

**IN THE UNITED STATES COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION**

Jill and Ron Ryan, <i>et al.</i> ,	:	
individually and on behalf of others	:	
similarly situated,	:	
Plaintiffs,	:	No. 2:06-CV-0146 (WCO)
	:	
-against-	:	Class Action
	:	
Hidden Lake Academy, Inc., <i>et al.</i> ,	:	
Defendants.	:	

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT
OF CLASS ACTION AND APPLICATION FOR FEES AND EXPENSES**

If you paid money to enroll your child at Hidden Lake Academy at any time from January 1, 2000 through September 11, 2006 (the “Class”), please read this Notice. You could get a payment from a class action settlement if the settlement is approved and consummated.

Whether or not you obtain a payment, all Class members will release all Released Claims (as defined in response to Question 11 below) if the settlement is consummated. If you fit the definition of the Class but do not want to release any of your Released Claims, you must exclude yourself from this settlement as discussed in response to Question 12 below, in which case you will not release any Released Claims, but you also will not be able to share in the settlement.

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

SUMMARY

- The settlement provides that the Defendants must pay to the Class by December 31, 2008 an aggregate of \$400,000 in cash. The Class includes all persons who paid money to enroll their children at HLA during the period January 1, 2000 through September 11, 2006 (the “Class Period”), except those persons who timely and validly exclude themselves as set forth in response to Question 12 below. The defendants are Hidden Lake Academy, Inc., HLA, Inc. and Hidden Lake Foundation, Inc. (collectively, “HLA”), and HLA’s founder, Dr. Leonard Buccellato (collectively, the “Defendants”).
- HLA is a therapeutic boarding school for teenagers located in Dahlonega, Georgia. If consummated, the settlement resolves a lawsuit concerning claims that the Defendants breached their obligations to provide properly certain educational and therapeutic services. In addition to money damages, plaintiffs also sought to declare unenforceable the attorney fee shifting and indemnification provisions in HLA’s enrollment contract; disclosure of HLA’s practices concerning strip searching; and disclosure of the “incidental” charges that HLA imposes on families who enroll their children there. As explained more fully in response to Question 4 below, each of these non-monetary requests for relief has already been achieved, at least in part.

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- The parties do not agree on the merits of any of the claims or defenses or any damages issues. Defendants deny that they committed any wrongdoing. Defendants contend that HLA, Inc. disclosed the incidental charges related to students' attendance and its policies regarding searching students. Defendants also claim that they lack sufficient funds to pay any judgment if plaintiffs prevailed on the merits, and have been required as part of this settlement to provide evidence of, and formally attest in Court to, their financial status. Class Counsel believe that the settlement is in the best interests of the Class considering the risks and burdens posed by further litigation, and the possibility that absent the settlement, Class members risk obtaining no recovery.
- Class Counsel have expended considerable time and effort in prosecuting this litigation on behalf of the Class on a contingent fee basis. Nevertheless, Class Counsel have agreed to waive, in full, any request for attorney fees as part of this settlement. Class Counsel intend to ask the Court to award them from the Settlement Fund only reimbursement of the costs and expenses they incurred in conducting this action in an amount not to exceed \$68,000 unless otherwise ordered. Class Counsel have not received any compensation for their services previously in this litigation. If this settlement is not consummated, Class Counsels' waiver of attorney fees shall be deemed null and void. Certain other fees and expenses shall also be paid from the Settlement Fund as explained in response to Question 16 below and as the Court may approve.
- **Your legal rights are affected whether you act, or don't act. Please read this notice carefully.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

SUBMIT A CLAIM FORM	The only way to receive a payment.
EXCLUDE YOURSELF	Receive no payment. This is the only option that allows you to ever be part of any other lawsuit against Defendants regarding the claims in this case.
OBJECT BUT REMAIN IN THE SETTLEMENT	Write to the Court about why you don't like the settlement.
GO TO A HEARING	The September 9, 2008 Hearing is open to the public. To speak in Court in support of any objection you may have filed, you will need to give advance written notice to the Court and the parties.
DO NOTHING	Receive no payment. Give up any rights you may have.

