

19th DISTRICT COURT, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO 901 9th Avenue Greeley, Colorado 80631	DATE FILED: August 14, 2023 3:19 PM CASE NUMBER: 2023CV30580
Karen Alexander and Jared Gabelman, on behalf of themselves and all others similarly situated, Plaintiffs, v. Salud Family Health, Inc., Defendant.	▲ COURT USE ONLY ▲
	Case Number: 2023CV030580
[PROPOSED] ORDER GRANTING PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT	

This matter came before the Court on Plaintiffs’ Unopposed Motion for Preliminary Approval of a Settlement Agreement between Karen Alexander and Jared Gabelman (“Plaintiffs” or “Representative Plaintiffs”), individually and on behalf of the proposed Settlement Class, and Defendant Salud Family Health, Inc. (“Salud” or “Defendant”), that, upon final approval by this Court, settles the above-captioned litigation.

PRELIMINARY APPROVAL OF SETTLEMENT AGREEMENT

The Court hereby GRANTS preliminary approval of the Parties’ Settlement Agreement dated July 31, 2023 (“Settlement Agreement”), the proposed Long Form Notice, Short Form Notice, and Claim Form, and finds as follows:

The Court has jurisdiction over all claims in this Action and all Parties hereto. This Order is based on Colorado law, including but not limited to Rule 23 of the Colorado Rules of Civil Procedure. The Court adopts by reference the Settlement Agreement, attached to Plaintiffs' Unopposed Motion for Preliminary Approval. This Order adopts the definitions in the Settlement Agreement, and terms used in this Order shall have the same meaning ascribed to them in the Settlement Agreement.

The Court preliminarily FINDS that the Parties' Settlement, as reflected in the Settlement Agreement, is fair, reasonable, and adequate, and that it is in the best interests of the Settlement Class Members. The Parties entered into the Settlement after extensive, arm's-length negotiations and a mediation with Hon. Wayne Andersen (Ret.) of JAMS. The Court preliminarily approves the Settlement Agreement, provisionally appoints the Settlement Class Representatives, Class Counsel, and Claims Administrator, and ORDERS that the Parties should commence providing Notice of the Settlement to Settlement Class Members in accordance with the procedures proposed in the Settlement Agreement.

Defendant is a federally qualified health center serving low-income, medically underserved populations in Colorado. In September 2022, Defendant was the victim of a data security incident ("Security Incident") in which an unauthorized and malicious third party accessed Defendant's computer systems and data, resulting in that third party's access to personal information belonging to Plaintiffs and Members of the Settlement Class. The information potentially accessed includes names, Social Security numbers, driver's license numbers, Colorado identification card numbers, financial account information, credit card numbers, passport numbers, medical treatment and diagnosis information, health insurance information, biometric data, and usernames and passwords. Defendant subsequently notified potentially impacted individuals, who included

Defendant's employees and patients. In total, Defendant estimates that approximately 427,528 individuals' data may have been impacted by the Security Incident.

On November 14, 2022, Plaintiff Karen Alexander, on behalf of herself and her minor children, filed her Class Action Complaint in the District Court for Weld County, Colorado. On January 6, 2023, Defendant Salud noticed the removal of Alexander's case to federal court. On January 27, 2023, Plaintiff Jared Gabelman, on behalf of himself and his minor child, filed his Class Action Complaint against Salud in the U.S. District Court for the District of Colorado. On February 9, 2023, Salud filed a Motion to Substitute the United States in place of Salud in the *Alexander* matter. On March 17, 2023, the United States declined to intervene.

The Parties proceeded to mediation with a neutral mediator, and after vigorous negotiations reached a settlement in principle, and agreed to negotiate a formal settlement agreement at arm's length. Plaintiffs summarize the relevant terms of the proposed Settlement, as follows:

- (a) A process for Settlement Class Members to submit claims for reimbursement of documented ordinary and extraordinary expenses up to \$7,500 per Class Member that were incurred more likely than not as a result of the Security Incident and a process for Settlement Class Members to submit claims for compensable lost time for up to four hours at a rate of \$20 per hour, all of which will be evaluated by the Court-approved Claims Administrator. Defendant's liability for these claims will be subject to a cap of \$1,000,000 in the aggregate. Should claims exceed this cap, each claim shall be reduced *pro rata*.
- (b). A process for Settlement Class Members to enroll in two years of three-bureau identity theft and credit monitoring services, paid for by Defendant.
- (c). Equitable relief in the form of business practices changes by Defendant for at least the next three years aimed at data security.
- (d). Defendant to pay all Notice and Settlement Claims Administration costs.
- (e). Defendant to pay a Court-approved amount for attorneys' fees, costs, and expenses of Settlement Class Counsel not to exceed \$550,000.
- (f). Defendant to pay a Service Award of up to \$2,000 to each of the named Class Representatives.

