attorneys, "each acting alone." Neither of these individuals was an organization, much less a principal-purpose organization, or associated with a church.

83. In August 2017, SJHSRI petitioned the Plan into receivership in the Receivership Proceeding. The Receiver is acting on behalf of the Rhode Island Superior Court. Accordingly, the Receiver is not controlled by or associated with any church.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

3. SJHSRI Was Not a Chuch Plan Because It Was Not "Controlled by or Associated with a Church or a Convention or Association of Churches"

84. As noted, under 29 U.S.C. § 1002 (33)(c)(ii)(II), a non-church entity that employs plan participants must be "controlled by or associated with a church or a convention or association of churches," or the plan does not qualify as a Church Plan.

85. This requirement maintains the close connection between the employer and the church, upon which the special exemption from ERISA for Church Plans is based.

86. An organization is "controlled" by a church when, for example, a religious institution appoints a majority of the organization's officers or directors. 26 C.F.R. § 1.414(e)–1(d)(2) (2000). Since 2009, the majority of SJHSRI's directors and all of its officers were appointed by CCCB, which is a completely secular non-profit organization. Accordingly, at least since 2009 SJHSRI has not been "controlled by… a church," and, therefore, since 2009 SJHSRI has not qualified as a Church plan on that basis.

87. To be "associated with a church," the organization must share "common religious bonds and convictions with that church or convention or association of churches." 29 U.S.C. § 1002(33)(C)(iv).

88. In deciding whether an organization shares such common bonds and convictions with a church, three factors bear primary consideration:

a. whether the religious institution plays any official role in the governance of the organization;

b. whether the organization receives assistance from the religious institution; and

c. whether a denominational requirement exists for any employee or patient/customer of the organization.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

89. Starting in 2011, SJHSRI has filed its Form 990 with the IRS stating that CCCB was SJHSRI's "sole member." This confirms the diminished or nonexistent roles of Bishop Tobin and the Diocese in SJHSRI's governance after the 2009 merger.

90. Upon the conclusion of the 2014 Asset Sale, the Diocese had no meaningful role in the governance of SJHSRI. To the contrary, the only rights it had concerned the "Catholicity" of SJHSRI's operation of the hospital and provision of health care. Since SJHSRI no longer operated a hospital or otherwise provided health care as a result of the 2014 Asset Sale, that role was rendered completely moot.

91. By resolution dated December 15, 2014, SJHSRI's bylaws were amended to eliminate even Bishop Tobin's nominal role in the appointment of directors or officers of SJHSRI.

92. Upon the conclusion of the 2014 Asset Sale, SJHSRI received no assistance whatsoever from the Diocesan Defendants in particular or from the Roman Catholic Church in general.

93. Indeed, as discussed below, rather than rendering assistance to SJHSRI, the Diocesan Defendants in connection with the 2014 Asset Sale required SJHSRI to pay nearly $640,000 on a loan which should have been forgiven, and used $100,000 of that sum to fund a separate pension plan for clergy.

94. SJHSRI had no denominational requirement for any employee, patient, or customer of the hospital even when it operated Old Fatima Hospital, and certainly had no such requirement after the 2014 Asset Sale.

95. Thus, SJHSRI was not "controlled by or associated with a church or a convention or association of churches," and, therefore, the Plan was not a Church Plan.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

4. SJHSRI was not a tax exempt organization at least as of the 2014 Asset Sale

96. Pursuant to 29 U.S.C. § 1002 (33)(A)(ii), a church-controlled entity cannot be a "qualified church-controlled organization" unless it qualifies as a tax-exempt organization "under section 501 of Title 26."

97. The only exemption "under section 501 of Title 26" for which SJHSRI might have qualified was under 26 U.S.C. § 501(c)(3), which applies to organizations that are "organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes…." The most common purposes for qualification under 26 U.S.C. § 501(c)(3) is for the organization to avoid the obligation to pay income tax and so that donations to such entities are tax deductible, but it has the separate significance of being a requirement for organizations that are controlled by or associated with a church, that seek to have their pension plans exempted from ERISA as Church Plans.

98. All entities that claim 501(c)(3) status must first obtain recognition of that status by the Internal Revenue Service ("IRS"), with limited exceptions that were not applicable to SJHSRI.

99. IRS recognition can be obtained in either of two ways. The entity can apply directly to the IRS and receive recognition, or the entity can claim exemption under a group ruling issued by the IRS to a central organization, which provides an exemption for the central organization and for subordinate organizations under the central organization's supervision or control for whom the central organization claims the exemption.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

100. The central organization (not the IRS) determines in the first instance which organizations are included as subordinates under its group ruling, in accordance with IRS regulations. That determination, however, is only *prima facie*, and does not conclusively establish either that the central organization properly claimed exempt status for a particular subordinate organization, or that the subordinate organization in fact is qualified as tax exempt.

101. SJHSRI has never obtained its own tax exemption ruling from the IRS. Thus, the Plan cannot be a Church Plan if SJHSRI cannot claim exemption under a group ruling.

102. Beginning in 1946, and re-issued each year thereafter, the IRS has approved a group exemption for the central organization presently known as the United States Conference of Catholic Bishops ("U.S. Conference of Bishops"), and certain subordinate organizations for whom the U.S. Conference of Bishops claims the exemption.

103. The requirements for a subordinate organization to qualify under this group exemption include that the entity must be "operated, supervised, or controlled by or in connection with the Roman Catholic Church" in each year for which the exemption is claimed.

104. Rather than requiring proof each year that a particular entity satisfies this requirement, the IRS accepts listing of the entity in an annual publication entitled *The Official Catholic Directory* ("Catholic Directory") as *prima facie* proof of this qualification on a year-by-year basis.

105. The Catholic Directory contains diocesan entries, confirmed and approved by each diocese on an annual basis, for each subordinate organization that is

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

"operated, supervised, or controlled by or in connection with the Roman Catholic Church," and entitled to exemption under the group ruling issued to the U.S. Conference of Bishops.

106. The Diocese of Providence and the Diocesan Defendants are responsible to provide accurate and complete information to the Catholic Directory concerning subordinate organizations in the Diocese of Providence that are "operated, supervised, or controlled by or in connection with the Roman Catholic Church" that claim exemption under the group ruling issued to the U.S. Conference of Bishops.

107. Each year the U.S. Conference of Bishops reminds dioceses of their obligation to every year ensure that all entries pertaining to subordinate organizations in their diocese are kept current and accurate.

108. Each year, the incumbent Bishop and Chancellor for the Diocese of Providence (and the Diocesan Defendants) receives a memorandum from the U.S. Conference of Bishop's Office of General Counsel, concerning the IRS group exemption for that year. Each year the memorandum attaches the latest private letter ruling from the IRS and explains as follows:

> The latest ruling reaffirms the exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code of "the agencies and instrumentalities and educational, charitable, and religious institutions operated, supervised or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in the Official Catholic Directory for [that year]"
>
> [Quoting the IRS Private Letter Ruling]

109. The memorandum also explains the responsibilities of diocesan officials as follows:

> Diocesan officials who compile OCD information to send to the OCD publisher **are responsible for the accuracy of such information**. They

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

> must ensure that only qualified organizations are listed, that organizations are listed under their correct legal names, *that organizations that cease to qualify are deleted promptly*, and that newly-qualified organizations are listed as soon as possible.
>
> [Bolding in the original and italics supplied]

110. Each year the Catholic Directory has required the Diocese of Providence to certify in writing that there were no changes for each subordinate organization that pertained to the Diocese.

111. At all relevant times until 2015, the Diocesan Defendants listed SJHSRI in the Catholic Directory as a subordinate organization that was "operated, supervised, or controlled by or in connection with the Roman Catholic Church" in the Diocese of Providence, as a "hospital."

112. Since 2015 the Diocesan Defendants have listed SJHSRI in the Catholic Directory as a subordinate organization that was "operated, supervised, or controlled by or in connection with the Roman Catholic Church" in the Diocese of Providence, as a "miscellaneous" entity.

113. At least since the 2014 Asset Sale, which included the transfer of all of SJHSRI's operating assets, SJHSRI was *not* "operated, supervised, or controlled by or in connection with the Roman Catholic Church," either in the Diocese of Providence or anywhere else.

114. Accordingly, SJHSRI was no longer entitled to come under the group exemption issued to the U.S. Conference of Bishops, and pursuant to federal law should have been deleted and removed from the Catholic Directory, effective on June 20, 2014 when the closing of the Asset Sale occurred, or at least prior to the issuance of the 2015 Catholic Directory.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

115. Accordingly, SJHSRI was no longer a "qualified church-controlled organization," because it no longer qualified as a church-controlled tax-exempt organization "under section 501 of Title 26." As a result, the Plan was no longer a Church Plan, and, therefore, was no longer exempt from ERISA.

5. Fraudulent Inclusion of SJHSRI in the Catholic Directory

116. At all relevant times, SJHSRI, CCCB, RWH, CC Foundation, the Diocesan Defendants, the Prospect Entities, and Angell, knew that if the Plan ceased to qualify as a Church Plan, it would become subject to ERISA.

117. For example, at a meeting of the SJHSRI Board of Trustees on January 15, 2009, chaired by Bishop Tobin, Bishop Tobin was informed that if the Diocese severed its association with SJHSRI, SJHSRI would have to administer the Plan under ERISA, "or identify a new religious sponsor for the plan, allowing it to remain a church plan."

118. Beginning in 2011, the trustees and executive management of SJHSRI, RWH, and CCCB decided to seek substantial outside capital.

119. From the outset of their deciding to seek outside capital, the board of trustees and executive management of SJHSRI, CCCB, and RWH placed a great deal of importance on retaining as much "local control" of the hospitals as possible and keeping existing management in place. For them, "local control" meant control by many of the same individuals who had been controlling SJHSRI, RWH, and CCCB, prior to the 2014 Asset Sale.

120. By the end of 2011, they authorized management to solicit offers from entities that invested in and/or operated hospitals in Rhode Island and across the United

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

States, and to advise those entities that their goals included retaining significant local control of the hospitals, and keeping existing management in place.

121. One entity they solicited was LHP Hospital Group, Inc. ("LHP"), a for-profit corporation that operated five hospitals outside of Rhode Island.

122. In 2012, LHP responded to the solicitation with a letter of intent that set forth terms of a proposed joint venture, under which LHP would pay $33,000,000 to pay off SJHSRI and RWH's bonded indebtedness, pay an additional $72,000,000 to fund the Plan, and commit an additional approximately $50,000,000 for future capital improvements and network expansion.

123. The $72,000,000 figure was based upon Defendant Angell's estimate that the unfunded status of the Plan in 2011 was $72,000,000. In 2012 that estimate changed to approximately $86,000,000, which initially caused concern regarding the sufficiency of the payment proposed by LHP. However, in 2013 that estimate was reduced to approximately $73,000,000 based upon high returns earned on pension assets in 2013.

124. The Trustees and executive management of SJHSRI, CCCB, and RWH did not favor LHP's insistence on applying so much capital to pay off the unfunded pension liability. They wanted to allocate more of the purchase money for other purposes, instead of fulfilling their obligations to the Plan participants by choosing a buyer or joint-venturer who would adequately fund the Plan.

125. Accordingly, the trustees and executive management of SJHSRI, CCCB, and RWH chose not to pursue a transaction with LHP, and to continue their search for outside capital.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

126. In 2013, and after some negotiations, Defendant Prospect Medical Holdings proposed a joint venture to operate Fatima Hospital and Roger Williams Hospital with Defendant CCCB, that involved the Prospect Entities paying off SJHSRI's and RWH's bonded indebtedness of approximately $31,000,000, paying $14,000,000 into the Plan, committing $50,000,000 over four years for capital projects and network development, and funding annual asset depreciation in the amount of $10,000,000.

127. However, the $14,000,000 contribution to the Plan would only reduce SJHSRI's unfunded liabilities for the Plan to approximately $59,000,000. The Letter of Intent stipulated that liability for the Plan would remain with SJHSRI, and, therefore, that Fatima Hospital under the operation of its new owners would be relieved of these unfunded liabilities. Accordingly, the parties had to determine if there was a way that SJHSRI could retain that liability and the Prospect Entities could avoid that liability.

128. Defendant Prospect Medical Holdings knew the Diocesan Defendants and the Diocese of Providence listed SJHSRI in the Catholic Directory and that SJHSRI treated the Plan as a Church Plan.

129. All of the defendants knew that if the Plan ceased to qualify as a Church Plan, it would become subject to ERISA, and, in that event, a company that took over the operations of Fatima Hospital would have successor liability for the Plan.

130. Accordingly, Prospect Medical Holding's proposal was conditioned upon liability for the Plan remaining with SJHSRI and that it continue to be claimed to be a Church Plan, to avoid the imposition on the Prospect Entities of successor liability for the Plan under ERISA.

131. That condition required the cooperation of the Diocesan Defendants in continuing to allow SJHSRI to claim tax exempt status under the group ruling issued to

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

the U.S. Conference of Bishops, by continuing to list SJHSRI in the Catholic Directory as an entity that was "operated, supervised, or controlled by or in connection with the Roman Catholic Church" in the Diocese of Providence, even though all Defendants knew that was false.

132. SJHSRI had other options that would have fully funded the Plan. One option was the outright sale of the hospital, for which SJHSRI would have received a purchase price sufficient to fund the Plan.

133. However, that conflicted with the goals of the board of trustees and executive management of SJHSRI, CCCB, and RWH of retaining as much "local control" of the hospitals as possible and keeping existing management in place.

134. Another option was to affiliate with a company such as LHP that was willing to fully fund the Plan. However, that conflicted with the goals of the board of trustees and executive management of SJHSRI, CCCB, and RWH to allocate more of the purchase money for other purposes.

135. The board of trustees and executive management of SJHSRI, CCCB, and RWH chose to proceed with a transaction that did not necessitate fully funding the Plan.

136. The board of trustees and executive management of SJHSRI, CCCB, and RWH decided to proceed with the proposal from Prospect Medical Holdings.

137. All of the defendants were fully aware of the lack of *bona fides* for the claim that the Plan would be a Church Plan after SJHSRI sold all its operating assets.

138. On May 28, 2013, when the strategy to keep Church Plan status was being discussed between and among SJHSRI, CCCB, RWH, and the Prospect Entities, a representative of the Prospect Entities had the following question, which was to be

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

discussed with representatives of SJHSRI, RWH, and CCCB in a "due diligence call re employee benefit plans" on May 30, 2013:

> If SJHSRI becomes a shell corporation, how will the plan remain a church plan? Will the diocese assume control of the corporation? How will the corporation remain in the Official Catholic Directory?

139. CCCB also posed this same question to Angell on May 28, 2013 and described it as "the multi-million dollar question".

140. These questions were raised at the level of the Executive Committee of CCCB's Board of Trustees on July 25, 2013. At that meeting the question was asked "[w]ill the Bishop want to continue to sponsor the pension," the members of the committee discussed the "impact if Diocese/Bishop does not support" the proposed sale of assets, and it was noted that "no [Diocesan] sponsorship is a problem, especially with [the] pension plan." The committee members acknowledged the need "to keep Church Plan status rather than ERISA," and that they were "trying to come up with a structure" for "a non-profit, church sponsored entity," which would create "no additional liability to [the] Bishop."

141. Expressing concern over committing to the asset sale with the Prospect Entities without this issue being resolved, CCCB's Chief Executive Officer Kenneth Belcher raised the possibility at this July 25, 2013 meeting of signing the asset sale agreement but making it " 'subject to' if Bishop signs off on the pension piece." He also "discussed concerns that [also] may be raised by the Vatican," whose approval of the transaction was required by the Diocesan Defendants.

142. The conclusion of this meeting of the Executive Committee was to share the current version of the asset purchase agreement ("Asset Purchase Agreement") with Bishop Tobin and the Diocesan Defendants, and seek their support and agreement

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

to maintaining SJHSRI in the Catholic Directory prior to SJHSRI, RWH, and CCCB signing the Asset Purchase Agreement.

143. On August 14, 2013, counsel for SJHSRI, CCCB, and RWH, together with CCCB "senior leadership," met at the offices of the Diocesan Defendants to obtain their cooperation. That meeting was attended by Bishop Tobin, Rev. Timothy Reilly (the Chancellor of the Diocese of Providence), and Msgr. Paul Theroux (who was a member of the Diocesan Finance Council) (collectively the "Diocesan Defendants' Attendees").

144. Counsel for SJHSRI, CCCB, and RWH brought the current version of the Asset Purchase Agreement to the meeting. That draft (and the final version actually signed by the parties) provided for the sale of all of the operating assets of SJHSRI, including ownership of Fatima Hospital. It also included the requirement that SJHSRI would retain liability for the Plan, and that the new owners and operators of New Fatima Hospital would have no obligations to the Plan.

145. Counsel for SJHSRI, CCCB, and RWH also brought to the meeting with the Diocesan Defendants' Attendees on August 14, 2013 a document on the joint letterhead of counsel and CCCB, entitled "Overview of the Strategic Transaction with Prospect Medical Holdings, Inc., Presentation to the Board of Directors," referring to the Board of Trustees for SJHSRI, CCCB, and RWH.

146. The latter document contained the legend "Privileged and Confidential: Attorney-Client Communication." Nevertheless, counsel for SJHSRI, CCCB, and RWH showed it to the Diocesan Defendants' Attendees and went over it with them.

147. That document outlined the salient details of the 2014 Asset Sale, whereby SJHSRI, CCCB, and RWH would sell "substantially all of their assets to Prospect CharterCARE LLC ('Newco')." In return, the Prospect Entities would pay cash

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

of $45,000,000, commit to contribute $50,000,000 over four years for "physician network development and capital projects," and "fund depreciation in the amount of $10,000,000 per year."

148. The document noted that Defendant CCCB would receive "a 15% ownership (membership) interest in Newco."

149. The very first page of the presentation noted that only $14 million of the sales proceeds would be paid into "the Church-sponsored retirement plan (the 'Church Plan")."

150. At this time, all of the defendants knew that SJHSRI's unfunded liability for the Plan was approximately $73,000,000. Thus, they knew that the Asset Purchase Agreement contemplated leaving SJHSRI an unfunded liability for the Plan of approximately $59,000,000, and that SJHSRI would have no operating assets.

151. The document then detailed certain promises that would be made to the Diocesan Defendants as part of the transaction, which were described as follows:

> Catholic identity covenants of Prospect and Newco
>
> - Our Lady of Fatima Hospital and other legacy SJHSRI facilities will be operated in compliance with the ERDs[3]
> - Roger Williams Medical Center and its facilities will not engage in prohibited activities
>   - Abortion
>   - Euthanasia
>   - Physician-assisted suicide
> - Any hospital or facility acquired or established after Closing must comply with restrictions on prohibited activities

[3] Ethical and Religious Directives for Catholic Health Care Services.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

- The Bishop has a direct right to enforce the Catholicity covenants
- CCHP intends to propose that the Bishop may require a name change of Our Lady of Fatima Hospital and other legacy SJHSRI facilities if he is unsuccessful in enforcing the covenants

152. These "Catholic identity covenants" included essentially all the rights which the Diocesan Defendants and the Diocese of Providence were entitled to exercise over Old Fatima Hospital and Old Roger Williams Hospital, SJHSRI, and RWH, since 2009 when SJHSRI and RWH became part of CCCB. Thus, notwithstanding the 2014 Asset Sale, the Diocesan Defendants were offered the promise that New Fatima Hospital and New Roger Williams Hospital would remain as Catholic as Old Fatima Hospital and Old Roger Williams Hospital had been before the asset sale.

153. In other words, the Diocese and the Diocesan Defendants would transfer to the new hospitals the "Catholicity" and associated controls that they had previously enjoyed over Old Fatima Hospital, Old Roger Williams Hospital, SJHSRI, and RWH.

154. Indeed, shortly after the closing of the 2014 Asset Sale, Bishop Tobin extolled the advantages of the arrangement in precisely those terms:

> For all intents as purposes, Fatima Hospital will retain its Catholicity, and that is guaranteed by contract now. It's not just an aspiration, it's guaranteed by contract that the Catholic identity is still under the supervision of the local bishop and that in all of its ministries and external signs Fatima Hospital will be as Catholic as it has ever been.

155. This "Overview of the Strategic Transaction" that counsel reviewed with the Diocesan Attendees then laid out the *quid pro quo* for freeing New Fatima Hospital from the unfunded liabilities of the Plan, and granting these extensive and perpetual "Catholic identity covenants" for New Fatima Hospital and New Roger Williams Hospital, Defendants SJHSRI, RWH, and CCCB, through their counsel, informed the Diocesan Defendants' Attendees at this meeting that it was a "requirement" of the parties to the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Asset Purchase Agreement that the Diocesan Defendants "[m]aintain the retirement plan of St. Joseph Health Services of Rhode Island as a 'Church Plan'."

156. Thus, if they wanted the transaction to go forward, the Diocesan Defendants were required to agree (a) to SJHSRI being left with no operating assets; (b) to SJHSRI nevertheless retaining responsibility for the Plan and the unfunded liability of approximately $59,000,000; and (c) to the Plan remaining a Church Plan exempt from the requirments of ERISA.

157. The Diocesan Defendants, and, indeed, all of the Defendants, understood that the consequences for the Plan participants would be that (a) there would no longer be an operating hospital supporting the Plan, (b) the entity supporting the Plan would have no operating assets, and (c) the Plan participants would not have the protections of ERISA, including insurance provided by the PBGC, if SJHSRI was unable to pay the benefits to which the Plan participants were entitled under the Plan.

158. As further discussed below, SJHSRI's only "Catholic" attribute was through its operation of Fatima Hospital. Thus, the Diocesan Defendants knew that by agreeing to the proposed asset sale they were giving up any control over, association, or connection with SJHSRI.

159. Thus, although the Diocese would have no connection with SJHSRI, the requirement was that the Diocesan Defendants had to include SJHSRI in the Catholic Directory.

160. All of the attendees at this meeting understood that continuing to list SJHSRI in the Catholic Directory would be a misrepresentation, and an unlawful evasion of tax law and ERISA, because neither the Diocesan Defendants nor the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Diocese of Providence would control or be associated with SJHSRI after the closing of the 2014 Asset Sale.

161. At this meeting on August 14, 2013 (and again on several later occasions as discussed below) the Diocesan Defendants agreed to continue to list SJHSRI in the Catholic Directory.

162. There can be no dispute over the fact that after the 2014 Asset Sale, the Diocese had no connection with SJHSRI. In fact, after the Plan was placed in receivership in August of 2017, the Diocesan Defendants contended that their complete lack of connection with SJHSRI excused them from any responsibility for, or liability in connection with, the insolvency of the Plan.

163. For example, after the Plan was put into receivership as insolvent, the Chancellor for the Diocese (also an officer in Defendants Diocesan Administration and Diocesan Service) stated the following in a Providence Journal op-ed:

> St. Joseph Health Services of Rhode Island is not a diocesan entity. The pension plan was adopted, sponsored, operated, managed and funded by SJHSRI, an independent corporation, and not by the Diocese of Providence. Changes over the last decade, including the formation of CharterCARE Health Partners, sharply reduced diocesan involvement in SJHSRI and the hospitals. And upon the 2014 transaction with Prospect, that involvement essentially ended.

164. Another spokesperson for the Diocese and the Diocesan Defendants, Carolyn E. Cronin, made a similar claim in a statement to the press after the Plan was put into receivership:

> Once the hospitals were sold, even the Bishop's very limited role at SJHSRI -- maintaining Catholicity at the hospitals -- was mooted by the fact that SJHSRI no longer owned or ran any hospitals.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

165. Later in the day on August 14, 2013, counsel for SJHSRI, CCCB, and RWH attended a meeting of the Executive Committee of CCCB's Board of Trustees, and advised the committee of the results of his meeting with the Diocesan Defendants' Attendees, and assured them that SJHSRI, CCCB, RWH, and the Diocesan Defendants had a "common understanding," and that Bishop Tobin was "comfortable."

166. On September 11, 2013, the Diocesan Chancellor contacted counsel for SJHSRI, CCCB, and RWH and stated that the "our Diocesan Finance Council and College of Consultors also need to consent to the act of alienation," and asked counsel to provide them with the Overview of the Strategic Transaction that counsel had shared with the Diocesan Defendants on August 14, 2013, because "[t]he Bishop thinks it would be a concise and helpful overview for the council members."

167. Counsel for SJHSRI, CCCB, and RWH promised to send it to the Chancellor the next day, after deleting the references to "Attorney-Client Privilege." The next day counsel followed through and sent it to the Chancellor, addressing the document as "[f]or the Bishop of the Roman Catholic Diocese of Providence, Rhode Island." The document set forth exactly the same bargain, of (a) only $14,000,000 going to fund the Plan, (b) SJHSRI retaining liability for the Plan, (c) Fatima Hospital having no further responsibility for the Plan, and (d) CCCB and the Prospect Entities agreeing to the same extensive "Catholic identity covenants" controlling their operation of New Fatima Hospital and New Roger Williams Hospital, all in return for the Diocesan Defendants agreeing to "maintain the retirement plan of St. Joseph Health Services of Rhode Island as a 'Church plan.' "

168. On September 17, 2013 the Diocesan Finance Council and College of Consultors met to decide whether to vote in favor of alienation of the assets of SJHSRI

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

pursuant to the proposed asset sale. Bishop Tobin, Chancellor Reilly, and Monseigneur Theroux attended as members of both, with Bishop Tobin as Chairman.

169. They requested that CCCB Chairman Belcher attend the meeting *alone*, without counsel or any other representatives of any of the parties other than the Diocesan Defendants, and he complied.

170. At the meeting, Mr. Belcher went over with the Diocesan Finance Council and the College of Consultors the presentation from counsel for SJHSRI, CCCB, and RWH which set forth the trade of cutting Fatima Hospital loose from the Plan and extensive "Catholic identity covenants" applicable to both hospitals, in return for the "requirement" that the Diocese "maintain the retirement plan of St. Joseph Health Services of Rhode Island as a 'Church plan'."

171. The Diocesan Finance Council and the College of Consultors approved the transaction.

172. On September 18, 2013, Chancellor Reilly provided counsel for SJHSRI, CCCB, and RWH with a draft of Bishop Tobin's proposed letter to the Secretary of the Congregation for the Clergy in Rome requesting approval for the 2014 Asset Sale, and sought counsel's "comments/suggestions" concerning the letter.

173. Bishop Tobin's draft letter to the Vatican purported to summarize the transaction. It recounted the "merger" of SJHSRI and RWH into CCCB in 2009, and stated that "[s]hortly thereafter, in the wake of the global economic downturn, CharterCARE soon began to experience the need for increased capital and was confronted with a **spiraling and gaping unfunded liability within its employee-pension system**" (emphasis supplied). The draft noted that the proposed sale would apply "approximately $14 million to fund the Church-sponsored employee pension plan."

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

174. Bishop Tobin then stated that "without [approval of] this transaction, it appears that a consistent Catholic healthcare presence in the Diocese of Providence would be gravely compromised, and the financial future for employees-beneficiaries of the pension plan would be at significant risk. I believe that the APA [Asset Purchase Agreement] between CharterCARE and Prospect will help avoid the catastrophic implications of such a failure, and at the same time, enhance the quality of care at SJHSRI/Our Lady of Fatima."

175. Finally, the draft letter concluded with Bishop Tobin stating that "[i]t is my sincere hope that Your Excellency will understand the important role of this alienation for the faithful of the Diocese of Providence, and the thousands of patients, employees, and pensioners of SJHSRI."

176. The draft letter did not refer to or otherwise disclose the Diocesan Defendants' undertaking to "[m]aintain the retirement plan of St. Joseph Health Services of Rhode Island as a 'Church Plan'," which would have been impossible to justify given that SJHSRI would no longer operate as a hospital or have any connection to the Diocese of Providence.

177. Counsel for SJHSRI, CCCB, and RWH revised the draft by *deleting* the reference to "spiraling and gaping" liability, and substituted "significant" liability, stating that he preferred the revision "**in the event this letter was ever subject to discovery in a civil lawsuit**" (emphasis added).

178. Counsel for SJHSRI, CCCB, and RWH left untouched, however, all of the other statements quoted above, including that $14 million would "fund the Church-sponsored employee pension plan," that without Vatican approval of the asset sale, "the financial future for employees-beneficiaries of the pension plan would be at significant

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

risk," and that such approval "will help avoid the catastrophic implications" of failure of the pension plan.

179. The Diocesan Defendants, SJHSRI, RWH, and CCCB knew that even after the $14 million contribution, the Plan would remain seriously underfunded, and the financial future of the pensioners would be at much more than merely "significant risk." Moreover, approval of the alienation would not avoid the "catastrophic implications" of that failure. To the contrary, such approval would increase the risk of such failure by depriving SJHSRI of operating income it needed to meet its obligations under the Plan, and hindering if not completely frustrating the Plan participants' rights to demand contributions by or recover damages from an asset-holding and income-generating hospital.

180. Bishop Tobin did not disclose in his letter to the Vatican that the proposed asset sale increased the probability of the Plan failing. Instead Bishop Tobin omitted that information and, in effect, said the opposite, that approval of the asset sale was actually necessary to secure the Plan.

181. On September 27, 2013, Bishop Tobin signed his letter as altered by counsel for SJHSRI, CCCB, and RWH and sent it to the Vatican.

182. These misrepresentations and omissions concerning the Plan in the Bishop's letter to the Vatican were included because Defendants SJHSRI, RWH, CCCB, and the Diocesan Defendants, all understood that Vatican approval was required for the transaction to proceed, and knew or were told that that the Vatican must approve specifically the "pension restructuring."

183. On November 15, 2013, there was a meeting of the CCCB Investment Committee that was administering the Plan. As part of a discussion concerning the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Plan, Chief Executive Officer Belcher informed them that "Bishop Thomas Tobin has signed off on the Plan, and the proposal has been sent to the Vatican for approval."

184. Vatican approval was obtained in early 2014, along with other necessary approvals, and the asset sale closed on June 20, 2014, whereupon ownership of Fatima Hospital was transferred from SJHSRI to Prospect Chartercare St. Joseph and ownership of Roger Williams Hospital was transferred from RWH to Prospect Chartercare Roger Williams.

185. In conformity with the "strategic plan" to which Defendants SJHSRI, CCCB, RWH, and the Diocesan Defendants had agreed prior to the closing of the asset sale, SJHSRI was not deleted from the 2014 Catholic Directory immediately after the 2014 Asset Sale, although it should have been.

186. As the next step in that plan, counsel for SJHSRI, CCCB, and RWH contacted the Diocese in late 2014 to ensure that SJHSRI would be included in the Catholic Directory for the coming year, 2015.

187. However, on November 11, 2014, the Diocesan Chancellor e-mailed a representative of the Prospect Entities and admitted that "Fatima and SJHSRI are not eligible for listing at this time." He noted that "[r]ecently, the USCCB has instituted more formalized and rigorous policies and procedures, with increased expectations for the local Dioceses, in light of stricter IRS scrutiny of group rulings." Moreover, the Chancellor observed that it was not a matter that could be handled discreetly out of public view, since "[t]he Prospect-CharterCARE merger has been major state news, and most in the local community are aware that a for-profit entity is now the parent company of Fatima and SJHSRI."

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

188. The response of the representative of the Prospect Entities was to e-mail Chancellor Reilly and Monseignor Theroux on December 2, 2014, with copies to SJHSRI and CCCB, stating that if SJHSRI were not listed in the Catholic Directory, that would "mean that the SJHS pension would no longer be treated as a church plan."

189. In the same e-mail, the representative for the Prospect Entities noted that the reason he was also addressing the e-mail to Monsignor Theroux was "due to his intimate knowledge of the situation and his role as chairman of the Prospect CharterCARE SJHSRI LLC Board of Directors." As noted above, Msgr. Theroux also was a member of the Diocesan Finance Council, and had been present on several occasions when Bishop Tobin agreed to maintain SJHSRI in the Catholic Directory in return for Catholic identity covenants applicable to the hospitals and Fatima Hospital being relieved of liability to fund the Plan.

190. On December 23, 2014, counsel for SJHSRI sent an e-mail to counsel for the Diocesan Defendants, which he copied to the Prospect Entities and Angell, that reminded everyone of the consequences of the Diocesan Defendants not listing SJHSRI in the Catholic Directory:

> SJHSRI believes that if it is not included in the 2015 issue of the directory that the pension plan will no longer qualify as a church plan and that **the loss of that status will require that they immediately notify the applicable governmental authorities that the plan is currently underfunded**.
>
> [Emphasis supplied]

191. In response, the Diocesan Defendants on December 31, 2014 again improperly agreed that SJHSRI would remain in the Catholic Directory for 2015, under the continuing "sponsorship" of the Diocese of Providence.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

192. On or about January 1, 2015, the Diocesan Defendants contacted the editors of the Catholic Directory and saw to it that SJHSRI remained listed in the Catholic Directory for 2015, under the "miscellaneous" activities of the Diocese of Providence.

193. That listing was repeated in the 2016 and 2017 editions of the Catholic Directory, the latter being the most recent edition as of June 2018.

194. The Diocesan Defendants and the other Defendants knew that continuing to list SJHSRI in the Catholic Directory was misrepresenting to the U.S. Conference of Bishops, the editors of the Catholic Directory, and the IRS, that SJHSRI continued to be "operated, supervised, or controlled by or in connection with the Roman Catholic Church."

195. Nevertheless, since 2014, the Diocesan Defendants have continued to certify to the editors of the Catholic Directory that there were no changes concerning SJHSRI, and, therefore, that SJHSRI continued under the sponsorship of the Diocese.

196. The contact person that the Diocesan Defendants listed in the Catholic Directory for SJHSRI for 2015 and every year since has been an agent for the Prospect Entities with no connection to SJHSRI.

197. The IRS was never notified that SJHSRI no longer was entitled to tax exempt status under the group ruling the IRS issued to the U.S. Conference of Bishops, as it should have been, and SJHSRI thereafter continued to file informational nonprofit organization returns to the IRS that it was no longer entitled to file, and failed to file income tax returns that it was required to file.

198. Specifically, Defendant SJHSRI on or about August 16, 2016, filed with the IRS a "Return of Organization Exempt From Tax," Form 990, that falsely claimed

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

that SJHSRI had tax exempt status under 26 U.S.C. § 501(c)(3) for the tax year from October 1, 2014 through September 30, 2014.

199. Defendant SJHSRI on or about August 10, 2017, filed with the IRS a "Return of Organization Exempt From Tax," Form 990, that falsely claimed that SJHSRI had tax exempt status under 26 U.S.C. § 501(c)(3) for the tax year from October 1, 2015 through September 30, 2016.

200. The Diocesan Defendants knew that their agreeing to continue to list SJHSRI in the Catholic Directory would enable Defendant SJHSRI to file these false returns, and knew and expected that Defendant SJHSRI in fact would file these false returns.

201. These false claims were material in that they hindered or had the potential for hindering the IRS's efforts to monitor and verify Defendant SJHSRI's tax liability.

202. The Diocesan Defendants aided and abetted SJHSRI's filing of these false tax returns in violation of 26 U.S.C. § 7206(2), which states as follows:

> Any person who—
>
> * * *
>
> (2) Aid or assistance.--Willfully aids or assists in, or procures, counsels, or advises the preparation or presentation under, or in connection with any matter arising under, the internal revenue laws, of a return, affidavit, claim, or other document, which is fraudulent or is false as to any material matter, whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document…
>
> * * *
>
> shall be guilty of a felony and, upon conviction thereof, shall be fined not more than $100,000 ($500,000 in the case of a corporation), or imprisoned not more than 3 years, or both, together with the costs of prosecution.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

203. The Diocesan Defendants aided or assisted in, procured, counseled, or advised the preparation or presentation of these tax returns, the returns were false as to a material matter, and the acts of the Diocesan Defendants were willful.

204. Defendants SJHSRI, RWH, CCCB, the Prospect Entities, and the Diocesan Defendants all knew that the Diocese of Providence's power to delete SJHSRI from the Catholic Directory gave the Diocese a complete veto over the asset sale, because claiming that the Plan was a Church Plan, although unlawful, was a requirement by SJHSRI, RWH, CCCB, and the Prospect Entities for the sale to proceed, as expressly set forth in the Overview of the Strategic Transaction shared with the Diocesan Defendants on August 14, 2013.

205. Thus, the Diocesan Defendants share responsibility for the 2014 Asset Sale and the retention of the Plan by an insolvent SJHSRI, not because they controlled SJHSRI (which they did not), but because they participated in a conspiracy with all of the other Defendants to fraudulently and falsely claim Church Plan status for the Plan, in an attempt to free Fatima Hospital from the unfunded liabilities on the Plan at the expense of the Plan participants, without which the 2014 Asset Sale to the Prospect Entities would not have been consummated and the Plan participants would not have been injured.

206. The Diocesan Defendants chose to prefer their interest in having New Fatima Hospital operated under the Catholic identity covenants, and having New Fatima Hospital freed of approximately $59,000,000 in liabilities, over the interests of the Plan participants in their hard-earned pensions.

207. The purpose for improperly including SJHSRI in the Catholic Directory was to enable SJHSRI to falsely assert that the Plan was a Church Plan, in assist

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

SJHSRI and all of the other Defendants in their fraudulent scheme to avoid liability for the Plan and keep the insolvency of the Plan hidden.

208. Another inducement for the Diocesan Defendants improperly agreeing to retain SJHSRI in the Catholic Directory was that if the asset sale went forward, the Diocesan Defendants would receive nearly $640,000 in repayment of a loan from the Inter-Parish Loan Fund.

209. SJHSRI had previously requested that the loan be forgiven, since it concerned improvements to a property that the Diocesan Defendants continued to own after the 2014 Asset Sale, and which had benefitted from the improvements.

210. It was the decision of Bishop Tobin to deny SJHSRI's request that the loan should be forgiven.

211. In connection with the 2014 Asset Sale, the Inter-Parish Loan Fund received proceeds of $638,838.25 from the proceeds of the sale of SJHSRI's assets.

212. On August 22, 2014, Bishop Tobin directed that $100,000 of this amount be transferred to the Priests' Retirement Fund instead of the SJHSRI Plan, and that the balance be applied towards a Diocesan Line of Credit.

B. SJHSRI'S OBLIGATIONS UNDER THE PLAN

213. From 1965 to 1995, SJHSRI's employees participated in the pension plan that the Diocesan Defendants established for the employees of the Diocese of Providence (the "Diocesan Plan").

214. Prior to January 1, 1973, SJHSRI's employees were required to contribute to the Diocesan Plan 2% of the first $4,800 of their annual earnings, and 4% of their annual earnings in excess of $4,800. As of January 1, 1973, employees were not required (or permitted) to make contributions to the Plan.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

215. The Plan documents at all relevant times included both a Trust and a highly-technical and lengthy separate instrument that purported to set forth the terms of the Plan. During the period from 1965 through 1995, the Plan was part of the Diocesan Plan, and was amended or restated at least ten times.

216. In 1995, in connection with the tenth restatement of the Diocesan Plan, SJHSRI and the Diocesan Defendants took certain steps to unilaterally remove SJHSRI employees from the Diocesan Plan, which up to then had covered both the employees of SJHSRI and the lay employees of the Diocese of Providence.

217. At the same time SJHSRI and the Diocesan Defendants established and/or caused SJHSRI to establish a separate plan for SJHSRI, without obtaining the agreement of or even providing notice to the Plan participants or SJHSRI's employees.

