

**DATED: NOVEMBER 22, 2016**

**TO:** All nonexempt employees in CVS stores in California from July 5, 2007, through October 3, 2016.

**PLEASE READ THIS NOTICE CAREFULLY – IT PERTAINS TO A CLASS ACTION THAT WILL AFFECT YOUR RIGHTS EVEN IF YOU DO NOTHING.**

**IF YOU WISH TO RECEIVE YOUR SHARE OF THE SETTLEMENT OF THIS CLASS ACTION, YOU NEED TO COMPLETE AND RETURN THE ENCLOSED CLAIM FORM SO THAT IT IS ACTUALLY RECEIVED BY THE CLAIMS ADMINISTRATOR WITH A POSTMARK NO LATER THAN JANUARY 23, 2017, SIXTY-TWO (62) DAYS AFTER THE DATE ON THIS NOTICE.**

**IF YOU WISH TO EXCLUDE YOURSELF FROM THE SETTLEMENT, YOU MUST WRITE AND SIGN A REQUEST FOR EXCLUSION SO THAT IT IS ACTUALLY RECEIVED BY THE CLAIMS ADMINISTRATOR WITH A POSTMARK NO LATER THAN JANUARY 6, 2017, FORTY-FIVE (45) DAYS AFTER THE DATE ON THIS NOTICE.**

*You may be entitled to money from a Settlement of a class action lawsuit against CVS.* The parties have reached an agreement, called a “Settlement.” The Settlement says that CVS will pay \$12,750,000 in exchange for Plaintiffs ending the lawsuit. **TO GET MONEY FROM THE SETTLEMENT YOU MUST COMPLETE AND SEND IN THE CLAIM FORM INCLUDED WITH THIS NOTICE SO THAT IT IS ACTUALLY RECEIVED BY THE CLAIMS ADMINISTRATOR WITH A POSTMARK NO LATER THAN JANUARY 23, 2017.**

### **WHY SHOULD YOU READ THIS NOTICE?**

This Notice tells you about your rights. By reading this Notice, you will learn how to file a Claim Form to get money. This Notice also tells you how to remove yourself from the Settlement if you do not want to be a part of it. If you do not want to be a part of the Settlement, you will not get any money from this Settlement but you will preserve your right to pursue claims you believe you may have against CVS on your own if you want to. Finally, this Notice tells you how you can inform the Court if you disagree with the Settlement.

Pursuant to the order dated October 3, 2016, of the Los Angeles Superior Court, **YOU ARE HEREBY NOTIFIED AS FOLLOWS:**

A proposed settlement (the “Settlement”) has been reached between the parties in two class action lawsuits: 1) *Murphy v. CVS Caremark Corporation (“CVS”), et al.*, Case No. BC 464785 (“*Murphy*” action), filed in the Superior Court of California, County of Los Angeles; and 2) *Ortiz, et al. v. CVS Caremark Corporation, et al.*, Case No. 3:12-cv-05859 (“*Ortiz*” action), filed in the U.S. District Court for the Northern District of California.

The Los Angeles Superior Court (“Court”) has preliminarily approved the Settlement in the *Murphy* action. The Court has also conditionally certified the putative class for purposes of the Settlement only consisting of all nonexempt employees in CVS stores in California from July 5, 2007, through October 3, 2016. You have received this notice because the records of CVS indicate that you are a member of the settling class. This notice is designed to inform you of how you can make a claim under the Settlement, object to the Settlement, or elect not to be bound by the Settlement.

Depending on the actions you take (or don’t take), one of three things will happen: **(i) if you timely submit a Claim Form** and the Settlement receives final approval from the Court, you will receive a payment and all of your claims covered by this Settlement will be extinguished, and you will forfeit your right to bring or participate in a similar action against CVS; **(ii) if you timely file a Request for Exclusion**, you will not receive a payment but all your claims will be preserved, even if the Settlement receives final approval from the Court; or **(iii) if you do not timely submit a Request for Exclusion or a Claim Form (i.e., you do nothing)** and the Settlement receives final approval from the Court, you will not receive a payment, but your claims covered by the Settlement will be extinguished and you will forfeit your right to bring or participate in a similar action against CVS.

