

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION**

SHELLYE PECHULIS, ANNA MARIE
FALCONE, and JODIE HOLICH,
individually and on behalf of all others
similarly situated,

Plaintiffs,

v.

PIPELINE HEALTH SYSTEM, LLC,

Defendant.

Case No. 1:19-cv-06089

Honorable Franklin U. Valderrama

Magistrate Judge Maria Valdez

CLASS ACTION SETTLEMENT AGREEMENT

This Class Action Settlement Agreement (“Settlement Agreement”) is entered into by and among Plaintiffs Shellye Pechulis, Anna Marie Falcone, and Jodie Holich (collectively, “Plaintiffs”), for themselves individually and on behalf of the Settlement Class, and Defendant Pipeline Health System, LLC (“Defendant”). (Plaintiffs and Defendant are referred to individually as a “Party” and collectively referred to as the “Parties.”) This Settlement Agreement is intended by the Parties to fully, finally, and forever resolve, discharge, and settle the Released Claims upon and subject to the terms and conditions hereof, and is subject to the approval of the Court.

RECITALS

A. On August 6, 2019, Pipeline-Westlake Hospital, LLC (“Westlake”) and Westlake Property Holdings, LLC (“Holdings”), which owned and operated Westlake Hospital located in the Village of Melrose Park, Illinois, filed for bankruptcy protection in the United States Bankruptcy Court for the District of Delaware, Case Numbers 19-11756-KBO and 19-11757-KBO. On August 13, 2019, these cases were transferred to the United States Bankruptcy Court

for the Northern District of Illinois and are being jointly administered under Case Number 19-22878. Ira Bodenstein is the duly appointed successor chapter 7 trustee (the “Trustee”) of the bankruptcy estates (individually an “Estate” and collectively, the “Estates”). Under the direction of the Trustee and the Court, the hospital ceased providing services to patients on August 14, 2019, and on or about August 16, 2019, the Trustee notified the hospital’s employees, including Plaintiffs, that they had been terminated.

B. On November 29, 2019, Plaintiffs filed an amended class action complaint in the Northern District of Illinois, captioned *Pechulis, et al. v. Pipeline Health System, LLC*, No. 1:19-cv-06089 (N.D. Ill.) (the “Action”). The amended complaint alleged, *inter alia*, that Defendant was appropriately considered a “single employer” of Westlake’s workers, and that Defendant violated the Worker Adjustment and Retraining Notification Act (“WARN Act”), 29 U.S.C. §§ 2101, *et seq.*, by failing to provide sufficient notice of the hospital’s closure, and the Illinois Wage Payment and Collection Act, 820 ILCS 115 (the “Wage Act”).

C. Defendant filed a motion to dismiss the Action, which the court denied in *Pechulis, et al. v. Pipeline Health Sys. LLC*, No. 19-CV-06089, 2020 WL 4003519, at *1 (N.D. Ill. July 15, 2020).

D. On or about January 6, 2020, Plaintiffs also filed a class action adversary complaint in the Bankruptcy Court entitled *Falcone v. Pipeline-Westlake Hospital, LLC*, Adv. No. 20-00008 (Bankr. N.D. Ill.) (“Bankruptcy Court WARN Action”), against Westlake, on behalf of herself and a proposed class, alleging that Westlake violated the WARN Act based on the same facts that are the subject of this Action. On December 2, 2020, the Class Representative voluntarily dismissed the Bankruptcy Court WARN Action with prejudice. (*See* Adv. Pro. 20-00008; ECF No. 20.)

E. Also on or about January 6, 2020, Anna Marie Falcone filed a proposed Class Proof of Claim (Claim No. 127) (the “Class Wage Act Claim”) against the Westlake Estate. The Class Wage Act Claim contains allegations that the same mass layoff resulted in Westlake failing to pay the Class Representative and Class Members their accrued paid time off and vacation days as required by the Wage Act. The Class Wage Act Claim also asserted claims related to the WARN Act, which were withdrawn with prejudice on December 2, 2020. (*See* Case No. 19-22881, Dkt. 69.)

F. The Parties then began engaging in significant informal and formal discovery in the Action, exchanging interrogatories, requests for production, and responses to the same, and noticing depositions of key personnel. This included third-party discovery, including a subpoena to the Trustee seeking critical documents related to Plaintiffs’ and the proposed class’s employment records.

G. By mid-2021, the Parties started to engage in preliminary settlement discussions, which involved the informal sharing of information and the exchange of several settlement proposals, including those that involved the Westlake Estate as a possible source of assets to fund a settlement.

H. The Parties sought the assistance of Judge Valdez for a settlement conference, and after exchanging initial settlement proposals, appeared before her beginning in August 2021 for a series of settlement conferences. The settlement conferences continued across seven separate dates, during which the Parties continued to discuss the possible contours of a resolution of Plaintiffs’ claims against Defendant. (*See* dkt. 116.)

I. Ultimately, the Parties were able to reach an agreement in principle wherein the Plaintiffs’ WARN Act claims would be resolved through the Action and funded by proceeds

from the Westlake Estate, and the Plaintiffs' remaining Wage Act Claims would be resolved through a separate settlement in the Bankruptcy Court.

J. Plaintiffs and Class Counsel conducted a comprehensive examination of the law and facts relating to the allegations in the amended complaint and Defendant's potential defenses. Plaintiffs believe that the claims asserted in the Action have merit, that they would have ultimately succeeded in obtaining adversarial certification of the proposed Settlement Class, and that they would have prevailed on the merits at summary judgment or at trial. But Plaintiffs and Class Counsel recognize that Defendant has raised factual and legal defenses in the Action that presented a risk that Plaintiffs may not prevail and/or that a class might not be certified for trial. Class Counsel have also taken into account the uncertain outcome and risks of any litigation, especially in complex actions, as well as the difficulty and delay inherent in such litigation. Plaintiffs and Class Counsel believe that this Agreement presents an exceptional result for the Settlement Class, and one that will be provided to the Settlement Class without delay. Therefore, Plaintiffs believe that it is desirable that the Released Claims be fully and finally compromised, settled, and resolved with prejudice, and barred pursuant to the terms and conditions set forth in this Settlement Agreement.