218. Up until then, the assets of the Diocesan Plan allocable to the lay employees of the Diocese and to the employees of SJHSRI were co-mingled in the same investment accounts. In 1995, a portion of the assets of the Diocesan Plan was allocated to the employees of SJHSRI and transferred to separate accounts to fund the Plan. Thereafter, the funds were kept segregated. This enabled the Diocesan Defendants to fund the Diocesan Plan as they saw fit, while SJHSRI was not funding the Plan. Another purpose and effect of the split was to insulate the pension benefits of the lay employees of the Diocese from the claims of the employees of SJHSRI.

219. Following its separation from the Diocesan Plan, the Plan was unilaterally revised by SJHSRI on three occasions, in 1999, 2011, and 2016.

220. The various iterations of the Plan contain different provisions (the "Exculpatory Provisions") that were inserted so as to enable arguments regarding the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

construction of the Plan that would make any funding obligation illusory and which would constitute a fraud on the Plan participants.

221. The Exculpatory Provisions so construed are ineffective, for various reasons, including, but not limited to, that (a) they contradict the reasonable expectations of Plan participants, (b) they are contrary to representations made over many years to Plan participants upon which Plan participants relied to their detriment such that Defendants are estopped from relying on such provisions, (c) they violate the obligation of good faith and fair dealing, and (d) they generally represent an unconscionable fraud on Plan participants.

222. The Exculpatory Provisions so construed also contradict statements that SJHSRI, RWH, CCCB, and the Prospect Entities made to various Rhode Island state agencies to obtain their approval for the 2014 Asset Sale and to the Rhode Island Superior Court in 2015 to obtain the court's approval of the transfer of approximately $8,200,000 from SJHSRI and RWH to CC Foundation.

223. These statements acknowledged both that it was SJHSRI's "liability" and "obligation" to fund the Plan, but also represented that SJHSRI had the intent and means to "satisfy" that obligation. Having succeeded in obtaining those approvals based upon the those representations, SJHSRI, RWH, CCCB, CC Foundation, and the Prospect Entities are judicially estopped from contending otherwise, and from enforcing the Exculpatory Provisions insofar as they would relieve SJHSRI of any such liability, since to allow them to use those provisions for that purpose would reward a fraud on both the Rhode Island Attorney General and the Rhode Island Superior Court.

224. Moreover, insofar as the Exculpatory Provisions if so construed would have the effect of relieving Defendant SJHSRI from liability to fully fund the Plan or pay

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

the promised retirement benefits, then Defendants SJHSRI, Angell, and the Prospect Entities breached their fiduciary obligations to disclose that material information to the Plan participants, including, but not limited to, the information that Defendant SJHSRI contended that it was not obligated to fund, and, in fact, was not funding the Plan. All of the other Defendants aided and abetted those breaches of fiduciary duties by Defendants SJHSRI, Angell, and the Prospect Entities.

225. All of the various iterations of the Plan have in common the fact that they were never given to Plan participants. In other words, Plan participants were never provided with a copy of the Plan documents, either at any time during the applicability of the Diocesan Plan or, subsequently, when the Plan for SJHSRI employees was separately established.

226. Notwithstanding the Exculpatory Provisions, SJHSRI's obligation to properly fund the Plan was acknowledged in the annual financial statements for SJHSRI prepared by different auditors through the years.

227. For example, since 2006, all of SJHSRI's annual (both audited and unaudited) financial statements have listed the unfunded portion of Plan obligations as a liability on the balance sheet for SJHSRI, and reduced the net assets of SJHSRI by that amount.

228. In addition, the financial statements repeatedly referred to SJHSRI's policy to make annual contributions to fund the Plan, and to determine the amount of the contributions as if the Plan were subject to the funding obligations of ERISA. For example:

a. SJHSRI's financial statements for the fiscal years ending September 30, 1985, September 30, 1986, and September 30, 1987, stated that "[t]he Hospital makes annual contributions to the Plan equal to the amount accrued for pension expense;"

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

b. SJHSRI's financial statements for the fiscal years ending September 30, 1992, September 30, 1993, September 30, 1994, September 30, 1995, September 30, 1996, and September 30, 1997, stated that "[t]he Hospital's policy is to fund pension costs accrued which are within the guidelines established by ERISA;"

c. SJHSRI's financial statements for the fiscal years ending September 30, 2001, and September 30, 2002, stated that "[t]he Corporation's policy is to fund at least the minimum amount required under ERISA guidelines;" and

d. SJHSRI's financial statements for the fiscal years ending September 30, 2003, September 30, 2004, September 30, 2005, and September 30, 2006, stated that "[a]lthough the plan is not subject to ERISA, the Corporation's policy is to fund at least the minimum amount required under the ERISA guidelines."

229. These financial statements all were expressly approved by the SJHSRI's Board of Trustees, SJHSRI's management, and SJHSRI's auditors.

230. Even in years when SJHSRI's annual financial statements did not expressly acknowledge that it was SJHSRI's policy to fund the Plan under ERISA guidelines, those financial statements never disclosed that SJHSRI had not adhered to its oft-stated policy to fund the Plan under ERISA guidelines.

231. Similarly, the annual reports that Angell and Angell's predecessor actuaries provided to SJHSRI concerning the actuarial status of the Plan repeatedly acknowledged both that SJHSRI was liable to fully fund the Plan and that SJHSRI's policy was to make contributions to the Plan as if it were subject to ERISA. For example:

a. In the Actuarial Valuations of the Plan as of July 1, 1995, July 1, 1996, July 1, 1997, July 1, 1998, and July 1, 1999, Watson Worldwide[4] stated that "[s]ince this a church plan it is not subject to the minimum funding requirements of ERISA. However, it is the Hospital's funding policy to follow the ERISA guidelines each year in determining the contribution requirement. This funding

[4] Watson Worldwide were the actuaries at the time.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

policy will ensure that sufficient assets are available to plan participants to pay retirement benefits;"

b. In the Actuarial Valuations of the Plan as of July 1, 2000, July 1, 2001, and July 1, 2002, Aon Employee Benefits Consulting[5] stated that "[w]hile the Plan is a church plan, and is not subject to the funding requirements of ERISA, the current funding policy follows the ERISA guidelines. Therefore, the minimum contribution level has been determined as the amount that would be required by ERISA in the absence of church plan status;"

c. In the Actuarial Valuations of the Plan as of July 1, 2006 and July 1, 2007, Angell stated that "[w]hile the Plan is a church plan, and is not subject to the funding requirements of ERISA, the current funding policy follows the ERISA guidelines without regard to the current liability calculations;" and

d. In the Actuarial Valuations of the Plan as of July 1, 2008, and for each year thereafter, Angell stated that "[w]hile the Plan is a church plan, and is not subject to the funding requirements of ERISA, the current funding policy follows the ERISA guidelines without regard to the current liability calculations or Pension Protection Act of 2006 modifications."[6]

232. In December 2009, and after review and consultation with SJHSRI, Moody's Investor Services affirmed its rating of SJHSRI's Series 1999 bonds. In its rating statement, Moody's noted the Plan had been frozen and stated: "[w]hile there is no required funding by ERISA, the need to fund adequately the pension is an obligation of the hospital."

233. Other statements that Defendants SJHSRI, RWH, and CCCB made to state regulators in connection with obtaining approval for the 2014 asset sale also represented that they were obligated by the Plan to make necessary contributions.

[5] Aon Employee Benefits Consulting were the actuaries at the time.

[6] The caveat for "the current liability calculations or Pension Protection Act of 2006 modifications" is irrelevant, since neither the then current liability calculations nor the Pension Protection Act of 2006 modifications eliminated or even affected the ERISA guidelines for funding.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

234. For example, in response to an official query concerning how the Plan would be operated after the asset sale, they stated on April 15, 2014 as follows:

> Response: The pension liability will remain in place post transaction. Subsequent to the $14 Million contribution to the Plan upon transaction, **future contributions to the Plan will be made based on recommended annual contribution amounts as provided by the Plan's actuarial advisors**. Moving forward, the investment portfolio of the plan will be monitored by the Investment Committee of the Board of Trustees.
>
> [Emphasis supplied]

235. Similarly, SJHSRI management and its boards repeatedly acknowledged that SJHSRI's policy was to make contributions to the Plan as if it were subject to ERISA, and that is was a "fiduciary obligation" of board members to see to it that the Plan was properly funded. For example:

a. SJHSRI Chief Financial Officer John Flynn on September 5, 1996 advised Watson Worldwide that the SJHSRI Finance Committee wanted to "[a]dopt an approach [to the Plan] that will allow for a consistent method over time to adequately fund the plan, taking into consideration the Hospital's ability to make the necessary contributions and **ensuring the Finance Committee and the Retirement Board that they will meet their fiduciary responsibility for providing adequate funding**" [emphasis supplied]; and

b. SJHSRI's Human Resources Department disseminated as authoritative a history of the Plan captioned "St. Joseph Health Services of Rhode Island Retirement Plan History," which stated that "[t]he Corporation's policy is to fund pension costs accrued that are within the guidelines of ERISA."

C. DEFENDANTS KNEW THE PLAN WAS UNDERFUNDED

236. On May 12, 2008, SJHSRI and RWH entered into a "MEMORANDUM OF UNDERSTANDING" that agreed in principle to their merger.

237. Officials from RWH evaluated SJHSRI's pension liability in connection with the merger that ultimately took place in 2009, which also was approved by the R.I.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Department of Health and Attorney General under the Hospital Conversions Act. According to the minutes for a meeting of the executive committee of the RWH's Board of Trustees on October 23, 2008, the estimated underfunding for the Plan as of September 20, 2008 was $29 million.

238. As of February 2, 2009, SJHSRI and RWH entered into a Health Care System Affiliation and Development Agreement among Roger Williams Hospital and Roger Williams Medical Center, and St. Joseph Health Services of Rhode Island and Roman Catholic Bishop of Providence (the "SJHSRI-RWH Affiliation Agreement"). The SJHSRI-RWH Affiliation Agreement provided that "CharterCare Health Partners" (later re-named CharterCare Community Board and referred to herein as CCCB) would be formed and would completely control RWH and would control SJHSRI on all matters except certain religious issues.

239. On July 9, 2009, Angell informed SJHSRI, RWH, and CCCB that the estimated unfunded benefit obligation as of July 1, 2009 was approximately $60,000,000 and would increase over the next four years even if SJHSRI contributed an additional $8.7 million over that period.

240. On March 15, 2011, the Finance, Audit and Compliance Committee of the Board of Directors for CCCB met to discuss, *inter alia*, the shortfall in the Plan's funding, and the following discussion took place amongst members of the committee and Jeffrey Bauer (President and Chief Executive Officer of Defendant Angell):

> Mr. McQueen asked how much the Hospital would need to fund into the Plan to carry it to term. Mr. Bauer indicated approximately $50M would be needed. . . .
>
> Mr. Stiles asked what was happening in the public sector. Were there any modifications available that should be looked at in order to minimize the Hospital's liability? **Mr. Bauer indicated that any modifications to the**

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Plan would be difficult because it is a protected benefit and cannot be changed.

[Emphasis supplied]

241. Other communications between Angell and SJHSRI also informed SJHSRI management and directors of the extent of the Plan's unfunded status. For example, in 2010, Angell advised SJHSRI that SJHSRI should make a "recommended maximum contribution" of $1,624,311 to the Plan, or at least a "minimum contribution" of $1,444,178, and advised that a contribution of $21,314,085 was needed to reach a 100% funding level.

242. The term "minimum contribution" referred to the minimum contribution amount determined under Internal Revenue Service rules that can be paid by plans subject to ERISA without incurring a penalty. For plans that are underfunded, it typically includes at least two components: (a) a "target normal cost' that is based on plan expenses and the expected benefit payout over the coming year; and (b) a shortfall amortization charge, which is a sum necessary to return the plan to fully-funded status over a period of years.

243. The term "recommended maximum contribution" referred to the maximum contribution that SJHSRI could deduct from federal income taxes if it were a for-profit corporation.

244. The term "100% funding level," or, indeed, any percentage funding level, is a term of art that Angell intended and SJHSRI understood is based on the assumption that the Plan would continue for years, which at many times was a false assumption as discussed below, and also is based upon an assumed future rate of return on pension plan assets. In addition, in accordance with actuarial standards,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

customs, and practices, a "funding level" percentage applies only at the point in time the estimate is made, must be based solely on the pension plan's existing liabilities, not pension liabilities incurred after that date, and is subject to possibly drastic change if investment returns actually realized were less than the assumed rate of return on which the estimate was based.

245. SJHSRI disregarded the 2010 recommendation and made no contribution.

246. In 2011, Angell advised SJHSRI that SJHSRI should make a "recommended maximum contribution" of $1,626,074 to the Plan, or at least a "minimum contribution" of $1,433,706, and advised that a contribution of $22,426,204 was needed to reach a 100% funding level. SJHSRI disregarded the recommendation and made no contribution.

247. In 2012, Angell advised SJHSRI that SJHSRI should make a "recommended maximum contribution" of $1,793,075 to the Plan, or at least a "minimum contribution" of $1,480.468, and advised that a contribution of $13,690.720 was needed to reach a 100% funding level. SJHSRI disregarded the recommendation and made no contribution.

248. In 2013, Angell advised SJHSRI that SJHSRI should make a "recommended maximum contribution" of $3,056,708 to the Plan, or at least a "minimum contribution" of $2,144,292, and advised that a contribution of $25,081,206 was needed to reach a 100% funding level. SJHSRI disregarded the recommendation and made no contribution.

249. On or about December 2, 2013, the Prospect Entities requested that Angell provide them with an updated estimate of the amount of unfunded benefits if the Plan were terminated.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

250. On December 10, 2013, Angell advised that the updated estimate of the amount of unfunded benefits if the Plan were terminated was over $98,000,000. The reason this was so much higher than the sum needed to reach a 100% funding level in 2013 was that the termination liability would be paid by SJHSRI's purchase of annuities from an insurance company to fund those benefits, which would cost much more than if SJHSRI continued to operate the Plan and the Plan earned the assumed rate of return of 7.75%.

251. On December 13, 2013, a principal in Mercer (US) Inc., the company that was managing the Plan's portfolio assets on behalf of SJHSRI, informed CCCB Chief Financial Officer Conklin that "the Plan's funded status on a current market basis [of 4.6%] is around 50%," and that this funding level was more reliable than the finding level of over 90% that Angell had calculated based on an assumed rate of return of 7.75%.

252. The market rate to which the Mercer representative referred was the rate that single employer defined benefit plans (such as the Plan) that are governed by ERISA are required to use. The Mercer representative noted that Angell was using a higher estimated rate of return because the Plan's purported Church Plan status relieved them of the obligation to use the market rate of return, and that using the higher rate of return in determing the Plan's funding level had the effect of greatly increasing the Plan's funding level over what it would have been under ERISA.

253. Angell prepared revised calculations and met with the Prospect Entities on or about January 8, 2014 and shared with them the facts concerning the unfunded status of the Plan and the cost of terminating the Plan and purchasing annuities.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

254. In connection with the sale of their assets to the Prospect Entities discussed below, CCCB submitted to the Prospect Entities consolidated financial statements on behalf of CCCB, SJHSRI, and RWH, stating that the unfunded liability on the pension was $91,036,390 as of April 30, 2013.

255. The Diocesan Defendants were also fully familiar with the extent to which the Plan's liabilities were unfunded. Indeed, as noted above, in September of 2013, Bishop Tobin had described the pension as "a spiraling and gaping unfunded liability."

256. Thus, prior to and at the time of the 2014 Asset Sale, CCCB, SJHSRI, RWH, the Prospect Entities, the Diocesan Defendants, and Angell all had actual knowledge of the full extent of the Plan's unfunded liabilities.

D. MISREPRESENTATIONS TO PLAN PARTICIPANTS

257. SJHSRI used the Plan to hire and retain skilled employees. Indeed, in October 1990, SJHSRI's actuary Watson Worldwide made a presentation to the SJHSRI board noting that "recruiting and retention of employees" was the first purpose of the Plan.

258. It is equally clear that SJHSRI's policy to follow ERISA guidelines was dictated by competitive reasons. For example, in 1977, SJHSRI changed the Plan so that the amount of benefits was based on a percentage of the employees' last salaries prior to retirement, comparable to what was required by ERISA, after conducting a survey of seven other competitor hospitals that had conformed their Plans to include this requirement. Watson Worldwide in a letter to the President of SJHSRI on February 4, 1983 noted that "[t]he plan for the most part is consistent with the spirit of ERISA, primarily for competitive reasons."

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

259. SJHSRI management and directors were informed on numerous occasions that SJHSRI's employees did not understand the provisions of the Plan. For example:

a. In a memorandum to SJHSRI Controller Paul Beaudoin on February 3, 1997, Watson Worldwide offered to update the employee booklet on the Plan. Watson Worldwide dealt directly with Plan participants and made presentations to them concerning the Plan. Nevertheless, they stated that "[i]t is our understanding that employees do not understand or know very much about the Plan." Management declined to update the booklet.

b. On February 2, 1990, SJHSRI's Vice President for Human Resources David DeJesus asked for authority to provide Plan participants with an annual statement that would contain the information that ERISA requires for annual plan statements. SJHSRI never provided Plan participants with such information, which would have included disclosing the unfunded status of the Plan.

c. At a meeting of the Investment Committee of the CCCB Board of Trustees on May 4, 2012, after board members were informed that SJHSRI was not required by ERISA to make contributions to the Plan, one board member asked whether Plan participants "truly understood the funding status of the Plan and the impact of the Plan being a Church Plan (non ERISA)." The response by CCCB President and Chief Executive Officer Belcher was that he "believed that staff are aware and that this subject was discussed at employee forums." However, this information was never mentioned in any written presentation to any employees and there is no evidence it was ever even orally conveyed at any employee forums or to any employees or other Plan participants at any other occasion.

260. In contrast to the extremely difficult, obscure, and technical language set forth in Plan documents, SJHSRI, the Diocesan Defendants, Prospect Chartercare, and Angell made or provided statements to Plan participants, on different occasions, in many different contexts, over many years, and using plain language, that assured Plan participants that the Plan was an earned benefit of their employment, that the contributions necessary to properly fund the Plan were being made, that it was

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

management's policy, practice and duty to do so, and that SJHSRI and not the Plan participants bore the risk of Plan assets not earning expected returns or incurring investment losses.

261. The Plan participants relied upon those statements to their detriment.

262. Moreover, these assurances created a general understanding and commonly held belief amongst employees and retirees that SJHSRI had undertaken to fully fund the Plan and to assume any investment risk associated with Plan investments, and created a culture of trust and reliance that influenced even those employees and retirees who cannot recall specific communications, that cumulatively informed the reasonable expectations of Plan participants, such that detrimental reliance is presumed and proof of individualized reliance on specific representations is not necessary.

263. Third parties such as SJHSRI's employee unions also relied upon these communications.

264. These communications took many forms. They included descriptions of the Plan in detailed booklets, less-detailed handouts and tri-fold pamphlets specific to the Plan, employee handbooks, presentations ("PowerPoints") used in slideshows, and memoranda and letters from SJHSRI management to employees.

265. In addition, SJHSRI and its agents and representatives (including Defendant Angell) communicated with specific employees concerning the Plan and a specific employee's benefits through various letters and statements as described below.

266. A detailed booklet entitled "Retirement Plan for Employees of the Diocese of Providence," issued prior to 1973, described the pension benefits being provided to the employees of SJHSRI as of January 1, 1973 and stated:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

It is the desire of the diocese, its parishes and institutions, to make provision for its employees in retirement. Indeed, we have always had a sympathetic concern for the welfare of our employees and are confident that this implementation of that concern will provide the necessary sense of security and peace of mind that all envision.

* * *

Q. What does the Diocese contribute?

A. The Diocese contributes the entire cost of the benefits you have earned prior to the adoption of the Retirement Plan. The Diocese will also contribute an additional amount which, when added to your contributions, will meet the cost of benefits you will earn during the remaining years of your employment.

* * *

Q. How will my Retirement Benefit be paid?

A. You will receive a check each month beginning on your retirement date and terminating with the payment preceding your death.

267. Another detailed booklet, entitled Saint Joseph's Hospital Retirement Plan (1973 edition) stated:

This booklet has been prepared to inform you about your Saint Joseph's Hospital Retirement Plan.

* * *

One of the most important sources of your income will be our Retirement Plan . . . .

* * *

HIGHLIGHTS OF THE PLAN

The Hospital will pay the entire cost of the Plan beginning January 1, 1973.

* * *

COST OF THE PLAN

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

5. Do I make any contributions to the Plan?

No. The Hospital will pay the entire cost of the Plan beginning January 1, 1973 – not only your pension but also all actuarial, legal and investment expenses incurred in the administration of the Plan.

268. On or about February 6, 1978, SJHSRI's then President sent a memorandum to employees, urging them not to unionize and describing the benefits SJHSRI already provided through the Diocesan Plan. This memorandum contrasted the Hospital's pension benefits with what SJHSRI characterized as "vague promises" of union organizers and stated:

> Know the facts when someone asks you to sign a union authorization card. The union organizer makes vague promises, but the facts are that your Hospital has, on a regular basis, increased your wages and improved your benefits.
>
> For example, during the past five years, the following improvements have been made by the Hospital:
>
> * * *
>
> Pension Plan – Improved from contributory to non-contributory effective January 1973. Plan improved again effective January 1977; **Hospital pays full cost of the plan**.
>
> [Emphasis supplied]

269. Another detailed booklet, entitled "RETIREMENT PLAN ST JOSEPH HOSPITAL Providence/North Providence, Rhode Island (1982 Edition)" contains the following statement, in question and answer format:

> WHO WILL PAY FOR MY BENEFITS?
>
> The Hospital pays the entire cost of your benefits earned after 1972 and before 1965. You and the Hospital shared the cost between 1965 and 1972.
>
> **Each year independent actuaries calculate the amount of money which the Hospital will pay to the Plan Trustee. This money is then**

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

> **set aside and invested to provide each eligible employee with a pension at retirement**.
>
> [Emphasis supplied]

The preface to the booklet was a letter to employees signed by then-SJHSRI President Azevedo, which concluded with the "hope that this Plan will be evidence of our personal interest in your welfare, not only while actively in our employ but after you retire to enjoy the rewards of a long and productive life."

270. Similar language was included in the next edition of that booklet, captioned "St. Joseph Hospital Retirement Plan Providence/North Providence, Rhode Island (1986 Edition)", which stated:

> The St. Joseph Hospital Retirement Plan was established to help you make your retirement years economically more secure. Since its inception in 1965, the Hospital has made many improvements to the Plan. The most recent improvements became effective on July 1, 1985.
>
> The Hospital pays the entire cost of the Plan and no contributions are required by you.
>
> Your Retirement Plan will give you a lifetime monthly income when you become eligible to retire. In addition, the Plan may provide benefits to your spouse or beneficiary after your death.
>
> * * *
>
> WHO PAYS FOR MY BENEFITS?
>
> **The Hospital pays the entire cost of your benefits. Each year independent actuaries calculate the amount of money which the Hospital will pay to the Plan Trustee. This money is then set aside and invested to provide each eligible employee with a pension at retirement.**
>
> [Emphasis Supplied]

271. As already noted, however, although actuaries throughout the life of the Plan annually calculated the amount of money that SJHSRI should pay into the Plan,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

based upon the contribution requirements of ERISA and the Plan, SJHSRI routinely disregarded their recommendations and in many years chose to make no annual contributions whatsoever, with the result that the Plan became more and more underfunded over time.

272. The highlighted language was repeated in a subsequent revision of that booklet in 1988 and draft revisions in 1993, 1995, 1996, and 1999. It appears that SJHSRI stopped revising that booklet but continued to use it over time. During the period it was in use, SJHSRI never omitted or in any way contradicted this language.

273. Prior to 1995, the Diocese's Retirement Board sent terminated or retiring employees of SJHSRI documents entitled "STATEMENT OF INFORMATION FOR TERMINATED EMPLOYEES WITH VESTED RIGHTS". For example, one such form dated January 15, 1994 stated:

> According to our records, your service with St. Joseph Hospital prior to your termination of employment on 12/3/92 entitles you to a benefit at age 65 from the Diocese of Providence Retirement Plan – St. Joseph Hospital (the "Plan"). The amount of this benefit is $192.42 per month commencing on 4/1/2020 and **payable to you for as long as you live**.
>
> [Emphasis supplied]

274. From time to time SJHSRI offered seminars or made presentations to Plan participants to explain their benefits, and in the process assured Plan participants that they could rely on their pensions. For example, on November 15 & 16, 1995, and again on March 4, 1998, SJHSRI, through its actuary and direct representative with Plan participants, Watson Worldwide, showed Plan participants a PowerPoint that stated that "[c]omputations [are] made annually to ensure assets are sufficient to meet current and expected future benefit obligations," without disclosing that in fact SJHSRI disclaimed

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

any obligation to follow the funding recommendations that were the product of those computations.

275. On October 24, 1996, the President and Chief Executive Officer of SJHSRI sent a letter to employees of SJHSRI, which stated that he was "particularly pleased about the Pension Plan improvements," but neglected to disclose the fact that SJHSRI employees were no longer part of the Diocesan Plan.

276. That same letter claimed that the Plan available to SJHSRI employees "is as good or better than those of many other organizations in the region," without disclosing that, unlike the case with the defined benefit plans of most organizations, SJHSRI claimed that the Plan was not governed by ERISA, and thus would not have insurance coverage against insolvency provided by the PBGC.

277. From time to time thereafter, SJHSRI, the then-incumbent Bishop, and the Diocese of Providence communicated with SJHSRI employees concerning the Plan in terms that reassured Plan participants that the Bishop and Diocese of Providence had ongoing involvement in the Plan.

278. For example, a handout was provided to Plan participants, entitled "RETIREMENT PLAN HIGHLIGHTS," that purported to summarize the Plan as of January 1, 1998 (three years after the split off of the Plan from the Diocesan Plan), and referred to the Bishop's and Diocese's ongoing involvement in the Plan:

> Who administers the Plan?
>
> The Roman Catholic Bishop of Providence has appointed a Retirement Board to administer the Plan. The Board will establish rules and regulations for the administration of the Plan, and will be responsible for resolving any disputes concerning Plan operation.
>
> Who administers the Retirement Fund?

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

> The Diocese has established a Trust Fund with Fleet Investment Services. The Trustee of the Fund will hold, invest, and distribute the money in accordance with the terms and provisions of the Plan and Trust Agreement.

The statement that Plan assets were held in a trust established by the Diocese was false, since in connection with the separation of the two plans in 1995, a new trust was established by SJHSRI, but SJHSRI did not inform Plan participants of the separation, much less that only a portion of the Diocesan Plan assets were transferred to the new trust for the Plan alone.

279. That handout also stated in part:

> Retirement is a time in life we all look forward to with great anticipation, a time when we have the opportunity to do the things we most enjoy. Maybe you have your sights set on traveling across the country? Or perhaps spending time with the grandchildren? But whether your retirement plans involve relaxing on the beach—or on the golf course—one thing's for certain: *You'll need money to achieve them.*
>
> That's why St. Joseph Health Services of Rhode Island offers the Retirement Plan to all eligible employees. **The Retirement Plan is designed to help you meet your retirement savings goals by providing you with a monthly annuity during retirement. And the best part of all is you contribute nothing for this benefit—it's paid for completely by the Hospital.** In this way, your Retirement Plan benefit is an important part of your total retirement income. And when combined with your Social Security benefit and your personal savings, this benefit can provide the financial security you need to follow through on your retirement plans.
>
> * * *
>
> *Retirement Payment Options*
>
> What are the payment options?
>
> **You may choose a Life Annuity option, which provides you a fixed monthly payment throughout your lifetime.** Or you may choose one of four Joint and Survivor options (100%, 75%, 66 2/3%, or 50%), which pay

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

a reduced monthly payment throughout your lifetime, and continue payments to your beneficiary after you die.

You may also choose a Ten-Year Guarantee option, which provides at least 120 guaranteed monthly payments (for a total of ten years) to you and your beneficiary.

[Italics in the original and bolded emphasis supplied]

280. A pamphlet provided to Plan participants, entitled "Questions And Answers About The St. Joseph Health Services Retirement Plan," and dated "Effective 7/1/2001", stated *inter alia*:

Q: What forms of payment are available to me?

A: The normal form of payment is a life annuity. **Under this form of payment, you will receive your monthly pension payments for as long as you live.** All pension payments stop when you die.

[Emphasis added]

281. From time to time, SJHSRI provided statements to Plan participants discussing and quantifying their Plan benefits. Thousands of these statements stated *inter alia*:

St. Joseph Health Services of Rhode Island is pleased to give you this statement showing your estimated benefits in the Retirement Plan as of [insert date]. **Your pension benefit is an important part of your future retirement income**, along with Social Security, your 403(b) savings, and your other personal savings. You automatically become a participant in the plan once you have completed 12 months of employment and worked at least 1,000 hours. Some key features of this plan are:

- Simplicity—Participation in the plan is automatic. You do not have to enroll or do anything until you retire.

- Security—Benefits are paid from a secure trust fund.

- **Company Paid—The plan is entirely paid for by St. Joseph Health Services of RI. There is no cost to you.**

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

* * *

SUMMARY OF PLAN PROVISIONS:

St. Joseph Health Services of Rhode Island Retirement Plan provides you with:

a) **A monthly income payable for life when you retire**, in addition to your Social Security benefits.

b) The right to retire as early as age 55 if you have completed at least 5 years of continuous service.

c) The right to future pension benefits if you leave the Hospital after 5 or more years of continuous service.

d) Death benefits payable to your surviving spouse or beneficiary if you die while still employed after completing 5 years of continuous service.

The Hospital pays the entire cost of the plan. In addition, the Hospital pays into the Social Security System an amount equal to what you pay.

[Emphasis added]

282. Similarly, in September of 2003, SJHSRI provided employees with a handout entitled "Understanding Your St. Joseph Health Services of Rhode Island Pension Statement," which set forth the following as "Pension Basics":

Pension Basics

Simple

- Participation is automatic

Secure

- Assets in trust fund
- **No investment risk to you**

Valuable

- Hospital pays the entire cost

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

- Non-contributory Defined Benefit (DB) Plan
- Rewards long service employees

[Emphasis supplied]

283. However, the insolvency of the Plan is due in large part to SJHSRI's choosing not to fund the Plan when it was necessary to do so because the Plan did not meet investment targets, or, indeed, incurred substantial investment losses. In other words, SJHSRI in fact placed the "investment risk" on Plan participants, contrary to the representation that they bore "no investment risk," and notwithstanding that, unlike participants in a defined contribution plan who exercise at least some control over their retirement investments, Plan participants were completely powerless to control investment risk in that it was solely SJHSRI, CCCB, or the Retirement Board, who determined how the Plan assets would be invested, without consultation with Plan participants or even advising them of the allocation of Plan assets, investment returns obtained on Plan assets, or the unfunded status of the Plan.

284. Other handouts and similar communications containing the same or substantially equivalent language as that of the handouts quoted in paragraphs 266-283 were provided to Plan participants on other occasions, all as part of the process of hiring and retaining employees.

285. From time to time, SJHSRI provided employee handbooks to its employees. One dated "April, 2004," stated *inter alia*:

> Pension Plan
>
> Regular full-time and regular part-time employees are eligible to participate in the SJHSRI pension plan. If an Employee is paid for 1,000 hours or more per retirement plan year he/she will enter the Plan on the first of the calendar month following the first anniversary of the employee's employment. **Pension Plan is fully paid by the Hospital.** Vesting is

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

> after 5-years of Continuous Service. To help you estimate your potential benefit at retirement, pension statements are distributed annually.
>
> [Emphasis supplied]

286. Beginning in 2009, SJHSRI also administered a defined contribution plan (a "403(b) Savings Plan"), which gave employees the right to make pre-tax contributions and to control their investments. With that plan SJHSRI provided a handout which answered the question "is there ever a time when benefits can be lost or denied" by stating:

> The value of your account depends on the value of Plan investment. This is why your account must be invested carefully.

With respect to the defined benefit plan, which is the Plan involved in this case, however, SJHSRI never told Plan participants that their benefits could be "lost" or diminished if the Plan assets suffered investment losses. To the contrary, as noted above, SJHSRI affirmatively represented that, under the defined benefit plan, there is "[n]o investment risk to you."

287. The explanation of the 403(b) Savings Plan also stated:

> The Company reserves the right, of course, to amend the Plan or to discontinue contributions to it. No amendment can reduce the amount in your account or eliminate any of the benefit form options offered in the Plan. **If the Company permanently discontinues contributions to the Plan, you will be notified** and you will become 100% vested in your account.
>
> [Emphasis supplied]

No such disclosure was made in connection with the Plan.

288. On January 28, 2011 SJHSRI prepared a PowerPoint presentation to one of the employees' unions, the Federation of Nursing and Health Care Professionals ("FNHCP"), seeking union approval for a plan to freeze SJHSRI's defined benefit plan

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

and substitute a defined contribution plan going forward for all employees belonging to FNHCP. This presentation stated that the proposed freeze was necessary to protect the assets of the Plan. However, management represented in the PowerPoint that the defined benefits earned on the years of service already performed "will not be affected."

289. As noted above, Angell agreed to act on behalf of SJHSRI in dealing directly with Plan participants, and Angell also worked with the Prospect Entities in crafting presentations and dealt directly with employees of the Prospect Entities at New Fatima Hospital informing them of their rights under the Plan.

290. As such, Angell owed both the Plan and Plan participants the duty to exercise reasonable care and the duty to make accurate and not misleading disclosures concerning the Plan.

291. However, Angell never informed Plan participants of the Plan's underfunded status or the fact that SJHSRI was not making necessary contributions. To the contrary, Angell's statements to Plan participants implied and in many cases directly represented that their pension benefits were secure.

292. For example, Angell continued to provide individual Plan participants with statements that set forth specific projected lifetime benefits, which Angell and all of the other Defendants knew could not be relied upon.

293. On April 29 & 30, 2014, shortly before the sale of Fatima Hospital was approved, representatives of Angell, SJHSRI, RWH, and CCCB again participated in PowerPoint Presentations to SJHSRI employees intended to reassure them that the sale of the hospital to Prospect Medical would not affect their pension benefits. In those presentations, the employees were informed that the terms of agreement for SJHSRI's joint venture with CCCB and Prospect Medical "includes a $14 Million contribution to the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Pension Plan to stabilize plan assets," and were shown a sample final benefit statement that again acknowledged that "[y]our pension benefit is an important part of your future retirement income," and reassured them that "[t]he Hospital pays the entire cost of the Plan," with payment options that included annuity payments for life.

294. This was grossly misleading and false on multiple levels.

295. At that time, all Defendants already knew that the $14 million contribution was not even remotely sufficient "to stabilize plan assets."

296. The statement that "the Hospital pays the entire cost of the Plan" was also false and deceptive, on at least two levels. "[T]he entire cost of the Plan" includes funding the Plan, and, therefore, the statement was false because no one was funding the Plan. Moreover, given the timing of the presentation (two months before the closing) and the purpose to reassure employees concerning the effect of the 2014 Asset Sale on their pension benefits, the employees reasonably would have concluded that the "Hospital" referred to was New Fatima Hospital under the ownership and operation of the Prospect Entities. That also was false since all of the Defendants knew that neither New Fatima Hospital nor the Prospect Entities accepted any obligations under the Plan, and that instead the obligations would belong to SJHSRI which no longer would have any operating assets and whose restricted assets and expected income would be grossly insufficient to fund the Plan.

297. Moreover, all Defendants already knew that the Plan, which this PowerPoint presentation referred to as an "important part of [the Plan participants'] future retirement income" was insolvent, and the option to choose annuity payments for life was illusory if not an outright lie, because Plan assets would run out long before most of the Plan participants or their designated beneficiaries would have passed away.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

298. Many of SJHSRI's employees were members of another union, the United Nurses & Allied Professionals ("UNAP"), under a collective bargaining agreement that entitled them to pension benefits. In connection with the 2014 Asset Sale, SJHSRI, RWH, CCCB, and the Prospect Entities that were purchasing or guaranteeing the purchase of the assets sought UNAP's agreement to a freeze on the accrual of pension benefits upon the closing of the asset sale. These Defendants offered the $14 million contribution to the Plan as an inducement for UNAP and its members to agree to the freeze on the accrual of pension benefits, and UNAP and its members agreed to the freeze in return for that contribution and in return for the assurance that the $14 million contribution would "stabilize" the Plan.

299. At that time, all Defendants already knew that the $14 million contribution was not even remotely sufficient to stabilize plan assets, and that the Plan assets would run out many years before most of the Plan participants' rights to benefits were satisfied.

300. All Defendants made these misrepresentations and omitted this material information because they knew that such disclosure would create so much negative publicity and outcry that the applications to the Department of Health and the Attorney General for approval of the asset sale without fully funding the Plan would be denied or at the very least would be in serious jeopardy.

301. On August 12, 2014, nearly two months after the Prospect Entities took over ownership and operation of New Fatima Hospital, Defendant Angell sought instructions from the Prospect Entities as to how Angell should respond to Plan participants who were seeking information concerning the solvency of the plan. The Prospect Entities had attempted to structure the 2014 Asset Sale to avoid any

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

obligations under the Plan, and the Asset Purchase Agreement expressly stated that responsibility for the Plan after the asset sale closed would remain with SJHSRI. Thus, Angell was seeking instruction from the Prospect Entities concerning the information to provide to Plan participants, even though the Prospect Entities claimed to have no liability for the Plan.

302. The Prospect Entities instructed Angell not to provide Plan participants with the information they were seeking concerning the solvency of the Plan. Moreover, the Prospect Entities instructed Angell to tell Plan participants that "while we [Angell] can't speak to the future solvency of the plan, we can share that the plan administrators review the annual recommended funding as advised by the plan's actuaries each year. There is also an investment committee that reviews and monitors the plan on an ongoing basis."

303. Both Angell and the Prospect Entities knew that this statement was false and intended to mislead. The Prospect Entities and Angell could very well "speak to the future [in]solvency of the plan," and knew that SJHSRI for years had been disregarding Angell's funding recommendations and making no contributions, and that once the asset sale went through, SJHSRI would have insufficient funds to make the actuarial-recommended contributions even if it wanted to.

304. Angell accepted and followed these instructions.

305. On or about April 13, 2016, nearly two years after the asset sale, Angell worked with SJHSRI, CCCB, and Prospect Chartercare to prepare and make another PowerPoint presentation, this time at New Fatima Hospital, to former-employees of SJHSRI who were now employed at New Fatima Hospital, concerning the Plan and the rights of Plan participants, which again acknowledged that "[y]our pension benefit is an

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

important part of your future retirement income," and again reassured them that "[t]he Hospital pays the entire cost of the Plan," with payment options that included annuity payments for life.

306. These Defendants knew that the "Hospital," which for nearly two years had been owned and operated by the Prospect Entities, claimed it had no obligations whatsoever to Plan participants. Moreover, SJHSRI, RWH and CCCB had already decided to put the Plan into receivership and ask for a severe cut in benefit payments to all Plan participants, and were merely allowing time to pass in order to obscure the connection between the 2014 Asset Sale and the receivership, so that the inevitable firestorm of employee shock and anger and negative publicity that would be generated by the receivership would not be linked to the current operations of New Fatima Hospital and New Roger Williams Hospital.

307. An earlier internal draft of the April 13, 2016 PowerPoint presentation stated that the Plan was a "Church Plan" and, therefore, that the Plan participants' benefits were not protected under ERISA. However, as part of a long history of concealment from the Plan participants, this disclosure was deleted and did not appear in the presentation actually given. Indeed, the Plan participants were never informed that the Plan was purported to be a Church Plan, such that the Plan participants' benefits were not protected under ERISA.

