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Robert S. Arns, State Bar No. 65071 (rsa@arnslaw.com)

Jonathan E. Davis, State Bar No. 191346 (jed@arnslaw.com)

Kevin M. Osborne, State Bar No. 261367 (kmo@arnslaw.com)

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THE ARNS LAW FIRM

A Professional Corporation 515 Folsom St., 3rd Floor

San Francisco, CA 94109

Tel: (415) 495-7800 Fax: (415) 495-7888 ALAMEDA COUNTY

CLERK OF THE SUPERIOR COURT
By

DEC 2 1 2016

Kathryn A. Stebner, State Bar No. 121088 George Kawamoto, State Bar No. 280358

STEBNER AND ASSOCIATES

870 Market Street, Suite 1212 San Francisco, CA 94102

Tel: (415) 362-9800 Fax: (415) 362-9801

Attorneys for Plaintiffs

[Additional Counsel for Plaintiffs listed on signature page]

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF ALAMEDA CIVIL UNLIMITED

FAY SMITH, Individually and on Behalf of All Other Similarly Situated Employees,

Plaintiffs,

VS.

PREMA P. THEKKEK, AN INDIVIDUAL; ANTONY P. THEKKEK A/K/A ANTHONY P. THEKKEK, AN INDIVIDUAL; PAKSN, INC., a California Corporation; AAKASH, INC. D/B/A PARK CENTRAL CARE & REHAB CENTER; APPLE CARE CENTER, LLC D/B/A APPLE VALLEY POST ACUTE CENTER; BAYVIEW CARE, INC. D/B/A HILLTOP CARE CENTER; CCRC, LLC; DIYAVILLA, INC. D/B/A DIYAMONTE POST ACUTE CARE CENTER;

No. RG15787300

[PROPOSED] ORDER GRANTING PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT, APPROVING FORM OF NOTICE TO THE CLASS, CERTIFYING THE SETTLEMENT CLASS, AND SETTING FINAL APPROVAL HEARING

DATE:

December 21, 2016

TIME:

2:30 p.m.

DEPT .:

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Reservation no.: R-1807865 Assigned for all purposes to: Honorable George C. Hernandez

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[Porposed] Order Granting Preliminary Approval of Class Action Settlement, Approving Form of Notice to the Class, Certifying the Settlement Class, and Setting Final Approval Hearing

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GRACEVILLA, INC. D/B/A GENESIS
HEALTHCARÉ CENTER AND D/B/A
VILLA MARIA CARE CENTER—LONG
BEACH; HCRC, INC.; KARMA, INC.
D/B/A MANTECA CARE &
REHABILITATION CENTER; KAYAL,
INC. D/B/A BAYPIONT HEALTHCARE
CENTER; MARINOAK, INC. D/B/A
CORINTHIAN GARDENS HEALTH
CARE CENTER; MCRC, LLC; NADHAN,
INC. D/B/A WINSOR HOUSE
CONVALESCENT HOSPITAL, D/B/A
ORCHARD POST ACUTE CARE, and
D/B/A CREEKSIDE CONVALESCENT &
MENTAL REHAB PROGRAM; NADHI,
INC. D/B/A GATEWAY CARE &
REHABILITATION CENTER; NASAKY,
INC. D/B/A YUBA SKILLED NURSING
FACILITY; OAKRHEEM, INC D/B/A
HAYWARD CONVALESCENT
HOSPITAL; SAGAR INC. D/B/A LA
MARIPOSÁ REHABILITATION CARE
CENTER; SANDHYA, INC. D/B/A
FIRCREST CONVALESCENT
HOSPITAL; THEKKEK HEALTH
SERVICES, INC., D/B/A MARTINEZ
CONVALESCENT HOSPITAL, a
California Corporation: WESTVILLA INC
California Corporation; WESTVILLA, INC. D/B/A WEST VALLEY HEALTHCARE
CENTER; MILLBRAE SKILLED CARE,
LLC; HEIGHT STREET SKILLED CARE,
LLC; PREMIER REHAB, INC.;
CARESYSTEMS, INC.; BURLINGAME
HACIENDA; and DOES 1 through 100,
Inclusive,

Complaint filed: September 25, 2015

Defendants.