- These rights and options – **and the deadlines to exercise them** – are explained in this Notice.
- The Court has preliminarily granted certification of the Class for purposes of settlement and approved the settlement so that this Notice may be sent to Class members. However, the Court still has to decide whether to finally grant certification of the Class for purposes of settlement and approve the settlement. If the Court grants final approval, the settlement will also have to be consummated according to its terms. This includes, among other things, the timely and complete payment of the Settlement Fund by the Defendants to the Class. It is possible Defendants will fail to make that payment. For example, one or more of the Defendants may file for bankruptcy and be prevented from paying or otherwise be unable to pay. If, for any reason, the settlement is not consummated according to its terms, then in general the parties go back to where they were prior to the time they agreed to the settlement.
- If the settlement is consummated, the Settlement Fund will be established for the Class. Payments will be made only after all claims have been processed, and as the Court may approve. It takes time to process claims. Please be patient.
- Further information regarding this settlement may be obtained by contacting Class Counsel, Berger & Montague, P.C., 1622 Locust Street, Philadelphia, PA 19103, Telephone: 800/424-6690, Attention: Merrill G. Davidoff, Lawrence J. Lederer, Lane L. Vines, and David Anziska, or Gorby, Peters & Associates, P.C.,

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BASIC INFORMATION

1. Why did I get this Notice?

You may have enrolled a child at HLA sometime during the Class Period (January 1, 2000 through the date this lawsuit was filed, September 11, 2006).

The Court in charge of this case is the United States District Court for the Northern District of Georgia. The case is known as *Ryan, et al., v. HLA, et al.*, No. 2:06-CV-0146 (WCO). Judge O'Kelley is the judge hearing this case. The people who sued are called plaintiffs. The three HLA entities and HLA's founder, Dr. Buccellato, who were sued in this case are called the Defendants.

This Notice is sent to you because you have a right to know about the proposed settlement of this case, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves the settlement and the settlement is consummated, then an administrator appointed by the Court will process the claims received and distribute the payments to Class members with valid claims.

2. What is this lawsuit about?

On September 11, 2006, the plaintiffs filed a complaint against the Defendants. Plaintiffs alleged, in sum, that Defendants breached their obligations to provide properly certain educational and therapeutic services, and imposed certain excess fees. Plaintiffs asserted four claims: breach of contract against HLA, Inc.; breach of the implied covenant of good faith and fair dealing against HLA, Inc.; violation of Georgia's Fair Business Practices Act, O.C.G.A. § 10-1-390, *et seq.* (the "FBPA") against each Defendant; and unjust enrichment against each Defendant. Plaintiffs sought monetary relief including a return of a portion of the tuition they paid to the school, a declaration that the indemnification provision in HLA's enrollment contract is unenforceable under Georgia law, injunctive relief, and disclosure to parents and caregivers concerning both the school's financial charges and the school's practices regarding strip-searching students.

On November 8, 2006, each Defendant filed answers and defenses denying plaintiffs' claims. In addition, defendant HLA, Inc., which is the only Defendant who was a party to plaintiffs' enrollment agreements, also asserted a counterclaim against the four original plaintiffs. HLA, Inc.'s counterclaim asserted that these plaintiffs are contractually obligated to reimburse HLA, Inc. for all costs and attorneys' fees HLA, Inc., and perhaps the other Defendants, incur as a result of this litigation.

Beginning in November 2006, the parties brought several motions. In particular, on November 16, 2006, plaintiffs filed a motion seeking permission to proceed anonymously; on November 21, 2006, defendants filed a motion for judgment on the pleadings; on November 28, 2006, plaintiffs filed a motion to dismiss defendant HLA, Inc.'s counterclaim; on December 8, 2006, plaintiffs filed a motion to strike an exhibit accompanying defendants' motion for judgment on the pleadings; and on December 11, 2006, plaintiffs filed a motion for class certification. Each of these motions was fully briefed by the parties. On January 31, 2007, a hearing was held before the Court concerning each motion. In addition, plaintiffs also filed in connection with their motion for class certification: a motion and incorporated memorandum of law regarding scheduling and a limited lifting of the discovery stay on February 6, 2007; a motion and incorporated memorandum of law for leave to file their second amended complaint on February 16, 2007; a notice of supplemental authority on February 23, 2007; and a supplemental submission regarding FBPA claims on May 7, 2007.

