STATE OF RHODE ISLAND PROVIDENCE, SC		SUPERIOR COURT
ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND, INC.	:	
v.	:	C.A. No.: PC-2017-3856
ST. JOSEPH'S HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN, AS AMENDED	:	

THE RECEIVER'S REPLY MEMORANDUM TO THE PROSPECT ENTITIES' OBJECTION TO THE JOINT MOTION FOR AUTHORIZATION TO EXERCISE THE PUT OPTION AND/OR DIRECT ITS EXERCISE

Max Wistow, Esq. (#0330)
Stephen P. Sheehan, Esq. (#4030)
Benjamin Ledsham, Esq. (#7956)
Wistow, Sheehan & Loveley, PC
61 Weybosset Street
Providence, RI 02903
(401) 831-2700
(401) 272-9752 (fax)
mwistow@wistbar.com
spsheehan@wistbar.com
bledsham@wistbar.com

September 9, 2019

TABLE OF CONTENTS

Stephen Del Sesto (as Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan) (the "Receiver") submits this memorandum in reply to the Prospect Entities' objection to the Receiver's and the Heritage Hospitals' joint motion for authorization, in the discretion of the Receiver, to exercise the "put option" ("Put Option") referred to in the Amended & Restated Limited Liability Company Agreement of Prospect Chartercare, LLC (the "LLC Agreement") or to direct its exercise.

ARGUMENT

I. Summary of Argument

In their memorandum in support of the joint motion, the Receiver and the Heritage Hospitals set forth the reasons why the requested relief is necessary as a practical matter to avoid the possible loss of the right to exercise the Put Option. The Prospect Entities' objection does not deny that such right may indeed be lost absent the Court's granting the requested relief. Indeed, they ignore that issue entirely, no doubt because may well be in their interests that the Put Option expire before it can be exercised. Accordingly, that point is undisputed.

Instead, the Prospect Entities assert legal arguments as to why the Court should not grant the requested relief. However, in addition to those arguments being trumped by the practical reality that the requested relief is necessary to avoid the possible loss of the right to intelligently decide whether or not to exercise the Put Option, those arguments are foreclosed both procedurally and on the merits.

The Prospect Entities' arguments are foreclosed by the procedural history of the Receivership and the related proceeding commenced by the Heritage Hospitals against

the Prospect Entities to obtain the information necessary for both CCCB and the Receiver to intelligently determine whether to exercise the Put Option. That history includes the Stipulation and Consent Order of this Court signed by the Prospect Entities (along with CCCB and the Receiver) agreeing to provide this information to CCCB and agreeing to CCCB's sharing that information with the Receiver for that specific purpose.

The Prospect Entities' arguments are also foreclosed on the merits for several independent reasons.

First, the Prospect Entities improperly contend that this Court lacks jurisdiction to amend this Court's own order, which amendment is in the best interests of the Receivership, and absent which valuable rights may be lost.

Second, the Prospect Entities' actions constitute improper forum shopping. In addition to opposing the relief Movants are seeking, the Prospect Entities ask this Court to prohibit the Receiver from taking any action in connection with the Settlement until the federal court rules on the merits of certain defenses the Prospect Entities are asserting in the federal court proceeding concerning preemption under ERISA and the propriety of a state-court appointed receiver's serving as administrator of the Plan. However, the federal court in connection with the recent approval of Settlement B has already stated that these issues will not be addressed in connection with, and do not affect, settlement approval of either Settlement A or Settlement B. Thus, the Prospect Entities are seeking relief from this Court that the federal court has already determined is not appropriate at this time (if ever). Indeed, the irony is that the Prospect Entities are seeking to limit the Receiver's authority to effectuate Settlement A based on the contention that the federal court alone can decide those issues, but the federal court

has already stated in connection with approval of Settlement B that it will not decide those issues in connection with approval of either Settlement B or Settlement A.

Third, even if (*arguendo*) their arguments concerning preemption and the supposed lack of authority of a state-court-appointed receiver to administer an ERISA plan were ripe for decision, the Prospect Entities cite no authority whatsoever in support of their contention that the Receiver lacks authority to implement the Settlement Agreement until the federal court rules on those arguments. Instead, the Prospect Entities rely on generalities concerning the scope of federal court jurisdiction over ERISA which have no application to the specific issue of whether the Receiver has authority over a retirement plan whose assets are *in custodia legis* in a state court receivership proceeding.

