

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT AND HEARING DATE FOR COURT APPROVAL

Kuenstle v Children's Hospital Los Angeles Medical Group, Inc.

Los Angeles County Superior Court Case No. BC653858

If you have worked as a physician for Children's Hospital Los Angeles Medical Group, Inc., you may be entitled to receive money from a class action settlement.

The California Superior Court, County of Los Angeles authorized this notice.

This is not a solicitation from a lawyer.

THIS NOTICE MAY AFFECT YOUR RIGHTS. PLEASE READ IT CAREFULLY.

You are receiving this Notice because the Court has preliminarily approved a proposed settlement in a class action filed on behalf of certain physicians who have worked for Children's Hospital Los Angeles Medical Group, Inc. ("Defendant"). The proposed settlement will resolve all Released Claims (defined below) against Defendant. A hearing addressing the fairness, adequacy, and reasonableness of the settlement will be held on June 26, 2019 to determine whether the settlement should receive the Court's final approval.

If you are a member of the settlement class, you will receive a settlement payment and will be bound by the terms of the release described below. This Notice explains the proposed settlement and provides an estimate of how much money you will receive as a settlement payment if you do not exclude yourself from the settlement. If you do not want to be part of the settlement class, then you must submit a Request for Exclusion (described below) no later than May 30, 2019 otherwise you will be bound by the terms of the settlement.

1. PURPOSE OF THIS NOTICE

The Court has ordered that this Notice be sent to you because you have been identified as a member of the class by Defendant's records. The purpose of this notice is to provide you with information about the lawsuit and the proposed settlement and to advise you of your options.

2. PERSON ELIGIBLE TO RECEIVE A SETTLEMENT PAYMENT

The people eligible to receive a settlement payment are all persons during the Class Period (which is March 13, 2013 through November 5, 2018) who have been employed by Defendant, either directly or through a professional corporation at any time from March 13, 2013 through November 5, 2018, who are or were licensed physicians or surgeons and who are or were primarily engaged in duties that require licensure pursuant to Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code, who are not members of the University of Southern California Faculty, and who, because of how they were compensated, were classified as exempt from applicable State and Federal wage-hour laws.

3. DESCRIPTION OF THE ACTION

Two physicians ("Plaintiffs"), both of whom have been employed by Defendant, filed a class action complaint against Defendant in the Los Angeles County Superior Court on March 13, 2017. The current pleading (the Third Amended Complaint) alleges claims for: (1) failure to pay overtime compensation; (2) failure to pay minimum wage; (3) failure to provide compliant wage statements; (4) failure to pay final wages; (5) failure to provide meal periods; (6) failure to authorize and permit rest periods; (7) violation of Business & Professions Code section 17200, et seq.; (8) recovery of civil penalties under the California Labor Code Private Attorneys General Act, Cal. Lab. Code §§ 2698-2699.5 ("PAGA"); and (9) violation of the Federal Labor Standards Act (29 U.S.C. § 201 et seq.).

Defendant denies all of Plaintiff's allegations. Among other things, Defendant contends that all employees have been properly compensated and that Defendant has complied with all wage statement reporting requirements under California law.

The Court has made no ruling on the merits of the alleged claims or the defenses asserted by Defendant. The Court has preliminarily approved the proposed settlement. The Court will decide whether to give final approval to the settlement at a hearing scheduled for June 26, 2019 (the "Final Approval Hearing").

FOR MORE INFORMATION CALL 1-800-523-5773.

4. WHO ARE THE ATTORNEYS REPRESENTING THE PARTIES?

Attorneys representing the class (“Class Counsel”) are:

Aaron C. Gundzik Rebecca G. Gundzik Gartenberg Gelfand Hayton LLP 15260 Ventura Blvd., Suite 1920 Sherman Oaks, CA 91403 Telephone: (213) 542-2100 Facsimile: (213) 542-2101	Daniel M. Holzman Caskey & Holzman 24025 Park Sorrento, Ste. 400 Calabasas, CA 91302 Telephone: (818) 657-1070 Facsimile: (818) 297-1775
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Attorneys representing Defendant are:

J. Kevin Lilly Elizabeth Staggs-Wilson Littler Mendelson, P.C. 2049 Century Park East 5th Floor Los Angeles, CA 90067 Telephone: (310) 553-0308 Facsimile: (310) 553-5583	Jeffrey A. Berman Seyfarth Shaw LLP 2029 Century Park East, Suite 3500 Los Angeles, CA 90067 Telephone: (310) 277-7200 Facsimile: (310) 201-5219
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5. THE TERMS OF THE PROPOSED SETTLEMENT

The following is a summary of the settlement provisions. The specific and complete terms of the proposed Settlement are stated in the Stipulation of Class Action Settlement (“Settlement Agreement”), a copy of which is filed with the Court. You can also obtain a copy of the Settlement Agreement from Class Counsel (see contact information in Section 4 above) or review it on the following website: <http://www.phoenixclassaction.com/kuenstle-v-childrens-hospital-los-angeles-medical-group-inc/>.

