

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

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

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

NOTICE OF CLASS ACTION PARTIAL SETTLEMENT

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

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

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

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

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

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

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

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

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

YOUR LEGAL RIGHTS AND OPTIONS UNDER THE PARTIAL SETTLEMENT

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

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

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

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

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

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

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

YOU MAY OBJECT TO THE SETTLEMENT BY

July 30, 2019.

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

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

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

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

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

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

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 or Benjamin Ledsham, Esq.
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SUMMARY OF PARTIAL SETTLEMENT

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

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

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

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

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

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

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

STATEMENT OF POTENTIAL OUTCOME OF THE ACTION

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

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

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

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

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

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

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

STATEMENT OF ATTORNEYS' FEES SOUGHT IN THE ACTION

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

WHAT WILL THE CLASS REPRESENTATIVES GET?

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

BASIC INFORMATION

1. WHY DID I GET THIS NOTICE PACKAGE?

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

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

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

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

2. WHAT IS THE ACTION ABOUT?

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

SETTLEMENT DISCUSSIONS

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

3. WHY IS THIS CASE A CLASS ACTION?

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

4. WHY IS THERE A SETTLEMENT?

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

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

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

5. WHY IS THIS ONLY A PARTIAL SETTLEMENT?

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

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

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

6. WILL THIS LAWSUIT CONTINUE AFTER THE PARTIAL SETTLEMENT?

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

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

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

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

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

8. WHAT DOES THE PARTIAL SETTLEMENT PROVIDE?

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

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

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

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

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

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

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

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

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

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

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

<https://www.pierceatwood.com/sites/default/files/Joint%20Motion%20for%20Preliminary%20Settlement%20Approval%20%28CCF%29%20with%20Supporting%20Memo%2001.04.19.pdf>.

9. CAN I GET OUT OF THE PARTIAL SETTLEMENT?

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

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

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

10. WHO ARE THE LAWYERS REPRESENTING THE CLASS

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

11. DO I HAVE A LAWYER IN THE CASE?

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

12. HOW WILL THE LAWYERS BE PAID?

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

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

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

OBJECTING TO THE ATTORNEYS' FEES

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

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

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

PLAINTIFFS' COUNSEL

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

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

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

THE FINAL APPROVAL HEARING

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

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

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

15. DO I HAVE TO COME TO THE HEARING?

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

16. MAY I SPEAK AT THE HEARING?

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

17. WHAT HAPPENS IF I DO NOTHING AT ALL?

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

GETTING MORE INFORMATION

18. ARE THERE MORE DETAILS ABOUT THE PARTIAL SETTLEMENT?

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

DATED: May 31, 2019

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