E. FRAUDULENT MISREPRESENTATIONS AND OMISSIONS TO STATE REGULATORS

308. In 2014 Defendants SJHSRI, RWH, CCCB and the Prospect Entities sought and obtained approval from the Rhode Island Department of Health and the Rhode Island Attorney General to convert Fatima Hospital and Rogers Williams Hospital into for-profit operations.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

309. On February 14, 2014, pursuant to the conspiracy in which the Diocesan Defendants were participating with all of the other Defendants to relieve Fatima Hospital of any liability under the Plan at the expense of the Plan participants, Bishop Tobin personally wrote to the Health Services Council to lobby in favor of regulatory approval of the for-profit hospital conversion:

> I write on behalf of the proposed partnership between CharterCARE Health Partners and Prospect Medical Holdings. . . .
>
> * * *
>
> The Diocese of Providence is grateful to CharterCARE for all it has done to preserve the healing ministry of SJHSRI/Our Lady of Fatima Hospital, all within very difficult financial circumstances. However, without this transaction, it appears that a consistent Catholic health care presence in the Diocese of Providence would be gravely compromised, **and the financial future for employee-beneficiaries of the pension plan would be at a significant risk. I believe that this partnership will help avoid the catastrophic implications of such a failure**, and at the same time, enhance the quality of care at SJHSRI/Our Lady of Fatima.
>
> [Emphasis added]

310. However, as explained above, rather than believing the 2014 Asset Sale would help avoid pension failure, Bishop Tobin personally, and, through him and other officials, the Diocesan Defendants, knew that "the proposed partnership between CharterCARE Health Partners and Prospect Medical Holdings" made pension failure much more likely, and, indeed, a virtual certainty, absent unanticipated and extremely improbable investment gains, because it would cut the link between the Plan and an operating hospital, and would transfer assets from SJHSRI that otherwise would be available to help fund the Plan.

311. Thus they knew that the Plan was at much more than a "significant risk." Indeed, as noted above, in the draft letter written to papal authorities in September of

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

2013, only six months earlier, discussed above, Bishop Tobin had described the pension as "a spiraling and gaping unfunded liability." He removed that reference from the final version of that letter because he was warned that the letter may be "subject to discovery in a civil lawsuit," and substituted "significant" for "spiraling and gaping." Thus, the Diocesan Defendants not only were fully aware of the extent of the unfunded liability, they also took steps to understate and conceal it.

312. Angell acted as CCCB's and SJHSRI's consultant in connection with the application for regulatory approval of the conversion of Fatima Hospital, Roger Williams Hospital, and other health care facilities into for-profit entities.

313. On April 9, 2014, CCCB provided Angell with a document prepared by the Rhode Island Attorney General's office, consisting of questions to be answered in connection with that application, and asked for Angell's assistance in answering the following question:

> Please provide:
>
> * * *
>
> b. documentation as to the determination that $14 m will stabilize the plan and a description and any written information of the understanding with employee representatives with respect to the freezing and the funding of the plan;

314. Previously, on December 20, 2013, Angell had provided CCCB and SJHSRI with calculations which demonstrated that if $14,000,000 was contributed to the Plan, and assuming a future rate of return of 7.75%, the Plan would run out of funds in 2034, at a time when it would still have over $99 million in unpayable liabilities to Plan participants.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

315. On March 27, 2014, Angell updated its calculations based on a slightly higher value of the Plan assets at the beginning of 2014, which projected that even with the $14,000,000 contribution, the Plan would run out of funds in 2036, at a time when it would still have over $98 million in liabilities to Plan participants. To illustrate the consequences if the 7.75% rate of return proved to be too high, Angell also provided an alternative calculation, in which Angell assumed a lower rate of return of 5.75% rather that 7.75%, under which the Plan would run out of assets six years earlier in 2030, with additional unpayable liabilities to Plan participants.

316. Indeed, if the 5.75% rate of return were utilized, the Plan would have been only 66% funded even in 2014 even with the contribution of $14,000,000.

317. As noted above, moreover, the market discount rate in early 2014 that single employer benefit plans were required to use under ERISA was 4.6%, which if utilized would have produced an even lower funding level.

318. On April 10, 2014, however, CCCB and SJHSRI asked Angell to modify that calculation for submission to the Attorney General and the Department of Health. The requested modification was that Angell utilize only the higher projected rate of return of 7.75%, delete all the calculations post-2014, and "simply show only the stabilization effect [in 2014] of the incoming $14M to the plan with no other information shown."

319. An employee of Angell spoke to the CCCB representative who had requested the modification, and was told that CCCB "wants to show the projection of the funded status after the $14M contribution for 2014," in order to "highlight the 'stabilization' of the Plan."

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

320. Angell was thereby being asked to present the 2014 funding level in isolation, for purposes of demonstrating Plan stabilization to the Attorney General and the Department of Health, knowing that it would be misleading, because the complete calculation demonstrated that the $14,000,000 contribution would *not* "stabilize" the Plan, since the complete calculation showed that, notwithstanding that contribution, the Plan would run out of money in 2036 with over $98,000,000 in liabilities to Plan participants even at the high assumed rate of return of 7.75%, or in 2030 with the rate of return of 5.75%.

321. Angell agreed to disregard both of its prior calculations and provided SJHSRI, RWH, and CCCB with the requested new calculation to give to the Rhode Island Department of Health and the Rhode Island Attorney General in support of the application for approval of the asset sale. That new calculation purported to show that the immediate effect of the $14 million contribution would be to increase the funding percentage of the Plan to 94.9%, and deleted the calculations which demonstrated that the Plan nevertheless would run out of money in either 2030 or 2036 depending on the estimated rate of return.

322. That calculation also did not disclose that the funding percentage of 94.9% was based on assumed investment returns that SJHSRI, RWH, CCCB, and Angell knew were nearly 70% above market rates of return (*i.e.*, Angell's projected rate of return of 7.75% was over 68% greater than the market rate of 4.6%).

323. In addition, the calculation did not disclose the fact that the use of any funding level percentage as a measure of the Plan's funding progress was contrary to and deviated from the standards of actuarial practice, that according to those standards the funding progress of a pension plan should not be reduced to a funding percentage

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

at a single point in time, or that pension plans should have a strategy in place to attain and maintain a funded status of 100% or greater over a reasonable period of time, not merely at a single point in time.

324. These misrepresentations and omissions concerning the Plan's funding level were made to, and part of the information relied upon by, both the Rhode Island Department of Health and the Rhode Island Attorney General in approving the asset sale.

325. On February 21, 2014, the Department of Health sent a list of questions to counsel for SJHSRI, RWH, and CCCB, and to counsel for the various Prospect Entities. On March 7, 2014, counsel for SJHSRI, RWH, and CCCB and counsel for the various Prospect Entities co-signed and sent the Department of Health a letter enclosing their clients' responses to the Department of Health's question, that repeated the question and responded, as follows:

> c. Please identify to what extent, if any, this purchase price will be used by CharterCARE for community benefit versus paying off debts.
>
> Response: The use of the sale proceeds as described is [sic] Section (b) above will benefit the community in three ways:
>
> * * *
>
> b. **The use of $14M to strengthen the St. Joseph Pension Plan will be of significant benefit to the community as it will assure that the pensions and retirement of many former employees, who reside in the community, are protected**.
>
> [Emphasis supplied]

326. In fact, all of the Defendants knew this statement was false and misleading, and that the contribution of the $14,000,000 to the Plan would not "assure"

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

that the benefits of the Plan participants were protected, even according to the calculations that Angell shared with all of those other Defendants.

327. On April 8, 2014, CCCB President and Chief Executive Officer Belcher testified at a public hearing held before the Project Review Committee of the Rhode Island Department of Health as part of the approval process. He was asked to address three questions raised by a recent report on SJHSRI by Moody's Investor Services. The third question related to Moody's' concern over the funded status of employee retirement accounts, including the Plan. Mr. Belcher testified as follows:

> MR. BELCHER: . . . But the third part was on the pension fund, and the impact on the pension fund with this -- and I think you know we shared information up-front is that at the time of the closing we'll be putting millions of dollars into the pension fund which will bring it to a level of roughly 91 and a half percent funding which is above the safe level that you need for sort of a quote safe level. So all of this really helps stabilize the pension fund as well.

328. SJHSRI, RWH, and CCCB intentionally misled the state regulators by the statement that a funding level of 91.5% "is above the safe level." As discussed above, it is never proper to use a funding level on a single date to measure the health of a pension plan, but it especially inappropriate when the plan sponsor is selling all of its operating assets, because the plan sponsor will lack the means to make up the underfunding. In that context, even if the projected rate of return of 7.75% were reasonable (which it was not), and were actually achieved over time, a funding level of 91.5% would practially guarantee pension plan failure, since it would denote insufficient funds to meet plan obligations even if all of the future assumptions upon which the funding level is based perform exactly as assumed, including thirty to forty years of investment returns.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

329. On April 11, 2014, CCCB reminded Angell that the Attorney General was also asking Supplemental Question S3-48, as follows:

> S3-48 Will the pension liability remain in place – how much, and what is the plan going forward to fund the liability?

330. On April 15, 2014, SJHSRI, RWH, CCCB, and the Prospect Entities responded to the Attorney General and answered that question as follows:

> Response: The pension liability will remain in place post transaction. Subsequent to the $14 Million contribution to the Plan upon transaction, **future contributions to the Plan will be made based on recommended annual contribution amounts as provided by the Plan's actuarial advisors**. Moving forward, the investment portfolio of the plan will be monitored by the Investment Committee of the Board of Trustees.
>
> [Emphasis supplied]

331. When that statement was made, however, SJHSRI, RWH, and CCCB knew that it was their intention not to make any future contributions, and, therefore, that "future contributions to the Plan" would *not* "be made based on recommended annual contribution amounts as provided by the Plan's actuarial advisors."

332. Indeed, in spite of this representation, in the more than four years since that statement was made, not a single penny has been contributed to the Plan other than the $14,000,000 contribution which they made to secure regulatory approval for the 2014 Asset Sale, contrary to the recommendations of the Plan's actuarial advisors.

333. The Project Review Committee held a public hearing on May 6, 2014. During the testimony of the Department of Health's expert concerning the Plan, CCCB Chief Financial Officer Michael Conklin interrupted, and testified that the "recommended contributions going forward" to fund the Plan were $600,000 per year, which he assured the Committee would be paid out of SJHSRI's expected $800,000 annual income from

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

outside trusts, and profit sharing paid to CCCB in connection with its 15% share in Prospect Chartercare.

334. Mr. Conklin thereby misrepresented that SJHSRI's expected future income was $800,000, when in fact it was less than $200,000, and suggested that CCCB's profit-sharing in Prospect Chartercare would provide additional funds, when no profit sharing was anticipated for the indefinite future. CCCB has yet to receive any profit sharing whatsoever.

335. Mr. Conklin also misrepresented that the projected annual contribution of $600,000 was an actuarial "recommended contribution," when in fact it was a number made up out of whole cloth by SJHSRI, RWH, and CCCB, and was much below the recommendations of the Plan actuary.

336. Mr. Conklin also did not disclose that SJHSRI, RWH, and CCCB had no intention of making any of those contributions.

337. The Project Review Committee accepted these false assurances, but was aware that even those assurances were based upon assumed investment rates of return, and if the investment returns on Plan assets were lower than anticipated, higher annual contributions would be needed to make up the difference. The Committee referred to this possibility as the "investment risk" of the Plan, and at the hearing on May 6, 2014 asked CCCB President and Chief Executive Officer Belcher "who's bearing the investment risk going forward?" He replied as follows:

> MR. BELCHER: Heritage Hospitals. It stays with the old CharterCare.
>
> MR. SGOUROS: Heritage Hospitals, and so if the investment returns don't match up to the predictions, who's on the hook?
>
> MR. BELCHER: The old hospitals, the old CharterCARE. We have that responsibility.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

As discussed above, SJHSRI, RWH, and CCCB fraudulently misrepresented their intentions, as it was never their intention to support the Plan, and they have made no contributions whatsoever to the Plan.

338. Defendants also chose to conceal the unfunded status of the Plan out of concern that such disclosure would be seized upon by a competitor that was asking that the Department of Health to delay the proposed asset sale. Indeed, at the same public hearing on May 6, 2014, a representative of that competitor strongly objected to the terms of the asset sale proposed by Defendants, and repeated his client's request that the Committee delay acting upon the application until his client's counter-proposal could be fully considered.

339. The Attorney General did not immediately accept the assurances that there would be sufficient income following the asset sale to adequately fund the Plan. Instead, representatives of the Attorney General asked for proof of legal authority for RWH's assets to be used for that purpose.

340. On May 8, 2014 counsel for SJHSRI, RWH, and CCCB provided the Attorney General with a resolution purportedly approved by RWH's Board of Trustees stating, *inter alia*:

> WHEREAS As part of its retained assets, RWMC has $6,666,874 in Board Designated Funds ("the RWMC Board Designated Funds") that may be used for any purpose at the discretion and direction of the RWMC Board of Trustees;
>
> * * *
>
> RESOLVED The RWMC Board of Trustees approves and directs use of the RWMC Board Designated Funds to satisfy the SJHSRI liabilities at close and any potential future funding and expenses relating to the SJHSRI pension plan, and any surplus shall be transferred to the CCHP Foundation.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

341. They e-mailed a copy of the resolution to the Attorney General's office (with cc to counsel for the Prospect entities) and stated:

> Finally, attached is the Roger Williams Medical Center (RWMC) Board of Trustees Resolution authorizing the use of the RWMC Board Designated Funds to satisfy the St. Joseph Health Services of Rhode Island (SJHSRI) liabilities at close and any potential future funding and expenses related to the SJHSRI pension plan, and any surplus shall be transferred to the CCHP Foundation.

342. However, SJHSRI, RWH, and CCCB never intended that any part of RWH's "Board Designated Funds" would ever be contributed to the Plan, and, indeed, none have been. They also knew that even $6,666,874 would be insufficient to meaningfully reduce the unfunded liability, such that there was not even a remote chance there would be any surplus left over to transfer to CC Foundation after that liability was paid.

343. Instead of meaning what it says, this resolution evidences SJHSRI, RWH, and CCCB's willingness to tell regulators what they wanted to hear, even if it meant misrepresenting their intended funding sources and manipulating the board of trustees of affiliated companies. In fact, in December 2014, soon after the closing of the asset sale, the board of trustees of RWH was replaced with individuals who were already planning to put the Plan into Receivership.

344. A crucial fact not disclosed to either the Department of Health or the Attorney General was that *for years prior to the asset sale*, management at CCCB, RWH, and SJHSRI had been searching for a way to abandon the grossly underfunded Plan to the detriment of Plan participants, while at the same time protecting the assets of SJHSRI from the claims of Plan participants.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

345. For example, on January 2, 2012, the Chairman of the Investment Committee for CCCB's Board of Trustees informed CCCB's head of Personnel, Darlene Souza, and CCCB's Chief Financial Officer Conklin, that the Board of Trustees and management must consider the option of terminating the Plan and distributing the assets with a *pro rata* reduction in benefits.

346. On December 31, 2012, Ms. Souza emailed Mr. Conklin and CCCB's Chief Executive Officer Belcher, wished them a "Happy New Year," and then advised them of what she called the "potentially good news" that, according to her reading of the Plan documents, they could "terminate the plan without a solvency issue," and:

- deprive 1,798 (out of a total of 2,852) Plan participants of any benefit whatsoever,
- pay benefits to an additional 744 Plan participants of only 88% of what they were due;
- pay full benefits only to the remaining 1,054 Plan participants who had already reached normal retirement age; and
- improve SJHSRI's balance sheet by over $29,000,000 by eliminating its liability for the unfunded portion of the Plan.

347. However, Ms. Souza advised Messrs. Conklin and Belcher that there was a downside to the Plan termination, which was that other hospitals with supposed Church Plans had attempted to terminate their plans just as she was proposing, but those hospitals had been sued in class actions, and one of those cases had a pending settlement that obligated the hospital to pay a significant amount of the unfunded benefits, notwithstanding its alleged Church Plan status.

348. Accordingly, Ms. Souza warned that if SJHSRI terminated the Plan and distributed reduced benefits, "we are exposed to a class action lawsuit" by the Plan participants who received no benefits, which could expose SJHSRI to "$30-$35m" as

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

damages, which "would potentially erode the $29m fiscal savings" resulting from eliminating SJHSRI's funding liability by termination of the Plan.

349. On June 20, 2013, the CCCB Board discussed the possibility of seeking a "Special Master" for the Plan.

350. In December 2013, the CCCB Board discussed putting the Plan into receivership.

351. Thus, notwithstanding the strategic delay in doing so, the scheme to abandon the Plan was already in the works when SJHSRI, RWC, and CCCB assured the Project Review Committee on April 8, 2014 and May 6, 2014 that the "recommended" annual contributions to the Plan would be made and that SJHSRI, RWH, and CCCB were "on the hook" if the projected returns on investment did not materialize.

352. Instead of representing their genuine intention, these statements were part of the conspiracy by all of the Defendants to obtain approval from the Attorney General and the Department of Health through false assurances, and to also thereby assuage the concerns of the unions, and of the general public (including Plan participants) who attended or followed reports of the hearing.

353. In furtherance of that conspiracy, CCCB President and Chief Executive Officer Belcher and Thomas M. Reardon (president of Prospect Medical East) made a statement which the Providence Journal on May 12, 2014 published as an op-ed, which stated:

> The development and pursuit of innovation in health delivery should not come at the cost of one of the most cherished values in Rhode Island health care - that of local control. We are pleased that our proposal will assure preservation of local governance, as our joint venture board will

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

> have equal representation from CharterCare and Prospect with a local board chair, with real veto powers.

354. This statement was materially false and intentionally deceptive, because under the Amended & Restated Limited Liability Company Agreement of Prospect Chartercare, LLC, previously agreed to in form by CCCB and the Prospect Entities, deadlocks between CCCB-appointed directors and Prospect-appointed directors for some of the most significant board-level decisions were to be resolved by allowing the decisions of Prospect-appointed board members to prevail.

355. On the same day that Mr. Belcher's statement appeared in the Providence Journal, CCCB emailed it to all of the employees of CCCB, SJHSRI, and RWH, stating, "[w]e want to share the following op-ed that appeared in today's Providence Journal." The same mailing assured all employees that "Prospect and CharterCARE equally share seats on the new company's eight-member governing board," withholding the critical information that although the number of seats were shared equally, the seats filled by the Prospect Entities had the power to make some of the most significant corporate decisions against the wishes of the directors chosen by CCCB, and certainly without disclosing that the 2014 Asset Sale was merely a step in the scheme to shield Fatima Hospital from liabilitity on the Plan, and to strip assets from SJHSRI that were needed to satisfy its pension obligations to those same employees.

356. In addition to falsly reassuring the public and their own employees on the issue of local control, SJHSRI, RWH, CCCB, and the Prospect Entities also misled state regulators concerning the degree of local control that CCCB would have after the 2014 Asset Sale.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

357. On May 2, 2014, CCCB and the various Prospect Entities involved in the asset sale, through their counsel, responded to the following question of the Rhode Island Attorney General:

> Question: Please describe the governance structure of the new hospital after conversion, including a description of how members of any board of directors, trustees or similar type group will be chosen.

358. Defendants responded in pertinent part as follows:

> Response:
>
> An overview of the governance structure for Prospect CharterCARE, LLC is as follows:
>
> Prospect CharterCARE, LLC will have a Board of Directors.
>
> Prospect CharterCARE, LLC's Board of Directors will have half of its members selected by and through PMH's ownership in Prospect CharterCARE, LLC and the other half of the members will be selected by and through CCHP's ownership Prospect CharterCARE, LLC.
>
> The Board of Directors will be responsible for determining the patient Care, strategic, and financial goals policies and objectives of Prospect CharterCARE, LLC.
>
> * * *
>
> Prospect CharterCARE, LLC's Board of Directors will be structured as follows: (i) eight (8) members; (ii) fifty (50%) percent of its members will be appointed by PMH; and (iii) fifty (50%) percent of its members will be appointed by CCHP. The purpose of the structure is to ensure a strong local presence and mission. The Board of Directors will include at least one physician representative.
>
> The Board of Directors will be responsible for determining the patient care, strategic, and financial goals, policies and objectives of Prospect CharterCARE, LLC. **The issues that the Board of Directors will address will require a majority vote of those Directors appointed by PMH, and a majority vote of those Directors appointed by CCHP.**
>
> [Emphasis supplied]

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

359. The statement that "[t]he issues that the Board of Directors will address will require a majority vote of those Directors appointed by PMH, and a majority vote of those Directors appointed by CCHP" was also materially false, for the same reason that some of the most significant decisions were to be resolved by allowing Prospect-appointed board members' decisions to prevail.

F. MISLEADING THE STATE COURT IN CONNECTION WITH *CY PRES* PROCEEDINGS

360. In November of 2009, SJHSRI, CCCB, and RWH filed a petition with the Rhode Island Superior Court, asking the court to approve certain changes affecting charitable donations pursuant to the statutory and common law doctrine of *cy pres*.

361. The doctrine of *cy pres* is intended to be used in appropriate circumstances to allow charitable donations to be applied to a similar purpose when the original recipient of the donations is no longer able to fulfill that purpose.

362. In the 2009 proceedings, the specific purpose of the *cy pres* petition was to inform the court that the original recipients of the charitable gifts had been reconstituted in connection with formation of CCCB and the affiliation of SJHSRI, Roger Williams Medical Center, RWH, and CCCB; that such entities as reconstituted would continue to apply the charitable gifts in accordance with those intentions; and to obtain court approval therefor.

363. Notably, the *cy pres* petition in 2009 did not involve an original recipient of the charitable gift who was insolvent and sought to transfer assets to a related entity in fraud of creditors. To the contrary, in the 2009 petition, essentially the same entities held the assets as had held them originally and creditors were in no way affected or damaged by approval of these transfers.

364. The Superior Court approved this *cy pres* petition on December 14, 2009.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

365. On December 2, 2011, another *cy pres* petition was filed with the Superior Court, to obtain approval for the St. Joseph Health Care Foundation's member to be changed from SJHSRI to CCCB, for St. Joseph Health Care Foundation's name to be changed to Charter Care Health Partners Foundation, and to permit the charitable gifts held by St. Joseph Health Care Foundation to be distributed to SJHSRI to be used by SJHSRI in accordance with the donors' original intentions. As was the case with the previous *cy pres* petition, this petition did not involve the transfer of assets from an insolvent corporation to a related entity in fraud of creditors. Once again, creditors were in no way affected or damaged by approval of these transfers.

366. The court approved this *cy pres* petition on December 13, 2011.

367. On January 13, 2015 another *cy pres* petition (the "2015 *Cy Pres* Petition") was filed with the Superior Court, this time by Defendants SJHSRI, RWH, and CC Foundation as petitioners, concerning the disposition of charitable donations held by SJHSRI and RWH. It referred to the prior *cy pres* petitions that had been previously approved by the Superior Court, as if the 2015 *Cy Pres* Petition was merely more of the same.

368. However, unlike those earlier petitions, the 2015 *Cy Pres* Petition was filed in connection with the winding down, liquidation, and dissolution of SJHSRI and RWH, and the transfer of approximately $8,200,000 of their assets to CC Foundation, when SJHSRI needed all of its and RWH's funds to contribute to the Plan. That raised significantly different issues, since, as discussed below, nonprofit corporations in the process of liquidation or dissolution must use all of their assets, even restricted assets, to pay their creditors before they can transfer charitable assets to another charity.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

369. The Attorney General's Decision on May 16, 2014 approving the sale of Fatima Hospital and Roger Williams Hospital was the genesis of the 2015 *Cy Pres* Petition, because that Decision imposed conditions, which included "(1) the transfer of certain of the charitable assets to the CCHP Foundation and (2) the use of certain of the charitable assets during the Heritage Hospitals' wind down to satisfy the Outstanding Pre and Post Closing Liabilities subject to *cy pres* approval from [the Superior Court]."

370. Those conditions were the result of Defendants SJHSRI, RWH, CCCB, and CC Foundation's representations to the Attorney General that SJHSRI and RWH were in a "multi-year wind-down process," which was "typical in the dissolution of a hospital corporation."

371. Similarly, in the 2015 *Cy Pres* Proceeding, Defendants SJHSRI, RWH, and CC Foundation successfully persuaded the Court to grant their Petition based on the representation that both RWH and SJHSRI were in wind-down, stating that they "anticipated that the Outstanding Pre and Post Closing Liabilities will be paid during the Wind-down period of RWH and SJHSRI over the next approximately three years," and that they "proposed that certain RWH and SJHSRI assets remain with the Heritage Hospitals during their wind-down period to satisfy the Outstanding Pre and Post Closing Liabilities."

372. The resolutions of CCCB as sole member of SJHSRI and RWH also prove that SJHSRI and RWH were in wind-down preparatory to liquidation and dissolution. The resolutions dated as of December 15, 2014 expressly authorized the wind-down and dissolution of SJHSRI and RWH.

373. Having prevailed both in their application to the Attorney General and in the 2015 *Cy Pres* Proceeding based upon representations that both RWH and SJHSRI

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

were in an extended wind-down process preparatory to liquidation and dissolution, Defendants SJHSRI, RWH, CCCB, and CC Foundation are judicially estopped from denying that the $8,200,000 transferred to the CC Foundation was in connection with winding down their affairs and dissolution and subject to the requirements of the Rhode Island Nonprofit Corporations Act applicable to dissolution and liquidation.

374. R.I. Gen. Laws §§ 7-6-50, 7-6-51 & 7-6-61 obligate nonprofit corporations in the process of either voluntary dissolution or court liquidation to pay their creditors first, before any funds can be transferred to other charities under the doctrine of *cy pres* or any other rationale.

375. Section 7-6-50 of the Rhode Island General Laws sets forth the procedure whereby a nonprofit corporation may voluntarily wind up its affairs and dissolve, and requires that notice be given to all creditors and that assets must be distributed in accordance with Section 7-6-51.

376. Section 7-6-51 of the Rhode Island General Laws sets forth the specific order of application and distribution of assets applicable to a nonprofit corporation in voluntary dissolution, and provides that all of the nonprofit corporation's assets must be used to pay creditors, even assets subject to charitable restrictions, and even assets conveyed to the nonprofit corporation under the express condition that they be re-conveyed in the event of dissolution:

> § 7-6-51. Distribution of assets.
>
> The assets of a corporation in the process of dissolution shall be applied and distributed as follows:
>
> (1) **All liabilities and obligations of the corporation shall be paid and discharged, or adequate provision shall be made for their payment and discharge**;

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

> (2) Assets held by the corporation upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred, or conveyed in accordance with the requirements;
>
> (3) Assets received and held by the corporation subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational, or similar purposes, but not held upon a condition requiring return, transfer, or conveyance by reason of the dissolution, shall be transferred or conveyed to one or more domestic or foreign corporations, societies, or organizations engaged in activities substantially similar to those of the dissolving corporation, pursuant to a plan of distribution adopted as provided in this chapter or as otherwise provided in its articles of incorporation or bylaws;
>
> (4) Any other assets shall be distributed in accordance with the provisions of the articles of incorporation or the bylaws to the extent that the articles of incorporation or bylaws determine the distributive rights of members, or any class or classes of members, or provide for distribution to others;
>
> (5) Any remaining assets may be distributed to any persons, societies, organizations, or domestic or foreign corporations, whether for profit or nonprofit, that may be specified in a plan of distribution adopted as provided in this chapter.
>
> [Emphasis supplied]

377. The same order of payment applies to court-approved liquidations of nonprofit corporations. Section 7-6-61 of the Rhode Island General Laws sets forth the "procedure in liquidation of corporation by court," and sub-section (c) essentially mirrors the above-quoted provisions of R.I. Gen. Laws §7-6-50, as follows:

> (c) The assets of the corporation or the proceeds resulting from a sale, conveyance, or other disposition of the assets shall be applied and distributed as follows:
>
> > (1) All costs and expenses of the court proceedings and **all liabilities and obligations of the corporation shall be paid, satisfied, and discharged, or adequate provision shall be made for that**;

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

> (2) Assets held by the corporation upon condition requiring return, transfer, or conveyance, which condition occurs because of the dissolution or liquidation, shall be returned, transferred, or conveyed in accordance with the requirements;
>
> (3) Assets received and held by the corporation subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational, or similar purposes, but not held upon a condition requiring return, transfer, or conveyance by reason of the dissolution or liquidation, shall be transferred or conveyed to one or more domestic or foreign corporations, societies, or organizations engaged in activities substantially similar to those of the dissolving or liquidating corporation as the court directs. . . .
>
> [Emphasis supplied]

378. Thus, whether pursuant to voluntary dissolution or court approved liquidation, the assets of a non-profit corporation must be applied first to satisfy the corporation's liabilities and obligations, and, until that is accomplished and creditors are paid in full, no assets can be transferred to anyone else, by *cy pres* petition or otherwise.

379. However, Defendants SJHSRI, RWH, and CC Foundation intentionally frustrated enforcement of the statutory payment priorities by repeatedly misrepresenting, first to the Attorney General, and then to the court in the 2015 *Cy Pres* Proceeding, that all of their liabilities, including their pension liabilities, would be "satisfied" and "paid" from other assets.

380. Notably, nowhere in their application to the Attorney General for approval of the 2014 Asset Sale, or in their 2015 *Cy Pres* Petition, did Defendants SJHSRI, RWH, or CCCB say that these other assets would only "partially satisfy," or "partially pay" the pension obligation, or employ similar language that would imply or even hint to

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

the Attorney General or the court that the funds would be insufficient to fully satisfy those liabilities.

381. In reliance on these misrepresentations and material omissions, the court approved the 2015 *Cy Pres* Petition on April 20, 2015.

382. On the basis of the court's order, SJHSRI, RWH, and CCCB in or about May and June 2015 transferred $8,227,916.77 to CC Foundation.

383. From those funds, CC Foundation subsequently transferred $8,199,266.47 to the RI Foundation as follows:

May 28, 2015:	$5,752,655.00
May 29, 2015:	$1,974,537.44
June 3, 2015:	$272,074.03
Nov. 17, 2015:	$200,000.00

384. Rhode Island Foundation thereafter remitted $864,846.00 to CC Foundation as follows:

Dec. 15, 2017:	$174,515.00
Dec. 15, 2016:	$341,945.00
Dec. 15, 2017:	$348,386.00

385. As of December 31, 2017, CC Foundation's fund balance at Rhode Island Foundation was $8,760,556.01, including investment returns.

386. The April 20, 2015 Order also applied to income and capital distributions from third party trusts that SJHSRI and RWH expected to receive in the future, and required that certain of those payments should go to CC Foundation.

387. The 2015 Cy Pres Proceeding is still pending. As noted above, concurrently with the filing of this Complaint, Plaintiffs have or will file their motion to

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

intervene in that proceeding, and ask the Superior Court to vacate the April 20, 2015 order, and order that the funds transferred pursuant to the Petition be held pending the outcome of the proceeding in this Court or in the State Action.

G. FACTS CONCERNING SUCCESSOR LIABILITY

388. The Prospect Entities that purchased the assets of SJHSRI all knew that SJHSRI had a defined benefit pension plan.

389. Prior to the asset sale, these Prospect Entities intended to operate New Fatima Hospital at the same location, under the same name of Fatima Hospital.

390. Prior to the asset sale, these Prospect Entities intended to operate New Roger Williams Hospital at the same location, under the same name of Roger Williams Hospital.

391. These Prospect Entities also intended to identify themselves to employees, patients, and the public under the fictitious name which SJHSRI, RWH, and CCCB had operated Old Fatima Hospital and Old Roger Williams Hospital.

392. At 10:17 a.m. on June 20, 2014, which was the day that the 2014 Asset Sale closed, CharterCARE Health Partners filed articles of amendment with the Rhode Island Secretary of State, changing its name from CharterCARE Health Partners to Chartercare Community Board.

393. One minute later, at 10:18 a.m. on June 20, 2014, Prospect Chartercare filed a “fictitious business name statement” with the Rhode Island Secretary of State, stating that it would operate under the “fictitious name” of CharterCARE Health Partners, which was the same name under which SJHSRI, RWH, and CCCB had operated Old Fatima Hospital and Old Roger Williams Hospital from 2009 right up to the day of the closing of the 2014 Asset Sale.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

394. The Prospect Entities also knew and intended that all of SJHSRI's and RWH's employees would be transferred to the employment of the Prospect Entities as a continuation of their employment, with their starting wages and salaries based on their final wages and salaries while employed by SJHSRI and RWH, and with seniority based on their original date of hire by SJHSRI and RWH.

395. Indeed, the Asset Purchase Agreement that was the basis for the asset sale and the approvals under the Hospital Conversions Act obligated the Prospect Entities to do just that:

> 8.2 Employment Terms Employee Benefits.
>
> The Transferred Employees shall be hired by the Company or a Company Subsidiary (as applicable) at base salaries and wages equal to their base salaries and wages as of the Closing Date. The Transferred Employees shall retain their seniority status for purposes of benefits, and their salaries or wages as of the Closing Date shall provide the base for future salary adjustments, if any, thereof. Each Transferred Employee will be treated by the Company or the Company Subsidiary (as applicable) as employed as of such individual's initial hire date at the Facilities for all purposes regarding seniority, except as otherwise required by Law or collective bargaining agreement assumed by the Company. Subject to the right to terminate any Company employee benefit plan and/or restrictions provided under any collective bargaining agreement assumed by the Company, the Company and the Company Subsidiaries as of the
>
> Closing Date will provide benefits to Transferred Employees at benefit levels substantially comparable to those provided under the Seller Plans immediately prior to Closing, including but not limited to qualified retirement plans (except that the Company and the Company Subsidiaries shall not be required to offer a defined benefit plan), vacation, sick leave, holidays, health insurance, life insurance, 401(k) plan (in lieu of similar plans that were offered by Sellers based on their tax exempt status but are not available to the Company) and policies of the Company and the Company Subsidiaries for which each Transferred Employee is eligible.

Asset Purchase Agreement § 8.2(a).

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

396. As noted above, after the 2014 Asset Sale, the personnel department for the Prospect Entities continued to advise Plan participants concerning the Plan. Indeed, immediately after the 2014 Asset Sale, the same person who was in charge of that department for SJHSRI, RWH, and CCCB prior to the asset sale took over those duties for the Prospect Entities operating under the fictitious name CharterCARE Health Partners.

397. Thus, to employees it appeared that nothing had changed with respect to their benefits, or administration of the Plan.

398. The Asset Purchase Agreement actually defined the Prospect Entities as "successor employer[s]," at least for tax purposes:

> The Parties acknowledge and agree that each of the Company and each Company Subsidiary constitutes a "successor employer" within the meaning of Code Section 3121(a)(1) and Code Section 3306(a)(1)and the regulations thereunder for federal and state income tax and employment tax purposes.

Asset Purchase Agreement § 8.2(c).

399. After the Department of Health and Attorney General approved the asset sale, but without informing these state agencies, the Prospect Entities demanded that employees sign an arbitration agreement prepared by the Prospect Entities.

400. That mandatory "agreement" purported to obligate employees to arbitrate all claims arising out of their employment, arguably including even claims arising out of their previous employment by SJHSRI, and to waive their rights to proceed by class action.

401. The Prospect Entities informed these employees that they would not be hired if they did not sign the arbitration agreement.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

402. The Prospect Entities were not permitted to compel employees to sign the arbitration agreement as a condition of their being hired, because those entities already had the contractual (and regulatory) obligation to hire the former employees of SJHSRI, RWH, and CCCB on essentially the same terms as they were previously employed, which did not include an agreement to arbitrate or any waiver of rights.

403. However, the Prospect Entities did not inform these employees that the Prospect Entities could not make their agreement a condition of their employment.

404. The Prospect Entities also did not inform these employees of other facts the employees needed to know in order to evaluate the requirement that they sign the arbitration agreement, including but not limited to that the employees had pre-existing and valid claims arising out of the fact that the Plan was severely underfunded, that the Prospect Entities and the other Defendants were involved in fraudulent schemes to strip assets from SJHSRI that were needed to fund the Plan and to fraudulently preserve Church Plan status for the Plan, that the employees already had the existing right to assert their claims in a class action, and that arbitration of those claims would deprive them of a meaningful remedy.

405. The terms of the arbitration agreement itself were grossly overreaching and the rights it gave the employees were largely illusory. For example, the agreement obligated Plan participants and "the Company" to arbitrate all claims between them, whether asserted by the employee against the company, or *vice versa*. However, "the Company" was defined to include the following entities and individuals:

> Prospect CharterCare LLC and/or any of its related entities, holding companies, parents, subsidiaries, divisions, officers, shareholders, directors, employees, agents, vendors, contractors, doctors, patients, insurers, predecessors, successors, and assigns.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Accordingly, it purported to obligate an employee to arbitrate claims the employee had against any other employees, any doctors, any patients, and any hospital vendors or contractors. It also purported to entitle the employee to demand that all of those entities and individuals arbitrate any claims they may have against the employee, such as malpractice claims asserted by a patient against a nurse or other health care provider. Of course, those entities and individuals would not be bound by the arbitration agreement, so in practice it would be one-sided, and only apply to the employee's claims *against* those individuals and entities.

406. The demand that employees sign the arbitration agreement was itself fraudulent, and part of the fraud and the fraudulent conspiracy between and among all Defendants.

407. The Asset Purchase Agreement attempted to carve-out successor liability for the Plan, but such carve-outs are unenforceable if the requirements for successor liability are satisfied.

408. Thus, the Prospect Entities have successor liability for the Plan, both under federal common law applicable to Plan participant claims based on ERISA or, if ERISA is not applicable, under state common law of successor liability.

409. Notwithstanding the formal documentation creating a limited liability company controlled primarily by Prospect East, the Prospect Entities have repeatedly referred to the relationship between CCCB and Prospect Medical Holdings and held themselves out as joint venturers, in statements to employees, to the public, to the regulatory agencies that approved the 2014 Asset Sale, and to the court that approved the 2015 *Cy Pres* Petition. For example:

a. Prospect Medical Holdings's website states: "Through a joint venture agreement, Prospect became the majority owner of

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

CharterCARE but shares governance of the hospitals equally with CharterCARE Community Board."

b. The cy pres petition filed on January 13, 2015 by CC Foundation, RWMC, and SJHSRI states: "On June 20, 2014, a closing on the transaction approved by the Rhode Island Department of Health ('DOH') and Rhode Island Attorney General's Office ('AG') occurred in which certain of the assets of CCCB, RWH and SJHSRI were transferred to the newly formed for-profit joint venture between CCCB and Prospect Medical Holdings, Inc. ('PMH') known as Prospect CharterCARE, LLC, and its affiliates (the 'Joint Venture')."

c. A June 17, 2014 letter from the U.S. Department of Health and Human Services to SJHSRI states: "As described in your letter [of May 15], CharterCARE Health Partners (CCHP), the parent of SJHSRI, will enter into a joint venture arrangement with Prospect Medical Holdings, Inc. (PMH), pursuant to a September 24, 2013 arrangement that has now been approved by the Rhode Island Attorney General and the Rhode Island Department of Health. As part of this arrangement, all operating assets held by members of the CCHP system, including SJHSRI, will be transferred to limited liability companies owned by Prospect CharterCARE, LLC, the joint venture entity. . . ."

d. CCCB's 2013 Form 990 states: "THE BOARD OF DIRECTORS BELIEVES THAT SUFFICIENT SAFEGUARDS EXIST TO ENSURE THAT THEIR EXEMPT STATUS IS PROTECTED BOTH THROUGH THE APPOINTMENT PROVISIONS IN THE PROSPECT CHARTERCARE LLC JOINT VENTURE AGREEMENT AND CONDITIONS IMPOSED BY THE RHODE ISLAND ATTORNEY GENERAL AND THE RHODE ISLAND COMMISSIONER OF HEALTH."

e. The March 18, 2013 Letter of Intent executed by both CCCB and Prospect Medical Holdings states: "The purpose of this letter of intent (the 'Letter') is to set forth certain non-binding understandings and certain binding agreements by and between CharterCARE Health Partners ('Seller') and Prospect Medical Holdings, Inc. ('Prospect') with respect to the creation of a joint venture ('Newco') whereby Seller will sell certain assets and operations of Seller to Newco, as more particularly described in the attached term sheet (the 'Term Sheet'), incorporated herein by reference."

f. A May 20, 2014 email blast from CCCB's president Kenneth Belcher states: "Today Dr. Michael Fine, Director of the Department of Health, followed Friday's decision by the Attorney General and approved our Hospital Conversion[s] Act and Change in Effective Control applications. This was the final regulatory hurdle toward

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

> the successful completion of our joint venture agreement with Prospect Medical Holdings. . . . We are now prepared to plan the final closing which involves executing the financial and legal documents to make the joint venture agreement official."

