SUPERIOR COURT OF NEW JERSEY LAW DIVISION, CIVIL PART MIDDLESEX COUNTY DOCKET NO. MID-L-004958-13 APP. DIV. NO.

WILLIAM DESIMONE, as executor of the Estate of EVELYN DESIMONE, deceased, individually in such capacities and on behalf of all others similarly situated,

Plaintiffs,

V.

SPRINGPOINT SENIOR LIVING, INC., SPRINGPOINT AT MONROE VILLAGE, INC., SPRINGPOINT AT MONTGOMERY, INC., SPRINGPOINT AT CRESTWOOD, SPRINGPOINT AT MEADOW LAKES, INC., and SPRINGPOINT AT THE ATRIUM, INC.,

Defendants.

TRANSCRIPT

OF

MOTION HEARING

Place: Middlesex County Courthouse

56 Paterson Street

New Brunswick, NJ 08903

Date: June 30, 2021

BEFORE:

HONORABLE ANA C. VISCOMI, J.S.C.

TRANSCRIPT ORDERED BY:

MICHAEL COREN, ESQUIRE, (Cohen, Placitella & Roth, P.C.)

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- and -

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- and STEPHANIE R. FEINGOLD, ESQUIRE (Morgan, Lewis & Bockius, LLP)
Attorneys for the Defendants

