

**SUPERIOR COURT FOR THE STATE OF WASHINGTON
IN AND FOR PIERCE COUNTY**

*Gretchen C Krall v. FRANCISCAN HEALTH SYSTEM
Pierce County Superior Court Civil Case No. 21-2-06585-8*

– NOTICE OF SETTLEMENT –

A court authorized this notice. This is not a solicitation from a lawyer. This is not a lawsuit against you and you are not being sued. However, your legal rights are affected whether you act or not. Please read this notice carefully.

ATTN: «EmployeeName»

TO: All individuals employed by Franciscan Health System as Outpatient Therapist or in other positions with similar duties in Washington State between July 8, 2018 and May 20, 2022, including those individuals who worked for Franciscan Health System as an Outpatient Therapist or in other positions with similar duties who worked at least one shift at Saint Joseph's Hospital from July 8, 2018 and March 20, 2020, and who did not sign an Hours Worked Acknowledgement.

- A former employee brought claims against Franciscan Health System ("Defendant" or "FHS") alleging FHS failed to pay for all hours worked, including gap time, failed to provide meal periods and rest breaks in compliance with Washington law, and improperly altered time records. FHS strongly denies these allegations. The parties reached a proposed class action settlement.
- The Class Action Settlement includes a total maximum settlement payment by FHS of \$725,000. To receive a share of this payment, you must not exclude yourself from the Settlement.
- Listed below is the estimated gross amount of your share of the settlement Class Fund before taxes if you do not exclude yourself. This is based on a pro-rata calculation based on shifts worked during the period of July 8, 2018 and May 20, 2022. (The final amount may be materially different. This is only an estimate.)

Your Estimated Gross Settlement Recovery Before Taxes
«estAmount»

- Listed below is the estimated gross amount, if any, of your share of the Sub-Class Settlement Fund before taxes if you do not exclude yourself. This is based on a prorated calculation based upon the number of shifts you worked between July 8, 2018 and March 20, 2020 at St. Joseph's Hospital and provided you did not previously sign an hours work acknowledgment.

Your Estimated Gross Settlement Recovery Before Taxes
«SubclassAmount»

- You do not have to do anything to be eligible to receive a share of the settlement payment.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING	You will be eligible to get a payment for your share of the Class Action Settlement. (You may need to provide the Settlement Administrator any updated contact information to ensure you receive a payment). You will give up rights relating to the legal claims in this Case.
ASK TO BE EXCLUDED	Get no payment. This is the only option that allows you to ever be a part of any other lawsuit against FHS with respect to the legal claims in this Case.
OBJECT	Write to the Court if you do not like the settlement and explain why.
GO TO A HEARING	Ask to speak in Court about the fairness of the Class Action Settlement.

- These rights and options - **and the deadlines to exercise them** - are explained in this Notice.
- The Court in charge of this Case still has to decide whether to finally approve the Settlement. If the Court approves the Settlement, payments will be made after any appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why did I get this Notice?

FHS's records show that you were employed by FHS as an outpatient therapist, or similar position, between July 8, 2018 and May 20, 2022, and/or that you were employed as an outpatient therapist at St. Joseph's Hospital between July 8, 2018 and March 20, 2020 and did not sign an Hours Worked Acknowledgment. The Court has allowed this Notice to be sent to you to inform you about a proposed settlement of a class action lawsuit, and about your options, before the Court decides whether to finally approve the Settlement. If the Court approves the Settlement, and after any appeals are resolved, payments will be made to Settlement Class Members who do not affirmatively request to be excluded from the Settlement.

This Notice explains the Case, the Class Action Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

2. What is the Case about?

The Plaintiff, Gretchen C. Krall, claims that FHS violated Washington State wage and hour laws by failing to pay for all hours worked, failing to provide meal periods and rest periods in conformity with the requirements of Washington law and that it altered certain time records. FHS has denied the Plaintiff's claims.

The Honorable Karena Kirkendoll of the Superior Court for the State of Washington in and for Pierce County is overseeing this class action. The lawsuit is known as *Gretchen C. Krall v. Franciscan Health System*, Pierce County Superior Court Civil Case No. 21-2-06585-8 (the "Case").