By Order filed February 9, 2007, the Court denied plaintiffs' motion to proceed anonymously and plaintiffs' motion to strike. In accordance with that order, plaintiffs filed their amended complaint on February 16, 2007. By Order filed March 26, 2007, the Court granted plaintiffs' motion to dismiss HLA's counterclaim. By Order filed April 2, 2007, the Court granted in part and denied in part Defendants' motion for judgment on the pleadings. And by Order filed April 12, 2007, the Court granted plaintiffs' leave to file their second amended complaint, and denied plaintiffs' motion for a limited lifting of the discovery stay. In accordance with the Court's April 12, 2007 Order, plaintiffs filed their second amended complaint on April 17, 2007, and that complaint remains operative presently.

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On June 25, 2007, an agreement-in-principle was reached in an attempt to settle this litigation. The agreement-in-principle was subject to the parties entering into a definitive settlement agreement and the approval of the Court in accordance with Rule 23 of the Federal Rules of Civil Procedure (the rule which governs class action cases), among other conditions. That same day via a telephone conference call, the parties' counsel informed the Court of their agreement-in-principle. During that call, the parties' counsel also jointly requested that the Court defer issuing any ruling on plaintiffs' motion for class certification in view of the agreement-in-principle. On August 15, 2007, the Court denied plaintiffs' motion for class certification without prejudice in view of the parties' proposed settlement.

3. Why is this a class action?

In a class action, one or more persons and/or entities called class representatives, sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are collectively referred to here as the Class, or individually, as Class members. One court resolves all of the issues in the case for all Class members, except for those Class members who exclude themselves from the Class. Class members who exclude themselves from the Class are not bound by any judgments entered in the class case and thus are free to sue the defendants separately. However, persons who exclude themselves also cannot share in any recoveries the Class may obtain.

Here, the plaintiffs brought this case as a class action because, in sum and as alleged more fully in their complaint: all Class members were similarly damaged by Defendants' alleged breaches; the damages suffered by individual Class members may be relatively small in view of the burden and expense of individually prosecuting the claims asserted; and the prosecution of separate actions by individual Class members, even if economically viable, would create a risk both of inconsistent or varying rulings, and rulings which, as a practical matter, may govern other Class members' unasserted claims.

Significantly, the Court has only preliminarily certified the Class and has not ruled that this case can be certified forever as a class action. The Court may ultimately decline to certify the Class, even for purposes of this settlement. If the Court declines ultimately to certify the Class and/or approve the settlement, then this settlement will not occur and the case will in general revert to where it was before the parties agreed to the settlement, subject to any other developments such as a bankruptcy filing by one or more of the Defendants, and subject to the parties' other rights and obligations.

If the case reverts to where it was prior to the parties' settlement, the plaintiff Class may seek to re-file a motion for class certification. Significantly, however, the Defendants have opposed certifying the Class for any purpose other than this settlement. If for any reason this settlement is not approved and consummated, the Defendants can be expected to oppose any motion for class certification the plaintiff Class may seek to re-file. If the plaintiff Class re-files its motion and if the Court grants certification of the Class, the litigation will proceed as the Court rules provide and as the Court may direct (unless Defendants successfully appeal any such grant of Class certification). The Court could also certify a class other than as requested. If the Court denies certification of the Class and that ruling is not appealed or is appealed but not reversed on appeal, Class members will not recover any money in connection with this litigation since there will be no certified Class. Instead, to have any chance of recovering any money against the Defendants for the claims asserted in this litigation, Class members would have to sue the Defendants separately. There are court deadlines called statutes of limitation for any such separate lawsuits. Therefore, persons who want to bring such separate lawsuits should confer with their own lawyers, be familiar with those deadlines, and take whatever actions they deem appropriate.

4. Why is there a proposed settlement?

The Court has not decided in favor of plaintiffs or Defendants. The parties continue to disagree concerning the merits of plaintiffs' claims, the Defendants' defenses, and the counterclaim HLA, Inc. asserted against the plaintiffs. The parties also disagree as to, among other things: whether Defendants engaged in any misconduct; whether plaintiffs alleged any actionable claims; whether HLA, Inc. alleged an actionable counterclaim against any of the plaintiffs; whether the claims asserted by the Class were timely; the extent to which the claims of the Class can

be proven; the extent to which defendant Buccellato can personally be held liable; and whether any damages could be recovered by the Class.