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(Hearing commenced at 2:00 p.m.)
          THE COURT: Good afternoon, this is Judge
Viscomi.
                      Hi, Judge. Mike Coren from
          MR. COREN:
Cohen, Placitella and Roth.
          THE COURT:
                     Good. Good morn -- good
           We'll enter appearances momentarily.
afternoon.
          Before we do that, I just want to confirm
that we are recording on the record. I am in the
courthouse, but my court clerk is working remotely.
          So, Ercilyn, if you can hear me, please send
me a text that you can hear me.
                                 Thank you, Ercilyn.
          And we are recording.
          It's now 2 p.m., so we'll begin.
          But before I begin, let me make sure
everyone who wants to be here is here. So, Mr. Coren,
I heard you. Is there anyone else on the phone on
behalf of the plaintiffs?
          MR. MAYER:
                      Yes, Your Honor.
          MR. PASTERNACK: Yes, Your Honor.
Pasternack from Cohen Placitella, as well.
          THE COURT:
                     Okay. All right.
                                       Are you
expecting anyone else?
          MR. MAYER: Yes. Yes, Your Honor.
          MR. COREN: Yeah, Chris --
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1
                                     Yeah, I got Carl Mayer --
                 UNIDENTIFIED MALE:
 2
       Mayer is also --
 3
                 MR. MAYER: Your Honor, --
 4
                 UNIDENTIFIED MALE:
                                     -- on the line for
 5
       plaintiffs.
 6
                             -- this is Carl Mayer from The
                 MR. MAYER:
 7
       Mayer Law Group.
 8
                 THE COURT:
                              Okay.
 9
                 MR. MAYER: Representing plaintiff.
10
                 THE COURT: Great. You'll be entering
11
       appearances shortly, but I just wanted to make sure
       everyone was on who wanted to be on. And --
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13
                 MR. COREN:
                              Yeah.
14
                 THE COURT:
                              All right.
15
                             Chris is taking the Shaughnessy
                 MR. COREN:
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       deposition in the Talc MDL, so unfortunately he
17
       can't, --
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                 THE COURT:
                              Okay.
19
                 MR. COREN:
                             -- you know, be here.
20
                 THE COURT:
                              Yeah --
21
                              He sends his regrets.
                 MR. COREN:
22
                 THE COURT:
                              Thank you so much. I'm well
23
       aware of that deposition. I appreciate that.
24
       you.
25
                 And tell me, do I have anyone on the phone
```

representing the defendants?

MR. CLARK: Your Honor, this is Bruce Clark on behalf of the defendants.

THE COURT: Good afternoon. How are you? MR. CLARK: Just fine. Thank you, Your

Honor.

THE COURT: Great. Are you expecting anyone

else?

MR. MICHIE: Your Honor, this is Chris Michie, also for the defendants.

THE COURT: Okay.

MS. FEINGOLD: And this is Stephanie

Feingold (indiscernible) --

MS. CAFFERTY: And, Your Honor, Maureen

Cafferty --

 $\operatorname{MS.}$ FEINGOLD: -- also on behalf of the defendants.

THE COURT: Okay. All right. So, this is what we're going to do. I will introduce the case. I will then ask if there is any plaintiffs' counsel first that wish to enter an appearance on the record and, if so, please when you enter your appearance, spell your last name.

I will then turn to the defendants and although, Ms. Cafferty, I know you're on the line,

this will be appearances only on -- by counsel. And please spell your last name.

But once I am about to begin to read my decisions on the record, at that point in time, I'd like everyone to put the phone on mute, so that any background noise does not interfere --

UNIDENTIFIED FEMALE: Right.

THE COURT: -- as it right now -- (Extended pause due to feedback.)

THE COURT: -- with the record. See, that's

what we try to avoid happening.

And only unmute me if, for some reason or another, you can no longer hear me. But I'll try to keep my voice raised and my court clerk and will let me if there's an issue with --

(Extended pause due to feedback.)

THE COURT: So, good afternoon, everyone.
Today is June 30, 2021. We are here for purposes of the Court placing its decision on the record in three motions with regard to the matter of William DeSimone, as Executor of the Estate of Evelyn DeSimone, deceased, individually and in such capacities and on behalf of all others similarly situated, plaintiffs, versus Springpoint Senior Living, Incorporated, Springpoint at Monroe Village, Incorporated,

Springpoint at Montgomery, Incorporated, Springpoint at Crestwood, Springpoint at Meadow Lakes, Incorporated, Springpoint at Med -- at Monroe Village, Incorporated and Springpoint at the Atrium, Incorporated, Docket Number 4958-13.

Plaintiffs' counsel, do any of you wish to enter an appearance at this time? And please spell your last name for the record.

MR. COREN: Yes, Your Honor. Thank you. Michael Coren, C-O-R-E-N, on behalf of plaintiffs. (Extended pause)

MR. COREN: Eric?

MR. PASTERNACK: Eric Pasternack, Your

Honor, P-A-S-T-E-R-N-A-C-K.

MR. COREN: And Carl, please?

MR. MAYER: Thank you, Your Honor. Carl J. Mayer, M-A-Y-E-R, The Mayer Law Group, LLC, on behalf of plaintiffs.

THE COURT: Thank you. And --

MR. COREN: Your Honor -- we're going on

mute now, Your Honor.

THE COURT: Please. Thank you.

Anyone on behalf of defendants? Any

attorneys?

MR. CLARK: Yes. Thank you, Your Honor.

THE COURT: Yes.

MR. CLARK: This is Bruce Clark, C-L-A-R-K, on behalf of the defendants.

MR. MICHIE: Your Honor, this Chris Michie, M-I-C-H-I-E, also on behalf of the defendants.

MS. FEINGOLD: And, Your Honor, this is Stephanie Feingold with Morgan Lewis. Last name is spelled F, as in Frank, E-I-N, like Nancy, G-O-L-D. And on behalf of defendants.

THE COURT: Great. And now that all attorneys have entered their appearances, I would now ask that, if you haven't already done so, to please place your phone on mute while I issue my decision.

Thank you, everyone.

There are three motions pending before this Court: plaintiffs' motion for class certification, defendants' motion for partial summary judgment and plaintiffs' motion to strike paragraph 29 of Maureen Cafferty's certification filed in opposition to plaintiff's motion for class certification, as well as corresponding portions of Springpoint's brief in opposition relating to purported, quote, sales, close quote, representatives' notes concerning persons alleged to be class members presented for the first time in its opposition to the plaintiff's motion for

class certification.

For reasons set forth below, plaintiffs' motion for class certification is granted in its entirety; plaintiffs' motion to strike paragraph 29 of Maureen Cafferty's certification, as well as corresponding portions of Springfield's [sic] brief is granted; and defendants' motion for partial summary judgment is denied.