Fourth, the Prospect Entities' contention that a state-court-appointed Receiver cannot act as an administrator of an ERISA Plan is both completely unsupported by legal authority and ludicrous. The Receiver was appointed Plan administrator in accordance with the terms of the Plan, and there are no other restrictions whatsoever on who can act as an administrator of an ERISA plan. Indeed, any person can do so.

II. The Prospect Entities ignore the practical reality that the requested relief is necessary to avoid the possible loss of the right to intelligently decide whether or not to exercise the Put Option

As noted above, Plaintiffs and the Heritage Hospitals set forth the reasons why the requested relief is necessary as a practical matter to avoid the possible loss of the right to intelligently decide whether or not to exercise the Put Option. The Prospect Entities' objection does not deny that such right may indeed be lost absent the Court's granting the requested relief. Indeed, they ignore that issue entirely, no doubt because

it may be in their interests that Receiver's and CCCB's contractual right to exercise the Put Option expire before it can be exercised. The practical exigency of the requested relief outweighs any other considerations and should be granted to prevent the possible loss of valuable rights to the Receivership Estate.

III. This Court has jurisdiction to modify its prior order

The Prospect Entities contend that this Court lacks jurisdiction to grant the relief sought by the Joint Motion. That relief, however, is merely that the Court modify the Court's own prior interlocutory order. The Court always has the inherent authority to modify its prior interlocutory orders. See Renewable Resources, Inc. v. Town of Westerly, 110 A.3d 1166, 1071 (R.I. 2015) ("As we previously recognized, however, 'a trial justice still retains the inherent power to modify any interlocutory judgment or order prior to final judgment.'") (quoting Murphy v. Bocchio, 338 A.2d 519, 522 (R.I. 1975) (citing 11 Wright & Miller, Federal Practice & Procedure § 2852 at 145 (1973)).

The Prospect Entities do not even acknowledge this inherent power, much less explain why it would be inapplicable here. Although they claim that the Receiver's election of ERISA coverage on April 15, 2019 is significant, they make no argument and cite no authority for the proposition that the election divested this Court of its inherent power to modify the Court's prior interlocutory order, especially since the Plan assets remain within the jurisdiction of the Court.

IV. The Prospect Entities' objection is foreclosed by their own stipulation and the Court's order in the related litigation brought by CCCB against the Prospect Entities

In their memorandum in support of their motion, the Plaintiffs and the Heritage Hospitals outlined the procedural history leading up to their motion.[1] One aspect of that procedural history that needs to be further explicated in connection with the Prospect Entities' objection is the Stipulation and Consent Order that the Court entered on April 25, 2019 in the related action brought by CCCB against the Prospect Entities in the case captioned CharterCARE Community Board v. Samuel Lee, et al., PC-2019-3654, which is assigned to this Court.

In that suit, CCCB sought relief for, *inter alia*, the Prospect Entities' failure (for over six months) to provide CCCB with information necessary to make an informed decision whether or not to exercise the Put Option.[2] The Put Option was originally exercisable during a 90-day period commencing on June 20, 2019. Pursuant to the Stipulation and Consent Order[3] entered on April 25, 2019 in CharterCARE Community Board v. Samuel Lee et al. (the "Consent Order and Stipulation"), the ninety-day period for exercising the Put Option was modified to commence on September 21, 2019. The reason for the extension was to allow sufficient time for the Prospect Entities to comply with their obligation to provide the necessary information and for CCCB and the

[1] See the Settling Parties Memorandum in Support of Joint Motion for Authorization to Exercise the Put Option of Direct Its Exercise at 1-5.

[2] See CCCB's complaint in CharterCARE Community Board v. Samuel Lee, et al., PC-2019-3654, ¶¶ 45-52.

[3] A copy of the Stipulation and Consent Order is attached to Plaintiffs' and the Heritage Hospitals' initial supporting memorandum as Exhibit 1.

Receiver to decide whether the Put Option should be exercised, as expressly stated in the Consent Order and Stipulation:

> 1. On or before May 15, 2019, PCC will provide CCCB with financial information **in connection with CCCB's evaluation of the "put option**" as requested by CCCB in correspondence dated September 20, 2018, October 2, 2018, October 3, 2018, and November 6, 2018. Thereafter, CCCB may by email request such additional information as CCCB reasonably requires in connection with the evaluation of the "put option" under the Prospect Chartercare, LLC Agreement (the "LLC Agreement"), and PCC will provide such information within fifteen (15) days of such email(s), provided the information is available…
>
> 2. CCCB shall be authorized to share information produced by PCC with Stephen Del Sesto, the Receiver for St. Joseph's Health Services of Rhode Island Retirement Plan ("the Receiver"), and each of their respective attorneys, accountants and experts solely **for the purpose of evaluating the "put option" so that the Receiver may participate fully and without restriction in the valuation and exercise of the "put option"**.