410. Insofar as Prospect Chartercare was a joint venture, Prospect East, Prospect Medical Holdings, and CCCB share the liabilities of Prospect Chartercare, and have successor liability for the Plan, both under ERISA and, if ERISA is not applicable, under state common law of successor liability and joint ventures.

H. FURTHER STRIPPING OF SJHSRI'S ASSETS THROUGH THE ASSET PURCHASE ON OR ABOUT JUNE 20, 2014

411. On September 24, 2012, Prospect Medical Holdings sent a Letter of Intent to the executive leadership of CCHP proposing a transaction whereby Prospect Medical Holdings and CCHP would establish a new "joint venture" entity ("Newco") to acquire the assets of SJHSRI, RWMC, and other entities owned by CCCB. That Letter of Intent included the provisos that in return for the asset sale, "[CCCB] shall receive a 15% membership interest in Newco," and that "the pension liability of SJHSRI as reflected on [CCCB]'s financial records will not be assumed by Newco."

412. On March 13, 2013, the executive committee of CCCB's board of trustees convened to discuss letters of intent that had been solicited from potential suitors. Mr. Belcher informed the committee that one of the non-Prospect suitors (LHP Hospital Group) "wanted to fully fund the pension plan." In other words, the Plan participants would be protected.

413. On March 14, 2013, SJHSRI's board of trustees met. Mr. Belcher informed the board that CCCB's board had "made the recommendation to move forward with Prospect."

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

414. On March 18, 2013, CCCB and Prospect Medical Holdings executed a new "LETTER OF INTENT" stating, inter alia:

> The purpose of this letter of intent (the "Letter") is to set forth certain non-binding understandings and certain binding agreements by and between CharterCARE Health Partners ("Seller") and Prospect Medical Holdings, Inc. ("Prospect") with respect to the creation of a joint venture ("Newco") whereby Seller will sell certain assets and operations of Seller to Newco, as more particularly described in the attached term sheet (the "Term Sheet"), incorporated herein by reference.
>
> * * *
>
> 1. Form of Transaction
>
> a) CharterCare Health Partners, a Rhode Island 501(c)(3) corporation ("Seller"), operates two acute care hospitals and certain related health care businesses in Providence, Rhode Island and surrounding communities (the "Business").
>
> b) A newly established limited liability company ("Newco"), to be owned 85% by Prospect Medical Holdings, Inc. ("Prospect"), and 15% by Seller, will purchase substantially all of the assets, liabilities and operations of the Business, other than the Excluded Assets and Excluded Liabilities (the "Purchased Assets") from the Seller.
>
> * * *
>
> 3. Purchase Price
>
> a) In exchange for the Purchased Assets, Newco shall
>
> i) Pay to Seller $45 million in cash at closing, $31 million of which will be applied to extinguish Seller's existing long-term debt and other obligations, and $14 million of which will be earmarked to strengthen the cash position of St. Joseph Health Services of Rhode Island's ("SJHSRI") pension plan;
>
> ii) Issue to Seller 15% of the equity of Newco;
>
> * * *

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

415. As Exhibit A to the March 18, 2013 Letter of Intent, CCHP and Prospect Medical Holdings attached a "CharterCARE Health Partners Balance Sheet" dated "1/31/13" which stated that "Pension Liability" in the amount of "89,536,553" dollars was "Retained by CharterCARE".

416. At the time of the sale, CCCB was in essence a holding company whose assets consisted primarily of its ownership interests in SJHSRI and RWH, and whose only business was managing the operations of Fatima Hospital and Roger Williams Hospital for its subsidiaries SJHSRI and RWH. In addition, CCCB owned all of the shares of certain other medical providers. However, the closing on or about June 20, 2014 did not transfer ownership in CCCB or any of its subsidiaries, or any cash CCCB had retained, and provided for the transfer of the assets of, rather than the ownership interests in, the companies.

417. As noted above, SJHSRI and RWH, not CCCB, owned the real estate and all of the assets used in operating Old Fatima Hospital and Old Roger Williams Hospital.

418. Thus, virtually all of the personal property and real property transferred on or about June 20, 2014 was owned both historically and immediately prior to the sale by CCCB's various subsidiaries, primarily SJHSRI and RWH, and not by CCCB, such that virtually all of the actual consideration provided by the sellers came from CCCB's subsidiaries, including SJHSRI and RWH, not from CCCB.

419. The consideration that Prospect East provided at the closing on or about June 20, 2014 included 15% of the shares of Prospect Chartercare.

420. The fair market value of that 15% at the time of the asset sale was at least $6,640,000 according to Prospect Chartercare's own audited financials.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

421. The Asset Purchase Agreement had provided that CCCB would receive those shares, as follows:

> Sellers have designated CCHP (the "Seller Member") to be the holder of the units representing the Company's limited liability company memberships on behalf of all Sellers to be issued as partial consideration in respect of the sale by Sellers of the Purchased Assets.

422. The consideration that the Prospect Entities provided in return for the assets included the undertaking to provide long term working capital of $50,000,000, which conferred a benefit on CCCB as 15% shareholder in the additional amount of $9,479,000, according to Prospect Chartercare's own audited financials.

423. Thus, notwithstanding that CCCB provided virtually none of the consideration for the transaction, the parties consummated the transaction so that CCCB obtained all of the 15% interest in Prospect Chartercare, totalling a fair market value of at least $15,919,000. SJHSRI and RWH received none of that interest, and, therefore, that valuable asset was not available to satisfy claims of Plan participants, the Plan, or any other creditors of SJHSRI.

424. The due diligence performed by the Prospect Entities in connection with the Asset Purchase Agreement included requiring that CCCB provide consolidated financials reporting on the assets and liabilities of CCCB and its various subsidiaries, and buyers in fact received such financials prior to entering into the Asset Purchase Agreement.

425. Accordingly, based upon those financials, at the time the Asset Purchase Agreement was entered into, all of the defendants knew that the combined estimated liabilities of the sellers, including CCCB, SJHSRI, and RWH, exceeded their combined estimated assets by approximately $30,000,000, and that the estimated liabilities of

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

SJHSRI alone exceeded SJHSRI's assets by over $70,000,000, all as a result of the unfunded liabilities of the Plan, such that CCCB, SJHSRI, and RWH were already insolvent when they entered into the Asset Purchase Agrement and when the 2014 Asset Sale took place.

426. This knowledge was actually adverted to in the Asset Purchase Agreement, in which the Prospect Entities as *Buyers* made the unqualified representations and warranties that they "were not now insolvent and will not be rendered insolvent by any of the Transactions," whereas SJHSRI, RWH, and CCCB as *Sellers* made only the following *qualified* representation and warranty:

> 4.29 Solvency. **After exclusion of Liabilities associated with the retirement plan due to their uncertainty of amount**: (i) Sellers are not now insolvent and will not be rendered insolvent by any of the Transactions; (ii) Sellers have, and immediately after giving effect to the Transactions, will have, assets (both tangible and intangible) with a fair saleable value in excess of the amount required to pay their Liabilities as they come due; and (iii) Sellers have adequate capital for the conduct of their business and discharge of their debts. . . .
>
> [Emphasis supplied]

427. By this express exclusion of pension liabilities from the sellers' warranty of solvency, all of the parties to the transaction signaled their actual knowledge that these liabilities rendered SJHSRI, RWH, and CCCB insolvent, such that the transfer of the assets of SJHSRI, RWH, and CCCB constituted a fraudulent transfer.

428. All of the Defendants sought and intended that the transactions would strip SJHSRI of all of its real estate and operating assets, and transfer value to CCCB in the amount of at least $15,919,000 that (they schemed) would be shielded from SJHSRI's liability to the Plan participants, including the rights of the Plan participants to have all of these assets applied to reduce the deficit in the Plan.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

CAUSES OF ACTION

COUNT I (ERISA, MINIMUM FUNDING)

429. Plaintiffs repeat and reallege paragraphs 1-212, 221-224, 228-235, 241-248, 271, 283, and 388-410.

430. 29 U.S.C. § 1132(a)(3), permits a fiduciary, plan participant, or beneficiary to bring a suit to obtain appropriate equitable relief to enforce the provisions of Title I of ERISA or to enforce the terms of a plan, or to redress such violations.

431. 29 U.S.C. § 1082 establishes minimum funding standards for defined benefit plans that require employers to make minimum contributions to their plans so that each plan will have assets available to fund plan benefits if the employer maintaining the plan is unable to pay benefits out of its general assets.

432. As the employer maintaining the plan, SJHSRI was responsible for making the contributions that should have been made pursuant to 29 U.S.C. § 1082, at a level commensurate with ERISA's requirements.

433. SJHSRI has failed to make contributions in satisfaction of the minimum funding standards of 29 U.S.C. § 1082.

434. By failing to make the required contributions to the Plan, SJHSRI violated 29 U.S.C. § 1082.

435. As a result of SJHSRI's failure to fund the Plan in accordance with ERISA's minimum funding standards, Plaintiffs pensions will be lost or at least severely reduced.

436. RWH and CCCB are jointly and severally liable for SJHSRI's failure to make the minimum contributions, because they are members of the same control group pursuant to 29 U.S.C. § 1082(b)(2), their corporate forms should be disregarded to

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

avoid fraud, and they agreed to be responsible therefore and are estopped to deny such liability.

437. CC Foundation is also jointly and severally liable for SJHSRI's failure to make the minimum contributions, because it is a member of the same control group pursuant to 29 U.S.C. § 1082(b)(2).

438. Prospect Chartercare, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams are the successors of SJHSRI, CCCB, and RWH, and are members of the same control group, and are liable for SJHSRI's failure to make contributions.

WHEREFORE Plaintiffs pray that the Court that judgment be entered against Defendants and request that the Court award the following relief:

A. Certifying this action as a class action pursuant to Fed. R. Civ. P. 23;

B. Declaring that the Plan is an employee benefit plan within the meaning of 29 U.S.C. § 1002(2), is a defined benefit plan within the meaning of 29 U.S.C. § 1002(35), and is not a Church Plan within the definition of 29 U.S.C. § 1002(33);

C. Ordering Defendants SJHSRI, CCCB, RWH, CC Foundation, Prospect Chartercare, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams to fund the Plan in accordance with ERISA's funding requirements;

D. Requiring Defendants SJHSRI, CCCB, RWH, CC Foundation, Prospect Chartercare, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams to make the Plan whole for all contributions that should have been made pursuant to ERISA funding standards, and

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

for interest and investment income on such contributions, and requiring said Defendants to disgorge any profits accumulated as a result of their fiduciary breaches;

E. Ordering declaratory and injunctive relief as necessary and appropriate, including enjoining the Defendants from further violating the duties, responsibilities, and obligations imposed on them by ERISA, with respect to the Plan;

F. Awarding, declaring, or otherwise providing Plaintiffs and the Class all relief under 29 U.S.C. § 1132(a), or any other applicable law, that the Court deems proper, and such appropriate relief as the Court may order, including an accounting, surcharge, disgorgement of profits, equitable lien, constructive trust, reformation of the Plan to conform to Defendants' promises and assurances to participants and beneficiaries, reformation of the Plan to comply with ERISA including but not limited to the minimum funding provisions of ERISA, equitable estoppel to fund the Plan, or other remedy;

G. Awarding to Plaintiffs' counsel attorneys' fees and expenses as provided by the common fund doctrine, 29 U.S.C. § 1132(g), and/or other applicable doctrine; and

H. Any other relief the Court determines is just and proper.

COUNT II (ERISA, BREACH OF FIDUCIARY DUTY)

439. Plaintiffs repeat and reallege paragraphs 1-212, 216-225, 234-235, 239-248, 251-252, 254-307, 312-359, 367-386, and 411-428.

440. At all times that the Plan failed to qualify as a Church Plan, SJHSRI and CCCB were fiduciaries of the Plan under ERISA.

441. 29 U.S.C. § 1104(a)(1) provides that a fiduciary shall discharge his/her duties with respect to a plan solely in the interest of the participants and beneficiaries,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

and defraying reasonable expenses of administering the plan, and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

442. 29 U.S.C. § 1109 provides, inter alia, that any person who is a fiduciary with respect to a plan and who breaches any of the responsibilities, obligations, or duties imposed on fiduciaries by ERISA shall be personally liable to make good to the plan any losses to the plan resulting from each such breach, and to restore to the plan any profits the fiduciary made through the use of the plan's assets. 29 U.S.C. § 1109 further provides that such fiduciaries are subject to such other equitable or remedial relief as a court may deem appropriate. 29 U.S.C. § 1002(9) provides that "[t]he term 'person' means an individual, partnership, joint venture, corporation, mutual company, joint-stock company, trust, estate, unincorporated organization, association, or employee organization."

443. 29 U.S.C. § 1132(a)(2) permits a plan participant, beneficiary, or fiduciary to bring a suit for relief under 29 U.S.C. § 1109.

444. Defendants SJHSRI and CCCB's fiduciary duties included but were not limited to providing truthful and accurate information concerning the Plan and administration of the Plan, including information to help Plan participants decide whether to remain with the Plan by accepting and continuing employment with SJHSRI, and specifically whether SJHSRI was obligated to fund the Plan and was in fact funding the Plan, the extent of SJHSRI's unfunded liability under the Plan, the security of the Plan participant's benefits under the Plan, and SJHSRI's rights to terminate the Plan.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

445. Defendants SJHSRI and CCCB committed breaches of fiduciary duty, including but not limited to misrepresenting the funding status and security of the Plan, failures to fund the Plan, failures to demand that others fund the Plan, failures to administer the Plan in the best interests of its beneficiaries, failures to act honestly and loyally, and failures to act in good faith in the best interests of the Plan and its participants and with the necessary level of care.

446. Plaintiffs have been harmed by these breaches of fiduciary duty.

WHEREFORE Plaintiffs pray that the Court that judgment be entered against Defendants SJHSRI and CCCB and request that the Court award the following relief:

A. Certifying this action as a class action pursuant to Fed. R. Civ. P. 23;

B. Declaring that the Plan is an employee benefit plan within the meaning of 29 U.S.C. § 1002(2), is a defined benefit plan within the meaning of 29 U.S.C. § 1002(35), and is not a Church Plan within the definition of 29 U.S.C. § 1002(33);

C. Ordering Defendants SJHSRI and CCCB to fund the Plan in accordance with ERISA's funding requirements;

D. Requiring Defendants SJHSRI and CCCB to make the Plan whole for all contributions that should have been made pursuant to ERISA funding standards, and for interest and investment income on such contributions, and requiring said Defendants to disgorge any profits accumulated as a result of their fiduciary breaches;

E. Ordering declaratory and injunctive relief as necessary and appropriate, including enjoining the Defendants from further violating the duties, responsibilities, and obligations imposed on them by ERISA, with respect to the Plan;

F. Awarding, declaring, or otherwise providing Plaintiffs and the Class all relief under 29 U.S.C. § 1132(a), or any other applicable law, that the Court deems

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

proper, and such appropriate relief as the Court may order, including an accounting, surcharge, disgorgement of profits, equitable lien, constructive trust, reformation of the Plan to conform to Defendants' promises and assurances to participants and beneficiaries, reformation of the Plan to comply with ERISA including but not limited to the minimum funding provisions of ERISA, equitable estoppel to fund the Plan, or other remedy;

G. Awarding to Plaintiffs' counsel attorneys' fees and expenses as provided by the common fund doctrine, 29 U.S.C. § 1132(g), and/or other applicable doctrine; and

H. Any other relief the Court determines is just and proper.

COUNT III (ERISA, AIDING AND ABETTING BREACHES OF FIDUCIARY DUTY)

447. Plaintiffs repeat and reallege paragraphs 1-212, 216-225, 234-235, 239-256, 259-307, 309-359, 367-386, 399-406, and 411-428.

448. Defendants RWH, Prospect Chartercare, Angell, Diocesan Defendants, Prospect Medical Holdings, Prospect East, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams knowingly participated in, aided, and abetted breaches of fiduciary duty by Plan fiduciaries.

449. 29 U.S.C. § 1132(a)(3) provides that a civil action "may be brought by a participant, beneficiary, or fiduciary (A) to enjoin any act or practice which violates any provision of this subchapter or the terms of the plan, or (B) to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this subchapter or the terms of the plan;"

WHEREFORE Plaintiffs pray that the Court that judgment be entered against Defendants RWH, Prospect Chartercare, Angell, Diocesan Defendants, Prospect

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Medical Holdings, Prospect East, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, and request that the Court award the following relief:

A. Certifying this action as a class action pursuant to Fed. R. Civ. P. 23;

B. Declaring that the Plan is an employee benefit plan within the meaning of 29 U.S.C. § 1002(2), is a defined benefit plan within the meaning of 29 U.S.C. § 1002(35), and is not a Church Plan within the definition of 29 U.S.C. § 1002(33);

C. Ordering Defendants RWH, Prospect Chartercare, Angell, Diocesan Defendants, Prospect Medical Holdings, Prospect East, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams to fund the Plan in accordance with ERISA's funding requirements;

D. Requiring Defendants RWH, Prospect Chartercare, Angell, Diocesan Defendants, Prospect Medical Holdings, Prospect East, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams to make the Plan whole for all contributions that should have been made pursuant to ERISA funding standards, and for interest and investment income on such contributions, and requiring Defendants to disgorge any profits accumulated as a result of their fiduciary breaches;

E. Ordering declaratory and injunctive relief as necessary and appropriate, including enjoining Defendants RWH, Prospect Chartercare, Angell, Diocesan Defendants, Prospect Medical Holdings, Prospect East, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams from further violating the duties, responsibilities, and obligations imposed on them by ERISA, with respect to the Plan;

F. Awarding, declaring, or otherwise providing Plaintiffs and the Class all relief under 29 U.S.C. § 1132(a), or any other applicable law, that the Court deems proper, and such appropriate relief as the Court may order, including an accounting,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

surcharge, disgorgement of profits, equitable lien, constructive trust, reformation of the Plan to conform to Defendants' promises and assurances to participants and beneficiaries, reformation of the Plan to comply with ERISA including but not limited to the minimum funding provisions of ERISA, equitable estoppel to fund the Plan, or other remedy;

G. Awarding to Plaintiffs' counsel attorneys' fees and expenses as provided by the common fund doctrine, 29 U.S.C. § 1132(g), and/or other applicable doctrine; and

H. Any other relief the Court determines is just and proper.

COUNT IV (ERISA, DECLARATORY RELIEF)

450. Plaintiffs repeat and reallege paragraphs 1-212.

451. 29 U.S.C. § 1132(a)(3), authorizes a fiduciary, participant or beneficiary to bring a civil action to: "(A) enjoin any act or practice which violates any provision of this title or the terms of the plan, or (B) to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this title or the terms of the plan."

452. As Administrator and Receiver of the Plan, the Receiver is a fiduciary entitled to relief under 29 U.S.C. § 1132(a)(3).

453. Pursuant to this provision, 28 U.S.C. §§ 2201 and 2202, and Federal Rule of Civil Procedure 57, Plaintiffs seek declaratory relief that the Plan is not a Church Plan within the meaning of 29 U.S.C. § 1002(33), and is thus subject to the provisions of Title I and Title IV of ERISA.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

WHEREFORE, Plaintiffs demand a declaratory judgment declaring that the Plan is not a Church Plan within the meaning of 29 U.S.C. § 1002(33), and is thus subject to the provisions of Title I and Title IV of ERISA.

COUNT V (FRAUDULENT TRANSFER, § 6-16-4(A)(1))

454. Plaintiffs repeat and reallege paragraphs 1-212, 216-225, 228-235, 239-256, 259-307, 309-359, 367-386, and 399-406.

455. At all relevant times Plaintiffs had "claims" against and were "creditors" of Defendants SJHSRI, RWH, and CCCB, as defined by R.I. Gen. Laws §§ 6-16-1(3) & (4), based upon said Defendants' violations of ERISA and/or obligations imposed by state law.

456. Fraudulent transfers were made in connection with various transactions, including but not limited to the sale of all of the assets of SJHSRI, RWH, CCCB, and related entities to various Prospect Entities in connection with the 2014 Asset Sale, and to CC Foundation and by CC Foundation to RI Foundation in connection with the 2015 *Cy Pres* Proceeding, with the actual intent of SJHSRI, CCCB, and RWH as transferors to hinder, delay, or defraud their creditors, within the meaning of R.I. Gen. Laws § 6-16-4(a)(1).

457. Those transfers are subject to avoidance to the extent necessary to satisfy Plaintiffs' claims, in accordance with R.I. Gen. Laws § 6-16-7(a)(1).

458. Plaintiffs are entitled to attachment against all of the assets of SJHSRI, RWH, CCCB, and related entities that were transferred to various Prospect Entities, and all of the assets transferred to CC Foundation and by CC Foundation to RI Foundation pursuant to the 2015 *Cy Pres* Proceeding, in accordance with R.I. Gen. Laws § 6-16-7(a)(2).

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

459. Prospect Medical Holdings, Prospect East, and Prospect Chartercare are persons for whose benefit the transfers were made within the meaning of R.I. Gen. Laws § 6-16-8(b)(1), for reasons including but not limited to the fact that Prospect Medical Holdings had a direct and beneficial interest in the 2014 Asset Sale, Prospect East owned 85% of Prospect Chartercare, and Prospect Chartercare owned 100% of Prospect Chartercare St. Joseph and Prospect Chartercare Roger Williams, and, therefore, they are also liable for the value of the assets transferred.

460. Plaintiffs are entitled to an injunction against further disposition of the property by any of the Prospect Entities, CC Foundation, or the RI Foundation, in accordance with R.I. Gen. Laws § 6-16-7(a)(3)(i).

461. Plaintiffs are entitled to any other relief the circumstances may require, in accordance with R.I. Gen. Laws § 6-16-7(a)(3)(iii).

462. Upon entry of judgment on their claims, Plaintiffs are entitled to levy execution on these assets and the proceeds of these assets, in accordance with R.I. Gen. Laws § 6-16-7(b).

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, demand a judgment avoiding the transfers, together with a judgment of money damages against Defendants SJHSRI, RWH, CCCB, Prospect Medical Holdings, Prospect East, Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect Chartercare Roger Williams, and CC Foundation, jointly and severally, plus interest and costs, and order Defendant RI Foundation to turn over to Plaintiffs all of the funds it received from CC Foundation, and any proceeds thereof, and such other and further relief as may be just.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

COUNT VI (FRAUDULENT TRANSFER, §§ 6-16-4(A)(2) AND/OR 6-16-5(A))

463. Plaintiffs repeat and reallege paragraphs 1-212, 216-225, 228-235, 239-256, 259-307, 309-359, 367-386, and 399-406.

464. At times when Plaintiffs had "claims" against and were "creditors" of Defendants SJHSRI, RWH, and CCCB, as defined by R.I. Gen. Laws §§ 6-16-1(3) & (4), fraudulent transfers were made within the meaning of R.I. Gen. Laws §§ 6-16-4(a)(2) and/or 6-16-5(a) in connection with various transactions, including but not limited to the sale of all of the assets of SJHSRI, RWH, CCCB, and related entities to various Prospect Entities in connection with the 2014 Asset Sale, and in connection with the 2015 Cy Pres Proceeding:

a. within the meaning of R.I. Gen. Laws § 6-16-4(a)(2), inasmuch as transfers were made without receiving a reasonably equivalent value in exchange for the transfers, and the debtor(s) were engaged or were about to engage in a business or a transaction for which the remaining assets of the debtor(s) were unreasonably small in relation to the business or transaction, or the debtor(s) intended to incur, or believed or reasonably should have believed that they would incur, debts beyond their ability to pay as they became due; and/or:

b. within the meaning of R.I. Gen. Laws § 6-16-5(a), inasmuch as the debtor(s) made the transfer without receiving a reasonably equivalent value in exchange for the transfer and the debtor(s) was insolvent at that time or the debtor(s) became insolvent as a result of the transfer.

465. Those transfers are subject to avoidance to the extent necessary to satisfy Plaintiffs' claims, in accordance with R.I. Gen. Laws §§ 6-16-7(a)(2) and/or 6-16-5(a).

466. Plaintiffs are entitled to attachment against all of the assets of Defendants SJHSRI, RWH, CCCB, and related entities that were transferred to various Prospect Entities, and all of the assets transferred pursuant to the 2015 *Cy Pres* Proceeding, in accordance with R.I. Gen. Laws § 6-16-7(a)(2).

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

467. Defendant Prospect Medical Holdings, Prospect East, and Prospect Chartercare are persons for whose benefit the transfers were made within the meaning of R.I. Gen. Laws § 6-16-8(b)(1), for reasons including but not limited to the fact that Prospect Medical Holdings had a direct and beneficial interest in the 2014 Asset Sale, Prospect East owned 85% of Prospect Chartercare, and Prospect Chartercare owned 100% of Prospect Chartercare St. Joseph and Prospect Chartercare Roger Williams, and, therefore, they are also liable for the value of the assets transferred.

468. Plaintiffs are entitled to an injunction against further disposition of the property by any of the Prospect Entities, CC Foundation, or the RI Foundation, in accordance with R.I. Gen. Laws § 6-16-7(a)(3)(i).

469. Plaintiffs are entitled to any other relief the circumstances may require, in accordance with R.I. Gen. Laws § 6-16-7(a)(3)(iii).

470. Upon entry of judgment on their claims, Plaintiffs are entitled to levy execution on these assets and the proceeds of these assets, in accordance with R.I. Gen. Laws § 6-16-7(b).

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, demand a judgment avoiding the transfers, together with a judgment of money damages against Defendants SJHSRI, RWH, CCCB, Prospect Medical Holdings, Prospect East, Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect Chartercare Roger Williams, and CC Foundation, jointly and severally, plus interest, costs, and order Defendant RI Foundation to turn over to Plaintiffs all of the funds it received from CC Foundation, and any proceeds thereof, and such other and further relief as may be just.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

COUNT VII (FRAUD THROUGH INTENTIONAL MISREPRESENTATIONS AND OMISSIONS)

471. Plaintiffs repeat and reallege paragraphs 1-59, 116-212, 216-225, 234, 236-359, and 365-428.

472. Defendants SJHSRI, RWH, CCCB, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, and each of them, made intentional misrepresentations to Plaintiffs and intentionally omitted providing material information under circumstances where said Defendants had a duty to speak.

473. Plaintiffs reasonably relied upon said Defendants' misrepresentations and omissions.

474. Plaintiffs suffered damages thereby.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, CCCB, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT VIII (FRAUDULENT SCHEME)

475. Plaintiffs repeat and reallege paragraphs 1-59, 116-212, 216-225, 234, 236-359, and 365-428.

476. Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, and each of them, intentionally defrauded Plaintiffs.

477. Plaintiffs relied upon Defendants' acts, practices, and courses of business that operated as a fraud upon Plaintiffs.

478. Plaintiffs were defrauded thereby.

479. Plaintiffs suffered damages thereby.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT IX (CONSPIRACY)

480. Plaintiffs repeat and reallege paragraphs 1-59, 116-212, 216-225, 234, 236-359, and 365-428.

481. Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams participated in a conspiracy to injure the Plaintiffs, which involved the combination of two or more persons to commit an unlawful act or to perform a lawful act for an unlawful purpose.

482. As a result of this conspiracy, Plaintiffs were damaged.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, demand a

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

judgment of money damages against all Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT X (ACTUARIAL MALPRACTICE)

483. Plaintiffs repeat and reallege paragraphs 1-56, 239-252, 256, 260-265, 271, 289-297, 301-307, and 312-324.

484. Defendant Angell undertook, for a good and valuable consideration, to provide actuarial and administrative services to the Plan which included communicating directly with Plan participants concerning the Plan and the interests of Plan participants concerning the Plan.

485. At all times mentioned herein, Defendant Angell had a duty to Plaintiffs to conform to the standard of care exercised by the average actuary and provider of administrative services to pension plan participants holding itself out as a specialist in pension plans.

486. Nevertheless, Defendant Angell breached its duty in that it negligently provided actuarial and administrative services to the Plan and negligently communicated directly with Plan participants concerning the Plan and the interests of Plan participants concerning the Plan.

487. As a direct and proximate result of the negligence of Defendant Angell, Plaintiffs suffered damages.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, and demand

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

judgment against Defendant Angell for damages, plus interest and costs, and such other and further relief as may be just.

COUNT XI (BREACH OF CONTRACT)

488. Plaintiffs repeat and reallege paragraphs 1-59, 213-235, 241, 245-248, and 259-307.

489. Plaintiffs and Defendant SJHSRI entered into one or more express or implied contracts under which Defendant SJHSRI undertook to fully fund and pay all pension benefits to which Plaintiffs were entitled, which Defendant SJHSRI breached, causing damages to Plaintiffs.

490. The contracts between Plaintiffs and Defendant SJHSRI each contained an implied covenant of good faith and fair dealing.

491. Defendant SJHSRI also breached this covenant, causing damages to Plaintiffs.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, and demand judgment against Defendant SJHSRI for damages, plus interest and costs.

COUNT XII (ALTER EGO)

492. Plaintiffs repeat and reallege paragraphs 1-359, 365-428, 430-438, 440-446, 448-449, 451-453, 455-461, 464-470, 472-474, 476-479, 481-482, 484-487, and 489-491.

493. There is a unity of interest and ownership among Defendants SJHSRI, RWH, CCCB, CC Foundation, Prospect Chartercare, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams (the "Alter

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Ego Goup"), such that the separate personalities of the entities and their members do not exist.

494. Observance of the corporate form would sanction a fraud, promote injustice, or result in inequity.

495. Each of Defendants in the Alter Ego Group are directly liable to Plaintiffs on one or more claims asserted herein, and the other Defendants in the Alter Ego Group are also liable therefore as the alter egos for the Defendants directly liable to Plaintiffs.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, CCCB, CC Foundation, Prospect Chartercare, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XIII (DE FACTO MERGER)

496. Plaintiffs repeat and reallege paragraphs 1-359, 365-428, 430-438, 440-446, 448-449, 451-453, 455-462, 464-470, 472-474, 476-479, 481-482, 484-487, 489-491, and 493-495.

497. There is a continuity of ownership among Defendants SJHSRI, RWH, CCCB, Prospect Chartercare, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams (the "De Facto Merger Group").

498. Defendants SJHSRI, RWH, and CCCB have ceased ordinary business and dissolved and/or have become in essence empty shells.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

499. Defendants Prospect Chartercare, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams assumed liabilities ordinarily necessary for the uninterrupted continuation of the business of SJHSRI, RWH, and CCCB.

500. There is a continuity of management, personnel, physical location, assets, and general business operation among the De Facto Merger Group.

501. Each of Defendants in the De facto Merger Group are directly liable to Plaintiffs on one or more claims asserted herein, and the other Defendants in the De Facto Merger Group are also liable therefore.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, CCCB, Prospect Chartercare, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XIV (JOINT VENTURE)

502. Plaintiffs repeat and reallege paragraphs 1-359, 365-428, 430-438, 440-446, 448-449, 451-453, 455-462, 464-470, 472-474, 476-479, 481-487, 489-491, 493-495, and 497-501.

503. There existed a joint venture between Defendants CCCB, Prospect East, and Prospect Medical Holdings (the “Joint Venturers”).

504. Each of Joint Venturers is directly liable to Plaintiffs on one or more claims asserted herein in which the Joint Venturer acted in furtherance of the joint venture, and the other Joint Venturers are also liable therefore.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, and demand a judgment of money damages against Defendants CCCB, Prospect East and Prospect Medical Holdings, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XV (SUCCESSOR LIABILITY)

505. Plaintiffs repeat and reallege paragraphs 1-359, 365-428, 430-438, 440-446, 448-449, 451-453, 455-462, 464-470, 472-474, 476-479, 481-482, 484-487, 489-491, 493-495, 497-501, and 503-504.

506. Both in connection with the 2014 Asset Sale and the transfer of approximately $8,200,000 to CC Foundation in connection with the 2015 *Cy Pres* Petition, there was a transfer of corporate assets for less than adequate consideration, the new companies continued the business of the transferors; both the transferors and the transferees had at least one common officer or director who was instrumental in the transfer; and the transfers rendered the transferors incapable of paying their creditors because the transferors dissolved either in fact or by law.

507. Defendants SJHSRI, RWH, and CCCB are liable to Plaintiffs on one or more of the claims asserted herein, for which Defendants CC Foundation, Prospect Chartercare, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams are liable to Plaintiff as successors of Defendants SJHSRI, RWH, and CCCB.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants CC Foundation, Prospect

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Chartercare, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XVI (CIVIL LIABILITY UNDER R.I. GEN. LAWS § 9-1-2 FOR VIOLATIONS OF THE RHODE ISLAND HOSPITAL CONVERSIONS ACT)

508. Plaintiffs repeat and reallege paragraphs 1-212, 314-365, and 378-392.

509. Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, knowingly violated or failed to comply with one or more provision of R.I. Gen. Laws § 23-17.14-1 *et seq.* or willingly or knowingly gave false or incorrect information.

510. Said Defendants' conduct constituted crimes or offenses under R.I. Gen. Laws § 23-17.14-30, causing injuries for which Defendants have civil liability under R.I. Gen. Laws § 9-1-2.

511. Plaintiffs have been damaged as a result.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

COUNT XVII (CIVIL LIABILITY UNDER R.I. GEN. LAWS § 9-1-2 FOR VIOLATIONS OF 26 U.S.C. § 7206(2))

512. Plaintiffs repeat and reallege paragraphs 1-212, 216-225, 228-235, 239-256, 259-307, 309-359, 367-386, and 399-406.

513. The Diocesan Defendants aided or assisted in, procured, counseled, or advised the preparation or presentation to the IRS of Defendant SJHSRI's Form 990 tax returns, the returns were false as to a material matter; and the acts of the Diocesan Defendants were willful.

514. Said Defendants' conduct constituted crimes or offenses under 26 U.S.C. § 7206(2), causing injuries for which Defendants have civil liability under R.I. Gen. Laws § 9-1-2.

515. Plaintiffs have been damaged as a result.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, and demand a judgment of money damages against the Diocesan Defendants, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XVIII (LIQUIDATION PURSUANT TO R.I. GEN. LAWS §§ 7-6-60 & -61)

516. Plaintiffs repeat and reallege paragraphs 1-359, 365-428, 430-438, 440-446, 448-449, 451-453, 455-462, 464-470, 472-474, 476-479, 481-487, 484-487, 489-491, 493-495, 497-501, 503-504, 506-507, and 509-511.

517. Defendants SJHSRI, RWH, and CCCB are Rhode Island nonprofit corporations.

518. Each of them has admitted in writing that the claims of Plaintiffs are due and owing, and these corporations are insolvent.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

519. Each of them should be liquidated and their assets shall be applied and distributed to pay Plaintiffs' claims pursuant to R.I. Gen. Laws §§ 7-6-51 & 7-6-61(c)(1).

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, and CCCB, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XIX (RHODE ISLAND LAW, BREACH OF FIDUCIARY DUTY)

520. Plaintiffs repeat and reallege paragraphs 1-59, 116-212, 216-225, 234-235, 239-256, 259-307, 309-359, 367-386, 399-406, and 411-428.

521. Defendants SJHSRI, CCCB, Angell, and the Diocesan Defendants all owed Plaintiffs fiduciary duties.

522. Defendants SJHSRI, CCCB, Angell, and the Diocesan Defendants all breached their fiduciary duties to Plaintiffs, causing damages.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, CCCB, Angell, and the Diocesan Defendants, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XX (RHODE ISLAND LAW, AIDING AND ABETTING BREACHES OF FIDUCIARY DUTY)

523. Plaintiffs repeat and reallege paragraphs 1-59, 116-212, 216-225, 234-359, and 364-428.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

524. Defendants RWH, CC Foundation, Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect East, and Prospect Medical Holdings knowingly aided, abetted, and participated in, breaches of fiduciary duty by Defendants SJHSRI, CCCB, Angell, and the Diocesan Defendants, and Defendants SJHSRI, CCCB, Angell, and the Diocesan Defendants knowingly aided, abetted, and participated in, breaches of fiduciary duty by each other, causing damages.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Fed. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Diocesan Defendants, Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect East, and Prospect Medical Holdings, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XXI (DECLARATORY JUDGMENT, LIABILITY AND TURN OVER OF FUNDS, STATE LAW)

525. Plaintiffs repeat and reallege paragraphs 454-524.

526. There exists an actual and legal controversy between Plaintiffs and Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Diocesan Defendants, RI Foundation, Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect East, and Prospect Medical Holdings, in which Plaintiffs have an interest, concerning the causes of action asserted herein in at paragraphs 454-524.

527. That controversy is ripe for determination, even if there are future contingencies that may determine the amount of Plaintiffs' damages.

WHEREFORE Plaintiffs demand a declaratory judgment declaring that Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Diocesan Defendants,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect East, and Prospect Medical Holdings, jointly and severally, are liable to Plaintiffs on the causes of action set forth against them in paragraphs 454-524 herein, and ordering Defendant RI Foundation to turn over to Plaintiffs all of the funds it received from CC Foundation, even if the exact quantum of Plaintiffs' damages cannot yet be determined due to these future contingencies.

JURY DEMAND

Plaintiffs demand a trial by jury on the aforementioned Counts.

