

PHILADELPHIA COURT OF COMMON PLEAS
PETITION/MOTION COVER SHEET

FOR COURT USE ONLY

ASSIGNED TO JUDGE:

ANSWER/RESPONSE DATE:

04/17/2023

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CONTROL NUMBER:

23035589

(RESPONDING PARTIES MUST INCLUDE THIS
NUMBER ON ALL FILINGS)

April Term, 2021
Month Year

No. 00093

REESE ETAL VS TEEN CHALLENGE TRAINING
CENTER, INC.

Name of Filing Party:

KRIS REESE-PLF

TODD SAYLOR-PLF

INDICATE NATURE OF DOCUMENT FILED:

- ☐ Petition (*Attach Rule to Show Cause*) ☒ Motion
☐ Answer to Petition ☐ Response to Motion

Has another petition/motion been decided in this case? ☐ Yes ☒ No

Is another petition/motion pending? ☐ Yes ☒ No

If the answer to either question is yes, you must identify the judge(s):

TYPE OF PETITION/MOTION (see list on reverse side)

MISCELLANEOUS MOTION/PETITION

PETITION/MOTION CODE
(see list on reverse side)

MTMIS

ANSWER / RESPONSE FILED TO (Please insert the title of the corresponding petition/motion to which you are responding):

I. CASE PROGRAM

OTHER PROGRAM

Court Type: CLASS ACTION

Case Type: CLASS ACTION

II. PARTIES (*required for proof of service*)

(Name, address and **telephone number** of all counsel of record and unrepresented parties. Attach a stamped addressed envelope for each attorney of record and unrepresented party.)

ROBERT J MONGELUZZI

ONE LIBERTY PLACE 52ND FLOOR 1650

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DAVID J SHANNON

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III. OTHER

By filing this document and signing below, the moving party certifies that this motion, petition, answer or response along with all documents filed, will be served upon all counsel and unrepresented parties as required by rules of Court (see PA. R.C.P. 206.6, Note to 208.2(a), and 440). Furthermore, moving party verifies that the answers made herein are true and correct and understands that sanctions may be imposed for inaccurate or incomplete answers.

(Attorney Signature/Unrepresented Party)

March 27, 2023

(Date)

ELIZABETH A. BAILEY

(Print Name)

(Attorney I.D. No.)

The Petition, Motion and Answer or Response, if any, will be forwarded to the Court after the Answer/Response Date.
No extension of the Answer/Response Date will be granted even if the parties so stipulate.

IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY, PENNSYLVANIA

KRIS REESE and TODD SAYLOR, on)	
behalf of themselves and others similarly	)	CIVIL DIVISION
situated,)	
)	
	)	Case No. 210400093
Plaintiffs,)	
VS.)	
)	
)	
TEEN CHALLENGE TRAINING CENTER,)	
INC., d/b/a PENNSYLVANIA ADULT &)	
TEEN CHALLENGE,)	
)	
Defendant.)	

**[PROPOSED] ORDER OF COURT
PRELIMINARILY APPROVING CLASS ACTION SETTLEMENT**

AND NOW, this _____ day of _____, 2022, upon review of Plaintiffs' Unopposed Motion for Class Certification and Preliminary Approval of Proposed Settlement Agreement as between Plaintiffs Kris Reese and Todd Saylor (collectively, "Plaintiffs"), on behalf of themselves and a proposed Class, and Defendant Teen Challenge Training Center, Inc., d/b/a Pennsylvania Adult & Teen Challenge ("Defendant"), it is hereby **ORDERED** and **DECREED** as follows:

1. The Court has reviewed the Parties' Settlement Agreement and Release, and the Exhibits attached thereto (the "Settlement").
2. Terms capitalized herein and not otherwise defined shall have the meanings ascribed to them in the Settlement.
3. This Court has jurisdiction over the subject matter of this lawsuit and *in personam* jurisdiction over Plaintiffs and Defendant in the above-captioned case (the "Parties"), along with all Class Members.

4. The Court finds that, solely for the purposes of settlement and notice, the requirements of Pa. R. Civ. P. 1702, 1708, 1709 and 1714 have been met, specifically:

- a. The Class Members are so numerous that joinder of all members is impracticable, as there are thousands of Class Members;
- b. There are questions of law or fact common to the Class based upon the claims raised in the lawsuit relating to the Incident at issue;
- c. Plaintiffs' claims are typical of the claims of the Class because they are based on, and arise from the same Incident;
- d. Plaintiffs and Class Counsel will fairly and adequately assert and protect the interests of the Class under the criteria set forth in Pa. R. Civ. P. 1709, as Plaintiffs have no interests antagonistic to the Class, Class Counsel has adequate financial resources to prosecute the litigation and is highly experienced in class action litigation and Plaintiffs have actively participated in the litigation;
- e. A class action provides a fair and efficient method for adjudication of the controversy under the criteria set forth in Pa. R. Civ. P. 1708 because:
 - Questions of law and fact common to the class members predominate over any questions affecting only individual members, namely those relating to the Incident at issue, and a class action is superior to other available methods for fairly and efficiently adjudicating this lawsuit, as it provides an efficient class-wide resolution;
 - Since settlement of this class action is proposed, certification presents no management issues to speak of;
 - The prosecution of separate actions by individual members of the Class would

create a risk of: (i) inconsistent or varying adjudications with respect to individual members of the Class which would confront the Defendant with incompatible standards of conduct; and (ii) adjudications with respect to individual members of the Class which would as a practical matter be dispositive of the interests of other members not parties to the adjudications or substantially impair or impede their ability to protect their interests;

- To the Court's knowledge, no other litigation has yet been commenced by members of the Class involving any of the same issues presented herein;
- This Court is an appropriate forum for the resolution of the claims of the entire Class;
- In light of the complexities of the issues and the expenses of litigation, the separate claims of individual Class members are insufficient in amount to support separate actions; and
- The expense and effort of administering the action is proportionate to the substantial monetary recovery for the Class, such that a class action is justified.

5. The Court therefore **CERTIFIES** the following Class:

All persons whose personally identifiable information or protected health information was exposed in Defendant's Data Breach (the "Incident").

6. The Court finds that the terms of the Settlement are within the range of a fair, reasonable, and adequate settlement between Plaintiffs and the Class, on one hand, and Defendant, on the other hand, under the circumstances of this case. The Court therefore preliminarily approves the Settlement and directs the parties to the Settlement to perform and satisfy the terms and conditions of the Settlement that are triggered by such preliminary approval.

7. Defendant is directed to make the payments as set forth in the Settlement for the

benefit of the Class.

8. The proposed notices in the form attached to the Settlement, and the manner of distribution of such Notice by email and/or direct mail, are hereby approved by this Court as the best notice practicable to the Class. The form and manner of notice proposed in the Settlement comply with Pa. R. Civ. P. 1712 and the requirements of Due Process.

9. KCC Class Action Services, LLC (the “Settlement Administrator”) shall cause notice to be sent to each Class Member no later than sixty (60) days from the date of this Order. Notice shall be sent in the manner set forth in the Settlement.

10. No later than 14 days before the deadline for Class Members to exclude themselves from, or object to the Settlement contained therein (the “Bar Date to Opt Out”), Plaintiffs shall file a motion for approval of the attorneys’ fees, expenses and costs, the Settlement Administrator’s costs, and the Class Representatives’ service award.

11. Plaintiffs shall file a motion for final approval of the Settlement no later than 14 days before the Final Approval Hearing.

12. Pursuant to Pa. R. Civ. P. 1714(a), a final approval hearing (the “Final Approval Hearing”) shall be held before the undersigned at _____ o’clock, on _____ (month) _____ (date), 2022 (the “Final Approval Hearing Date”), at the Philadelphia County Court of Common Pleas, Room __, City Hall, Philadelphia, Pennsylvania, 19107, (or by remote appearance if circumstances require and information relating to the hearing shall then be posted on the settlement website) for the purpose of: (a) determining whether the Settlement is fair, reasonable, and adequate and should be finally approved; (b) determining whether a Final Approval Order should be entered; and (c) considering Class Counsel’s application for an award of attorneys’ fees,

expenses and costs, the Settlement Administrator's costs, and the Class Representatives' service awards. The Court may adjourn, continue, and reconvene the Final Approval Hearing pursuant to oral announcement without further notice to the Class, and the Court may consider and grant final approval of the Settlement, with or without minor modification and without further notice to the Class.

13. Class Members shall be afforded an opportunity to request exclusion from the Class. For a request for exclusion to be valid, it must be in writing, mailed to the Settlement Administrator and postmarked on or before the Bar Date to Opt Out. Any Exclusion Letter shall identify the Class Member by name, shall include the Class Member's address, telephone number, and email address (if applicable), shall state that the Class Member wishes to exclude himself or herself from the Settlement, and shall be dated and signed by the Class Member. Class Members who submit a timely and valid request for exclusion from the Class shall not participate in and shall not be bound by the Settlement. Class Members who do not timely and validly opt out of the Class in accordance with the Notice shall be bound by all determinations and judgments in the action concerning the Settlement.

14. Class Members who have not excluded themselves shall be afforded an opportunity to object to the terms of the Settlement. To be valid and considered by the Court, the objection must be in writing and sent by first class mail, postage pre-paid, to the Settlement Administrator, and also be filed with the Court, with service upon Defendant's counsel and Class Counsel. The objection must be (1) mailed to the Settlement Administrator and received by or showing a postmark date on or before the Bar Date to Object (as defined in the Settlement) and (2) filed with the Court and served upon Defendant's counsel and Class Counsel on or before the Bar Date to Object. Class Counsel shall file responsive pleadings to any objections at least seven days

prior to the Final Approval Hearing Date. The content of the objection must include the following information and must be signed and dated by the Class Member:

- a. The title of the case;
- b. The objector's name, address, telephone number, email address (if applicable), the approximate date when the objector was a patient of Defendant, and the contact information for any attorney retained by the objector in connection with the objection or otherwise in connection with this case;
- c. A statement of the factual and legal basis for each objection, and a copy of any documents that the Class Member wants the Court to consider;
- d. A statement as to whether the objector intends to appear at the Final Approval Hearing, either in person or through counsel, and, if through counsel, identifying the counsel by name, address, and telephone number. If the objector intends to call any documents or witnesses on his or her behalf, the objector shall identify same; and
- e. A list of all other objections submitted by the objector, or the objector's counsel on behalf of the objector, to any class action settlement in the United States in the previous (5) five years.

15. Any member of the Class who does not make his or her objection known in the manner provided in the Settlement and Notice shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the proposed Settlement.

16. Any request for intervention in this action for purposes of commenting on or objecting to the Settlement must meet the requirements set forth above, including the deadline for filing objections, and also must be accompanied by any evidence, briefs, motions or other materials

the proposed intervenor intends to offer in support of the request for intervention, and must meet the requirements of the Pennsylvania Rules of Civil Procedure.

17. Any lawyer intending to appear at the Final Approval Hearing must be authorized to represent a Class Member, must be duly admitted to practice law before the Philadelphia County Court of Common Pleas and the State of Pennsylvania, and must file a written appearance. Copies of the appearance must be served on Class Counsel and counsel for Defendant in accordance with the Pennsylvania Rules of Civil Procedure.

18. If the Settlement does not become effective or is rescinded pursuant to its terms, the Settlement and all proceedings had in connection therewith shall be without prejudice to the status quo ante rights of the Parties, and all Orders issued pursuant to the Settlement shall be vacated.

19. The Court retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement.

IT IS SO ORDERED.

DATE: _____, 2022

HONORABLE PAULA A. PATRICK, J.

FILED

Civil Administration

F. HEWITT
IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY, PENNSYLVANIA

KRIS REESE and TODD SAYLOR, on)	
behalf of themselves and others similarly	)	CIVIL DIVISION
situated,)	
)	
	)	Case No. 210400093
)	
Plaintiffs,)	
VS.)	
)	
)	
TEEN CHALLENGE TRAINING CENTER,)	
INC., d/b/a PENNSYLVANIA ADULT &)	
TEEN CHALLENGE,)	
)	
Defendant.)	

PLAINTIFFS' MOTION AND MEMORANDUM SUPPORTING PRELIMINARY

APPROVAL OF CLASS ACTION SETTLEMENT

INTRODUCTION

Plaintiffs move the Court to preliminarily approve their settlement with Teen Challenge Training Center, Inc., as “fair, adequate, and reasonable.” In July 2020, cybercriminals bypassed Teen Challenge’s cybersecurity and accessed the “personally identifiable information” and “protected health information” belonging to over 7,000 patients. Those patients disclosed their PHI and PII to Teen Challenge to receive “faith-based addiction services,” trusting it would protect their information using “reasonable” means. This is because the information Teen Challenge collected covered all aspects of its patients’ treatment with Teen Challenge, including their Social Security numbers, medical records, and “financial account information.” In other words, the breach disclosed all the data hackers needed to steal patient identities and compromise their accounts, exposing patients like Plaintiffs to harm.

To address that harm, Plaintiffs sued Teen Challenge under six counts, alleging the company violated its duty to protect their PHI and PII. Teen Challenge contested their claims from the start, denying liability and objecting to them by motion. Although the Court overruled Teen Challenge’s objections, discovery revealed risks for both parties in litigating Plaintiffs’ claims. Recognizing those risks, the parties agreed to mediate the case with Edward Gray, who brokered a framework for settling the case, one the parties refined to produce the Settlement Agreement.

If approved, the settlement will deliver four benefits to the class. First, it guarantees Settlement Class members credit monitoring for three years at no cost, reducing their risk for identity theft and fraud. Second, Settlement Class members can claim losses they suffered from the breach, including damages or time spent mitigating them. Third, Teen Challenge has affirmed it improved its cybersecurity following its breach, implementing systems meant to safeguard Settlement Class members’ PII and PHI. And fourth, Teen Challenge will pay the costs to

administer the settlement, the class's attorney fees and costs, and Plaintiffs' service awards—all without reducing the benefits to the Settlement Class. In other words, the Settlement Class will receive the settlement's benefits no matter how the Court rules on Plaintiffs' petition for fees and service awards.

As a result, the Court should preliminarily approve this settlement because it surpasses the standards for approval under Pa.R.C.P. 1714. Indeed, the Court should presume the settlement is “approvable” because the parties negotiated it at “arm’s length” after discovery. In approving the settlement, the Court should appoint plaintiffs as class representatives, Plaintiffs’ counsel as Class Counsel, order the parties to notify the Settlement Class members about the settlement, stay the case pending approval, and schedule a final approval hearing.

BACKGROUND FACTS & PROCEDURAL HISTORY

A. The Data Breach, Plaintiffs’ Claims, and Teen Challenge’s Response

Teen Challenge is a “faith-based addiction-treatment center” in Rehersburg, Pennsylvania. Plaintiff’s Complaint “Compl.” ¶1. To run its business, Teen Challenge collects PHI and PII from its patients. *Id.* ¶¶23-24. That information includes patients’ “full names, Social Security Number, driver’s license number, financial account information, credit-card information, date of birth, prescription information, diagnosis information, treatment information, treatment provider, health insurance information, medical information, Medicare/Medicaid ID number, employer identification number, electronic signature, and username and password[.]” *Id.* In so doing, Teen Challenge promises to protect patients’ data, disclosing that it has “reasonable security measures in place to secure [their] PII/PHI from inappropriate access or otherwise being lost or stolen. Additionally, we limit access to [patient] data, based on industry best practice, to those with legitimate business need to know.” *Id.* ¶26. Even so, Plaintiffs alleged that Teen Challenge never

implemented the safeguards needed to fulfill that promise. *Id.* ¶32. As a result, they alleged that Teen Challenge’s “negligent conduct caused the Data Breach.”

In July 2020, criminals bypassed Teen Challenge’s cybersecurity through Teen Challenge email accounts, allowing them to pilfer patient PHI and PII. *Id.* ¶31. Teen Challenge did not detect the hack when it happened, nor did it stop hackers from stealing patients’ information over a three-day span. *Id.* ¶31. As a result, Teen Challenge’s Data Breach exposed the PHI and PII belonging to over 7,000 patients, including Plaintiffs. *Id.* ¶38.

Plaintiffs are Teen Challenge patients and breach victims. *Id.* ¶¶56-68. In April 2021, Plaintiffs sued Teen Challenge to remediate the harm its breach had caused them, asserting six counts and demanding that Teen Challenge reimburse their losses. *Id.* ¶¶74-147. In response, Teen Challenge moved to strike Plaintiffs’ complaint and dismiss two claims, denying liability for any harm its breach caused. “Defendant’s Preliminary Objections” ¶¶7-20. After briefing the motion, the Court overruled the objections and permitted Plaintiffs to proceed in discovery. Order Overruling Defendant’s Objections.

B. Discovery

In discovery, the parties exchanged interrogatory and document requests, probing Plaintiffs’ claims and Teen Challenge’s defenses. Joint Dec. ¶3. Teen Challenge responded to 14 interrogatories targeting evidence on how the breach happened, its cybersecurity, and the information compromised in its hack. *Id.* It also produced documents, responding to 23 requests and producing over 900 pages of information on its systems and the Data Breach. *Id.* Plaintiffs also responded to discovery requests, detailing how the breach has harmed them and the measures they took to mitigate that harm. *Id.*

That exchange revealed risks for both sides in litigating the case. *Id.* ¶4. Plaintiffs learned that Teen Challenge disputed whether any PHI and PII was stolen, as Teen Challenge asserted “Information was not accessed by unauthorized parties.” *Id.* If true, that could eliminate Plaintiffs’ claims, as there would be no risk to the class. *Id.* But Plaintiffs also learned facts supporting their claims, including gaps in Teen Challenge’s cybersecurity allowing the breach to happen, bettering Plaintiffs’ odds in proving liability under Pennsylvania law. *Id.*

Armed with this information, Plaintiffs understood the landscape affecting their claims and Teen Challenge’s defenses, including the risks and expenses at play in litigating the case. *Id.* ¶5. As a result, they agreed to mediate the case to avoid those risks and expenses. *Id.*

C. Mediation

In April 2022, the parties mediated with Edward Gray from ADROptions, a mediator experienced in resolving data breach cases. *Id.* ¶6. Under his guidance, the parties negotiated at “arm’s length,” communicating their positions through him and evaluating the strengths and weaknesses underlying their claims and defenses. *Id.* From the start, the parties agreed they would not negotiate proposed Class Counsel’s attorney fees or Plaintiffs’ service awards until they agreed on the settlement agreement’s core terms, thus avoiding conflict between Plaintiffs and the Settlement Class. *Id.*

Although the parties did not settle the matter at mediation, they succeeded in developing a framework for settlement. *Id.* ¶7. Those efforts paid off. By June 2022, the parties agreed on the terms for settlement, as Plaintiffs describe below.