As part of the agreement, and because of concerns as to whether the federal court could exercise subject matter jurisdiction over these claims, the Parties agreed that Plaintiffs would dismiss their federal complaints and refile in this Court. The Consolidated Class Action Complaint (“CCAC”), filed on July 28, 2023 on behalf of Plaintiffs by interim Class Counsel alleged eight causes of action: negligence; negligence *per se*; breach of implied contract; breach of fiduciary duty; intrusion upon seclusion/invasion of privacy; unjust enrichment; declaratory judgment; and violation of the Colorado Consumer Protection Act. The Settlement Agreement was executed on July 31, 2023.

The Settlement Agreement is the result of the arm’s-length and non-collusive settlement discussions and is intended to memorialize the terms of the Parties’ Settlement, contingent on this Court’s final approval. The Parties have agreed to settle this action, according to the terms of the Settlement Agreement, and subject to the approval and determination of the Court as to the fairness, reasonableness, and adequacy of the Settlement which, if approved, will result in dismissal of this action with prejudice.

Plaintiffs and Class Counsel, on behalf of the Settlement Class, have concluded based upon their investigation, and taking into account the contested issues involved, the expense and time necessary to prosecute the Action through trial, the risks and costs associated with further prosecution of the Action, the uncertainties of complex litigation, the desired outcome from continued litigation, and the substantial benefits to be received pursuant to this Settlement Agreement, that a settlement with Defendant on the terms set forth herein is fair and reasonable and in the best interest of Plaintiffs and the Settlement Class. Plaintiffs and Class Counsel believe that the Settlement confers substantial benefits upon the Settlement Class and ask the Court to preliminarily approve the Settlement.

Having reviewed the Settlement Agreement, including the exhibits attached thereto, and all prior proceedings herein, and for good cause shown, it is hereby **ORDERED** that Plaintiffs' Unopposed Motion for Preliminary Approval is granted as set forth herein.¹

1. Class Certification for Settlement Purposes Only. For settlement purposes only and pursuant to Colorado Rule of Civil Procedure 23, the Court provisionally certifies a Settlement Class in this matter, defined as follows:

Settlement Class

All persons whose PII or private information may have been compromised as a result of the Security Incident that Salud discovered in or about September 2022, and who were sent notice of the Security Incident.

The Settlement Class specifically excludes: (i) Salud, and its officers and directors; (ii) all Settlement Class Members who timely and validly request exclusion from the Settlement Class; (iii) the presiding judge, and his or her staff and family; and (iv) any other Person found by a court of competent jurisdiction to be guilty under criminal law of initiating, causing, aiding or abetting the criminal activity occurrence of the Security Incident or who pleads *nolo contendere* to any such charge. The Settlement Class includes approximately 427,528 individuals.

The Court provisionally finds, for settlement purposes only, that: (a) the Settlement Class is so numerous that joinder of all Settlement Class Members would be impracticable; (b) there are questions of law and fact common to the Settlement Class; (c) the claims and defenses of the Settlement Class Representatives are typical of the claims and defenses of the Settlement Class Members; (d) the Settlement Class Representatives and Settlement Class Counsel will fairly and adequately protect the interests of the Settlement Class as the Settlement Class Representatives

¹ Unless otherwise indicated, capitalized terms used herein have the same meaning as in the Settlement Agreement.

have no interest antagonistic to or in conflict with the Settlement Class and have retained experienced and competent counsel to prosecute this matter on behalf of the Settlement Class; (e) questions of law or fact common to Settlement Class Members predominate over any questions affecting only individual members; and (f) a class action and class settlement is superior to other methods available for a fair and efficient resolution of this controversy.

2. Settlement Class Representatives and Settlement Class Counsel.

Plaintiffs Karen Alexander and Jared Gabelman are hereby provisionally designated and appointed the Settlement Class Representatives. The Court provisionally finds that the Settlement Class Representatives are similarly situated to absent Class Members and therefore typical of the Class and that they will be adequate Settlement Class Representatives.