 The motion of Plaintiff Fay Smith for an order preliminarily approving the settlement of this action, approving the form of notice to the class, and setting a final approval hearing came on for hearing in Department 17 of this Court on December 21, 2016.

Having read the motion, the memoranda and the declarations filed by the parties, and having heard argument of counsel, this Court finds that the proposed settlement appears fair, reasonable and adequate, and that a hearing should be held after notice to the Plaintiff Class of the proposed settlement to determine if the Settlement Agreement and settlement are fair, reasonable, and adequate and if a Settlement Approval Order and Final Judgment should be entered in this action based upon the Settlement Agreement;

IT IS THEREFORE ORDERED THAT:

- 1. The Settlement Agreement and the settlement contained therein are preliminarily approved as fair, reasonable and adequate.
- 2. The Class, as defined below, is certified for the purposes of settlement:
 All persons who performed work as Charge Nurses, Registered Nurses, Licensed Vocational Nurses, Certified Nursing Assistants, or Restorative Nursing Assistants in California for or on behalf of one or more of the Defendants, between September 25, 2011 to the date of this order.
- 3. Phoenix Settlement Administrators is authorized as the Settlement Administrator for the purposes of this settlement.
- 4. Robert S. Arns, Jonathan E. Davis, Kevin M. Osborne, and Julie C. Erickson of the Arns Law Firm; Kathryn A. Stebner, Kelly Knapp, and George Kawamoto of Stebner and Associates; Michael D. Thamer of the Law Offices of Michael D. Thamer; W. Timothy Needham of Janssen Malloy LLP; and Christopher J. Healey and Stefanie Warren of Dentons US LLP are designated counsel for the Settlement Class.
- 5. Plaintiff Fay Smith is designated class representative for the Settlement Class.
- 6. The Court approves, as to form and content, the Class Notice and the Information Form attached hereto as Exhibit 1 and Exhibit 2, respectively (collectively, "Class Notice Packet"). The Class Notice Packet meets the requirements of Code of Civil Procedure § 382, California Rules of Court rule 3.766, and due process.

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CLASS COUNSEL

Robert S. Arns The Arns Law Firm 515 Folsom St., 3rd Floor San Francisco, CA 94109 Tel: (415) 495-7800

Kathryn A. Stebner Stebner and Associates 870 Market Street, Suite 1212 San Francisco, CA 94102 Tel: (415) 362-9800

Michael D. Thamer Law Offices of Michael D. Thamer Old Callahan School House 12444 South Highway 3 Post Office Box 1568 Callahan, California 96014-1568 Tel: (530) 467-5307

W. Timothy Needham Janssen Malloy LLP 730 Fifth Street Eureka, CA 95501 Tel: (707) 445-2071

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DEFENDANTS' COUNSEL

Rick Canvel, Attorney at Law 184 Graystone Terrace San Francisco, CA 94114 Telephone: (415) 309-4771

Christopher J. Healey Dentons US LLP 4655 Executive Drive, Suite 700 San Diego, California 92121 Tel: (619) 236-1414

The objections must state the name and number of the action. No objection shall be considered unless these requirements are satisfied.

- 13. Any Plaintiff Class member who does not timely elect to be excluded from the Settlement Class and who does not make an objection to the settlement in the manner provided herein shall be deemed to have waived any such objection by appeal, collateral attack or otherwise.
- 14. All discovery and other pretrial proceedings in this action, including Plaintiff's deadline to file a motion for class certification, are stayed and suspended until further order of this Court, except such actions as may be necessary to implement the Settlement Agreement and this Order.
- In the event that the proposed settlement as provided in the Settlement Agreement is not approved by the Court, or for any reason the parties fail to obtain a Settlement Approval Order and Final Judgment as contemplated in the Settlement Agreement, or the Settlement Agreement is terminated pursuant to its terms, the Settlement Agreement and all orders entered in connection therewith shall become null and void and of no further force and effect, and shall not be used or referred to for any purpose whatsoever. In such event, the Settlement Agreement and all negotiations and proceedings relating thereto shall be withdrawn without prejudice as to the rights of any and all parties thereto.

