



VIA U.S. MAIL
CONFIDENTIAL & PRIVILEGED SETTLEMENT COMMUNICATION
ATTORNEY WORK PRODUCT
ENCLOSING SETTLEMENT CHECK

January 31, 2013



Dear [REDACTED]

As you may know, Pacific Secured Equities, Inc. (d/b/a Intercare Holdings Insurance Services) ("Intercare") recently investigated the claims made by certain former employees regarding overtime wages and, more specifically, the allegation that Claims Adjusters have been misclassified as exempt employees. If you were one of those who were interviewed during the investigation, Intercare would like to thank you for your cooperation. Intercare believes that you are properly classified as an exempt employee and that you have been paid correctly. However, as more fully explained below, Intercare wishes to offer you money to settle any claims that you may or may not have against Intercare so that together, we can move forward.

With respect to this offer of money, you have two choices: (1) accept our offer, sign the Release below and return it to us in the attached self-stamped envelope, and cash the check; or (2) refuse our offer and return the check in the same envelope. Please read the details below.

Why are you receiving this letter?

You are receiving this letter because, for some period of time after August 2008, you were employed, and may still be employed, by Intercare as a Claims Adjuster. A lawsuit was filed on August 7, 2012, on behalf of two former employees, and it purports to be a class action ("Lawsuit"). The class as proposed includes you. The Lawsuit is styled as *Eduardo Gaa and Sylvia Lopez v. Intercare Holdings Inc., et al.*, Case No. BC489800. The case was filed in the Superior Court of the State of California, County of Los Angeles. You may access further information about the Lawsuit at <http://www.lasuperiorcourt.org/civilcasesummary/index.asp>.

What do the Lawsuits claim: what do they seek?

The Lawsuit alleges that Intercare did not comply with the law because, among other things, Intercare wrongfully classified Claims Adjusters as "exempt" employees not entitled to overtime compensation. The Lawsuit claims that Claims Adjusters engage in primarily "non-exempt" duties including, among other things, routine clerical work in the handling and processing of

claims pursuant to established protocols and micromanaged guidelines. Thus, the Lawsuit claims that Claims Adjusters are entitled to overtime compensation and seeks recovery of such unpaid wages and penalties for failure to pay all wages upon separation. The Lawsuit alleges causes of action under *California Labor Code* §§ 201, 202, 203, 510, 1194(A), 1198, and 1199, Wage Order 2-2001, and of the *California Business and Professions Code*, §17200 et. seq. It seeks money damages, restitution, interest, penalties, attorneys' fees and costs.

If you would like further information regarding the Lawsuit, you may fax your written question to (916) 781-5645, or send an email to legal@ihiservices.com. You may also want to contact your own attorney (at your expense).

What is Intecare's position?

Intecare disputes the above claims and is actively and aggressively defending against the Lawsuit. Intecare believes that the Lawsuit is not suitable as a class action because each individual employee's work must be examined and there is no common factual or legal issue affecting all proposed class members. Intecare also believes that Claims Adjusters perform work directly related to the management policies or general business operations of Intecare as well as Intecare's clients, customarily and regularly exercise discretion and independent judgment, work under general supervision along specialized or technical lines requiring special training and knowledge, engage in primarily exempt duties, and are otherwise properly classified as exempt employees. Each Claims Adjuster has met the minimum training or experience and regulation requirements as established by the California Department of Insurance. Indeed, Intecare recently conducted in depth interviews with Claims Adjusters inquiring about their job duties and responsibilities. Almost all of those interviewed confirmed Intecare's belief that Claims Adjusters are properly classified as exempt employees.

However, due to the number of Claims Adjusters (past and present) and the varying day to day job responsibilities, Intecare acknowledges that there may be isolated instances where an employee may have performed non-exempt duties. Intecare wishes to do right by our employees and to make sure that all have been compensated appropriately according to California law. Intecare also recognizes that class-action litigation is unpredictable and could take a long time to resolve. In light of that risk, the potential business disruptions, and the high legal fees that come from defending class-action claims, Intecare would like to put this matter behind us and would prefer to put money in the hands of its employees rather than the plaintiffs' attorneys. We have therefore decided to offer to settle any claims that you may or may not have in the Lawsuit in return for a Special Payment as reflected in the check that is enclosed with this letter.

What to do to settle?

Enclosed with this letter are two things: (1) a check made payable to you in an amount that we believe is a good-faith settlement of any claims that you may have against us for unpaid wages, overtime or other compensation, restitution, money damages, interest, penalties, attorney's fees, and costs; and (2) a proposed Release form, under which you release the claims defined in the form as "Released Claims."