3. What is a class action and who is involved?

In a class action lawsuit, one or more people called a “Class Representative” sues on behalf of other people whom they believe have similar claims. The people together are a “Class” or “Class Members”. The employee who sued, and who represents the Class, is called the Plaintiff.

The people the Plaintiff sues (in this case FHS) is called the Defendant. In a class action, one court resolves the issues for everyone in the Class – except for those people who choose to exclude themselves from the Class.

4. Why is there a Settlement?

The Court did not decide in favor of the Plaintiff or FHS. Instead, both sides agreed to a Settlement. This allows the parties to avoid the cost of a trial, and the people affected will be entitled to compensation. The Class Representative and her attorneys think the Settlement is best for everyone in the Class.

WHO IS IN THE SETTLEMENT?

5. How do I know whether I am part of the Settlement?

As part of the Settlement of the Case, the Pierce County Superior Court has decided that everyone who fits the following description is a Class Member:

All individuals employed by Defendant as outpatient therapists or in other positions with similar duties in Washington state between July 8, 2018 and May 20, 2022.

As part of the settlement of the case, the Pierce County Superior Court has decided that everyone who fits the following description is a Sub-Class Member.

All individuals employed by Defendant as outpatient therapists or in other positions with similar duties who worked at least one shift at St. Joseph's Hospital from July 8, 2018 to March 20, 2020, and who did not sign an Hours Worked Acknowledgment with FHS.

If it is approved, the Settlement will cover all Settlement Class Members who have not timely and affirmatively excluded themselves from the Case. To be a part of and receive any money pursuant to the Settlement, Settlement Class Members and Sub-Class Members need do nothing (other than refrain from affirmatively opting out of the Settlement).

THE TERMS OF THE SETTLEMENT

6. What claims are covered by the Settlement?

The Settlement will resolve all of the claims Settlement Class Members and Sub-Class Members could have brought against FHS regarding an alleged failure to pay wages for all hours worked, altered time records and failure to provide meal periods and rest breaks required by Washington law (the “Released Claims”). The Released Claims include any and all claims, whether known or unknown, that were brought or that could have been brought based on any facts alleged in the Case. The Released Claims specifically include, but are not limited to, any claims arising out of failure to pay wages for off the clock work, altered time records or any alleged missed, interrupted, shortened, untimely, unpaid, and/or non-compliant rest

breaks and/or meal periods, including any attendant claims for unpaid wages, overtime payments, premium payments, interest, exemplary damages, and attorneys' fees and costs.

7. What are the basic terms of the Settlement?

Subject to Court approval, the essential terms of the Settlement are as follows:

FHS will pay a total of \$725,000 as part of the Settlement, apportioned as follows:

- **Class Fund:** FHS will pay 87.5% of the Net Settlement Fund to Class Members prorated based on the number of hours worked as recorded in Defendant's time records for the Class Period, and FHS will pay 12.5% of the Net Settlement Fund to Sub-Class Members prorated based on the number of hours worked as recorded in Defendant's time records from July 8, 2018 to March 20, 2020.
- **Service Award:** FHS will pay \$7,500.00 to Plaintiff and Class Representative Gretchen C. Krall as a service award in recognition of her efforts in prosecuting the Case.
- **Settlement Administration Expenses Award:** FHS will pay up to \$10,000.00 to the Settlement Administrator for the processing of the Settlement, including the expenses of providing notice of the Settlement to Settlement Class Members, handling the claims administration process, processing payments to Settlement Class Members, and handling tax reporting requirements.
- **Attorneys' Fees and Costs Award:** FHS will pay \$217,500 to Plaintiff's attorneys for the attorneys' fees plus up to \$5,000.00 in actual litigation costs they have incurred and will incur through final judgment in representing Plaintiff and the Settlement Class.

Monetary Relief: The amount available to the Settlement Class is intended to compensate Settlement Class Members for the wages and other compensation they allegedly lost and damages they are allegedly owed as a result of the practices alleged in the Case.