Stipulation and Consent Order ¶¶ 1 & 2(emphasis supplied).

However, now the Prospect Entities seek to block the ability of the Receiver to "participate fully and without restriction in the valuation and exercise of the 'put option'". That relief is foreclosed by the Consent Order and Stipulation.

V. The Prospect Entities are engaged in improper forum shopping

In their objection, the Prospect Entities ask that this Court keep in place the existing restriction on the Receiver's ability to exercise rights under Settlement A until that settlement is approved by the federal court. In addition, they ask this Court to "abstain from providing the Receiver with any authority to act under the Settlement Agreement until the federal court determines whether ERISA provides the Federal Court

with exclusive jurisdiction relative to actions of the Receiver, a fiduciary of an ERISA plan."[4]

Thus, the Prospect Entities are seeking not only to hamstring the Receiver from exercising the Put Option, but also from taking *any actions whatsoever* under the Settlement Agreement for an indefinite period until those substantive issues are resolved. However, the Settlement Agreement requires the Receiver to take many actions in addition to and apart from anything involving the Put Option. For example, the Receiver has contractual obligation to deliver the releases to the Heritage Hospitals within five days of final settlement approval,[5] and before the Heritage Hospitals are obligated to make the initial payment of at least $11,150,000.[6] Not only would the Receiver's failure to comply with that obligation arguably put him in breach of the Settlement Agreement, it is reasonable to assume that the Heritage Hospitals will refuse to make that payment if the releases have not been delivered. The Receiver also has the right and duty to receive and deposit the net settlement funds into the Plan, but the Prospect Entities seek to deprive him of the authority even to do that. The Prospect Entities' request would unconscionably delay payment of the settlement amount as well as the benefit of all of the other advantageous provisions of the Settlement Agreement.

It must be noted that the Prospect Entities would have this Court impose restrictions on the Receiver's authority under Settlement A that are not disclosed in the class notice[7] that the Receiver sent to the settlement class pursuant to the federal

---

[4] Prospect Entities' Objection at 5.

[5] Settlement Agreement ¶ 11.

[6] Settlement Agreement ¶ 10.

[7] Attached hereto as Exhibit 1.

court's order. That notice is the basis upon which nearly 1,000 members of the settlement class affirmatively endorsed the settlement,[8] and upon which the entire remaining settlement class refrained from objecting to the settlement. Thus, the Prospect Entities' request directly conflicts with the proceedings in federal court for approval of Settlement A.

In short, the Prospect Entities are asking the Court (without even filing a motion) to make the restrictions the Court has imposed on the Receiver's exercise of rights under the settlements prior to federal court approval exponentially more restrictive, and, indeed, to force the Receiver to breach the Settlement Agreement. In other words, they seek to have Settlement A become unenforceable because of the Receiver's disability to perform his obligations thereunder.

The Prospect Entities do not disclose what should happen next if the Court restrains the Receiver as they request, and then, after approving Settlement A, the federal court determines that ERISA provides the Federal Court with exclusive jurisdiction relative to actions of the Receiver. Thus, they offer no reason why this Court should limit the Receiver's authority pending the federal court's resolution of those issues. Their failure to even address that issue demonstrates either the vacuity of their request for these restrictions on the Receiver's authority, or concealment of their plan to argue that it would render the previously-approved settlement void and unenforceable.

If that indeed is their plan, it is both doomed on the merits and blatant and improper forum shopping. It is doomed on the merits, because, as discussed *infra* at 11-14, the Prospect Entities have no legal basis for contending that subsequent

[8] All of the Plan participants represented by Attorneys Callaci, Violet, or Kasle.

resolution of these issues would affect a previously approved settlement. Moreover, the Prospect Entities fail to disclose that these precise issues have been (and are being) litigated in the federal court, and that on August 29, 2019, when the federal court conducted the hearing on final approval of Settlement B, the federal court stated that approval of Settlement A and Settlement B is not dependent on the federal court's ultimate rejection of the defendants' claims concerning ERISA preemption and the authority of a state-court-appointed Receiver to administer an ERISA plan. At that hearing, the court stated on the record that Settlement B was approved.[9]