While plaintiffs are confident in the merits of this case, they recognize that any litigation carries risk and that the Class might not have prevailed on some or all of its claims. Particularly relevant in this regard is that under the parties' enrollment agreement, the school was obligated generally to "[p]rovide an education commensurate with the student's abilities and capacities", to "[p]rovide adequate room and board facilities", and to provide "vacations, holidays and visits." The Defendants maintain not only that they met these obligations, but that, even if proven, plaintiffs' claims that the school employed uncertified teachers, unlicensed therapists and admitted improperly "severe" children fail to state any valid contract claim – indeed, that the parties' enrollment agreement does not even address these issues. Defendants also maintain that the representations in the school's handbook do not create any contractual obligations; that plaintiffs voluntarily paid the school's alleged "excess" charges and thus cannot state any viable claim about them; that Georgia law does not recognize any claim for breach of a duty of good faith and fair dealing independent of the parties' enrollment agreement; that plaintiffs cannot state any FBPA claim because that law does not apply to the private educational setting between the parties here; and that since the enrollment agreement governs the parties' rights, plaintiffs cannot maintain any unjust enrichment claim "outside" of their agreement. Although the Court did not agree with all of these defenses when, on April 2, 2007, it granted in part and denied in part Defendants' motion for judgment on the pleadings, the Court was required for purposes of that ruling to accept the allegations in plaintiffs' complaint as true and consider those allegations in plaintiffs' favor. Whether plaintiffs would ultimately be able to prove these claims is unclear.

What is relatively clear is that further litigation will likely delay the resolution of these proceedings, increase the costs for all of the parties, and involve heated battles even in the fact-gathering process called "discovery", among other things. For example, Defendants may seek to depose not only the plaintiffs, but also plaintiffs' children, and the children of other Class member families. Indeed, the Defendants have already stated that this was their intent and is unavoidable given the nature of the claims plaintiffs allege. These depositions may be particularly undesirable for at least some such former students (as well as the Class member parents/caregivers). Additional Court battles between the parties would likely occur even before this case would be presented to a jury, if ever. For example, the Defendants could move for summary judgment – in effect, seek a ruling to dismiss for lack of proof – as to some or even all of plaintiffs' claims following discovery or even earlier.

Even if plaintiffs amassed proof that the contracting defendant, HLA, Inc., owed and breached its obligations to the Class, this does not necessarily mean that the other HLA defendant entities or defendant Buccellato – none of whom is a party to plaintiffs' enrollment agreements with the school – would be found at all liable. Whether these other Defendants would even be held to owe the Class duties in connection with the claims asserted is also unclear. Even assuming proof of liability, the Defendants deny that the Class suffered any damages. Even assuming liability and damages, the Class faces the risk of collecting any judgment it may obtain. Along these lines, the Defendants have submitted with this settlement financial data and defendant Buccellato's sworn affidavit attesting to those data. These documents indicate that Defendants would likely be unable to pay any significant judgment which may be entered against them in connection with the claims in this litigation were the plaintiff Class to prevail on the merits. Even with this settlement, it is possible that one or more of the Defendants may file for bankruptcy before they timely and fully pay to the Class the Settlement Fund, and thus may be prevented from paying, or may otherwise be unable to pay, the Settlement Fund. Indeed, although one or more of the Defendants may be unable to pay or may file for bankruptcy anyway, this settlement may be the only or at least the most realistic opportunity for many members of the Class to recover anything; in fact, absent the settlement, bankruptcy filings by one or more of the Defendants may become even more likely (a result which Defendants have predicted during the parties' settlement negotiations). And even assuming liability, damages, and that the Defendants *could* pay any judgment which may be entered, the Class also faces the risk that the Court would not certify the Class as requested for purposes of litigating this case through to judgment on the merits. Consequently, the Class faces the very distinct risk of no recovery at all because, as a practical matter, it is unclear whether the claims in this case can be maintained on anything other than a Class action basis. By contrast, if consummated the settlement will provide a substantial fund for distribution to Class members while simultaneously ending this litigation. Indeed, while no guarantee can be given that the Court will certify the Class even for purposes of the parties' settlement, other judges have determined that settlements themselves can support class certification where the class otherwise meets all applicable requirements.