By way of background, the following narrative summary of this case is drawn from the Appellate Division's decision in this matter, an unreported decision, but available at 2015 N.J.Super. Unpublished Lexis 1238 (Appellate Division 2015).

"Plaintiff William DeSimone, as executor of his mother's estate, filed a complaint against Springpoint Senior Living, Incorporated, its five subsidiaries (one for each of the five continuing care retirement communities (CCRCs) Springpoint operates in New Jersey) and its chief executive officer, Gary Puma (collectively, Springpoint). The suit was brought both in an individual capacity and as a class action complaint. The complaint alleged causes of action under the Continuing Care Retirement Community Regulation and Financial Disclosure Act (CCRC Act) reported

at N.J." -- or rather -- "at $\underline{\text{N.J.S.A.}}$ 52:27D-330 to 360, the Consumer Fraud Act (CFA) at $\underline{\text{N.J.S.A.}}$ 56:8-1 to 195, as well as the breach of the covenant of good faith and fair dealing, fraud, and negligent misrepresentation.

Springpoint, through its subsidiary companies, owns and operates five CCRCs in New Jersey, including Monroe Village, where Ms. DeSimone came to reside. A CCRC is a retirement community that offers several levels of care for its residents, ranging from independent living, in which residents are largely self-sufficient, to assisted living, in which residents require some assistance, to skilled nursing, in which residents require extended nursing care.

The DeSimone family contacted Monroe Village in 2008, inquiring about moving Ms. DeSimone into an independent living unit. A Springpoint resident must pay certain monthly charges in addition to a one-time entrance fee, which is payable under the 'traditional plan' or the 'refundable plan.' The traditional plan offers a lower entrance fee, but is not refundable after a 60-day rescission period. The refundable plan has a higher entrance fee, but the applicant is

eligible for a refund up to 90 percent. The DeSimone family opted for the refundable plan.

Ms. DeSimone and her daughter, Elizabeth Savitsky, who held power of attorney for her mother, were given a copy of the written disclosure statement as statutorily mandated at N.J.S.A. 52:27D-336. The disclosure stated:

'The 90 percent Refundable plan requires the payment of a higher Entrance Fee and allows for up to 90 percent of the Entrance Fee to be refunded. Payment of the refund shall be made upon the execution of a new residence agreement for the Living Accommodation and expiration of the rescission period of the incoming resident unless a current community resident transfers to the Resident's Living Accommodation upon its vacancy, in which case payment of the refund shall be upon payment of a new entrance fee and expiration of the rescission period of an incoming resident occupying the current resident's previous living accommodation.

The refundability of the Entrance Fee is described in detail in Section VI of the

attached Residence [and] Care Agreements.'
The Residence and Care Agreement (the agreement) was attached to the disclosure statement. The agreement cover sheet included the caption '90 percent REFUNDABLE,'" -- in all caps and all capital letters -- "and stated that the agreement was a legally binding contract, and recommended that the prospective resident consult with an attorney to review the contract before executing it. Section VI of the agreement stated:" -- in all capital letters --

'IN THE EVENT OF THE RESIDENT'S DEMISE AFTER OCCUPANCY AND EXPIRATION OF THE RESCISSION PERIOD, PROVIDER SHALL PROVIDE TO . . . THE RESIDENT'S LEGAL REPRESENTATIVE, A REFUND OF THE ENTRANCE FEE WITHOUT INTEREST EQUAL TO THE LESSER OF THE ORIGINAL ENTRANCE FEE OR THE SUBSEQUENT RESIDENT'S ENTRANCE FEE LESS:'" -- and then -- "\[certain enumerated fees and costs].' (emphasis added.) The 'lesser of' term is at the center of the parties' dispute."

(Extended pause)

THE COURT: Beginning with plaintiffs' motion for class certification, plaintiff seeks to

certify a Rule 4:32-1(b)(2) and (3) class, as follows:
"All persons or their Estates who are or
were a party to a 90 percent Refundable Entrance
Fee Residence and Care Agreement with any of the
following Springpoint Continuing Care Community
facilities: Crestwood Manor, Meadow Lakes,
Monroe Village, Stonebridge at Montgomery and The
Atrium at Navesink Harbor; and who:

- (a) Did not receive a 90 percent entrance fee refund calculated upon the amount he or she, or his or her decedent's estate paid on entering the facility when his or her residence in the facility terminated; or
- (b) Are subject to the possibility that in the future that he or she, or his or her estate, will not be paid a 90 percent Entrance Fee refund that is calculated upon the amount that he or she, or his/her decedent's estate, paid on entering the facility at the time his or her residence in the facility terminates."

Rule 4:32 sets forth the requirements for maintaining class action. Rule 4:32-1(a) sets forth -- Whoops. I am so sorry about that.

(Extended pause)

THE COURT: My apologies. I brought the

cell phone into the courtroom so I could confirm that we were accurately recording. I thought I shut the ringer off, but apparently I did not and I apologize for that.

Beginning then again:

Rule 4:32 sets forth the requirements for maintaining class action. 4:32-1(a) sets forth four prerequisites, all of which must be met. Plaintiff must prove: (1) the class is so numerous that joinder of all members is impracticable; (2) there are common questions of law and fact to the class; (3) the claims or defenses of the representative parties are typical of the claims or defenses of the class; and (4) the representative parties will fairly and adequately protect the interests of the class.

In addition to these four prerequisites, Rule 4:32-1(b) also requires that plaintiff must prove that:

"The prosecution of separate actions by or against individual members of the class would create a risk either of:

(A) inconsistent or varying adjudications with respect to individual members of the class that would establish incompatible" -- excuse me -- "standards of conduct for the

party opposing the class, or

- (B) adjudications with respect to individual members of the class that would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests; or
- (2) the party opposing the class has acted or refused to act on grounds generally applicable to the class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the class as a whole; or
- (3) the court finds that the questions of law or fact common to the members of the class predominate over any questions affecting only individual members, and that a class action is superior to other available methods for the fair and efficient adjudication of the controversy. The factors pertinent to the findings include:
- (A) the interest of members of the class in individually controlling the prosecution or defense of separate actions;
- (B) the extent and nature of any litigation concerning the controversy already commenced by or against members of the class;

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(C) the desirability or undesirability in concentrating the litigation of the claims in the particular forum; and