IT IS SO ORDERED.

Dated: (2/2), 2016

Honorable George C. Hernandez

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Smith v. Thek. ek, et al. (fomerly Cagungao v. Thekek, et al.) Alameda Superior Court (Case No. RG15787300)

NOTICE OF CLASS ACTION SETTLEMENT

A State Court authorized this notice. This is not a solicitation from a lawyer.

YOU HAVE BEEN IDENTIFIED AS SOMEONE WHO WORKED FOR ONE OR MORE OF THE PERSONS OR COMPANIES BELOW ("DEFENDANTS") IN CALIFORNIA AND PERFORMED NURSING WORK IN A NON-EXEMPT POSITION BETWEEN SEPTEMBER 25, 2011 AND [P.A.D.].

PREMA THEKKEK
ANTONY THEKKEK
PAKSN, INC.
CCRC, LLC
HCRC, INC.
MCRC, LLC
AAKASH, INC.
APPLE CARE CENTER, LLC
BAYVIEW CARE, INC.

BURLINGAME HACIENDA CARESYSTEMS, INC. DIYAVILLA, INC. GRACEVILLA, INC. HEIGHT ST. SKILLED CARE, LLC KARMA, INC.

MARINOAK, INC. MILLBRAE SKILLED CARE, LLC

KAYAL, INC.

NADHAN, INC. NADHI, INC. NASAKY, INC. OAKRHEEM, INC. PREMIER REHAB, INC.

SAGAR, INC. SANDHYA, INC. THEKKEK HEALTH SVCS., INC.

WESTVILLA, INC.

A settlement has been reached in a class action lawsuit involving claims asserted on behalf of current and former non-exempt employees of the above-referenced Defendants for work performed between September 25, 2011 and [P.A.D.] (the "Class Members"). Your legal rights are affected whether you act or don't act. Read this notice carefully.

A. DESCRIPTION OF THE CLASS ACTION:

On September 25, 2015, former employee Adelbert Cagungao filed a class action lawsuit against Defendants. Former employee Fay Smith replaced Mr. Cagungao as a plaintiff later in the case. The lawsuit claimed Defendants violated California laws by failing to pay wages and overtime, failing to provide meal and rest breaks, failing to provide accurate records of hours and pay, requiring false time statements, and related damages and penalties.

Defendants have denied the allegations in the lawsuit. They contend that they fully complied with all applicable laws and do not owe any money to any Class Member.

The judge in this case has not ruled on the claims. Both sides recognize, however, there are risks, expenses, and business disruption if the lawsuit continues and therefore, they have agreed to enter into a settlement.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT				
DO NOTHING AND REMAIN IN THE CLASS	If you do not respond to this notice, you will receive benefits in the form of a check. You will also give up your right to sue the Defendants about any of the claims in this case. If you wish to update your address or dispute the number of shifts you worked for Defendants, please complete the INFORMATION FORM included with this notice.			
EXCLUDE YOURSELF FROM THE SETTLEMENT	If you do not want to be in the class, you can opt out by (deadline). You will get no benefits from the Settlement, but you will keep your right to sue Defendants on your own for claims asserted in this case.			
OBJECT	If you think there is something wrong with the settlement, you can write a letter to the Court by (deadline) with your objection. If you object, you will remain in the class and may still receive a settlement payment.			
If you are a current employee of Defendants, state and federal law prohibit retaliation and discriminatio against you regardless of which of the above options you pursue.				

