

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF LOS ANGELES—CENTRAL DISTRICT

HARRY HAHN and JAMES HONG, Individually and on behalf of themselves and all others similarly situated,

Plaintiffs,

v.

HANIL DEVELOPMENT, INC., a California Corporation;  
AROMA SPA & SPORTS, LLC, a California limited liability company, et al.,

Defendants.

Case No.: BC468669  
Hon. Stephen Czuleger

NOTICE OF PROPOSED CLASS ACTION  
SETTLEMENT

**PLEASE READ THIS NOTICE CAREFULLY**  
**IT CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHTS AND BENEFITS UNDER THE**  
**PROPOSED CLASS ACTION SETTLEMENT**

*The Los Angeles Superior Court authorized this Notice. This is not a solicitation from a lawyer.*

IMPORTANT DATES

June 10, 2015:	Last day for parties to file motion for attorneys' fees and costs
July 10, 2015:	Last day to object to the Settlement
July 31, 2015:	Last day for parties to file motion for final approval of the Settlement
August 14, 2015:	Hearing on final approval of the Settlement

Please note that the hearing date may change. To verify the hearing date please visit  
[www.AromaClassActionSettlement.com](http://www.AromaClassActionSettlement.com).

**1. Why Should I Read this Notice?**

A proposed settlement has been reached in a class action lawsuit now pending in the Los Angeles County Superior Court, entitled *Harry Hahn, et al., v. Hanil Development, Inc., et al.*, Case No. BC468669 ("Lawsuit"). This Notice explains the nature of the Lawsuit and the terms of the proposed settlement ("Settlement") and informs you of your legal rights and obligations. You should read this Notice to learn about the Settlement benefits you may receive, how the Settlement will affect your legal rights and what you need to do if you wish to object to the Settlement.

**2. What is this lawsuit about?**

Harry Hahn and James Hong, on behalf of themselves and all other similar situated (collectively "Plaintiffs"), filed this Lawsuit against Hanil Development, Inc., ("HDI") and Aroma Spa & Sports, LLC ("Aroma") alleging that that Defendants sold lifetime and ten (10) year memberships to Aroma Spa Resort in violation of the California Health Studio Services Act and Unfair Business Practices Act. HDI and Aroma are collectively referred to as "Defendants." Defendants deny the factual allegations and legal claims asserted against them in the Lawsuit and contend that the claims asserted are not meritorious and that they are not in any way liable for any damages claimed in the Lawsuit. The Lawsuit was certified as a class action.

**3. Why is this a class action lawsuit?**

QUESTIONS? VISIT [WWW.AROMACLASSACTIONSETTLEMENT.COM](http://WWW.AROMACLASSACTIONSETTLEMENT.COM)

A class action is a type of lawsuit in which one or a few individuals represent a group of people who were also allegedly harmed by a defendant's conduct. In this case, Harry Hahn and James Hong were appointed the Class Representatives. The Class Representatives and all those persons who could have similar claims are referred to as the "Class" or the "Class Members." One court resolves the issues for all Class Members, except for those who have excluded themselves from the Class. You were previously provided notice of class certification and an opportunity to exclude yourself in the June 2013 Notice of Pendency of Class Action and December 2013 Amended Notice of Pendency of Class Action. If you did not sign a Request for Exclusion within the time frame identified in those notices you are bound by the terms of the Settlement.

#### **4. Why is there a settlement?**

The Court did not decide in favor of Plaintiffs or Defendants. Neither HDI nor Aroma were found liable for any of the alleged claims relating to Aroma's lifetime and ten (10) year membership agreements. Instead, both sides agreed to a settlement. That way, they avoid the cost of a trial, and the people affected are potentially eligible to be compensated. The Class Representatives and their attorneys think the settlement is fair and adequate for the Class Members.

#### **5. Who is a Class Member for this Lawsuit?**

Everyone who fits the following description is a Class Member: *All current and former lifetime and ten (10) year members of Aroma Spa & Sports.* These people are referred to in this Notice as "Class Members." By receiving this Notice, the parties have determined that you may be a Class Member.

#### **6. What does the settlement provide?**

The Court has preliminarily approved this settlement as fair, reasonable, and adequate to provide compensation to the Class Members. Lifetime and Ten (10) Year members will be entitled to the benefits identified below.

#### **A. IF YOU ARE A CURRENT LIFETIME MEMBER OR CURRENTLY HOLD A LIFETIME MEMBERSHIP BY TRANSFER**

You are a Lifetime Member if you paid an initiation fee to Aroma or HDI for an Aroma lifetime membership, and are a member of Aroma as of the Effective Date of Settlement.