(D) the difficulties likely to be encountered in the management of a class action."

Rule 4:32-1 is required to be liberally construed and the class permitted to be maintained unless there is a clear showing that it is inappropriate or improper. Lee versus Carter-Reed Company, LLC, 203 N.J. 518 (2010).

Defendant here has not demonstrated that in opposing this application, as further discussed in this opinion, that the class certification should be denied. A plaintiff is accorded every favorable view of the complaint and the record, but the trial court must still engage in a rigorous analysis of whether of whether the requirements of class certification have been met under Rule 4:32-1(b)(3).

As noted by the New Jersey Supreme Court in Iliades versus Wal-Mart Stores, Inc., 119 [sic] $\underline{\text{N.J.}}$ 88, at pages 103 to 104, a Supreme Court decision of 2007, New Jersey case law strongly favors class certification, especially in consumer cases.

New Jersey Courts have consistently held class action rule should be liberally construed --

<u>Delgozzo versus Kenny</u>, 266 <u>N.J.Super.</u> 169 at page 179 (Appellate Division 1993) -- holding that in the consumer -- also Varacallo versus Mass. Mutual Life Insurance Company, 332 N.J.Super. 31, at page 45 (Appellate Division 2000) -- holding, in the consumer context, that class actions should be liberally allowed under circumstances that would make individual actions uneconomical to pursue. Accordingly, a class action should lie unless it is clearly infeasible. Citing Riley versus New Rapids Carpet Center, 61 N.J. 218 at page 225 (1972). If there is an error to be made, let it be in favor and not against the maintenance of the class action. Citing Esplin versus <u>Hirschi</u>, 402 <u>F.2d</u> 94, page 99 (10th Circuit 1968), certification denied by the U.S. Supreme Court at 394 U.S. 928, a 1969 case.

When making certifications determinations, the best policy is to interpret the class-action rule so as to promote the purposes underlying the rule. This is at Moore's Federal Practice Civil, Section 23.03 (Third Edition 1997). Unitary adjudication through class litigation furthers numerous practical purposes, including judicial economy, cost-effectiveness, convenience, consistent treatment of class members, protection of defendants from

inconsistent obligations, and allocation of litigation costs among numerously [sic] similarly-situated litigants. Citing Crown, Cork & Seal versus Parker at 462 U.S. 345, 1983 Supreme Court case.

Class action in New Jersey also helps to equalize adversaries, a purpose that is even more compelling when the proposed class consists of people with small claims or variable claims. In such disputes, where the claims are, in isolation, too small or variant to warrant recourse to litigation, the class-action device equalizes the claimants' ability to zealously advocate their positions. Citing In re Cadillac at 93 N.J. at 435.

When determining whether a class should be certified, the Court is not to make a preliminary determination of the merits of the underlying claims. Delgozzo versus Kenny, 266 N.J.Super. 180 [sic] at page 181. Accordingly, the Court's examination of the legal and factual issues underlying a class certification motion should be less penetrating than a motion for summary judgment or at trial. In reCadillac, 93 N.J. at 426. In fact, the plaintiff is to be afforded every favorable view as to all factual and legal questions. Citing Riley, 61 N.J. at 223.

Before discussing further the analysis under

the rule, the Court first dispenses with defendants' timeliness of the motion assertion. Here, defendant asserts that, pursuant to Rule 4:32-2(a), the Court is required to consider at an early practicable time whether to certify the class. And in this case, plaintiffs, quote, waited almost seven years, close quote, to file his class certification motion, some five-and-a-half years since the case was remanded from the Appellate Division.

Defendant asserts plaintiff has offered no reason for the delay and that this has caused significant and irreversible prejudice to both the defendants and the class. Defendant asserts that more than 50 putative class members passed away since the complaint was filed in 2013.

Plaintiff asserts that now is the proper time for consideration of this motion. Plaintiff contends that, prior to the 2006 amendment to Rule 4:32-2(a), the requirement was for the motion to be brought, quote, as soon as possible after the commencement of an action, close quote. The 2006 rule amendment significantly altered the requirement to, quote, at an early practicable time, close quote, and that this took into account the complexity of this type of litigation, as recognized by the Federal Rules

of Civil Procedure, which amended <u>Rule</u> 23 time requirement in 2003, and the <u>Manual on Complex</u> <u>Litigation</u> recommendation that the motion be heard, quote, once a court has sufficient information to decide whether the action meets the certification criteria, close quote.

Plaintiff also asserts the procedural history of this case can't be ignored. The trial court dismissed the original complaint and it wasn't until almost two years later, after the Appellate Division reversed and remanded and permitted a plaintiff to amend the complaint, that discovery could begin. Further, plaintiffs contend that throughout the discovery time period, defendant had delayed producing documents and witnesses, including the witnesses who were noticed two and three times at the time plaintiff filed the motion, who has yet to be produced. And this was the corporate designee.

The Court notes the following relevant procedural history:

Upon remand from the Appellate Division, the trial court, by order of June 8, 2015, permitted plaintiffs to amend the complaint within 20 days.

Further, on June 19, 2015, the trial court conducted a case management conference and issued an

order which ordered complete discovery on the merits of plaintiff's complaint, but specifically did not require, quote, until further order of the Court, to engage in class discovery pertaining to the determination of damages to the class based upon the contracts entered into by the tenant buyers for units within the subject property and the related financial data.

By order of November 19th, 2015, the Court required the parties to meet and confer and agree or advise the Court if it could not by November 25, 2015 regarding search terms for use on the defendants' electronically-stored information to help reduce the volume, if that -- of that data and identify responsive documents.

On February 26, 2016, the Court acknowledged the ongoing discovery document production which counsel represented would be completed within eight weeks and also incorporated language for inclusion into a protective order, which was filed on March 7, 2016.

By May 2, 2016, the Court required defendants to engage best efforts to complete their initial fact discovery by July 15, 2016, plaintiff to engage in best efforts to respond to defendants'

written discovery and produce witnesses by July 15, 2016, and defendants to identify members of their litigation control group within 30 days.