Defendant has agreed to pay \$1,300,000.00 to settle any and all obligations for the claims alleged in the lawsuit. This amount is called the Gross Settlement Amount. The Gross Settlement Amount will be used to cover all payments to the settlement class, settlement administration costs, attorneys’ fees and costs, service and release payments to the Plaintiffs and funds owed to the state of California in settlement of penalties. All of these payments will be deducted from the Gross Settlement Amount. The remaining amount (called the Net Settlement Amount) will be distributed to class members who do not timely submit Requests for Exclusion, as discussed below.

(a) Attorneys’ Fees and Costs: Under the settlement, Class Counsel may request up to \$433,333 to compensate them for their work on the case, plus their reasonable and actual costs and expenses of the litigation in an amount not to exceed \$23,000, as approved by the Court. The attorneys’ fees and costs will be deducted from the Gross Settlement Amount.

(b) Service and Release Payment: The two named Plaintiffs are requesting service and release payments in the amount of \$10,000.00 each, in addition to the amount they will receive as members of the class, to compensate them for undergoing the burden and expense of bringing and prosecuting the action, and for the broader release of claims they are required to execute. The service and release payment will be deducted from the Gross Settlement Amount.

(c) Settlement Administration Costs: The Settlement Administrator, Phoenix Settlement Administrators, has advised the parties that the settlement administration costs will be \$11,500. The settlement administration costs will be deducted from the Gross Settlement Amount.

(d) Payments to Settlement Class Members: The remainder of the Gross Settlement Amount (called the Net Settlement Amount) will be distributed to Class Members who do not exclude themselves from the settlement (called Settlement Class Members). The amount of each Settlement Class Member’s share of the Net Settlement Amount will be allocated as follows:

Forty percent (40%) of the Net Settlement Amount will be paid to Settlement Class Members who worked Transport and/or Anesthesia Sedation shifts during the Class Period. Individual shares of this portion of the settlement will be based upon the total number of such shifts worked by the individual divided by the total number of such shifts worked by all.

Ten percent (10%) of the Net Settlement Amount will be paid to Settlement Class Members who worked for Defendant during the period between March 13, 2016 through November 5, 2018. Individual shares of this portion of the settlement will be based upon the total number of pay periods worked by the individual during the period between March 13, 2016 and November 5, 2018 divided by the total number of pay periods worked by all during that period.

Fifty percent (50%) of the Net Settlement Amount will be paid to all Settlement Class Members, including those who worked any Transport and/or Anesthesia Sedation shifts. Settlement Class Members will receive payments from this fifty percent (50%) of the Net Settlement Amount based on the amount of total compensation they received during the Settlement Class Period for shifts worked in other than Transport and/or Anesthesia Sedation, and will be divided into four equal (or closely equal) quartiles based on the amount of compensation received relative to other Settlement Class Members. The Settlement Class Members in the bottom quartile (and who received the least compensation) will each receive 1 point for every pay period they worked during the Settlement Class Period; the Settlement Class Members in the second quartile will receive 2 points for every pay period they worked during the Settlement Class Period; the Settlement Class Members in the third quartile will receive 3 points for every pay period they worked during the Settlement Class Period; and the Settlement Class Members in the top quartile will receive 4 points for every pay period they worked during the Settlement Class Period. The Settlement Administrator will then apply the following formula to calculate the individual settlement payments to be made from this portion of the Net Settlement Amount: (Number of points received by Settlement Class Member ÷ total number of points received by all Settlement Class Members) x 50% of Net Settlement Amount

(e) Payments to the State for Penalties Under PAGA and to Certain Settlement Class Members for PAGA Penalties: \$25,000 of the Gross Settlement Amount will be allocated to resolve penalties allegedly owed to the state of California for alleged violations of the California Labor Code under PAGA, of which \$18,750 will be paid to the California Labor & Workforce Development Agency. The remaining \$6,250 will be divided equally among all Settlement Class Members who were employed by Defendant at any time between March 13, 2016 and November 5, 2018.