While we hope that you will accept our offer, whether or not you do is completely up to you, THIS IS A COMPLETELY VOLUNTARY PROCESS. THERE WILL BE NO RETALIATION AGAINST ANYONE FOR REFUSING OUR OFFER AND FOR THOSE WHO ACCEPT OUR OFFER, NO BENEFIT OTHER THAN ACCEPTING THE ENCLOSED CHECK. You should read the Release form carefully. We encourage you to consult with your own attorney (at your own expense). If you accept our offer, you will be giving up: (1) your possible participation as a class member in the Lawsuit and your right to assert any class or individual claim against us with respect to all the types of claims that are asserted in the Lawsuit; and (2) your right to assert any class or individual claim against us with respect to similar claims that may exist prior to your accepting our offer. You should accept only if you think what we are offering is a fair compromise of any claims you might have, and you share our desire to avoid litigation. You are also free to accept the offer and cash the check even if you believe that you do not have any claims against Intercare. By accepting our offer, you will NOT be giving up any future claim that may arise after your acceptance.

What happens if you settle?

If you choose to settle your claims with us, you need only sign the Release form and return it in the stamped return envelope that is provided. You may then cash the check. DO NOT CASH THE CHECK UNLESS YOU ARE ACCEPTING OUR SETTLEMENT OFFER. If you cash the check, as a matter of law, you will have accepted our settlement offer and released your claims, even if you do not sign and return the release form. If you are not interested in accepting our offer, please return the check and the unsigned Release form in the enclosed envelope. While you should take whatever time you need to decide, we would like to hear back from you one way or the other on or before February 28, 2013.

What happens if you reject our offer?

If you reject our offer, you may bring your own claim against us, or, if a class is certified by the Court in which the Lawsuit has already been filed, you will be a member of that class unless you choose to exclude yourself ("opt out"). It is possible that some class could be certified by the Court and you might receive more through the Lawsuit than we are offering. It is also possible that no class will be certified, and that even if some class were certified, Intercare would prevail in its defenses, and you might receive nothing.

Thank you for reviewing and considering this letter. If you have any questions that are not answered in the enclosed materials, please fax your written question to (916) 781-5645, or send an email to legal@ihiservices.com for more details.

Sincerely,

Pacific Secured Equities, Inc. (d/b/a Intercare Holdings Insurance Services)

By: 
Alan Avriett, Vice President – Human Resources

RELEASE

Pacific Secured Equities, Inc. (d/b/a Intercare Holdings Insurance Services) ("Employer") and _____ ("Employee") have entered into this agreement ("Release") to settle the claims Employee may have against Employer as more fully set forth below:

- a) **Special Payment:** In exchange for this Release and in compromise of the good-faith disputes over whether Employee is owed any wages, overtime or other compensation, restitution, liquidated damages, interest, penalties, attorney's fees, and costs, Employee will receive a Special Payment in the gross amount of \$500.00.
- b) **Claims Released:** In return for this Special Payment, Employee releases Employer, and its parents, affiliated entities, agents, employees, members, and clients (collectively, "Released Parties") from all known or unknown claims under California law, including but not limited to the California Labor Code, the Private Attorneys General Act of 2004, and the California Business and Professions Code, for unpaid wages, premium wages, overtime or other compensation, damages, restitution, interest, penalties (including but not limited to penalties for failure to pay wages, underpayment of wages, late payment of wages, failure to provide accurate itemized wage statements or keep records, and penalties under the Private Attorneys General Act of 2004), attorney's fees and costs, and other damages, arising prior to the date Employee cashes/deposits the Special Payment or signs this Release (collectively, "Released Claims"). The Released Claims include all claims made in the complaint filed as *Eduardo Gaa and Sylvia Lopez v. Intercare Holdings Inc., et al.*, Los Angeles Superior Court Case No. BC489800 ("Lawsuit") or in any other lawsuits.

By cashing the Special Payment or signing this Release, Employee further agrees to not participate as a plaintiff or class member in the Lawsuit, or in any individual or class action that includes any of the Released Claims.

However, Employee does not release Employer from any claim arising after the date Employee cashes/deposits the Special Payment or signs this Release.

- c) **Nonadmission of Liability:** This Release is not an admission of wrongdoing by Employer.
- d) **Consideration of Release:** Employer advised Employee to read this Release and carefully consider all of its terms before signing it. Employer gave Employee adequate time within which to consider this Release, and, in writing, advised Employee to discuss this Release with Employee's own attorney (at Employee's own expense) or with attorneys representing a purported class that is suing Employer if Employee desired to do so. Employee has carefully read this Release, fully understands what it means, and is entering into it voluntarily. Employee is receiving valuable consideration (the Special Payment described above) in exchange for signing this Release, which payment Employer in good faith contends Employee would not otherwise be entitled to receive. It

is not necessary that Employer sign this Release for it to become binding on both Employee and Employer.

READ THIS RELEASE AND CAREFULLY CONSIDER ALL OF ITS PROVISIONS BEFORE SIGNING IT. IT INCLUDES A RELEASE OF KNOWN AND UNKNOWN CLAIMS UNDER CALIFORNIA LAW INCLUDING BUT NOT LIMITED TO CLAIMS FOR UNPAID WAGES, INTEREST AND STATUTORY AND CIVIL PENALTIES, OVERTIME OR OTHER COMPENSATION, AND OTHER CLAIMS. IF YOU WISH, YOU SHOULD CONSULT YOUR OWN ATTORNEY.

Date: _____

Signature: _____

Print Name: _____