By order of September 7, 2016, plaintiffs were to engage in best efforts to timely complete their initial fact discovery and the parties were ordered to present a proposed schedule for completion of fact discovery at the next case management conference of October 24, 2016. Based on that next conference, the Court stayed discovery related solely to the class issue, ordered that fact discovery concerning the substantive claims alleged by the Plaintiff DeSimone in the pleadings be completed by January 31, 2017, and required all dispositive motions in relation to the specific discovery be filed within 30 days after completion.

The next case management conferenced was scheduled for February 17, 2017. Prior thereto, the matter was reassigned to this Judge, due to the retirement of the jurist previously assigned.

Upon review of the orders entered in this case and guided by the approach I have taken since being assigned consumer fraud class action litigation since 2015, I lifted the stay imposed on discovery related to class issues by order of April 7, 2017.

The Court issued successive case management orders extending discovery based upon the parties' request through February 28, 2020. Numerous orders extended the discovery end date and was to accommodate the depositions of defendants' fact witnesses.

The Court is also aware that the parties had engaged a mediator, but it is unknown if this may have impacted the discovery schedule.

Based therefore on this procedural history and specifically due to the fact that this Court stayed class discovery until April 7, 2017, this Court finds the motion to be filed as earliest time practicable and no prejudice as a result upon the defendants. Unfortunately, the population of clients defendants serves, senior citizens, will continue to die based upon age and medical condition.

Turning next to the motion for class certification and the requirements, we begin with 4:32-1(a), numerosity. Rule 4:32-1(a)(1) requires that the class is so numerous that joinder of all members is impracticable. To be impracticable, joinder need not be impossible. Rather, that there be difficulty or inconvenience in joining all members of the class. Zinberg versus Washington Bancorp., Inc., 138 Federal Rules of Decision 397 at page 406,

(District of New Jersey 1990), quoting <u>Harris v. Palm Springs Alpine Estates</u>, 329 <u>F.2d</u> 909 at pages 913 through 14, 9th Circuit case.

Our class action rule is a replica of Rule 23 of the Federal Rules of Civil Procedure. This is Riley versus New Rapids Carpet Center, 61 N.J. 218 at page 226 (1972). Therefore, federal cases interpreting Rule 23 are often helpful in applying the New Jersey class action rule. This is Muise versus GPU, Incorporated, 371 N.J.Super. 13, at page 31 (Appellate Division 2004).

Whether joinder of all the class members would be impracticable depends on the circumstances surrounding the case and not merely on the number of class members. Szczubelek versus Cendent Mortgage Corp., 215 Federal Rules Decision 107, at page 116 (District of New Jersey 2003). Additionally, it is not necessary to demonstrate the precise number of class members when a reasonable estimate can be inferred from facts in the record.

Further, joinder is more likely to be impracticable when the individual claims of class members involve relatively small amount of damages. While no minimum number of plaintiff is required for numerosity, quote, generally, if the named plaintiff

demonstrates that the potential number of plaintiffs exceeds 40, the first prong of the $\underline{\text{Rule}}$ 23(a), numerosity, has been met. This is $\underline{\text{Stewart versus}}$ $\underline{\text{Abrams}}$ [sic], 275 $\underline{\text{F.3d}}$ 220 at 226, 227 (Third Circuit 2001).

Plaintiff has met this requirement. As by defendants' own count, there are about 220 individuals that would fall within this class. This Court has approved classes, both less in number and greater. It should also be noted defendants do not dispute that plaintiffs have met the numerosity requirement.

Second factor is commonality. Are there common questions of law or fact? The answer is yes. In assessing commonality, Rule 4:32-1(a)(2) requires questions of law or fact common to the class, but, quote, not all questions of law or fact raised need to be in common, close quote. Weiss versus York Hospital, 745 F.2d 786 at pages 808 through 809 (Third Circuit 1984). A single common question is sufficient, even if the questions exist as to a representation made to an individual plaintiff or proof of damages. Delgozzo at 266 N.J.Super. at 185 to 186, quoting In re Asbestos School Litigation at 104 Federal Rules Decisions 422, page 429 (Eastern District of Pennsylvania 1984).

Cases involving allegations arising from

standardized contracts or other forums present the classic case for treatment as a class action. <u>Kleiner versus First National Bank of Atlanta</u>, 97 <u>Federal Rules Decisions</u> 683 at page 692 (Northern District of Georgia 1983).

If the plaintiff's claims are grounded essentially in a contractual relationship, there are common questions of law and fact, even though some variances exist in the virtual identical agreements. Lusky versus Capasso Brothers, 118 N.J.Super. 369, page 372 (Appellate Division 1972).

Here, the plaintiffs assert that he has met the requirement as questions and answers surrounding Springpoint's marketing of its CCRCs, its legal obligations to fully disclose to prospective residents the, quote, lesser of, close quote, term and the entrance fee refunds are subject to market risk, as well as whether Springpoint's marketing strategy violated the New Jersey Consumer Fraud Act and the CCRC Act, as alleged in the amended complaint, are common to the plaintiff and the members of the putative class.

Plaintiff contends what it terms
Springpoint's, quote, bait and switch, close quote,
involve the same course of conduct for all members of

the putative class. Plaintiffs explain that -- as follows, that Evelyn DeSimone and her family accepted Springpoint's marketing representations, as they were invited to, put their trust in Springpoint as believed Springpoint -- and believed Springpoint would provide peace of mind and financial security.

Further, as to all members, plaintiff asserts the DeSimones were given the financial features brochure and ultimately a contract that deviated from what lured them in. They paid the 90 percent entrance fee, as listed in the financial features brochure, and when it came time to receive the refund Springpoint owed them, they received less than expected, due to Springpoint invoking the, quote, lesser of, close quote, term very deep within the RCA. That some members of the class might not have received the misleading marketing collaterals, sales presentation or the disclosure statement is of no moment, plaintiffs assert, they all received one or the other and many received a combination of all three.

As the Appellate Division has explained in this case, if Springpoint's staff or brochure distributed misrepresented the terms of the contract by omitting the "lesser of" terms, or by failing to

disclose that the entrance fees were already being reduced by Springpoint, because of market forces, plaintiff may be able to prove its various causes of action, including a violation of the CMA -- CFA. This is from the $\frac{\text{DeSimone}}{13}$ unpublished Appellate Division decision at $\frac{13}{13}$.