Prior to agreeing to the settlement, the parties via their counsel have investigated the facts and allegations giving rise to this litigation. Class Counsel reviewed and analyzed many documents and other information obtained from publicly available sources including regulatory, media and other filings concerning Defendants, on-line databases and other computer research, other documents and information, and interviews with persons with relevant knowledge of the facts. In addition, Class Counsel also obtained documents from the Defendants and certain non-parties with relevant information.

Class Counsel believe that the investigation they have undertaken, together with their analysis of the potential outcome of this case, provides a reasonable basis for them to recommend Court approval of the settlement described herein. Among other risks and factors, Class Counsel have considered: the claims and defenses asserted; the Court's prior rulings in this litigation; the evidence developed; the inherent problems of proof; the burdens on plaintiffs and potentially their children who may be subject to discovery by the Defendants and other proceedings such as attendance at trial in connection with any further litigation; the damages that might be proven by the Class; the potential outcome of this litigation; the possible length and expense of further litigation including through trial and possible appeal; and the collectibility of any judgment even assuming proof of liability and damages.

Class Counsel have also considered that in addition to the Settlement Fund to be established for the Class if the settlement is consummated, the Class has already obtained at least certain of the non-monetary relief plaintiffs have sought from the inception of this litigation. This includes specifically the Court's March 26, 2007 ruling declaring unenforceable under Georgia law the indemnification provision in HLA's standard form enrollment agreement, the reformation of HLA's standard form enrollment agreement, disclosure by the school concerning the financial charges it imposes, and disclosure by the school concerning its practices regarding strip-searching students. Further, it is conceivable that absent the settlement described herein, the Defendants could appeal and even obtain a reversal of the Court's March 26, 2007 ruling, with the net result possibly being that the four original plaintiffs/counterclaim-defendants, plus potentially other plaintiffs and Class members, become contractually obligated to indemnify HLA, Inc. (and perhaps other defendants) for all costs and attorneys' fees those Defendants incurred and may continue to incur as a result of this litigation. By contrast, if the settlement is consummated the Defendants will reciprocally release all Class members from any and all claims relating to this litigation, including the counterclaim brought by HLA, Inc.

Finally, Class Counsel have also considered the fact that if any Class members do not wish to be bound by this settlement, they may "opt-out" – or exclude themselves from – this settlement. *See* response to Question 12 below for further information. In fact, while Class members who do not want to participate in, or be bound by, this settlement may opt-out, absent this Class settlement many or even most Class members may be denied even any realistic opportunity to obtain any monetary relief against the Defendants for the claims asserted, because the costs and burdens associated with suing the Defendants individually for such claims may outweigh, perhaps greatly, the potential benefits of any such individual lawsuits.

In sum, based upon these and other factors, Class Counsel believe that the settlement is fair, reasonable and adequate and in the best interests of the Class.

The Defendants have agreed to this settlement for their own reasons.

WHO IS IN THE SETTLEMENT

5. How do I know if I am part of the settlement?

To see if you may get money from this settlement, you first have to decide if you are a Class member in this Action. Judge O'Kelley decided preliminarily that everyone who fits the following description is a Class member:

All persons who, during the period January 1, 2000 through September 11, 2006, paid money to enroll their child at HLA.

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Consistent with that definition, you are a Class member even if you have any lawsuits pending separately against the Defendants which assert any of the Released Claims (as that term is defined in response to Question 11 below). If you wish to continue to separately pursue any such pending lawsuits you may, but you must “opt out” of this settlement as provided in response to Question 12 below.

Only those persons who actually paid money to enroll their child at HLA are Class members. ***The actual children who are or were enrolled at the school are not Class members.***

In addition, only the Released Claims of Class members are proposed to be settled by this settlement, not any Personal Injury Claims. The terms “Released Claims” and “Personal Injury Claims” are defined in the parties’ settlement and summarized in response to Question 11 below. If you and/or your child has any such Personal Injury Claims, you and/or your child would have to bring any such claims separately from this lawsuit and via separate lawyers. Statutes of limitation also apply to such Personal Injury Claims. Therefore, persons who want to bring such separate lawsuits should confer with their own lawyers, be familiar with those deadlines and take whatever actions they deem appropriate.