### **WHAT IS THE LAWSUIT ABOUT?**

Plaintiff Kimberly Murphy filed her lawsuit on July 5, 2011, and a First Amended Complaint on October 12, 2011. The First Amended Complaint included the following claims: First Cause of Action for failure to pay wages (IWC Wage Order 7 and California Labor Code); Second Cause of Action for failure to provide accurate itemized statements of hours worked (Labor Code §§ 226 and 1174(d)); Fifth Cause of Action for unfair competition; and Sixth Cause of Action for recovery of civil penalties under the Private Attorneys General Act (“PAGA”). On November 15, 2011, CVS filed its Answer to the First Amended Complaint.

CVS denies the allegations of Plaintiff’s complaints and continues to assert that it has properly paid employees for all hours worked.

On June 21, 2013, the Court certified a class for the First, Second, Fifth and Sixth Causes of Action on behalf of “all nonexempt employees in CVS stores in California since July 5, 2007, who have been, are or will be subjected to security inspections and/or labeling of their personal property.” On August 14, 2015, the Court granted CVS’s motion to decertify the class as to the First, Second, Fifth and Sixth Causes of Action. CVS then filed a motion to strike all allegations relating to Plaintiff’s PAGA claim in November 2015, which the Court denied on January 21, 2016.

The Parties are concurrently filing a stipulation requesting leave to file a Second Amended Complaint to add to this action the two named plaintiffs and remaining claims from the *Ortiz* action. Elizabeth Ortiz and Gail Miller filed the *Ortiz* action in Alameda Superior Court in September 2012. They filed their First Amended Complaint on October 17, 2012, asserting eleven causes of action, several of which overlapped with the plaintiffs’ security check-related claims in the *Murphy* action. The *Ortiz* action was then removed to federal court and is now pending before Magistrate Judge Elizabeth LaPorte.

On April 22, 2016, the Parties attended a mediation before Mark Rudy of Rudy, Exelrod, Zieff & Lowe, LLP, a

highly regarded mediator who is very familiar with wage-and-hour class actions like these actions. After the conclusion of the session, Mr. Rudy made a mediator’s proposal to settle the cases, which was accepted by the Parties on May 19, 2016. This settlement is intended to resolve the class claims in both the *Murphy* and the *Ortiz* lawsuits.

**WHAT IS A CLASS ACTION AND WHO IS INVOLVED IN THIS CASE?**

In a class action, one or more people, called class representatives (in this case, Kimberly Murphy, Elizabeth Ortiz and Gail Miller), sue on behalf of people who have similar claims. If a court approves a class, all of these people are called class members. With a class action, one court resolves all the issues for all class members, except for those people who exclude themselves from the class.

**WHAT DOES THE SETTLEMENT AGREEMENT SAY?**

Who is included in the Settlement: You are included in the Settlement if you worked at CVS retail store as an hourly (nonexempt) employee in California at any time between July 5, 2007 and October 3, 2016. It is estimated that there are more than 78,000 members of the Settling Class.

When is the Class Period: July 5, 2007 to October 3, 2016.

Attorney’s Fees, Costs, Class Representative Service Awards, and the Costs of Administration: Class Counsel will seek approval from the Court for attorneys’ fees in an amount up to \$3,825,000, which is 30% of the Gross Settlement Value in addition to costs incurred in this action of up to \$200,000.00. Thus, the Class Counsel’s fees, costs, and expenses (including all expenses incurred by Plaintiffs in the prosecution of this action) shall be paid from the Gross Settlement Value in an amount up to, but not more than, \$4,025,000. If approved by the Court, these amounts will be deducted from the Gross Settlement Value pursuant to the Settlement prior to arriving at the Net Settlement Value. The costs of administering the Settlement, which cannot exceed \$250,000, will also be deducted from the Gross Settlement Value pursuant to the Settlement prior to arriving at the Net Settlement Value. Class Counsel will also apply to the Court for an additional award for the three (3) Named Plaintiffs, in an amount not to exceed \$5,000 each, which will also be deducted from the Gross Settlement Value pursuant to the Settlement prior to arriving at the Net Settlement Value.