What matters then, plaintiffs assert, is that Springpoint misrepresented and failed to disclose the "lesser of" term in some form or another, which it did uniformly and consistently, such that all members of the class received what plaintiffs assert is a bait and switch. Plaintiffs' claims against Springpoint thus share the same essential characteristics of the claims of members of the proposed class, and so plaintiffs' interests fully align with those of the putative class members, as all suffered from this, quote, bait and -- same bait and switch, close quote, and have all the same claim under New Jersey law.

In citing the Appellate Division decision with this -- within this -- in this case, rather, plaintiffs rely on the law of the case doctrine. Defendant asserts that it is inapplicable, as the issue before the Appellate Division was plaintiffs' appeal from the trial court's dismissal of a 4:6-2(e) motion. Regardless of that, however, the Appellate

Division clearly set forth only what the law is as to the CCRC and CFA. Quoting from that decision: "N.J.S.A. 52:27D-336 requires CCRCs to

provide disclosure statements to prospective residents and residents who enter into contracts with the CCRCs prior to the execution of the contract. The disclosure statement must be 'written in plain English' and understandable to a layperson. N.J.S.A. 52:27D-336. The disclosure statement 'shall contain' the designated information 'unless the information is contained in the contract.' The information that must be disclosed includes a description of all the fees charged to a resident, including an N.J.S.A. 52:27D-336 paragraph (g). entrance fee. The CCRC shall 'make knowledgeable personnel available to prospective residents to answer questions about any information contained in the disclosure statement or contract.'" Citing N.J.S.A. 52:27D-336 paragraph (1).

"The CCRC Act creates a private cause of action, pursuant to N.J.S.A. 52:26D-347:

> 'A provider or person acting on behalf of the provider is liable to the person who contracts for the continuing care for

> > 31

damages, including repayment of all fees paid to the provider, facility or person who violates this act plus interest thereon at the legal rate, court costs and reasonable attorney's fees, if the provider or person acting on behalf of the provider:

Enters into a contract for continuing care at a facility with a person who has relied on a disclosure statement which omits a material fact required to be stated therein pursuant to this act."

In interpreting the statute, the Appellate Division noted that -- look first to the plain language. If the language is clear and unambiguous, apply the plain meaning. That's In re Young at 202 N.J. 50, page 63 (2009). A New Jersey Supreme Court case.

The Appellate Division continued and concluded:

> "The CCRC Act could fairly be read to not allow the disclosure statement and knowledgeable personnel to mislead seniors by failing to reveal hidden costs only ascertainable by a lawyer reviewing the contract.

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If Springpoint's staff or brochures distributed to the DeSimone family misrepresented the terms of the contract by omitting the 'lesser of' terms, or failing to disclose that the entrance fee was subject to market trends, and that the entrance fees were already being reduced by Springpoint due to market forces, plaintiff may be able to prove its various causes of action, including a violation of the CFA."

While defendant asserts that the Appellate Division did not take into account its defenses, that's a trial issue and not a certification issue.

Turning next to the typicality requirement. To satisfy the typicality requirement, the claims of the class representatives must have, quote, the essential characteristics common to the claims of the class, close quote. <u>In re Cadillac</u>, 93 <u>N.J.</u> at 425, quoting from <u>Moore's Federal Practice</u> at section 23.06-2 (1982).

A plaintiff's claim is typical of the class claims if it arises from the same event or course of conduct that has given rise to the claims of other class members. The claims of class representatives are, quote, generally found to be typical if they arise from the same course of conduct that gives rise

to the claims of other class members and if the claims are based on the same legal theory.

When the same unlawful conduct was directed at or affected both the named plaintiff and the plain — and the members of the putative class, the typicality requirement is usually met irrespective of varying fact patterns that may underlie individual claims. See <u>In re Data Access Systems Security Litigation</u>, 103 <u>Federal Rules Decisions</u> 130 at page 139 (District Court of New Jersey 1984).

Since claims only need to share the same essential characteristics and need not be identical, the typicality requirement is not highly demanding. Laufer versus U.S. Life Insurance Company, 385 N.J.Super. 172 at page 180 (Appellate Division 2006), quoting from Moore's Federal Practice, subsection 23 colon -- or rather 23.24.

And, so, while the defendants herein have pointed out various distinctions, the same course of conduct is being alleged and plaintiff has met the typicality requirement.

Next, the court looks to the adequacy of representation, pursuant to $\underline{\text{N.J.S.}}$ -- pursuant to -- excuse me -- $\underline{\text{Rule}}$ 4:32-1(a)(4).

(Extended pause)

THE COURT: To satisfy 4:32-1(a)(4), the named plaintiff must meet two criteria: interest of the named representative plaintiff or defendant must be coextensive with the interest of the other members of the class; and (2) the named representative must be able to vigorously prosecute or defend that interest, and this will usually require the assistance of responsible and able counsel. Gallano versus Running, 139 N.J.Super. 239 at page 246. This is Law Division at 1976 quoting from -- or rather citing Moore's Federal Practice, section 23.072. The requirement of coextensive interest has

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also been described as insuring that, quote:

"The representatives and their attorneys will competently, responsibly and vigorously prosecute the suit, and that the relationship of the representative parties' interest to those of the class are such that it [sic] is not likely to be divergence in viewpoint or goals in the conduct of the suit."

Bogosian versus Gulf Oil Corp., 561 F.2d 434 at page 449 (Third Circuit 1977).

In order to satisfy the requirement of coextensive interest, the named plaintiff and putative

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class members should, quote, share common objectives and legal or factual positions, close quote, without, quote, antagonistic interests between the representatives and the class. Close quote. at 139 N.J.Super. at 246, quoting Wright & Miller, Federal Practice and Procedure, section 6 -- 1769.

Plaintiff herein has no interest antagonistic to the class. In order to satisfy the vigorously prosecute prong of the adequacy of representation requirement, plaintiffs' attorneys must be qualified, experienced and generally able to conduct the proposed litigation. <u>Delgozzo</u>, 266 <u>N.J.Super.</u> at Plaintiffs' counsel satisfy these criteria.