The judge in this case has determined that the settlement is fair, reasonable, and adequate and in the best interest of the Class Members. The judge has also appointed the following lawyers as "Class Counsel":

Michael Thamer

Tel: (530) 467-5307

Robert Arns, Jonathan Davis, Kevin Osborne, Julie Erickson, & Robert Foss THE ARNS LAW FIRM 515 Folsom St. 3rd Floor

San Francisco, CA 94105 Telephone: 415.495.7800

Kathryn Stebner, Kelly Knapp STEBNER AND ASSOCIATES

870 Market Street, Suite 1212

San Francisco, CA 94102 Tel: (415) 362-9800 Fax: (415) 362-9801 Fax: (530) 467-5437
W. Timothy Needham

JANSSEN MALLOY LLP 730 Fifth Street Eureka, CA 95501 Tel: (707) 445-2071 Fax: (707) 445-8305 Christopher Healey, Stefanie Warren

DENTONS US LLP

LAW OFFICES OF MICHAEL D. THAMER

Callahan, California 96014-1568

Old Callahan School House, 12444 South Highway 3

4655 Executive Drive, Suite 700 San Diego, California 92121

Tel: (619) 236-1414 Fax: (619) 232-8311

As Class Counsel, these attorneys have been appointed by the judge to represent the Class.

B. SUMMARY OF PROPOSED SETTLEMENT TERMS:

The full Settlement Agreement is available at [insert website]. Subject to the judge's approval, a summary of the terms of the Settlement include:

1. Class Settlement Amount:

Defendants will pay \$6,000,000 (Six Million Dollars) into a settlement fund. This fund will pay the following:

- (1) Payments to all Class Members who do not opt-out to their share of the settlement based on the Distribution Formula, below;
- (2) Settlement Administration costs not to exceed at \$25,000, subject to court approval;
- (3) Litigation expenses of approximately \$42,000 advanced by Class Counsel to litigate the case, subject to court approval;
- (4) An incentive award of \$5,000 to Fay Smith to compensate her for her time, work, and risks she undertook as the named plaintiff in this lawsuit, subject to court approval;
- (5) Attorneys' fees for Class Counsel not to exceed \$1,740,000, subject to court approval;
- (6) Any employer-side payroll taxes; and
- (7) A payment of \$85,000 to the California Labor and Workforce Development Agency, subject to court approval.

2. Class Member Distribution Formula:

From the total \$6 million settlement fund, after subtracting the attorneys' fees and costs, settlement administration costs, incentive award to the named plaintiff, employment taxes, and the amount to be paid to California Labor and Workforce Development Agency, approximately \$______ paid to Class Members (the Net Settlement Fund").

Each Class Member's percentage share of the Net Settlement Fund will be calculated as follows. The Settlement Administrator will review Defendants' employment records from September 25, 2011 to [P.A.D.]. The percentage share for each Class Member will be the total number of shifts he or she worked during this time divided by the total number of shifts worked by all Class Members (estimated to include 3,105 persons), and then adjusted based on their jobs. Those who were paid higher hourly wages will receive more than those whose hourly wages were lower. Also, those who were found to have done more work off the clock, specifically RNs and LVNs, will receive a higher amount than other workers. The formula is described in detail in the settlement agreement on page 7 under the heading "Payments to Class Members by Defendants."

70% of what each Class Member payment will be counted as W-2 wages for tax purposes. The other 30% will be tax-free 1099 penalties and interest income. An IRS Form W-2 will be issued for the wage portion and an IRS Form 1099 will be issued for the interest and penalties portion.

<u>NOTE</u>: Nothing in this Notice or the Settlement is intended to constitute tax advice. You should consult your tax advisor for any tax issues pertaining to this Settlement.

3. Other Key Terms of the Settlement:

Among other terms, one key provision is that the Settlement releases any claims for interest on money that Defendants may owe to those Class Members who remain in the Settlement.

4. Payment Schedule:

The terms of the Settlement require Defendants to make monthly installment payments to the Settlement Administrator, beginning after preliminary approval of the settlement by the judge. The Settlement Administrator will mail checks to you and all the other Class Members once the Defendants have made all monthly payments. You must cash any settlement check within 120 days of the date mailed or it will expire. If you do not cash your check, the funds will be returned to the Settlement Administrator and will be reissued to the other Class Members in a second round of checks. Any remaining unclaimed or undistributed settlement funds shall be distributed to the Legal Aid Society Employment Law Center in San Francisco, California, or other non-profit entity approved by the Court.