The Court finds that the following counsel are experienced and adequate counsel and are hereby provisionally designated as Settlement Class Counsel: Benjamin F. Johns and Samantha Holbrook, Shub & Johns LLP, located at 200 Barr Harbor Drive, Suite 400, Conshohocken, PA 19428; Danielle L. Perry and Gary E. Mason of Mason LLP, located at 5335 Wisconsin Ave., NW, Ste 640, Washington, District of Columbia, 20015; Rick D. Bailey of the Law Office of Rick D. Bailey, located at 1801 Broadway, Ste. 528, Denver, Colorado, 80202.

3. Preliminary Settlement Approval. Upon preliminary review, the Court concludes and finds that the proposed Settlement is fair, reasonable, and adequate to warrant providing Notice of the Settlement to the Settlement Class and accordingly is preliminarily approved.

4. Jurisdiction. The Court concludes that it has subject matter jurisdiction and personal jurisdiction over the Parties before it for the purposes of the Settlement. Additionally, venue is proper in this District pursuant to Colo. R. Civ. P. 98(c).

5. **Final Approval Hearing.** A Final Approval Hearing shall be held on _____ at 8:30 am in Division 4 _____:00 .m. on ~~XXXX~~, _____, in the 19th District Court for Weld County, 901 9th Avenue, Greeley, Colorado 80631, to determine, among other things, whether: (a) this matter should be finally certified as a class action for settlement purposes pursuant to Colorado Rule of Civil Procedure 23(b)(3); (b) the Settlement should be finally approved as fair, reasonable, and adequate pursuant to Colorado Rule of Civil Procedure 23(e); (c) the action should be dismissed with prejudice pursuant to the terms of the Settlement Agreement; (d) Settlement Class Members should be bound by the releases set forth in the Settlement Agreement; (e) the motion of Settlement Class Counsel for an award of attorneys’ fees, costs, and expenses (the “Fee Request”) should be approved; and (f) the motion of the Settlement Class Representatives for Service Award (the “Service Award Request”) should be approved. Plaintiffs’ Motion for Attorneys’ Fees, Costs, and Plaintiffs’ Service Award shall be filed at least 14 days prior to Settlement Class Members’ deadline to object or opt-out of the Settlement. Plaintiffs’ Motion for Final Approval of the Settlement, Service Award Request, and Fee Request shall be filed with the Court at least 30 Days prior to the Final Approval Hearing. By no later than 14 days prior to the Final Approval Hearing, the Parties shall file responses, if any, to any objections, and any replies in support of final approval of the Settlement and/or the Service Award Request and Fee Request.

6. **Appointment of Claims Administrator.** The Court appoints Epiq Class Action & Claims Solutions, Inc. (“Epiq”) as the Claims Administrator, with responsibility for class notice and claims administration and to fulfill the duties of the Claims Administrator set forth in the Settlement Agreement. In accordance with the Settlement Agreement, Defendant shall pay all agreed upon costs and expenses associated with providing notice to Settlement Class Members

including, but not limited to, the Claims Administrator's fees, as well as the costs associated with administration of the Settlement.

7. **Notice to the Class.** The proposed Notice Program set forth in the Settlement Agreement, and the Claim Form, Short-Form Notice, and Long-Form Notice attached to the Settlement Agreement as Exhibits A-C satisfy the requirements of Colorado Rule of Civil Procedure 23(e), provide the best notice practicable under the circumstances, and are hereby approved. The Parties may make non-material modifications to these Exhibits without further order of the Court. The Claims Administrator is directed to carry out the Notice Program in conformance with the Settlement Agreement.

Within **45 days from the date of this Order** (the "Notice Deadline"), the Claims Administrator shall complete the Notice Program in the manner set forth in Section 3 of the Settlement Agreement.

8. **Findings and Conclusions Concerning Notice.** The Court finds that the form, content, and method of giving notice to the Settlement Class as described in Paragraph 7 of this Order and Section 3 of the Settlement Agreement (including the exhibits thereto): (a) will constitute the best practicable notice to the Settlement Class; (b) are reasonably calculated to apprise Settlement Class Members of the pendency of the action, the terms of the proposed Settlement, and their rights under the proposed Settlement, including but not limited to their rights to object to or exclude themselves from the proposed Settlement and other rights under the terms of the Settlement Agreement; (c) are reasonable and constitute due, adequate, and sufficient notice to all Class Members and other persons entitled to receive notice; and (d) the Court concludes that the Notice Program meets all applicable requirements of law, including Colorado Rule of Civil Procedure Rule 23, and the Due Process Clause(s) of the United States Constitution. The Court

further finds that the Notice is written in plain language, uses simple terminology, and is designed to be readily understandable by Class Members.