Although the transcript of that hearing is not yet available,[10] Plaintiffs submit herewith the Affidavit of Stephen P. Sheehan attesting that during the hearing, Chief Judge William E. Smith expressly stated that approval of Settlement A and Settlement B is not dependent on the federal court's ultimate rejection of the defendants' claims concerning ERISA preemption and the authority of a state-court-appointed receiver to administer an ERISA plan.[11] Chief Judge Smith stated that the federal court would deal with those issues in due course, in connection with the Non-Settling Defendants'

---

[9] See "Minute Entry for proceedings held before Chief Judge William E. Smith: Fairness Hearing held on 8/29/2019. S. Sheehan, Esq. and M. Wistow, Esq. for Mr. Del Sesto; R. Conn for CharterCare Foundation; P. Halperin, Esq. for the Prospect Defendants; H. Merten, Esq. for the Diocesan Defendants. Statements regarding Settlement heard from Plaintiffs, Defendants and Objectors. The Court intends to appoint D. Sherman as Special Master. Order to issue. **Court approves Settlement Agreement**. Order to issue. Recess. (Court Reporter Lisa Schwam in Courtroom 3 at 10:07.) (Potter, Carrie)" (emphasis supplied).

[10] Plaintiffs ordered the transcript on September 3, 2019, and were then informed it would be available in two weeks. The Prospect Entities' objection is meritless on several independent grounds regardless of what transpired at that hearing, such that the transcript is not necessary to the disposition of the motion, but if there is any dispute concerning what happened at the hearing and the Court considers it necessary to the resolution of this motion, Plaintiffs request that the Court postpone decision until the transcript is available and provided to the Court.

[11] See Affidavit of Stephen P. Sheehan sworn to on September 9, 2019 ("Sheehan Aff.") ¶ 4.

pending motions to dismiss if they are appropriate for determination at that time, or at a later date.[12] Thus, resolution of those issues would not affect the settlements.

Accordingly, it is manifestly improper for the Prospect Entities to ask this Court to tie the Receiver's hands from implementing Settlement A pending the federal court's adjudication of issues that the federal court has already determined will not affect the validity of the settlement.

Moreover, at that hearing on August 29, 2019, counsel for the Prospect Entities informed the federal court that his clients had no objection to the federal court's proceeding in that fashion, provided that settlement approval would not prejudice the Prospect Entities' arguments on the merits concerning ERISA preemption and the authority of a state-court-appointed Receiver to administer an ERISA plan, in connection with the continuation of the case between Plaintiffs and the Non-Settling Defendants.[13] In other words, the Prospect Entities agreed that resolution of these issues will affect Plaintiffs' claims against them, but not approval of the pending settlements.

Thus, the Prospect Entities agreed to the federal court's approving this Settlement A without resolving those issues, but are asking this Court to withdraw the Receiver's authority to comply with his contractual obligations under the Settlement until the federal court resolves those issues, which will effectively render the federal court's approval of Settlement A meaningless and conflicts with the procedure for settlement

---

[12] See Sheehan Aff. ¶ 6.

[13] See Sheehan Aff. ¶ 5. Indeed, as a result, counsel for the Prospect Entities sought and obtained permission from Chief Judge William E. Smith not to have the Prospect Entities' ERISA counsel present at the hearing on final approval of Settlement A on September 10, 2019, since those issues would not be addressed in connection with settlement approval. Sheehan Aff. ¶ 6.

approval in federal court. Having agreed after the federal court announced its intention to follow this procedure, the Prospect Entities cannot seek to prohibit the Receiver from complying with his obligations to implement Settlement A until those substantive issues are resolved in the federal court.

VI. The Prospect Entities are not entitled to the relief they are seeking on the merits

The Prospect Entities cite no authority whatsoever in support of their contention that, in the event the federal court approves Settlement A, the federal court's subsequent ruling in favor of the Prospect Entities' defense of preemption under ERISA[14] and the alleged impropriety of the Receiver's serving as administrator of the Plan[15] would invalidate Settlement A, even if that ruling would result in the dismissal of Plaintiffs' claims against the Prospect Entities. At that point, there would be no pending dispute between Plaintiffs, and the Heritage Hospitals and the Heritage Hospitals would have already been dismissed from the case. Accordingly, all that scenario would demonstrate is that the Heritage Hospitals also might have been successful in avoiding liability, had they not chosen to settle. By definition, settlements are a means for parties to resolve their disputes with finality without a judicial determination of liability. One defendant's settlement of a case is not contingent upon the court's resolution of legal issues in connection with the plaintiff's claims against the remaining defendants.