Plaintiffs
By their Attorneys,

/s/ Max Wistow
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Stephen P. Sheehan, Esq. (#4030)
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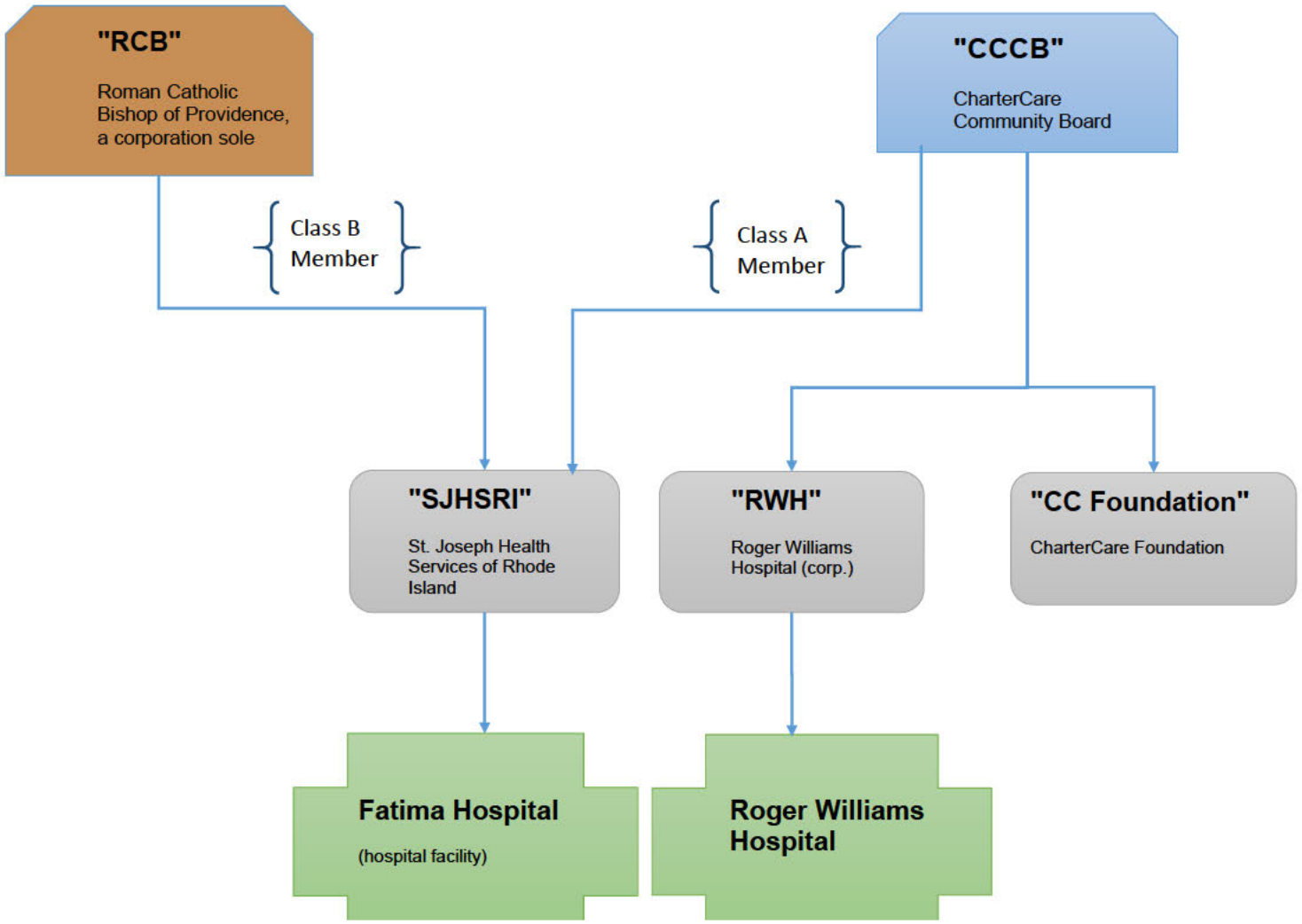
Dated: June 18, 2018

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Tab 1

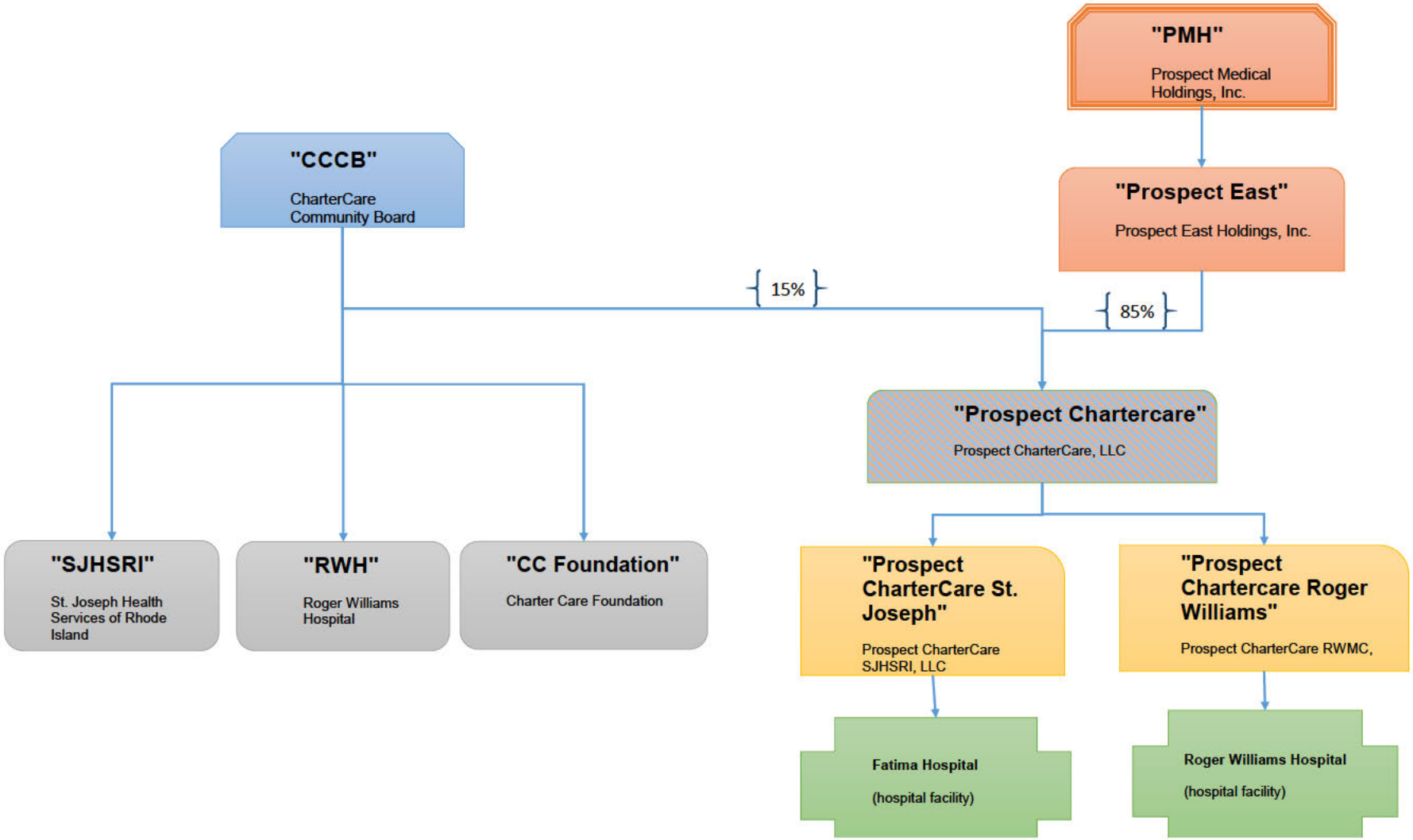
Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Pre- 2014 Asset Sale



Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Post- 2014 Asset Sale



Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/4/2018 4:09 PM
Envelope: 1697121
Reviewer: Sharon S.

Exhibit G

Case Number: PC-2018-3856
Filed in Providence/Bristol County Superior Court
Submitted: 6/18/2018 3:00:15 PM
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Reviewer: Steven S.

STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

STEPHEN DEL SESTO, AS RECEIVER AND ADMINISTRATOR OF THE ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN; GAIL J. MAJOR; NANCY ZOMPA; RALPH BRYDEN; DOROTHY WILLNER; CAROLL SHORT; DONNA BOUTELLE; and EUGENIA LEVESQUE,	:	
Plaintiffs	:	
v.	:	C.A. NO.: _____
PROSPECT CHARTERCARE, LLC; CHARTERCARE COMMUNITY BOARD; ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND; PROSPECT CHARTERCARE SJHSRI, LLC; PROSPECT CHARTERCARE RWMC, LLC; PROSPECT EAST HOLDINGS, INC.; PROSPECT MEDICAL HOLDINGS, INC.; ROGER WILLIAMS HOSPITAL; CHARTERCARE FOUNDATION; THE RHODE ISLAND COMMUNITY FOUNDATION; ROMAN CATHOLIC BISHOP OF PROVIDENCE; DIOCESAN ADMINISTRATION CORPORATION; DIOCESAN SERVICE CORPORATION; and THE ANGELL PENSION GROUP, INC.,	:	Jury Trial Demanded Class Action
Defendants.	:	

COMPLAINT

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

TABLE OF CONTENTS

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 6/4/2018 3:00 PM
Envelope: 1697266
Reviewer: Steven S.

PLAINTIFFS

1. The St. Joseph Health Services of Rhode Island Retirement Plan (the "Plan") is a defined benefit retirement plan based in Rhode Island with over 2,700 participants.

2. Plaintiff Stephen Del Sesto is a resident of East Providence, Rhode Island. He brings this action on behalf of the Plan and all of the Plan participants, in his capacity as Receiver for and Administrator of the Plan. He was appointed by the Rhode Island Superior Court in the case captioned *St. Joseph Health Services of Rhode Island, Inc. v. St. Josephs Health Services of Rhode Island Retirement Plan, as amended*, PC-2017-3856 (the "Receivership Proceeding").

3. Plaintiff Gail J. Major resides in Cranston, Rhode Island and is a participant in the Plan. She brings this action in her individual capacity and on behalf of all other Plan participants.

4. Plaintiff Nancy Zompa resides in Cranston, Rhode Island and is a participant in the Plan. She brings this action in her individual capacity and on behalf of all other Plan participants.

5. Plaintiff Ralph Bryden resides in North Scituate, Rhode Island and is a participant in the Plan. He brings this action in his individual capacity and on behalf of all other Plan participants.

6. Plaintiff Dorothy Willner resides in Cranston, Rhode Island and is a participant in the Plan. She brings this action in her individual capacity and on behalf of all other Plan participants.

Case Number: PC-2018-3856
Filed in Providence/Bristol County Superior Court
Submitted: 6/4/2018 3:00 PM
Envelope: 1697266
Reviewer: Steven S.

7. Plaintiff Caroll Short resides in Smithfield, Rhode Island and is a participant in the Plan. She brings this action in her individual capacity and on behalf of all other Plan participants.

8. Plaintiff Donna Boutelle resides in Johnston, Rhode Island and is a participant in the Plan. She brings this action in her individual capacity and on behalf of all other Plan participants.

9. Plaintiff Eugenia Levesque resides in West Greenwich, Rhode Island and is a participant in the Plan. She brings this action in her individual capacity and on behalf of all other Plan participants.

10. The Plaintiffs who bring this action both in their individual capacity and on behalf of all other Plan participants are referred to collectively as the "Proposed Class Representatives."

DEFENDANTS

11. Defendant PROSPECT CHARTERCARE, LLC ("Prospect Chartercare") is a limited liability company organized and existing under the laws of the State of Rhode Island, with its principal office in Los Angeles, California. Directly, and through its 100% owned subsidiaries PROSPECT CHARTERCARE SJHSRI, LLC[1] and PROSPECT CHARTERCARE RWMC, LLC,[2] Prospect Chartercare owns and operates health care

[1] Not to be confused with St. Joseph Health Services of Rhode Island which until the 2014 Asset Sale owned and operated Fatima Hospital. St. Joseph Health Services of Rhode Island is controlled by the nonprofit corporation CharterCARE Community Board, not the for-profit Prospect Chartercare.

[2] Not to be confused with the corporation Roger Williams Hospital that owned and operated Roger Williams Hospital prior to the 2014 Asset Sale, which is owned or controlled by CharterCARE Community Board, not Prospect Chartercare. Flow charts setting forth the relationships of certain Defendants and other entities, before the 2014 Asset Sale and as a result of the 2014 Asset Sale, are attached hereto at Tab 1.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

facilities in Rhode Island, including but not limited to two hospitals, Roger Williams Hospital and Our Lady of Fatima Hospital ("Fatima Hospital"), having acquired them in connection with an asset sale that closed on June 20, 2014 (the "2014 Asset Sale"). Prospect Chartercare currently has two members.

12. One member of Prospect Chartercare, holding a 15% ownership interest, is Defendant CharterCARE Community Board ("CCCB"), an entity organized and existing under the laws of the State of Rhode Island as a non-profit corporation, with its principal office in Providence, Rhode Island. Prior to the 2014 Asset Sale, CCCB was known as CharterCARE Health Partners, or CCHP.

13. The other member of Prospect Chartercare, holding the remaining 85% ownership interest, is Defendant Prospect East Holdings, Inc. ("Prospect East"), a for-profit corporation organized and existing under the laws of the State of Delaware with a principal office and place of business in Los Angeles, California. Prospect East is the wholly owned subsidiary of Defendant Prospect Medical Holdings, Inc.

14. Defendant Prospect Medical Holdings, Inc. ("Prospect Medical Holdings") is a corporation organized and existing under the laws of the State of Delaware with a principal office and place of business in Los Angeles, California. Prospect Medical Holdings owns all of the shares of Prospect East.

15. Defendant St. Joseph Health Services of Rhode Island ("SJHSRI") is an entity organized and existing under the laws of the State of Rhode Island as a non-profit corporation, with its principal office in Providence, Rhode Island.

16. Prior to the 2014 Asset Sale, SJHSRI owned Fatima Hospital. Since then, SJHSRI no longer operates a hospital or otherwise provides health care. Instead, SJHSRI's business consists of defending lawsuits and workers' compensation claims,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40 PM
Envelope: 1697206
Reviewer: Steven S.

collecting certain debts and receivables, paying or settling certain liabilities which were excluded from the 2014 Asset Sale, and, until the Receiver was appointed, administering the Plan.

17. Defendant Roger Williams Hospital ("RWH") is an entity organized and existing under the laws of the State of Rhode Island as a non-profit corporation, with its principal office in Providence, Rhode Island. RWH is the survivor of a merger in 2010 with Roger Williams Medical Center, and has sometimes done business under that name.

18. Prior to the 2014 Asset Sale, RWH owned the hospital it operated under the name of Roger Williams Hospital. Upon the sale, RWH ceased operating a hospital or otherwise providing medical care, and existed only to provide funds to SJHSRI and possibly other individuals and entities (but did not provide funds to the Plan), defend lawsuits and workers' compensation claims, collect certain debts and receivables, and pay or settle certain liabilities which were excluded from the 2014 Asset Sale.

19. At all relevant times CCCB was the ostensible parent company of both SJHSRI and RWH, although, as discussed below, the separate corporate statuses of CCCB, SHJSRI, and RWH must be disregarded to prevent fraud.

20. Defendant PROSPECT CHARTERCARE SJHSRI, LLC ("Prospect Chartercare St. Joseph") is a limited liability company organized and existing under the laws of the State of Rhode Island with its principal office in Los Angeles, California. Prospect Chartercare St. Joseph has owned Fatima Hospital since the 2014 Asset Sale. The sole member of Prospect Chartercare St. Joseph is Prospect Chartercare.

21. Defendant PROSPECT CHARTERCARE RWMC, LLC ("Prospect Chartercare Roger Williams") is a limited liability company organized and existing under

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

the laws of the State of Rhode Island with its principal office in Los Angeles, California. Prospect Chartercare Roger Williams has owned Roger Williams Hospital since the 2014 Asset Sale. The sole member of Prospect Chartercare Roger Williams is Prospect Chartercare.

22. As used herein, "Prospect Entities" refers collectively to Defendants Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect Chartercare Roger Williams, Prospect Medical Holdings, and Prospect East.

23. As used herein, "Old Fatima Hospital" refers to Fatima Hospital when it was owned and operated by SJHSRI, and "New Fatima Hospital" refers to Fatima Hospital since June 20, 2014 when it has been owned and operated by Prospect Chartercare St. Joseph. "Old Roger Williams Hospital" refers to Roger Williams Hospital when it was owned and operated by RWH, and "New Roger Williams Hospital" refers to Roger Williams Hospital since June 20, 2014 when it has been owned and operated by Prospect Chartercare Roger Williams.

24. SJHSRI, CCCB, RWH, the Diocesan Defendants, and the Prospect Entities have contractually, publically, and repeatedly described the ownership and operation of New Fatima Hospital and New Roger Williams Hospital as a joint venture between the Prospect Entities and CCCB and they must be treated as joint venturers.

25. Defendant CharterCARE Foundation ("CC Foundation") is an entity organized and existing under the laws of the State of Rhode Island as a non-profit corporation, with its principal office in North Providence, Rhode Island. It was formerly named CharterCare Health Partners Foundation. Its sole member is CCCB.

26. Defendant Rhode Island Community Foundation, d/b/a Rhode Island Foundation ("RI Foundation"), is an entity organized and existing under the laws of the

Case Number: PC-2018-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:04:15 PM
Envelope: 1697206
Reviewer: Steven S.

State of Rhode Island as a non-profit corporation, with its principal office in Providence, Rhode Island. RI Foundation holds and invests funds on behalf of CC Foundation to which Plaintiffs claim to be entitled, and is named herein solely as a stakeholder of property claimed by Plaintiffs, so that Plaintiffs may be accorded complete relief. When Defendant RI Foundation is intended to be referred to herein it is always specifically identified by name, and statements generally referencing "Defendants," "all of the Defendants," or "all of the other Defendants," do not refer to Defendant RI Foundation unless Defendant RI Foundation is referred to by name.

27. The Roman Catholic Bishop of Providence ("Corporation Sole") is a corporation sole, created by an act of the Rhode Island General Assembly entitled *An Act to Create the Roman Catholic Bishop of Providence, and His Successors, a Corporation Sole*, with its principal office in Providence, Rhode Island. Since May 31, 2005, Bishop Thomas Tobin was the President and Chief Executive Officer of Corporation Sole. He was acting within the scope of his employment by Defendant Corporation Sole with respect to all of his actions and omissions alleged herein.

28. Diocesan Administration Corporation ("Diocesan Administration") is an entity organized and existing under the laws of the State of Rhode Island as a non-profit corporation, with its principal office in Providence, Rhode Island. It aids in administering the affairs of the Roman Catholic Diocese of Providence ("Diocese of Providence") and was instrumental in various matters alleged herein concerning the Diocese of Providence. Since May 31, 2005, Bishop Tobin was the President and Chief Executive Officer of Diocesan Administration. He was acting within the scope of his employment by Defendant Diocesan Administration with respect to all of his actions and omissions alleged herein.

Case Number: PC-2018-3866
Filed in Providence/Bristol County Superior Court
Submitted: 6/4/2018 4:30 PM
Envelope: 1697266
Reviewer: Steven S.

29. Diocesan Service Corporation ("Diocesan Service") is an entity organized and existing under the laws of the State of Rhode Island as a non-profit corporation, with its principal office in Providence, Rhode Island. It aids in administering the affairs of and services provided by the Diocese of Providence and was instrumental in various matters alleged herein concerning the Diocese of Providence. Since May 31, 2005, Bishop Tobin was the President and Chief Executive Officer of Diocesan Service. He was acting within the scope of his employment by Defendant Diocesan Service with respect to all of his actions and omissions alleged herein.

30. Defendants Corporation Sole, Diocesan Administration, and Diocesan Service, are collectively referred to herein as the "Diocesan Defendants."

31. The Angell Pension Group, Inc. ("Angell") is a corporation organized and existing under the laws of Rhode Island with its principal office in East Providence, Rhode Island. Since 2005, Angell provided actuarial services in connection with the Plan, and, at least since 2011, Angell provided administrative services which included dealing directly with and advising Plan participants, initially on behalf of and as agents for SJHSRI and CCCB, and later on behalf of and as agents for SJHSRI, CCCB, and the Prospect Entities.

JURISDICTION AND VENUE

32. The amount in controversy exceeds the jurisdictional minimum of this Court as set forth in R.I. Gen. Laws § 8-2-14. In addition, this Court has jurisdiction over Plaintiff's request for declaratory relief pursuant to R.I. Gen. Laws § 9-30-1. All Defendants have sufficient minimum contacts with Rhode Island and are subject to the personal jurisdiction of this Court.

33. Venue in Providence County is proper under R.I. Gen. Laws § 9-4-3.

Case Number: PC-2018-3866
Filed in Providence/Bristol County Superior Court
Submitted: 6/4/2018 3:00 PM
Envelope: 1697266
Reviewer: Steven S.

CLASS ACTION ALLEGATIONS

34. The Proposed Class Representatives bring this action as a class action pursuant to Super. R. Civ. P. 23 on behalf of themselves and the following class of persons similarly situated: All participants or beneficiaries of the Plan (the "Class"). The Receiver joins in the application of the Proposed Class Representatives that they be appointed class representatives, and that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23.

35. Excluded from the Class are any high-level executives at SJHSRI or at the other Defendants, or any employees who have responsibility or involvement in the administration of the Plan, or who are subsequently determined to be fiduciaries of the Plan, or who knowingly participated in any of the wrongful acts described herein.

A. NUMEROSITY

36. The exact number of Class members is unknown to the Proposed Class Representatives at this time, but may be readily determined from records maintained by Defendants in conjunction with records obtained by the Receiver. The number of Plan beneficiaries is estimated to exceed 2,700. Upon information and belief, many, if not all, of those persons are likely members of the Class, and thus the Class is so numerous that joinder of all members is impracticable.

B. COMMONALITY

37. The issues regarding liability in this case present common issues of law and fact, with answers that are common to all members of the Class, including but not limited to (1) the determination of Defendant SJHSRI's obligations and the Plan participants' rights under the Plan, and whether those obligations were breached and

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

those rights violated; (2) the determination of whether all of the Defendants committed fraud; (3) the determination of whether all of the Defendants engaged in a civil conspiracy; (4) the determination of whether all of the Defendants aided and abetted fraud; (5) whether the transfers of assets in connection with the 2014 Asset Sale and/or 2015 *Cy Pres* Proceeding constitute fraudulent transfers; (6) whether Defendants violated the Hospital Conversions Act in connection with obtaining regulatory approval of the 2014 Asset Sale; (7) whether Defendants owe or owed fiduciary duties to participants of the Plan under state law; and (9) issues of successor liability.

38. The issues regarding the relief are also common to the members of the Class as the relief will include, but are not limited to (1) equitable relief ordering Defendants to fund the Plan, for the benefit of all Plan beneficiaries; (2) a judgment avoiding the transfers in connection with the 2014 Asset Sale and 2015 *Cy Pres* Proceeding; and (3) awarding to Plaintiffs' counsel attorneys' fees and expenses as provided by the common fund doctrine and/or other applicable doctrine.

C. TYPICALITY

39. The Proposed Class Representatives' claims are typical of the claims of the other members of the Class, because their claims arise from the same events, practices and/or courses of conduct, including, but not limited to, Defendants' treatment of the Plan, Defendants' transfers of assets in connection with the 2014 Asset Sale and/or 2015 *Cy Pres* Proceeding, Defendants' misrepresentations to Plan beneficiaries, Defendants' misrepresentations to regulators in connection with the approval of the 2014 Asset Sale, and Defendants' fraudulent schemes to defraud Plaintiffs. The Proposed Class Representatives' claims are also typical, because all Class members are similarly affected by Defendants' wrongful conduct.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40 PM
Envelope: 1697206
Reviewer: Steven S.

40. The Proposed Class Representatives' claims are also typical of the claims of the other members of the Class because, to the extent the Proposed Class Representatives seek equitable or declaratory relief, it will affect all Class members equally. Specifically, the equitable relief sought includes but is not limited to requiring Defendants to make the Plan whole for all contributions that should have been made, reformation of the Plan to correspond to Defendants' representations and promises in connection therewith, and for interest and investment income on such contributions. The declaratory relief sought will address Defendants' obligations to all Plan participants.

41. Defendants do not have any defenses unique to the Proposed Class Representatives' claims that would make the Proposed Class Representatives' claims atypical of the remainder of the Class.

D. ADEQUACY

42. The Proposed Class Representatives will fairly and adequately represent and protect the interests of all members of the Class.

43. The Proposed Class Representatives do not have any interests antagonistic to or in conflict with the interests of the Class.

44. Defendants have no unique defenses against the Proposed Class Representatives that would interfere with Plaintiffs' representation of the Class.

45. The Proposed Class Representatives have engaged counsel (a) with extensive experience in complex litigation, (b) who have already devoted hundreds of hours and secured and reviewed approximately one million pages of documents in investigating those claims, and (c) with the approval of the Rhode Island Superior Court,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

represent the Receiver whose interests are identical to the interests of the Proposed Class Representatives.

E. RULE 23(B)(1) REQUIREMENTS

46. The requirements of Rule 23(b)(1)(A) are satisfied because prosecution of separate actions by the members of the Class would create a risk of establishing incompatible standards of conduct for Defendants.

47. The requirements of Rule 23(b)(1)(B) are satisfied because adjudications of these claims by individual members of the Class would, as a practical matter, be dispositive of the interests of the other members not parties to the actions, or substantially impair or impede the ability of other members of the Class to protect their interests.

F. RULE 23(B)(2) REQUIREMENTS

48. Class action status is also warranted under Rule 23(b)(2) because Defendants have acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final injunctive, declaratory, or other appropriate equitable relief with respect to the Class as a whole.

G. RULE 23(B)(3) REQUIREMENTS

49. If the Class is not certified under Rule 23(b)(1) or (b)(2), then certification under (b)(3) is appropriate because questions of law or fact common to members of the Class predominate over any questions affecting only individual members. The common issues of law or fact that predominate over any questions affecting only individual members include, but are not limited to: (1) the determination of Defendant SJHSRI's obligations and the Plan participants' rights under the Plan, and whether those

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

obligations were breached and those rights violated; (2) the determination of whether all of the Defendants committed fraud; (3) the determination of whether all of the Defendants engaged in a civil conspiracy; (4) the determination of whether all of the Defendants aided and abetted fraud; (5) whether the transfers of assets in connection with the 2014 Asset Sale and/or 2015 Cy Pres Proceeding constitute fraudulent transfers; (6) whether Defendants violated the Hospital Conversions Act in connection with obtaining regulatory approval of the 2014 Asset Sale; (7) whether Defendants owe or owed fiduciary duties to participants of the Plan under state law; and (8) issues of successor liability.

50. A class action is superior to the other available methods for the fair and efficient adjudication of this controversy because:

A. Individual Class members do not have an interest in controlling the prosecution of these claims in individual actions rather than a class action, because the equitable and declaratory relief sought by any Class member will either inure to the benefit of the Plan or affect each class member equally;

B. Individual members also do not have any interest in controlling the prosecution of these claims because the monetary relief that they could seek in any individual action is identical to the relief that is being sought on their behalf herein;

C. This litigation is properly concentrated in this forum, where most or all Defendants are headquartered and/or located, where Plaintiffs are located or live, and where the Receivership Proceeding concerning the Plan is already pending; and

D. There are no difficulties managing this case as a class action.

Case Number: PC-2018-3856
Filed in Providence/Bristol County Superior Court
Submitted: 6/4/2018 4:30:05 PM
Envelope: 1697266
Reviewer: Steven S.

RELATED PROCEEDINGS

51. Concurrently with the filing of this Complaint, Plaintiffs have filed or are filing a parallel proceeding in the United States District Court for the District of Rhode Island, asserting the state law claims made herein along with additional federal claims for which the United States District Court has exclusive or concurrent jurisdiction (the "Federal Action"). This state court proceeding is brought solely for the purposes of protecting Plaintiffs from the possible expiration of any time limitations during the pendency of the proceedings in the Federal Action, should the Federal Court for any reason decline to exercise supplemental jurisdiction over those state law claims. Plaintiffs intend to ask that this state court proceeding be stayed pending the resolution of the proceeding in the Federal Action.

52. Plaintiffs have also sought or will seek leave to intervene in a case that is currently pending in the Rhode Island Superior Court entitled *In re: CHARTERCARE HEALTH PARTNERS FOUNDATION, ROGER WILLIAMS HOSPITAL and ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND*, C.A. No. KM-2015-0035 (the "2015 *Cy Pres* Proceeding"), in which Plaintiffs ask the Rhode Island Superior Court to order that Defendants CC Foundation and RI Foundation hold the approximately $8,200,000 (and any proceeds thereof) that was transferred from SJHSRI and RWH pursuant to the order of the court in that proceeding, so as to protect Plaintiff's claims against those funds and preserve the *status quo* pending the determination of the merits of those claims in this Court or in the Federal Action.

OVERVIEW

53. This case concerns an insolvent defined benefit retirement plan with over 2,700 participants, consisting of hospital nurses and other hospital workers who, after

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

many years of dedicated service to their patients and SJHSRI, learned in August of 2017 that the Plan had not been adequately funded. The disclosure occurred when the Plan was placed into receivership by SJHSRI, with the request that the Rhode Island Superior Court approve a virtually immediate 40% across-the-board reduction in benefits.

54. The harm to the Plan participants' pensions is the product of (at least) four separate but related factual scenarios and schemes:

a. For nearly fifty years SJHSRI used the Plan as a marketing tool to hire and retain employees, and promised employees and prospective employees that SJHSRI made 100% of the necessary contributions and that they had no investment risk, leading them to mistakenly but justifiably conclude that SJHSRI was making the necessary contributions and their pensions were safe;

b. For most of at least the past ten years, SJHSRI stopped making necessary contributions with the result that the Plan was grossly underfunded, but SJHSRI and other Defendants conspired to conceal it from Plan participants through fraudulent misrepresentations and material omissions regarding the Plan;

c. For many years SJHSRI and other Defendants secretly sought a means to terminate the Plan without exposing SJHSRI's substantial operating assets and charitable funds to lawsuits by Plan participants for benefits, including in December of 2012 when SJHSRI considered unilaterally terminating the Plan and paying benefits only to employees who were already retired, which would have deprived over 1,800 other Plan participants of any pension whatsoever, but reconsidered because SJHSRI feared that the excluded Plan participants would bring a successful class action that would end up costing SJHSRI more than it would save by terminating the Plan;

d. Beginning in 2011, SJHSRI and other Defendants put into operation a scheme to transfer SJHSRI's operating assets, cash, and most of its expected future charitable income to entities controlled by SJHSRI's parent company, intending that such assets thereby would be out of reach of a suit by

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00 PM
Envelope: 1697206
Reviewer: Steven S.

the Plan participants, and then terminate the Plan. This scheme had four key stages:

i. First, in connection with the 2014 Asset Sale, SJHSRI and related entities engaged in the fraudulent transfer of SJHSRI's operating assets to the control of a for-profit limited liability company, leaving SJHSRI with the insolvent pension plan and no operating assets, in return for SJHSRI's parent company getting a 15% stake in the for-profit company that they thought would be safe from the claims of Plan participants, and made fraudulent misstatements and material omissions concerning the Plan to the state regulatory agencies whose approval was required for the transfer to go forward.

ii. Then, to secure cash which should have gone to bolster the Plan, SJHSRI's parent company over the last four years stripped at least $8,200,000 in charitable assets from SJHSRI and its other subsidiary, and either spent or put the money in a foundation it controlled. This was accomplished by misleading the Rhode Island Superior Court in 2015 into approving these wrongful and fraudulent transfers under the doctrine of *cy pres*.

iii. Finally, having accomplished their goal of stripping SJHSRI of virtually all value, SJHSRI and its affiliates sought to wash their hands of the problem they created, and put the Plan into receivership in August of 2017 and asked the state court to reduce SJHSRI's liabilities to Plan participants by 40% on the grounds that SJHSRI had insufficient assets to fund the Plan.

55. SJHSRI, the Prospect Entities, and other Defendants committed fraud, breached their contractual obligations, violated their duty of good faith and fair dealing, and otherwise acted wrongfully. As a result, they must be required to compensate losses to the Plan and remedy such violations, including returning all assets improperly diverted from the Plan, and to otherwise fully fund the Plan.

56. They also ran afoul of Rhode Island laws prohibiting fraudulent conveyances. The remedies for those violations include that the Prospect Entities must turn over to the Plan and its participants the entirety of the assets they acquired in the

2014 Asset Sale, with no credit or offset for what they paid for those assets, or for the improvements that they may have made on the facilities. In other words, the Plaintiffs are entitled to judgment awarding them these assets, including but not limited to New Fatima Hospital and New Roger Williams Hospital, or ordering that these properties and other assets be sold and awarding Plaintiffs the proceeds from the sale up to the amount necessary to fully fund the Plan on a termination basis and ensure the pensions of all Plan participants.

FACTS

A. HISTORY OF THE PLAN

57. From 1965 to 1995, SJHSRI's employees participated in the pension plan that the Diocesan Defendants established for the employees of the Diocese of Providence (the "Diocesan Plan").

58. Prior to January 1, 1973, SJHSRI's employees were required to contribute to the Diocesan Plan 2% of the first $4,800 of their annual earnings, and 4% of their annual earnings in excess of $4,800. As of January 1, 1973, employees were not required (or permitted) to make contributions to the Plan.

59. The Plan documents at all relevant times included both a Trust and a highly-technical and lengthy separate instrument that purported to set forth the terms of the Plan. During the period from 1965 through 1995, the Plan was part of the Diocesan Plan, and was amended or restated at least ten times.

60. In 1995, in connection with the tenth restatement of the Diocesan Plan, SJHSRI and the Diocesan Defendants took certain steps to unilaterally remove SJHSRI employees from the Diocesan Plan, which up to then had covered both the employees of SJHSRI and the lay employees of the Diocese of Providence.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

61. At the same time SJHSRI and the Diocesan Defendants established and/or caused SJHSRI to establish a separate plan for SJHSRI, without obtaining the agreement of or even providing notice to the Plan participants or SJHSRI's employees.

62. Up until then, the assets of the Diocesan Plan allocable to the lay employees of the Diocese and to the employees of SJHSRI were co-mingled in the same investment accounts. In 1995, a portion of the assets of the Diocesan Plan was allocated to the employees of SJHSRI and transferred to separate accounts to fund the Plan. Thereafter, the funds were kept segregated. This enabled the Diocesan Defendants to fund the Diocesan Plan as they saw fit, while SJHSRI was not funding the Plan. Another purpose and effect of the split was to insulate the pension benefits of the lay employees of the Diocese from the claims of the employees of SJHSRI.

63. At various times during the period from 1995 to the present, SJHSRI did not fund the Plan in accordance with the recommendations of the Plan's actuaries, with the result that the Plan is grossly underfunded.

64. During the period from 1995 to the present, SJHSRI and the other entities and individuals administering the Plan and communicating with Plan participants never informed Plan participants that the Plan was underfunded, or that the Plan was not being funded in accordance with the recommendations of SJHSRI's actuaries, with the result that all Plan participants who were not aiding and abetting Defendants or otherwise participating in the conspiracy were taken completely by surprise when that was disclosed in connection with the filing of the Receivership Proceeding in August of 2017.

65. Beginning in 2011, the trustees and executive management of SJHSRI, RWH, and CCCB decided to seek substantial outside capital.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

66. From the outset of their deciding to seek outside capital, the board of trustees and executive management of SJHSRI, CCCB, and RWH placed a great deal of importance on retaining as much "local control" of the hospitals as possible and keeping existing management in place. For them, "local control" meant control by many of the same individuals who had been controlling SJHSRI, RWH, and CCCB, prior to the 2014 Asset Sale.

67. By the end of 2011, they authorized management to solicit offers from entities that invested in and/or operated hospitals in Rhode Island and across the United States, and to advise those entities that their goals included retaining significant local control of the hospitals, and keeping existing management in place.

68. One entity they solicited was LHP Hospital Group, Inc. ("LHP"), a for-profit corporation that operated five hospitals outside of Rhode Island.

69. In 2012, LHP responded to the solicitation with a letter of intent that set forth terms of a proposed joint venture, under which LHP would pay $33,000,000 to pay off SJHSRI and RWH's bonded indebtedness, pay an additional $72,000,000 to fund the Plan, and commit an additional approximately $50,000,000 for future capital improvements and network expansion.

70. The $72,000,000 figure was based upon Defendant Angell's estimate that the unfunded status of the Plan in 2011 was $72,000,000. In 2012 that estimate changed to approximately $86,000,000, which initially caused concern regarding the sufficiency of the payment proposed by LHP. However, in 2013 that estimate was reduced to approximately $73,000,000 based upon high returns earned on pension assets in 2013.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

71. The Trustees and executive management of SJHSRI, CCCB, and RWH did not favor LHP's insistence on applying so much capital to pay off the unfunded pension liability. They wanted to allocate more of the purchase money for other purposes, instead of fulfilling their obligations to the Plan participants by choosing a buyer or joint-venturer who would adequately fund the Plan.

72. Accordingly, the trustees and executive management of SJHSRI, CCCB, and RWH chose not to pursue a transaction with LHP, and to continue their search for outside capital.

73. In 2013, and after some negotiations, Defendant Prospect Medical Holdings proposed a joint venture to operate Fatima Hospital and Roger Williams Hospital with Defendant CCCB, that involved the Prospect Entities paying off SJHSRI's and RWH's bonded indebtedness of approximately $31,000,000, paying $14,000,000 into the Plan, committing $50,000,000 over four years for capital projects and network development, and funding annual asset depreciation in the amount of $10,000,000.

74. However, the $14,000,000 contribution to the Plan would only reduce SJHSRI's unfunded liabilities for the Plan to approximately $59,000,000. The Letter of Intent stipulated that liability for the Plan would remain with SJHSRI, and, therefore, that Fatima Hospital under the operation of its new owners would be relieved of these unfunded liabilities. Accordingly, the parties had to determine if there was a way that SJHSRI could retain that liability and the Prospect Entities could avoid that liability.

75. SJHSRI had other options that would have fully funded the Plan. One option was the outright sale of the hospital, for which SJHSRI would have received a purchase price sufficient to fund the Plan.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

76. However, that conflicted with the goals of the board of trustees and executive management of SJHSRI, CCCB, and RWH of retaining as much "local control" of the hospitals as possible and keeping existing management in place.

77. Another option was to affiliate with a company such as LHP that was willing to fully fund the Plan. However, that conflicted with the goals of the board of trustees and executive management of SJHSRI, CCCB, and RWH to allocate more of the purchase money for other purposes.

78. The board of trustees and executive management of SJHSRI, CCCB, and RWH chose to proceed with a transaction that did not necessitate fully funding the Plan.

79. The board of trustees and executive management of SJHSRI, CCCB, and RWH decided to proceed with the proposal from Prospect Medical Holdings.

80. On August 14, 2013, counsel for SJHSRI, CCCB, and RWH, together with CCCB "senior leadership," met at the offices of the Diocesan Defendants to obtain their cooperation. That meeting was attended by Bishop Tobin, Rev. Timothy Reilly (the Chancellor of the Diocese of Providence), and Msgr. Paul Theroux (who was a member of the Diocesan Finance Council) (collectively the "Diocesan Defendants' Attendees").

81. Counsel for SJHSRI, CCCB, and RWH brought the current version of the Asset Purchase Agreement to the meeting. That draft (and the final version actually signed by the parties) provided for the sale of all of the operating assets of SJHSRI, including ownership of Fatima Hospital. It also included the requirement that SJHSRI would retain liability for the Plan, and that the new owners and operators of New Fatima Hospital would have no obligations to the Plan.

82. Counsel for SJHSRI, CCCB, and RWH also brought to the meeting with the Diocesan Defendants' Attendees on August 14, 2013 a document on the joint

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

letterhead of counsel and CCCB, entitled "Overview of the Strategic Transaction with Prospect Medical Holdings, Inc., Presentation to the Board of Directors," referring to the Board of Trustees for SJHSRI, CCCB, and RWH.

83. The latter document contained the legend "Privileged and Confidential: Attorney-Client Communication." Nevertheless, counsel for SJHSRI, CCCB, and RWH showed it to the Diocesan Defendants' Attendees and went over it with them.

