

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT**

**TO ALL PERSONS WHO RESIDED AT ONE OF THE CALIFORNIA ASSISTED LIVING FACILITIES OWNED AND/OR OPERATED BY EMERITUS FROM JULY 29, 2009 THROUGH MAY 15, 2015 (THE “CLASS PERIOD”), AND WHO CONTRACTED WITH EMERITUS FOR SERVICES FOR WHICH EMERITUS WAS PAID MONEY.**

**THIS LEGAL NOTICE MAY AFFECT YOUR RIGHTS, PLEASE READ IT CAREFULLY.**

**IMPORTANT: If you are the person to whom this notice is addressed, you are a member of the class described above according to Emeritus’ records. You or your legal successor are entitled to receive money as a share of a class action settlement. It is expected that you will be mailed a check if the Settlement is approved by the Court. The Settlement Administrator will calculate the amount of your settlement check in accordance with the plan of distribution, (described below) after the case has been finally approved by the Court and becomes effective.**

**BASIC INFORMATION**

**WHAT IS THIS LAWSUIT ABOUT?**

Plaintiffs bring this putative class action on behalf of residents of assisted living communities operated by Emeritus in California, alleging that Emeritus made purportedly misleading statements about its computerized resident evaluation system and its role in providing sufficient staffing and care for residents, which resulted in Plaintiffs paying for additional services they did not receive under their contractual arrangements with Emeritus. Defendants deny all allegations and are entering into this Settlement to avoid burdensome and costly litigation. This Settlement is not an admission of wrongdoing. The Parties have agreed to settle the lawsuit on the terms explained in this notice.

**WHY IS THIS A CLASS ACTION?**

In a class action, one or more people, called Class Representatives (in this case, Arville Winans and Wilma Fritz), sue on behalf of people who have alleged similar claims. All of these people are a Class or Class Members. One court resolves the issues for all Class Members, except for those who choose to exclude themselves from the Class. United States District Court Judge Samuel Conti is in charge of this putative class action.

**WHY IS THERE A SETTLEMENT?**

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to a settlement. That way, they avoid the cost of a trial and settlement benefits go to the Settlement Class members. The Class Representatives and the attorneys think the Settlement is in the best interest of the Settlement Class Members, taking into account the benefits of the proposed Settlement, the risks of continued litigation and the delay in obtaining relief for the Class if the lawsuit continues.

**WHO IS IN THE SETTLEMENT**

To see if you are eligible for benefits, you first have to determine whether you are a Class Member, or are a legal successor to a deceased Class Member. You are receiving this notice because Defendants’ records indicate that you are a person, or representative of a person, who resided at one of Emeritus’ California assisted living facilities between July 29, 2009 and May 15, 2015, and contracted with Emeritus for services for which Emeritus was paid money.

**WHO IS IN THE SETTLEMENT CLASS?**

You are a member of the Settlement Class if you resided at one of Emeritus’ California assisted living facilities between July 29, 2009 and May 15, 2015, and contracted with Emeritus for services for which Emeritus was paid money.

**THE SETTLEMENT BENEFITS – WHAT YOU GET**

**A CASH PAYMENT**

Defendants have agreed to provide a total settlement fund of \$13 million (the “Fund”) in full settlement of the claims of the Settlement Class. The Fund will be used to pay class notice and payment distribution administration expenses, as well as Class Counsel’s attorneys’ fees, litigation expenses and service awards to the Class Representatives. The remaining amount (the “Net Settlement Fund”) will be used to make cash payments to Class Members (or if the Class Member is deceased, to their legal successor). It is estimated the Net Settlement Fund will be approximately \$8.5 million. The settlement distribution process will be administered by an independent settlement administrator (the “Settlement Administrator”) approved by the Court. **The settlement amount and Net Settlement Fund are contingent on final approval by the Court.**

**AMOUNT OF CASH PAYMENT**

The cash payment amount for each Class Member will be based on this formula: The sum of the move-in fee and initial month’s rent for the Class Member divided by the total amount of move-in fees and initial monthly rent payments for all Class Members (which yields a Settlement Payment Percentage (“SPP")), which is then multiplied by the Net Settlement Fund to calculate the cash payment amount. By way of example, if a Class Member paid \$2,000 in move-in fees and first month’s rent, and the total move-in fees and initial rent payments for the entire Class are \$40 million, the SPP for the Class Member would be .00005 and the cash payment would be approximately \$420. The actual cash payment amounts will be determined by the Settlement Administrator based on the above formula, and may be increased if funds are available.