Distribution of Settlement Fund: Each Settlement Class Member who does not submit a valid and timely request for exclusion will automatically receive a settlement payment. Your settlement payment will be calculated based on the percentage relationship between the total hours worked by you during the Claim Period and the total hours worked during the Claim Period by all Settlement Class Members by FHS between July 8, 2018 and May 20, 2022. (the "Claim Period"). Similarly, your settlement payment as a member of the Sub-Class will be calculated based on the percentage relationship between the total hours worked by you during the Sub-Class Period, and the total hours worked during the Sub-Class Period by all Sub-Class Members between July 8, 2018 and March 20, 2020. Checks will be mailed to Settlement Class Members by the Settlement Administrator. If any checks have not been cashed within one hundred twenty (120) days after distribution, the funds from those checks will be considered Residual Funds. These Residual Funds will be distributed 50% to the Legal Foundation of Washington and 50% to the Franciscan Foundation. FHS will not receive funds from any uncashed checks.

Tax Treatment of Settlement Awards: Thirty-three and one-third Percent (33 1/3%) of each Settlement Class or Sub-Class Member's settlement award will be treated as wages and subject to normal tax withholding and shall be reported to the taxing authorities and the Settlement Class and Sub-Class Member on an IRS Form W-2. Sixty-six and two-thirds Percent (66 2/3%) of each Settlement Class or Sub-Class Member's settlement award will be treated as non-wages (a combination of penalties, enhancements, and prejudgment interest) on which there will be no tax withholding and for which an IRS Form 1099-MISC (marked "Other Income") shall be issued to the taxing authorities and the Settlement Class Member. In addition to the monies it is contributing to the Settlement Fund described above, FHS is also paying all required employer-paid taxes incurred as part of the Settlement. FHS's payment of these employer-paid taxes will not decrease the funds available to Settlement Class or Sub-Class Members.

Release of Claims: Upon final approval by the Court, the Settlement Class and each Settlement Class Member who has not submitted a valid and timely written request to be excluded from the Settlement will irrevocably release all of the Released Claims against FHS relating to the period from July 8, 2018 to May 20, 2022. This Release specifically includes any claims arising out of or relating to failure to pay for all hours worked, altered time records, and any alleged missed, interrupted, shortened, untimely, unpaid, and/or non-compliant rest breaks and/or meal periods, including any attendant claims for unpaid wages, overtime payments, premium payments, interest, exemplary damages, and attorneys' fees and costs. This Release requires you to waive and precludes you from bringing any Released Claims against the named Defendant in the case, FHS, as well as each of their respective past, current, or future predecessors, successors, and assigns, together with each of their respective parent companies, subsidiaries, related or affiliated companies, members, shareholders, owners, officers, directors, employees, agents, attorneys, and insurers, along with any other individual or entity who could be jointly or severally liable for any of the Released Claims. Similarly, upon final approval by the Court, the Settlement Sub-Class and each Settlement Sub-Class Member who has not submitted a valid and timely written release to be excluded from the settlement, will irrevocably release all the Released Claims against FHS relating to the period from July 8, 2018 to March 20, 2020.

Dismissal of Action: Upon final approval, the Court will enter a judgment of dismissal of the Case with prejudice, but shall retain jurisdiction to enforce the terms of the settlement.

HOW CAN YOU GET PAYEMNT?

8. How can I get a payment?

To get a payment, you need do nothing. As long as you do not submit a written request to be excluded from the Settlement, you will be a Settlement Class Member and will be entitled to payment.

9. When would I get a payment?

The Court will hold a hearing on September 23, 2022, at 9:00 a.m. to decide whether to finally approve the settlement. If the Pierce County Superior Court approves the settlement, the parties will then have to wait to see whether there is an appeal. This will take at least thirty (30) days and, if there is an appeal, can take up to a year of more to resolve. If there is no appeal, we expect payments will go out within approximately sixty (60) days of the Court's final approval of the Settlement. Please be patient.

THE LAWYER REPRESENTING YOU

10. Do I have a lawyer in this case?

The Court has decided that James B. Pizl from the law firm of Entente Law PLLC is qualified to represent you and all Settlement Class Members. This lawyer is called "Class Counsel". You will not be charged for this lawyer. If you want to be represented by our own lawyer, you may hire one at your own expense.

11. How will the lawyers be paid?

As indicated above, Class Counsel will seek payment of their attorneys' fees and costs in the amount of approximately \$222,500 which must be approved by the Court as part of the final approval of this Settlement. Class Counsel has been working on this case since July 2021 and have not received any fees or reimbursements for the costs of the lawsuit.