---

[14] The Receiver will not burden the record in this proceeding with a discussion of Prospect's arguments in the federal court action concerning ERISA preemption or Plaintiffs' rebuttal of those arguments. However, it should be noted that in the federal court action, Plaintiffs have both pled claims under ERISA, and, in the alternative, claims under state law. Thus, if any of Plaintiffs' state-law claims are preempted by ERISA in whole or in part, it will be because ERISA (at least at some point) applies to the Plan. Then, by definition, the federal court has federal question subject matter jurisdiction to adjudicate Plaintiffs claims under ERISA.

[15] Discussed *infra* at 12-14.

Otherwise, partial settlements would not be settlements at all, and a settling defendant would never really be out of the case.

Moreover, the Prospect Entities' contention that a state-court-appointed Receiver who has also been appointed administrator of the Plan by its sponsor cannot act as the administrator of an ERISA Plan is both unsupported and ludicrous. Under ERISA, "[t]he term 'administrator' means . . . (i) the person specifically so designated by the terms of the instrument under which the plan is operated. . . ." 29 U.S.C. § 1002(16)(a)(i).[16] The Plan provides that "[t]he Employer shall be the Plan Administrator, hereinafter called the Administrator, and named fiduciary of the Plan, unless the Employer, by action of its Board of Directors, shall designate a person or committee of persons to be the Administrator and named fiduciary." Petition for Receivership Exhibit 1 (Plan) § 8.1(a). The Board of Directors specifically, unanimously, and irrevocably appointed the Receiver as administrator of the Plan.[17] There are no other restrictions whatsoever on who can act as an administrator of an ERISA plan. Indeed, any person can do so. Since any person can do so, a state-court-appointed receiver who has been appointed Plan Administrator by the employer's board of directors can act as an Administrator of an ERISA plan, especially where (as here) the sponsor (SJHSRI) voluntarily petitioned the state court to appoint the Receiver. The fact that the state court appointed the Receiver certainly does not disqualify him from acting as Plan Administrator.

---

[16] See also 29 C.F.R. § 2510.3-16(a) ("In general. The term 'plan administrator' or 'administrator' means the person specifically so designated by the terms of the instrument under which the plan is operated. If an administrator is not so designated, the plan administrator is the plan sponsor, as defined in section 3(16)(B) of ERISA.").

[17] See Exhibit 2 (Secretary's Certificate of November 2, 2017, certifying adoption of resolutions of the Trustees of St. Joseph Health Services of Rhode Island on October 20, 2017).

Indeed, not only does this Court have jurisdiction over the Plan even if the Plan is an ERISA plan, that jurisdiction is exclusive. Because the Plan's assets are within the *in rem* jurisdiction of the Superior Court, the federal court cannot exercise *in rem* jurisdiction over them, under "the settled principle that a court cannot exercise jurisdiction over a *res* that is already subject to the *in rem* jurisdiction of another court." United States v. One 1986 Chevrolet Van, 927 F.2d 39, 44 (1st Cir. 1991) (citing inter alia Princess Lida v. Thompson, 305 U.S. 456 (1939)). "According to this rule, the first court to exercise *in rem* jurisdiction over the *res* exercises jurisdiction to the exclusion of a second court that later attempts to proceed against the same *res*." United States v. One 1986 Chevrolet Van, 927 F.2d at 44. See Mattei v. V/O Prodintorg, 321 F.2d 180, 184 (1st Cir. 1963) (dismissing an admiralty suit for replevin of cargo that had been taken into the custody of the Superior Court of Puerto Rico through its court-appointed guardian, because "a federal court may not seize and control the property which is in the possession of the state court").

This prior-exclusive-jurisdiction rule (also known as the Princesss Lida doctrine[18]) applies to ERISA plan funds the same as to any other types of *res*. See Dailey v. National Hockey League, 987 F.2d 172, 178-179 (3d Cir. 1993) (concluding that "ERISA does not negate the continuing applicability of *Princess Lida*") (dismissing ERISA suit alleging mismanagement of ERISA pension plan where parallel Canadian suit had been

[18] In Princess Lida, the Supreme Court considered parallel state and federal lawsuits concerning the handling of a trust. The state court action, in which the trustees' sought to confirm an account of their management, had been filed first, while the subsequent federal action was brought by the beneficiaries to challenge the trustees' management and sought their removal. The Supreme Court concluded that because the state court had first exercised in-rem jurisdiction over the trust res, the federal court lacked jurisdiction and the federal lawsuit must be dismissed. See Princess Lida of Thurn & Taxis v. Thompson, 305 U.S. 456, 467–68 (1939).

filed first). See also CIGNA Corp. v. Amara, 563 U.S. 421, 442 (2011) (citing Princess Lida in discussing the availability of surcharge as an equitable remedy under ERISA).