As noted previously, the fact that Judge O’Kelley has determined to certify the Class preliminarily so that this Notice can be given to the Class does not mean that Judge O’Kelley or any court will finally certify the Class or approve the settlement. Instead, the Court may or may not grant final approval to the Class and/or the settlement. If, for any reason, the Court does not finally certify the Class and finally approve the settlement, then the litigation goes back to where it was before the parties entered into their settlement, with certain exceptions as set forth in the parties’ settlement. For example, the statutes of limitation on the Released Claims will be tolled in favor of the Class through and until December 31, 2008 as provided in the parties’ settlement.

6. Are there exceptions to being included?

Even if you otherwise fall within the definition of the Class as described in response to Question 5 above, you are not a Class member if you exclude yourself from the Class, as described below. However, if you exclude yourself, you will not be a part of the Class and therefore will not be entitled to share in the settlement.

7. I’m still not sure if I am included.

If you are still not sure whether you are included in the Class, you can ask for free help, by calling the Claims Administrator, 1-800-644-7835, for more information. Or you can fill out and return the Claim Form attached to this Notice to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU GET

8. What does the settlement provide?

The parties’ proposed settlement is embodied in the Stipulation of Settlement (the “Stipulation”) they signed via their attorneys. The terms of the settlement are set forth in the Stipulation and are only summarized in this Notice. You can obtain a copy of the Stipulation by writing to the Claim Administrator, Heffler, Radetich & Saitta, P.O. Box 58116, Philadelphia, PA 19102-8116.

a. What is the Settlement Fund?

The proposed settlement calls for Defendants to create the Settlement Fund in the amount of \$400,000 in cash, in full and complete settlement of this action. The Settlement Fund shall be paid by one or more of the Defendants on or before December 31, 2008. If all or substantially all of the assets of HLA are sold, leased or otherwise transferred prior to December 31, 2008, then the Defendants shall pay the Settlement Fund to the Class by either (i) December 31, 2008, or (ii) ten (10) business days from such sale, lease or transfer, whichever is earlier.

There are risks concerning whether the Settlement Fund will ever be established and timely paid by the Defendants, including for example the risk that one or more of the Defendants file for bankruptcy as also summarized in response to Question 4 above. Another condition is that the Court approve the settlement by entering the Order and Final Judgment substantially in the form attached to the parties' settlement Stipulation. If the settlement is finally approved and consummated in accordance with its terms, the Settlement Fund shall be maintained in an account established by Class Counsel for the benefit of the Class, and be invested in interest-bearing instruments or funds backed by the United States government or its agencies.

After the deduction of all fees, costs and other expenses as approved by the Court, the remaining proceeds in the Settlement Fund (the "Net Settlement Fund") will be available to pay to Class members who filed valid Claim Forms.

b. What can you expect to receive under the proposed settlement?

Your share of the Net Settlement Fund will depend on: the number of claims filed; the amount you paid in tuition and room and board to HLA; the amount of interest which may be earned, together with any taxes and any other costs which may be paid from the Settlement Fund as the Court may approve; and the amount the Court may award to reimburse Class Counsel for their costs and expenses, the fees, costs and expenses of the Claims Administrator for giving this Notice and administering the settlement, and any other fees, costs or expenses, including for any experts Class Counsel may employ or any guardian or other person the Court may appoint in connection with the settlement as the Court may approve.

The Claims Administrator will distribute the Net Settlement Fund according to the Plan of Allocation described below, subject to the approval of the Court.

HOW YOU GET A PAYMENT—SUBMITTING A CLAIM FORM

9. How can I get a payment?

To qualify for payment, you must send in a Claim Form. This Form is attached to this notice. You may also obtain a Claim Form on the Internet at www.hrsclaimsadministration.com. Please read the instructions carefully, fill out the Form, sign as indicated, include all the documents the Form asks for, and mail the Form and accompanying documents, **such that they are actually received by the Claims Administrator no later than August 1, 2008**, to:

Claims Administrator
Ryan, et al. v. HLA, Inc., et al.
Heffler, Radetich & Saitta L.L.P.
P.O. Box 58116
Philadelphia, PA 19102-8116.

The Claims Administrator will process your claim and advise you if you are an "Authorized Claimant" – meaning whether your claim satisfies the requirements approved by the Court. This will take time. Please be patient.