K. Defendant denies all allegations of wrongdoing and liability and denies all material allegations in the amended complaint. Defendant does not believe that the claims asserted in the Action have merit and that it would have prevailed on a resolution of what are highly complex legal issues. But Defendant similarly concluded that this Settlement Agreement is desirable to avoid the time, risk, and expense of defending protracted litigation. Defendant thus desires to resolve finally and completely the pending and potential claims of Plaintiffs and the Settlement Class.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among Plaintiffs, the Settlement Class, and Defendant that, subject to Court approval after a hearing as provided for in this Settlement Agreement, and in consideration of the benefits flowing to the Parties from the settlement set forth herein, the Released Claims shall be fully and finally compromised, settled, and released, and the Action shall be dismissed with prejudice, upon and subject to the terms and conditions set forth in this Settlement Agreement.

AGREEMENT

1. DEFINITIONS

As used herein, in addition to any definitions set forth elsewhere in this Settlement Agreement, the following terms shall have the meanings set forth below:

1.1 “**Action**” means the case captioned *Pechulis, et al. v. Pipeline Health System, LLC*, Case No. 19-cv-06089 (N.D. Ill.).

1.2 “**Agreement**” or “**Settlement Agreement**” means this Class Action Settlement Agreement.

1.3 “**Bankruptcy Cases**” refers to *In re Pipeline-Westlake Hospital LLC*, Case No. 19-22881, jointly administered with *In re Westlake Property Holdings, LLC*, as Case No. 19-22878, proceeding in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division.

1.4 “**Bankruptcy Court**” means the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, the Honorable Deborah L. Thorne presiding, or any judge who shall succeed her as the Judge assigned to the Bankruptcy Cases.

1.5 “**Bankruptcy Settlements**” means the following two settlements in the Bankruptcy Cases: (1) the settlement with the Trustee of the Class Wage Act Claim filed by

Anna Marie Falcone as Claim No. 127 in Case No. 19-22881; and (2) the settlement between the Trustee, Pipeline Health System, LLC, Tenet Business Services Corporation and other entities, which is currently pending Bankruptcy Court Approval at dkt. 535 in Case No. 19-22878.

1.6 “**Class Counsel**” means attorneys Jay Edelson, Ari Scharg, J. Eli Wade-Scott, and Michael Ovca of Edelson PC.

1.7 “**Class Representatives**” means the named Plaintiffs in the Action, Shellye Pechulis, Anna Marie Falcone, and Jodie Holich.

1.8 “**District Court**” means the United States District Court for the Northern District of Illinois, Eastern Division, the Honorable Franklin U. Valderrama presiding, or any judge who shall succeed him as the Judge assigned to the Action.

1.9 “**Defendant**” or “**Pipeline**” means Pipeline Health System, LLC, a Delaware limited liability company.

1.10 “**Defendant’s Counsel**” or “**Pipeline’s Counsel**” means attorneys Richard P. Darke and Rosanne Ciambrone of Duane Morris LLP.

1.11 “**Effective Date**” means one business day following the later of the following, provided that all conditions set forth in Section 9.1 are satisfied: (i) the date upon which the time expires for filing or noticing any appeal of the Final Judgment; (ii) if there is an appeal or appeals, other than an appeal or appeals solely with respect to the Fee Award or incentive award, the date of completion, in a manner that finally affirms and leaves in place the Final Judgment without any material modification, of all proceedings arising out of the appeal(s) (including, but not limited to, the expiration of all deadlines for motions for reconsideration or petitions for review and/or certiorari, all proceedings ordered on remand, and all proceedings arising out of any subsequent appeal(s) following decisions on remand); or (iii) the date of final dismissal of

any appeal or the final dismissal of any proceeding on certiorari with respect to the Final Judgment.

1.12 “**Escrow Account**” means the separate, interest-bearing escrow account to be established by the Settlement Administrator under terms acceptable to Class Counsel and Defendant at a depository institution insured by the Federal Deposit Insurance Corporation. The money in the Escrow Account shall be invested in the following types of accounts and/or instruments and no other: (a) demand deposit accounts and/or (b) time deposit accounts and certificates of deposit, in either case with maturities of forty-five (45) days or less. Any interest earned on the Escrow Account shall inure to the benefit of the Settlement Class as part of the Settlement Payment, if practicable. The Settlement Administrator shall be responsible for all tax filings with respect to the Escrow Account.

1.13 “**Fee Award**” means the amount of attorneys’ fees and reimbursement of costs to Class Counsel by the District Court to be paid out of the Settlement Fund.

1.14 “**Final Approval Hearing**” means the hearing before the District Court where the Plaintiffs will request that the Final Judgment be entered by the District Court finally approving the Settlement as fair, reasonable and adequate, and approving the Fee Award and the incentive awards to the Class Representatives.

1.15 “**Final Judgment**” means the final judgment to be entered by the District Court approving the settlement of the Action in accordance with this Settlement Agreement after the Final Approval Hearing.

1.16 “**Notice**” means the notice of this proposed Settlement and Final Approval Hearing, which is to be disseminated to the Settlement Class substantially in the manner set forth

in this Settlement Agreement, fulfills the requirements of Due Process and Federal Rule of Civil Procedure 23, and is substantially in the form of Exhibits A and B, attached hereto.

1.17 “**Notice Date**” means the date by which the Notice is disseminated to the Settlement Class, which shall be a date no later than twenty-eight (28) days after entry of Preliminary Approval.