6. WHAT YOU WILL RECEIVE UNDER THE SETTLEMENT

According to Defendant's records, you worked a total of <Transport Weeks> Transport and Anesthesiology Sedation shifts during the Class Period. Under the settlement, you will receive approximately <\$EstSetTransport> of this portion of the settlement. According to Defendant's records, you worked a total of <Class Weeks> pay periods between March 13, 2016 and November 5, 2018. Under the settlement, you will receive approximately <\$EstSetWeeks> of this portion of the settlement. According to Defendant's records, you were paid a total of <\$Past Payment> during the Class Period for shifts worked in other than Transport and/or Anesthesia. Under the settlement, you will receive approximately <\$EstSetPast> of this portion of the settlement. Because you worked for Defendant at some time between March 13, 2016 and November 5, 2018, you will also receive <\$PAGA>, as your portion of penalties distributed to Settlement Class Members. The amount of your total settlement payment is estimated to be approximately <\$EstSetTotal>.

These numbers are estimates. Your actual payment may increase or decrease based on various factors, including the amounts approved by the Court for attorneys' fees and costs, settlement administration costs, service and release payments to Plaintiffs, and disputes by other class members regarding their shifts or earnings during the Class Period. **To receive your settlement payment, you do not need to do anything. You will receive a settlement payment unless you exclude yourself from the settlement.**

7. PAYMENT SCHEDULE

The Settlement Administrator will send out settlement checks to class members after the settlement is finally approved. You will have 180 days after the Settlement Administrator mails your settlement check to cash it; otherwise the funds represented by all uncashed settlement checks will be transmitted by the Settlement Administrator to the California State Controller's Office Unclaimed Property Fund for further handling on behalf of the Settlement Class Member. In the event that the Court is not willing to approve of this method of disposing of uncashed settlement checks, the funds represented by all uncashed checks will be handled as provided for in California Code of Civil Procedure section 384 and disbursed to the State Controller's Office Unclaimed Property Fund. For tax purposes, 33.34% of your settlement payment shall be attributed to wages, to be reported on a W-2 form; 33.33% shall be attributed to penalties; and 33.33% shall be interest. The amount of interest and penalties will be reported on an IRS Form 1099.

Nothing in this Notice should be construed as providing you with tax advice. You should consult with your tax advisor concerning the tax consequences of the payment you receive.

FOR MORE INFORMATION CALL 1-800-523-5773.

8. RELEASE OF CLAIMS

Unless you submit a valid Request for Exclusion (described below), you will release Defendant Children's Hospital Los Angeles Medical Group, Inc. and any of its former and present parents, subsidiaries, and affiliates, and their officers, directors, employees, partners, shareholders, agents, attorneys, insurers, and any other successors, assigns, or legal representatives, including Children's Hospital Los Angeles and the University of Southern California and its related entities from any and all claims, rights, demands, liabilities and causes of action, whether in law (including under the Labor Code, the Wage Orders, and the Business and Professions Code) or equity, arising from the same facts and/or claims alleged in the Complaint, or the claims that were pled or that could have been pled based on the facts alleged Complaint, including claims for wages, restitution, statutory and civil penalties, interest, fees, and costs, and claims arising under California's Private Attorneys General Act, including but not limited to the following categories of claims and allegations—including claims under the California Wage Orders: (1) all claims relating to the failure to pay for all time worked, including meal and rest breaks, double time, overtime and minimum wage (such as Labor Code Sections 210, 558 and 1194); (2) all claims relating to the failure to timely pay all wages during employment, including overtime and minimum wage (such as claims under Sections 204, 226.7); (3) all claims relating to the failure to timely pay wages upon termination of employment, including overtime (such as claims under Labor Code Sections 202 and 203); (4) all claims relating to failure to provide accurate wage statements (such as under Labor Code section 226 and 226.3); and (5) all claims relating to alleged violation of Business and Professions Code Section 17200 et seq. This release is effective through November 5, 2018. The release of claims under the Fair Labor Standards Act applies only to those Settlement Class Members who cash their settlement checks. The claims covered by this release are referred as the "Released Claims."

9. YOUR OPTIONS

As a member of the settlement class you have four options. Each option will affect your rights, which you should understand before making your decision. Your rights regarding each option, and the procedure you must follow to select each option, are explained below:

(a) You Can Do Nothing.

If you do nothing, you will remain a member of the settlement class and will receive a settlement payment. You will also be bound by the release of claims set forth in Section 8 above. The payment will remain valid and negotiable for one hundred and eighty (180) days from the date of the issuance. This deadline to cash the payment shall not be extended for you absent Court Order.

(b) You Can Contest the Calculation of Your Settlement Payment as Stated in this Notice.

You can contest the number of Transport and Anesthesiology Sedation shifts or number of pay periods you worked between March 13, 2016 and November 5, 2018 or your total earnings from Defendant for shifts worked that were not Transport or Anesthesiology Shifts identified for you in Section 6, above. To do so, you must provide the Settlement Administrator with a written explanation of your position. The statement must also include your full name, current address and telephone number, and must identify this case (*Kuenstle v. Children's Hospital Los Angeles Medical Group, Inc., Case No. BC653858*). You must provide written documentation supporting your dispute of any of this information; otherwise, the number listed above in section 6 will be presumed correct. You must postmark your written statement no later than **May 30, 2019**.

