



NEWS RELEASE

FOR IMMEDIATE RELEASE

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Skilled Healthcare Group

The Humboldt County District Attorney's Office announced a negotiated settlement in the People's lawsuit against Skilled Healthcare Group, *et al.* The settlement agreements, along with all relevant documents associated with them, were provided to the Court earlier this morning for review and approval. The negotiated settlement is set before Superior Court Judge Watson for preliminary approval on Friday, September 10, 2010. A hearing to consider final approval of the negotiated settlement will be scheduled during Friday's hearing. The settlement was reached after extensive negotiations, including mediation sessions before Judge Weinstein (Ret.) and his JAMS mediation team, and the tireless efforts of all the parties to the related actions.

The negotiated settlement provides for an injunction against the defendants with skilled nursing facilities that will ensure that nursing staff levels at such facilities meet or exceed the minimum staffing levels required by California law. The injunction provides for a court approved auditor to monitor the defendants' compliance with the injunction. The People are pleased with the injunction as it provides for a means to monitor the defendants' compliance with the injunction, which, in turn, provides assurance that staffing levels at the defendants' skilled nursing facilities will meet the minimum levels required by California law.

The negotiated settlement also provides for restitution and/or payment to defendants' residents that resided in the defendants' skilled nursing facilities during the class period. Payments to the residents will take place through a claims process administered by Gilardi & Company, LLC.

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In addition, the negotiated settlement provides, after payment to class members, a total possible payment for public prosecutors of up to \$5 million dollars. The negotiated settlement provides, unless certain conditions of the settlement agreements are not satisfied, for payment of up to \$2 million to Humboldt County, \$500,000 to the California Attorney General's Office, \$500,000 to the California District Attorney's Association, \$400,000 to Orange County, \$400,000 to Fresno County, \$400,000 to Riverside County, and \$400,000 to Santa Barbara County.

The People's case was handled by Humboldt County District Attorney Paul Gallegos, who stated that: "the settlement is a just and an appropriate resolution for all parties as it provides assurances of specific daily nurse staffing levels in the defendants' skilled nursing facilities where many of California's elderly citizens receive nursing care, the defendant's residents, provides compensation to the class members, provides oversight and monitoring of the defendants' nurse staffing levels, provides for future protection of residents in defendants' skilled nursing facilities."

The Humboldt County District Attorney's Office was an intervenor in the action that was originally filed by the law offices of Janssen, Malloy, Needham, Reinholtsen, Crowley & Griego, the Law Offices of Michael D. Thamer, and Christopher Healey and Aaron Winn from Luce, Forward, Hamilton & Scripps, LLP. The District Attorney thanked those attorneys for their collaboration, cooperation and hard work stating that: "without the skills, expertise, collaboration, cooperation and hard work of each and every one of those law firms and the attorneys and staff in them, the People would not have been able to accomplish their goals of obtaining a meaningful injunction, bringing restitution and/or compensation to the class members, and obtaining an appropriate resolution for all parties that provides the enforcement of laws intended to protect the elderly throughout the state of California." The Humboldt County District Attorney stated further that "the more than four years of labor, six months of trial and weeks of negotiations of the plaintiff's attorneys, the District Attorney staff and attorneys, the sacrifice of residents and employees who testified, and the jurors who sacrificed more than six months of their lives to decide this important matter for elderly Californian's was a moving testimony to the care and commitment of the community and the individuals in it to ensure higher daily nurse staffing levels in skilled nursing facilities where many elderly Californians reside." The Humboldt County District Attorney added a special thanks to Mrs. Vilchinsky and her family and extended his sincere gratitude for her assistance in making these protections for elderly people in Humboldt, Los Angeles, Orange, Riverside, Fresno and Santa Barbara Counties possible.

Defendants' skilled nursing facilities located in Humboldt County include: Granada Healthcare and Rehabilitation Center, LLC; Eureka Healthcare and Rehabilitation Center, LLC; Pacific Healthcare and Rehabilitation Center, LLC; Seaview Healthcare and Rehabilitation Center, LLC; and St. Luke Healthcare and Rehabilitation Center, LLC.