**WHO IS REPRESENTING THE SETTLING CLASS?**

The attorneys for the settling class (“Class Counsel” or “Plaintiff’s Counsel”) are:

Randy Renick Cornelia Dai Hadsell Stormer & Renick LLP 128 N. Fair Oaks Avenue Pasadena, California 91103	Robert Newman Robert D. Newman, Attorney at Law 3701 Wilshire Boulevard, Suite 208 Los Angeles, California 90010
Randall B. Aiman-Smith Aiman-Smith & Marcy 7677 Oakport Street, Suite 1150 Oakland, CA 94621	

**HOW MUCH MONEY WILL I GET?**

You are receiving a separate notice, called a Claim Form, with a preliminary calculation of how much you might receive in money damages if every class member submits a valid claim and seeks the full amount of recovery. The Claim Form also includes a basis for these preliminary calculations for you. *This estimated amount is likely to increase depending on the number of Class Members who file claims.*

Assuming the Settlement receives final approval from the Court, Defendants shall pay a total amount of \$12,750,000.00 (the “Gross Settlement Value” or “GSV”). The following amounts shall be deducted from the Gross Settlement Value: (i) Class Counsel’s fees, costs and expenses, to the extent approved by the Court; (ii) the enhanced payments to the three named plaintiffs, to the extent approved by the Court; (iii) the Claims Administrator’s fees, costs and expenses, to the extent approved by the Court, and (iv) a payment to the State of California Labor and Workforce Development Agency in the amount of \$50,000. The Gross Settlement Value, less these items, is referred to as the “Net Settlement Value” or “NSV”.

The Claims Administrator shall distribute a settlement payment to each member of the Settling Class who submits a timely and approved Claim Form. The NSV will be allocated, as follows:

- a) 15% to Waiting Time Penalties. Each Class Member whose employment with CVS was terminated prior to October 3, 2016 (“Former Employee Class Member”) and who files a valid claim is entitled to an equal share of the Waiting Time Penalty Allocation. The value of each Waiting Time Penalty share is determined by dividing the Waiting Time Penalty Allocation by the number of Former Employee Class Members who file a valid claim; and
- b) 85% to Unpaid Wages–Per Shift. Each Claimant’s share is determined by dividing this Allocation by the Total Number of Shifts and Adjusted Shifts for all Claimants and then multiplying that number by the individual Claimant’s number of Work Shifts (if Claimant is a Non-Pharmacist) or Pharmacist Adjusted number of Work Shifts (if Claimant is a Pharmacist).

The value of the Claimant’s Individual Settlement Payment will be the total of the following:

- 1. The amount of the Claimant’s Waiting Time Penalties amount, if any: and

2. The amount of the Claimant's Wage – Per Shift amount.

Payroll Deductions. Each Class Member's Individual Settlement Payment will be reduced by the Class Member's share of payroll taxes or deductions.

Enclosed herein is a Claim Form that has been personalized with the *estimated* gross amount you may be eligible to receive. This amount does not include the amount of payroll taxes or deductions which will be subtracted from the check you actually receive. Because this amount is estimated, it could increase or decrease without further notice to you.

If Class Members do not submit a valid Claim Form, their settlement amount will be reallocated to those Class Members who do file a timely and valid claim.

#### **WHEN WILL I RECEIVE MY SETTLEMENT PAYMENT?**

The Settlement Payments will be paid after final court approval of the Settlement and after all rights to appeal or review are exhausted or any appeal or review has been resolved in favor of the Settlement. This date is referred to as the "Effective Date."

#### **WHAT IF I DO NOT WANT TO PARTICIPATE IN THE SETTLEMENT?**

You will not be affected by the Settlement if you elect not to participate by timely submitting a Request for Exclusion with the Claims Administrator in writing so that it is received by the Claims Administrator with a postmark no later than January 6, 2017, forty-five (45) days after the date on this Notice. If you do nothing, you will still be bound by the terms of the Settlement, including the release of claims, even though you will not receive a settlement payment.