1.18 “**Objection/Exclusion Deadline**” means the date by which a written objection to the Settlement Agreement must be filed with the District Court or a request for exclusion submitted by a person within the Settlement Class must be postmarked or received by the Settlement Administrator, which shall be designated as a date fifty-six (56) days after the Notice Date, as approved by the District Court. The Objection/Exclusion Deadline will be set forth in the Notice and on the Settlement Website.

1.19 “**Plaintiffs**” means Shellye Pechulis, Anna Marie Falcone, and Jodie Holich.

1.20 “**Pipeline Distribution**” means the distribution of funds from the Bankruptcy Settlements to be used to fund the Settlement Fund and contemplated by the settlement between the Trustee, Pipeline Health System, LLC, Tenet Business Services Corporation and other entities. (*See* Case No. 19-22878, dkt. 535-1.)

1.21 “**Preliminary Approval**” means the District Court’s Order preliminarily approving the Agreement, certifying the Settlement Class for settlement purposes, and approving the form and manner of the Notice.

1.22 “**Released Claims**” means any and all actual, potential, filed, unfiled, known or unknown (including “Unknown Claims” as defined below), fixed or contingent, claimed or unclaimed, suspected or unsuspected, claims, demands, liabilities, rights, causes of action, damages, punitive, exemplary or multiplied damages, expenses, costs, attorneys’ fees and/or

obligations, whether in law or in equity, accrued or unaccrued, direct, individual or representative, of every nature and description whatsoever, whether based on the Worker Adjustment and Retraining Notification Act, the Wage Act or other federal, state, local, statutory or common law or any other law, that were brought or could have been brought in the Action, arising from or related to the closure of Westlake Hospital and termination of employees without allegedly providing sufficient notice on or about August 16, 2019 or the nonpayment of wages. *Provided, however, that the following claims and/or rights shall not be Released Claims:* (a) claims for continuation of health or medical coverage, at the Class Member's expense, or at the expense of a beneficiary or dependent of a Class Member, to the extent allegedly required by the relevant provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 or (b) rights, if any, unrelated to the Class Members' WARN claims under Westlake's 401(k) plans. The Wage Act Claims will be paid as a result of the Bankruptcy Settlements in the Bankruptcy Cases.

1.23 “**Released Parties**” means Pipeline Health System, LLC and all of its present or former administrators, predecessors, successors, assigns, parents, subsidiaries, holding companies (including SRC Hospital Investments II, LLC, Pipeline-West Suburban Medical Center LLC and Pipeline-Weiss Hospital, LLC), investors, sister and affiliated companies, divisions, associates, affiliated and related entities, employers, employees, agents, representatives, consultants, independent contractors, directors, managing directors, officers, partners, principals, members, attorneys, vendors, accountants, fiduciaries, financial and other advisors, investment bankers, insurers, reinsurers, employee benefit plans, underwriters, shareholders, lenders, auditors, investment advisors, and any and all present and former companies, firms, trusts, corporations, officers and directors.

1.24 “**Releasing Parties**” means Plaintiffs and Settlement Class Members and their respective present or past heirs, executors, estates, administrators, assigns and agents.

1.25 “**Settlement Administration Expenses**” means the expenses reasonably incurred by the Settlement Administrator in or relating to administering the Settlement, providing Notice, creating and maintaining the Settlement Website, mailing checks for Settlement Payments, related tax obligations, and other such related expenses, which shall be paid from the Settlement Fund.

1.26 “**Settlement Administrator**” means KCC, subject to approval of the District Court, which will provide the Notice, create and maintain the Settlement Website, send Settlement Payments to Settlement Class Members, be responsible for tax withholding and reporting, and perform such other settlement administration matters set forth herein or contemplated by the Settlement.

1.27 “**Settlement Class**” means all individuals that were employed by Westlake and terminated on or about August 16, 2019. Excluded from the Settlement Class are: (1) any individual who was rehired by any of the Released Parties, (2) any Judge or Magistrate presiding over this action and members of their families, (3) Defendant, Defendant’s subsidiaries, parent companies, successors, predecessors, and any entity in which Defendant or its parents have a controlling interest, (4) persons who properly execute and file a timely request for exclusion from the Settlement Class, and (5) the legal representatives, successors or assigns of any such excluded person.

1.28 “**Settlement Class Member**” or “**Class Member**” means a person who falls within the definition of the Settlement Class and who does not submit a valid request for exclusion from the Settlement Class.

1.29 “**Settlement Fund**” means the non-reversionary cash fund in the amount of Nine Hundred Twenty Thousand Dollars (\$920,000.00) to be deposited into the Escrow Account, plus all interest earned thereon. The Settlement Fund shall be used to pay Settlement Payments including Settlement Class Members’ share of applicable taxes, the Fee Award, litigation costs, Settlement Administration Expenses, any incentive award, and any other payments or other monetary obligations contemplated by this Agreement. The Settlement Fund shall be kept in the Escrow Account with permissions granted to the Settlement Administrator to access said funds until such time as the above-listed payments are made. In no event shall any portion of the Settlement Fund, or any interest earned thereon, revert to any Released Party. The Settlement Fund shall be funded as follows: (1) Defendant shall make an initial deposit of Twenty Thousand Dollars (\$20,000.00) within fourteen (14) days of Preliminary Approval to be used for Settlement Administration Expenses, and (2) within seven (7) days of the receipt of at least Nine Hundred Thousand Dollars (\$900,000.00) of the Pipeline Distribution, Defendant shall cause Nine Hundred Thousand Dollars (\$900,000.00) to be deposited into the Settlement Fund.

1.30 “**Settlement Payment**” means a proportion of the Settlement Fund as determined by that Settlement Class Member’s “regular pay rate amount” as of August 16, 2019, as provided by Defendant’s records, less any Fee Award, incentive awards to the Class Representatives, and Settlement Administration Expenses.

1.31 “**Settlement Website**” means the website to be created, launched, and maintained by the Settlement Administrator, which will provide access to relevant settlement administration documents, including the Notice, relevant case documents, and other relevant material.