EXCLUDING YOURSELF FROM THE SETTLEMENT

12. How do I exclude myself from the Settlement?

If you fit the definition of a Settlement Class Member and want to exclude yourself from the Settlement, you must request exclusion in writing by August 29, 2022. You may be excluded as a member of the class by submitting a written request stating, “I request that I be excluded from the Class in the case of Gretchen C. Krall v. Franciscan Health System.” The request must include your name, address, and signature. You must mail a copy of the letter to the Settlement Administrator at the following address postmarked no later than **August 29, 2022**:

Krall v. Franciscan Health System Settlement
c/o CPT Group, Inc.
50 Corporate Park
Irvine, CA 92606

If you exclude yourself from the Settlement (i.e., opt out), you will not receive any payment from the Settlement. You will also not be entitled to object to the Settlement. If you exclude yourself, you will not be bound by the terms of the Settlement, including the Release described in Section 7, above. This means you will retain the right at your own expense to pursue any claims you may have against FHS.

OBJECTING TO THE SETTLEMENT

13. If I don’t like the Settlement, how do I tell the Court?

If you are a Settlement Class Member, have not excluded yourself from the Settlement, and do not like the Settlement or the fee request, you can object. You must do so in writing and you must state the reasons why you think the Court should not approve the Settlement. If you object, be sure to include your name, address, and telephone number, the name of the Case (*Gretchen C. Krall v. Franciscan Health System*, Pierce County Superior Court Civil Case No. 21-2-06585-8), the reasons you object to the Settlement, and a signature. You must mail a copy of the objection to the following address **postmarked no later than August 29, 2022**:

Krall v. Franciscan Health System Settlement
c/o CPT Group, Inc.
50 Corporate Park
Irvine, CA 92606

THE COURT’S FAIRNESS HEARING

14. When and where will the Court decide to approve the Settlement?

The Court will hold a Fairness Hearing on September 23, 2022, at 9:00 a.m., at the Pierce County Superior Court, Department 6, 930 Tacoma Ave S, Tacoma, WA 98402.

If there are objections, the Court will consider them. Judge Karena Kirkendoll will listen to people who have asked to speak at the hearing (*see* Section 16). After the hearing, the Court will decide whether to finally approve the Settlement, including Class Counsel’s request for attorney’s fees, costs, Settlement

Administration Expenses, and Service Award for the named Plaintiff. We do not know how long that decision will take.

15. Do I have to come to the hearing?

No. Class Counsel will answer any questions Judge Karena Kirkendoll may have, but you are welcome to attend at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but that is not necessary.

16. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying it is your “Notice of Intention to Appear in (Gretchen C. Krall v. Franciscan Health System, Pierce County Superior Court Civil Case No. 21-2-06585-8).” Be sure to include your name, address, phone number, and your signature. Your Notice of Intention to Appear must be **postmarked no later than August 29, 2022**, and be sent to the Court, Class Counsel, and Defense Counsel at the three addresses set forth below:

COURT	CLASS COUNSEL	DEFENSE COUNSEL
Hon. Karena Kirkendoll Pierce County Superior Court 930 Tacoma Ave S, Rm. 334 Tacoma, WA 98402	James B. Pizl Entente Law PLLC 315 39 th Ave SW, Suite 14 Puyallup, WA 98373	Donald L. Samuels Polsinelli PC 1401 Lawrence St., Suite 2300 Denver, CO 80202

IF YOU DO NOTHING

17. What happens if I do nothing at all?

If you do nothing - that is, if you do not mail or deliver a timely written request to exclude yourself from the Settlement - you will be part of the Settlement Class and will be entitled to a share of the Settlement. You will also be bound by the terms of the Settlement, including the Release described in Section 7, above.

GETTING MORE INFORMATION

18. Are there more details about the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Settlement Agreement. You can get a copy of the Settlement Agreement by writing to Class Counsel. Plaintiffs motion for final approval of the settlement agreement, including Class Counsel’s request for attorney’s fees, costs, Settlement Administration Expenses, and a Service Award for the named Plaintiff is anticipated to be filed with the court on approximately September 14, 2022.