SETTLEMENT OUTLINE

The Settlement Agreement specifies how to implement the parties' settlement from start to finish, including how to define the Settlement Class, the benefits they will receive, how to handle claims, and how Plaintiffs may petition for fees and service awards.

A. Class Definition

The Settlement Agreement defines the Settlement Class as "All persons whose personally identifiable information or protected health information was exposed in Defendant's Data Breach (the 'Incident')." Settlement Agreement § 1. The agreement, in turn, defines "personally identifiable information or protected health information" as "a person's full name, Social Security Number, driver's license number, financial account information, payment card information, date of birth, prescription information, diagnosis information, treatment information, treatment provider, health insurance information, medical information, Medicare/Medicaid ID number, employer identification number, electronic signature, and username and password." *Id.* And the parties exclude from the class: "(i) Teen Challenge's officers, directors, and employees; (ii) any entity in which Teen Challenge has a controlling interest; (iii) the affiliates, legal representatives, attorneys, successors, heirs, and assigns of Teen Challenge, and (iv) all persons who make a timely election to be excluded from the Settlement Class. Also excluded from the Settlement Class are members of the judiciary to whom this case is assigned, their families and members of their staff."

B. Settlement Benefits

The settlement secures four benefits for the Settlement Class, remediating and mitigating the harms Teen Challenge's data breach has caused and will continue to cause.

First, Settlement Class members will receive credit monitoring at no cost if they elect to enroll. *Id.* § 3. The monitoring will last for three years under three bureaus, adding "identity

restoration services” as a service. *Id.* § 3(a)i. To apply, Settlement Class members need only submit a claim form and register for the service. *Id.* Those services will come with fraud insurance, covering up to \$1 million in losses for members who enroll. *Id.* What’s more, Teen Challenge will offer these services without reducing any other benefits to the Settlement Class, including claims to reimburse losses. *Id.*

Second, the settlement offers Settlement Class members a chance to claim losses from the breach, including lost money or time. *Id.* § 3(a)i-ii. Members may claim “economic losses” up to \$1,500 for losses resulting from the breach, including identity theft, fraud, and costs spent mitigating those risks. *Id.* To support their claim, a class member need only supply receipts or “documentation” evidencing the loss, also certifying their claim by describing how the loss happened and whether they have exhausted alternatives to pay for their losses. *Id.*

Settlement Class members can also claim time they spent dealing with the Data Breach, no matter whether they have claimed lost money. *Id.* That includes up to six hours in time spent dealing with the breach at \$25 per hour, capping their claim at \$150. *Id.* Members claiming lost time must document the time they spent on the breach, their reasons for spending that time, the dates, and how it related to the Data Breach. *Id.*

Altogether, the amount Teen Challenge must pay for lost money and time will not exceed \$400,000. *Id.* § 3(a). Between lost money and time, members may claim up to \$1,650 in benefits, not including their credit monitoring. *Id.* If claims should reach the cap, they will be paid “pro rata.” *Id.*

Third, Teen Challenge will pay the cost of claims administration, including the payment of the Claims Administrator and notice to Class Members. *Id.* § 6(e). And as with credit monitoring and Plaintiffs’ claims for attorneys’ fees and service awards, this benefit will not reduce any other

benefits afforded to the Settlement Class. *Id.* (“The cost of claims administration will not affect any benefit provided to Class Members, including Plaintiffs”).

And fourth, Teen Challenge has confirmed it implemented “New Practices” since its data breach, detailing those security enhancements in the agreement. *Id.* § 5. They include transition to a “Sigmund platform” that is “password protected and encrypted with a valid SSL certificate.” *Id.* As the Settlement Agreement describes, “[i]n short, Teen Challenge uses the technical safeguards within Sigmund to limit access to ePHI and ensure that only those individuals authorized to access the ePHI are able to do so.” *Id.* Altogether, these improvements will better safeguard the PII and PHI Teen Challenge still possesses, including data belonging to Settlement Class members.

C. Class Notice

To notify the Settlement Class, the settlement outlines how the Claims Administrator will collect Settlement Class member information and distribute notice through three means. *Id.* § 10. To start, the Claims Administrator will create a website where it will post all documents relating to this case and the settlement, including all claim forms needed to submit a claim online. *Id.* § 6. Then, the Claims Administrator will email all Settlement Class members using an email address on file with Teen Challenge. *Id.* § 10. If Teen Challenge does not have an email address for a Settlement Class member or an email bounces back, the Claims Administrator will notify the member by postcard at the mailing address on file with Teen Challenge. *Id.* If that mailer is returned “undeliverable,” the Claims Administrator will skip trace the Settlement Class member’s address and mail notice at any address it finds through that process. *Id.* Under the Settlement Agreement, the Claims Administrator will start this process 60 days after the Court preliminarily approves the settlement, and the class shall have 270 days to claim benefits. *Id.*

D. Claims, Objections, Opt-Outs, and Termination

Under the Settlement Agreement, the parties will both solicit bids to administer the settlement. *Id.* § 6. Teen Challenge will choose the administrator, “subject to the approval of the Court.” *Id.* The Claims Administrator will process all claims, including by reviewing any documents a claimant attaches to support their claim. *Id.* Settlement Class members will have 30 days to address any “insufficient or incomplete claim submissions” identified by the Claims Administrator, who will determine whether the member has cured them. *Id.*

Settlement Class members may also object to the settlement by notifying the Claims Administrator within 60 days from the day the administrator notifies the Settlement Class about settlement. *Id.* § 13. To object, an objector need only state their contact information, identify the case name and number, establish themselves as a Settlement Class member, state why they are objecting, and file all documents the objector wants the Court to consider. *Id.*

And last, Settlement Class members may opt-out from receiving the settlement’s benefits by notifying the Claims Administrator in a signed writing with the following language: “I request to be excluded from the Settlement Class in the Reese v. Teen Challenge Training Center Inc., d/b/a Pennsylvania Adult & Teen Challenge lawsuit.” *Id.* § 12. As with any objectors, members opting out must notify the administrator within 60 days from the day the administrator notifies the class about settlement. *Id.*

The parties conditioned their settlement on this Court’s approval, meaning it will terminate if the Court “substantively” rejects or modifies its terms. *Id.* § 14. And unless the parties otherwise agree, terminating the settlement will “render the settlement void and of no effect.” *Id.*

E. Release

To receive the settlement's benefits, Plaintiffs agree to release Teen Challenge from their class action claims. *Id.* § 8. The parties tailored the release to affect only those claims relating to Teen Challenge's data breach, defined as "Released Claims" under the agreement. *Id.* § 8. That definition restricts the release only to claims "arising from or related to the claims articulated by Plaintiffs in their Class Action Complaint and pertaining to the Incident." *Id.*

F. Attorneys' Fees and Service Awards

As detailed in the Settlement Agreement, the parties did not discuss or negotiate the fee or service awards until they agreed on the terms benefiting the class. Joint Dec. ¶6. As a result, the parties avoided conflict with the Settlement Class's interests, thus fulfilling their responsibilities to the Settlement Class first.

If the Court preliminarily approves the settlement, Plaintiffs may petition the Court within 14 days of the objection deadline to approve their attorney's fees and Plaintiffs' service awards. *Id.* § 4. Teen Challenge has agreed to pay Plaintiffs' attorney fees up to \$250,000, subject to "Court approval[.]" *Id.* That amount covers all aspects stemming from Plaintiffs counsel's representation, including their time and expenses. *Id.* As a service award, Plaintiffs will request \$1,500 each, totaling \$3,000 for their service to the Settlement Class. *Id.* And as with the settlement's provisions for credit monitoring and settlement administration, these payments "will not affect any benefits provided to Class Members," meaning the Class will receive its benefits no matter how the Court decides Plaintiffs' fee and award petition. *Id.*

ARGUMENT

A. Legal Standards

Pennsylvania law requires courts to approve class action settlements. Pa. R. Civ. P. 1714(a). In so doing, the Pennsylvania Supreme Court has recognized that “settlements are favored in class action lawsuits,” and it established seven factors to fulfilling that policy in *Dauphin Deposit Bank & Tr. Co. v. Hess*, 556 Pa. 190, 197, 727 A.2d 1076, 1080 (1999). *See also* Herbert B. Newberg and Alba Conte, *Newberg on Class Actions* § 11.41 (3d ed. 1992) (“The compromise of complex litigation is encouraged by the courts and favored by public policy. By their very nature, because of the uncertainties of outcome, difficulties of proof, and length of litigation, class action suits lend themselves readily to compromise”). Those factors are: (i) the risks in establishing liability and damages; (ii) “the range of reasonableness of the settlement” considering the “best possible” recovery; (iii) the “range of reasonableness” considering the risks affecting the case; (iv) the case’s “complexity, expense, and likely duration”; (v) what litigation stage the parties reach and “the amount of discovery completed” (vi) whether counsel recommends settlement; and (vii) how the class has reacted to settlement. *Id.* When applying these factors, there is no “exact calculus or formula” for the Court to use. *Milkman v. Am. Travellers Life Ins. Co.*, No. 011925, 2002 WL 778272, at *12 (Pa. Com. Pl. Apr. 1, 2002). Instead, the Court should use them to determine whether “the settlement secures an adequate advantage for the class in return for the surrender of litigation rights.” *Buchanan v. Century Fed. Sav. & Loan Ass’n*, 259 Pa. Super. 37, 47, 393 A.2d 704, 709 (1978).

Courts presume a settlement meets the *Dauphin* factors if plaintiffs show the parties settled at “arm’s length,” after “sufficient discovery” by counsel experienced in the case’s issues, and if the settlement has few objectors. *Milkman*, No. 011925, 2002 WL 778272, at *5.

Although Pennsylvania law does not detail how and when to apply these factors, federal law proscribes a two-step process, requiring the Court to “preliminarily” approve a settlement to notify the class, and then “finally approve” it after they receive notice. *See Carlough v. Amchem Prods., Inc.*, 158 F.R.D. 314, 320 (E. D. Pa. 1993); *In re Auto. Refinishing Paint Antitrust Litig.*, MDL No. 1426, 2004 WL 1068807, 1 (E.D. Pa. May 11, 2004). The process recognizes that “preliminary” approval only “establishes an initial presumption of fairness,” meaning a court withholds approving the settlement until “final approval.” *In re General Motors Corp.*, 55 F.3d 768, 785 (3d Cir. 1995).

B. The Court Should Presume the Settlement is Fair

The Court should presume the parties’ settlement satisfies the *Dauphin* factors for four reasons. First, the parties mediated their agreement at “arm’s length.” *Milkman*, No. 011925, 2002 WL 778272, at *5 (presuming a settlement to be “fair” after plaintiffs “submitted an affidavit attesting to the arm’s-length nature of negotiations between Class and Defendants' counsel”). Mr. Gray facilitated the settlement as an “experienced and independent mediator” in data breach class actions, brokering the core terms between the parties. *See Galt v. Eagleville Hosp.*, 310 F. Supp. 3d 483, 493 (E.D. Pa. 2018). What’s more, the parties and the mediator avoided any conflict between Plaintiffs and the Settlement Class by bifurcating negotiations; first addressing the terms affecting the benefits to the Settlement Class and then negotiating the terms regarding Plaintiffs’ attorney fees and service awards.

Second, “sufficient discovery has been taken or investigation completed to enable counsel and the court to act intelligently[.]” *Milkman*, No. 011925, 2002 WL 778272, at *5. As Plaintiffs describe above, they investigated the breach pre-suit and furthered that investigation in discovery, including serving interrogatories and document requests on Teen Challenge—all aimed at defining

the data breach's scope and impact on its patients. In response, Teen Challenge answered and produced over 900 pages of information describing its policies and how it handled the breach. Those responses revealed Plaintiffs' landscape for settlement, including their chances in surviving summary judgment, certifying the class, and proving their case at trial. Armed with that information, the parties could "act intelligently" at mediation when outlining the settlement's terms. These efforts surpass what Plaintiffs need to establish "sufficient discovery," as courts hold that even pre-suit discovery will suffice. *In re Nat'l Football League Players Concussion Inj. Litig.*, 821 F.3d 410, 436 (3d Cir. 2016), as amended (May 2, 2016) (presuming the settlement was "fair" even though counsel "did not conduct formal discovery").

Third, the Plaintiffs' counsel are experienced in class actions, having settled dozens among them, including data breach matters. Indeed, proposed Class Counsel have developed a practice devoted to data breach matters and are experienced in assessing the issues affecting them. And as the Joint Plaintiffs' Counsel Declaration shows, the parties' settlement tracks with data breach settlements across the country. Thus, Plaintiffs have shown their counsel understand the issues at stake, meaning the Court can trust how they evaluate the case.

And fourth, no Settlement Class members have objected to the settlement. Although class members will have a chance to do so after the administrator notifies them about the settlement's terms, to date no members have contacted Proposed Class Counsel to suggest they oppose settling.

As a result, Plaintiff's settlement is entitled to a "presumption of fairness."

C. The Risks in Establishing Liability and Damages Favor Settlement

The risks in establishing Teen Challenge's liability and the Settlement Class's losses favor settlement. When weighing the risks, the Court "need not delve into the intricacies of the merits of each side's arguments, but rather may give credence to the estimation of the probability of the

success proffered by class counsel[.]” *Perry v. FleetBoston Fin. Corp.*, 229 F.R.D. 105, 115 (E.D. Pa. 2005). In fact, courts find that this factor “always” favors settlement: “There will always be a ‘risk’ or possibility of decertification, and consequently the court can always claim this factor weighs in favor of settlement.” *In re Prudential Ins. Co. Am. Sales Prac. Litig. Agent Actions*, 148 F.3d 283, 321 (3d Cir. 1998). And in data breach cases, courts consider this factor understanding the cases are “particularly risky given challenges relating to causation and damages, among other issues.” *In re Wawa, Inc. Data Sec. Litig.*, No. CV 19-6019, 2022 WL 1173179, at *6 (E.D. Pa. Apr. 20, 2022); *see also* *Fulton-Green v. Accolade, Inc.*, No. CV 18-274, 2019 WL 4677954, at *8 (E.D. Pa. Sept. 24, 2019) (“This is a complex case in a risky field of litigation because data breach class actions are uncertain and class certification is rare”).

The risks here favor settlement. As previewed in Teen Challenge’s preliminary objections and discovery, Teen Challenge is likely to attack Plaintiffs’ case by arguing they cannot prove the breach harmed them, or that it affected few class members. Thus, litigating Plaintiffs’ claims may shrink the class size, eliminate the benefits available to the breach victims, or reveal obstacles to certifying it. Indeed, this case reflects the facts at issue in *In re Wawa, Inc. Data Sec. Litig.*, a federal court data breach case. 2022 WL 1173179, at *6. There, the defendant claimed, “more than 97% of the consumer class did not actually experience fraudulent activity attributable to the Wawa data breach[.]” *Id.* The district court found this fact favored settlement because it threatened the plaintiffs’ ability to certify the class and prove their claims. *Id.*

Should litigation proceed, certifying the class and winning a jury verdict is far from certain. *See, e.g. In re TD Ameritrade Acct. Holder Litig.*, No. C 07-2852 SBA, 2011 WL 4079226, at *5 (N.D. Cal. Sept. 13, 2011); *In re TJX Cos. Retail Sec. Breach Litig.*, 246 F.R.D. at 397 (refusing to certify a class of banks alleging damages resulting from a retailer’s data breach because of

individual issues relating to causation); *Stollenwerk v. TriWest Healthcare All.*, No. CV-03-0185-PHX-SRB, Slip Op. at 5-6 (D. Ariz. June 10, 2008) (individualized issues relating to proof of causation would predominate over common questions in a class action case involving theft of computer equipment containing personal information).

And to proposed Class Counsel's knowledge, "no data breach case has gone to trial." Max Meglio, Note, *Embracing Insecurity: Harm Reduction Through a No-Fault Approach to Consumer Data Breach Litigation*, 61 B.C. L. REV. 1223, 1235 (2020). As a result, a trial on the merits would raise the risk that Plaintiffs' could lose all claims, making the risks difficult to fully evaluate by any party. In sum, the class will not benefit if the Court declines to certify it, reduces its size, or finds they cannot prove their claims. The parties' settlement not only avoids those risks but affords class members relief now rather than years later. As a result, the Court should find this factor favors settlement.