1.32 “**Unknown Claims**” means claims that could have been raised in the Action and that Plaintiffs, any member of the Settlement Class or any Releasing Party, do not know or

suspect to exist, which, if known by him, her or it, might affect his, her or its agreement to release the Released Parties or the Released Claims or might affect his, her or its decision to agree, to object or not to object to the Settlement. Upon the Effective Date, Plaintiffs, the Settlement Class, and the Releasing Parties shall be deemed to have, and shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Upon the Effective Date, each of the Releasing Parties shall be deemed to have, and shall have, waived any and all provisions, rights and benefits conferred by any law of any state, the District of Columbia or territory of the United States, by federal law, or principle of common law, or the law of any jurisdiction outside of the United States, which is similar, comparable or equivalent to Section 1542 of the California Civil Code. Plaintiffs, the Settlement Class, and the Releasing Parties acknowledge that they may discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of the Release, but that it is their intention to finally and forever settle and release the Released Claims, notwithstanding any Unknown Claims they may have, as that term is defined in this Section.

2. SETTLEMENT RELIEF

2.1 Settlement Payments to Settlement Class Members.

a. The Settlement Administrator shall send each Settlement Class Member a Settlement Payment by check from the Settlement Fund within twenty-eight (28) days of the Effective Date via First Class U.S. Mail to their last known mailing address, as

updated through the National Change of Address database if necessary by the Settlement Administrator. No claims procedure will be required.

b. All Settlement Payments will be designated as wages subject to wage withholdings, including employee and employer withholdings, and will be reported on IRS Form W-2 and any applicable state or local tax form. The Settlement Administrator will withhold those entire withholdings related to the Settlement Payments from the Escrow Account. The Settlement Class Members shall be responsible and liable for payment of all employee share of taxes and penalties, levy, or fines, if any, in connection with their Settlement Payment. Pipeline shall not be responsible for paying any portion of the employer share of taxes in addition to the Settlement Fund.

c. All Settlement Payments will state on the face of the check that the check will expire and become null and void unless cashed within ninety (90) days after the date of issuance.

d. To the extent that a check issued to a Settlement Class Member is not cashed within ninety (90) days after the date of issuance, the check will be void, and such funds shall be distributed to Cara Chicago, <https://caracollective.org/Cara-Chicago/>, a nonprofit specializing in job placement and retraining services, subject to approval of the District Court.

3. RELEASE

3.1 **The Release.** Upon the Effective Date, and in consideration of the settlement relief described herein, the Releasing Parties, and each of them, shall be deemed to have released, and by operation of the Final Judgment shall have, fully, finally, and forever, released,

relinquished and discharged all Released Claims against each and every one of the Released Parties.

4. NOTICE TO THE CLASS

4.1 The Notice shall include:

a. *Class List.* Pipeline shall provide the Settlement Administrator a list of all names, last known U.S. mail addresses, last known telephone number(s), and Social Security Number of all persons in the Settlement Class (the “Class List”) as soon as practicable, but by no later than fourteen (14) days after the execution of this Agreement. The Settlement Administrator shall keep the Class List and all personal information obtained therefrom, including the identity, mailing addresses, telephone numbers, and Social Security Numbers of all persons strictly confidential. The Class List may not be used by the Settlement Administrator for any purpose other than advising specific individual Settlement Class members of their rights, mailing Settlement Payments, satisfying tax obligations, and otherwise effectuating the terms of the Settlement Agreement or the duties arising thereunder, including the provision of Notice of the Settlement.

b. *Update Addresses.* Prior to mailing any Notice, the Settlement Administrator will update the addresses of all persons on the Class List using the National Change of Address database and other available resources deemed suitable by the Settlement Administrator. The Settlement Administrator shall take all reasonable steps to obtain the correct address of any Class Members for whom Notice is returned by the U.S. Postal Service as undeliverable and shall attempt re-mailings as described below in Paragraph 5.1.

c. *Direct Notice.* No later than the Notice Date, the Settlement Administrator shall send a Notice via First Class U.S. Mail, substantially in the form of Exhibit A, to the mailing address of each person on the Class List.

d. *Internet Notice.* Within fourteen (14) days after the entry of Preliminary Approval, the Settlement Administrator will develop, host, administer and maintain the Settlement Website, containing the Notice substantially in the form of Exhibit B.

e. *CAFA Notice.* Pursuant to 28 U.S.C. § 1715, not later than ten (10) days after the Agreement is filed with the District Court, Defendant shall cause to be served upon the Attorneys General of each U.S. State in which Settlement Class members reside, the Attorney General of the United States, and other required government officials, notice of the proposed settlement as required by law.

4.2 The Notice shall advise the Settlement Class of their rights under the Settlement Agreement, including the right to be excluded from or object to the Settlement Agreement or its terms. The Notice shall specify that any objection to this Settlement Agreement, and any papers submitted in support of said objection, shall be received by the District Court at the Final Approval Hearing, only if, on or before the Objection/Exclusion Deadline approved by the District Court and specified in the Notice, the person making an objection shall file notice of his or her intention to do so and at the same time (a) file copies of such papers he or she proposes to submit at the Final Approval Hearing with the Clerk of the District Court, (b) file copies of such papers through the District Court's CM/ECF system if the objection is from a Settlement Class Member represented by counsel, who also must file an appearance, and (c) send copies of such papers via e-mail, U.S. mail, hand, or overnight delivery service to Class Counsel and Defendant's Counsel.