#### **WHO IS ADMINISTERING THIS SETTLEMENT?**

The Court has appointed CAC Services Group, LLC, 1601 Southcross Drive West, Burnsville, Minnesota 55306, as the Claims Administrator. The Claims Administrator will mail forms, receive forms back, calculate payments, distribute checks, and answer questions about the Settlement.

#### **RELEASE OF CLAIMS**

1. As set forth more fully in the Settlement Agreement, if you do not file a valid opt out of this Settlement, you are bound by the following release:

2. As of the Effective Date and in exchange for the consideration, undertakings, and covenants undertaken by Defendants in this Agreement and to the extent permitted by applicable law, the Settling Class hereby releases, discharges, and covenants not to sue Defendants, including any of its and their predecessors, successors, parents, affiliates, subsidiaries, officers, directors, attorneys, insurers, employees, company-sponsored employee benefit plans and any entity which could be jointly liable with Defendants, or any of them (individually and collectively "the Defendant Releasees,") from and with respect to any and all claims, charges, demands, liens, agreements, contracts, covenants, actions, suits, causes of action, disputed wages, obligations, debts, expenses, attorneys' fees, damages, penalties, interest, judgments, orders and liabilities of whatever kind or nature in law, equity or otherwise, whether now known or unknown, suspected or unsuspected, and whether or not concealed or hidden, against the Defendant Releasees, or any of them, which are based on claims involving off the clock security inspections and the labeling of consumable items and/or merchandise during the Class Period and all Claims that were alleged in the Actions or could have been alleged in the Actions based on the same or similar factual allegations therein, including without limitation, claims for: failure to pay regular and overtime wages, failure to provide timely and accurate wage statements, failure to provide compliant meal and rest periods, failure to comply with pay day rules and violation of Cal. Bus. & Prof. Code §§ 17200 *et seq.*, and any additional claims for penalties, damages or wages predicated on the same, including but not limited to PAGA penalties (the "Released Claims"). The Released Claims include any and all claims for failure to provide timely and accurate wage statements and timely payment of all compensation due including upon resignation or termination of employment.

a) The Released Claims include specifically, by way of further description, but not by way of limitation, any and all claims arising out of or in any way related to any and all attorneys' fees, attorneys' costs/expenses, fines, penalties, wages, interest, restitution, liquidated damages, punitive damages, treble damages, declaratory relief, and/or injunctive relief allegedly due and owing by virtue of the allegations set out in the Actions and/or the claims referenced in this paragraph, whether based on statutory, regulatory, or common law (including but not limited to any such claims based on the California Business and Professions Code and/or California Labor Code).

b) The members of the Settling Class acknowledge and/or are deemed to acknowledge that they may hereafter discover claims or facts in addition to or different from those which they now know or believe to exist with respect to the subject matter of this Agreement and/or this release, and which, if known or suspected at the time of executing this Agreement, may have materially affected this release. Nevertheless, the members of the Settling Class have expressly accepted and assumed that risk, or are deemed to have accepted and assumed that risk, and hereby waive any right, claim, or cause of action that might arise as a result of such different or additional claims or facts.

#### **WHO ARE THE CLASS REPRESENTATIVES?**

In addition to their share as a participating member of the Settling Class, and subject to the Court's approval, Class Counsel will request that Plaintiffs Kimberly Murphy, Elizabeth Ortiz and Gail Miller each receive a \$5,000 enhancement for their services as named plaintiffs.

#### **CLAIMING YOUR SHARE OF THE SETTLEMENT**

To receive a share of the Settlement proceeds, you must complete and sign the enclosed Claim Form and mail it via first class mail to the Claims Administrator:

CAC Services Group, LLC  
1601 Southcross Drive West  
Burnsville, MN 55306

To be valid, the Claim Form must be completed in full and signed by you. The Claim Form must be actually received by the Claims Administrator with a postmark of no later than January 23, 2017, sixty-two (62) days after the date on this Notice.

A member of the Settling Class who does not mail a Claim Form in the manner and by the deadlines specified above will not receive a share of the Settlement proceeds but will still be bound by the release.