As the Dailey case makes clear, the fact that ERISA embodies important federal policies and laws does not exempt ERISA cases from the Princess Lida doctrine. See also Asbestos Workers Local 14 v. Hargrove, No. CIV. A. 93-0728, 1993 WL 183990, at *5 (E.D. Pa. May 25, 1993) (receivership) ("As the earlier discussion of *Dailey* indicated, the Third Circuit dismissed a federal ERISA claim even though the plaintiffs' [ERISA] claims were going to be lost when the case was limited to the Canadian court system under *Princess Lida*. The holding in *Dailey* forecloses the Union's current argument that 'important federal policies and laws' require this Court to exercise its jurisdiction.") (citing Dailey v. National Hockey League, *supra*, 987 F.2d at 176). Moreover, unless this Court relinquishes jurisdiction over the Plan and the Plan's assets, the federal court cannot exercise *in rem* jurisdiction over them. See United States v. One 1986 Chevrolet Van, 927 F.2d 39, 44 (1st Cir. 1991) (recognizing "the settled principle that a court cannot exercise jurisdiction over a *res* that is already subject to the *in rem* jurisdiction of another court").

All of these issues were fully briefed in the federal court in January,[19] February,[20] and March of 2019,[21] in connection with Settlement A. The Prospect Entities have never mustered any actual legal support in the federal court for their attacks on the authority of the Superior Court and the Receiver, because they have none. They

---

[19] In Plaintiffs' replies to the Prospect Entities' and Diocesan Defendants' objections to approval of Settlement A.

[20] In the Prospect Entities' sur-reply to Plaintiffs' reply and in Plaintiffs' post-hearing memorandum (following the hearing on preliminary approval of Settlement A).

[21] In Plaintiffs' reply to the Prospect Entities' post-hearing memorandum.

certainly have no support for their contention that this Court should deprive the Receiver of any authority to implement Settlement A because the Prospect Entities in the federal court action are questioning this Court's jurisdiction!

CONCLUSION

The Plaintiffs and Heritage Hospitals respectfully request that the Court enter an order authorizing the exercise of the Put Option as extended by the Consent Order and Stipulation, at such time (if any) as the Receiver may select.

Respectfully submitted,

Plaintiffs,
By their Attorneys,

/s/ Max Wistow
Max Wistow, Esq. (#0330)
Stephen P. Sheehan, Esq. (#4030)
Benjamin Ledsham, Esq. (#7956)
WISTOW, SHEEHAN & LOVELEY, PC
61 Weybosset Street
Providence, RI 02903
401-831-2700 (tel.)
mwistow@wistbar.com
spsheehan@wistbar.com
bledsham@wistbar.com

Dated: September 9, 2019

CERTIFICATE OF SERVICE

I hereby certify that, on the 9th day of September, 2019, I filed and served the foregoing document through the electronic filing system on the following users of record:

Stephen F. Del Sesto, Esq.
Pierce Atwood LLP
One Financial Plaza, 26th Floor
Providence, RI 02903
sdelsesto@pierceatwood.com

Rebecca Tedford Partington, Esq.
Jessica D. Rider, Esq.
Sean Lyness, Esq.
Neil F.X. Kelly, Esq.
Maria R. Lenz, Esq.
Lauren S. Zurier, Esq.
Office of the Attorney General
150 South Main Street
Providence, RI 02903
rpartington@riag.ri.gov
jrider@riag.ri.gov
slyness@riag.ri.gov
nkelly@riag.ri.gov
mlenz@riag.ri.gov
lzurier@riag.ri.gov

Richard J. Land, Esq.
Robert D. Fine, Esq.
Chace Ruttenberg & Freedman, LLP
One Park Row, Suite 300
Providence, RI 02903
rland@crfllp.com
rfine@crfllp.com

Christopher Callaci, Esq.
United Nurses & Allied Professionals
375 Branch Avenue
Providence, RI 02903
ccallaci@unap.org

Arlene Violet, Esq.
499 County Road
Barrington, RI 02806
genvio@aol.com

Robert Senville, Esq.
128 Dorrance Street, Suite 400
Providence, RI 02903
robert.senville@gmail.com

Elizabeth Wiens, Esq.
Gursky Wiens Attorneys at Law
1130 Ten Rod Road, Suite C207
North Kingstown, RI 02852
ewiens@rilaborlaw.com