4.3 **Right to Object or Comment.** Any Settlement Class Member who intends to object to this Settlement Agreement must present the objection in writing, which must be personally signed by the objector and must include: (a) the Settlement Class Member's full name and current address; (b) a statement that he or she believes himself or herself to be a member of the Settlement Class; (c) the specific grounds for the objection; (d) all documents or writings that the Settlement Class Member desires the District Court to consider; (e) the name and contact information of any and all attorneys representing, advising, or in any way assisting the objector in connection with the preparation or submission of the objection or who may profit from the pursuit of the objection; and (f) a statement indicating whether the objector intends to appear at the Final Approval Hearing (either personally or through counsel, who must file an appearance or seek *pro hac vice* admission). All written objections must be filed with the District Court and postmarked, e-mailed or delivered to Class Counsel and Defendant's Counsel no later than the Objection/Exclusion Deadline. Any Settlement Class Member who fails to timely file a written objection with the District Court and notice of his or her intent to appear at the Final Approval Hearing in accordance with the terms of this Section and as detailed in the Notice, and at the same time provide copies to designated counsel for the Parties, shall not be permitted to object to this Settlement Agreement at the Final Approval Hearing, and shall be foreclosed from seeking any review of this Settlement Agreement or Final Judgment by appeal or other means and shall be deemed to have waived his or her objections and be forever barred from making any such objections in the Action or any other action or proceeding.

4.4 **Right to Request Exclusion.** Any person in the Settlement Class may submit a request for exclusion from the Settlement on or before the Objection/Exclusion Deadline. To be valid, any request for exclusion must (a) be in writing; (b) identify the case name *Pechulis, et al.*

v. Pipeline Health System, LLC, Case No. 19-cv-06089 (N.D. Ill.); (c) state the full name and current address of the person in the Settlement Class seeking exclusion; (d) be signed by the person(s) seeking exclusion; and (e) be postmarked or received by the Settlement Administrator on or before the Objection/Exclusion Deadline. In light of the COVID-19 pandemic, the Settlement Administrator shall create a dedicated e-mail address to receive exclusion requests electronically. Each request for exclusion must also contain a statement to the effect that “I hereby request to be excluded from the proposed Settlement Class in *Pechulis, et al. v. Pipeline Health System, LLC*, Case No. 19-cv-06089 (N.D. Ill.)” A request for exclusion that does not include all of the foregoing information, that is sent to an address or e-mail address other than that designated in the Notice, or that is not postmarked or delivered to the Settlement Administrator within the time specified, shall be invalid and the persons serving such a request shall be deemed to remain Settlement Class Members and shall be bound as Settlement Class Members by this Settlement Agreement, if approved. Any person who elects to request exclusion from the Settlement Class shall not (a) be bound by any orders or Final Judgment entered in the Action, (b) receive a Settlement Payment under this Settlement Agreement, (c) gain any rights by virtue of this Settlement Agreement, or (d) be entitled to object to any aspect of this Settlement Agreement or Final Judgment. No person may request to be excluded from the Settlement Class through “mass” or “class” opt-outs.

5. SETTLEMENT ADMINISTRATION

5.1 Settlement Administrator’s Duties.

- a. *Dissemination of Notices.* The Settlement Administrator shall disseminate the Notice as provided in Section 4 of this Settlement Agreement.
- b. *Undeliverable Notice via U.S. Mail.* If any Notice sent via U.S. mail is

returned as undeliverable, the Settlement Administrator shall forward it to any forwarding addresses provided by the U.S. Postal Service. If no such forwarding address is provided, the Settlement Administrator shall perform skip traces to attempt to obtain the most recent addresses for such Settlement Class members.

c. *Maintenance of Records.* The Settlement Administrator shall maintain reasonably detailed records of its activities under this Settlement Agreement. The Settlement Administrator shall maintain all such records as required by applicable law in accordance with its business practices and such records will be made available to Class Counsel and Defendant's Counsel upon request. The Settlement Administrator shall also provide reports and other information to the District Court as it may require. Upon request, the Settlement Administrator shall provide Class Counsel and Defendant's Counsel with information concerning Notice, requests for exclusion, administration and implementation of the Settlement.

d. *Receipt of Requests for Exclusion.* The Settlement Administrator shall receive requests for exclusion from persons in the Settlement Class and provide to Class Counsel and Defendant's Counsel a copy thereof within five (5) days of the Objection/Exclusion Deadline. If the Settlement Administrator receives any requests for exclusion or other requests from Settlement Class Members after the deadline for the submission of requests for exclusion, the Settlement Administrator shall promptly provide copies thereof to Class Counsel and Defendant's Counsel.

e. *Creation of Settlement Website.* The Settlement Administrator shall create the Settlement Website. The Settlement Website shall include a toll-free telephone

number and mailing address through which persons in the Settlement Class may contact the Settlement Administrator or Class Counsel directly.

f. *Timing of Settlement Payments.* The Settlement Administrator shall make all Settlement Payments contemplated in Section 2 of this Settlement Agreement by check and send them via First Class U.S. Mail to Settlement Class Members within twenty-eight (28) days after the Effective Date.

g. *Taxes.* The Settlement Administrator shall be responsible for all tax withholdings, remittance, and filings related to the Settlement Payments and the Escrow Account, including performing back-up withholding, and so as to ensure compliance with all federal, state, and local tax laws and reporting requirements.

6. PRELIMINARY APPROVAL AND FINAL APPROVAL

6.1 **Preliminary Approval.** Promptly after execution of this Settlement Agreement, Class Counsel shall submit this Settlement Agreement to the District Court and shall move the District Court to enter an order granting Preliminary Approval, which shall include, among other provisions, a request that the District Court:

- a. Appoint Plaintiffs as Class Representatives of the Settlement Class;
- b. Appoint Class Counsel to represent the Settlement Class;
- c. Certify the Settlement Class under Federal Rule of Civil Procedure 23, for settlement purposes only;
- d. Preliminarily approve this Settlement Agreement for purposes of disseminating Notice to the Settlement Class;
- e. Approve the form and contents of the Notice and the method of its dissemination to members of the Settlement Class; and

f. Schedule a Final Approval Hearing after the expiration of the CAFA notice period, to review comments and/or objections regarding this Settlement Agreement, to consider its fairness, reasonableness and adequacy, to consider the application for a Fee Award and incentive awards to the Class Representatives, and to consider whether the District Court shall issue a Final Judgment approving this Settlement Agreement and dismissing the Action with prejudice.