D. The Settlement Falls Within the "Range of Reasonableness"

The parties' settlement falls within the "range of reasonableness in light of the attendant risks of litigation." *Buchanan v. Century Fed. Sav. & Loan Ass'n*, 259 Pa. Super. 37, 50, 393 A.2d 704, 711 (1978). As Plaintiffs explain above, the risks Plaintiffs face in litigating this case outweigh any benefit trying their case would provide. In fact, Plaintiffs secured an agreement that delivers what they sought to achieve in the first place, requiring Teen Challenge to mitigate their harm through credit monitoring, reimburse Settlement Class members' losses, and affirm that it improved its cybersecurity. And although the Court should "refuse to substitute [its] business judgment for that of the [plaintiffs]," there is nothing to suggest that Plaintiffs would have achieved a better result at trial. *Fischer v. Madway*, 336 Pa. Super. 289, 296, 485 A.2d 809, 812 (1984).

Indeed, this result tracks with settlements in other data breach cases, confirming the settlement is “reasonable.” Joint Dec. ¶8. As a result, the Court should preliminarily approve the settlement.

E. This Case’s Complexity, Expense, Duration, and Discovery Warrant Settlement

As with all data breach cases, this is a “complex case in a risky field of litigation because data breach class actions are uncertain and class certification is rare.” *Fulton-Green*, No. CV 18-274, 2019 WL 4677954, at *8. Rejecting settlement now would not benefit the class, as litigating the case “would be a time consuming and expensive process that would delay relief for class members.” *Id.* Although Plaintiffs believe they would prevail on all issues, they recognize the risks identified here and the benefits in settling now. And even if they were to prevail at trial, Teen Challenge may appeal any verdict, delaying the Settlement Class’s relief. Given the facts Plaintiffs identified in discovery, including those affecting the class size, these factors favor settling the class’s claims. As a result, the Court should find this factor supports preliminary approval.

F. Counsel Recommends Settlement

As proposed Class Counsel detail in their Joint Declaration, they recommend the Court approve the settlement. Given their experience, the Court should conclude “the recommendation of counsel is entitled to great weight[.]” *Austin v. Pennsylvania Dep’t of Corr.*, 876 F. Supp. 1437, 1472 (E.D. Pa. 1995); See also *Petruzzi’s, Inc. v. Darling–Delaware Co., Inc.*, 880 F. Supp. 292, 301 (M.D.Pa.1995) (“[t]he opinions and recommendation of such experienced counsel are indeed entitled to considerable weight”).

G. No Class Members Have Objected to Settlement

To date, no Settlement Class members have objected to the parties’ settlement, nor have they objected to the class representatives and counsel. Although members will have a chance to

object after the administrator notifies them about the agreement, Plaintiffs anticipate the class will welcome its benefits given the significant relief offered.

H. The Court Should Certify the Class for Settlement Purposes

To approve the parties' settlement, the Court must certify the class under Pa. R. Civ. P. 1710(a). That requires establishing five prerequisites, including numerosity, commonality, typicality, "adequate" representation, and that a class action is the "fair and efficient" way to adjudicate Plaintiffs' claims. Plaintiffs satisfy all factors below.

i. The class is "numerous"

First, the class here is "so numerous that joinder of all members is impracticable." Pa.R.C.P. No. 1702. In establishing "numerosity," a plaintiff need not prove how many class members there are but must "define the class with some precision and afford the court with sufficient indicia that more members exist than it would be practicable to join." *Janicik v. Prudential Insurance Company of Am.*, 451 A.2d 451, 456 (1982). That definition "is not dependent upon any arbitrary limit, but upon the facts of each case." *Dunn v. Allegheny Cnty. Prop. Assessment Appeals & Rev.*, 794 A.2d 416, 423 (Pa. Commw. Ct. 2002).

Plaintiffs allege Teen Challenged notified over 7,000 patients about the breach, who all fall within the settlement's "class definition." Joining that many plaintiffs in one case would be "impracticable." As a result, the Court should find the class is "sufficiently numerous" under § 1702.

ii. There is "commonality" among the class

Next, Plaintiffs' claims present "questions of law or fact common to the class[.]" Pa.R.C.P. No. 1702. Under this standard, a "common question of fact means precisely that the facts must be substantially the same so that proof as to one claimant would be proof as to all." *Cook v. Highland*

Water & Sewer Auth., 108 Pa. Cmwlth. 222, 231–32, 530 A.2d 499, 504 (1987). This means that “individual questions” related to class members are not “fatal” when certifying the class. *Id.* Instead, the Court need only find that “common questions of law or fact must predominate over individual questions.” *Id.* Plaintiffs satisfy that prong because they allege the class’s claims arose from the same data breach, involved the same PII and PHI, and exposed them all to the same harms. Although the PII and PHI disclosed in the breach may vary by member, the “common” questions predominate because the members’ claims all rise and fall depending on how the Court answers them. As a result, the Court should find “commonality” among the Settlement Class.

iii. There is “typicality” among the class

Plaintiffs’ claims are also “typical of the claims or defenses of the class.” Pa.R.C.P. No. 1702. In their complaint, Plaintiffs allege Teen Challenge’s data breach impacted them in the same way and caused them the same harm that other class members suffered, causing Plaintiffs to request the same relief. Indeed, Plaintiffs do not allege any claims that could apply only to them. And any differences between Plaintiffs and the class on how the data breach impacted them cannot override their “typicality” with the class. *Piper v. Portnoff L. Assocs.*, 216 F.R.D. 325, 329 (E.D. Pa. 2003) (“Where the named plaintiff as well as members of the proposed class all have similar claims arising from the same scheme, the typicality requirement is satisfied regardless of whether different facts underlie each class member’s claim”). Thus, Plaintiffs have satisfied this prerequisite.

iv. Plaintiffs and class counsel with “fairly and adequately” represent the class’s interests

Plaintiffs and their attorneys have shown they will “fairly and adequately assert and protect the interests of the class[.]” Pa.R.C.P. No. 1702. They did so by litigating this matter for two years, responding to Teen Challenge’s discovery, defeating its objection, requesting discovery,

investigating their claims, and mediating an agreement that serves the class's interests. As Plaintiffs explain above, they did so under guidance from their attorneys, who navigated this case to settlement despite the risks involved in litigating data breach class actions. Because courts "assume that members of the bar are skilled in their profession until the contrary is demonstrated[.]" and nothing establishes that class counsel is "inadequate," the Court should find Plaintiffs and their Proposed Class Counsel; have met this prong. *Buynak v. Dep't of Transp.*, 833 A.2d 1159, 1165 (Pa. Commw. Ct. 2003).

v. A class action is the "fair and efficient" way to adjudicate plaintiffs' claims

Last, this "class action provides a fair and efficient method for adjudication of the controversy[.]" Pa.R.C.P. No. 1702. This case resolves all claims at once, binding Teen Challenge to its outcome. The alternative would require each Settlement Class member to sue Teen Challenge, resulting in "unfair" outcomes: "If each case were tried separately, it is easy to see that the results could be unfairly diverse not because of the differences in the individual cases or claims but, rather, because different juries viewing the same evidence might come to different conclusions[.]" *Foust v. Se. Pennsylvania Transp. Auth.*, 756 A.2d 112, 121 (Pa. Commw. Ct. 2000). And because there are no "significant management concerns[...]" to warrant denial of certification on [efficiency] grounds[.]" the Court should find this action satisfies § 1702's efficiency prong. *Dunn*, 794 A.2d 416, 427.

As a result, the Court should certify the class and allow Plaintiffs to notify its members about settlement.

I. The Notice Program is Satisfactory

Pennsylvania law requires that notice of a class settlement:

must present a fair recital of the subject matter and proposed terms and inform the class members of an opportunity to be heard. It may consist of a very general

description of the proposed settlement, including a summary of the monetary or other benefits that the class would receive and an estimation of attorneys' fees and other expenses. The notice need not provide a complete source of settlement information, and class members are not expected to rely upon the notices as such... It is enough that the notice contain facts sufficient to alert interested persons to the terms of the proposed settlement and also the means by which further inquiry can be made and objection recorded.

Milkman v. Am. Travellers Life Ins. Co., No. 3775, 2001 WL 1807376, at *13 (Pa. Ct. Com. Pl. Nov. 26, 2001) (quoting *Fischer v. Madway*, 336 Pa. Super. 289, 293–94, 485 A.2d 809, 811 (1984)).

The parties' notice program satisfies this standard. First, the administrator will notify the class by email or postcard if the administrator cannot identify an email for a class member. And the parties will publish a "Long Notice" on a settlement website created by the Claims Administrator, educating class members about the agreement. This program provides the best practicable method to reach the Settlement Class members and is consistent with other class action notice programs that have been approved by various courts for similarly situated matters. Joint Dec. ¶12.

PROPOSED SETTLEMENT SCHEDULE

If the Court approves the parties' settlement, they request that the Court set the following deadlines:

- **Notice Commencement Date:** 60 days after Preliminary Approval;
- **Claims Deadline:** 270 days after the Notice Commencement Date;
- **Deadline to Object:** 60 days after the Notice Commencement Date;
- **Deadline to Opt-Out:** 60 days after the Notice Commencement Date;
- **Deadline to File Fee and Award Application:** 14 days before the Objection deadline;
- **Deadline to Move for Final Approval:** 14 days before the final approval hearing; and
- **Final Approval Hearing:** To be scheduled by the Court, approximately 90 days after the Notice Commencement Date or as soon thereafter as the Court's calendar permits.

CONCLUSION

For the reasons above, Plaintiffs request that the Court enter the proposed Preliminary Approval Order attached to the Settlement Agreement as Exhibit C.

Respectfully submitted,

Dated: March 24, 2023

SALTZ MONGELUZZI & BENDESKY, P.C.

By: /s/ David L. Kwass

DAVID L. KWASS, ESQ.

ELIZABETH A. BAILEY, ESQ.

FILED

Civil Administration

IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY, PENNSYLVANIA

KRIS REESE and TODD SAYLOR, on)	
behalf of themselves and others similarly	)	CIVIL DIVISION
situated,)	
)	
	)	Case No. 210400093
Plaintiffs,)	
VS.)	
)	
TEEN CHALLENGE TRAINING CENTER,)	
INC., d/b/a PENNSYLVANIA ADULT &)	
TEEN CHALLENGE,)	
)	
Defendant.)	

**JOINT DECLARATION OF PLAINTIFFS' COUNSEL SUPPORTING THEIR
MOTION FOR PRELIMINARY
APPROVAL OF CLASS ACTION SETTLEMENT**

1. We are counsel for plaintiffs in the above-captioned case. This declaration supports Plaintiffs' Motion for Preliminary Approval of Class Action Settlement with Defendant, Teen Challenge Training Center, Inc.. This declaration explains the bases for the settlement, including the significant relief it affords the Settlement Class. We have personal knowledge of the facts in this declaration and could testify to them if called on to do so.

LITIGATION BACKGROUND

A. The Complaint

2. Plaintiffs are Teen Challenge patients and breach victims. In April 2021, Plaintiffs sued Teen Challenge to remediate the harm its breach had caused them, asserting six counts and demanding that Teen Challenge reimburse their losses. In response, Teen Challenge moved to strike Plaintiffs' complaint and dismiss two claims, denying liability for any harm its breach

caused. After briefing the motion, the Court overruled the objections and permitted Plaintiffs to proceed in discovery. Order Overruling Defendant's Objections.

B. Discovery

3. In discovery, the parties exchanged interrogatory and document requests, probing Plaintiffs' claims and Teen Challenge's defenses. Teen Challenge responded to 14 interrogatories targeting evidence on how the breach happened, its cybersecurity, and the information compromised in its hack. It also produced documents, responding to 23 requests and producing over 900 pages of information on its systems and the Data Breach. Plaintiffs also responded to discovery requests, detailing how the breach has harmed them and the measures they took to mitigate that harm.

4. That exchange revealed risks for both sides in litigating the case. Plaintiffs learned that Teen Challenge disputed whether any PHI and PII was stolen, as Teen Challenge asserted "Information was not accessed by unauthorized parties." If true, that would eliminate Plaintiffs' claims, as there would be no risk to the class. But Plaintiffs also learned facts supporting their claims, including gaps in Teen Challenge's cybersecurity allowing the breach to happen, bettering Plaintiffs' odds in proving liability under Pennsylvania law.

5. Armed with this information, Plaintiffs understood the landscape affecting their claims and Teen Challenge's defenses, including the risks and expenses at play in litigating the case. As a result, they agreed to mediate the case to avoid those risks and expenses.

C. Mediation

6. In April 2022, the parties mediated with Edward Gray from ADROptions, a mediator experienced in resolving data breach cases. Under his guidance, the parties negotiated at "arm's length," communicating their positions through him and evaluating the strengths and

weaknesses underlying their claims and defenses. From the start, the parties agreed they would not negotiate Proposed Class Counsel's attorney fees or Plaintiffs' service awards until they agreed on the settlement agreement's core terms, thus avoiding conflict between Plaintiffs and the Settlement Class.

7. Although the parties did not settle the matter at mediation, they succeeded in developing a framework for settlement. Those efforts paid off. By June 2022, the parties agreed on the terms for settlement, as described in the settlement agreement.

COUNSEL'S RECOMMENDATION

8. Our collective years of experience in representing individuals in complex class actions—including data breach actions—informed Plaintiffs' settlement position, and the needs of Plaintiffs and the proposed Settlement Class. While we believe in the merits of the claims brought in this case, we are also aware that a successful outcome is uncertain and would be achieved, if at all, only after prolonged, arduous litigation with the attendant risk of drawn-out appeals and the potential for no recovery at all. Based upon our collective substantial experience, it is our opinion that the proposed settlement of this matter provides significant relief to the members of the Settlement Class and warrants the Court's preliminary approval. The settlement is well within the range of other data breach settlements in the relief that it provides.

9. The Agreement's terms are designed to address the potential harms caused by the data breach, providing credit monitoring and identity theft restoration services, reimbursing economic and non-economic losses, and verifying that Defendant has improved its data security.

10. This result is particularly favorable given the risks of continued litigation. Plaintiffs faced serious risks prevailing on the merits, including proving causation, as well as risk at class certification and at trial, and surviving appeal. A settlement today not only avoids the risks of

continued litigation, but it also provides a benefit to the member of the Settlement Class now as opposed to after years of risky litigation.

11. The Agreement's benefits unquestionably provide a favorable result to the members of the settlement class, placing the Agreement well within the range of possible final approval and satisfying the requirements for preliminary approval under Pennsylvania law; therefore, the Court should grant preliminary approval.

12. Additionally, the Notice program contemplated by the Agreement provides the best practicable method to reach the Settlement Class members and is consistent with other class action notice programs that have been approved by various courts for similarly situated matters.

13. Thus, Plaintiffs' counsel asks the Court to grant preliminary approval of the settlement agreement and enter the proposed preliminary approval order attached to the Settlement Agreement and filed with this motion.

COUNSEL'S QUALIFICATIONS

A. Turke & Strauss LLP

14. Turke and Strauss is a law firm in Madison, Wisconsin, that focuses on complex civil and commercial litigation with an emphasis on consumer protection, employment, wage and hour, business, real estate, and debtor-creditor matters.

15. Raina Borrelli, the principal attorney from Turke and Strauss assigned to this case, is a partner at Turke & Strauss LLP whose practice focuses on complex class action litigation, including data breach, Telephone Consumer Protection Act ("TCPA"), false advertising, and consumer protection cases in both state and federal courts around the country. Ms. Borrelli received her J.D. magna cum laude from the University of Minnesota Law School in 2011. Prior to joining Turke & Strauss, Ms. Borrelli was a partner at Gustafson Gluek, where she successfully

prosecuted complex class actions in federal and state courts. Ms. Borrelli is an active member of the Minnesota Women's Lawyers and the Federal Bar Association, where she has assisted in the representation of pro se litigants through the Pro Se Project. Ms. Borrelli has repeatedly been named to the annual Minnesota "Rising Star" Super Lawyers list (2014-2021) by SuperLawyers Magazine. She has also been repeatedly certified as a North Star Lawyer by the Minnesota State Bar Association (2012-2015; 2018-2020) for providing a minimum of 50 hours of pro bono legal services. In recent years, Ms. Borrelli has been substantially involved in a number of complex class action matters in state and federal courts including: *Hudock v. LG Electronics USA, Inc.*, 16-cv-1220 (JRT/KMM) (D. Minn.); *Baldwin v. Miracle-Ear, Inc.*, 20-cv-01502 (JRT/HB) (D. Minn.); *In re FCA Monostable Gearshifts Litig.*, 16-md-02744 (E.D. Mich.); *Zeiger v. WellPet LLC*, 17-cv-04056 (N.D. Cal.); *Wyoming v. Procter & Gamble*, 15-cv-2101 (D. Minn.); *In re Big Heart Pet Brands Litig.*, 18-cv-00861 (N.D. Cal.); *Sullivan v. Fluidmaster*, 14-cv-05696 (N.D. Ill.); *Rice v. Electrolux Home Prod., Inc.*, 15-cv-00371 (M.D. Pa.); *Gorczynski v. Electrolux Home Products, Inc.*, 18-cv-10661 (D.N.J.); *Reitman v. Champion Petfoods*, 18-cv-1736 (C.D. Cal.); *Reynolds, et al., v. FCA US, LLC*, 19-cv-11745 (E.D. Mich.).