Jeffrey W. Kasle, Esq.
Olenn & Penza
530 Greenwich Avenue
Warwick, RI 02886
jwk@olenn-penza.com

George E. Lieberman, Esq.
Gianfrancesco & Friedmann
214 Broadway
Providence, RI 02903
george@gianfrancescolaw.com

Howard Merten, Esq.
Partridge Snow & Hahn LLP
40 Westminster Street, Suite 1100
Providence, RI 02903
hm@psh.com

Joseph V. Cavanagh, III, Esq.
Blish & Cavanagh, LLP
30 Exchange Terrace
Providence, RI 02903
jvc3@blishcavlaw.com

William M. Dolan, III, Esq.
Adler Pollock & Sheehan P.C.
One Citizens Plaza, 8th Floor
Providence, RI 02903-1345
wdolan@apslaw.com

David A. Wollin, Esq.
Christine E. Dieter, Esq.
Hinckley Allen & Snyder, LLP
100 Westminster Street, Suite 1500
Providence, RI 02903-2319
dwollin@hinckleyallen.com
cdieter@hinckleyallen.com

Preston W. Halperin, Esq.
Christopher J. Fragomeni, Esq.
Dean J. Wagner, Esq.
Shechtman Halperin Savage, LLP
1080 Main Street
Pawtucket, RI 02860
phalperin@shslawfirm.com
jfragomeni@shslawfirm.com
dwagner@shslawfirm.com

Stephen Morris, Esq.
Rhode Island Department of Health
3 Capitol Hill
Providence, RI 02908
stephen.morris@ohhs.ri.gov

Andrew R. Dennington, Esq.
Conn Kavanagh Rosenthal Peisch & Ford
One Federal Street, 15th Floor
Boston, MA 02110
adennington@connkavanagh.com

Scott F. Bielecki, Esq.
Cameron & Mittleman, LLP
301 Promenade Street
Providence, RI 02908
sbielecki@cm-law.com

Steven J. Boyajian, Esq.
Robinson & Cole LLP
One Financial Plaza, Suite 1430
Providence, RI 02903
sboyajian@rc.com

Ekwan Rhow, Esq.
Bird, Marella, Boxer, Wolpert Nessim,
Drooks, Licenberg & Rhow, P.C.
1875 Century Park East, 23rd Floor
Los Angeles, CA 90067-2561
erhow@birdmarella.com

W. Mark Russo, Esq.
Ferrucci Russo P.C.
55 Pine Street, 4th Floor
Providence, RI 02903
mrusso@frlawri.com

The document electronically filed and served is available for viewing and/or downloading from the Rhode Island Judiciary's Electronic Filing System.

/s/ Max WIstow

Exhibit 1

UNITED STATES DISTRICT COURT

DISTRICT OF RHODE ISLAND

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

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

NOTICE OF CLASS ACTION PARTIAL SETTLEMENT

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

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

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

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

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

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

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

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

YOUR LEGAL RIGHTS AND OPTIONS UNDER THE PARTIAL SETTLEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WHAT THIS NOTICE CONTAINS

SUMMARY OF PARTIAL SETTLEMENT

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

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

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

STATEMENT OF POTENTIAL OUTCOME OF THE ACTION

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

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

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

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

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

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

STATEMENT OF ATTORNEYS' FEES SOUGHT IN THE ACTION

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

WHAT WILL THE CLASS REPRESENTATIVES GET?

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

BASIC INFORMATION

1. WHY DID I GET THIS NOTICE PACKAGE?

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

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

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

2. WHAT IS THE ACTION ABOUT?

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

SETTLEMENT DISCUSSIONS

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

3. WHY IS THIS CASE A CLASS ACTION?

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

4. WHY IS THERE A SETTLEMENT?

As in any litigation, all parties face an uncertain outcome. On the one hand, continuation of the case against the Settling Defendants could result in a judgment greater than this Partial Settlement. However, the Settling Defendants are very unlikely to have sufficient assets to pay more than the Gross Settlement Amount even if the judgment exceeds that amount, and almost certainly will have less assets 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, https://www.pierceatwood.com/receivership-filings-st-joseph-health-services-rhode-island-retirement-plan.