You are a Transferee Lifetime Member if you paid another lifetime member to acquire that member's Aroma lifetime membership, and are a member of Aroma as of the Effective Date of Settlement.

##### **1. Receipt of an Amended and Restated Resort Membership Agreement**

As a Lifetime Member and Transferee Lifetime Member you will receive an Amended and Restated Resort Membership Agreement which will replace your Lifetime Resort Membership Agreement. The Amended and Restated Resort Membership Agreement provides for a three (3) year term membership to Aroma. At the conclusion of the three (3) year term, you may elect to renew the Amended and Restated Resort Membership Agreement for an additional two (2) year term. The three (3) term will begin the first day of the month following thirty (30) days after the Effective Date of Settlement. Under the Amended and Restated Resort Membership Agreement, you will continue to receive Lifetime Membership Benefits except that the membership will no longer be transferable.

- a. Physical Disability, Relocation, Death. You may reject the Amended and Restated Resort Agreement, and cease to be a member of Aroma, if within thirty (30) days of the Effective Date of Settlement you present to Aroma documentary proof that you are unable to use the Resort's facilities due to (a) physical disability, or (b) relocation of your residence more than 75 miles from Aroma's location. The survivor or legal representative of a Lifetime Member or Transferee Lifetime Member who died on or before the Effective Date of Settlement may also reject this Agreement within thirty (30) days of the Effective Date of Settlement by presenting to Aroma a Certificate of Death for such member.

In either case, your relationship with Aroma will terminate upon presentation of the appropriate documentation, and Aroma shall pay you or your legal representative or successor, within six (6)

months of the termination, a sum equal to fifty percent (50%) of the initiation fee paid by you, less any pro rata reduction applicable to such refund as described in 6(A)(3) or 6(A)(4) below, and less any outstanding fees and charges owed by you to Aroma. Upon rejection, you or your survivor or legal representative must return all (i) private locker keys, (ii) membership cards, (iii) parking cards, and (iv) resort parking hanging tags. If you fail to return such items, Aroma will deduct the cost of such items from the refund amount due.

**2. Reduced Monthly Membership Dues**

During the first three (3) year term of the Amended and Restated Resort Membership Agreement, Aroma will reduce your monthly dues to \$75.00 per month. During the remaining two (2) year term, if elected, your monthly dues will be increased to \$100.00 per month.

- a. If you are currently paying monthly dues in a sum less than \$75.00. You will continue to pay the lesser amount until the date of expiration, which is ten (10) years from the date of your Lifetime Resort Membership Agreement. After such time, you will pay monthly dues to Aroma in the sum of \$75.00 for the remainder of your Amended and Restated Resort Membership Agreement three (3) year term.
- b. If you have paid monthly dues in advance. You will receive a monthly credit against your reduced monthly dues obligation (\$75.00 per month), until your advance payment has been exhausted. After such time, you will pay the reduced monthly dues (\$75.00 per month) for the remainder of your Amended and Restated Resort Membership Agreement three (3) year term.
- c. If you choose to terminate your Amended and Restated Resort Membership Agreement during your initial three (3) year term. You must provide Aroma with at least thirty (30) days’ notice of your intent to terminate the membership. Although you will no longer be obligated to pay Aroma the \$75.00 monthly dues upon termination, you will still be entitled to receive the Initiation Fee Refund set forth in Question 6(A)(3)(a) or 6(A)(3)(b).

**3. Initiation Fee Refund**

- a. Lifetime Member. Subject to a pro rata reduction in the event of a court award of costs and fees, as discussed in Question 10, Aroma will refund you fifty percent (50%) of any initiation fee paid by you, pursuant to the following payment schedule:
  - i. \$500.00 by December 31, 2015
  - ii. \$500.00 by December 31, 2016
  - iii. \$500.00 to each such Lifetime Member by December 31, 2017
  - iv. Remaining balance to be paid by December 31, 2018.

Settlement checks will be void if not cashed within one (1) year of issuance. Any funds from uncashed checks will be paid to an organization/charity agreed to by the parties and approved by the Court.