16. Ms. Borrelli has significant experience in data privacy litigation and is currently litigating more than fifty data breach cases in courts around the country as lead counsel or co-counsel on behalf of millions of data breach victims, including *In re Netgain Tech. Consumer Data Breach Litig.*, 21-cv-1210 (D. Minn.) (appointed by the court to the Plaintiffs' Interim Executive Committee); *In re C.R. England, Inc. Data Breach Litig.*, 2:22-cv-374-DAK-JCB (appointed by the court as Interim Co-Lead Counsel); *Medina et al. v. PracticeMax Inc.*, 22-cv-01261-DLR (D. Ariz.) (appointed to Executive Leadership Committee); *Forslund et al. v. R.R. Donnelley & Sons Co.*, 1:22-cv-04260 (N.D. Ill.) (appointed as interim co-lead class counsel); *In re Lincare Holdings*,

Inc. Data Breach Litig., 8:22-cv-01472 (M.D. Fla.) (appointed to Interim Executive Leadership Committee); *McLaughlin v. Flagstar*, 22-cv-11470 (E.D. Mich.); *Corra et al. v. Acts Retirement Services, Inc.*, 2:22-cv-02917 (E.D. Pa.); *Grogan v. McGrath RentCorp., Inc.*, 22-cv-490 (N.D. Cal.); *Goetz v. Benefit Recovery Specialists, Inc.*, Case No. 2020CV000550 (Wis. Cir. Ct., Walworth Cty.) (data breach settlement on behalf of 500,000 breach victims); *Kunkelman v. Curators of the University of Missouri, d/b/a MU Health Care*, Case No. 21BA-CV00182 (Mo. Cir. Ct., Boone Cty.); *Baldwin v. Nat'l Western Life Ins. Co.*, 21-cv-04066-WJE (W.D. Mo.) (settlement on behalf of 800,000 data breach victims).

B. Cohen & Malad, LLP

17. For over 50 years, Cohen & Malad, LLP has enjoyed a reputation as Indiana's leading class action law firm. It was founded in 1968 by a former Indiana Attorney General and a former United States Attorney. The firm has served as class counsel in numerous local, statewide, multi-state, nationwide, and even international class actions. We have also served in leadership positions in numerous multidistrict litigation matters.

18. Lynn Toops, the principal attorney from Cohen & Malad, LLP, assigned to this case has been recognized by the Indiana Trial Lawyers Association as a Consumer Advocate of the Year and has been named an Indiana "Super Lawyer" every year since 2011. She has been appointed as Class Counsel in dozens of consumer class actions by courts across the country. Ms. Toops and Cohen & Malad, LLP, have extensive experience serving in leadership roles and working on numerous cases in the privacy and data breach area, including: *Fero v. Excellus Health Plan Inc.*, No. 6:15-cv-06569 (W.D.N.Y.) (appointed to Plaintiff's Interim Class Counsel executive committee by the court); *In re Med. Informatics Eng'g, Inc. Data Sec. Breach Litig.*, No. 3:15-MD-2667 (N.D. Ind.) (appointed Lead Counsel by the court); *In re Anthem, Inc. Data Breach*

Litigation, No. 15-MD-02617-LHK (N.D. Cal.); *Braun v. VisionQuest Eyecare, P.C.*, No. 49D07-1705-PL-020189 (Ind. Super. Ct.) (appointed Class Counsel); *McKenzie et al. v. Allconnect, Inc.*, No. 5:18-cv-00359-JMH (E.D. Ky.) (same); *Joyner v. Behavioral Health Network, Inc.*, No. 2079CV00629 (Mass. Super. Ct.) (same); *Baldwin v. Nat'l W. Life Ins. Co.*, No. 2:21-cv-04066-WJE (W.D. Mo.) (same) *Alexander v. Otis R. Bowen Center for Human Servs., Inc.*, No. 43D04-2104-CT-000019 (Ind. Super. Ct.) (same); *Slos v. Select Health Network, Inc.*, No. 71D05-2002-PL-000060 (Ind. Super. Ct.) (same); *Jones v. Methodist Hosps., Inc.*, No. 45C01-1911-CT-001201 (Ind. Cir. Ct.) (same); *In re BJC Healthcare Data Breach Litig.*, No. 2022-CC09492 (Mo. Cir. Ct.) (same); *Marshall v. Conway Reg'l Med. Ctr., Inc.*, No. 23CV-20-771 (Ark. Cir. Ct.)

C. Branstetter, Stranch & Jennings, PLLC

19. Since 1952, Branstetter, Stranch & Jennings, PLLC, has worked to help build a society in which unions, consumers, victims of discrimination, and other under-represented voices are ensured access to justice. Branstetter, Stranch & Jennings, PLLC's opioid litigation team was honored with the 2022 Tennessee Trial Lawyer of the Year Award for their work in representing Tennessee cities and counties against manufacturers and distributors of opioids. The firm routinely serves in leadership roles in high-stakes class action litigation across the country.

20. J. Gerard Stranch, IV, the principal attorney from Branstetter, Stranch & Jennings, PLLC, assigned to this case has served as lead counsel for the firm in numerous cases, including the steering committee of the *In re: Volkswagen "Clean Diesel" Marketing, Sales Practices and Products Liability Litigation*, which has resulted in approximately \$17 Billion in settlements, making it the largest consumer auto settlement and one of the largest settlements in any matter ever. Mr. Stranch and his firm have extensive experience serving in leadership roles and working on numerous cases in the privacy and data breach area, including: *Joyner v. Behavioral Health*

Network, Inc., No. 2079CV00629 (Mass. Super. Ct.) (same); *Baldwin v. Nat'l W. Life Ins. Co.*, No. 2:21-cv-04066-WJE (W.D. Mo.) (same); *Slos v. Select Health Network, Inc.*, No. 71D05-2002-PL-000060 (Ind. Super. Ct.) (same); *Jones v. Methodist Hosps., Inc.*, No. 45C01-1911-CT-001201 (Ind. Cir. Ct.); *In re BJC Healthcare Data Breach Litig.*, No. 2022-CC09492 (Mo. Cir. Ct.) (same); *Marshall v. Conway Reg'l Med. Ctr., Inc.*, No. 23CV-20-771 (Ark. Cir. Ct.); *Monegato v. Fertility Ctrs. Of Ill., PLLC*, No. 2022 CH 00810 (Ill. Cir Ct.) (same).

Pursuant to 28 U.S.C. § 1746, we declare signed under penalty of perjury of the United States of America that the foregoing is true and correct.

Executed on March 24, 2023

/s/Raina C. Borrelli

Raina C. Borrelli

/s/Lynn A. Toops

Lynn A. Toops

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27 MAR 2023 02:09 pm

FILED

Civil Administration

**F. HEWITT
CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the above document was served electronically upon all parties of record.

BY: /s/ Elizabeth A. Bailey
ELIZABETH A. BAILEY

Dated: March 27, 2023

IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY, PENNSYLVANIA

KRIS REESE and TODD SAYLOR, on behalf of themselves and others similarly situated,)	
	)	CIVIL DIVISION
)	
)	
	)	Case No. 210400093
Plaintiffs,)	
VS.)	
)	
)	
TEEN CHALLENGE TRAINING CENTER,)	
INC., d/b/a PENNSYLVANIA ADULT &)	
TEEN CHALLENGE,)	
)	
Defendant.)	

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the “Settlement Agreement”) is entered into by and between (1) Plaintiffs Kris Reese and Todd Saylor, on behalf of themselves and others similarly situated (“Plaintiffs”), and (2) Defendant Teen Challenge Training Center, Inc., d/b/a Pennsylvania Adult & Teen Challenge (“Teen Challenge”) (all parties collectively referred to as the “Parties”).

RECITALS

WHEREAS, on April 2, 2021, Plaintiffs filed a putative class action in the Philadelphia Court of Common Pleas, Pennsylvania, Case No. 210400093 (the “Lawsuit”), alleging that Teen Challenge failed to adequately safeguard its patients’ electronically stored personally identifiable information and protected health information in connection with a cybersecurity incident that Teen Challenge experienced on or about between July 27, 2020 and July 30, 2020. Plaintiffs and the putative class sought monetary and equitable relief therein;

WHEREAS, in the Lawsuit, Plaintiffs asserted claims against Teen Challenge for (i) negligence, (ii) negligence *per se* for violation of the FTC Act, (iii) breach of an implied contract,

(iv) unjust enrichment, (v) negligence *per se* for violation of the Pennsylvania Breach of Personal Information Notification Act, and (vi) violation of the Pennsylvania Unfair Trade Practices and Consumer Protection Law;

WHEREAS, on May 4, 2021, Teen Challenge filed Preliminary Objections to Plaintiffs' Complaint, seeking: (i) dismissal of Plaintiffs' negligence *per se* claims, Counts II and IV, and (ii) to strike paragraph 139(c) of the Complaint;

WHEREAS, on May 24, 2021, Plaintiffs responded to Teen Challenge's Preliminary Objections, and on July 15, 2021, the Court overruled Teen Challenge's Preliminary Objections in their entirety;

WHEREAS, Teen Challenge answered the Complaint, raised affirmative defenses, and denied liability to Plaintiffs and the putative class;

WHEREAS, discovery commenced and the Parties engaged in written discovery;

WHEREAS, the Parties agreed to mediate the Lawsuit;

WHEREAS, on April 27, 2022, the Parties mediated the Lawsuit with mediator Edward Gray with ADROptions, and continued to negotiate in the months thereafter, and reached agreement on the terms of a potential settlement in principle (attached as Exhibit A) on or about June of 2022, desiring to resolve the Lawsuit rather than continue litigating;

WHEREAS, Plaintiffs and their counsel believe that, in consideration of all the circumstances, and after prolonged and serious arm's-length settlement negotiations with Teen Challenge, the proposed settlement embodied in the Settlement Agreement is fair, reasonable, and adequate, and is in the best interests of all members of the Settlement Class (defined in Paragraph 1);

WHEREAS, Teen Challenge indicated its intent to contest every claim in the Lawsuit and maintains that it has consistently acted in accordance with governing laws, but and after prolonged and serious arm's-length settlement negotiations with Plaintiffs' counsel and considering the expenses that would be necessary to defend the Lawsuit and the benefits of a final resolution of the Lawsuit, concluded that it is in its best interests to settle the Lawsuit on the terms and conditions in the Settlement Agreement;

WHEREAS, the Parties and their respective counsel have engaged in arm's length settlement negotiations and mutually desire to fully, finally, and forever settle the Lawsuit on behalf of the Settlement Class and for the Released Claims (defined in Paragraph 8) in accordance with the terms and conditions of the Settlement Agreement, which the Parties believe constitute a fair and reasonable compromise of the claims and defenses asserted in the Lawsuit and upon final approval of the Court;

WHEREAS, based on their evaluation of the facts and the law, Plaintiffs and their counsel (hereinafter "Class Counsel") have agreed to settle the Lawsuit after considering such factors as (1) the benefits to the Settlement Class; (2) the risk, uncertainty, cost, and delay of litigation; and (3) the desirability of obtaining relief for Plaintiffs and the Settlement Class now rather than later (or not at all);

WHEREAS, Plaintiffs and Class Counsel have determined that the Settlement Agreement provides substantial benefits to the Settlement Class and represents a fair, reasonable, and adequate settlement of the claims that are or could have been alleged in the Lawsuit; and

WHEREAS, Teen Challenge and its counsel have made similar determinations, and, while denying wrongdoing, Teen Challenge enters into the Settlement Agreement to avoid the expense,

inconvenience, and inherent risk of litigation, as well as the concomitant disruption of its business operations.

CERTIFICATION OF SETTLEMENT CLASS

1. The Settlement Class: The Settlement Class is defined as follows:

All persons whose personally identifiable information or protected health information was exposed in Defendant's Data Breach (the "Incident").

For purposes of defining the Settlement Class, "personally identifiable information or protected health information" includes information potentially revealing a person's full name, Social Security Number, driver's license number, financial account information, payment card information, date of birth, prescription information, diagnosis information, treatment information, treatment provider, health insurance information, medical information, Medicare/Medicaid ID number, employer identification number, electronic signature, and username and password. Excluded from the Settlement Class are: (i) Teen Challenge's officers, directors, and employees; (ii) any entity in which Teen Challenge has a controlling interest; (iii) the affiliates, legal representatives, attorneys, successors, heirs, and assigns of Teen Challenge, and (iv) all persons who make a timely election to be excluded from the Settlement Class. Also excluded from the Settlement Class are members of the judiciary to whom this case is assigned, their families and members of their staff.

2. Certification of Settlement Class: Promptly after execution of the Settlement Agreement, Class Counsel will ask the Court to issue an order certifying the Settlement Class for settlement purposes only as part of the Motion for Preliminary Approval of the Settlement. Teen Challenge agrees not to object to this request on the terms set forth herein without waiver of its right to contest certification or the merits of the Lawsuit if the settlement does not receive final approval or the Effective Date (defined in Paragraph 16) does not occur.

RELIEF TO THE SETTLEMENT CLASS

3. **Relief to the Settlement Class**: If the proposed settlement receives final approval, Teen Challenge will provide benefits to members of the Settlement Class (“Class Members”) as follows:

(a) Claims-made Settlement. Class Members may submit claims with a \$1,650.00 cap for any individual Class Member’s recovery, and an overall \$400,000.00 cap on all claims payments for all Class Members cumulatively, with a pro rata reduction for each Class Member’s recovery under Paragraph 3(a)(ii)-(iii) if the \$400,000.00 cap is exceeded. If the \$400,000.00 cap is not exceeded, Teen Challenge’s payment obligation will equal the total cumulative claims payments. Class Members may submit a claim for the relief offered in Paragraph 3(a)(i), (ii), and/or (iii) within the time period set forth in Paragraph 10 as set forth below:

i. Credit Monitoring and Identity Restoration Services. Class Members may submit a claim to choose three years of credit monitoring with all three major credit bureaus and identity restoration services, which shall include \$1,000,000.00 in identity theft insurance per Class Member, provided by a credit monitoring vendor chosen by Teen Challenge. Class Counsel and Teen Challenge will both obtain bids for a credit monitoring vendor, from which Teen Challenge will choose the vendor. The cost of Credit Monitoring will not count toward the aggregate cap outlined in Paragraph 3(a), above.

ii. Documented Economic Loss. Class Members may submit a claim, up to a total of \$1,500.00 per Class Member, for reimbursement of unreimbursed documented out-of-pocket expenses which are fairly traceable to the Incident. Class Members shall submit documentation demonstrating that they have been a victim of identity theft or the misuse of their

personal health information after the Incident. Class Members shall also certify: (1) that they have not been reimbursed for these losses otherwise, and (2) that the economic losses do not relate to any other data breaches to the Class Member's knowledge. Class Members shall submit documentation establishing the actual economic loss and shall provide a narrative explaining how any such amount is related to the Incident. Such losses may include the following: (A) costs and expenses spent addressing identity theft or fraud, including long distance phone charges, cell phone charges (only if charged by the minute), data charges (only if charged based on the amount of data used), postage, and gasoline for travel; (B) losses caused by restricted access to funds (*e.g.*, costs of taking out a loan, ATM withdrawal fees); (C) costs related to placing security freezes on credit reports, or requesting copies of credit reports for review; (D) late fees, declined payment fees, overdraft fees, returned check fees, customer service fees, or card cancellation or replacement fees; or (E) other relevant documented economic losses that were not reimbursed.

iii. Lost Time. Class Members may also submit a claim if the Class Member affirms spending a minimum of at least one full hour, and up to a maximum of six full hours, exclusively dealing with the Incident. Class Members shall certify any lost time as a result of dealing with identity theft or the misuse of their personal health information after the Incident; including: (1) how much time was spent, (2) why, (3) on what date(s), and (4) how it was related to the Incident. Class Members are eligible to receive \$25.00 per full hour for this relief. Thus, Class Members who spent at least one full hour are eligible for \$25.00, and Class Members who spent at least six full hours are eligible for \$150.00, which is the maximum amount recoverable under this Paragraph 3(a)(iii) for each Class Member. The amounts paid to each Class Member pursuant to this Paragraph 3(a)(iii) do not count towards the \$1,500.00 cap for any individual Class

Member's recovery, as set forth in Paragraph 3(a)(ii), but do count towards the overall \$400,000.00 cap on all claims payments for all Class Members cumulatively, as set forth in Paragraph 3(a).

(b) Claims Payments. Payments will be mailed to Class Members within 30 days following the Effective Date upon submission of a valid claim form and after the Claims Administrator's confirmation through the review of Teen Challenge's records that the Class Member is entitled to relief and the Class Member's submission of sufficient documentation demonstrating an entitlement to relief under the settlement and the Claims Administrator's submission of a final list of all verified claims to counsel for the Parties.

(c) Checks. Checks shall be valid for 90 days from the date of issue. If a check is returned as undeliverable, Teen Challenge or the Claims Administrator will re-mail the check if a forwarding address is provided. If a new address is not provided, or if the check is re-mailed and returned, the check will be canceled, and Teen Challenge and the Claims Administrator will have no further obligation to attempt to make a payment to that Class Member.

4. Attorneys' Fees, Costs, and Service Award:

(a) Attorneys' Fees and Costs. Teen Challenge agrees not to object to Plaintiffs' request for attorneys' fees to Class Counsel in an amount not to exceed a total of \$250,000.00, inclusive of all costs ("Class Counsel Payment"). Class Counsel and Plaintiffs agree not to seek or accept a Class Counsel Payment greater than \$250,000.00. Class Counsel will petition for approval of the Class Counsel Payment at least 14 days before the deadline for Class Members to exclude themselves or object, or any similar deadline set by the Court. Teen Challenge will pay the amount approved by the Court that does not exceed \$250,000.00 to Class Counsel within 20 days of Court approval of the Class Counsel Payment, or within 20 days of the Effective Date, whichever is later.

The Court-approved Class Counsel Payment will not affect any benefits provided to Class

Members. Teen Challenge's obligations with respect to the Court-approved Class Counsel Payment shall be fully satisfied upon receipt of the funds by Class Counsel. Class Counsel will be responsible for any loss that may occur after receipt of the funds and for allocating the Court-approved Class Counsel Payment among Class Counsel or others. Teen Challenge will have no responsibility or liability in connection with the allocation of the Court-approved Counsel Payment, or for any tax obligations or payments associated with the payment. Class Counsel will bear all liability, and Teen Challenge will bear no liability (beyond the Court-approved Class Counsel Payment itself) in connection with any claim for payment made by any attorney or service provider who claims to have rendered services to, for, or on behalf of Plaintiffs, any Class Member, or Class Counsel in connection with the Lawsuit and this settlement.