### HOW CAN I GET A CASH PAYMENT?

If you are a Class Member **you do not need to take any action**. Your cash payment will be mailed to you if the Settlement is approved. If your address has changed, you must provide your new address to the Settlement Administrator. If the Class Member is deceased, his or her legal successor must submit a payment request and supporting documentation to the Settlement Administrator. To contact the Settlement Administrator, visit [www.AssistedLivingSettlement.com](http://www.AssistedLivingSettlement.com) or call 1-877-255-1011.

### WHEN WILL I RECEIVED MY SETTLEMENT AWARD?

The Court will hold a final approval hearing on **September 25, 2015 at 10:00 a.m.**, to decide whether to approve the Settlement. **The hearing date may be changed by the Court without notice to the Settlement Class, and you should check the Settlement website at [www.AssistedLivingSettlement.com](http://www.AssistedLivingSettlement.com) or the public court records on file in this action for any updates.** If Judge Conti approves the settlement, there may be appeals. The appeal process can take time, perhaps more than a year.

### IN RETURN FOR THESE SETTLEMENT BENEFITS, WHAT AM I GIVING UP?

If the Court approves the proposed Settlement and you do not request to be excluded from the Class, you must release (give up) all legal claims concerning Defendants' alleged misrepresentations and nondisclosures about Defendants' computerized resident evaluation system (known as "We Care" or "Vigilan") and its role in providing sufficient staffing and care for residents and any alleged overpayment as a result of such purported misrepresentations. **If you remain in the Class, you may not assert any of those claims in any other lawsuit or proceeding. This includes any other lawsuit or proceeding already in progress.** The Release does not include claims for personal injury, emotional distress or bodily harm. The judgment and orders entered in this case, whether favorable or unfavorable, will bind all Settlement Class Members who do not request to be excluded. The full terms of the Release are contained in the Stipulation of Settlement that is available on the Settlement website at [www.AssistedLivingSettlement.com](http://www.AssistedLivingSettlement.com), or at the public court records on file in this action.

## THE LAWYERS REPRESENTING YOU

### DO I HAVE A LAWYER IN THIS CASE?

All Settlement Class Members are represented by Plaintiffs' Counsel. These lawyers are called Class Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense and enter an appearance through your own counsel.

### HOW WILL THE LAWYERS BE PAID?

Class Counsel will ask the Court to award attorneys' fees and out-of-pocket expenses incurred not to exceed 33% of the Fund (\$4.29 million). Defendants have agreed not to oppose this request. Any award of fees and litigation expenses must be approved by the Court as fair, reasonable and consistent with prevailing marketplace standards. The Court-awarded amount will be paid from the Fund.

## EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don't want a payment from this Settlement, but you want to keep the right to sue or continue to sue defendants, on your own, about the legal issue in this case, then you must take steps to opt out. This is called excluding yourself – or is sometimes referred to as opting out of the Settlement Class.

### HOW DO I GET OUT OF THE SETTLEMENT?

If you do not wish to be included in the Class and receive a cash payment, you must send a letter stating that you want to be excluded from *Arville Winans v. Emeritus Corp. and DOES 1 through 100*, case no. 3:13-cv-03962-SC (N.D. Cal.). Be sure to include your name, address, telephone number, signature, and a statement that you are covered by this Settlement. You must mail your exclusion postmarked no later than **August 4, 2015** to:

**Winans v. Emeritus Corp. Settlement Administrator**  
**c/o Gilardi & Co. LLC**  
**P.O. Box 8060**  
**San Rafael, CA 94912-8060**

You cannot exclude yourself via telephone, fax, or email. If you ask to be excluded, you will not get any Settlement payment, and you cannot object to the Settlement. However, you will not be legally bound by anything that happens in this lawsuit and you will keep your right to separately pursue claims against defendants relating to the subject matter of this lawsuit.

### IF I DON'T EXCLUDE MYSELF, CAN I SUE DEFENDANTS FOR THE SAME THING LATER?

No. Unless you exclude yourself, you give up the right to sue Defendants for the claims that this Settlement resolves. You must exclude yourself from *this* Class to pursue your own lawsuit. Remember, your exclusion must be postmarked on or before **August 4, 2015**.

### IF I EXCLUDE MYSELF, CAN I GET MONEY FROM THIS SETTLEMENT?

No. If you exclude yourself, you will not receive any money. But, you will not lose any right you may have to sue (or continue to sue) in a different lawsuit against Defendants about the legal issues in this case. If you choose to initiate a new lawsuit, your claim will be subject to time limitations, so you must act promptly.

## OBJECTING TO THE SETTLEMENT

You can tell the court that you do not agree with the Settlement or some part of it.