9. CAN I GET OUT OF THE PARTIAL SETTLEMENT?

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

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

10. WHO ARE THE LAWYERS REPRESENTING THE CLASS

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

11. DO I HAVE A LAWYER IN THE CASE?

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

12. HOW WILL THE LAWYERS BE PAID?

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

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

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

OBJECTING TO THE ATTORNEYS' FEES

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

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

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

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.
Chace Ruttenberg & Freedman, LLP
One Park Row, Suite 300

Providence, RI 02903
rfine@crfllp.com
rland@crfllp.com

NONSETTLING DEFENDANTS' LOCAL COUNSEL

Steven J. Boyajian, Esq.
Daniel R. Sullivan, Esq.
Robinson & Cole LLP
One Financial Plaza, Suite 1430
Providence, RI 02903
sboyajian@rc.com
dsullivan@rc.com

The Angell Pension Group, Inc.

Joseph V. Cavanagh, III, Esq.
Joseph V. Cavanagh, Jr., Esq.
Blish & Cavanagh LLP
30 Exchange Terrace
Providence, RI 02903
jvc3@blishcavlaw.com
jvc@blishcavlaw.com

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

Andrew R. Dennington, Esq.
Christopher K. Sweeney, Esq.
Russell V. Conn, Esq. PRO HAC VICE
Conn Kavanaugh Rosenthal Peisch & Ford, LLP
One Federal Street, 15th Floor
Boston, MA 02110
adennington@connkavanaugh.com
csweeney@connkavanaugh.com

CharterCARE Foundation

Preston Halperin, Esq.
James G. Atchison, Esq.
Christopher J. Fragomeni, Esq.
Dean J. Wagner, Esq.

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

Schechtman Halperin Savage, LLP
1080 Main Street
Pawtucket, RI 02860
phalperin@shslawfirm.com
jatchison@shslawfirm.com
cfragomeni@shslawfirm.com
dwagner@shslawfirm.com

Howard Merten, Esq.
Paul M. Kessimian, Esq.
Christopher M. Wildenhain, Esq.
Eugene G. Bernardo, II, Esq.
Steven E. Snow, Esq.
Partridge Snow & Hahn LLP
40 Westminster Street, Suite 1100
Providence, RI 02903
hm@psh.com
pk@psh.com
cmw@psh.com
egb@psh.com
ses@psh.com

Roman Catholic Bishop of Providence
Diocesan Administration Corporation
Diocesan Service Corporation

David A. Wollin, Esq.
Hinckley Allen & Snyder LLP
100 Westminster Street, Suite 1500
Providence, RI 02903-2319
dwollin@hinckleyallen.com

Rhode Island Community Foundation

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

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

1 Exchange Terrace
Providence, Rhode Island 02903

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

THE FINAL APPROVAL HEARING

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

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

15. DO I HAVE TO COME TO THE HEARING?

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

16. MAY I SPEAK AT THE HEARING?

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

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

17. WHAT HAPPENS IF I DO NOTHING AT ALL?

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

GETTING MORE INFORMATION

18. ARE THERE MORE DETAILS ABOUT THE PARTIAL SETTLEMENT?

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

DATED: July 1, 2019

Exhibit 2

SECRETARY'S CERTIFICATE

I hereby certify that I am the duly appointed Secretary of St. Joseph Health Services of Rhode Island, a Rhode Island non-profit corporation, and that the attached "**Exhibit A**" is a true and complete copy of the resolutions duly adopted by unanimous vote of the Board of Directors at a meeting held on October 20, 2017.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of said corporation this 2 day of November, 2017.

David Hirsch, Secretary

EXHIBIT A

PROPOSED RESOLUTIONS OF THE TRUSTEES OF ST. JOSEPHS HEALTH SERVICES OF RHODE ISLAND

Resolved: That the Corporation hereby affirms the filing of the Petition for Appointment of Receiver ("Petition") of the St. Joseph Health Services of Rhode Island Pension Plan organized as of July 1, 1965 ("Plan") and the actions of David Hirsch in connection therewith.

Resolved: That the intention of the Corporation in seeking the appointment of the Receiver was to transfer to and vest in a court-appointed fiduciary all rights and powers of the Corporation as sponsor and administrator of the Plan, including but not limited to the operations, management, oversight, administration and all other aspects of the Plan in furtherance of the and for the benefit of the Plan and its participants and beneficiaries, and expressly including designation of the Court-appointed fiduciary as Plan Administrator of the Plan, and that such transfer, vesting and designation was intended to occur as of the appointment of said fiduciary.

Resolved: That to the extent that there may be any ambiguity in the Petition or the Court Order appointing the Receiver, the Corporation hereby transfers, vests, and designates all of said rights and powers effective as of the date of the appointment of the Receiver.

Resolved: That the Resolutions contained herein shall be irrevocable except upon entry of an Order of the Rhode Island Superior Court divesting the Receiver of control over the Plan.