Except for the Court-approved Class Counsel Payment, Class Counsel will be responsible for all fees, costs, and expenses incurred by Plaintiffs or Class Counsel in connection with the Lawsuit. No interest will accrue with respect to the Court-approved Class Counsel Payment.

(b) Service Awards. Teen Challenge agrees not to object to Plaintiffs' request for service awards in an amount not to exceed \$1,500.00 for each individual Plaintiff (for a total of \$3,000.00) for their time and effort on behalf of the Settlement Class. Class Counsel and Plaintiffs agree not to seek or accept a service award greater than \$1,500.00 for each Plaintiff (for a total of \$3,000.00). Class Counsel will petition for approval of the service awards at least 14 days before the deadline for Class Members to exclude themselves or object, or any similar deadline set by the Court. Teen Challenge will pay the amount approved by the Court that does not exceed \$1,500.00 each for Plaintiffs (for a total of \$3,000.00) to Class Counsel within 20 days of Court approval of the Class Counsel Payment, or within 20 days of the Effective Date, whichever is later. The Court-approved service award will not affect any benefits provided to Class Members,

including Plaintiffs. Teen Challenge's obligations with respect to the Court-approved service awards shall be fully satisfied upon receipt of the funds by Class Counsel. Plaintiffs will bear all liability, and Teen Challenge will bear no liability, for any tax obligations or payments associated with the Court-approved service awards. No interest will accrue with respect to the Court-approved service awards.

(c) Teen Challenge's payment of attorneys' fees and costs, and service awards is subject to Class Counsel's obligation to repay all such monies awarded if any appellate court reverses the approval of the Settlement or those awards.

5. New Practices: Teen Challenge has implemented improvements to improve its cybersecurity since the Incident and shall continue in its efforts to improve its cybersecurity. These efforts included Teen Challenge ensures that personally identifiable information and electronic protected health information (ePHI) that is accessed via a remote computer is protected by utilizing the verification measures provided by Sigmund, its EMR system. In March 2020, Teen Challenge transitioned to a HIPAA-compliant eFax system. In addition, these technical safeguards are augmented by the rules on electronic transmission of ePHI that are set forth in the HIPAA Security Policy and Procedures, Policy and in the Teen Challenge Cyber Security Policy. These rules are reinforced in the training provided on HIPAA compliance and on IT Policy and Cybersecurity Awareness.

Furthermore, a number of the procedures to ensure that the person or entity seeking access to ePHI is the one claimed are implemented within the Teen Challenge EMR system. The Sigmund platform is password protected and encrypted with a valid SSL certificate. User accounts are issued only upon the request of the hiring manager or a supervisor for the department into which a particular employee is being hired, and that access is managed by the IT department. A

ticket is required for each request for Sigmund security access. The request must be submitted by an individual with supervisor-level authority for that department. Each user account is then assigned to the specific security group corresponding to their role or position (e.g., “medical care nurses” or “counselor_PATC”), which determined their level of data access within the Sigmund platform. No user of the system can be assigned security access that was created for a different role or for a different department without express approval from someone who is designated as senior management with responsibility for that role or department. In short, Teen Challenge uses the technical safeguards within Sigmund to limit access to ePHI and ensure that only those individuals authorized to access the ePHI are able to do so.

When an employee separates from Teen Challenge for any reason, user accounts are deleted as part of the termination proceedings. Teen Challenge requires that any account access for individuals who work at any of its locations be terminated within two business days of the employee’s last day, or sooner if circumstances warrant an escalation.

Additionally, Sigmund generates audit reports that can be used to check user login attempts as a means of confirming access dates/times. Account passwords are required to be changed at any point the IT department deems it appropriate, including in the instance where the password used by a group to access Sigmund needs to be changed due to a change in staffing.

Teen Challenge requires all individuals who have access to its EMR system to agree to the requirements set out in its EMR Shared Login Information Technology Policy. Pursuant to that policy, users of a shared login to access patient or client information must abide by clear user guidelines in order to protect the confidential information and to provide historical auditing capability.

In addition to the password protections available through Microsoft Office 365, Teen Challenge has implemented MFA for its email environment to serve as validation that the person(s) seeking access to the account is the valid, authorized user.

CLAIMS ADMINISTRATION

6. Claims Administration:

(a) After Class Counsel and Teen Challenge both obtain bids, Teen Challenge will choose a third-party settlement claims administrator (“Claims Administrator”) to provide notice of the settlement to Class Members and otherwise administer the settlement, subject to the approval of the Court. The Claims Administrator will administer the settlement, including (i) providing short form Notice of Proposed Settlement to Class Members; (ii) create and host a website, publicly accessible for at least three months after the Effective Date, dedicated to providing information related to this Lawsuit, including access to relevant publicly available court documents relating to this Lawsuit, the settlement and the Settlement Agreement, including the Notice of Proposed Settlement in both short form and long form (attached as Exhibit B) (the “Settlement Website”), and provide Class Members with the ability to submit claims and supporting documentation for compensatory relief and enroll in credit monitoring with the credit monitoring vendor chosen by Teen Challenge; (iii) maintaining a toll-free telephone number and address or P.O. Box by which Class Members can seek recorded additional information regarding the Settlement Agreement; (iv) processing claims and supporting documentation submissions and credit monitoring enrollment requests, and facilitating the provision of approved payments to Class Members via Ace American Insurance Company; (vi) processing requests for exclusion from Class Members; and (vii) any other provision of the Settlement Agreement that relates to the settlement and claims administration.

(b) Review and Assistance. Teen Challenge and Class Counsel will be permitted to audit and review actual (or summary reports on) claims made, claims approved or denied, checks issued, calculation of benefits under the settlement, returned checks and uncashed checks to assist with (1) the effectuation of the settlement, and (2) the Parties' respective desire to reasonably ensure that the benefits are administered in a manner to attempt to reach each Class Member.

(c) Cure Notice. The Claims Administrator shall have the right to reject any claim it deems to be fraudulent, insufficient, or incomplete. The Claims Administrator shall, however, afford Class Members a fair and reasonable opportunity to cure any insufficient or incomplete claim submissions to maximize the overall benefit to the Settlement Class. The Claims Administrator will send originals or copies of claim forms rejected as invalid or incomplete, or a written notice of additional information required for the claim form to be valid ("Cure Notice"), directly to the Class Member who submitted the claim form. Class Members shall have a 30-day period to cure defective or incomplete claims, which shall run from the date of mailing of the original or copy of the claim form or Cure Notice to the Class Member. The 30-day cure period may extend after the end of period for submission of claims so long as the original claim was timely submitted. Class Members shall have only one opportunity to cure.

(d) Disputes. Upon review of any claims that are approved and denied, counsel for the Parties shall have a reasonable opportunity to inspect originals or copies of the claim submissions in question. Counsel for the Parties will inform each other within ten business days of receiving claims information from the Claims Administrator whether they dispute the approval or denial of any claim. Should any disagreement arise about the validity of any claim, counsel for the Parties will first attempt to resolve all such disputes among themselves. If counsel for the

Parties are unable to agree on the validity of one or more claims after meeting and conferring, the Parties shall jointly submit the disputed claim(s) to the Court for determination. Once the Parties or the Court resolve all disputed claims, the Claims Administrator, shall submit a final list of all verified claims to Class Counsel and Teen Challenge.

(e) Cost of Claims Administration. Teen Challenge will be responsible for the cost of claims administration, including the payment of the Claims Administrator and notice to Class Members. The cost of claims administration will not affect any benefit provided to Class Members, including Plaintiffs. Except for the Court-approved Class Counsel Payment and Court-approved service award, and costs of claims administration, Teen Challenge will not be responsible for, and will not pay, any additional costs or fees incurred by Plaintiffs or Class Counsel with respect to the negotiation, implementation, or administration of the settlement, or any costs incurred by any Class Member in connection with participating in, opting out of, or objecting to the settlement.

(f) Contact with Class Members. Class Counsel consents to Teen Challenge communicating with any Class Member, including in connection with the subject matter of the Settlement Agreement, provided such communication is not to discourage participation in the settlement or claims process.

7. **No Other Financial Obligations on Teen Challenge:** Teen Challenge will not be obligated to pay any fees, expenses, or costs in connection with the Lawsuit or the Settlement Agreement other than the amounts and categories specifically provided for in the Settlement Agreement.

RELEASE

8. Release and Indemnification: Upon the Effective Date, Plaintiffs and every Class Member, including each and every one of their respective past, present or future employees, agents, representatives, attorneys, heirs, successors, assigns, or any other person acting on their behalf or for their benefit, or any person claiming through them, who has not in a timely fashion excluded themselves by the means proscribed in paragraph 12 below (collectively “Releasors”), in consideration of the relief set forth in the Settlement Agreement, fully and finally release and discharge Teen Challenge, its parents, subsidiaries, and affiliates, and all of their present, former and future officers, directors, employees, members, shareholders, general partners, limited partners, beneficiaries, agents, attorneys, representatives, affiliates, predecessors, successors, assigns, insurers, reinsurers, and legal representatives (with all the foregoing released parties in this paragraph being collectively referred to as the “Released Parties”), from all causes of action, suits, claims, or demands, in law or in equity, known or unknown at this time, which Releasors, or any of them, now have, did have, or may have in the future against the Released Parties, or any of them, under any legal theory, whether or not alleged, related to or arising from or related to the claims articulated by Plaintiffs in their Class Action Complaint and pertaining to the Incident. The claims released in this paragraph are referred to as the “Released Claims.”

Plaintiffs and Class Members waive any principles of law similar to and including Section 1542 of the California Civil Code, which provides:

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

Plaintiffs and Class Members agree that Section 1542 and all similar federal or state laws,

rules, or legal principles of any other jurisdiction are knowingly and voluntarily waived in connection with the claims released in the Settlement Agreement and agree that this is an essential term of the Settlement Agreement. Plaintiffs and Class Members acknowledge that they may later discover claims presently unknown or suspected, or facts in addition to or different from those that they now believe to be true with respect to the matters released in the Settlement Agreement. Nevertheless, Plaintiffs and Class Members fully, finally, and forever settle and release the Released Claims against the Released Parties. If Plaintiffs or any Class Member (except those who timely opt out), or someone acting on their behalf, violate this Paragraph 8 and assert a Released Claim against a Released Party, he or she agrees to indemnify the Released Party against all costs and expenses, including attorneys' fees, that the Released Party incurs to seek enforcement of this Paragraph 8.

SETTLEMENT APPROVAL PROCESS

9. **Preliminary Approval Order:** Plaintiffs will petition the Court for a preliminary order approving the Settlement Agreement (the "Preliminary Approval Order") within 30 days after the Settlement Agreement has been fully signed by the Parties. A copy of the proposed Preliminary Approval Order is attached as Exhibit C.

10. **Class Notice:** Teen Challenge will provide the Claims Administrator with a list of all Class Members who were sent notice of the Incident, along with their last known email addresses and mailing addresses from its records, if known, within 30 days of entry of the Preliminary Approval Order. Within 60 days following entry of the Preliminary Approval Order, the Claims Administrator will send the short form Notice of Proposed Settlement (attached in long and short forms as Exhibit B) to Class Members (the "Notice Date") by: (i) email to each Class Member for whom Teen Challenge or the Claims Administrator can ascertain an email address,

and (ii) by postcard notice to each Class Member whose email notice was undeliverable and for whom Teen Challenge or the Claims Administrator can ascertain a mailing address with reasonable effort or by implementing a standard skip trace. If a notice is returned to the Claims Administrator as undelivered and a forwarding address is provided, the Claims Administrator will re-mail one additional time to the new address. If a notice is returned to the Claims Administrator as undelivered and a forwarding address is not provided, the Claims Administrator will update the Class Member's address through a reliable service of the Claims Administrator's choosing that is consistent with its customary business practices will re-mail one additional time to the new address if one is found. The Claims Administrator will also post a long form Notice of Proposed Settlement on the Settlement Website. The notices will advise that Class Members have 270 days from the Notice Date to submit a claim for compensation, credit monitoring enrollment, or both.

11. The Claims Administrator shall have the right to reject any claim it deems to be fraudulent, insufficient, or incomplete. The Claims Administrator shall, however, afford Claimants a fair and reasonable opportunity to cure any insufficient or incomplete claim submissions to maximize the overall benefit to the Class.

12. **Right of Exclusion:** Class Members who submit a timely written request for exclusion from the Settlement Class will be excluded from the Settlement Class. A request for exclusion must be in writing and must state the name, address, and phone number of the person seeking exclusion. Each request must also contain a signed statement to the following effect: "I request to be excluded from the Settlement Class in the Reese v. Teen Challenge Training Center Inc., d/b/a Pennsylvania Adult & Teen Challenge lawsuit." The request must be mailed to the Claims Administrator at the address provided in the Notice of Proposed Settlement no later than 60 days after the Notice Date, or any other date set by the Court. A request for exclusion that does

not include all of the foregoing information, or that is sent to an address other than the one designated in the Notice of Proposed Settlement, or that is not mailed by the deadline will be invalid, and the person submitting the request will remain a Class Member. A Class Member who cashes a check from Teen Challenge or submits a valid claim form is not eligible for exclusion, and any request for exclusion will be invalid. Class Counsel will file a list of Class Members requesting exclusion with the Court.

13. Right to Object: Any Class Member who objects to the settlement may appear in person or through counsel, at his or her own expense, at the final approval hearing to present any relevant evidence or argument. No Class Member will be heard and no papers submitted by any Class Member will be considered unless, no later than 60 days after the Notice Date, or any other date set by the Court, the Class Member files with the Court and mails to Class Counsel and Teen Challenge's counsel written objections that include: (1) the title of the case; (2) the Class Member's name, address, and telephone number; (3) the approximate date when the Class Member had dealings with Teen Challenge; (4) all legal and factual bases for any objection; and (5) copies of any documents that the Class Member wants the Court to consider. Should the Class Member wish to appear at the final approval hearing, the Class Member must so state, and must identify any documents or witnesses the Class Member intends to call on his or her behalf. In addition, any Class Member objecting to the settlement shall provide a list of all other objections submitted by the objector, or the objector's counsel on behalf of the objector, to any class action settlement in the United States in the previous five years. Any Class Member who fails to object in this manner will be deemed to have waived any objections.

14. Right to Set Aside Settlement Agreement: If seven (7%) percent or more of the Class Members request exclusion, Teen Challenge will have the right, at its sole discretion, to

terminate the Settlement Agreement and render the settlement void and of no effect, notwithstanding the preliminary approval of the settlement.

Any Party shall have the right to set aside or rescind this Settlement Agreement, if any of the following occurs:

- a. the Court sustains an objection to the Settlement that prevents it from entering a Final Order; or
- b. if the Court, or any appellate court, requires any substantive modifications to this Settlement Agreement.

15. Final Judgment Order: At the final approval hearing, the Parties will ask the Court to enter final judgment (the “Final Judgment and Order”). A copy of the proposed Final Judgment and Order is attached as Exhibit D.

16. Finality of Judgment: The Final Judgment and Order will be deemed final, and the Effective Date will occur: (a) 35 days after the Final Judgment and Order is entered if no notice of appeal or motion tolling the time for appeal is filed; or (b) if any such document is filed, 14 days after all appellate proceedings (including proceedings in the Court in the event of a remand) have been finally terminated and the Settlement Agreement has been finally approved in all material respects.

MISCELLANEOUS PROVISIONS

17. Integration and Drafting: The Settlement Agreement was drafted and negotiated by counsel for the Parties at arm’s length. It sets forth the entire agreement among the Parties.

18. Amendment, Court Approval, Extensions: The Settlement Agreement may not be amended without the written consent of all Parties and approval of the Court; provided, however, that the Parties may agree to reasonable extensions of time to carry out any provision of

the Settlement Agreement, and provided further that any extension of more than 30 days must be approved by the Court.

19. **Construction:** The Settlement Agreement has been drafted by all Parties and shall not be construed for or against any of the Parties.

20. **Applicable Law:** The Settlement Agreement shall be governed by and interpreted in accordance with the law of the Commonwealth of Pennsylvania.

21. **Integration of Exhibits:** The exhibits to the Settlement Agreement are incorporated by reference and are an integral part of the Settlement Agreement.

22. **Headings:** The headings in the Settlement Agreement are for convenience of reference only and are not to be taken to be a part of the provisions of the Settlement Agreement, nor to control or affect meanings, constructions or the effect of the same.

23. **Counterparts:** The Settlement Agreement may be executed in counterparts, each of which will be considered an original. Executed signature pages are valid and enforceable whether they are originals or copies, and whether transmitted by facsimile, email, or any other means.

24. **No Evidence, No Admission:** In no event shall the Settlement Agreement, any of its provisions, or any negotiations, statements, or proceedings relating to it be offered or received as evidence in the Lawsuit or in any other proceeding, except that the Settlement Agreement may be used in a proceeding to enforce the Settlement Agreement (including its release) and pleaded as a full and complete defense to any action, suit or other proceeding that may be instituted or prosecuted with respect to the Released Claims. Without limiting the foregoing, neither the Settlement Agreement nor any related negotiations will be offered or received as evidence, or as

an admission or concession, by any person of any matter, including but not limited to any alleged wrongdoing on the part of Teen Challenge or the appropriateness of certification of any class.

25. Tax Consequences: Teen Challenge gives no opinion as to the tax consequences of the settlement to Plaintiffs, Class Members or anyone else. Each Class Member's or other person's tax obligations, if any, and the determination of those obligations, are the sole responsibility of the Class Member or other person. Teen Challenge will act as it determines is required by the Internal Revenue Code in reporting any settlement benefit provided pursuant to the Settlement Agreement.