9. Exclusion from Class. Any Settlement Class Member who wishes to be excluded from the Settlement Class must mail a written notification of the intent to exclude himself or herself from the Settlement Class to the Claims Administrator at the address provided in the Notice, postmarked no later than **60 Days from the date Notice Commences** (the “Opt-Out Period”). The written notification must include the individual’s full name, address, and telephone number; an unequivocal statement that he or she wants to be excluded from the Settlement Class; and the original signature of the individual or a person previously authorized by law, to act on behalf of the individual with respect to the claims asserted in this Action.

The Claims Administrator shall provide the Parties with copies of all completed opt-out notifications, and a final list of all who have timely and validly excluded themselves from the Settlement Class, which Settlement Class Counsel may move to file under seal with the Court no later than **10 Days prior to the Final Approval Hearing.**

Any Settlement Class Member who does not timely and validly exclude herself or himself from the Settlement shall be bound by the terms of the Settlement Agreement. If Final Order and Judgment is entered, any Settlement Class Member who has not submitted a timely, valid written notice of exclusion from the Settlement Class shall be bound by all proceedings, orders, and judgments in this matter, including but not limited to the Release set forth in the Final Order and Judgment, including Settlement Class Members who have previously initiated or who subsequently initiate any litigation against any or all of the Released Persons relating to the claims and transactions released in the Settlement Agreement. All Settlement Class Members who submit

valid and timely notices of exclusion from the Settlement Class shall not be entitled to receive any benefits of the Settlement.

10. Objections and Appearances. A Settlement Class Member who complies with the requirements of this paragraph may object to the Settlement, the Service Award Request, or the Fee Request.

No Settlement Class Member shall be heard, and no papers, briefs, pleadings, or other documents submitted by any Settlement Class Member shall be received and considered by the Court, unless the objection is (a) filed with the Court by the Objection Date; or (b) mailed first-class postage prepaid to Plaintiffs' Counsel and Defendant's Counsel at the addresses listed in the Notice, and postmarked by no later than the Objection Date, as specified in the Notice. For an objection to be considered by the Court, the objection must also include all of the information set forth in Section VII of the Settlement Agreement, which is as follows:

- (a) the objector's full name, address, telephone number, and e-mail address (if any);
- (b) the Settlement Class Member's original signature;
- (c) state that the Settlement Class Member objects to the Settlement, in whole or in part;
- (d) set forth a statement of the legal and factual basis for the Objection; and
- (e) provide copies of any documents that the Settlement Class Member wishes to submit in support of his/her position.

Any Settlement Class Member who fails to comply with the provisions in this Paragraph may waive and forfeit any and all rights he or she may have to object, and shall be bound by all the terms of the Settlement Agreement, this Order, and by all proceedings, orders, and judgments

in this matter, including, but not limited to, the release in the Settlement Agreement if Final Order and Judgment is entered.

Any Settlement Class Member, including a Settlement Class Member who files and serves a written objection, as described above, may appear at the Final Approval Hearing, either in person or through counsel hired at the Settlement Class Member's expense, to object to or comment on the fairness, reasonableness, or adequacy of the Settlement, the Service Award Request, or the Fee Request. If an objecting Settlement Class Member intends to appear at the Final Approval Hearing, either with or without counsel, he or she must also file a notice of appearance with the Court (as well as serve on Settlement Class Counsel and Defendants' Counsel) by the Objection Date. If the objecting Settlement Class Member intends to appear at the Final Approval Hearing through counsel, he or she must also identify the attorney(s) representing the objecting Settlement Class Member who will appear at the Final Approval Hearing and include the attorney(s) name, address, phone number, e-mail address, state bar(s) to which counsel is admitted, as well as associated state bar numbers, and a list identifying all objections such counsel has filed to class action settlements in the past three (3) years, the results of each objection, any court opinions ruling on the objections, and any sanctions issued by a court in connection with objections filed by such attorney. If the objecting Settlement Class Member intends to request the Court for permission to call witnesses at the Final Approval Hearing, the objecting Settlement Class Member must provide a list of any such witnesses together with a brief summary of each witness's expected testimony at least sixty (60) Days before the Final Approval Hearing.