84. That document outlined the salient details of the 2014 Asset Sale, whereby SJHSRI, CCCB, and RWH would sell "substantially all of their assets to Prospect CharterCARE LLC ('Newco')." In return, the Prospect Entities would pay cash of $45,000,000, commit to contribute $50,000,000 over four years for "physician network development and capital projects," and "fund depreciation in the amount of $10,000,000 per year."

85. The document noted that Defendant CCCB would receive "a 15% ownership (membership) interest in Newco."

86. The very first page of the presentation noted that only $14 million of the sales proceeds would be paid into "the Church-sponsored retirement plan."

87. At this time, all of the defendants knew that SJHSRI's unfunded liability for the Plan was approximately $73,000,000. Thus, they knew that the Asset Purchase Agreement contemplated leaving SJHSRI an unfunded liability for the Plan of approximately $59,000,000, and that SJHSRI would have no operating assets.

88. The document then detailed certain promises that would be made to the Diocesan Defendants as part of the transaction, which were described as follows:

Catholic identity covenants of Prospect and Newco

- Our Lady of Fatima Hospital and other legacy SJHSRI facilities will be operated in compliance with the ERDs[3]
- Roger Williams Medical Center and its facilities will not engage in prohibited activities
  - Abortion
  - Euthanasia
  - Physician-assisted suicide
- Any hospital or facility acquired or established after Closing must comply with restrictions on prohibited activities
- The Bishop has a direct right to enforce the Catholicity covenants
- CCHP intends to propose that the Bishop may require a name change of Our Lady of Fatima Hospital and other legacy SJHSRI facilities if he is unsuccessful in enforcing the covenants

89. These "Catholic identity covenants" included essentially all the rights which the Diocesan Defendants and the Diocese of Providence were entitled to exercise over Old Fatima Hospital and Old Roger Williams Hospital, SJHSRI, and RWH, since 2009 when SJHSRI and RWH became part of CCCB. Thus, notwithstanding the 2014 Asset Sale, the Diocesan Defendants were offered the promise that New Fatima Hospital and New Roger Williams Hospital would remain as Catholic as Old Fatima Hospital and Old Roger Williams Hospital had been before the asset sale.

90. In other words, the Diocese and the Diocesan Defendants would transfer to the new hospitals the "Catholicity" and associated controls that they had previously enjoyed over Old Fatima Hospital, Old Roger Williams Hospital, SJHSRI, and RWH.

[3] Ethical and Religious Directives for Catholic Health Care Services.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

91. Indeed, shortly after the closing of the 2014 Asset Sale, Bishop Tobin extolled the advantages of the arrangement in precisely those terms:

> For all intents as purposes, Fatima Hospital will retain its Catholicity, and that is guaranteed by contract now. It's not just an aspiration, it's guaranteed by contract that the Catholic identity is still under the supervision of the local bishop and that in all of its ministries and external signs Fatima Hospital will be as Catholic as it has ever been.

92. Later in the day on August 14, 2013, counsel for SJHSRI, CCCB, and RWH attended a meeting of the Executive Committee of CCCB's Board of Trustees, and advised the committee of the results of his meeting with the Diocesan Defendants' Attendees, and assured them that SJHSRI, CCCB, RWH, and the Diocesan Defendants had a "common understanding," and that Bishop Tobin was "comfortable."

93. On September 11, 2013, the Diocesan Chancellor contacted counsel for SJHSRI, CCCB, and RWH and stated that the "our Diocesan Finance Council and College of Consultors also need to consent to the act of alienation," and asked counsel to provide them with the Overview of the Strategic Transaction that counsel had shared with the Diocesan Defendants on August 14, 2013, because "[t]he Bishop thinks it would be a concise and helpful overview for the council members."

94. Counsel for SJHSRI, CCCB, and RWH promised to send it to the Chancellor the next day, after deleting the references to "Attorney-Client Privilege." The next day counsel followed through and sent it to the Chancellor, addressing the document as "[f]or the Bishop of the Roman Catholic Diocese of Providence, Rhode Island."

95. On September 17, 2013 the Diocesan Finance Council and College of Consultors met to decide whether to vote in favor of alienation of the assets of SJHSRI

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40 PM
Envelope: 1697206
Reviewer: Steven S.

pursuant to the proposed asset sale. Bishop Tobin, Chancellor Reilly, and Monseigneur Theroux attended as members of both, with Bishop Tobin as Chairman.

96. The Diocesan Finance Council and the College of Consultors approved the transaction.

97. On September 18, 2013, Chancellor Reilly provided counsel for SJHSRI, CCCB, and RWH with a draft of Bishop Tobin's proposed letter to the Secretary of the Congregation for the Clergy in Rome requesting approval for the 2014 Asset Sale, and sought counsel's "comments/suggestions" concerning the letter.

98. Bishop Tobin's draft letter to the Vatican purported to summarize the transaction. It recounted the "merger" of SJHSRI and RWH into CCCB in 2009, and stated that "[s]hortly thereafter, in the wake of the global economic downturn, CharterCARE soon began to experience the need for increased capital and was confronted with a **spiraling and gaping unfunded liability within its employee-pension system**" (emphasis supplied). The draft noted that the proposed sale would apply "approximately $14 million to fund the Church-sponsored employee pension plan."

99. Bishop Tobin then stated that "without [approval of] this transaction, it appears that a consistent Catholic healthcare presence in the Diocese of Providence would be gravely compromised, and the financial future for employees-beneficiaries of the pension plan would be at significant risk. I believe that the APA [Asset Purchase Agreement] between CharterCARE and Prospect will help avoid the catastrophic implications of such a failure, and at the same time, enhance the quality of care at SJHSRI/Our Lady of Fatima."

100. Finally, the draft letter concluded with Bishop Tobin stating that "[i]t is my sincere hope that Your Excellency will understand the important role of this alienation

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40 PM
Envelope: 1697206
Reviewer: Steven S.

for the faithful of the Diocese of Providence, and the thousands of patients, employees, and pensioners of SJHSRI."

101. Counsel for SJHSRI, CCCB, and RWH revised the draft by *deleting* the reference to "spiraling and gaping" liability, and substituted "significant" liability, stating that he preferred the revision "**in the event this letter was ever subject to discovery in a civil lawsuit**" (emphasis added).

102. Counsel for SJHSRI, CCCB, and RWH left untouched, however, all of the other statements quoted above, including that $14 million would "fund the Church-sponsored employee pension plan," that without Vatican approval of the asset sale, "the financial future for employees-beneficiaries of the pension plan would be at significant risk," and that such approval "will help avoid the catastrophic implications" of failure of the pension plan.

103. The Diocesan Defendants, SJHSRI, RWH, and CCCB knew that even after the $14 million contribution, the Plan would remain seriously underfunded, and the financial future of the pensioners would be at much more than merely "significant risk." Moreover, approval of the alienation would not avoid the "catastrophic implications" of that failure. To the contrary, such approval would increase the risk of such failure by depriving SJHSRI of operating income it needed to meet its obligations under the Plan, and hindering if not completely frustrating the Plan participants' rights to demand contributions by or recover damages from an asset-holding and income-generating hospital.

104. Bishop Tobin did not disclose in his letter to the Vatican that the proposed asset sale increased the probability of the Plan failing. Instead Bishop Tobin omitted

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

that information and, in effect, said the opposite, that approval of the asset sale was actually necessary to secure the Plan.

105. On September 27, 2013, Bishop Tobin signed his letter as altered by counsel for SJHSRI, CCCB, and RWH and sent it to the Vatican.

106. These misrepresentations and omissions concerning the Plan in the Bishop's letter to the Vatican were included because Defendants SJHSRI, RWH, CCCB, and the Diocesan Defendants, all understood that Vatican approval was required for the transaction to proceed, and knew or were told that that the Vatican must approve specifically the "pension restructuring."

107. On November 15, 2013, there was a meeting of the CCCB Investment Committee that was administering the Plan. As part of a discussion concerning the Plan, Chief Executive Officer Belcher informed them that "Bishop Thomas Tobin has signed off on the Plan, and the proposal has been sent to the Vatican for approval."

108. Vatican approval was obtained in early 2014, along with other necessary approvals, and the asset sale closed on June 20, 2014, whereupon ownership of Fatima Hospital was transferred from SJHSRI to Prospect Chartercare St. Joseph and ownership of Roger Williams Hospital was transferred from RWH to Prospect Chartercare Roger Williams.

109. In connection with the 2014 Asset Sale, the Inter-Parish Loan Fund received proceeds of $638,838.25 from the proceeds of the sale of SJHSRI's assets, in connection with a loan that should have been forgiven.

110. On August 22, 2014, Bishop Tobin directed that $100,000 of this amount be transferred to the Priests' Retirement Fund instead of the SJHSRI Plan, and that the balance be applied towards a Diocesan Line of Credit.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

B. SJHSRI'S OBLIGATIONS UNDER THE PLAN

111. Following its separation from the Diocesan Plan, the Plan was unilaterally revised by SJHSRI on three occasions, in 1999, 2011, and 2016.

112. The various iterations of the Plan contain different provisions (the "Exculpatory Provisions") that were inserted so as to enable arguments regarding the construction of the Plan that would make any funding obligation illusory and which would constitute a fraud on the Plan participants.

113. The Exculpatory Provisions so construed are ineffective, for various reasons, including, but not limited to, that (a) they contradict the reasonable expectations of Plan participants, (b) they are contrary to representations made over many years to Plan participants upon which Plan participants relied to their detriment such that Defendants are estopped from relying on such provisions, (c) they violate the obligation of good faith and fair dealing, and (d) they generally represent an unconscionable fraud on Plan participants.

114. The Exculpatory Provisions so construed also contradict statements that SJHSRI, RWH, CCCB, and the Prospect Entities made to various Rhode Island state agencies to obtain their approval for the 2014 Asset Sale and to the Rhode Island Superior Court in 2015 to obtain the court's approval of the transfer of approximately $8,200,000 from SJHSRI and RWH to CC Foundation.

115. These statements acknowledged both that it was SJHSRI's "liability" and "obligation" to fund the Plan, but also represented that SJHSRI had the intent and means to "satisfy" that obligation. Having succeeded in obtaining those approvals based upon the those representations, SJHSRI, RWH, CCCB, CC Foundation, and the Prospect Entities are judicially estopped from contending otherwise, and from enforcing

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40 PM
Envelope: 1697206
Reviewer: Steven S.

the Exculpatory Provisions insofar as they would relieve SJHSRI of any such liability, since to allow them to use those provisions for that purpose would reward a fraud on both the Rhode Island Attorney General and the Rhode Island Superior Court.

116. Moreover, insofar as the Exculpatory Provisions if so construed would have the effect of relieving Defendant SJHSRI from liability to fully fund the Plan or pay the promised retirement benefits, then Defendants SJHSRI, Angell, and the Prospect Entities breached their fiduciary obligations to disclose that material information to the Plan participants, including, but not limited to, the information that Defendant SJHSRI contended that it was not obligated to fund, and, in fact, was not funding the Plan. All of the other Defendants aided and abetted those breaches of fiduciary duties by Defendants SJHSRI, Angell, and the Prospect Entities.

117. All of the various iterations of the Plan have in common the fact that they were never given to Plan participants. In other words, Plan participants were never provided with a copy of the Plan documents, either at any time during the applicability of the Diocesan Plan or, subsequently, when the Plan for SJHSRI employees was separately established.

118. Notwithstanding the Exculpatory Provisions, SJHSRI's obligation to properly fund the Plan was acknowledged in the annual financial statements for SJHSRI prepared by different auditors through the years.

119. For example, since 2006, all of SJHSRI's annual (both audited and unaudited) financial statements have listed the unfunded portion of Plan obligations as a liability on the balance sheet for SJHSRI, and reduced the net assets of SJHSRI by that amount.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40 PM
Envelope: 1697206
Reviewer: Steven S.

120. In addition, the financial statements repeatedly referred to SJHSRI's policy to make annual contributions to fund the Plan, and to determine the amount of the contributions as if the Plan were subject to the funding obligations of ERISA. For example:

a. SJHSRI's financial statements for the fiscal years ending September 30, 1985, September 30, 1986, and September 30, 1987, stated that "[t]he Hospital makes annual contributions to the Plan equal to the amount accrued for pension expense;"

b. SJHSRI's financial statements for the fiscal years ending September 30, 1992, September 30, 1993, September 30, 1994, September 30, 1995, September 30, 1996, and September 30, 1997, stated that "[t]he Hospital's policy is to fund pension costs accrued which are within the guidelines established by ERISA;"

c. SJHSRI's financial statements for the fiscal years ending September 30, 2001, and September 30, 2002, stated that "[t]he Corporation's policy is to fund at least the minimum amount required under ERISA guidelines;" and

d. SJHSRI's financial statements for the fiscal years ending September 30, 2003, September 30, 2004, September 30, 2005, and September 30, 2006, stated that "[a]lthough the plan is not subject to ERISA, the Corporation's policy is to fund at least the minimum amount required under the ERISA guidelines."

121. These financial statements all were expressly approved by the SJHSRI's Board of Trustees, SJHSRI's management, and SJHSRI's auditors.

122. Even in years when SJHSRI's annual financial statements did not expressly acknowledge that it was SJHSRI's policy to fund the Plan under ERISA guidelines, those financial statements never disclosed that SJHSRI had not adhered to its oft-stated policy to fund the Plan under ERISA guidelines.

123. Similarly, the annual reports that Angell and Angell's predecessor actuaries provided to SJHSRI concerning the actuarial status of the Plan repeatedly acknowledged both that SJHSRI was liable to fully fund the Plan and that SJHSRI's

policy was to make contributions to the Plan as if it were subject to ERISA.[4] For example:

a. In the Actuarial Valuations of the Plan as of July 1, 1995, July 1, 1996, July 1, 1997, July 1, 1998, and July 1, 1999, Watson Worldwide[5] stated that "[s]ince this a church plan it is not subject to the minimum funding requirements of ERISA. However, it is the Hospital's funding policy to follow the ERISA guidelines each year in determining the contribution requirement. This funding policy will ensure that sufficient assets are available to plan participants to pay retirement benefits;"

b. In the Actuarial Valuations of the Plan as of July 1, 2000, July 1, 2001, and July 1, 2002, Aon Employee Benefits Consulting[6] stated that "[w]hile the Plan is a church plan, and is not subject to the funding requirements of ERISA, the current funding policy follows the ERISA guidelines. Therefore, the minimum contribution level has been determined as the amount that would be required by ERISA in the absence of church plan status;"

c. In the Actuarial Valuations of the Plan as of July 1, 2006 and July 1, 2007, Angell stated that "[w]hile the Plan is a church plan, and is not subject to the funding requirements of ERISA, the current funding policy follows the ERISA guidelines without regard to the current liability calculations;" and

d. In the Actuarial Valuations of the Plan as of July 1, 2008, and for each year thereafter, Angell stated that "[w]hile the Plan is a church plan, and is not subject to the funding requirements of ERISA, the current funding policy follows the ERISA guidelines without regard to the current liability calculations or Pension Protection Act of 2006 modifications."[7]

124. In December 2009, and after review and consultation with SJHSRI, Moody's Investor Services affirmed its rating of SJHSRI's Series 1999 bonds. In its

[4] Plaintiffs do not assert any claims under ERISA in this case and do not seek to impose ERISA obligations in this case. Plaintiffs merely point out that representations were made that while not subject to ERISA, SJHSRI was as a matter of its expressed policy adhering to the ERISA guidelines.

[5] Watson Worldwide were the actuaries at the time.

[6] Aon Employee Benefits Consulting were the actuaries at the time.

[7] The caveat for "the current liability calculations or Pension Protection Act of 2006 modifications" is irrelevant, since neither the then current liability calculations nor the Pension Protection Act of 2006 modifications eliminated or even affected the ERISA guidelines for funding.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40 PM
Envelope: 1697206
Reviewer: Steven S.

rating statement, Moody's noted the Plan had been frozen and stated: "[w]hile there is no required funding by ERISA, the need to fund adequately the pension is an obligation of the hospital."

125. Other statements that Defendants SJHSRI, RWH, and CCCB made to state regulators in connection with obtaining approval for the 2014 asset sale also represented that they were obligated by the Plan to make necessary contributions.

126. For example, in response to an official query concerning how the Plan would be operated after the asset sale, they stated on April 15, 2014 as follows:

> Response: The pension liability will remain in place post transaction. Subsequent to the $14 Million contribution to the Plan upon transaction, **future contributions to the Plan will be made based on recommended annual contribution amounts as provided by the Plan's actuarial advisors**. Moving forward, the investment portfolio of the plan will be monitored by the Investment Committee of the Board of Trustees.
>
> [Emphasis supplied]

127. Similarly, SJHSRI management and its boards repeatedly acknowledged that SJHSRI's policy was to make contributions to the Plan as if it were subject to ERISA, and that is was a "fiduciary obligation" of board members to see to it that the Plan was properly funded. For example:

a. SJHSRI Chief Financial Officer John Flynn on September 5, 1996 advised Watson Worldwide that the SJHSRI Finance Committee wanted to "[a]dopt an approach [to the Plan] that will allow for a consistent method over time to adequately fund the plan, taking into consideration the Hospital's ability to make the necessary contributions and **ensuring the Finance Committee and the Retirement Board that they will meet their fiduciary responsibility for providing adequate funding**" [emphasis supplied]; and

b. SJHSRI's Human Resources Department disseminated as authoritative a history of the Plan captioned "St. Joseph Health Services of Rhode Island Retirement Plan History," which stated

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

that "[t]he Corporation's policy is to fund pension costs accrued that are within the guidelines of ERISA."

C. DEFENDANTS KNEW THE PLAN WAS UNDERFUNDED

128. On May 12, 2008, SJHSRI and RWH entered into a "MEMORANDUM OF UNDERSTANDING" that agreed in principle to their merger.

129. Officials from RWH evaluated SJHSRI's pension liability in connection with the merger that ultimately took place in 2009, which also was approved by the R.I. Department of Health and Attorney General under the Hospital Conversions Act. According to the minutes for a meeting of the executive committee of the RWH's Board of Trustees on October 23, 2008, the estimated underfunding for the Plan as of September 20, 2008 was $29 million.

130. As of February 2, 2009, SJHSRI and RWH entered into a Health Care System Affiliation and Development Agreement among Roger Williams Hospital and Roger Williams Medical Center, and St. Joseph Health Services of Rhode Island and Roman Catholic Bishop of Providence (the "SJHSRI-RWH Affiliation Agreement"). The SJHSRI-RWH Affiliation Agreement provided that "CharterCare Health Partners" (later re-named CharterCare Community Board and referred to herein as CCCB) would be formed and would completely control RWH and would control SJHSRI on all matters except certain religious issues.

131. On July 9, 2009, Angell informed SJHSRI, RWH, and CCCB that the estimated unfunded benefit obligation as of July 1, 2009 was approximately $60,000,000 and would increase over the next four years even if SJHSRI contributed an additional $8.7 million over that period.

132. On March 15, 2011, the Finance, Audit and Compliance Committee of the Board of Directors for CCCB met to discuss, *inter alia*, the shortfall in the Plan's funding,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

and the following discussion took place amongst members of the committee and Jeffrey Bauer (President and Chief Executive Officer of Defendant Angell):

> Mr. McQueen asked how much the Hospital would need to fund into the Plan to carry it to term. Mr. Bauer indicated approximately $50M would be needed. . . .
>
> Mr. Stiles asked what was happening in the public sector. Were there any modifications available that should be looked at in order to minimize the Hospital's liability? **Mr. Bauer indicated that any modifications to the Plan would be difficult because it is a protected benefit and cannot be changed**.
>
> [Emphasis supplied]

133. Other communications between Angell and SJHSRI also informed SJHSRI management and directors of the extent of the Plan's unfunded status. For example, in 2010, Angell advised SJHSRI that SJHSRI should make a "recommended maximum contribution" of $1,624,311 to the Plan, or at least a "minimum contribution" of $1,444,178, and advised that a contribution of $21,314,085 was needed to reach a 100% funding level.

134. The term "minimum contribution" referred to the minimum contribution amount determined under Internal Revenue Service rules that can be paid by plans subject to ERISA without incurring a penalty. For plans that are underfunded, it typically includes at least two components: (a) a "target normal cost' that is based on plan expenses and the expected benefit payout over the coming year; and (b) a shortfall amortization charge, which is a sum necessary to return the plan to fully-funded status over a period of years.

135. The term "recommended maximum contribution" referred to the maximum contribution that SJHSRI could deduct from federal income taxes if it were a for-profit corporation.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

136. The term "100% funding level," or, indeed, any percentage funding level, is a term of art that Angell intended and SJHSRI understood is based on the assumption that the Plan would continue for years, which at many times was a false assumption as discussed below, and also is based upon an assumed future rate of return on pension plan assets. In addition, in accordance with actuarial standards, customs, and practices, a "funding level" percentage applies only at the point in time the estimate is made, must be based solely on the pension plan's existing liabilities, not pension liabilities incurred after that date, and is subject to possibly drastic change if investment returns actually realized were less than the assumed rate of return on which the estimate was based.

137. SJHSRI disregarded the 2010 recommendation and made no contribution.

138. In 2011, Angell advised SJHSRI that SJHSRI should make a "recommended maximum contribution" of $1,626,074 to the Plan, or at least a "minimum contribution" of $1,433,706, and advised that a contribution of $22,426,204 was needed to reach a 100% funding level. SJHSRI disregarded the recommendation and made no contribution.

139. In 2012, Angell advised SJHSRI that SJHSRI should make a "recommended maximum contribution" of $1,793,075 to the Plan, or at least a "minimum contribution" of $1,480.468, and advised that a contribution of $13,690.720 was needed to reach a 100% funding level. SJHSRI disregarded the recommendation and made no contribution.

140. In 2013, Angell advised SJHSRI that SJHSRI should make a "recommended maximum contribution" of $3,056,708 to the Plan, or at least a "minimum contribution" of $2,144,292, and advised that a contribution of $25,081,206

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

was needed to reach a 100% funding level. SJHSRI disregarded the recommendation and made no contribution.

141. On or about December 2, 2013, the Prospect Entities requested that Angell provide them with an updated estimate of the amount of unfunded benefits if the Plan were terminated.

142. On December 10, 2013, Angell advised that the updated estimate of the amount of unfunded benefits if the Plan were terminated was over $98,000,000. The reason this was so much higher than the sum needed to reach a 100% funding level in 2013 was that the termination liability would be paid by SJHSRI's purchase of annuities from an insurance company to fund those benefits, which would cost much more than if SJHSRI continued to operate the Plan and the Plan earned the assumed rate of return of 7.75%.

143. On December 13, 2013, a principal in Mercer (US) Inc., the company that was managing the Plan's portfolio assets on behalf of SJHSRI, informed CCCB Chief Financial Officer Conklin that "the Plan's funded status on a current market basis [of 4.6%] is around 50%," and that this funding level was more reliable than the finding level of over 90% that Angell had calculated based on an assumed rate of return of 7.75%.

144. The market rate to which the Mercer representative referred was the rate that single employer defined benefit plans (such as the Plan) that are governed by ERISA are required to use. The Mercer representative noted that Angell was using a higher estimated rate of return because the Plan's purported Church Plan status relieved them of the obligation to use the market rate of return, and that using the higher

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

rate of return in determing the Plan's funding level had the effect of greatly increasing the Plan's funding level over what it would have been under ERISA.

145. Angell prepared revised calculations and met with the Prospect Entities on or about January 8, 2014 and shared with them the facts concerning the unfunded status of the Plan and the cost of terminating the Plan and purchasing annuities.

146. In connection with the sale of their assets to the Prospect Entities discussed below, CCCB submitted to the Prospect Entities consolidated financial statements on behalf of CCCB, SJHSRI, and RWH, stating that the unfunded liability on the pension was $91,036,390 as of April 30, 2013.

147. The Diocesan Defendants were also fully familiar with the extent to which the Plan's liabilities were unfunded. Indeed, as noted above, in September of 2013, Bishop Tobin had described the pension as "a spiraling and gaping unfunded liability."

148. Thus, prior to and at the time of the 2014 Asset Sale, CCCB, SJHSRI, RWH, the Prospect Entities, the Diocesan Defendants, and Angell all had actual knowledge of the full extent of the Plan's unfunded liabilities.

D. MISREPRESENTATIONS TO PLAN PARTICIPANTS

149. SJHSRI used the Plan to hire and retain skilled employees. Indeed, in October 1990, SJHSRI's actuary Watson Worldwide made a presentation to the SJHSRI board noting that "recruiting and retention of employees" was the first purpose of the Plan.

150. It is equally clear that SJHSRI's policy to follow ERISA guidelines was dictated by competitive reasons. For example, in 1977, SJHSRI changed the Plan so that the amount of benefits was based on a percentage of the employees' last salaries prior to retirement, comparable to what was required by ERISA, after conducting a

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

survey of seven other competitor hospitals that had conformed their Plans to include this requirement. Watson Worldwide in a letter to the President of SJHSRI on February 4, 1983 noted that "[t]he plan for the most part is consistent with the spirit of ERISA, primarily for competitive reasons."

151. SJHSRI management and directors were informed on numerous occasions that SJHSRI's employees did not understand the provisions of the Plan. For example:

a. In a memorandum to SJHSRI Controller Paul Beaudoin on February 3, 1997, Watson Worldwide offered to update the employee booklet on the Plan. Watson Worldwide dealt directly with Plan participants and made presentations to them concerning the Plan. Nevertheless, they stated that "[i]t is our understanding that employees do not understand or know very much about the Plan." Management declined to update the booklet.

b. On February 2, 1990, SJHSRI's Vice President for Human Resources David DeJesus asked for authority to provide Plan participants with an annual statement that would contain the information that ERISA requires for annual plan statements. SJHSRI never provided Plan participants with such information, which would have included disclosing the unfunded status of the Plan.

c. At a meeting of the Investment Committee of the CCCB Board of Trustees on May 4, 2012, after board members were informed that SJHSRI was not required by ERISA to make contributions to the Plan, one board member asked whether Plan participants "truly understood the funding status of the Plan and the impact of the Plan being a Church Plan (non ERISA)." The response by CCCB President and Chief Executive Officer Belcher was that he "believed that staff are aware and that this subject was discussed at employee forums." However, this information was never mentioned in any written presentation to any employees and there is no evidence it was ever even orally conveyed at any employee forums or to any employees or other Plan participants at any other occasion.

152. In contrast to the extremely difficult, obscure, and technical language set forth in Plan documents, SJHSRI, the Diocesan Defendants, Prospect Chartercare, and

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

Angell made or provided statements to Plan participants, on different occasions, in many different contexts, over many years, and using plain language, that assured Plan participants that the Plan was an earned benefit of their employment, that the contributions necessary to properly fund the Plan were being made, that it was management's policy, practice and duty to do so, and that SJHSRI and not the Plan participants bore the risk of Plan assets not earning expected returns or incurring investment losses.

153. The Plan participants relied upon those statements to their detriment.

154. Moreover, these assurances created a general understanding and commonly held belief amongst employees and retirees that SJHSRI had undertaken to fully fund the Plan and to assume any investment risk associated with Plan investments, and created a culture of trust and reliance that influenced even those employees and retirees who cannot recall specific communications, that cumulatively informed the reasonable expectations of Plan participants, such that detrimental reliance is presumed and proof of individualized reliance on specific representations is not necessary.

155. Third parties such as SJHSRI's employee unions also relied upon these communications.

156. These communications took many forms. They included descriptions of the Plan in detailed booklets, less-detailed handouts and tri-fold pamphlets specific to the Plan, employee handbooks, presentations ("PowerPoints") used in slideshows, and memoranda and letters from SJHSRI management to employees.

157. In addition, SJHSRI and its agents and representatives (including Defendant Angell) communicated with specific employees concerning the Plan and a specific employee's benefits through various letters and statements as described below.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

158. A detailed booklet entitled "Retirement Plan for Employees of the Diocese of Providence," issued prior to 1973, described the pension benefits being provided to the employees of SJHSRI as of January 1, 1973 and stated:

> It is the desire of the diocese, its parishes and institutions, to make provision for its employees in retirement. Indeed, we have always had a sympathetic concern for the welfare of our employees and are confident that this implementation of that concern will provide the necessary sense of security and peace of mind that all envision.
>
> * * *
>
> Q. What does the Diocese contribute?
>
> A. The Diocese contributes the entire cost of the benefits you have earned prior to the adoption of the Retirement Plan. The Diocese will also contribute an additional amount which, when added to your contributions, will meet the cost of benefits you will earn during the remaining years of your employment.
>
> * * *
>
> Q. How will my Retirement Benefit be paid?
>
> A. You will receive a check each month beginning on your retirement date and terminating with the payment preceding your death.

159. Another detailed booklet, entitled Saint Joseph's Hospital Retirement Plan (1973 edition) stated:

> This booklet has been prepared to inform you about your Saint Joseph's Hospital Retirement Plan.
>
> * * *
>
> One of the most important sources of your income will be our Retirement Plan . . . .
>
> * * *
>
> HIGHLIGHTS OF THE PLAN

Case Number: PC-2018-3866
Filed in Providence/Bristol County Superior Court
Submitted: 6/4/2018 3:00 PM
Envelope: 1697266
Reviewer: Steven S.

> The Hospital will pay the entire cost of the Plan beginning January 1, 1973.
>
> * * *
>
> COST OF THE PLAN
>
> 5. Do I make any contributions to the Plan?
>
> No. The Hospital will pay the entire cost of the Plan beginning January 1, 1973 – not only your pension but also all actuarial, legal and investment expenses incurred in the administration of the Plan.

160. On or about February 6, 1978, SJHSRI's then President sent a memorandum to employees, urging them not to unionize and describing the benefits SJHSRI already provided through the Diocesan Plan. This memorandum contrasted the Hospital's pension benefits with what SJHSRI characterized as "vague promises" of union organizers and stated:

> Know the facts when someone asks you to sign a union authorization card. The union organizer makes vague promises, but the facts are that your Hospital has, on a regular basis, increased your wages and improved your benefits.
>
> For example, during the past five years, the following improvements have been made by the Hospital:
>
> * * *
>
> Pension Plan – Improved from contributory to non-contributory effective January 1973. Plan improved again effective January 1977; **Hospital pays full cost of the plan**.
>
> [Emphasis supplied]

161. Another detailed booklet, entitled "RETIREMENT PLAN ST JOSEPH HOSPITAL Providence/North Providence, Rhode Island (1982 Edition)" contains the following statement, in question and answer format:

> WHO WILL PAY FOR MY BENEFITS?

Case Number: PC-2017-3886
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

> The Hospital pays the entire cost of your benefits earned after 1972 and before 1965. You and the Hospital shared the cost between 1965 and 1972.
>
> **Each year independent actuaries calculate the amount of money which the Hospital will pay to the Plan Trustee. This money is then set aside and invested to provide each eligible employee with a pension at retirement**.
>
> [Emphasis supplied]

The preface to the booklet was a letter to employees signed by then-SJHSRI President Azevedo, which concluded with the "hope that this Plan will be evidence of our personal interest in your welfare, not only while actively in our employ but after you retire to enjoy the rewards of a long and productive life."

162. Similar language was included in the next edition of that booklet, captioned "St. Joseph Hospital Retirement Plan Providence/North Providence, Rhode Island (1986 Edition)", which stated:

> The St. Joseph Hospital Retirement Plan was established to help you make your retirement years economically more secure. Since its inception in 1965, the Hospital has made many improvements to the Plan. The most recent improvements became effective on July 1, 1985.
>
> The Hospital pays the entire cost of the Plan and no contributions are required by you.
>
> Your Retirement Plan will give you a lifetime monthly income when you become eligible to retire. In addition, the Plan may provide benefits to your spouse or beneficiary after your death.
>
> * * *
>
> WHO PAYS FOR MY BENEFITS?
>
> **The Hospital pays the entire cost of your benefits. Each year independent actuaries calculate the amount of money which the Hospital will pay to the Plan Trustee. This money is then set aside**

Case Number: PC-2017-3886
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

> **and invested to provide each eligible employee with a pension at retirement.**
>
> [Emphasis Supplied]

163. As already noted, however, although actuaries throughout the life of the Plan annually calculated the amount of money that SJHSRI should pay into the Plan, based upon the contribution requirements of ERISA (adopted by SJHSRI as a matter of policy) and the Plan, SJHSRI routinely disregarded their recommendations and in many years chose to make no annual contributions whatsoever, with the result that the Plan became more and more underfunded over time.

164. The highlighted language was repeated in a subsequent revision of that booklet in 1988 and draft revisions in 1993, 1995, 1996, and 1999. It appears that SJHSRI stopped revising that booklet but continued to use it over time. During the period it was in use, SJHSRI never omitted or in any way contradicted this language.

165. Prior to 1995, the Diocese's Retirement Board sent terminated or retiring employees of SJHSRI documents entitled "STATEMENT OF INFORMATION FOR TERMINATED EMPLOYEES WITH VESTED RIGHTS". For example, one such form dated January 15, 1994 stated:

> According to our records, your service with St. Joseph Hospital prior to your termination of employment on 12/3/92 entitles you to a benefit at age 65 from the Diocese of Providence Retirement Plan – St. Joseph Hospital (the "Plan"). The amount of this benefit is $192.42 per month commencing on 4/1/2020 and **payable to you for as long as you live**.
>
> [Emphasis supplied]

166. From time to time SJHSRI offered seminars or made presentations to Plan participants to explain their benefits, and in the process assured Plan participants that they could rely on their pensions. For example, on November 15 & 16, 1995, and again

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

on March 4, 1998, SJHSRI, through its actuary and direct representative with Plan participants, Watson Worldwide, showed Plan participants a PowerPoint that stated that "[c]omputations [are] made annually to ensure assets are sufficient to meet current and expected future benefit obligations," without disclosing that in fact SJHSRI disclaimed any obligation to follow the funding recommendations that were the product of those computations.

167. On October 24, 1996, the President and Chief Executive Officer of SJHSRI sent a letter to employees of SJHSRI, which stated that he was "particularly pleased about the Pension Plan improvements," but neglected to disclose the fact that SJHSRI employees were no longer part of the Diocesan Plan.

168. That same letter claimed that the Plan available to SJHSRI employees "is as good or better than those of many other organizations in the region," without disclosing that, unlike the case with the defined benefit plans of most organizations, SJHSRI claimed that the Plan was not governed by ERISA, and thus would not have insurance coverage against insolvency provided by the Pension Benefit Guaranty Corporation.

169. From time to time thereafter, SJHSRI, the then-incumbent Bishop, and the Diocese of Providence communicated with SJHSRI employees concerning the Plan in terms that reassured Plan participants that the Bishop and Diocese of Providence had ongoing involvement in the Plan.

170. For example, a handout was provided to Plan participants, entitled "RETIREMENT PLAN HIGHLIGHTS," that purported to summarize the Plan as of January 1, 1998 (three years after the split off of the Plan from the Diocesan Plan), and referred to the Bishop's and Diocese's ongoing involvement in the Plan:

Case Number: PC-2017-3886
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

> Who administers the Plan?
>
> The Roman Catholic Bishop of Providence has appointed a Retirement Board to administer the Plan. The Board will establish rules and regulations for the administration of the Plan, and will be responsible for resolving any disputes concerning Plan operation.
>
> Who administers the Retirement Fund?
>
> The Diocese has established a Trust Fund with Fleet Investment Services. The Trustee of the Fund will hold, invest, and distribute the money in accordance with the terms and provisions of the Plan and Trust Agreement.

The statement that Plan assets were held in a trust established by the Diocese was false, since in connection with the separation of the two plans in 1995, a new trust was established by SJHSRI, but SJHSRI did not inform Plan participants of the separation, much less that only a portion of the Diocesan Plan assets were transferred to the new trust for the Plan alone.

171. That handout also stated in part:

> Retirement is a time in life we all look forward to with great anticipation, a time when we have the opportunity to do the things we most enjoy. Maybe you have your sights set on traveling across the country? Or perhaps spending time with the grandchildren? But whether your retirement plans involve relaxing on the beach—or on the golf course—one thing's for certain: *You'll need money to achieve them.*
>
> That's why St. Joseph Health Services of Rhode Island offers the Retirement Plan to all eligible employees. **The Retirement Plan is designed to help you meet your retirement savings goals by providing you with a monthly annuity during retirement. And the best part of all is you contribute nothing for this benefit—it's paid for completely by the Hospital.** In this way, your Retirement Plan benefit is an important part of your total retirement income. And when combined with your Social Security benefit and your personal savings, this benefit can provide the financial security you need to follow through on your retirement plans.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

* * *

Retirement Payment Options

What are the payment options?

You may choose a Life Annuity option, which provides you a fixed monthly payment throughout your lifetime. Or you may choose one of four Joint and Survivor options (100%, 75%, 66 2/3%, or 50%), which pay a reduced monthly payment throughout your lifetime, and continue payments to your beneficiary after you die.

You may also choose a Ten-Year Guarantee option, which provides at least 120 guaranteed monthly payments (for a total of ten years) to you and your beneficiary.

[Italics in the original and bolded emphasis supplied]

172. A pamphlet provided to Plan participants, entitled "Questions And Answers About The St. Joseph Health Services Retirement Plan," and dated "Effective 7/1/2001", stated *inter alia*:

Q: What forms of payment are available to me?

A: The normal form of payment is a life annuity. **Under this form of payment, you will receive your monthly pension payments for as long as you live.** All pension payments stop when you die.

[Emphasis added]

173. From time to time, SJHSRI provided statements to Plan participants discussing and quantifying their Plan benefits. Thousands of these statements stated *inter alia*:

St. Joseph Health Services of Rhode Island is pleased to give you this statement showing your estimated benefits in the Retirement Plan as of [insert date]. **Your pension benefit is an important part of your future retirement income**, along with Social Security, your 403(b) savings, and your other personal savings. You automatically become a participant in the plan once you have completed 12 months of employment and worked at least 1,000 hours. Some key features of this plan are:

Case Number: PC-2018-3866
Filed in Providence/Bristol County Superior Court
Submitted: 6/4/2018 3:00 PM
Envelope: 1697266
Reviewer: Steven S.

• Simplicity—Participation in the plan is automatic. You do not have to enroll or do anything until you retire.

• Security—Benefits are paid from a secure trust fund.

• **Company Paid—The plan is entirely paid for by St. Joseph Health Services of RI. There is no cost to you.**

* * *

SUMMARY OF PLAN PROVISIONS:

St. Joseph Health Services of Rhode Island Retirement Plan provides you with:

a) **A monthly income payable for life when you retire**, in addition to your Social Security benefits.

b) The right to retire as early as age 55 if you have completed at least 5 years of continuous service.

c) The right to future pension benefits if you leave the Hospital after 5 or more years of continuous service.

d) Death benefits payable to your surviving spouse or beneficiary if you die while still employed after completing 5 years of continuous service.

The Hospital pays the entire cost of the plan. In addition, the Hospital pays into the Social Security System an amount equal to what you pay.

[Emphasis added]

174. Similarly, in September of 2003, SJHSRI provided employees with a handout entitled "Understanding Your St. Joseph Health Services of Rhode Island Pension Statement," which set forth the following as "Pension Basics":

<u>Pension Basics</u>

Simple

- Participation is automatic

Secure

Case Number: PC-2018-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

- Assets in trust fund
- **No investment risk to you**

Valuable

- Hospital pays the entire cost
- Non-contributory Defined Benefit (DB) Plan
- Rewards long service employees

[Emphasis supplied]

175. However, the insolvency of the Plan is due in large part to SJHSRI's choosing not to fund the Plan when it was necessary to do so because the Plan did not meet investment targets, or, indeed, incurred substantial investment losses. In other words, SJHSRI in fact placed the "investment risk" on Plan participants, contrary to the representation that they bore "no investment risk," and notwithstanding that, unlike participants in a defined contribution plan who exercise at least some control over their retirement investments, Plan participants were completely powerless to control investment risk in that it was solely SJHSRI, CCCB, or the Retirement Board, who determined how the Plan assets would be invested, without consultation with Plan participants or even advising them of the allocation of Plan assets, investment returns obtained on Plan assets, or the unfunded status of the Plan.