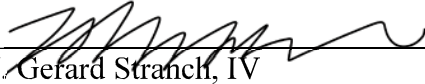
26. Cooperation in Effecting Settlement: The Parties, their successors and assigns, and their attorneys will implement the Settlement Agreement in good faith, use good faith in resolving any disputes that may arise in the implementation of the Settlement Agreement, cooperate with one another in seeking Court approval of the Settlement Agreement, and use their best efforts to effect the prompt consummation of the Settlement Agreement.

27. Publicity: The Parties will not make any public statement about the settlement that has not been approved by the other side, except as required or authorized by law. Approval of any proposed public statement of the other side will not be unreasonably withheld. The Parties will cooperate with each other regarding public statements about the settlement and may issue a joint statement/press release if they mutually agree to do so. Notwithstanding the foregoing, the Parties may respond to inquiries from Class Members regarding the substance of the settlement, provided however that such responses shall in no way be disparaging to a Party. Teen Challenge may, at its sole discretion, make a public statement about its operating procedures, or changes to these procedures, relating to cybersecurity.

28. Authority to Execute Agreement: Each person executing the Settlement

Agreement represents that he or she is authorized to execute it.

**PLAINTIFFS KRIS REESE AND TODD SAYLOR
BY PLAINTIFFS' COUNSEL**



J. Gerard Strach, IV
Date: 3/2/2023

**DEFENDANT TEEN CHALLENGE TRAINING CENTER INC.
d/b/a PENNSYLVANIA ADULT & TEEN CHALLENGE
BY DEFENDANT'S COUNSEL**

David J. Shannon
Vlada Tasich
Date:

28. **Authority to Execute Agreement:** Each person executing the Settlement

Agreement represents that he or she is authorized to execute it.

**PLAINTIFFS KRIS REESE AND TODD SAYLOR
BY PLAINTIFFS' COUNSEL**

J. Gerard Stranch, IV

Date:

**DEFENDANT TEEN CHALLENGE TRAINING CENTER INC.
d/b/a PENNSYLVANIA ADULT & TEEN CHALLENGE
BY DEFENDANT'S COUNSEL**



David J. Shannon

Vlada Tasich

Date: 4/21/2023

EXHIBIT A

IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY, PENNSYLVANIA

KRIS REESE and TODD SAYLOR, on)
behalf of themselves and others similarly) CIVIL DIVISION
situated,)
)
) Case No. 210400093
)
Plaintiffs,)
VS.)
)
)
TEEN CHALLENGE TRAINING CENTER,)
INC., d/b/a PENNSYLVANIA ADULT &)
TEEN CHALLENGE,)
)
)
Defendant.)

CLASS ACTION SETTLEMENT TERM SHEET

Plaintiffs Kris Reese and Todd Saylor (“Plaintiffs”) and Defendant Teen Challenge Training Center, Inc. (“Defendant”) (collectively hereinafter the “Settling Parties” or “Parties”) agree in principle to settle the above-captioned action as follows:

1. Defendant shall provide the following relief to the Settlement Class:

- a. **Credit Monitoring and Identity Restoration Services.** Defendant will provide three (3) additional years of credit monitoring and identity restoration services for those Settlement Class Members who opt to receive Credit Monitoring and Identity Restoration Services in their proof of claim. The credit monitoring services shall apply to all three major credit bureaus and shall include at least \$1,000,000 in identity theft insurance per class member.
- b. **Claims-Made Reimbursement for Documented Economic Losses.** Settlement Class Members can receive reimbursement for documented unreimbursed economic losses, including lost time, that are fairly traceable to the data breach as

alleged in the complaint (hereinafter “Data Breach”). Settlement Class Members shall certify that they have not been reimbursed for these losses otherwise, and that the economic losses do not relate to any other data breaches to their knowledge. Settlement Class Members shall submit documentation demonstrating that they have been a victim of identity theft or the misuse of their personal health information after the July 2020 Data Breach. Settlement Class Members shall submit documentation establishing the actual economic loss and shall provide a narrative explaining how any such amount is related to the Data Breach. Settlement Class Members shall also certify any lost time as a result of dealing with identity theft or the misuse of their personal health information after the July 2020 Data Breach; including how much time was spent, why, on what date(s), and how it was related to the Data Breach. The maximum amount payable to the Settlement class as a whole for documented unreimbursed economic losses is \$400,000.00, and the maximum amount to any individual class member is \$1,500.00 for documented economic losses and a separate maximum amount of \$150.00 for lost time payable at \$25.00 per hour up to six (6) hours.

- c. The claims period for credit monitoring and identity restoration services, and for reimbursement of documented unreimbursed economic losses ends two hundred and seventy (270) days from the mailing of Notices to the Settlement Class. Claims may be submitted electronically or in paper format.
- d. Defendant has made certain systems or practice changes to improve data security.

2. Defendant agrees to certification of the Settlement Class: All persons whose personally identifiable information or protected health information was exposed in Defendant's Data Breach.
3. The Plaintiffs agree to move for preliminary and final approval of the settlement, and Defendant will be provided draft submissions for comments prior to filing with the Court.
4. Defendant agrees to retain a settlement administrator that will provide notice of the settlement and oversee administration of the claims process (the "Settlement Administrator"). Defendant will pay the cost of administration and notice.
5. Notice shall be provided to the Settlement Class as follows: a) by email notice to each Settlement Class Member for whom Defendant or the Settlement Administrator can ascertain an email address; b) by postcard notice to each Settlement Class Member whose email notice was undeliverable and for whom Defendant or the Settlement Administrator can ascertain a mailing address with reasonable effort or by implementing a standard skip trace; c) and by posting a long-form notice on the Settlement Website.
6. Settlement Class Counsel consents to Defendant communicating with any Settlement Class Member, including in connection with the subject matter of this Term Sheet and the Settlement Agreement, provided such communication is not to discourage participation in the settlement or claims process.
7. This document represents the general terms of the settlement to be refined and explained in detail in a Settlement Agreement. The Settling Parties agree that they will cooperate to execute an agreement setting forth all terms of the settlement, customary exhibits thereto, including but not limited to appropriate notices and proposed orders, which will be submitted to the Court for preliminary approval within 30 days after the execution of the

Settlement Agreement. The Settling Parties further agree that there is no final binding settlement unless and until the Settlement Agreement is executed and finally approved by the Court.

8. The Parties agree to have a signed Settlement Agreement within 21 days of agreeing to all terms of the Settlement Agreement.
9. Defendant shall have the right to terminate the settlement if 7% or more Settlement Class Members submit valid requests to opt out of the Settlement Class.
10. The Settlement Agreement shall provide to the fullest extent permitted by law a complete release of Defendant and its parents, subsidiaries, and each of its and their respective representatives, officers, agents, directors, affiliates, employees, insurers, attorneys, predecessors, successors and assigns etc., by Plaintiffs as well as all Settlement Class Members of all claims related to the Data Breach, known or unknown, that have been or could have been asserted in this Action. Plaintiffs and Settlement Class Members covenant and agree that they shall not hereafter seek to establish liability against Defendant in whole or in part on any released claim. This is not intended to release any claims unrelated to the Data Breach.
11. The Settlement Agreement shall provide to the fullest extent permitted by law a complete release of the Class Representatives, any Class Member, and Class Counsel relating to the claims related to the Data Breach, or the filing or prosecution of the lawsuit relating to such claims.
12. The Settlement Agreement shall provide for entry of final judgment disposing of all claims in this action.

13. The Parties agree that upon agreeing to all terms of the Settlement Agreement, the Parties shall inform the Court that they have reached an agreement in principle and are preparing a final settlement agreement.

14. Attorneys' fees, expenses and a service award will be negotiated separately and only after the material terms of this agreement are reached and will be paid by Defendant in addition to the relief provided to Class Members in this agreement, and subject to Court approval.

Approved:

Dated: 06 / 23 / 2022



Kris Reese, Plaintiff

Dated: _____

Todd Saylor, Plaintiff

Dated: _____

Teen Challenge Training Center Inc.

By: _____

Its: _____

Approved as to Form:

Robert J. Mongeluzzi
David L. Kwass
Elizabeth A. Bailey
SALTZ MONGELUZZI & BENDESKY P.C.
1650 Market Street, 52ND Fl.
Philadelphia, PA 19103

Lynn A. Toops
Lisa M. La Fornara
Cohen & Malad, LLP
One Indiana Square, Suite 1400
Indianapolis, IN 46204
Tel: (317) 636-6481
ltoops@cohenandmalad.com

13. The Parties agree that upon agreeing to all terms of the Settlement Agreement, the Parties shall inform the Court that they have reached an agreement in principle and are preparing a final settlement agreement.

14. Attorneys' fees, expenses and a service award will be negotiated separately and only after the material terms of this agreement are reached and will be paid by Defendant in addition to the relief provided to Class Members in this agreement, and subject to Court approval.

Approved:

Dated: _____

Kris Reese, Plaintiff

Dated: 06 / 23 / 2022



Todd Saylor, Plaintiff

Dated: _____

Teen Challenge Training Center Inc.

By: _____

Its: _____

Approved as to Form:

Robert J. Mongeluzzi

David L. Kwass

Elizabeth A. Bailey

SALTZ MONGELUZZI & BENDESKY P.C.

1650 Market Street, 52ND Fl.

Philadelphia, PA 19103

Lynn A. Toops

Lisa M. La Fornara

Cohen & Malad, LLP

One Indiana Square, Suite 1400

Indianapolis, IN 46204

Tel: (317) 636-6481

ltoops@cohenandmalad.com

13. The Parties agree that upon agreeing to all terms of the Settlement Agreement, the Parties shall inform the Court that they have reached an agreement in principle and are preparing a final settlement agreement.

14. Attorneys' fees, expenses and a service award will be negotiated separately and only after the material terms of this agreement are reached and will be paid by Defendant in addition to the relief provided to Class Members in this agreement, and subject to Court approval.

Approved: _____

Dated: _____

Kris Reese, Plaintiff

Dated: _____

Todd Saylor, Plaintiff

Dated: 5/26/22

Heather Powell
Teen Challenge Training Center Inc.
By: Heather Powell
Its: VP, HR

Approved as to Form:

Robert J. Mongeluzzi
David L. Kwass
Elizabeth A. Bailey
SALTZ MONGELUZZI & BENDESKY P.C.
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Counsel for the Defendant

EXHIBIT B

Summary Notice

Reese, et al., v. Teen Challenge Training Center, Inc., No. 210400093

You may be entitled to receive benefits under this class action settlement.

*A state court authorized this Notice. It is **not** a solicitation from a lawyer.*

A proposed settlement has been reached in a lawsuit entitled *Reese, et al. v. Teen Challenge Training Center, Inc., d/b/a Pennsylvania Adult & Teen Challenge*, No. 210400093, pending in the Court of Common Pleas of Philadelphia County, Pennsylvania. The lawsuit alleges that on or about between July 27, 2020 and July 30, 2020, Teen Challenge Training Center, Inc. (“Teen Challenge”) was the victim of a cyberattack resulting in the disclosure of personal information and protected health information, including full names, Social Security Numbers, driver’s license numbers, financial account information, payment card information, dates of birth, prescription information, diagnosis information, treatment information, treatment providers, health insurance information, medical information, Medicare/Medicaid ID numbers, employer identification numbers, electronic signatures, and usernames and passwords (the “Data Breach”). Teen Challenge has denied fault or wrongdoing, maintains that it has meritorious defenses, and it was prepared to vigorously defend the lawsuit. The settlement is not an admission of wrongdoing or an indication that Teen Challenge has violated any laws, but rather the resolution of disputed claims. Teen Challenge encourages all persons who qualify as members of the Settlement Class to participate in the Settlement.

Who Is Included? Teen Challenge’s records indicate you are included in the settlement as a Settlement Class Member because your information may have been involved in the Data Breach.

What Benefits are Included in the Settlement?

- All Settlement Class Members have the option to sign-up for the **Credit Monitoring Provider** Settlement Offering of a three-year period of coverage, which may be additional to any coverage you may already have, for credit monitoring and identity restoration services, regardless of whether or not they were a victim of identity theft or the misuse of their personal health information after the Data Breach.
- Any Settlement Class Member who spent money to recover from identity theft or the misuse of their personal health information after the Data Breach may submit one or more Claims for reimbursement for documented Economic Losses related to the Data Breach that have not been reimbursed by the **Credit Monitoring Provider** Settlement Offering or other third parties, up to an aggregate total of \$1,500.00 per Settlement Class Member for documented economic losses.
- Any Settlement Class Member who spent at least 1 hour of time as a result of the Data Breach may submit one or more Claims for reimbursement for Lost Time related to the Data Breach that have not been reimbursed by the **Credit Monitoring Provider** Settlement Offering or other third parties, up to an aggregate total of \$150.00 per Class Member @ \$25.00/hour for up to 6 hours for lost time.

- The total possible cash benefit for documented Economic Loss and Lost Time for all Settlement Class Members is \$400,000, and therefore, your cash benefit for documented Economic Loss and Lost Time may decrease depending on the total number and amount of claims filed.

How Do I Receive Settlement Benefits? To receive the **Credit Monitoring Provider** Settlement Offering, Settlement Class Members must submit a Claim Election/Reimbursement Form to the Settlement Administrator by **DATE**. An enrollment code will then be sent with instructions and a deadline by which the plan must be activated. To file a claim for reimbursement of Economic Losses, Settlement Class Members must submit a Claim Election/Reimbursement Form to the Settlement Administrator by **DATE**. The form is available at www.INSERTWEBSITE.com, by calling **1-PHONE NUMBER**, or by writing to the Settlement Administrator at **ADDRESS**. The form may be submitted through the Settlement Website or by mail to the Settlement Administrator.

What Are My Options? You can do nothing, submit a Claim Election/Reimbursement Form, or exclude yourself from the settlement. If you do nothing or submit a Claim Election/Reimbursement Form, your rights will be affected. You will not be able to sue Teen Challenge in a future lawsuit about the claims addressed in the settlement. If you exclude yourself, you will not receive the listed settlement benefits-but you will keep your right to sue Teen Challenge in a separate lawsuit on the issues covered by the settlement. You must contact the Settlement Administrator by mail to exclude yourself. If you do not exclude yourself, you can object to the settlement, Class Counsel's request for fees and costs, or the Settlement Class Representatives' requests for service awards. ***All Requests for Exclusion and Objections must be postmarked or filed in person by [exclusion/objection deadline].***

The Final Approval Hearing. The Court will hold a Final Approval Hearing at [**TIME**, on **DATE**], at the Philadelphia County Court of Common Pleas, Room **■**, City Hall, Philadelphia, Pennsylvania, 19107, and/or by remote videoconference. At the Final Approval Hearing, the Court will consider whether the proposed settlement is fair, reasonable, and adequate. The Court may also consider Settlement Class Counsel's request for attorneys' fees and costs, and a service award to the Settlement Class Representatives that filed this lawsuit. If there are objections, the Court will consider them.

Getting More Information. More information, including the Settlement Agreement and other related documents, is available at www.INSERTWEBSITE.com.

THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY, PENNSYLVANIA

Notice of Class Action and Proposed Settlement

You may be entitled to receive benefits under this class action settlement.

This notice summarizes the proposed settlement reached in a lawsuit entitled *Reese, et al., v. Teen Challenge Training Center, Inc., d/b/a Pennsylvania Adult & Teen Challenge*, No. 210400093, pending in the Court of Common Pleas of Philadelphia County, Pennsylvania (“Lawsuit”). For the precise terms and conditions of the settlement, please see the settlement agreement available at www.WEBSITE.com, by contacting the Settlement Administrator at [REDACTED], by accessing the Court docket in this case through the Court’s system at https://fjdefile.phila.gov/efsfd/zk_fjd_public_qry_00.zp_disclaimer.

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK’S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS.

This notice may affect your rights - please read it carefully.

*A state court authorized this notice. This is **not** a solicitation from a lawyer.*

1. The lawsuit alleges that on or about between July 27, 2020 and July 30, 2020, Teen Challenge Training Center, Inc., d/b/a Pennsylvania Adult & Teen Challenge (“Teen Challenge”) was the victim of a cyberattack resulting in the disclosure of personal information and protected health information, including full names, Social Security Numbers, driver’s license numbers, financial account information, payment card information, dates of birth, prescription information, diagnosis information, treatment information, treatment providers, health insurance information, medical information, Medicare/Medicaid ID numbers, employer identification numbers, electronic signatures, and usernames and passwords. (the “Data Breach”). Teen Challenge has denied fault or wrongdoing, maintains that it has meritorious defenses, and it was prepared to vigorously defend the lawsuit. The settlement is not an admission of wrongdoing or an indication that Teen Challenge has violated any laws but is rather the resolution of disputed claims. Teen Challenge encourages all persons who qualify as members of the Settlement Class to participate in the Settlement.

2. If your information was potentially compromised in the Data Breach, you are a Settlement Class Member.

3. The Settlement provides that Settlement Class Members are eligible for the **Credit Monitoring Provider** Settlement Offering by submitting the Claim Election/Reimbursement Form by the **Election Deadline** and following the additional enrollment instructions to activate the plan as instructed.

4. The Settlement also provides that Settlement Class Members who spent money to recover from identity theft or the misuse of their personal health information after the Data Breach may seek reimbursement of up to \$1,500.00 for documented Economic Losses Settlement Class Members suffered as a result of the Data Breach that have not been reimbursed by **Credit**

Monitoring Provider or another third party. To be eligible for reimbursement, you must submit sufficient evidence of your economic loss and satisfy additional requirements. The deadline to submit a claim is **Claims Deadline**.