Please contact the Settlement Administrator at the phone number below if you don't receive your checks, if you fail to cash your checks on time, or if you change your mailing address.

5. Action Required To Receive Your Share of the Settlement:

You do not need to do anything in order to receive your share of the Settlement.

C. TO REQUEST EXCLUSION FROM THE SETTLEMENT AGREEMENT:

If you want to be excluded from the Settlement (also referred to as "opt-out"), you must mail a letter to the Settlement Administrator to request to "opt-out." The Settlement Administrator's mailing address is:

Settlement Administrator
Phoenix Settlement Administration

4590 MacArthur, Suite 500 Newport Beach, CA 92660 Telephone: 888.613.5553

Your "opt-out" request letter can be as simple as "I do not want to be a part of the settlement." To be considered timely, your "opt-out" request letter <u>must</u> include your full name, mailing address, telephone number, last four digits of your social security number (for identity verification purposes only), signature, and be mailed by First-Class U.S. Mail to the Settlement Administrator, postmarked on or before **[DATE]**.

If you file a timely and valid "opt-out" request, you will no longer be a member of the Class, and you will not receive any money from the Settlement, or be able to object to the terms of the Settlement. However, if you do timely "opt-out," you will not be bound by the terms of the Settlement and may pursue any claims you may have against Defendants at your own expense. If you submit both a completed Information Form and an "opt-out" request, the "opt-out" request will be deemed invalid and you will be bound by, and have the right to participate in the Settlement Award.

D. TO OBJECT TO THE SETTLEMENT:

If you believe the Settlement is unfair or inadequate in any respect, but you do not "opt-out," you can object to the Settlement by filing a written objection stating the specific grounds of your objection with the Alameda County Superior Court, 1225 Fallon Street, Oakland, CA 94612, Attn: Dept. 17, and by mailing a copy of your objection to any of the above Class Counsel and the Settlement Administrator at the above listed addresses.

All objections <u>must</u> be signed and include your full name, mailing address, telephone number, last four digits of your social security number (for identity verification purposes only), and the case name and case number. The objections must state the basis for the objection and must identify exhibits and/or witnesses, if any, that you intend to present at the final approval hearing. All objections <u>must</u> be filed with the Court, and postmarked to Class Counsel, Counsel for Defendants, and the Settlement Administrator on or before [DATE].

E. RELEASE OF LIABILITY:

If you do not opt-out, and instead remain in the class, upon the Effective Date of the Settlement, you will fully and finally release and discharge Defendants and all their affiliated corporations and entities from any and all claims and any other form of relief or remedy of whatever kind of nature, whether known or unknown, suspected or unsuspected, arising from the claims pleaded in the Class Action and any claims arising out of or related to the Class Action and any claims based on facts alleged in the Class Action, including but not limited to any such claims, whether known or unknown arising under California Labor Code sections: 201, 202, 203, 204, 206.5, 216, 218, 218.5, 218.6, 226, 226.7, 510, 512, 558, 1174, 1194, 1194.5, 1197, 1198 and 2698 et seq., as well as California Industrial Welfare Commission Wage Order 16-2001, Wage Order MW 2001 and MW 2007, Business and Professions Code sections 17200-17208 et seq.

The claims released under this paragraph shall include, but not necessarily be limited to, claims for unpaid wages and overtime wages, claims for failing to receive meal periods and rest breaks, or compensation in lieu thereof, unpaid premium pay for missed meal breaks or rest periods, untimely payment of wages and overtime wages, inaccurate wage statements, record keeping violations, failure to pay all wages owed upon termination, claims for requiring completion of false time statements, unfair competition, as well as any damages, restitution, civil penalties, statutory penalties, taxes, interest or attorneys' fees resulting therefrom. However, individual claims for non-wage related claims, such as for workers' compensation, are specifically excluded from this release.