176. Other handouts and similar communications containing the same or substantially equivalent language as that of the handouts quoted in paragraphs 158-175 were provided to Plan participants on other occasions, all as part of the process of hiring and retaining employees.

177. From time to time, SJHSRI provided employee handbooks to its employees. One dated "April, 2004," stated *inter alia*:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

Pension Plan

> Regular full-time and regular part-time employees are eligible to participate in the SJHSRI pension plan. If an Employee is paid for 1,000 hours or more per retirement plan year he/she will enter the Plan on the first of the calendar month following the first anniversary of the employee's employment. **Pension Plan is fully paid by the Hospital.** Vesting is after 5-years of Continuous Service. To help you estimate your potential benefit at retirement, pension statements are distributed annually.
>
> [Emphasis supplied]

178. Beginning in 2009, SJHSRI also administered a defined contribution plan (a "403(b) Savings Plan"), which gave employees the right to make pre-tax contributions and to control their investments. With that plan SJHSRI provided a handout which answered the question "is there ever a time when benefits can be lost or denied" by stating:

> The value of your account depends on the value of Plan investment. This is why your account must be invested carefully.

With respect to the defined benefit plan, which is the Plan involved in this case, however, SJHSRI never told Plan participants that their benefits could be "lost" or diminished if the Plan assets suffered investment losses. To the contrary, as noted above, SJHSRI affirmatively represented that, under the defined benefit plan, there is "[n]o investment risk to you."

179. The explanation of the 403(b) Savings Plan also stated:

> The Company reserves the right, of course, to amend the Plan or to discontinue contributions to it. No amendment can reduce the amount in your account or eliminate any of the benefit form options offered in the Plan. **If the Company permanently discontinues contributions to the Plan, you will be notified** and you will become 100% vested in your account.
>
> [Emphasis supplied]

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

No such disclosure was made in connection with the Plan.

180. On January 28, 2011 SJHSRI prepared a PowerPoint presentation to one of the employees' unions, the Federation of Nursing and Health Care Professionals ("FNHCP"), seeking union approval for a plan to freeze SJHSRI's defined benefit plan and substitute a defined contribution plan going forward for all employees belonging to FNHCP. This presentation stated that the proposed freeze was necessary to protect the assets of the Plan. However, management represented in the PowerPoint that the defined benefits earned on the years of service already performed "will not be affected."

181. As noted above, Angell agreed to act on behalf of SJHSRI in dealing directly with Plan participants, and Angell also worked with the Prospect Entities in crafting presentations and dealt directly with employees of the Prospect Entities at New Fatima Hospital informing them of their rights under the Plan.

182. As such, Angell owed both the Plan and Plan participants the duty to exercise reasonable care and the duty to make accurate and not misleading disclosures concerning the Plan.

183. However, Angell never informed Plan participants of the Plan's underfunded status or the fact that SJHSRI was not making necessary contributions. To the contrary, Angell's statements to Plan participants implied and in many cases directly represented that their pension benefits were secure.

184. For example, Angell continued to provide individual Plan participants with statements that set forth specific projected lifetime benefits, which Angell and all of the other Defendants knew could not be relied upon.

185. On April 29 & 30, 2014, shortly before the sale of Fatima Hospital was approved, representatives of Angell, SJHSRI, RWH, and CCCB again participated in

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

PowerPoint Presentations to SJHSRI employees intended to reassure them that the sale of the hospital to Prospect Medical would not affect their pension benefits. In those presentations, the employees were informed that the terms of agreement for SJHSRI's joint venture with CCCB and Prospect Medical "includes a $14 Million contribution to the Pension Plan to stabilize plan assets," and were shown a sample final benefit statement that again acknowledged that "[y]our pension benefit is an important part of your future retirement income," and reassured them that "[t]he Hospital pays the entire cost of the Plan," with payment options that included annuity payments for life.

186. This was grossly misleading and false on multiple levels.

187. At that time, all Defendants already knew that the $14 million contribution was not even remotely sufficient "to stabilize plan assets."

188. The statement that "the Hospital pays the entire cost of the Plan" was also false and deceptive, on at least two levels. "[T]he entire cost of the Plan" includes funding the Plan, and, therefore, the statement was false because no one was funding the Plan. Moreover, given the timing of the presentation (two months before the closing) and the purpose to reassure employees concerning the effect of the 2014 Asset Sale on their pension benefits, the employees reasonably would have concluded that the "Hospital" referred to was New Fatima Hospital under the ownership and operation of the Prospect Entities. That also was false since all of the Defendants knew that neither New Fatima Hospital nor the Prospect Entities accepted any obligations under the Plan, and that instead the obligations would belong to SJHSRI which no longer would have any operating assets and whose restricted assets and expected income would be grossly insufficient to fund the Plan.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

189. Moreover, all Defendants already knew that the Plan, which this PowerPoint presentation referred to as an "important part of [the Plan participants'] future retirement income" was insolvent, and the option to choose annuity payments for life was illusory if not an outright lie, because Plan assets would run out long before most of the Plan participants or their designated beneficiaries would have passed away.

190. Many of SJHSRI's employees were members of another union, the United Nurses & Allied Professionals ("UNAP"), under a collective bargaining agreement that entitled them to pension benefits. In connection with the 2014 Asset Sale, SJHSRI, RWH, CCCB, and the Prospect Entities that were purchasing or guaranteeing the purchase of the assets sought UNAP's agreement to a freeze on the accrual of pension benefits upon the closing of the asset sale. These Defendants offered the $14 million contribution to the Plan as an inducement for UNAP and its members to agree to the freeze on the accrual of pension benefits, and UNAP and its members agreed to the freeze in return for that contribution and in return for the assurance that the $14 million contribution would "stabilize" the Plan.

191. At that time, all Defendants already knew that the $14 million contribution was not even remotely sufficient to stabilize plan assets, and that the Plan assets would run out many years before most of the Plan participants' rights to benefits were satisfied.

192. All Defendants made these misrepresentations and omitted this material information because they knew that such disclosure would create so much negative publicity and outcry that the applications to the Department of Health and the Attorney General for approval of the asset sale without fully funding the Plan would be denied or at the very least would be in serious jeopardy.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

193. On August 12, 2014, nearly two months after the Prospect Entities took over ownership and operation of New Fatima Hospital, Defendant Angell sought instructions from the Prospect Entities as to how Angell should respond to Plan participants who were seeking information concerning the solvency of the plan. The Prospect Entities had attempted to structure the 2014 Asset Sale to avoid any obligations under the Plan, and the Asset Purchase Agreement expressly stated that responsibility for the Plan after the asset sale closed would remain with SJHSRI. Thus, Angell was seeking instruction from the Prospect Entities concerning the information to provide to Plan participants, even though the Prospect Entities claimed to have no liability for the Plan.

194. The Prospect Entities instructed Angell not to provide Plan participants with the information they were seeking concerning the solvency of the Plan. Moreover, the Prospect Entities instructed Angell to tell Plan participants that "while we [Angell] can't speak to the future solvency of the plan, we can share that the plan administrators review the annual recommended funding as advised by the plan's actuaries each year. There is also an investment committee that reviews and monitors the plan on an ongoing basis."

195. Both Angell and the Prospect Entities knew that this statement was false and intended to mislead. The Prospect Entities and Angell could very well "speak to the future [in]solvency of the plan," and knew that SJHSRI for years had been disregarding Angell's funding recommendations and making no contributions, and that once the asset sale went through, SJHSRI would have insufficient funds to make the actuarial-recommended contributions even if it wanted to.

196. Angell accepted and followed these instructions.

Case Number: PC-2018-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40 PM
Envelope: 1697206
Reviewer: Steven S.

197. On or about April 13, 2016, nearly two years after the asset sale, Angell worked with SJHSRI, CCCB, and Prospect Chartercare to prepare and make another PowerPoint presentation, this time at New Fatima Hospital, to former-employees of SJHSRI who were now employed at New Fatima Hospital, concerning the Plan and the rights of Plan participants, which again acknowledged that "[y]our pension benefit is an important part of your future retirement income," and again reassured them that "[t]he Hospital pays the entire cost of the Plan," with payment options that included annuity payments for life.

198. These Defendants knew that the "Hospital," which for nearly two years had been owned and operated by the Prospect Entities, claimed it had no obligations whatsoever to Plan participants. Moreover, SJHSRI, RWH and CCCB had already decided to put the Plan into receivership and ask for a severe cut in benefit payments to all Plan participants, and were merely allowing time to pass in order to obscure the connection between the 2014 Asset Sale and the receivership, so that the inevitable firestorm of employee shock and anger and negative publicity that would be generated by the receivership would not be linked to the current operations of New Fatima Hospital and New Roger Williams Hospital.

199. An earlier internal draft of the April 13, 2016 PowerPoint presentation stated that the Plan was a "Church Plan" and, therefore, that the Plan participants' benefits were not protected under ERISA. However, as part of a long history of concealment from the Plan participants, this disclosure was deleted and did not appear in the presentation actually given. Indeed, the Plan participants were never informed that the Plan was purported to be a Church Plan, such that the Plan participants' benefits were not protected under ERISA.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

E. FRAUDULENT MISREPRESENTATIONS AND OMISSIONS TO STATE REGULATORS

200. In 2014 Defendants SJHSRI, RWH, CCCB and the Prospect Entities sought and obtained approval from the Rhode Island Department of Health and the Rhode Island Attorney General to convert Fatima Hospital and Rogers Williams Hospital into for-profit operations.

201. On February 14, 2014, pursuant to the conspiracy in which the Diocesan Defendants were participating with all of the other Defendants to relieve Fatima Hospital of any liability under the Plan at the expense of the Plan participants, Bishop Tobin personally wrote to the Health Services Council to lobby in favor of regulatory approval of the for-profit hospital conversion:

> I write on behalf of the proposed partnership between CharterCARE Health Partners and Prospect Medical Holdings. . . .
>
> * * *
>
> The Diocese of Providence is grateful to CharterCARE for all it has done to preserve the healing ministry of SJHSRI/Our Lady of Fatima Hospital, all within very difficult financial circumstances. However, without this transaction, it appears that a consistent Catholic health care presence in the Diocese of Providence would be gravely compromised, **and the financial future for employee-beneficiaries of the pension plan would be at a significant risk. I believe that this partnership will help avoid the catastrophic implications of such a failure**, and at the same time, enhance the quality of care at SJHSRI/Our Lady of Fatima.
>
> [Emphasis added]

202. This letter was sent as part of the conspiracy into which the Diocesan Entities had entered with the other Defendants when they agreed to the 2014 Asset Sale.

203. However, as explained above, rather than believing the 2014 Asset Sale would help avoid pension failure, Bishop Tobin personally, and, through him and other

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

officials, the Diocesan Defendants, knew that "the proposed partnership between CharterCARE Health Partners and Prospect Medical Holdings" made pension failure much more likely, and, indeed, a virtual certainty, absent unanticipated and extremely improbable investment gains, because it would cut the link between the Plan and an operating hospital, and would transfer assets from SJHSRI that otherwise would be available to help fund the Plan.

204. Thus they knew that the Plan was at much more than a "significant risk." Indeed, as noted above, in the draft letter written to papal authorities in September of 2013, only six months earlier, discussed above, Bishop Tobin had described the pension as "a spiraling and gaping unfunded liability." He removed that reference from the final version of that letter because he was warned that the letter may be "subject to discovery in a civil lawsuit," and substituted "significant" for "spiraling and gaping." Thus, the Diocesan Defendants not only were fully aware of the extent of the unfunded liability, they also took steps to understate and conceal it.

205. Angell acted as CCCB's and SJHSRI's consultant in connection with the application for regulatory approval of the conversion of Fatima Hospital, Roger Williams Hospital, and other health care facilities into for-profit entities.

206. On April 9, 2014, CCCB provided Angell with a document prepared by the Rhode Island Attorney General's office, consisting of questions to be answered in connection with that application, and asked for Angell's assistance in answering the following question:

> Please provide:

* * *

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

b. documentation as to the determination that $14 m will stabilize the plan and a description and any written information of the understanding with employee representatives with respect to the freezing and the funding of the plan;

207. Previously, on December 20, 2013, Angell had provided CCCB and SJHSRI with calculations which demonstrated that if $14,000,000 was contributed to the Plan, and assuming a future rate of return of 7.75%, the Plan would run out of funds in 2034, at a time when it would still have over $99 million in unpayable liabilities to Plan participants.

208. On March 27, 2014, Angell updated its calculations based on a slightly higher value of the Plan assets at the beginning of 2014, which projected that even with the $14,000,000 contribution, the Plan would run out of funds in 2036, at a time when it would still have over $98 million in liabilities to Plan participants. To illustrate the consequences if the 7.75% rate of return proved to be too high, Angell also provided an alternative calculation, in which Angell assumed a lower rate of return of 5.75% rather that 7.75%, under which the Plan would run out of assets six years earlier in 2030, with additional unpayable liabilities to Plan participants.

209. Indeed, if the 5.75% rate of return were utilized, the Plan would have been only 66% funded even in 2014 even with the contribution of $14,000,000.

210. As noted above, moreover, the market discount rate in early 2014 that single employer benefit plans were required to use under ERISA was 4.6%, which if utilized would have produced an even lower funding level. As noted, SJHSRI had claimed that it was as a matter of voluntary policy following ERISA guidelines.

211. On April 10, 2014, however, CCCB and SJHSRI asked Angell to modify that calculation for submission to the Attorney General and the Department of Health.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

The requested modification was that Angell utilize only the higher projected rate of return of 7.75%, delete all the calculations post-2014, and "simply show only the stabilization effect [in 2014] of the incoming $14M to the plan with no other information shown."

212. An employee of Angell spoke to the CCCB representative who had requested the modification, and was told that CCCB "wants to show the projection of the funded status after the $14M contribution for 2014," in order to "highlight the 'stabilization' of the Plan."

213. Angell was thereby being asked to present the 2014 funding level in isolation, for purposes of demonstrating Plan stabilization to the Attorney General and the Department of Health, knowing that it would be misleading, because the complete calculation demonstrated that the $14,000,000 contribution would *not* "stabilize" the Plan, since the complete calculation showed that, notwithstanding that contribution, the Plan would run out of money in 2036 with over $98,000,000 in liabilities to Plan participants even at the high assumed rate of return of 7.75%, or in 2030 with the rate of return of 5.75%.

214. Angell agreed to disregard both of its prior calculations and provided SJHSRI, RWH, and CCCB with the requested new calculation to give to the Rhode Island Department of Health and the Rhode Island Attorney General in support of the application for approval of the asset sale. That new calculation purported to show that the immediate effect of the $14 million contribution would be to increase the funding percentage of the Plan to 94.9%, and deleted the calculations which demonstrated that the Plan nevertheless would run out of money in either 2030 or 2036 depending on the estimated rate of return.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

215. That calculation also did not disclose that the funding percentage of 94.9% was based on assumed investment returns that SJHSRI, RWH, CCCB, and Angell knew were nearly 70% above market rates of return (*i.e.*, Angell's projected rate of return of 7.75% was over 68% greater than the market rate of 4.6%).

216. In addition, the calculation did not disclose the fact that the use of any funding level percentage as a measure of the Plan's funding progress was contrary to and deviated from the standards of actuarial practice, that according to those standards the funding progress of a pension plan should not be reduced to a funding percentage at a single point in time, or that pension plans should have a strategy in place to attain and maintain a funded status of 100% or greater over a reasonable period of time, not merely at a single point in time.

217. These misrepresentations and omissions concerning the Plan's funding level were made to, and part of the information relied upon by, both the Rhode Island Department of Health and the Rhode Island Attorney General in approving the asset sale.

218. On February 21, 2014, the Department of Health sent a list of questions to counsel for SJHSRI, RWH, and CCCB, and to counsel for the various Prospect Entities. On March 7, 2014, counsel for SJHSRI, RWH, and CCCB and counsel for the various Prospect Entities co-signed and sent the Department of Health a letter enclosing their clients' responses to the Department of Health's question, that repeated the question and responded, as follows:

> c. Please identify to what extent, if any, this purchase price will be used by CharterCARE for community benefit versus paying off debts.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00 PM
Envelope: 1697206
Reviewer: Steven S.

Response: The use of the sale proceeds as described is [sic] Section (b) above will benefit the community in three ways:

* * *

b. **The use of $14M to strengthen the St. Joseph Pension Plan will be of significant benefit to the community as it will assure that the pensions and retirement of many former employees, who reside in the community, are protected**.

[Emphasis supplied]

219. In fact, all of the Defendants knew this statement was false and misleading, and that the contribution of the $14,000,000 to the Plan would not "assure" that the benefits of the Plan participants were protected, even according to the calculations that Angell shared with all of those other Defendants.

220. On April 8, 2014, CCCB President and Chief Executive Officer Belcher testified at a public hearing held before the Project Review Committee of the Rhode Island Department of Health as part of the approval process. He was asked to address three questions raised by a recent report on SJHSRI by Moody's Investor Services. The third question related to Moody's' concern over the funded status of employee retirement accounts, including the Plan. Mr. Belcher testified as follows:

> MR. BELCHER: . . . But the third part was on the pension fund, and the impact on the pension fund with this -- and I think you know we shared information up-front is that at the time of the closing we'll be putting millions of dollars into the pension fund which will bring it to a level of roughly 91 and a half percent funding which is above the safe level that you need for sort of a quote safe level. So all of this really helps stabilize the pension fund as well.

221. SJHSRI, RWH, and CCCB intentionally misled the state regulators by the statement that a funding level of 91.5% "is above the safe level." As discussed above, it is never proper to use a funding level on a single date to measure the health of a

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40 PM
Envelope: 1697206
Reviewer: Steven S.

pension plan, but it especially inappropriate when the plan sponsor is selling all of its operating assets, because the plan sponsor will lack the means to make up the underfunding. In that context, even if the projected rate of return of 7.75% were reasonable (which it was not), and were actually achieved over time, a funding level of 91.5% would practially guarantee pension plan failure, since it would denote insufficient funds to meet plan obligations even if all of the future assumptions upon which the funding level is based perform exactly as assumed, including thirty to forty years of investment returns.

222. On April 11, 2014, CCCB reminded Angell that the Attorney General was also asking Supplemental Question S3-48, as follows:

> S3-48 Will the pension liability remain in place – how much, and what is the plan going forward to fund the liability?

223. On April 15, 2014, SJHSRI, RWH, CCCB, and the Prospect Entities responded to the Attorney General and answered that question as follows:

> Response: The pension liability will remain in place post transaction. Subsequent to the $14 Million contribution to the Plan upon transaction, **future contributions to the Plan will be made based on recommended annual contribution amounts as provided by the Plan's actuarial advisors**. Moving forward, the investment portfolio of the plan will be monitored by the Investment Committee of the Board of Trustees.
>
> [Emphasis supplied]

224. When that statement was made, however, SJHSRI, RWH, and CCCB knew that it was their intention not to make any future contributions, and, therefore, that "future contributions to the Plan" would *not* "be made based on recommended annual contribution amounts as provided by the Plan's actuarial advisors."

225. Indeed, in spite of this representation, in the more than four years since that statement was made, not a single penny has been contributed to the Plan other

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

than the $14,000,000 contribution which they made to secure regulatory approval for the 2014 Asset Sale, contrary to the recommendations of the Plan's actuarial advisors.

226. The Project Review Committee held a public hearing on May 6, 2014. During the testimony of the Department of Health's expert concerning the Plan, CCCB Chief Financial Officer Michael Conklin interrupted, and testified that the "recommended contributions going forward" to fund the Plan were $600,000 per year, which he assured the Committee would be paid out of SJHSRI's expected $800,000 annual income from outside trusts, and profit sharing paid to CCCB in connection with its 15% share in Prospect Chartercare.

227. Mr. Conklin thereby misrepresented that SJHSRI's expected future income was $800,000, when in fact it was less than $200,000, and suggested that CCCB's profit-sharing in Prospect Chartercare would provide additional funds, when no profit sharing was anticipated for the indefinite future. CCCB has yet to receive any profit sharing whatsoever.

228. Mr. Conklin also misrepresented that the projected annual contribution of $600,000 was an actuarial "recommended contribution," when in fact it was a number made up out of whole cloth by SJHSRI, RWH, and CCCB, and was much below the recommendations of the Plan actuary.

229. Mr. Conklin also did not disclose that SJHSRI, RWH, and CCCB had no intention of making any of those contributions.

230. The Project Review Committee accepted these false assurances, but was aware that even those assurances were based upon assumed investment rates of return, and if the investment returns on Plan assets were lower than anticipated, higher annual contributions would be needed to make up the difference. The Committee

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

referred to this possibility as the "investment risk" of the Plan, and at the hearing on May 6, 2014 asked CCCB President and Chief Executive Officer Belcher "who's bearing the investment risk going forward?" He replied as follows:

> MR. BELCHER: Heritage Hospitals. It stays with the old CharterCare.
>
> MR. SGOUROS: Heritage Hospitals, and so if the investment returns don't match up to the predictions, who's on the hook?
>
> MR. BELCHER: The old hospitals, the old CharterCARE. We have that responsibility.

As discussed above, SJHSRI, RWH, and CCCB fraudulently misrepresented their intentions, as it was never their intention to support the Plan, and they have made no contributions whatsoever to the Plan.

231. Defendants also chose to conceal the unfunded status of the Plan out of concern that such disclosure would be seized upon by a competitor that was asking that the Department of Health to delay the proposed asset sale. Indeed, at the same public hearing on May 6, 2014, a representative of that competitor strongly objected to the terms of the asset sale proposed by Defendants, and repeated his client's request that the Committee delay acting upon the application until his client's counter-proposal could be fully considered.

232. The Attorney General did not immediately accept the assurances that there would be sufficient income following the asset sale to adequately fund the Plan. Instead, representatives of the Attorney General asked for proof of legal authority for RWH's assets to be used for that purpose.

233. On May 8, 2014 counsel for SJHSRI, RWH, and CCCB provided the Attorney General with a resolution purportedly approved by RWH's Board of Trustees stating, *inter alia*:

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

> WHEREAS As part of its retained assets, RWMC has $6,666,874 in Board Designated Funds ("the RWMC Board Designated Funds") that may be used for any purpose at the discretion and direction of the RWMC Board of Trustees;
>
> * * *
>
> RESOLVED The RWMC Board of Trustees approves and directs use of the RWMC Board Designated Funds to satisfy the SJHSRI liabilities at close and any potential future funding and expenses relating to the SJHSRI pension plan, and any surplus shall be transferred to the CCHP Foundation.

234. They e-mailed a copy of the resolution to the Attorney General's office (with cc to counsel for the Prospect entities) and stated:

> Finally, attached is the Roger Williams Medical Center (RWMC) Board of Trustees Resolution authorizing the use of the RWMC Board Designated Funds to satisfy the St. Joseph Health Services of Rhode Island (SJHSRI) liabilities at close and any potential future funding and expenses related to the SJHSRI pension plan, and any surplus shall be transferred to the CCHP Foundation.

235. However, SJHSRI, RWH, and CCCB never intended that any part of RWH's "Board Designated Funds" would ever be contributed to the Plan, and, indeed, none have been. They also knew that even $6,666,874 would be insufficient to meaningfully reduce the unfunded liability, such that there was not even a remote chance there would be any surplus left over to transfer to CC Foundation after that liability was paid.

236. Instead of meaning what it says, this resolution evidences SJHSRI, RWH, and CCCB's willingness to tell regulators what they wanted to hear, even if it meant misrepresenting their intended funding sources and manipulating the board of trustees of affiliated companies. In fact, in December 2014, soon after the closing of the asset

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

sale, the board of trustees of RWH was replaced with individuals who were already planning to put the Plan into Receivership.

237. A crucial fact not disclosed to either the Department of Health or the Attorney General was that *for years prior to the asset sale*, management at CCCB, RWH, and SJHSRI had been searching for a way to abandon the grossly underfunded Plan to the detriment of Plan participants, while at the same time protecting the assets of SJHSRI from the claims of Plan participants.

238. For example, on January 2, 2012, the Chairman of the Investment Committee for CCCB's Board of Trustees informed CCCB's head of Personnel, Darlene Souza, and CCCB's Chief Financial Officer Conklin, that the Board of Trustees and management must consider the option of terminating the Plan and distributing the assets with a *pro rata* reduction in benefits.

239. On December 31, 2012, Ms. Souza emailed Mr. Conklin and CCCB's Chief Executive Officer Belcher, wished them a "Happy New Year," and then advised them of what she called the "potentially good news" that, according to her reading of the Plan documents, they could "terminate the plan without a solvency issue," and:

- deprive 1,798 (out of a total of 2,852) Plan participants of any benefit whatsoever,
- pay benefits to an additional 744 Plan participants of only 88% of what they were due;
- pay full benefits only to the remaining 1,054 Plan participants who had already reached normal retirement age; and
- improve SJHSRI's balance sheet by over $29,000,000 by eliminating its liability for the unfunded portion of the Plan.

240. However, Ms. Souza advised Messrs. Conklin and Belcher that there was a downside to the Plan termination, which was that other hospitals with supposed

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

Church Plans had attempted to terminate their plans just as she was proposing, but those hospitals had been sued in class actions, and one of those cases had a pending settlement that obligated the hospital to pay a significant amount of the unfunded benefits, notwithstanding its alleged Church Plan status.

241. Accordingly, Ms. Souza warned that if SJHSRI terminated the Plan and distributed reduced benefits, "we are exposed to a class action lawsuit" by the Plan participants who received no benefits, which could expose SJHSRI to "$30-$35m" as damages, which "would potentially erode the $29m fiscal savings" resulting from eliminating SJHSRI's funding liability by termination of the Plan.

242. On June 20, 2013, the CCCB Board discussed the possibility of seeking a "Special Master" for the Plan.

243. In December 2013, the CCCB Board discussed putting the Plan into receivership.

244. Thus, notwithstanding the strategic delay in doing so, the scheme to abandon the Plan was already in the works when SJHSRI, RWC, and CCCB assured the Project Review Committee on April 8, 2014 and May 6, 2014 that the "recommended" annual contributions to the Plan would be made and that SJHSRI, RWH, and CCCB were "on the hook" if the projected returns on investment did not materialize.

245. Instead of representing their genuine intention, these statements were part of the conspiracy by all of the Defendants to obtain approval from the Attorney General and the Department of Health through false assurances, and to also thereby assuage the concerns of the unions, and of the general public (including Plan participants) who attended or followed reports of the hearing.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

246. In furtherance of that conspiracy, CCCB President and Chief Executive Officer Belcher and Thomas M. Reardon (president of Prospect Medical East) made a statement which the Providence Journal on May 12, 2014 published as an op-ed, which stated:

> The development and pursuit of innovation in health delivery should not come at the cost of one of the most cherished values in Rhode Island health care - that of local control. We are pleased that our proposal will assure preservation of local governance, as our joint venture board will have equal representation from CharterCare and Prospect with a local board chair, with real veto powers.

247. This statement was materially false and intentionally deceptive, because under the Amended & Restated Limited Liability Company Agreement of Prospect Chartercare, LLC, previously agreed to in form by CCCB and the Prospect Entities, deadlocks between CCCB-appointed directors and Prospect-appointed directors for some of the most significant board-level decisions were to be resolved by allowing the decisions of Prospect-appointed board members to prevail.

248. On the same day that Mr. Belcher's statement appeared in the Providence Journal, CCCB emailed it to all of the employees of CCCB, SJHSRI, and RWH, stating, "[w]e want to share the following op-ed that appeared in today's Providence Journal." The same mailing assured all employees that "Prospect and CharterCARE equally share seats on the new company's eight-member governing board," withholding the critical information that although the number of seats were shared equally, the seats filled by the Prospect Entities had the power to make some of the most significant corporate decisions against the wishes of the directors chosen by CCCB, and certainly without disclosing that the 2014 Asset Sale was merely a step in the scheme to shield

Case Number: PC-2018-4386
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

Fatima Hospital from liabilitity on the Plan, and to strip assets from SJHSRI that were needed to satisfy its pension obligations to those same employees.

249. In addition to falsly reassuring the public and their own employees on the issue of local control, SJHSRI, RWH, CCCB, and the Prospect Entities also misled state regulators concerning the degree of local control that CCCB would have after the 2014 Asset Sale.

250. On May 2, 2014, CCCB and the various Prospect Entities involved in the asset sale, through their counsel, responded to the following question of the Rhode Island Attorney General:

> Question: Please describe the governance structure of the new hospital after conversion, including a description of how members of any board of directors, trustees or similar type group will be chosen.

251. Defendants responded in pertinent part as follows:

> Response:
>
> An overview of the governance structure for Prospect CharterCARE, LLC is as follows:
>
> Prospect CharterCARE, LLC will have a Board of Directors.
>
> Prospect CharterCARE, LLC's Board of Directors will have half of its members selected by and through PMH's ownership in Prospect CharterCARE, LLC and the other half of the members will be selected by and through CCHP's ownership Prospect CharterCARE, LLC.
>
> The Board of Directors will be responsible for determining the patient Care, strategic, and financial goals policies and objectives of Prospect CharterCARE, LLC.
>
> * * *
>
> Prospect CharterCARE, LLC's Board of Directors will be structured as follows: (i) eight (8) members; (ii) fifty (50%) percent of its members will be appointed by PMH; and (iii) fifty (50%) percent of its members will be appointed by CCHP. The purpose of the structure is to ensure a strong

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

> local presence and mission. The Board of Directors will include at least one physician representative.
>
> The Board of Directors will be responsible for determining the patient care, strategic, and financial goals, policies and objectives of Prospect CharterCARE, LLC. **The issues that the Board of Directors will address will require a majority vote of those Directors appointed by PMH, and a majority vote of those Directors appointed by CCHP.**
>
> [Emphasis supplied]

252. The statement that "[t]he issues that the Board of Directors will address will require a majority vote of those Directors appointed by PMH, and a majority vote of those Directors appointed by CCHP" was also materially false, for the same reason that some of the most significant decisions were to be resolved by allowing Prospect-appointed board members' decisions to prevail.

F. MISLEADING THE STATE COURT IN CONNECTION WITH *CY PRES* PROCEEDINGS

253. In November of 2009, SJHSRI, CCCB, and RWH filed a petition with the Rhode Island Superior Court, asking the court to approve certain changes affecting charitable donations pursuant to the statutory and common law doctrine of *cy pres*.

254. The doctrine of *cy pres* is intended to be used in appropriate circumstances to allow charitable donations to be applied to a similar purpose when the original recipient of the donations is no longer able to fulfill that purpose.

255. In the 2009 proceedings, the specific purpose of the *cy pres* petition was to inform the court that the original recipients of the charitable gifts had been reconstituted in connection with formation of CCCB and the affiliation of SJHSRI, Roger Williams Medical Center, RWH, and CCCB; that such entities as reconstituted would continue to apply the charitable gifts in accordance with those intentions; and to obtain court approval therefor.

Case Number: PC-2018-4386
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40 PM
Envelope: 1697206
Reviewer: Steven S.

256. Notably, the *cy pres* petition in 2009 did not involve an original recipient of the charitable gift who was insolvent and sought to transfer assets to a related entity in fraud of creditors. To the contrary, in the 2009 petition, essentially the same entities held the assets as had held them originally and creditors were in no way affected or damaged by approval of these transfers.

257. The Superior Court approved this *cy pres* petition on December 14, 2009.

258. On December 2, 2011, another *cy pres* petition was filed with the Superior Court, to obtain approval for the St. Joseph Health Care Foundation's member to be changed from SJHSRI to CCCB, for St. Joseph Health Care Foundation's name to be changed to Charter Care Health Partners Foundation, and to permit the charitable gifts held by St. Joseph Health Care Foundation to be distributed to SJHSRI to be used by SJHSRI in accordance with the donors' original intentions. As was the case with the previous *cy pres* petition, this petition did not involve the transfer of assets from an insolvent corporation to a related entity in fraud of creditors. Once again, creditors were in no way affected or damaged by approval of these transfers.

259. The court approved this *cy pres* petition on December 13, 2011.

260. On January 13, 2015 another *cy pres* petition (the "2015 *Cy Pres* Petition") was filed with the Superior Court, this time by Defendants SJHSRI, RWH, and CC Foundation as petitioners, concerning the disposition of charitable donations held by SJHSRI and RWH. It referred to the prior *cy pres* petitions that had been previously approved by the Superior Court, as if the 2015 *Cy Pres* Petition was merely more of the same.

261. However, unlike those earlier petitions, the 2015 *Cy Pres* Petition was filed in connection with the winding down, liquidation, and dissolution of SJHSRI and RWH,

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40 PM
Envelope: 1697206
Reviewer: Steven S.

and the transfer of approximately $8,200,000 of their assets to CC Foundation, when SJHSRI needed all of its and RWH's funds to contribute to the Plan. That raised significantly different issues, since, as discussed below, nonprofit corporations in the process of liquidation or dissolution must use all of their assets, even restricted assets, to pay their creditors before they can transfer charitable assets to another charity.

262. The Attorney General's Decision on May 16, 2014 approving the sale of Fatima Hospital and Roger Williams Hospital was the genesis of the 2015 *Cy Pres* Petition, because that Decision imposed conditions, which included "(1) the transfer of certain of the charitable assets to the CCHP Foundation and (2) the use of certain of the charitable assets during the Heritage Hospitals' wind down to satisfy the Outstanding Pre and Post Closing Liabilities subject to *cy pres* approval from [the Superior Court]."

263. Those conditions were the result of Defendants SJHSRI, RWH, CCCB, and CC Foundation's representations to the Attorney General that SJHSRI and RWH were in a "multi-year wind-down process," which was "typical in the dissolution of a hospital corporation."

264. Similarly, in the 2015 *Cy Pres* Proceeding, Defendants SJHSRI, RWH, and CC Foundation successfully persuaded the Court to grant their Petition based on the representation that both RWH and SJHSRI were in wind-down, stating that they "anticipated that the Outstanding Pre and Post Closing Liabilities will be paid during the Wind-down period of RWH and SJHSRI over the next approximately three years," and that they "proposed that certain RWH and SJHSRI assets remain with the Heritage Hospitals during their wind-down period to satisfy the Outstanding Pre and Post Closing Liabilities."

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

265. The resolutions of CCCB as sole member of SJHSRI and RWH also prove that SJHSRI and RWH were in wind-down preparatory to liquidation and dissolution. The resolutions dated as of December 15, 2014 expressly authorized the wind-down and dissolution of SJHSRI and RWH.

266. Having prevailed both in their application to the Attorney General and in the 2015 *Cy Pres* Proceeding based upon representations that both RWH and SJHSRI were in an extended wind-down process preparatory to liquidation and dissolution, Defendants SJHSRI, RWH, CCCB, and CC Foundation are judicially estopped from denying that the $8,200,000 transferred to the CC Foundation was in connection with winding down their affairs and dissolution and subject to the requirements of the Rhode Island Nonprofit Corporations Act applicable to dissolution and liquidation.

267. R.I. Gen. Laws §§ 7-6-50, 7-6-51 & 7-6-61 obligate nonprofit corporations in the process of either voluntary dissolution or court liquidation to pay their creditors first, before any funds can be transferred to other charities under the doctrine of *cy pres* or any other rationale.

268. Section 7-6-50 of the Rhode Island General Laws sets forth the procedure whereby a nonprofit corporation may voluntarily wind up its affairs and dissolve, and requires that notice be given to all creditors and that assets must be distributed in accordance with Section 7-6-51.

269. Section 7-6-51 of the Rhode Island General Laws sets forth the specific order of application and distribution of assets applicable to a nonprofit corporation in voluntary dissolution, and provides that all of the nonprofit corporation's assets must be used to pay creditors, even assets subject to charitable restrictions, and even assets

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

conveyed to the nonprofit corporation under the express condition that they be re-conveyed in the event of dissolution:

> § 7-6-51. Distribution of assets.
>
> The assets of a corporation in the process of dissolution shall be applied and distributed as follows:
>
> (1) **All liabilities and obligations of the corporation shall be paid and discharged, or adequate provision shall be made for their payment and discharge**;
>
> (2) Assets held by the corporation upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred, or conveyed in accordance with the requirements;
>
> (3) Assets received and held by the corporation subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational, or similar purposes, but not held upon a condition requiring return, transfer, or conveyance by reason of the dissolution, shall be transferred or conveyed to one or more domestic or foreign corporations, societies, or organizations engaged in activities substantially similar to those of the dissolving corporation, pursuant to a plan of distribution adopted as provided in this chapter or as otherwise provided in its articles of incorporation or bylaws;
>
> (4) Any other assets shall be distributed in accordance with the provisions of the articles of incorporation or the bylaws to the extent that the articles of incorporation or bylaws determine the distributive rights of members, or any class or classes of members, or provide for distribution to others;
>
> (5) Any remaining assets may be distributed to any persons, societies, organizations, or domestic or foreign corporations, whether for profit or nonprofit, that may be specified in a plan of distribution adopted as provided in this chapter.
>
> [Emphasis supplied]

270. The same order of payment applies to court-approved liquidations of nonprofit corporations. Section 7-6-61 of the Rhode Island General Laws sets forth the

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

"procedure in liquidation of corporation by court," and sub-section (c) essentially mirrors the above-quoted provisions of R.I. Gen. Laws §7-6-50, as follows:

> (c) The assets of the corporation or the proceeds resulting from a sale, conveyance, or other disposition of the assets shall be applied and distributed as follows:
>
> > (1) All costs and expenses of the court proceedings and **all liabilities and obligations of the corporation shall be paid, satisfied, and discharged, or adequate provision shall be made for that**;
> >
> > (2) Assets held by the corporation upon condition requiring return, transfer, or conveyance, which condition occurs because of the dissolution or liquidation, shall be returned, transferred, or conveyed in accordance with the requirements;
> >
> > (3) Assets received and held by the corporation subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational, or similar purposes, but not held upon a condition requiring return, transfer, or conveyance by reason of the dissolution or liquidation, shall be transferred or conveyed to one or more domestic or foreign corporations, societies, or organizations engaged in activities substantially similar to those of the dissolving or liquidating corporation as the court directs. . . .
> >
> > [Emphasis supplied]

271. Thus, whether pursuant to voluntary dissolution or court approved liquidation, the assets of a non-profit corporation must be applied first to satisfy the corporation's liabilities and obligations, and, until that is accomplished and creditors are paid in full, no assets can be transferred to anyone else, by *cy pres* petition or otherwise.

272. However, Defendants SJHSRI, RWH, and CC Foundation intentionally frustrated enforcement of the statutory payment priorities by repeatedly misrepresenting, first to the Attorney General, and then to the court in the 2015 *Cy Pres*

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

Proceeding, that all of their liabilities, including their pension liabilities, would be "satisfied" and "paid" from other assets.

273. Notably, nowhere in their application to the Attorney General for approval of the 2014 Asset Sale, or in their 2015 *Cy Pres* Petition, did Defendants SJHSRI, RWH, or CCCB say that these other assets would only "partially satisfy," or "partially pay" the pension obligation, or employ similar language that would imply or even hint to the Attorney General or the court that the funds would be insufficient to fully satisfy those liabilities.