Defendant has raised the issue of the fact that the plaintiffs' counsel herein represent plaintiffs in another class action claim against these defendants relating to maintenance fees and assert that there is a conflict of interest and makes their ability -- that makes their ability to provide adequate representation herein in question. to no R.P.C. violations for the premise that there is an ethical violation, nor any case law, but that a law -- but a Law Review article.

That ground -- that argument, rather, is grounded in speculation and is just that, speculative and completely unfounded. The Court indicated counsel herein are competent and in this area of the law have represented plaintiffs in complex litigation and the Court finds that they are adequate counsel to protect the interests of the plaintiffs and prosecute this claim.

Having satisfied Rule 4:32-1(a) requirements, the Court turns to 4:32-1(b) requirements. The predominance and superiority are satisfied under Rule 4:32-1(b)(3). Under 4:32-1(b)(3), a class action may be maintained when common questions of law or fact predominate over any questions affecting only individual members and the class action mechanism must be superior to other available methods for the fair and efficient adjudication of the controversy. Both prongs of this test are met here as to the proposed 4:32-1(b)(3) class.

The New Jersey Supreme Court <u>Iliades versus</u> <u>Wal-Mart</u> explained, to establish predominance, a class representative must demonstrate that the questions of law or fact common to the members of the class predominate over any questions affecting only individual members. That inquiry tests whether the proposed class is sufficiently cohesive to warrant

adjudication by representation.

Some general principles guide us in this pragmatic assessment:

First, the number more importantly and significance of common questions must be considered. Predominance is not, however, determined by adding up the number of common individual issues and determining which is greater.

Second, the Court must decide whether the benefit from the determination in a class action common questions outweighs the problems of individual actions.

Third, predominance requires, at a minimum, a common nucleus of operative facts.

Notably, predominance does not require the absence of individual issues or that the common issues dispose of the entire dispute. Individual questions of law or fact may remain following resolution of common questions. Predominance does require that all issues be identical among class members or that each class member be affected in precisely the same manner. The critical consideration in determining predominance is whether there is a common nucleus of operative facts and legal issues. In re Cadillac, 93 N.J. at 431, quoting Wright & Miller, Federal Practice and

Procedure, section 1778.

If the Court finds that the core of the common -- of the case, rather, concerns common issues of fact and law, predominance under Rule 4:32-1(b)(3) is satisfied because the plaintiff and the class have a common legal grievance. In the present case, based upon all the reasons the Court has already gone over, that has been satisfied. In terms of the common questions of law and fact central to the issues of the CCRCA [sic] Act and the Consumer Fraud Act regarding the issue before the Court.

Next learned -- turn to -- or here the Court -- or continuing, rather -- finds that there are questions of law and fact common to the putative class members that predominate over any individual issues -- namely, the claims brought under the CFA and CCRC Act -- and plaintiff, obviously, is going to be left to its proofs. Also, the plaintiff can satisfy the ascertainable loss prong based upon the records provided by the defendant. Plaintiff can prove causation on a class-wide basis.

The Court now looks to superiority. In 2006, Rule 4:32-1(b)(3) was amended to identify the factors pertinent to finding that a class action is a superior method of adjudication.

The Court must consider (a) the interests of the members of the class in individually controlling the prosecution or defense of separate actions; the extent and nature of any litigation concerning the controversy already commenced by or against members of the class; the desirability or undesirability of concentrating the litigation of the claims in a particular forum; and the difficulty likely to be encountered in the management of a class action.

As to factor (a), members of the class are likely to have little or no interest in controlling the prosecution of separate claims. One goal of the class action is to promote efficient judicial administration by saving time and money for the parties and the public and by promoting consistent decisions for people with similar claims. In reCadillac V8 Class Action, 93 N.J. at 430 (1982).

Therefore, class action litigation -- class litigation is generally superior in consumer cases such as what is now before this Court. There is no concern with regard to manageability of this class action and judicial economy is served by treatment of the approximate 220 claims in this matter.

The Court also finds that under -- certifies Rule 4:32-1(b)(2) for injunctive and declaratory

relief. Even though defendant asserts that changes have been made to the contract since — the contract at issue — when the complaint was originally filed, the only manner effective — effectuating the purpose behind the CCRC and the legislative intent in addressing our most vulnerable aging population is by addressing this injunctive and declaratory relief in the context of a class action that is certified.

And, so, for all of those reasons, the plaintiffs' motion to certify the class as defined is granted.

Just one moment while I set up the next motion.

(Extended pause)

THE COURT: The next motion is plaintiffs' motion to strike paragraph 29 of Maureen Cafferty's certification filed in opposition to plaintiffs' motion for class certification, as well as the corresponding portions of Springpoint's brief in opposition relating to purported sales representatives' notes concerning persons alleged to be absent class members presented for the first time in opposition to plaintiffs' motion for class certification.

The Court, in deciding the motion for a

class certification, did not consider paragraph C of Ms. Cafferty's certification and the corresponding portions of defendants' brief. And I just want to briefly touch upon the Court's reasons why it did that. And they are essentially procedural reasons, grounded in the procedural history set forth by this Court in the context of the motion for class certification and the timeliness aspect of the motion. And that is that there are numerous court orders that were entered that extended discovery in this matter. Repeatedly throughout the time period that this jurist took over the management of the case in 2017 through February 2020, a few months before the motion was filed.

And, so, the concept of discovery is that it is bilateral discovery and the Court is of the opinion that that was highlight — that was violated here. Certainly, Ms. Cafferty is well known to the defendants and she was going to play a role in this case, in terms of the certification to the Court. Upon finding the documents that — which she relied upon in paragraph 29 of her certification, it was incumbent upon the defendants to advise the plaintiffs of that and so that the plaintiffs could have thereafter sought the production of those documents