5. The Settlement also provides that Settlement Class Members who spent at least 1 hour of time as a result of the Data Breach may seek reimbursement of up to \$150.00 @ \$25.00/hour for Lost Time related to the Data Breach. To be eligible for reimbursement, you must submit a claim showing the Lost Time is fairly traceable to the Data Breach. The deadline to submit a claim is **Claims Deadline**.

6. **The total possible cash benefit for documented Economic Loss and Lost Time for all Settlement Class Members is \$400,000, and therefore, your cash benefit for documented Economic Loss and Lost Time may decrease depending on the total number and amount of claims filed.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT AN ELECTION FORM DEADLINE: [DATE]	This is the only way for Settlement Class Members to enroll in the Credit Monitoring Provider Settlement Offering paid for by Teen Challenge. If you submit a Claim Election/Reimbursement Form, you will give up the right to sue Teen Challenge in a separate lawsuit about the claims this Settlement resolves.
REIMBURSEMENT FORM DEADLINE: [DATE] SUBMIT ONE OR MORE	This is the only way for Settlement Class Members to request reimbursement of economic losses and/or lost time related to the Data Breach. If you submit a Claim Election/Reimbursement Form, you will give up the right to sue Teen Challenge in a separate lawsuit about the claims this settlement resolves.
DO NOTHING	Unless you exclude yourself, you are automatically part of this Settlement. If you are a Settlement Class Member and do not submit a Claim Election/Reimbursement Form, you will not receive anything from the settlement, and you will still give up the right to sue, continue to sue, or be part of another lawsuit against Teen Challenge about the legal claims resolved by this Settlement.
EXCLUDE YOURSELF DEADLINE: [60 DAYS FOLLOWING NOTICE]	You will not receive benefits from the Settlement, but you will not be bound by the terms of the Settlement, if approved by the Court.
OBJECT: DEADLINE: [60 DAYS FOLLOWING NOTICE]	If you do not exclude yourself from the Settlement Class, you may object to the Settlement or to Class Counsel's request for fees, or the Class Representatives' requests for Service Awards, respectively.

GO TO A HEARING ON [DATE]	You may object to the Settlement and ask the Court for permission to speak at the Fairness Hearing about your objection.
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6. These rights and options—**and the deadlines to exercise them**—are explained in this Notice.

7. The Court still must decide whether to approve the Settlement. No benefits will be provided, or payments made until after the Court grants final approval of the Settlement and all appeals, if any, are resolved.

QUESTIONS? READ ON AND VISIT WWW.INSERTWEBSITE.COM

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BASIC INFORMATION

Why is this notice being provided?

This Class Notice is provided pursuant to an order issued by the Court to inform you of the proposed Settlement and the Final Approval Hearing to be held by the Court to consider, among other things, (a) whether the Settlement is fair, reasonable and adequate and should be approved; and (b) Class Counsel's request for Class Counsel Fees and Expenses and the Class Representatives' request for Service Awards. This Class Notice explains the nature of the lawsuit, the general terms of the proposed Settlement (including the benefits available), and your legal rights and obligations. This Class Notice is not an expression of any opinion by the Court as to the merits of the claims or defenses asserted in the Action.

The Honorable Paula A. Patrick of the Court of Common Pleas of Philadelphia County, Pennsylvania is overseeing this action, which is known as *Reese, et al., v. Teen Challenge Training Center, Inc., d/b/a Pennsylvania Adult & Teen Challenge*, No. 210400093. The people that filed the lawsuit are called the "Plaintiffs." Teen Challenge is the "Defendant."

What is this lawsuit about?

The lawsuit alleges that on or about between July 27, 2020 and July 30, 2020, Teen Challenge was the victim of a cyberattack resulting in the disclosure of personal information and protected health information, including full names, Social Security Numbers, driver's license numbers, financial account information, payment card information, dates of birth, prescription information, diagnosis information, treatment information, treatment providers, health insurance information, medical information, Medicare/Medicaid ID numbers, employer identification numbers, electronic signatures, and usernames and passwords.

Plaintiffs claim that Teen Challenge did not adequately protect personal information, and that as a result of the Data Breach people were harmed. Teen Challenge denies any wrongdoing, and no court or other entity has made any judgment or other determination of any wrongdoing or that any law has been violated.

Why is this a class action?

In a class action, one or more people called "class representatives" sue on behalf of themselves and other people with similar claims. The Plaintiffs (the class representatives here), together with the people they represent, are called Settlement Class Members. One court resolves the issues for all Settlement Class Members, except for those people who timely exclude themselves from the Settlement Class. In this case, the Class Representatives are Kris Reese and Todd Saylor.

Why is there a Settlement?

The Court has not decided in favor of Plaintiffs or Teen Challenge. Instead, both sides agreed to a settlement. Settlement avoids the costs and uncertainty of trial and related appeals, while providing benefits to members of the Settlement Class. The Class Representatives and attorneys for the

Settlement Class (“Settlement Class Counsel”) believe the Settlement is in the best interests of the Settlement Class Members.

WHO IS IN THE SETTLEMENT

How do I know if I am part of the Settlement?

You are included in the Settlement Class if you are a member of the following:

All persons who:

1. provided personally identifiable information or protected health information to Teen Challenge;
2. had that information potentially compromised in the Data Breach; and
3. are not affiliates, legal representatives, attorneys, heirs, assigns, officers or directors, or employees of Defendant or any entity in which Defendant has a controlling interest.

What if I am not sure whether I am included in the Settlement?

If you are not sure whether you are in the Class or have any other questions about the Settlement, call the toll-free number, 1-800-PHONENUMBER. You also may write with questions to: INSERT SETTLEMENT ADMINISTRATOR INFO AND ADDRESS or go to www.INSERTWEBSITE.com.

THE SETTLEMENT BENEFITS

What benefits does the Settlement provide?

Teen Challenge will provide Settlement Class Members the following benefits under the Settlement: (1) coverage under Credit Monitoring Provider credit monitoring and identity restoration services for an additional period of three years; and (2) reimbursement of documented, unreimbursed Economic Losses up to \$1,500.00, and \$150.00 for lost time @ \$25.00/hour up to 6 hours per Settlement Class Member, which are: (a) related to the Data Breach; (b) not otherwise reimbursable by Credit Monitoring Provider or another third party; (c) supported by required documentation; and (d) meet all requirements set forth in the Claim Election/Reimbursement Form and the Settlement Agreement.

Complete details regarding the settlement benefits are available in the Settlement Agreement, which is available at www.INSERTWEBSITE.com.

Tell me more about enrollment in the Credit Monitoring Provider plan.

Settlement Class Members can enroll in the following **Credit Monitoring Provider** credit monitoring and identity restoration plan:

Identity Theft Protection.

Settlement Class Members shall have the option to sign-up for the three years of **Credit Monitoring Provider** services offered by the Settlement (“Settlement Offering”).¹ If a Settlement Class Member elects to utilize the Settlement Offering, he or she can make that election by **the Election Deadline**. If a Settlement Class Member elects to receive the Settlement Offering, he or she shall receive an enrollment code and must activate the **Credit Monitoring Provider** plan in accordance with the instructions and by the deadline provided.

Tell me more about reimbursement of economic costs.

Reimbursement of Documented Economic Losses. Any Settlement Class Member may submit one or more Claims for reimbursement for documented Economic Losses related to the Data Breach that have not been reimbursed by **Credit Monitoring Provider** or other third parties, up to an aggregate total of \$1,500.00 per Settlement Class Member. Claims may be submitted electronically or in paper format.

Settlement Class Members who wish to make a timely and properly supported Claim for reimbursement of Economic Losses related to the Data Breach must provide to the Settlement Administrator the information required to evaluate the claim, including: (a) the Claimant’s name and current address; (b) documentation demonstrating that they have been a victim of identity theft or the misuse of their personal health information after the Data Breach; (c) if applicable, a signed copy of IRS Form 14039 along with a statement under penalty of perjury that the form was submitted to the Internal Revenue Service; (d) the bills or invoices documenting the amount of the Claim and proof that the bills or invoices were paid; and (e) a certification that: (i) the Economic Losses claimed are fairly traceable to the Data Breach; (ii) the total amount claimed has not been reimbursed by any other person or entity; and (iii) the Economic Losses do not relate to any other data breaches to the Settlement Class Member’s knowledge. Third-party documentation of Economic Losses is required to establish a Claim. Economic Losses that are compensated under this Agreement are those that are reasonable and customarily incurred when responding to the type of fraud or identity theft suffered by the Settlement Class Member from the Data Breach.

Tell me more about reimbursement of lost time.

Reimbursement of Lost Time. Any Settlement Class Member may also submit one or more Claims for reimbursement for Lost Time related to the Data Breach, up to an aggregate total of \$150.00 per Settlement Class Member @ \$25.00 for each full hour, up to six full hours (which does not count towards the \$1,500.00 aggregate limit for Documented Economic Loss). A Settlement Class Member may submit a Claim regardless of whether the Settlement Class Member takes advantage of the **Credit Monitoring Provider** Settlement Offer and regardless of whether the

¹ **Credit Monitoring Provider**’s credit monitoring and identity restoration services include: (i) credit monitoring, (ii) dark web monitoring, (iii) identity theft insurance with coverage up to \$1,000,000, and (iii) fully managed identity recovery.

Settlement Class Member submits a claim for documented Economic Losses. A Settlement Class Member is eligible for the payment provided in this section in addition to, and on top of, any payment for documented Economic Losses. A Claim for reimbursement of Lost Time must be submitted pursuant to the Claim Election/Reimbursement Form. Third-party documentation of Lost Time is not required to establish a Claim, but you must submit documentation demonstrating that you have expended time as a result of the Data Breach and certify: (a) how much time was spent; (b) why; (c) on what date(s); and (d) how it was related to the Data Breach.

HOW TO GET SETTLEMENT BENEFITS

How can I enroll in the Credit Monitoring Provider plan?

To receive the **Credit Monitoring Provider** Settlement Offering from Teen Challenge, Settlement Class Members must submit an Election Form by mail or through the Settlement Website by **DATE**. The Settlement Administrator will notify you of any deficiencies with respect to your Election Form, and you will have 30 days after such notice is sent to correct those deficiencies. The Settlement Administrator will then issue a final decision on your entitlement to the **Credit Monitoring Provider** plan.

An Election Form is available at **www.INSERTWEBSITE.com** or by calling **1-800-PHONENUMBER**. Election Forms are also available by writing to the Settlement Administrator at **[SETTLEMENT ADMINISTRATOR INFORMATION AND ADDRESS]**.

How do I obtain reimbursement of economic costs related to the Data Breach?

For reimbursement of documented Economic Losses related to the Data Breach that have not been reimbursed, up to an aggregate total of \$1,500.00 in reimbursement per Settlement Class Member, you must read the instructions carefully, fill out the form completely, attach the required documentation, and either submit the form and documentation through the Settlement Website, or mail the form postmarked no later than **DATE**, to:

Settlement Administrator
ADDRESS
ADDRESS

If you have questions about how to file a claim, call **1-800-PHONENUMBER** or go to **www.INSERTWEBSITE.com**.

How do I obtain reimbursement of lost time related to the Data Breach?

For reimbursement of Lost Time related to the Data Breach, up to an aggregate total of \$150.00 in reimbursement per Settlement Class Member, you must complete and submit a Claim Election/Reimbursement Form(s) and certify: (a) how much time was spent; (b) why; (c) on what date(s); and (d) how it was related to the Data Breach. You can get the Claim Election/Reimbursement Form at **www.INSERTWEBSITE.com** or by calling **1-800-PHONENUMBER**. You must read the instructions on the Claim Election/Reimbursement Form

carefully, fill out the form completely, attach any required documentation, and either submit the form and documentation through the Settlement Website, or mail the form postmarked no later than **DATE**, to:

Settlement Administrator

ADDRESS

ADDRESS

If you have questions about how to file a claim, call **1-800-PHONENUMBER** or go to **www.INSERTWEBSITE.com**.

When will I receive my reimbursement payment under the Settlement?

If you file a timely and valid Claim Election/Reimbursement Form and submit required documentation, the Settlement Administrator will evaluate your claim to confirm your eligibility and calculate your payment amount. The Settlement Administrator will notify you of any deficiencies with respect to your claim, and you will have 30 days after such notice is sent to correct these deficiencies. The Settlement Administrator will then issue a final decision on your claim.

Payments for valid claims will not be made until after the Settlement is finally approved and all appeals and other reviews have been exhausted.

What am I giving up as part of the Settlement?

Unless you exclude yourself, if the Settlement is approved, you cannot sue Teen Challenge or be part of any lawsuit against Teen Challenge about any of the issues in this Action. All of the decisions by the Court will bind you. The specific claims you are giving up are described in Section 8 of the Settlement Agreement. You will be releasing your claims against Teen Challenge and all related people as described in Section 8 of the Settlement Agreement.

The Settlement Agreement is available at **www.INSERTWEBSITE.com** or by calling **1-800-PHONENUMBER**. The Settlement Agreement describes the released claims with specific descriptions, so please read it carefully. If you have any questions about what this means, you can talk to Settlement Class Counsel, or you can talk to your own lawyer at your own expense.

THE LAWYERS REPRESENTING YOU

Do I have a lawyer in the case?

Yes, you do have a lawyer in the case. The Court appointed the law firms of Cohen & Malad, LLP, Branstetter, Stranch, & Jennings, PLLC, Turke & Strauss LLP and Saltz Mongeluzzi & Bendesky P.C. to represent you and the Settlement Class. These firms are called "Settlement Class Counsel." You will not be charged by these lawyers for their work on this case. If you want to be represented by your own lawyer, you may hire one at your own expense.

How will the lawyers be paid?

Settlement Class Counsel will ask the Court for Teen Challenge to pay for reasonable attorneys' fees and expenses, along with Class Representative service awards. The Court will decide the amount of attorneys' fees, expenses, and service awards. Any attorneys' fees and expenses approved will be paid by Teen Challenge and will not reduce the benefits provided to you or the other Settlement Class Members under the proposed Settlement.

EXCLUDING YOURSELF FROM THE SETTLEMENT

What does it mean to exclude myself from the Settlement?

If you want to keep the right to sue or continue to sue Teen Challenge about the legal claims in this case, you must take steps to exclude yourself from the Settlement Class. Excluding yourself is also called "opting out" of the Settlement.

If I exclude myself, can I get anything from this Settlement?

If you exclude yourself, you cannot get anything from the Settlement. If you exclude yourself, you may not apply for any benefits under the proposed Settlement and you cannot object to the proposed Settlement.

If I do not exclude myself, can I sue later?

If you do not exclude yourself, you cannot sue later. Unless you exclude yourself, you give up the right to sue Teen Challenge for all of the claims that this proposed Settlement resolves.

How do I exclude myself from the Settlement?

To exclude yourself from the proposed Settlement, you must timely submit, by U.S. Mail, written notice of your intent to opt-out of the Settlement to the Settlement Administrator's designated address established for opt-outs. The written notice must include your name, address and phone number, and clearly manifest your intent to be excluded from the Settlement Class in *Reese, et al., v. Teen Challenge Training Center, Inc., d/b/a Pennsylvania Adult & Teen Challenge*, No. 210400093, and must be signed by you. You can only request exclusion for yourself; you cannot request to exclude any other member of the Settlement Class. Mass opt-outs are not permitted.

To be effective, written notice must be postmarked by [REDACTED] and mailed to:

INSERT ADDRESS

You cannot ask to be excluded on the phone, by email, or on the website.

OBJECTING TO THE SETTLEMENT

How do I object and tell the Court if I do not like the Settlement?

If you are a Settlement Class Member, you can object to or comment on the Settlement, Settlement Class Counsel's request for attorneys' fees and expenses, and/or the Settlement Class Representative's request for a service award. To object, you must state in writing that you object to the Settlement, and include the following information in your written objection:

1. The name of the Action;
2. Your full name, mailing address, telephone number, and e-mail address;
3. A statement of the basis on which you claim to be a Settlement Class Member;
4. A written statement of all grounds for your objection, accompanied by any legal support for the objection, and any evidence you wish to introduce in support of the objection;
5. The identity of all counsel, if any, representing you, including any former or current counsel who may claim entitlement to compensation for any reason related to the objection to the Settlement or the Fee Application;
6. A statement confirming whether you intend to personally appear and/or testify at the Final Approval Hearing and the identification of any counsel representing you who intends to appear at the Final Approval Hearing;
7. A list of any persons who will be called to testify at the Final Approval Hearing in support of the objection; and
8. Your signature signed under oath and penalty of perjury or, if legally incapacitated, the signature of your duly authorized representative (along with documentation setting forth such legal incapacitation and representation) (an attorney's signature is not sufficient).

Failure to include this information may be grounds for the Court to disregard your objection. To submit an objection, send a letter the Court by: mailing it to the Court of Common Pleas of Philadelphia County Clerk, 1301 Filbert Street, Suite 310 B, Philadelphia, PA 19107. Mailed objections must be filed or postmarked on or before the Objection Deadline, which is [Objection Deadline].

You also must timely submit, by U.S. Mail, your objection to the Settlement Administrator's designated address established for objections. To be effective, written notice must be postmarked by [redacted] and mailed to:

INSERT ADDRESS

What is the difference between objecting and asking to be excluded?

You can object to the Settlement when you wish to remain a Settlement Class Member and be subject to the Settlement but disagree with some aspect of the Settlement. An objection allows your views to be heard in Court.

Excluding yourself from the Settlement Class means that you are no longer a Settlement Class Member and do not want the Settlement to apply to you. Once you are excluded, you lose the right to receive any benefits from the Settlement or to object to any aspect of the Settlement because the case no longer affects you.