6.2 **Final Approval.** After Notice to the Settlement Class is given, Class Counsel shall move the District Court for entry of a Final Judgment, which shall include, among other provisions, a request that the District Court:

a. find that it has personal jurisdiction over all Settlement Class Members and subject matter jurisdiction to approve this Settlement Agreement, including all attached Exhibits;

b. approve the Settlement as fair, reasonable and adequate as to, and in the best interests of, the Settlement Class Members; direct the Parties and their counsel to implement and consummate the Settlement according to its terms and conditions; and declare the Settlement to be binding on, and have *res judicata* and preclusive effect in, all pending and future lawsuits or other proceedings maintained by or on behalf of Plaintiffs and all other Settlement Class Members and Releasing Parties;

c. find that the Notice implemented pursuant to the Settlement Agreement (1) constitutes the best practicable notice under the circumstances, (2) constitutes notice that is reasonably calculated, under the circumstances, to apprise the Settlement Class of the pendency of the Action and their rights to object to or exclude themselves from this Settlement Agreement and to appear at the Final Approval Hearing, (3) is reasonable and

constitutes due, adequate, and sufficient notice to all persons entitled to receive notice, and (4) fulfills the requirements of the Federal Rules of Civil Procedure, the Due Process Clause of the United States Constitution, and the rules of the District Court;

d. find that the Class Representatives and Class Counsel adequately represented the Settlement Class for purposes of entering into and implementing the Settlement Agreement;

e. dismiss the Action on the merits and with prejudice, without fees or costs to any Party except as provided in this Settlement Agreement;

f. incorporate the Release set forth above, make the Release effective as of the Effective Date, and forever discharge the Released Parties as set forth herein;

g. authorize the Parties, without further approval from the District Court, to agree to and adopt such amendments, modifications and expansions of the Settlement and its implementing documents (including all Exhibits to this Settlement Agreement) that (i) shall be consistent in all material respects with the Final Judgment, and (ii) do not limit the rights of Settlement Class Members;

h. without affecting the finality of the Final Judgment for purposes of appeal, retain jurisdiction as to all matters relating to administration, consummation, enforcement and interpretation of the Settlement Agreement and the Final Judgment, and for any other necessary purpose; and

i. incorporate any other provisions, consistent with the material terms of this Settlement Agreement, as the District Court deems necessary and just.

6.3 **Cooperation.** The Parties shall, in good faith, cooperate, assist and undertake all reasonable actions and steps in order to accomplish these required events on the schedule set by the District Court, subject to the terms of this Settlement Agreement.

7. TERMINATION OF THE SETTLEMENT AGREEMENT

7.1 **Termination.** Subject to Section 9 below, the Class Representatives, on behalf of the Settlement Class, or Defendant, shall have the right to terminate this Agreement by providing written notice of the election to do so to all other Parties within ten (10) days of any of the following events: (i) the District Court's failure to grant Preliminary Approval of this Agreement in any material respect; (ii) the Bankruptcy Court's failure to enter final and unappealable orders approving either of the Bankruptcy Settlements; (iii) Defendant's receipt of notice from the Bankruptcy Court or the Trustee that the Pipeline Distribution will be less than Nine Hundred Thousand Dollars (\$900,000.00); (iv) the District Court's failure to grant Final Approval of this Agreement in any material respect; (v) the District Court's failure to enter the Final Judgment in this Action in any material respect; (vi) the date upon which the Final Judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court; or (vii) the date upon which an Alternative Judgment, as defined in Paragraph 9.1 of this Agreement, is modified or reversed in any material respect by the Court of Appeals or the Supreme Court.

7.2 In the event that the Bankruptcy Court or the Trustee notifies Defendant that the Pipeline Distribution will be less than Nine Hundred Thousand Dollars (\$900,000.00), Defendant may, at its option and entirely within its sole discretion, elect to contribute sufficient amounts to fully fund the Settlement Fund within fourteen (14) days of receiving such notice.

8. INCENTIVE AWARD AND CLASS COUNSEL'S ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES

8.1 Defendant agrees that Class Counsel is entitled to reasonable attorneys' fees and unreimbursed expenses incurred in the Action as the Fee Award. The amount of the Fee Award shall be determined by the District Court based on petition from Class Counsel. Class Counsel has agreed, with no consideration from Defendant, to limit their request for attorneys' fees and unreimbursed costs to one-third (33.33%) of the Settlement Fund, after costs of Notice and administration are deducted. Defendant may challenge the amount requested. Payment of the Fee Award shall be made from the Settlement Fund, and should the Court award less than the amount sought by Class Counsel, the difference in the amount sought and the amount ultimately awarded pursuant to this Section shall remain in the Settlement Fund and be distributed to Settlement Class Members as Settlement Payments. Class Counsel shall be paid the Fee Award within five (5) business days after the Effective Date. Payment of the Fee Award shall be made by the Settlement Administrator via wire transfer to an account designated by Class Counsel after providing necessary information for electronic transfer.

8.2 Defendant agrees that the Class Representatives shall each be paid an incentive award in the amount of One Thousand Five Hundred Dollars (\$1,500.00) from the Settlement Fund, in addition to any Settlement Payment pursuant to this Settlement Agreement and in recognition of their efforts on behalf of the Settlement Class, subject to the District Court's approval. Should the Court award less than this amount, the difference in the amount sought and the amount ultimately awarded pursuant to this Section shall remain in the Escrow Account and be distributed to Settlement Class Members as Settlement Payments. Any award shall be paid by the Settlement Administrator from the Escrow Account (in the form of a check to each Class Representative that is sent care of Class Counsel) within five (5) business days after the Effective

Date.