#### **WHAT IF I DON'T AGREE WITH THE SETTLEMENT?**

If you are dissatisfied with any of the terms of the Settlement, you may object to the Settlement. Any objection to the Settlement must be in writing and must explain, in clear and concise terms, the basis for your objection. In addition, in order to be considered, your objection must be mailed to the Claims Administrator at the address listed above via first class mail and actually received with a postmark no later than January 6, 2017, forty-five (45) days after the date on this Notice.

Your objection must include your full name, address and telephone number, must indicate whether you are represented by counsel, and must reference the Lawsuit: *Murphy v. CVS Caremark Corporation* ("CVS"), Case No. BC 464785 ("*Murphy*" action). In addition, you may appear at the Final Approval Hearing scheduled for February 14, 2017 at 8:30 a.m.

Any member of the Settling Class who does not object to the Settlement in the manner described above will be deemed to have waived any objections and will be foreclosed from making any objection (whether by appeal or otherwise) to the Settlement. If the Court rejects your objection, you will still be bound by the terms of the Settlement with respect to covered claims.

#### **HOW DO I EXCLUDE MYSELF FROM THE SETTLEMENT?**

If you do not wish to participate in the Settlement, you must file a Request for Exclusion. To be valid, the Request for Exclusion must be signed by you and returned via first class mail to:

CAC Services Group, LLC  
1601 Southcross Drive West  
Burnsville, MN 55306

The Request for Exclusion must be actually received by the Claims Administrator with a postmark of no later than January 6, 2017, forty-five (45) days after the date on this Notice.

Any person who files a complete and timely Request for Exclusion will no longer be a member of the Settling Class, will be barred from participating in any portion of the Settlement, will receive no benefits from the Settlement, and may not object to the Settlement. Any such person, at his or her own expense, may pursue any claims he or she may have against CVS.

#### **HOW AND WHEN WILL THE COURT DECIDE TO APPROVE THE SETTLEMENT?**

The Court will hold a final approval hearing in the above-entitled court, located at 111 N. Hill Street, Los Angeles, California, 90012 on February 14, 2017 at 8:30 a.m., to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court will also be asked to approve Class Counsel's request for costs and attorneys' fees, the special payment made to the Class Representatives, and the fees and costs of the Claims Administrator. The hearing may be postponed without further notice to the Class. It is not necessary for you to appear at this hearing.

#### **WHAT IF I OR MY ATTORNEY WANT TO PARTICIPATE IN THE FINAL APPROVAL HEARING?**

If you or your attorney wants to speak at the Final Approval Hearing regarding the Settlement, then written notice of the intention by you or your attorney to appear at this hearing must be filed with the Clerk of the Court, 111 N. Hill Street, Los Angeles, California, 90012 no later than January 6, 2017, forty-five (45) days after the date on this Notice with copies of this notice mailed with a postmark of no later than January 6, 2017, forty-five (45) days after the date on this Notice to counsel for the parties at the addresses listed below. If you or your attorney also wants to submit a written brief regarding the Settlement, then any brief must be filed with Clerk of the Court and mailed to the parties no later than these same deadlines. Any filings with the Court should include the case name and case number.

#### **OTHER IMPORTANT INFORMATION**

The above is a summary of the basic terms of the Settlement. For the precise terms and conditions of the Settlement, you are referred to the detailed Joint Stipulation of Class Action Settlement and Release between Plaintiffs and Defendants, which will be on file with the Court and available through the Claims Administrator. The pleadings and other records in this litigation may be examined at any time during regular business hours at the courthouse, located at 111 N. Hill Street, Los Angeles, California, 90012, or you may contact the Claims Administrator at [www.cvsbagchecksettlement.com](http://www.cvsbagchecksettlement.com) and 800-556-4071.

You may request a copy of the Settlement Agreement from the Claims Administrator.

**PLEASE DO NOT TELEPHONE THE COURT, DEFENDANT'S COUNSEL, OR DEFENDANT FOR INFORMATION REGARDING THIS SETTLEMENT OR THE CLAIM PROCESS. QUESTIONS SHOULD BE DIRECTED TO THE CLAIMS ADMINISTRATOR.**