- b. Transferee Lifetime Member. Subject to a pro rata reduction in the event of a court award of costs and fees, as discussed in Question 10, Aroma will refund you a percentage of the initiation fee as set forth in the transferor’s original Lifetime Resort Agreement. The refund will be based on the date you received the transfer of the lifetime membership pursuant to the following formula:

Time of Transfer	Percentage
Within the past 12 months from the Effective Date of Settlement	80% subject to pro rata reduction
Within the past 12-24 months from the Effective Date of Settlement	70% subject to pro rata reduction
Within the past 24-36 months from the Effective Date of Settlement	60% subject to pro rata reduction

Time of Transfer	Percentage
Within the past 36-48 months from the Effective Date of Settlement	50% subject to pro rata reduction

The above payments will be made to you pursuant to the following payment schedule:

- i. \$500.00 by December 31, 2015
- ii. \$500.00 by December 31, 2016
- iii. \$500.00 by December 31, 2017
- iv. Remaining balance of the initiation fee by December 31, 2018.

Settlement checks will be void if not cashed within one (1) year of issuance. Any funds from uncashed checks will be paid to an organization/charity agreed to by the parties and approved by the Court.

## **B. IF YOU ARE A CURRENT OR PRIOR TEN (10) YEAR MEMBER**

You are a Ten (10) Year Member if you purchased a ten-year membership from Aroma.

If, on the Effective Date of Settlement, you hold a ten-year membership agreement with Aroma, you may complete the remaining balance of your membership term. In addition, Aroma will provide you a \$60.00 Aroma gift certificate within ninety (90) days from the Effective Date of Settlement. The gift certificate will expire one (1) year after its issuance.

### **7. What if I am not current on my financial obligations to Aroma?**

If on the Effective Date of Settlement you are not current in your financial obligations to Aroma, you may either: (a) receive the benefits identified in Question 6 if you first pay current all financial obligations owed by you to Aroma within thirty (30) days after the Effective Date of Settlement; or (b) cancel your membership, in which event you will receive, fifty percent (50%) of any initiation fee paid by you within one (1) year of the Effective Date of Settlement, less any pro rata reduction described in Question 10, and less any financial obligation owed by you to Aroma. If you choose to cancel your membership, you must notify Aroma in writing of the cancellation within thirty (30) days of the Effective Date of Settlement.

### **8. Are there any circumstances under which my receipt of settlement benefits may be delayed?**

The Court will hold a Fairness Hearing on August 14, 2015, at 8:30 a.m., to decide whether the settlement is fair, reasonable, and adequate for the Class Members, and if so, whether the Settlement should be finally approved by the Court. If the Court approves the Settlement, there may be appeals. The date on which all appellate rights with respect to the Final Approval Order and Judgment have expired or been exhausted is called the Effective Date of Settlement. If the Effective Date of Settlement falls after the first payment deadline of December 31, 2015, as identified in Question 6, any payments that would have otherwise been due but for the non-occurrence of the Effective Date of Settlement will be made within thirty (30) days after the Effective Date of Settlement.

It is always uncertain when appeals (if any) will be resolved and resolving them can take time. To verify whether the payment schedule has changed, you should visit the settlement website at [www.AromaClassActionSettlement.com](http://www.AromaClassActionSettlement.com).

### **9. Who represents me?**

The Court has appointed the following attorneys and law firms to represent you and other Class Members:

Paul A. Traina, Esq.  
Steven J. Lipscomb, Esq.  
Engstrom, Lipscomb & Lack  
10100 Santa Monica Blvd., 12<sup>th</sup> Fl.  
Los Angeles, CA 90067-4113  
Tel: (310) 552-3800

Henry Bahk, Esq.  
Law Offices of Henry H. Bahk  
3731 Wilshire Blvd, Ste 940  
Los Angeles, CA 90010  
Tel: (310)770-7560

Together, these lawyers are called Class Counsel. They will be paid as described below in Question 10. If you want to be represented by your own lawyer, you may hire one at your own expense. The contact information for Class Counsel can also be found on the settlement website at [www.AromaClassActionSettlement.com](http://www.AromaClassActionSettlement.com).

#### 10. How will the lawyers be paid?

Class Counsel will ask the Court for \$1 million in attorneys' fees and \$150,000.00 in litigation costs ("fee award"). Class Counsel will seek \$665,000.00 of the fee award to be paid by Defendants separate and apart from any benefits to be paid to the Class Members. Defendant agrees to pay \$665,000.00 or any lesser amount approved by the Court and such payment will not come out of the Common Benefit Fund for Class Members. Class Counsel will seek the remaining \$485,000.00 of the fee award and \$15,000.00 service payments to each of the Class Representatives for their services to the Class to be paid from the Common Benefit Fund. Class Counsel will not seek more than these amounts from the Common Benefit Fund. Any amount of attorneys' fees and costs awarded to Class Counsel must be approved by the Court.