FINAL APPROVAL HEARING

When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Approval Hearing at [REDACTED] a.m., on [REDACTED], at the Philadelphia County Court of Common Pleas, Room [REDACTED], City Hall, Philadelphia, Pennsylvania, 19107, or by remote videoconference. At the Final Approval Hearing, the Court will consider whether the proposed Settlement is fair, reasonable, and adequate. The Court may also consider Class Counsel's request for attorneys' fees and expenses, and the service awards. If there are objections, the Court will consider them. After the Final Approval Hearing, the Court will decide whether to approve the proposed Settlement and how much to award to Class Counsel as fees and expenses, and the service awards. You do not need to attend.

The Final Approval Hearing may be moved to a different date or time without additional notice, so if you wish to attend, it is recommended that you periodically check www.INSERTWEBSITE.com and the Court docket in this case through the website https://fjdfile.phila.gov/efsfjd/zk_fjd_public_qry_00.zp_disclaimer to confirm the date of the Final Approval Hearing.

Do I have to come to the hearing?

You do not have to attend the hearing. Class Counsel will answer any questions the Court may have. However, you are welcome to attend the hearing at your own expense. If you submit a written objection, you do not have to come to the Fairness Hearing to raise your objection. As long as you timely mailed your written objection, the Court will consider it. You also may pay your own lawyer to attend the Final Approval Hearing, but their attendance is not necessary.

May I speak at the hearing?

Yes, you may speak at the hearing. If you would like to do so, you must indicate your intent to personally appear and/or testify at the Final Approval Hearing, and identify any counsel representing you who intends to appear at the Final Approval Hearing, when providing written notice of your objection as noted above regarding how to object to the Settlement.

IF YOU DO NOTHING

What happens if I do nothing at all?

If you are a Settlement Class Member and you do nothing, you will be legally bound by the Settlement, but you will not receive the Credit Monitoring Provider Settlement Offering, or reimbursement for Economic Losses and Lost Time related to the Data Breach. You will not be able to bring a lawsuit, continue a lawsuit, or be a part of any other lawsuit against Teen Challenge about the claims in this case.

If you would like to request benefits under the Settlement, you must follow the instructions described in the sections above.

GETTING MORE INFORMATION

How do I get more information about the proposed Settlement?

This notice summarizes the proposed Settlement. More details are included in the Settlement Agreement. You can get a copy of the Settlement Agreement at www.INSERTWEBSITE.com. You also may write with questions to the Settlement Administrator, at [EMAIL ADDRESS OR REAL \[ADDRESS\]](mailto:EMAIL ADDRESS OR REAL [ADDRESS]). You can access the Claim election/Reimbursement Form and review additional documents on the Settlement Website. You can also request to receive a Claim Election/Reimbursement Form, a copy of the Settlement Agreement, and a detailed notice by mail by calling the toll-free number, [1-800-PHONENUMBER](tel:1-800-PHONENUMBER).

EXHIBIT C

IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY, PENNSYLVANIA

KRIS REESE and TODD SAYLOR, on)	
behalf of themselves and others similarly	)	CIVIL DIVISION
situated,)	
)	
	)	Case No. 210400093
Plaintiffs,)	
VS.)	
)	
)	
TEEN CHALLENGE TRAINING CENTER,)	
INC., d/b/a PENNSYLVANIA ADULT &)	
TEEN CHALLENGE,)	
)	
Defendant.)	

**[PROPOSED] ORDER OF COURT
PRELIMINARILY APPROVING CLASS ACTION SETTLEMENT**

AND NOW, this _____ day of _____, 2022, upon review of Plaintiffs' Unopposed Motion for Class Certification and Preliminary Approval of Proposed Settlement Agreement as between Plaintiffs Kris Reese and Todd Saylor (collectively, "Plaintiffs"), on behalf of themselves and a proposed Class, and Defendant Teen Challenge Training Center, Inc., d/b/a Pennsylvania Adult & Teen Challenge ("Defendant"), it is hereby **ORDERED** and **DECREED** as follows:

1. The Court has reviewed the Parties' Settlement Agreement and Release, and the Exhibits attached thereto (the "Settlement").
2. Terms capitalized herein and not otherwise defined shall have the meanings ascribed to them in the Settlement.
3. This Court has jurisdiction over the subject matter of this lawsuit and *in personam* jurisdiction over Plaintiffs and Defendant in the above-captioned case (the "Parties"), along with all Class Members.

4. The Court finds that, solely for the purposes of settlement and notice, the requirements of Pa. R. Civ. P. 1702, 1708, 1709 and 1714 have been met, specifically:

- a. The Class Members are so numerous that joinder of all members is impracticable, as there are thousands of Class Members;
- b. There are questions of law or fact common to the Class based upon the claims raised in the lawsuit relating to the Incident at issue;
- c. Plaintiffs' claims are typical of the claims of the Class because they are based on, and arise from the same Incident;
- d. Plaintiffs and Class Counsel will fairly and adequately assert and protect the interests of the Class under the criteria set forth in Pa. R. Civ. P. 1709, as Plaintiffs have no interests antagonistic to the Class, Class Counsel has adequate financial resources to prosecute the litigation and is highly experienced in class action litigation and Plaintiffs have actively participated in the litigation;
- e. A class action provides a fair and efficient method for adjudication of the controversy under the criteria set forth in Pa. R. Civ. P. 1708 because:
 - Questions of law and fact common to the class members predominate over any questions affecting only individual members, namely those relating to the Incident at issue, and a class action is superior to other available methods for fairly and efficiently adjudicating this lawsuit, as it provides an efficient class-wide resolution;
 - Since settlement of this class action is proposed, certification presents no management issues to speak of;
 - The prosecution of separate actions by individual members of the Class would

create a risk of: (i) inconsistent or varying adjudications with respect to individual members of the Class which would confront the Defendant with incompatible standards of conduct; and (ii) adjudications with respect to individual members of the Class which would as a practical matter be dispositive of the interests of other members not parties to the adjudications or substantially impair or impede their ability to protect their interests;

- To the Court's knowledge, no other litigation has yet been commenced by members of the Class involving any of the same issues presented herein;
- This Court is an appropriate forum for the resolution of the claims of the entire Class;
- In light of the complexities of the issues and the expenses of litigation, the separate claims of individual Class members are insufficient in amount to support separate actions; and
- The expense and effort of administering the action is proportionate to the substantial monetary recovery for the Class, such that a class action is justified.

5. The Court therefore **CERTIFIES** the following Class:

All persons whose personally identifiable information or protected health information was exposed in Defendant's Data Breach (the "Incident").

6. The Court finds that the terms of the Settlement are within the range of a fair, reasonable, and adequate settlement between Plaintiffs and the Class, on one hand, and Defendant, on the other hand, under the circumstances of this case. The Court therefore preliminarily approves the Settlement and directs the parties to the Settlement to perform and satisfy the terms and conditions of the Settlement that are triggered by such preliminary approval.

7. Defendant is directed to make the payments as set forth in the Settlement for the

benefit of the Class.

8. The proposed notices in the form attached to the Settlement, and the manner of distribution of such Notice by email and/or direct mail, are hereby approved by this Court as the best notice practicable to the Class. The form and manner of notice proposed in the Settlement comply with Pa. R. Civ. P. 1712 and the requirements of Due Process.

9. KCC Class Action Services, LLC (the “Settlement Administrator”) shall cause notice to be sent to each Class Member no later than sixty (60) days from the date of this Order. Notice shall be sent in the manner set forth in the Settlement.

10. No later than 14 days before the deadline for Class Members to exclude themselves from, or object to the Settlement contained therein (the “Bar Date to Opt Out”), Plaintiffs shall file a motion for approval of the attorneys’ fees, expenses and costs, the Settlement Administrator’s costs, and the Class Representatives’ service award.

11. Plaintiffs shall file a motion for final approval of the Settlement no later than 14 days before the Final Approval Hearing.

12. Pursuant to Pa. R. Civ. P. 1714(a), a final approval hearing (the “Final Approval Hearing”) shall be held before the undersigned at _____ o’clock, on _____ (month) _____ (date), 2022 (the “Final Approval Hearing Date”), at the Philadelphia County Court of Common Pleas, Room __, City Hall, Philadelphia, Pennsylvania, 19107, (or by remote appearance if circumstances require and information relating to the hearing shall then be posted on the settlement website) for the purpose of: (a) determining whether the Settlement is fair, reasonable, and adequate and should be finally approved; (b) determining whether a Final Approval Order should be entered; and (c) considering Class Counsel’s application for an award of attorneys’ fees,

expenses and costs, the Settlement Administrator's costs, and the Class Representatives' service awards. The Court may adjourn, continue, and reconvene the Final Approval Hearing pursuant to oral announcement without further notice to the Class, and the Court may consider and grant final approval of the Settlement, with or without minor modification and without further notice to the Class.

13. Class Members shall be afforded an opportunity to request exclusion from the Class. For a request for exclusion to be valid, it must be in writing, mailed to the Settlement Administrator and postmarked on or before the Bar Date to Opt Out. Any Exclusion Letter shall identify the Class Member by name, shall include the Class Member's address, telephone number, and email address (if applicable), shall state that the Class Member wishes to exclude himself or herself from the Settlement, and shall be dated and signed by the Class Member. Class Members who submit a timely and valid request for exclusion from the Class shall not participate in and shall not be bound by the Settlement. Class Members who do not timely and validly opt out of the Class in accordance with the Notice shall be bound by all determinations and judgments in the action concerning the Settlement.

14. Class Members who have not excluded themselves shall be afforded an opportunity to object to the terms of the Settlement. To be valid and considered by the Court, the objection must be in writing and sent by first class mail, postage pre-paid, to the Settlement Administrator, and also be filed with the Court, with service upon Defendant's counsel and Class Counsel. The objection must be (1) mailed to the Settlement Administrator and received by or showing a postmark date on or before the Bar Date to Object (as defined in the Settlement) and (2) filed with the Court and served upon Defendant's counsel and Class Counsel on or before the Bar Date to Object. Class Counsel shall file responsive pleadings to any objections at least seven days

prior to the Final Approval Hearing Date. The content of the objection must include the following information and must be signed and dated by the Class Member:

- a. The title of the case;
- b. The objector's name, address, telephone number, email address (if applicable), the approximate date when the objector was a patient of Defendant, and the contact information for any attorney retained by the objector in connection with the objection or otherwise in connection with this case;
- c. A statement of the factual and legal basis for each objection, and a copy of any documents that the Class Member wants the Court to consider;
- d. A statement as to whether the objector intends to appear at the Final Approval Hearing, either in person or through counsel, and, if through counsel, identifying the counsel by name, address, and telephone number. If the objector intends to call any documents or witnesses on his or her behalf, the objector shall identify same; and
- e. A list of all other objections submitted by the objector, or the objector's counsel on behalf of the objector, to any class action settlement in the United States in the previous (5) five years.

15. Any member of the Class who does not make his or her objection known in the manner provided in the Settlement and Notice shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the proposed Settlement.

16. Any request for intervention in this action for purposes of commenting on or objecting to the Settlement must meet the requirements set forth above, including the deadline for filing objections, and also must be accompanied by any evidence, briefs, motions or other materials

the proposed intervenor intends to offer in support of the request for intervention, and must meet the requirements of the Pennsylvania Rules of Civil Procedure.

17. Any lawyer intending to appear at the Final Approval Hearing must be authorized to represent a Class Member, must be duly admitted to practice law before the Philadelphia County Court of Common Pleas and the State of Pennsylvania, and must file a written appearance. Copies of the appearance must be served on Class Counsel and counsel for Defendant in accordance with the Pennsylvania Rules of Civil Procedure.

18. If the Settlement does not become effective or is rescinded pursuant to its terms, the Settlement and all proceedings had in connection therewith shall be without prejudice to the status quo ante rights of the Parties, and all Orders issued pursuant to the Settlement shall be vacated.

19. The Court retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement.

IT IS SO ORDERED.

DATE: _____, 2022

HONORABLE PAULA A. PATRICK, J.

EXHIBIT D

IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY, PENNSYLVANIA

KRIS REESE and TODD SAYLOR, on)	
behalf of themselves and others similarly	)	CIVIL DIVISION
situated,)	
)	
	)	Case No. 210400093
Plaintiffs,)	
VS.)	
)	
)	
TEEN CHALLENGE TRAINING CENTER,)	
INC., d/b/a PENNSYLVANIA ADULT &)	
TEEN CHALLENGE,)	
)	
Defendant.)	

[PROPOSED] FINAL APPROVAL ORDER AND JUDGMENT

WHEREAS, Plaintiffs/Class Representatives Kris Reese and Todd Saylor (“Plaintiffs”) and Defendant Teen Challenge Training Center, Inc., d/b/a Pennsylvania Adult & Teen Challenge (“Defendant”), by their respective counsel, entered into the Settlement Agreement and Release (“Settlement”);

WHEREAS, Plaintiffs and Defendant applied pursuant to Pa. R. Civ. P. 1702, 1708, 1709, 1712 and 1714 for an order preliminarily approving the proposed Settlement and preliminarily approving the form and plan of notice and distribution as set forth in the Settlement;

WHEREAS, this Court previously certified the Settlement Class.

WHEREAS, on _____, the Court entered an order preliminarily approving the Settlement, approving the forms of notice of the Settlement to Class Members, directing that appropriate notice of the Settlement be given to Class Members, and scheduling a hearing on final approval (the “Preliminary Approval Order”);

WHEREAS, in accordance with the Settlement and the Preliminary Approval Order: (1) Class Counsel caused the Notice of class action settlement to be emailed or mailed by United States First Class Mail to all known members of the Class; and (2) the declaration of notice demonstrates compliance with the Preliminary Approval Order with respect to the emailed and mailed notice and, further, that the best notice practicable under the circumstances was, in fact, given;

WHEREAS, Class Counsel filed with the Court a listing of those persons who submitted valid requests for exclusion from the Class;

WHEREAS, on [REDACTED], this Court held a hearing on whether the Settlement is fair, reasonable, adequate, and in the best interests of the Class (the “Final Approval Hearing”); and

WHEREAS, based upon the foregoing, having heard the statements of Class Counsel and Counsel for Defendant, and of such persons as chose to appear at the Final Approval Hearing; having considered all of the files, records and proceedings in the Lawsuit, the benefits to the Class under the Settlement and the risks, complexity, expense, and probable duration of further litigation; and being fully advised in the premises;

THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. Terms capitalized herein and not otherwise defined shall have the meanings ascribed to them in the Settlement.
2. This Court has jurisdiction over the subject matter of this lawsuit and *in personam* jurisdiction over the Plaintiffs and Defendant in this case (the “Parties”).
3. The Court hereby adopts and reaffirms the findings and conclusions set forth in the Preliminary Approval Order.
4. For settlement purposes, the Court certifies the following Settlement Class:

All persons whose personally identifiable information or protected health information was exposed in Defendant's Data Breach (the "Incident").

Excluded from the Class are Defendant's officers and directors, and employees; any entity in which Defendant has a controlling interest, the affiliates, legal representatives, attorneys, successors, heirs, and assigns of Defendant, and all persons who made a timely election to be excluded from the Class. Also excluded from the Settlement Class are members of the judiciary to whom the case is assigned, their families and members of their staff. For the reasons set forth in the Preliminary Approval Order and in Plaintiffs' Motion for Final Approval, the Court finds that the requirements for certification under Pa. R. Civ. P. 1702, 1708, 1709 and 1714 are satisfied.

5. The Plaintiffs and Class Counsel fairly and adequately represent the interests of the Class in connection with the Settlement, and the Settlement is the product of good-faith, arm's-length negotiations.

6. The Class and Defendant were represented by capable and experienced counsel.

7. The form, content, and method of dissemination of the Notice given to members of the Class—individual emailed or mailed notice—were adequate and reasonable, constituted the best notice practicable under the circumstances, and satisfied the requirements of Pa. R. Civ. P. 1712 and Due Process.

8. For the reasons set forth in the Preliminary Approval Order and Plaintiffs' Motion for Final Approval, the Court finds that the Settlement Agreement is fair, reasonable, and adequate and in the best interests of the Class, and is approved in all respects. The Court hereby directs the Plaintiffs, the Class, Class Counsel, Defendant, and Defendant's counsel to effectuate the Settlement according to its terms.

9. The Court finds that Class Counsel's requested attorneys' fee is reasonable under

Pa. R. Civ. P. 1717 given: (i) the time and effort Class Counsel reasonably expended herein; (ii) the quality of representation by Class Counsel; (iii) the results achieved and benefits conferred upon the Class; (iv) the magnitude, complexity and uniqueness of this data breach litigation; and (v) the fact that Class Counsel has been prosecuting this case on a contingent fee basis. Class Counsel's Motion for the award of attorneys' fees, expenses, and service awards is approved by this Court in full.

10. The Settlement Agreement provides for certain benefits to Class Members. The Court approves those benefits and approves the distribution plan set forth in the Settlement Agreement, and the parties are authorized to implement that distribution including attorneys' fees, expenses, and service awards as approved by the Court.

11. The Court shall have continuing jurisdiction over the Settlement.

12. Upon the Effective Date, the Class Representatives and the Settlement Class, as set forth in the Settlement Agreement and Release, release and forever discharge Defendant and its insurers, and including but not limited to their successors, assigns, members, current and former officers, directors, employees, attorneys and agents, from all past and present known and unknown claims, demands, damages, causes of action or suits seeking damages or other legal or equitable relief arising out of or in any way related to the claims asserted, or which could have been asserted, in the Lawsuit. Nothing herein releases Defendant from claims that are not related to the Incident.

13. This Order is a final judgment because it disposes of all claims against all parties to this lawsuit. The Court retains jurisdiction over the Settlement Agreement, the parties to the Settlement Agreement, and all matters relating to the administration and enforcement of the Settlement Agreement.

ENTERED:

Dated: _____, 2022

Honorable Paula A. Patrick,
Judge