The Settlement Administrator will consider the documentation you submit and will communicate with you and the parties as necessary regarding the dispute to determine whether an adjustment is warranted before making a final determination regarding your settlement payment. The settlement administrator will mail you its final determination.

(c) You Can Exclude Yourself from the Settlement Class.

If you do not want to remain a member of the settlement class, you can request exclusion (i.e., opt out) by sending the Settlement Administrator a written Request for Exclusion. The deadline to postmark a Request for Exclusion is **May 30, 2019**. A Request for Exclusion is a written statement unambiguously requesting to be excluded from the settlement class. The Request for Exclusion must include the case name (*Kuenstle v. Children's Hospital Los Angeles Medical Group, Inc., Case No. BC653858*), your name, current address and telephone number, and the last four digits of your social security number (for verification purposes). You must also sign the Request for Exclusion. You should keep a copy of your Request for Exclusion. Moreover, to confirm receipt by the Settlement Administrator, you may elect to send your Request for Exclusion via certified mail. Requests for Exclusion that do not include all required information, or that are not postmarked on or before the deadline, will not be valid.

If you submit a valid and timely Request for Exclusion, you will not be bound by the settlement or the release of claims in Section 8 above; however, you will not receive any money under the settlement. You will also be barred from objecting to this settlement. By opting out of the settlement class, you will retain whatever rights or claims you may have against Defendant.

If you do not submit a timely and valid Request for Exclusion from the settlement class by the deadline specified above, then you will be bound by all terms and conditions of the settlement if it is approved by the Court and by the judgment, and you will receive a settlement payment.

(d) You Can Object to the Settlement.

If you are a member of the settlement class who does not submit a request for exclusion from the settlement, you may object to the settlement by sending your written objections to the Settlement Administrator at the address specified in Section 11 below. The deadline to file and postmark objections is **May 30, 2019**. Only class members who have not requested exclusion may object to the settlement.

Your objection must state the basis of your objection and include any papers and briefs in support of your position. Your objection must be signed and must contain your current address and telephone number (or that of your attorney) and refer to this case (*Kuenstle v. Children's Hospital Los Angeles Medical Group, Inc., Case No. BC653858*). If you mail an objection, you may also appear at the Final Fairness and Final Approval Hearing either personally or through an attorney you hire and pay for yourself. To appear at the Final Approval Hearing, you must mail and postmark an objection no later than **May 30, 2019** to the Settlement Administrator at the address specified in Section 11 below.

If you object to the settlement and if the Court approves the settlement notwithstanding your objections, you will be bound by the terms of the settlement, and you will not be permitted to file a Request for Exclusion.

10. FINAL APPROVAL HEARING ON PROPOSED SETTLEMENT

The Final Approval Hearing on the fairness and adequacy of the proposed settlement, the plan of distribution, the service and release payment to the Plaintiff, and Class Counsels' request for attorneys' fees and costs, and other issues will be held on June 26, 2019 at 10:00 a.m. in Department 11 of the Los Angeles Superior Court, Spring Street Courthouse, located at 312 N. Spring Street, Los Angeles, CA 90012. The Final Approval Hearing may be continued to another date without further notice. If you plan to attend the Final Approval Hearing, you may contact the Settlement Administrator to confirm the date and time.

11. ADDITIONAL INFORMATION.

This Notice only summarizes the lawsuit and settlement. For more information, you may inspect the Court file at the Los County Angeles Superior Court, Spring Street Courthouse, located at 312 N. Spring Street, Los Angeles, CA 90012. You may also review the settlement agreement and other documents related to the case on the following website: <http://www.phoenixclassaction.com/kuenstle-v-childrens-hospital-los-angeles-medical-group-inc/> or contact the settlement administrator as follows:

Kuenstle v. Children's Hospital Los Angeles Medical Group, Inc.,

c/o Phoenix Settlement Administrators

P.O. Box 7208

Orange, CA, 92863

Phone: (800) 523-5773

Facsimile: (949) 209-2503

Email: notice@phoenixclassaction.com

Website: <http://www.phoenixclassaction.com/kuenstle-v-childrens-hospital-los-angeles-medical-group-inc/>

You may also contact Class Counsel at the address and telephone number provided in Section 4 above. If your address changes or is different from the address on the envelope enclosing this Notice, please promptly notify the settlement administrator.

PLEASE DO NOT CALL OR WRITE THE COURT ABOUT THIS NOTICE.

FOR MORE INFORMATION CALL 1-800-523-5773.