Class Counsel's motion for attorneys' fees and costs and service payments will be filed on or before June 10, 2015. A copy of Class Counsel's papers in support of an award of attorneys' fees and costs and request for service payments to Class Representatives will be available at [www.AromaClassActionSettlement.com](http://www.AromaClassActionSettlement.com) as of June 11, 2015.

#### 11. How will the Settlement Administrator be paid?

The costs associated with settlement administration will be paid equally by Defendants and Class Counsel, who will separately pay these costs and they will not come out of the Common Benefit Fund for Class Members.

#### 12. How do I tell the Court that I do not like the settlement?

If you are a Class Member, you can object to the Settlement and/or Class Counsel's petition for attorneys' fees, service payments and expenses if you do not like any part of them. You can give reasons why you think the Court should not approve them. The Court will consider your reasons. To object, you must send a letter to the Settlement Administrator, Class Counsel, and HDI and Aroma's Counsel saying that you object to the *Hahn, et al., v. Hanil Development, Inc., et al.*, Settlement. Be sure to include: (i) your full name, current address, and telephone number; (ii) whether you are a current or former Lifetime Member, Transferee Lifetime Member, or Ten (10) Year Member; (iii) the date you purchased the Aroma lifetime membership from Aroma or former Lifetime Member or the date you purchased your Ten (10) Year membership; (iv) a statement of the reasons you object to the Settlement and/or Class Counsel's petition for fees, service payments and expenses, including legal and factual grounds for your objection; and (v) provide copies of all documents that you wish to submit in support of your objections. Any objection must be postmarked no later than **July 10, 2015**, and mailed to:

##### Settlement Administrator

*Hahn, et al. v. Hanil Development, Inc., et al.*  
c/o Garden City Group, LLC  
P.O. Box 35100  
Seattle, WA 98124-1100

##### Class Counsel

Paul A. Traina, Esq.  
Steven J. Lipscomb, Esq.  
ENGSTROM, LIPSCOMB & LACK  
10100 Santa Monica Blvd., 12<sup>th</sup> Fl.  
Los Angeles, CA 90067-4113  
(310) 552-3800

##### HDI and Aroma's Counsel

Douglas Smith, Esq.  
Nathaniel Tarvin, Esq.  
GORDON & REES LLP  
2211 Michelson Drive, Suite 400  
Irvine, CA 92612

-or-

-or-

Henry Bahk, Esq.  
LAW OFFICES OF HENRY H.  
BAHK  
3731 Wilshire Blvd, Ste 940  
Los Angeles, CA 90010  
(310) 770-7560

Yvonne Dalton, Esq.  
Matthew Soroky, Esq.  
LEE HONG DEGERMAN, KANG &  
WAIMEY  
660 So. Figueroa Street, Suite 2300  
Los Angeles, CA 90017

**DO NOT file your objection with the Court.**

If you do not submit a written comment on the proposed settlement or Class Counsel's petition for attorneys' fees, service payments, and expenses in accordance with the deadline and procedures set forth above, you may be barred from being heard at the Fairness Hearing or appealing from any order or judgment from the Court concerning this matter.

**13. When and where will the Court decide to approve the settlement?**

The Court will hold a Fairness Hearing at 8:30 a.m. on August 14, 2015, in Department 3 of the Los Angeles Superior Court, located at 111 North Hill Street, Los Angeles, California 90012. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. After the hearing, the Court will decide whether to approve the settlement. It is not known how long these decisions will take. Please note that the hearing date may change. To verify the hearing date please visit [www.AromaClassActionSettlement.com](http://www.AromaClassActionSettlement.com).

**14. Do I have to come to the Final Approval hearing?**

No. You are welcome to come to the hearing at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you filed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

**15. Are there more details available about the settlement?**

This Notice summarizes the proposed settlement. There are more details in the Settlement Agreement. You can get a copy of the Settlement Agreement by writing to the Settlement Administrator, *Hahn, et al. v. Hanil Development, Inc., et al.*, c/o Garden City Group, LLC, P.O. Box 35100, Seattle, WA 98124-1100, or by visiting [www.AromaClassActionSettlement.com](http://www.AromaClassActionSettlement.com). **DO NOT CONTACT THE COURT.**

**16. How do I get more information?**

You can write to the Settlement Administrator, *Hahn, et al. v. Hanil Development, Inc., et al.*, c/o Garden City Group, LLC, P.O. Box 35100, Seattle, WA 98124-1100, or visit the website at [www.AromaClassActionSettlement.com](http://www.AromaClassActionSettlement.com), where you will find answers to common questions about the settlement. You may also contact Class Counsel as identified in Question 12.