### HOW DO I TELL THE COURT THAT I DO NOT LIKE THE SETTLEMENT?

If you are a Settlement Class Member, you can object to the Settlement if you do not like any part of it and the Court will consider your views. To object, you must send a letter to the Court and the parties saying that you object to the Settlement in *Arville Winans v. Emeritus Corp. and DOES 1 through 100*, case no. 3:13-cv-03962-SC (N.D. Cal.). Be sure to include your name, address, telephone number, your signature, and the reasons you object to the Settlement. You must also affirm under penalty of perjury that you are a Settlement Class Member (or a legal successor to a Class Member) or provide other proof of Settlement Class membership. If you are represented by counsel, be sure to include the name, address, and telephone number of that lawyer.

Your objection **must be mailed to** these three different places no later than **August 4, 2015**:

Clerk of the Court  
United States District Court,  
Northern District of California  
450 Golden Gate Avenue  
Courtroom 1 – 17th Floor  
San Francisco, CA 94102

Guy B. Wallace  
Mark T. Johnson  
SCHNEIDER WALLACE COTTRELL KONECKY LLP  
180 Montgomery Street  
Suite 2000  
San Francisco, CA 94104  
Telephone: (415) 421-7100

Lisa Gilford  
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP  
300 South Grand Avenue  
Los Angeles, CA 90071  
Telephone: (213) 687-5000

### WHAT IS THE DIFFERENCE BETWEEN OBJECTING AND EXCLUDING?

Objecting is telling the Court that you do not like something about the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class or the lawsuit. You cannot request exclusion **and** object to the Settlement. If you exclude yourself, you have no basis to object because the case no longer affects you. Settlement Class members who do exclude themselves may, if they wish, enter an appearance through their own counsel.

## THE FINAL APPROVAL HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend, and you may ask to speak, but you are not required to do either.

### WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?

The Court will hold a Final Approval Hearing on **September 25, 2015 at 10:00 a.m.** at the Courtroom of the Honorable Samuel Conti: 450 Golden Gate Avenue, Courtroom 1 – 17th Floor, San Francisco, CA 94102. **The hearing date may be changed by the Court without notice to the Settlement Class, and you should check the Settlement Website at [www.AssistedLivingSettlement.com](http://www.AssistedLivingSettlement.com) or the public court records on file in this action at <https://www.pacer.gov/> for any updates.** At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. Judge Conti will listen to people who have asked to speak at the hearing. After the hearing, the Court will decide whether to approve the Settlement. The Court will also consider how much to award Class Counsel as reasonable attorneys' fees and litigation expenses. We do not know how long this decision will take.

### DO I HAVE TO COME TO THE HEARING?

No. Class Counsel will answer any questions Judge Conti may have. But you are welcome to come at your own expense. If you submit an objection, you do not have to come to the Court to talk about it. You may also pay your own lawyer to attend, but it is not necessary.

### MAY I SPEAK AT THE HEARING?

If you are a Settlement Class Member, you may speak at the fairness hearing, subject to any limitations made by Judge Conti. You cannot speak at the hearing if you exclude yourself from the Settlement Class.

**IF YOU DO NOTHING**

**WHAT HAPPENS IF I DO NOTHING AT ALL?**

If you do nothing, you will be part of the Settlement Class. You will receive a cash payment from the Settlement and you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the legal issues in this case.

**GETTING MORE INFORMATION**

**ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?**

The Stipulation of Settlement contains the complete terms of the parties' agreement. You can get a copy at [www.AssistedLivingSettlement.com](http://www.AssistedLivingSettlement.com), or by reviewing the records on filed in the court clerk's office at <https://www.pacer.gov/>. The pleadings and other documents in this lawsuit may also be examined during regular business hours at the Office of the Clerk, United States District Court for the Northern District of California, 450 Golden Gate Ave., San Francisco, CA 94102.

**CONTACT CLASS COUNSEL WITH ANY QUESTIONS**

Should you have any questions about the Settlement or this Notice, please contact Class Counsel at:

Kathryn A. Stebner  
Sarah Colby  
STEBNER & ASSOCIATES  
870 Market Street  
Suite 1212  
San Francisco, CA 94102  
Telephone: (415) 362-9800  
Facsimile: (415) 362-9801  
[kathryn@stebnerassociates.com](mailto:kathryn@stebnerassociates.com)  
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Guy B. Wallace  
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SCHNEIDER WALLACE COTTRELL KONECKY LLP  
180 Montgomery Street  
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San Francisco, CA 94104  
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[gwallace@schneiderwallace.com](mailto:gwallace@schneiderwallace.com)  
[mjohnson@schneiderwallace.com](mailto:mjohnson@schneiderwallace.com)

DATED: June 30, 2015

[/s/ The Honorable Samuel Conti]  
UNITED STATES DISTRICT JUDGE