9. CONDITIONS OF SETTLEMENT, EFFECT OF DISAPPROVAL, CANCELLATION OR TERMINATION.

9.1 The Effective Date shall not occur unless and until each and every one of the following events occurs, and shall be the date upon which the last (in time) of the following events occurs:

- a. This Agreement has been signed by the Parties and Class Counsel;
- b. The District Court has entered an order granting Preliminary Approval of the Agreement;
- c. The Bankruptcy Court enters final and unappealable orders approving the Bankruptcy Settlements;
- d. The Settlement Fund is fully funded with Nine Hundred Twenty Thousand Dollars (\$920,000.00);
- e. The District Court has entered an order finally approving the Agreement, following Notice to the Settlement Class and a Final Approval Hearing, as provided in the Federal Rules of Civil Procedure, and has entered the Final Judgment, or a judgment substantially consistent with this Settlement Agreement that has become final and unappealable; and
- f. In the event that the District Court enters an order and final judgment in a form other than that provided above (“Alternative Judgment”) to which the Parties have consented, that Alternative Judgment has become final and unappealable.

9.2 If some or all of the conditions specified in Section 9.1 are not met, or in the event that this Agreement is not approved by the District Court, or the settlement set forth in this Agreement is terminated or fails to become effective in accordance with its terms, then this

Agreement shall be canceled and terminated subject to Section 9.3, unless Class Counsel and Defendant's Counsel mutually agree in writing to proceed with this Settlement Agreement. If any Party is in material breach of the terms hereof, any other Party, provided that it is in substantial compliance with the terms of this Agreement, may terminate this Settlement Agreement on notice to all other Parties. Notwithstanding anything herein, the Parties agree that the District Court's decision as to the amount of the Fee Award to Class Counsel set forth above or the incentive award to the Class Representatives, regardless of the amounts awarded, shall not prevent the Settlement Agreement from becoming effective, nor shall they be grounds for termination of the Agreement.

9.3 If this Settlement Agreement is terminated or fails to become effective for the reasons set forth above, the Parties shall be restored to their respective positions in the Action as of the date of the signing of this Agreement, and Defendant's entry into the Settlement Agreement shall not be considered, in any way, as an admission concerning liability or the propriety of class certification. In such event, any Final Judgment or other order entered by the District Court in accordance with the terms of this Agreement shall be treated as vacated, *nunc pro tunc*, and the Parties shall be returned to the *status quo ante* with respect to the Action as if this Settlement Agreement had never been entered into.

10. MISCELLANEOUS PROVISIONS.

10.1 The Parties: (a) acknowledge that it is their intent to consummate this Agreement; and (b) agree, subject to their fiduciary and other legal obligations, to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of this Agreement and to exercise their reasonable best efforts to accomplish the foregoing terms and conditions of this Settlement Agreement. Class Counsel and Defendant's Counsel agree to cooperate with one

another in seeking entry of an order granting Preliminary Approval and the Final Judgment, and promptly to agree upon and execute all such other documentation as may be reasonably required to obtain final approval of the Settlement Agreement.

10.2 Each signatory to this Agreement represents and warrants (a) that he, she, or it has all requisite power and authority to execute, deliver and perform this Settlement Agreement and to consummate the transactions contemplated herein, (b) that the execution, delivery and performance of this Settlement Agreement and the consummation by it of the actions contemplated herein have been duly authorized by all necessary corporate action on the part of each signatory, and (c) that this Settlement Agreement has been duly and validly executed and delivered by each signatory and constitutes its legal, valid and binding obligation.

10.3 The Parties intend this Settlement Agreement to be a final and complete resolution of all disputes between them with respect to the Released Claims by Plaintiffs and the other Settlement Class Members, and each or any of them, on the one hand, against the Released Parties, and each or any of the Released Parties, on the other hand. Accordingly, the Parties agree not to assert in any forum that the Action was brought by Plaintiffs or defended by Defendant, or each or any of them, in bad faith or without a reasonable basis.

10.4 The Parties have relied upon the advice and representation of counsel, selected by them, concerning the claims hereby released. The Parties have read and understand fully this Settlement Agreement and have been fully advised as to the legal effect hereof by counsel of their own selection and intend to be legally bound by the same.

10.5 Whether the Effective Date occurs or this Settlement is terminated, neither this Settlement Agreement nor the Settlement contained herein, nor any act performed or document executed pursuant to or in furtherance of this Settlement Agreement or the Settlement:

a. is, may be deemed, or shall be used, offered or received against the Released Parties, or each or any of them as an admission, concession or evidence of, the validity of any Released Claims, the truth of any fact alleged by Plaintiffs, the deficiency of any defense that has been or could have been asserted in the Action, the violation of any law or statute, the reasonableness of the Settlement Fund, Settlement Payment, or the Fee Award, or of any alleged wrongdoing, liability, negligence, or fault of the Released Parties, or any of them;

b. is, may be deemed, or shall be used, offered or received against Defendant as, an admission, concession or evidence of any fault, misrepresentation or omission with respect to any statement or written document approved or made by the Released Parties, or any of them;

c. is, may be deemed, or shall be used, offered or received against Plaintiffs or the Settlement Class, or each or any of them as an admission, concession or evidence of, the infirmity or strength of any claims asserted in the Action, the truth or falsity of any fact alleged by Defendant, or the availability or lack of availability of meritorious defenses to the claims raised in the Action;

d. is, may be deemed, or shall be used, offered or received against the Released Parties, or each or any of them as an admission or concession with respect to any liability, negligence, fault or wrongdoing as against any Released Parties, in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. However, the Settlement, this Settlement Agreement, and any acts performed and/or documents executed in furtherance of or pursuant to this Settlement Agreement and/or Settlement may be used in any proceedings as may be necessary to effectuate the

provisions of this Settlement Agreement. Moreover, if this Settlement Agreement is approved by the Court, any of the Released Parties may file this Settlement Agreement and/or the Final Judgment in any action that may be brought against such parties in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion, or similar defense or counterclaim;

e. is, may be deemed, or shall be construed against Plaintiffs and the Settlement Class, or each or any of them, or against the Released Parties, or each or any of them, as an admission or concession that the consideration to be given hereunder represents an amount equal to, less than or greater than that amount that could have or would have been recovered after trial; and

f. is, may be deemed, or shall be construed as or received in evidence as an admission or concession against Plaintiffs and the Settlement Class, or each and any of them, or against the Released Parties, or each or any of them, that any of Plaintiffs' claims are with or without merit or that damages recoverable in the Action would have exceeded or would have been less than any particular amount.