and a deposition or further deposition of Ms. Cafferty. They should not have seen then for the first time at the time that the opposition was filed. And that's violative of our court rules.

And fair play. In a case that has taken a long time to get to where we are, certainly a brief relaxation of those deadlines to allow the plaintiffs the opportunity to review these documents and conduct the deposition of Ms. Cafferty as to these issues, as well as perhaps other discovery that might have flowed therefrom would have been appropriate.

And, therefore, for purposes of class certification, the Court has stricken that portion of the certification and does not consider it, nor those parts of the brief, defendants' brief, that relate to it. And for those reasons, the plaintiffs' motion to strike is granted.

Turning to the final motion before the Court today, which is the defendants' motion for partial summary judgment, this will also be brief.

So, in this case, the defendants filed a motion for partial summary judgment against several individual claims. And just briefly, by background, the named plaintiff, William DeSimone, alleges that he and his family were duped into signing a residence and

care agreement for his mother to become at a resident at a continuing care retirement community operated by the defendant Springpoint at Monroe Village. I am quoting directly from the background that was provided by the defendants in their motion for partial summary judgment.

The defendant asserts that the plaintiff brings a number of different claims based in part on allegedly misleading statements and omissions in Monroe Village's Disclosure Statement. Testimony, however, the defendant contends, neither he nor his family members receive -- the testimony, the defendants contend, however, of Ms. Savitsky, the plaintiff's sister, and Mr. DeSimone, basically tend towards the conclusion, the defendant asserts, that partial summary judgment should be granted as to plaintiffs' individual claims in counts one, two, three, four, five -- no, not five -- one through four, inclusive, six and seven, of the amended complaint, to the extent that they have alleged a Springpoint Disclosure Statement or any marketing material or advertisement contained misrepresentations or omissions or violated the CCRC ACT or DCA regulations.

Now, in a motion for summary judgment or partial summary judgment, as in this case, pursuant to

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Rule 4:46, the party submitting the motion must file a separate statement of material facts, and the party responding or opposing must then either admit or not admit that.

And, so, as I look at the statement of facts that were submitted in support of the motion, only a few of the statements are admitted, which are the following:

"Springpoint at Monroe Village is a One. New Jersey nonprofit corporation that owns and operates a continuing care retirement community in Monroe Township, New Jersey, known as Monroe Village.

In the fall of 2008, Evelyn DeSimone, William DeSimone (her son), and Elizabeth Savitsky (her daughter) visited Monroe Village to evaluate whether Mrs. DeSimone would move into an independent living unit at the community."

That was number 2.

Number 3. "Elizabeth Savitsky and Evelyn DeSimone did most of the evaluations of different communities. The final decision to enter the Residence and Care Agreement with Monroe Village was ultimately made by Elizabeth Savitsky and Evelyn DeSimone."

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So, out of 27 separate material facts that are set forth, those are the only ones that are admitted, which are, I believe seven. And those submitted material facts which disputed. are central to the motion for partial summary judgment

The next statement of fact that is admitted is number 22. Turning to number 22.

(Extended pause)

THE COURT: "In October 2008, the DeSimone family decided that Evelyn DeSimone would move into Monroe Village."

Number 23. "On or about October 13, 2008, Mrs. DeSimone submitted a Confidential Resident Application to Monroe Village."

"Monroe Village sent to Number 24. Elizabeth Savitsky a copy of the proposed Residence and Care Agreement."

Number 25. "Elizabeth Savitsky held a power of attorney for her mother and executed the Residence and Care Agreement on her mother's behalf in December 2008."

The only other admitted statement is number "Evelyn DeSimone was a resident at Monroe Village from February 2009 through February [sic] 2010.

relies upon testimony of Ms. Savitsky and Mr. DeSimone.

With regard to those, the plaintiff admits only as to the accuracy of the testimony transcription. However, what they allege -- or what they further respond is that you can't just look at the testimony in order to decide the issue of partial summary judgment, you have to look at essentially the arguments that the plaintiffs are advancing. Which was recognized by the Appellate Division in the unpublished decision. And that was that Springpoint had a statutory duty to deliver a copy of the disclosure statement before entering into the CCRC agreement and other statements.

And I am not going to read them all in, they're all part of the record as part of this, but when you look then as to the standard that trial judges are guided by in considering a motion for summary judgment or partial motion -- or partial summary judgment, the Court must give all reasonable inferences to the non-moving party. And if there are genuine issues of material fact, the Court must deny the motion for summary judgment.

And that's what we have here. We have genuine issues of material fact. The plaintiffs

aren't denying that that is the cited testimony; however, it cannot be divorced from the interpretation of the events and how the law applies to it. And this is ultimately a jury question and not for a judge to decide.

So, for those reasons, because there are genuine issues of material fact, the motion for partial summary judgment as to individual claims is denied.

We will upload the orders this afternoon. I want to thank everyone for their patience in the Court issuing its decisions on these three motions.

And the special master or I will reach out to you within 30 days to see whether you've come upon an agreement as to the notice that is to be published. And we'll take it also from there as to other issues that you may want to discuss.

Thank you, everyone, and have a happy July 4th weekend. We are concluded. Thank you.

MR. PASTERNACK: Thank you, Your Honor.

MR. COREN: Thank you, Your Honor.

THE COURT: Thank you. You're welcome. MR. CLARK: Thank you, Your Honor.

MS. FEINGOLD: Thank you.

(Hearing adjourned at 3:02 p.m.)

CERTIFICATION

I, TERRY L. DeMARCO, the assigned transcriber, do hereby certify the foregoing transcript of proceedings recorded on CourtSmart, Index Nos. from 2:00:45 to 3:02:00, is prepared to the best of my ability and in full compliance with the current Transcript Format for Judicial Proceedings and is a true and accurate compressed transcript of the proceedings, as recorded.

/s/ Terry L. DeMarco	AD/T 566
Terry L. DeMarco	AOC Number
KLJ Transcription Service	07/12/21
Agency Name	Date