F. FINAL APPROVAL HEARING ON PROPOSED SETTLEMENT:

The Final Approval hearing on the fairness and adequacy of the proposed Settlement will be held on _______, 2017 at ______, in the Alameda County Superior Court, 1221 Oak Street, Oakland, California 94612, in Dept. 17. The Final Approval hearing may be continued without further notice. It is not necessary for you to appear at this hearing, unless you have timely filed an objection to the Settlement.

G. FOR MORE INFORMATION:

If you wish to obtain more information about the case or if you would like to see the documents that relate to the settlement, including the Complaint, all papers filed in relation to the motion for preliminary approval of the settlement, all papers filed in relation to final approval of the settlement, the Plaintiffs' attorney's request for fees, and other important documents in this case, you can download them free of charge from http://www.arnslaw.com/thekkek-settlement.

Alternatively, for a small fee, all of the pleadings and other records in this litigation, including the Settlement Agreement, may be examined online on the Alameda County Superior Court's website, known as 'DomainWeb,' at https://publicrecords.alameda.courts.ca.gov/PRS/. After arriving at the website, click the 'Search By Case Number' link, then enter RG15787300 as the case number and click 'SEARCH.' Images of every document in the case may be viewed (for a charge) through the 'Register of Actions' tab. You may also view every document filed in the case free of charge by using one of the computer terminal kiosks available at each courthouse location that has a facility for civil filings.

IF YOU HAVE QUESTIONS ABOUT THIS NOTICE,
PLEASE CALL THE SETTLEMENT ADMINISTRATOR AT (888) 613-5553

DO NOT CALL THE COURT

INFORMATION FORM

[Class Member Name] [Mailing Address 1] [Mailing Address 2] [City, State, ZIP]

OUR RECORDS INDICATE THAT YOU WERE EMPLOYED BY DEFENDANTS IDENTIFIED BELOW FOR SOME PERIOD BETWEEN SEPTEMBER 25, 2011 TO [p.a.d].

DEFENDANTS INCLUDE:

PREMA THEKKEK ANTONY THEKKEK	BURLINGAME HACIENDA CARESYSTEMS, INC.	NADHAN, INC. NADHI, INC.
PAKSN, INC. CCRC, LLC	DIYAVILLA, INC. GRACEVILLA, INC.	NASAKY, INC. OAKRHEEM, INC.
HCRC, INC. MCRC, LLC	HEIGHT ST. SKILLED CARE, KARMA, INC.	LLC PREMIER REHAB, INC.
AAKASH, INC.	KAYAL, INC.	SAGAR, INC. SANDHYA, INC.
APPLE CARE CENTER, LLC BAYVIEW CARE, INC.	MARINOAK, INC. MILLBRAE SKILLED CARE, I	THEKKEK HEALTH SVCS., INC.
YOU <u>DO NOT</u> NEED TO RE AWARD.	ETURN THIS INFORMATION	N FORM TO RECEIVE A SETTLEMENT
Return this form only if:		
 You disagree with th You wish to update y 	e number of your work shi our address	fts stated below; or
EMPLOYMENT POSITION: [Power than the control of the		
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If you believe the number of eligible work shifts you believe exempt position from Septembe	you worked for Defendants in	ve is incorrect, please enter the number of California performing nursing work in a non- c shifts.
Insert Any Name or Address	Corrections Below:	
Mailing Address Mailing Address		
City, State, ZIP		
need to return this Information	Form. If you disagree with the	wish to change your address, you <u>DO NOT</u> number of work shifts listed above, you <u>must</u>
fill-out the bottom portion of thi	s Information Form and mail b	ack along with any documentation you have k shifts. This Information Form and your
documentation must be ma	ailed directly to the Settle	ment Administrator, Phoenix Settlement A 92660 postmarked on or before [date].
X		
(Sign your name)		(Date you signed this document)
		- X X
(Print your Full Name)	(Last 4 Digit	s of Your Social Security Number)

Questions? Contact the Settlement Administrator, Phoenix Settlement Administration toll free at (888) 613-5553

Or by mail at 4590 MacArthur, Suite 500, Newport Beach, CA 92660

(Last 4 Digits of Your **Social Security Number**)
[FOR IDENTITY VERIFICATION PURPOSES ONLY]