10.6 The headings used herein are used for the purpose of convenience only and are not meant to have legal effect.

10.7 The waiver by one Party of any breach of this Settlement Agreement by any other Party shall not be deemed as a waiver of any other prior or subsequent breaches of this Settlement Agreement.

10.8 All of the Exhibits to this Settlement Agreement are material and integral parts hereof and are fully incorporated herein by reference.

10.9 This Settlement Agreement and its Exhibits set forth the entire agreement and understanding of the Parties with respect to the matters set forth herein, and supersede all prior negotiations, agreements, arrangements, and undertakings with respect to the matters set forth herein. No representations, warranties or inducements have been made to any Party concerning this Settlement Agreement or its Exhibits other than the representations, warranties and covenants contained and memorialized in such documents. This Settlement Agreement may be amended or modified only by a written instrument signed by or on behalf of all Parties or their respective successors-in-interest.

10.10 Except as otherwise provided herein, each Party shall bear its own attorneys' fees and costs incurred in any way related to the Action.

10.11 Plaintiffs represent and warrant that they have not assigned any claim or right or interest relating to any of the Released Claims against the Released Parties to any other person or party and that she is fully entitled to release the same.

10.12 Each counsel or other person executing this Settlement Agreement, any of its Exhibits, or any related settlement documents on behalf of any Party hereto, hereby warrants and represents that such person has the full authority to do so and has the authority to take appropriate action required or permitted to be taken pursuant to the Settlement Agreement to effectuate its terms.

10.13 This Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. Signature by digital, facsimile, or in PDF format will constitute sufficient execution of this Settlement Agreement. A complete set of original executed counterparts shall be filed with the Court if the Court so requests.

10.14 If any deadlines related to the Settlement cannot be met, Class Counsel and Defendant's Counsel shall meet and confer to reach agreement on any necessary revisions of the deadlines and timetables set forth in this Agreement and notice an appropriate motion for modification with the District Court. In the event that the Parties fail to reach such agreement, either Party may apply to the District Court via a noticed motion for modification of the dates and deadlines in this Agreement.

10.15 The District Court shall retain jurisdiction with respect to implementation and enforcement of the terms of this Settlement Agreement, and all Parties hereto submit to the jurisdiction of the District Court for purposes of implementing and enforcing the settlement embodied in this Settlement Agreement.

10.16 This Settlement Agreement shall be governed by and construed in accordance with the laws of the State of Illinois without reference to the conflicts of laws provisions thereof.

10.17 This Settlement Agreement is deemed to have been prepared by counsel for all Parties, as a result of arm's-length negotiations among the Parties. Whereas all Parties have contributed substantially and materially to the preparation of this Settlement Agreement, it shall not be construed more strictly against one Party than another.

10.18 Where this Settlement Agreement requires notice to the Parties, such notice shall be sent to the undersigned counsel: Ari Scharg, EDELSON PC, 350 North LaSalle Street, 14th Floor, Chicago, Illinois 60654; Richard P. Darke, DUANE MORRIS LLP, 190 South LaSalle Street, Suite 3700, Chicago, Illinois 60603.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

SHELLYE PECHULIS

Dated: 3/31/2022

By (signature): Shellye Pechulis

Name (printed): Shellye Pechulis

ANNA MARIE FALCONE

Dated: _____

By (signature): _____

Name (printed): _____

JODIE HOLICH

Dated: _____

By (signature): _____

Name (printed): _____

EDELSON PC

Dated: _____

By (signature): _____

Name (printed): _____

Its (title): _____

PIPELINE HEALTH SYSTEM, LLC

Dated: 4/14/2022

By (signature): Brittany Whitman

Name (printed): Brittany Whitman

Its (title): Corporate Counsel

SHELLYE PECHULIS

Dated: _____

By (signature): _____

Name (printed): _____

ANNA MARIE FALCONE

Dated: 3/31/2022

By (signature): *Anna Marie Falcone*

Name (printed): Anna Marie Falcone

JODIE HOLICH

Dated: _____

By (signature): _____

Name (printed): _____

EDELSON PC

Dated: _____

By (signature): _____

Name (printed): _____

Its (title): _____

PIPELINE HEALTH SYSTEM, LLC

Dated: 4/14/2022

By (signature): _____

Name (printed): _____

Its (title): _____

SHELLYE PECHULIS

Dated: _____

By (signature): _____

Name (printed): _____

ANNA MARIE FALCONE

Dated: _____

By (signature): _____

Name (printed): _____

JODIE HOLICH

Dated: 3/31/2022

By (signature): Jodie Holich

Name (printed): Jodie Holich

EDELSON PC

Dated: _____

By (signature): _____

Name (printed): _____

Its (title): _____

PIPELINE HEALTH SYSTEM, LLC

Dated: _____

By (signature): _____

Name (printed): _____

Its (title): _____

SHELLYE PECHULIS

Dated: _____

By (signature): _____

Name (printed): _____

ANNA MARIE FALCONE

Dated: _____

By (signature): _____

Name (printed): _____

JODIE HOLICH

Dated: _____

By (signature): _____

Name (printed): _____

EDELSON PC

Dated: 3/31/2022

By (signature): 

Name (printed): Ari J. Scharg

Its (title): Partner

PIPELINE HEALTH SYSTEM, LLC

Dated: _____

By (signature): _____

Name (printed): _____

Its (title): _____