If Final Order and Judgment is entered, any Settlement Class Member who fails to object in the manner prescribed herein shall be deemed to have waived his or her objections and shall be forever barred from making any such objections in this action or in any other proceeding or from

challenging or opposing, or seeking to reverse, vacate, or modify any approval of the Settlement Agreement, the Service Award Request, or the Fee Request.

11. Claims Process and Distribution and Allocation Plan. Settlement Class Representatives and Defendant have created a process for assessing and determining the validity and value of claims and a payment methodology to Settlement Class Members who submit a timely, valid Claim Form. The Court preliminarily approves the plan for Settlement Benefits described in Section 2 of the Settlement Agreement and directs that the Claims Administrator prepare to effectuate the distribution of Settlement consideration according to the terms of the Settlement Agreement, should the Settlement be finally approved.

Settlement Class Members who qualify for and wish to submit a Claim Form shall do so in accordance with the requirements and procedures specified in the Notice and the Claim Form. If Final Order and Judgment is entered, all Settlement Class Members who qualify for any benefit under the Settlement but fail to submit a claim in accordance with the requirements and procedures specified in the Notice and the Claim Form shall be forever barred from receiving any such benefit, but will in all other respects be subject to and bound by the provisions in the Settlement Agreement, the Release included in that Settlement Agreement, and the Final Order and Judgment.

12. Termination of Settlement. This Order shall become null and void and shall be without prejudice to the rights of the Parties, all of whom shall be restored to their respective positions existing as of the date of the execution of the Settlement Agreement if the Settlement is not finally approved by the Court or is terminated in accordance with the Settlement Agreement. In such event, the Settlement and Settlement Agreement shall become null and void and be of no further force and effect, and neither the Settlement Agreement nor the Court's orders, including this Order, relating to the Settlement shall be used or referred to for any purpose whatsoever.

13. Use of Order. This Order shall be null and void and of no force or effect if Final Order and Judgment is not entered or there is no Effective Date. In such event, this Order shall not be construed or used as an admission, concession, or declaration by or against Defendant of any fault, wrongdoing, breach, liability, or the certifiability of any class. Nor shall this Order be construed or used as an admission, concession, or declaration by or against the Settlement Class Representatives or any other Settlement Class Member that his or her claim lacks merit or that the relief requested is inappropriate, improper, unavailable, or as a waiver by any Party of any defense or claim he, she, or it may have in this litigation or in any other lawsuit.

14. Stay of Proceedings. Except as necessary to effectuate this Order, all proceedings and deadlines in this matter are stayed and suspended pending the Final Approval Hearing and issuance of the Final Order and Judgment, or until further order of this Court.

15. Continuance of Hearing. The Court reserves the right to adjourn or continue the Final Approval Hearing and related deadlines without further written notice to the Settlement Class. If the Court alters any of those dates or times, the revised dates and times shall be posted on the website maintained by the Claims Administrator.

16. Summary of Deadlines. The preliminarily approved Settlement shall be administered according to its terms pending the Final Approval Hearing. Deadlines arising under the Settlement Agreement and this Order include but are not limited to:

Notice Commencement Deadline: 30 Days after Preliminary Approval

Notice Completion Deadline (Deadline to Mail Postcard Notice): 45 Days after Preliminary Approval

Motion for Final Approval: 30 Days before Final Approval Hearing

Motion for Service Awards, Attorneys' Fees and Costs: 14 Days before the Objection Deadline and Opt-Out Deadline

Opt-Out Deadline: 60 Days after Notice Commences

Objection Deadline: 60 Days after Notice Commences

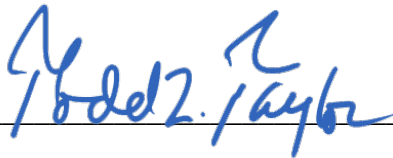
Replies in Support of Final Approval, Service Awards and Fee Requests: 14 Days before Final Approval Hearing

Claim Deadline: 90 Days after Notice Commences

Final Approval Hearing: at least 120 Days after Preliminary Approval

IT IS SO ORDERED this 14th day of August, 2023

BY THE COURT:



District Court Judge