274. In reliance on these misrepresentations and material omissions, the court approved the 2015 *Cy Pres* Petition on April 20, 2015.

275. On the basis of the court's order, SJHSRI, RWH, and CCCB in or about May and June 2015 transferred $8,227,916.77 to CC Foundation.

276. From those funds, CC Foundation subsequently transferred $8,199,266.47 to the RI Foundation as follows:

May 28, 2015:	$5,752,655.00
May 29, 2015:	$1,974,537.44
June 3, 2015:	$272,074.03
Nov. 17, 2015:	$200,000.00

277. Rhode Island Foundation thereafter remitted $864,846.00 to CC Foundation as follows:

Dec. 15, 2017:	$174,515.00
Dec. 15, 2016:	$341,945.00
Dec. 15, 2017:	$348,386.00

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

278. As of December 31, 2017, CC Foundation's fund balance at Rhode Island Foundation was $8,760,556.01, including investment returns.

279. The April 20, 2015 Order also applied to income and capital distributions from third party trusts that SJHSRI and RWH expected to receive in the future, and required that certain of those payments should go to CC Foundation.

280. The 2015 Cy Pres Proceeding is still pending. As noted above, concurrently with the filing of this Complaint, Plaintiffs have or will file their motion to intervene in that proceeding, and ask the Superior Court to vacate the April 20, 2015 order, and order that the funds transferred pursuant to the Petition be held pending the outcome of the proceeding in this Court or in the Federal Action.

G. FACTS CONCERNING SUCCESSOR LIABILITY

281. The Prospect Entities that purchased the assets of SJHSRI all knew that SJHSRI had a defined benefit pension plan.

282. Prior to the asset sale, these Prospect Entities intended to operate New Fatima Hospital at the same location, under the same name of Fatima Hospital.

283. Prior to the asset sale, these Prospect Entities intended to operate New Roger Williams Hospital at the same location, under the same name of Roger Williams Hospital.

284. These Prospect Entities also intended to identify themselves to employees, patients, and the public under the fictitious name which SJHSRI, RWH, and CCCB had operated Old Fatima Hospital and Old Roger Williams Hospital.

285. At 10:17 a.m. on June 20, 2014, which was the day that the 2014 Asset Sale closed, CharterCARE Health Partners filed articles of amendment with the Rhode

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:00:15 PM
Envelope: 1697206
Reviewer: Steven S.

Island Secretary of State, changing its name from CharterCARE Health Partners to Chartercare Community Board.

286. One minute later, at 10:18 a.m. on June 20, 2014, Prospect Chartercare filed a "fictitious business name statement" with the Rhode Island Secretary of State, stating that it would operate under the "fictitious name" of CharterCARE Health Partners, which was the same name under which SJHSRI, RWH, and CCCB had operated Old Fatima Hospital and Old Roger Williams Hospital from 2009 right up to the day of the closing of the 2014 Asset Sale.

287. The Prospect Entities also knew and intended that all of SJHSRI's and RWH's employees would be transferred to the employment of the Prospect Entities as a continuation of their employment, with their starting wages and salaries based on their final wages and salaries while employed by SJHSRI and RWH, and with seniority based on their original date of hire by SJHSRI and RWH.

288. Indeed, the Asset Purchase Agreement that was the basis for the asset sale and the approvals under the Hospital Conversions Act obligated the Prospect Entities to do just that:

> 8.2 Employment Terms Employee Benefits.
>
> The Transferred Employees shall be hired by the Company or a Company Subsidiary (as applicable) at base salaries and wages equal to their base salaries and wages as of the Closing Date. The Transferred Employees shall retain their seniority status for purposes of benefits, and their salaries or wages as of the Closing Date shall provide the base for future salary adjustments, if any, thereof. Each Transferred Employee will be treated by the Company or the Company Subsidiary (as applicable) as employed as of such individual's initial hire date at the Facilities for all purposes regarding seniority, except as otherwise required by Law or collective bargaining agreement assumed by the Company. Subject to the right to terminate any Company employee benefit plan and/or restrictions

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

> provided under any collective bargaining agreement assumed by the Company, the Company and the Company Subsidiaries as of the
>
> Closing Date will provide benefits to Transferred Employees at benefit levels substantially comparable to those provided under the Seller Plans immediately prior to Closing, including but not limited to qualified retirement plans (except that the Company and the Company Subsidiaries shall not be required to offer a defined benefit plan), vacation, sick leave, holidays, health insurance, life insurance, 401(k) plan (in lieu of similar plans that were offered by Sellers based on their tax exempt status but are not available to the Company) and policies of the Company and the Company Subsidiaries for which each Transferred Employee is eligible.

Asset Purchase Agreement § 8.2(a).

289. As noted above, after the 2014 Asset Sale, the personnel department for the Prospect Entities continued to advise Plan participants concerning the Plan. Indeed, immediately after the 2014 Asset Sale, the same person who was in charge of that department for SJHSRI, RWH, and CCCB prior to the asset sale took over those duties for the Prospect Entities operating under the fictitious name CharterCARE Health Partners.

290. Thus, to employees it appeared that nothing had changed with respect to their benefits, or administration of the Plan.

291. The Asset Purchase Agreement actually defined the Prospect Entities as "successor employer[s]," at least for tax purposes:

> The Parties acknowledge and agree that each of the Company and each Company Subsidiary constitutes a "successor employer" within the meaning of Code Section 3121(a)(1) and Code Section 3306(a)(1)and the regulations thereunder for federal and state income tax and employment tax purposes.

Asset Purchase Agreement § 8.2(c).

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

292. After the Department of Health and Attorney General approved the asset sale, but without informing these state agencies, the Prospect Entities demanded that employees sign an arbitration agreement prepared by the Prospect Entities.

293. That mandatory "agreement" purported to obligate employees to arbitrate all claims arising out of their employment, arguably including even claims arising out of their previous employment by SJHSRI, and to waive their rights to proceed by class action.

294. The Prospect Entities informed these employees that they would not be hired if they did not sign the arbitration agreement.

295. The Prospect Entities were not permitted to compel employees to sign the arbitration agreement as a condition of their being hired, because those entities already had the contractual (and regulatory) obligation to hire the former employees of SJHSRI, RWH, and CCCB on essentially the same terms as they were previously employed, which did not include an agreement to arbitrate or any waiver of rights.

296. However, the Prospect Entities did not inform these employees that the Prospect Entities could not make their agreement a condition of their employment.

297. The Prospect Entities also did not inform these employees of other facts the employees needed to know in order to evaluate the requirement that they sign the arbitration agreement, including but not limited to that the employees had pre-existing and valid claims arising out of the fact that the Plan was severely underfunded, that the Prospect Entities and the other Defendants were involved in fraudulent schemes to strip assets from SJHSRI that were needed to fund the Plan, that the employees already had the existing right to assert their claims in a class action, and that arbitration of those claims would deprive them of a meaningful remedy.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

298. The terms of the arbitration agreement itself were grossly overreaching and the rights it gave the employees were largely illusory. For example, the agreement obligated Plan participants and "the Company" to arbitrate all claims between them, whether asserted by the employee against the company, or *vice versa*. However, "the Company" was defined to include the following entities and individuals:

> Prospect CharterCare LLC and/or any of its related entities, holding companies, parents, subsidiaries, divisions, officers, shareholders, directors, employees, agents, vendors, contractors, doctors, patients, insurers, predecessors, successors, and assigns.

Accordingly, it purported to obligate an employee to arbitrate claims the employee had against any other employees, any doctors, any patients, and any hospital vendors or contractors. It also purported to entitle the employee to demand that all of those entities and individuals arbitrate any claims they may have against the employee, such as malpractice claims asserted by a patient against a nurse or other health care provider. Of course, those entities and individuals would not be bound by the arbitration agreement, so in practice it would be one-sided, and only apply to the employee's claims *against* those individuals and entities.

299. The demand that employees sign the arbitration agreement was itself fraudulent, and part of the fraud and the fraudulent conspiracy between and among all Defendants.

300. The Asset Purchase Agreement attempted to carve-out successor liability for the Plan, but such carve-outs are unenforceable if the requirements for successor liability are satisfied.

301. Thus, the Prospect Entities have successor liability for the Plan under state common law of successor liability.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

302. Notwithstanding the formal documentation creating a limited liability company controlled primarily by Prospect East, the Prospect Entities have repeatedly referred to the relationship between CCCB and Prospect Medical Holdings and held themselves out as joint venturers, in statements to employees, to the public, to the regulatory agencies that approved the 2014 Asset Sale, and to the court that approved the 2015 *Cy Pres* Petition. For example:

a. Prospect Medical Holdings's website states: "Through a joint venture agreement, Prospect became the majority owner of CharterCARE but shares governance of the hospitals equally with CharterCARE Community Board."

b. The cy pres petition filed on January 13, 2015 by CC Foundation, RWMC, and SJHSRI states: "On June 20, 2014, a closing on the transaction approved by the Rhode Island Department of Health ('DOH') and Rhode Island Attorney General's Office ('AG') occurred in which certain of the assets of CCCB, RWH and SJHSRI were transferred to the newly formed for-profit joint venture between CCCB and Prospect Medical Holdings, Inc. ('PMH') known as Prospect CharterCARE, LLC, and its affiliates (the 'Joint Venture')."

c. A June 17, 2014 letter from the U.S. Department of Health and Human Services to SJHSRI states: "As described in your letter [of May 15], CharterCARE Health Partners (CCHP), the parent of SJHSRI, will enter into a joint venture arrangement with Prospect Medical Holdings, Inc. (PMH), pursuant to a September 24, 2013 arrangement that has now been approved by the Rhode Island Attorney General and the Rhode Island Department of Health. As part of this arrangement, all operating assets held by members of the CCHP system, including SJHSRI, will be transferred to limited liability companies owned by Prospect CharterCARE, LLC, the joint venture entity. . . ."

d. CCCB's 2013 Form 990 states: "THE BOARD OF DIRECTORS BELIEVES THAT SUFFICIENT SAFEGUARDS EXIST TO ENSURE THAT THEIR EXEMPT STATUS IS PROTECTED BOTH THROUGH THE APPOINTMENT PROVISIONS IN THE PROSPECT CHARTERCARE LLC JOINT VENTURE AGREEMENT AND CONDITIONS IMPOSED BY THE RHODE ISLAND ATTORNEY GENERAL AND THE RHODE ISLAND COMMISSIONER OF HEALTH."

e. The March 18, 2013 Letter of Intent executed by both CCCB and Prospect Medical Holdings states: "The purpose of this letter of intent (the 'Letter') is to set forth certain non-binding understandings and certain binding agreements by and between CharterCARE Health Partners ('Seller') and Prospect

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

Medical Holdings, Inc. ('Prospect') with respect to the creation of a joint venture ('Newco') whereby Seller will sell certain assets and operations of Seller to Newco, as more particularly described in the attached term sheet (the 'Term Sheet'), incorporated herein by reference."

f. A May 20, 2014 email blast from CCCB's president Kenneth Belcher states: "Today Dr. Michael Fine, Director of the Department of Health, followed Friday's decision by the Attorney General and approved our Hospital Conversion[s] Act and Change in Effective Control applications. This was the final regulatory hurdle toward the successful completion of our joint venture agreement with Prospect Medical Holdings. . . . We are now prepared to plan the final closing which involves executing the financial and legal documents to make the joint venture agreement official."

303. Insofar as Prospect Chartercare was a joint venture, Prospect East, Prospect Medical Holdings, and CCCB share the liabilities of Prospect Chartercare, and have successor liability for the Plan under state common law of successor liability and joint ventures.

H. FURTHER STRIPPING OF SJHSRI'S ASSETS THROUGH THE ASSET PURCHASE ON OR ABOUT JUNE 20, 2014

304. On September 24, 2012, Prospect Medical Holdings sent a Letter of Intent to the executive leadership of CCHP proposing a transaction whereby Prospect Medical Holdings and CCHP would establish a new "joint venture" entity ("Newco") to acquire the assets of SJHSRI, RWMC, and other entities owned by CCCB. That Letter of Intent included the provisos that in return for the asset sale, "[CCCB] shall receive a 15% membership interest in Newco," and that "the pension liability of SJHSRI as reflected on [CCCB]'s financial records will not be assumed by Newco."

305. On March 13, 2013, the executive committee of CCCB's board of trustees convened to discuss letters of intent that had been solicited from potential suitors. Mr. Belcher informed the committee that one of the non-Prospect suitors (LHP Hospital

Group) "wanted to fully fund the pension plan." In other words, the Plan participants would be protected.

306. On March 14, 2013, SJHSRI's board of trustees met. Mr. Belcher informed the board that CCCB's board had "made the recommendation to move forward with Prospect."

307. On March 18, 2013, CCCB and Prospect Medical Holdings executed a new "LETTER OF INTENT" stating, inter alia:

> The purpose of this letter of intent (the "Letter") is to set forth certain non-binding understandings and certain binding agreements by and between CharterCARE Health Partners ("Seller") and Prospect Medical Holdings, Inc. ("Prospect") with respect to the creation of a joint venture ("Newco") whereby Seller will sell certain assets and operations of Seller to Newco, as more particularly described in the attached term sheet (the "Term Sheet"), incorporated herein by reference.
>
> * * *
>
> 1. Form of Transaction
>
> a) CharterCare Health Partners, a Rhode Island 501(c)(3) corporation ("Seller"), operates two acute care hospitals and certain related health care businesses in Providence, Rhode Island and surrounding communities (the "Business").
>
> b) A newly established limited liability company ("Newco"), to be owned 85% by Prospect Medical Holdings, Inc. ("Prospect"), and 15% by Seller, will purchase substantially all of the assets, liabilities and operations of the Business, other than the Excluded Assets and Excluded Liabilities (the "Purchased Assets") from the Seller.
>
> * * *
>
> 3. Purchase Price
>
> a) In exchange for the Purchased Assets, Newco shall
>
> i) Pay to Seller $45 million in cash at closing, $31 million of which will be applied to extinguish Seller's existing long-term debt and other

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

obligations, and $14 million of which will be earmarked to strengthen the cash position of St. Joseph Health Services of Rhode Island's ("SJHSRI") pension plan;

ii) Issue to Seller 15% of the equity of Newco;

* * *

308. As Exhibit A to the March 18, 2013 Letter of Intent, CCHP and Prospect Medical Holdings attached a "CharterCARE Health Partners Balance Sheet" dated "1/31/13" which stated that "Pension Liability" in the amount of "89,536,553" dollars was "Retained by CharterCARE".

309. At the time of the sale, CCCB was in essence a holding company whose assets consisted primarily of its ownership interests in SJHSRI and RWH, and whose only business was managing the operations of Fatima Hospital and Roger Williams Hospital for its subsidiaries SJHSRI and RWH. In addition, CCCB owned all of the shares of certain other medical providers. However, the closing on or about June 20, 2014 did not transfer ownership in CCCB or any of its subsidiaries, or any cash CCCB had retained, and provided for the transfer of the assets of, rather than the ownership interests in, the companies.

310. As noted above, SJHSRI and RWH, not CCCB, owned the real estate and all of the assets used in operating Old Fatima Hospital and Old Roger Williams Hospital.

311. Thus, virtually all of the personal property and real property transferred on or about June 20, 2014 was owned both historically and immediately prior to the sale by CCCB's various subsidiaries, primarily SJHSRI and RWH, and not by CCCB, such that virtually all of the actual consideration provided by the sellers came from CCCB's subsidiaries, including SJHSRI and RWH, not from CCCB.

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

312. The consideration that Prospect East provided at the closing on or about June 20, 2014 included 15% of the shares of Prospect Chartercare.

313. The fair market value of that 15% at the time of the asset sale was at least $6,640,000 according to Prospect Chartercare's own audited financials.

314. The Asset Purchase Agreement had provided that CCCB would receive those shares, as follows:

> Sellers have designated CCHP (the "Seller Member") to be the holder of the units representing the Company's limited liability company memberships on behalf of all Sellers to be issued as partial consideration in respect of the sale by Sellers of the Purchased Assets.

315. The consideration that the Prospect Entities provided in return for the assets included the undertaking to provide long term working capital of $50,000,000, which conferred a benefit on CCCB as 15% shareholder in the additional amount of $9,479,000, according to Prospect Chartercare's own audited financials.

316. Thus, notwithstanding that CCCB provided virtually none of the consideration for the transaction, the parties consummated the transaction so that CCCB obtained all of the 15% interest in Prospect Chartercare, totalling a fair market value of at least $15,919,000. SJHSRI and RWH received none of that interest, and, therefore, that valuable asset was not available to satisfy claims of Plan participants, the Plan, or any other creditors of SJHSRI.

317. The due diligence performed by the Prospect Entities in connection with the Asset Purchase Agreement included requiring that CCCB provide consolidated financials reporting on the assets and liabilities of CCCB and its various subsidiaries, and buyers in fact received such financials prior to entering into the Asset Purchase Agreement.

318. Accordingly, based upon those financials, at the time the Asset Purchase Agreement was entered into, all of the defendants knew that the combined estimated liabilities of the sellers, including CCCB, SJHSRI, and RWH, exceeded their combined estimated assets by approximately $30,000,000, and that the estimated liabilities of SJHSRI alone exceeded SJHSRI's assets by over $70,000,000, all as a result of the unfunded liabilities of the Plan, such that CCCB, SJHSRI, and RWH were already insolvent when they entered into the Asset Purchase Agrement and when the 2014 Asset Sale took place.

319. This knowledge was actually adverted to in the Asset Purchase Agreement, in which the Prospect Entities as *Buyers* made the unqualified representations and warranties that they "were not now insolvent and will not be rendered insolvent by any of the Transactions," whereas SJHSRI, RWH, and CCCB as *Sellers* made only the following *qualified* representation and warranty:

> 4.29 Solvency. **After exclusion of Liabilities associated with the retirement plan due to their uncertainty of amount**: (i) Sellers are not now insolvent and will not be rendered insolvent by any of the Transactions; (ii) Sellers have, and immediately after giving effect to the Transactions, will have, assets (both tangible and intangible) with a fair saleable value in excess of the amount required to pay their Liabilities as they come due; and (iii) Sellers have adequate capital for the conduct of their business and discharge of their debts. . . .
>
> [Emphasis supplied]

320. By this express exclusion of pension liabilities from the sellers' warranty of solvency, all of the parties to the transaction signaled their actual knowledge that these liabilities rendered SJHSRI, RWH, and CCCB insolvent, such that the transfer of the assets of SJHSRI, RWH, and CCCB constituted a fraudulent transfer.

Case Number: PC-2018-3866
Filed in Providence/Bristol County Superior Court
Submitted: 6/4/2018 4:30:15 PM
Envelope: 1697266
Reviewer: Steven S.

321. All of the Defendants sought and intended that the transactions would strip SJHSRI of all of its real estate and operating assets, and transfer value to CCCB in the amount of at least $15,919,000 that (they schemed) would be shielded from SJHSRI's liability to the Plan participants, including the rights of the Plan participants to have all of these assets applied to reduce the deficit in the Plan.

CAUSES OF ACTION

COUNT I (FRAUDULENT TRANSFER, § 6-16-4(A)(1))

322. Plaintiffs repeat and reallege paragraphs 1-321.

323. At all relevant times Plaintiffs had "claims" against and were "creditors" of Defendants SJHSRI, RWH, and CCCB, as defined by R.I. Gen. Laws §§ 6-16-1(3) & (4), based upon said Defendants' obligations imposed by state law.

324. Fraudulent transfers were made in connection with various transactions, including but not limited to the sale of all of the assets of SJHSRI, RWH, CCCB, and related entities to various Prospect Entities in connection with the 2014 Asset Sale, and to CC Foundation and by CC Foundation to RI Foundation in connection with the 2015 *Cy Pres* Proceeding, with the actual intent of SJHSRI, CCCB, and RWH as transferors to hinder, delay, or defraud their creditors, within the meaning of R.I. Gen. Laws § 6-16-4(a)(1).

325. Those transfers are subject to avoidance to the extent necessary to satisfy Plaintiffs' claims, in accordance with R.I. Gen. Laws § 6-16-7(a)(1).

326. Plaintiffs are entitled to attachment against all of the assets of SJHSRI, RWH, CCCB, and related entities that were transferred to various Prospect Entities, and all of the assets transferred to CC Foundation and by CC Foundation to RI Foundation

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40 PM
Envelope: 1697206
Reviewer: Steven S.

pursuant to the 2015 *Cy Pres* Proceeding, in accordance with R.I. Gen. Laws § 6-16-7(a)(2).

327. Prospect Medical Holdings, Prospect East, and Prospect Chartercare are persons for whose benefit the transfers were made within the meaning of R.I. Gen. Laws § 6-16-8(b)(1), for reasons including but not limited to the fact that Prospect Medical Holdings had a direct and beneficial interest in the 2014 Asset Sale, Prospect East owned 85% of Prospect Chartercare, and Prospect Chartercare owned 100% of Prospect Chartercare St. Joseph and Prospect Chartercare Roger Williams, and, therefore, they are also liable for the value of the assets transferred.

328. Plaintiffs are entitled to an injunction against further disposition of the property by any of the Prospect Entities, CC Foundation, or the RI Foundation, in accordance with R.I. Gen. Laws § 6-16-7(a)(3)(i).

329. Plaintiffs are entitled to any other relief the circumstances may require, in accordance with R.I. Gen. Laws § 6-16-7(a)(3)(iii).

330. Upon entry of judgment on their claims, Plaintiffs are entitled to levy execution on these assets and the proceeds of these assets, in accordance with R.I. Gen. Laws § 6-16-7(b).

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, demand a judgment avoiding the transfers, together with a judgment of money damages against Defendants SJHSRI, RWH, CCCB, Prospect Medical Holdings, Prospect East, Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect Chartercare Roger Williams, and CC Foundation, jointly and severally, plus interest and costs, and order Defendant

RI Foundation to turn over to Plaintiffs all of the funds it received from CC Foundation, and any proceeds thereof, and such other and further relief as may be just.

COUNT II (FRAUDULENT TRANSFER, §§ 6-16-4(A)(2) AND/OR 6-16-5(A))

331. Plaintiffs repeat and reallege paragraphs 1-321.

332. At times when Plaintiffs had "claims" against and were "creditors" of Defendants SJHSRI, RWH, and CCCB, as defined by R.I. Gen. Laws §§ 6-16-1(3) & (4), fraudulent transfers were made within the meaning of R.I. Gen. Laws §§ 6-16-4(a)(2) and/or 6-16-5(a) in connection with various transactions, including but not limited to the sale of all of the assets of SJHSRI, RWH, CCCB, and related entities to various Prospect Entities in connection with the 2014 Asset Sale, and in connection with the 2015 Cy Pres Proceeding:

a. within the meaning of R.I. Gen. Laws § 6-16-4(a)(2), inasmuch as transfers were made without receiving a reasonably equivalent value in exchange for the transfers, and the debtor(s) were engaged or were about to engage in a business or a transaction for which the remaining assets of the debtor(s) were unreasonably small in relation to the business or transaction, or the debtor(s) intended to incur, or believed or reasonably should have believed that they would incur, debts beyond their ability to pay as they became due; and/or:

b. within the meaning of R.I. Gen. Laws § 6-16-5(a), inasmuch as the debtor(s) made the transfer without receiving a reasonably equivalent value in exchange for the transfer and the debtor(s) was insolvent at that time or the debtor(s) became insolvent as a result of the transfer.

333. Those transfers are subject to avoidance to the extent necessary to satisfy Plaintiffs' claims, in accordance with R.I. Gen. Laws §§ 6-16-7(a)(2) and/or 6-16-5(a).

334. Plaintiffs are entitled to attachment against all of the assets of Defendants SJHSRI, RWH, CCCB, and related entities that were transferred to various Prospect Entities, and all of the assets transferred pursuant to the 2015 *Cy Pres* Proceeding, in accordance with R.I. Gen. Laws § 6-16-7(a)(2).

Case Number: PC-2017-3856
Filed in Providence/Bristol County Superior Court
Submitted: 9/18/2018 3:40:15 PM
Envelope: 1697206
Reviewer: Steven S.

335. Defendant Prospect Medical Holdings, Prospect East, and Prospect Chartercare are persons for whose benefit the transfers were made within the meaning of R.I. Gen. Laws § 6-16-8(b)(1), for reasons including but not limited to the fact that Prospect Medical Holdings had a direct and beneficial interest in the 2014 Asset Sale, Prospect East owned 85% of Prospect Chartercare, and Prospect Chartercare owned 100% of Prospect Chartercare St. Joseph and Prospect Chartercare Roger Williams, and, therefore, they are also liable for the value of the assets transferred.

336. Plaintiffs are entitled to an injunction against further disposition of the property by any of the Prospect Entities, CC Foundation, or the RI Foundation, in accordance with R.I. Gen. Laws § 6-16-7(a)(3)(i).

337. Plaintiffs are entitled to any other relief the circumstances may require, in accordance with R.I. Gen. Laws § 6-16-7(a)(3)(iii).

338. Upon entry of judgment on their claims, Plaintiffs are entitled to levy execution on these assets and the proceeds of these assets, in accordance with R.I. Gen. Laws § 6-16-7(b).

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, demand a judgment avoiding the transfers, together with a judgment of money damages against Defendants SJHSRI, RWH, CCCB, Prospect Medical Holdings, Prospect East, Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect Chartercare Roger Williams, and CC Foundation, jointly and severally, plus interest, costs, and order Defendant RI Foundation to turn over to Plaintiffs all of the funds it received from CC Foundation, and any proceeds thereof, and such other and further relief as may be just.

COUNT III (FRAUD THROUGH INTENTIONAL MISREPRESENTATIONS AND OMISSIONS)

339. Plaintiffs repeat and reallege paragraphs 1-321.

340. Defendants SJHSRI, RWH, CCCB, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, and each of them, made intentional misrepresentations to Plaintiffs and intentionally omitted providing material information under circumstances where said Defendants had a duty to speak.

341. Plaintiffs reasonably relied upon said Defendants' misrepresentations and omissions.

342. Plaintiffs suffered damages thereby.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, CCCB, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT IV (FRAUDULENT SCHEME)

343. Plaintiffs repeat and reallege paragraphs 1-321.

344. Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, and each of them, intentionally defrauded Plaintiffs.

345. Plaintiffs relied upon Defendants' acts, practices, and courses of business that operated as a fraud upon Plaintiffs.

346. Plaintiffs were defrauded thereby.

347. Plaintiffs suffered damages thereby.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT V (CONSPIRACY)

348. Plaintiffs repeat and reallege paragraphs 1-321.

349. Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams participated in a conspiracy to injure the Plaintiffs, which involved the combination of two or more persons to commit an unlawful act or to perform a lawful act for an unlawful purpose.

350. As a result of this conspiracy, Plaintiffs were damaged.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against all Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare

Case Number: PC-2018-3866
Filed in Providence/Bristol County Superior Court
Submitted: 6/4/2018 3:00 PM
Envelope: 1697266
Reviewer: Steven S.

Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT VI (ACTUARIAL MALPRACTICE)

351. Plaintiffs repeat and reallege paragraphs 1-321.

352. Defendant Angell undertook, for a good and valuable consideration, to provide actuarial and administrative services to the Plan which included communicating directly with Plan participants concerning the Plan and the interests of Plan participants concerning the Plan.

353. At all times mentioned herein, Defendant Angell had a duty to Plaintiffs to conform to the standard of care exercised by the average actuary and provider of administrative services to pension plan participants holding itself out as a specialist in pension plans.

354. Nevertheless, Defendant Angell breached its duty in that it negligently provided actuarial and administrative services to the Plan and negligently communicated directly with Plan participants concerning the Plan and the interests of Plan participants concerning the Plan.

355. As a direct and proximate result of the negligence of Defendant Angell, Plaintiffs suffered damages.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, and demand judgment against Defendant Angell for damages, plus interest and costs, and such other and further relief as may be just.

COUNT VII (BREACH OF CONTRACT)

356. Plaintiffs repeat and reallege paragraphs 1-321.

357. Plaintiffs and Defendant SJHSRI entered into one or more express or implied contracts under which Defendant SJHSRI undertook to fully fund and pay all pension benefits to which Plaintiffs were entitled, which Defendant SJHSRI breached, causing damages to Plaintiffs.

358. The contracts between Plaintiffs and Defendant SJHSRI each contained an implied covenant of good faith and fair dealing.

359. Defendant SJHSRI also breached this covenant, causing damages to Plaintiffs.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, and demand judgment against Defendant SJHSRI for damages, plus interest and costs.

COUNT VIII (ALTER EGO)

360. Plaintiffs repeat and reallege paragraphs 1-321.

361. There is a unity of interest and ownership among Defendants SJHSRI, RWH, CCCB, CC Foundation, Prospect Chartercare, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams (the "Alter Ego Goup"), such that the separate personalities of the entities and their members do not exist.

362. Observance of the corporate form would sanction a fraud, promote injustice, or result in inequity.

363. Each of Defendants in the Alter Ego Group are directly liable to Plaintiffs on one or more claims asserted herein, and the other Defendants in the Alter Ego

Group are also liable therefore as the alter egos for the Defendants directly liable to Plaintiffs.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, CCCB, CC Foundation, Prospect Chartercare, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT IX (DE FACTO MERGER)

364. Plaintiffs repeat and reallege paragraphs 1-321.

365. There is a continuity of ownership among Defendants SJHSRI, RWH, CCCB, Prospect Chartercare, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams (the "De Facto Merger Group").

366. Defendants SJHSRI, RWH, and CCCB have ceased ordinary business and dissolved and/or have become in essence empty shells.

367. Defendants Prospect Chartercare, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams assumed liabilities ordinarily necessary for the uninterrupted continuation of the business of SJHSRI, RWH, and CCCB.

368. There is a continuity of management, personnel, physical location, assets, and general business operation among the De Facto Merger Group.

369. Each of Defendants in the De facto Merger Group are directly liable to Plaintiffs on one or more claims asserted herein, and the other Defendants in the De Facto Merger Group are also liable therefore.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, CCCB, Prospect Chartercare, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT X (JOINT VENTURE)

370. Plaintiffs repeat and reallege paragraphs 1-321.

371. There existed a joint venture between Defendants CCCB, Prospect East, and Prospect Medical Holdings (the "Joint Venturers").

372. Each of Joint Venturers is directly liable to Plaintiffs on one or more claims asserted herein in which the Joint Venturer acted in furtherance of the joint venture, and the other Joint Venturers are also liable therefore.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, and demand a judgment of money damages against Defendants CCCB, Prospect East and Prospect Medical Holdings, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XI (SUCCESSOR LIABILITY)

373. Plaintiffs repeat and reallege paragraphs 1-321.

374. Both in connection with the 2014 Asset Sale and the transfer of approximately $8,200,000 to CC Foundation in connection with the 2015 *Cy Pres* Petition, there was a transfer of corporate assets for less than adequate consideration,

the new companies continued the business of the transferors; both the transferors and the transferees had at least one common officer or director who was instrumental in the transfer; and the transfers rendered the transferors incapable of paying their creditors because the transferors dissolved either in fact or by law.

375. Defendants SJHSRI, RWH, and CCCB are liable to Plaintiffs on one or more of the claims asserted herein, for which Defendants CC Foundation, Prospect Chartercare, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams are liable to Plaintiff as successors of Defendants SJHSRI, RWH, and CCCB.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants CC Foundation, Prospect Chartercare, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XII (CIVIL LIABILITY UNDER R.I. GEN. LAWS § 9-1-2 FOR VIOLATIONS OF THE RHODE ISLAND HOSPITAL CONVERSIONS ACT)

376. Plaintiffs repeat and reallege paragraphs 1-321.

377. Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, knowingly violated or failed to comply with one or more provision of R.I. Gen. Laws § 23-17.14-1 *et seq.* or willingly or knowingly gave false or incorrect information.

378. Said Defendants' conduct constituted crimes or offenses under R.I. Gen. Laws § 23-17.14-30, causing injuries for which Defendants have civil liability under R.I. Gen. Laws § 9-1-2.

379. Plaintiffs have been damaged as a result.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Prospect Chartercare, Diocesan Defendants, Prospect East, Prospect Medical Holdings, Prospect Chartercare St. Joseph, and Prospect Chartercare Roger Williams, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XIII (LIQUIDATION PURSUANT TO R.I. GEN. LAWS §§ 7-6-60 & -61)

380. Plaintiffs repeat and reallege paragraphs 1-321.

381. Defendants SJHSRI, RWH, and CCCB are Rhode Island nonprofit corporations.

382. Each of them has admitted in writing that the claims of Plaintiffs are due and owing, and these corporations are insolvent.

383. Each of them should be liquidated and their assets shall be applied and distributed to pay Plaintiffs' claims pursuant to R.I. Gen. Laws §§ 7-6-51 & 7-6-61(c)(1).

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, and CCCB, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

Case Number: PC-2018-3866
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COUNT XIV (BREACH OF FIDUCIARY DUTY)

384. Plaintiffs repeat and reallege paragraphs 1-321.

385. Defendants SJHSRI, CCCB, Angell, and the Diocesan Defendants all owed Plaintiffs fiduciary duties.

386. Defendants SJHSRI, CCCB, Angell, and the Diocesan Defendants all breached their fiduciary duties to Plaintiffs, causing damages.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, CCCB, Angell, and the Diocesan Defendants, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XV (AIDING AND ABETTING BREACHES OF FIDUCIARY DUTY)

387. Plaintiffs repeat and reallege paragraphs 1-321.

388. Defendants RWH, CC Foundation, Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect East, and Prospect Medical Holdings knowingly aided, abetted, and participated in, breaches of fiduciary duty by Defendants SJHSRI, CCCB, Angell, and the Diocesan Defendants, and Defendants SJHSRI, CCCB, Angell, and the Diocesan Defendants knowingly aided, abetted, and participated in, breaches of fiduciary duty by each other, causing damages.

WHEREFORE, Plaintiffs request that the Court certify this action as a class action pursuant to Super. R. Civ. P. 23 and, for themselves and the Class, demand a judgment of money damages against Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Diocesan Defendants, Prospect Chartercare, Prospect Chartercare

Case Number: PC-2018-3866
Filed in Providence/Bristol County Superior Court
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Reviewer: Steven S.

St. Joseph, Prospect East, and Prospect Medical Holdings, jointly and severally, plus interest, costs, punitive damages, and such other and further relief as may be just.

COUNT XVI (DECLARATORY JUDGMENT, LIABILITY AND TURN OVER OF FUNDS)

389. Plaintiffs repeat and reallege paragraphs 1-321.

390. There exists an actual and legal controversy between Plaintiffs and Defendants SJHSRI, RWH CCCB, CC Foundation, Angell, Diocesan Defendants, RI Foundation, Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect East, and Prospect Medical Holdings, in which Plaintiffs have an interest, concerning the causes of action asserted herein in at paragraphs 322-388.

391. That controversy is ripe for determination, even if there are future contingencies that may determine the amount of Plaintiffs' damages.

WHEREFORE Plaintiffs demand a declaratory judgment declaring that Defendants SJHSRI, RWH, CCCB, CC Foundation, Angell, Diocesan Defendants, Prospect Chartercare, Prospect Chartercare St. Joseph, Prospect East, and Prospect Medical Holdings, jointly and severally, are liable to Plaintiffs on the causes of action set forth against them in paragraphs 322-388 herein, and ordering Defendant RI Foundation to turn over to Plaintiffs all of the funds it received from CC Foundation, even if the exact quantum of Plaintiffs' damages cannot yet be determined due to these future contingencies.

JURY DEMAND

Plaintiffs demand a trial by jury on the aforementioned Counts. Plaintiffs are separately serving and filing a written demand therefor in accordance with Super. R. Civ. P. 38(b).

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By their Attorneys,

/s/ Max Wistow

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Tab 1

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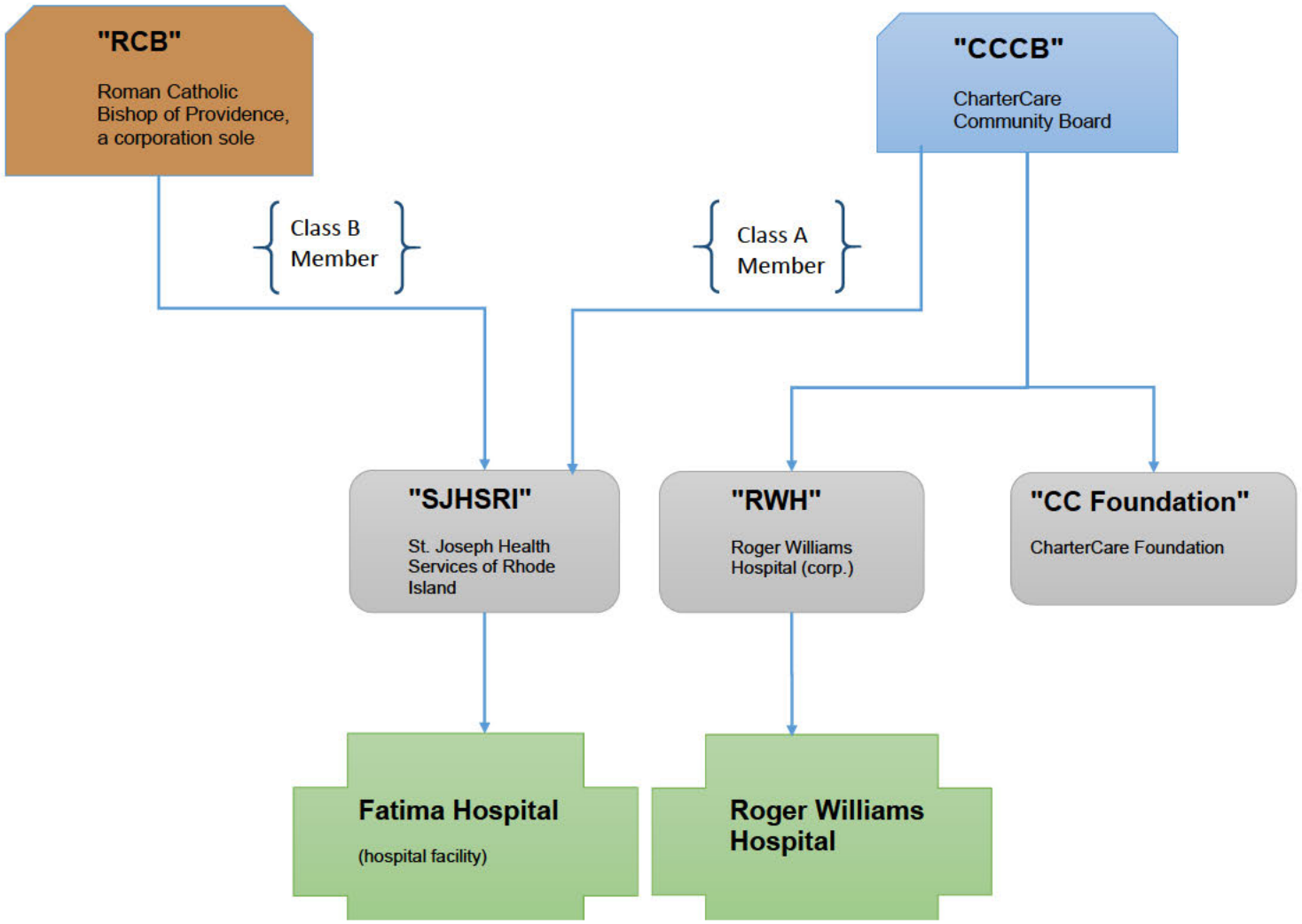
Pre- 2014 Asset Sale



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Post- 2014 Asset Sale