10. When would I receive my payment?

The Court will hold a Hearing on September 9, 2008, to decide whether to approve the settlement (the "Hearing" or "Settlement Fairness Hearing"). Even if the Court approves the settlement, there may be appeals that follow which would delay the implementation of the settlement. It cannot be predicted whether any such appeals would be resolved, and resolving them can take many months or longer. Upon approval of the settlement and the resolution of any appeals, the Claims Administrator will process all of the claim forms. Everyone who sends in a claim form will be informed of the approval or disapproval of their claim.

11. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you will remain in the Class. That means that if the settlement is consummated, you and all Class members will release (that is, can't sue, continue to sue, or be part of any other lawsuit) all "Released Claims" and "Unknown Claims" you may have against the Defendants and the other "Released Parties" as

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those terms are defined in the Stipulation and also below. It also means that all of the Court's orders in this case will apply to you and legally bind you.

"Released Claims" means any and all claims, actions, debts, demands, set-offs (both legal and equitable), causes of action, rights or liabilities whatsoever (including, but not limited to, any claims for damages, equitable relief, interest, attorneys' fees, and any other costs, expenses or liability whatsoever), whether based on federal, state or local statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether direct, derivative, representative, class, individual or any other form, including both known claims and Unknown Claims, that have been asserted in this case by the Class members or any of them against any of the Released Parties, or which otherwise were or could have been asserted in the Action against any of the Released Parties, based in whole or in part upon the allegations set forth in the Complaint. However, the terms "Released Claims" and "Unknown Claims" do not include any claims any member of the Class may have (in their representative capacity or otherwise) concerning the refund of any tuition they may have prepaid of the type asserted in *Locust v. HLA, Inc.*, No. 2007 CV 130257 (Ga. Superior Ct., Fulton County), *Miller v. HLA, Inc.*, 2007A-53132 (Ga., Cobb County), *Millman v. HLA, Inc.*, 07-CV-345-DB (Ga. Superior Ct., Lumpkin County), and any other similar claim; any "Personal Injury Claims" they or their children may have; or any other similar individual claim not asserted in this complaint in this case. The tuition refund-related claims asserted in *Locust* and *Miller* are that, in sum, in exchange for a discount, the plaintiffs pre-paid the entire term to enroll children at HLA, but were denied improperly refunds when the plaintiffs withdrew their children before expiration of their respective terms. The claims asserted in *Millman* involved a dishonored check issued by HLA which was returned for insufficient funds. The term "Personal Injury Claims" is defined in the parties' Stipulation to be any claim for a private or civil wrong or injury, other than breach of contract, for which a court will provide a remedy in the form of an action for damages.

"Released Parties" means Defendants and their respective affiliates, officers, directors, members, shareholders, employees, agents, affiliated personnel and their affiliates.

"Unknown Claims" means any and all Released Claims that any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties. With respect to any and all Released Claims, upon the release of the Released Parties all Class members shall be deemed to have expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, reflected in, or which is similar, comparable or equivalent to, Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Under the parties' settlement, the Class does not give any release of the Released Claims unless and until the settlement is consummated fully in accordance with its terms. This means, among other things, that the Settlement Fund must be timely paid by the Defendants and received in full by the Class. If these conditions are not met there will be no settlement, and Class members will therefore retain, and may assert, all of their Released Claims.

EXCLUDING YOURSELF FROM THE SETTLEMENT

12. How do I get out of the settlement?

If you do not want to receive a payment from this settlement, and you want to keep the right to sue or continue to sue Defendants on your own about the legal and factual issues in this case, then you must take steps to get out of the settlement. This is called excluding yourself – or is sometimes referred to as "opting-out" of the Class.

To exclude yourself from the settlement, you must send a letter by mail stating that you want to be excluded from the Class.

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Be sure to include your name, address, telephone number, a statement requesting exclusion from the Class and your signature, along with a description of when you enrolled your child at HLA. You must mail your exclusion request, **such that it is actually received by the Claims Administrator on or before July 3, 2008**, and send it to:

Claims Administrator
Ryan, et al. v. HLA, Inc., et al.
Heffler, Radetich & Saitta L.L.P.
P.O. Box 58116
Philadelphia, PA 19102-8116.

You can't exclude yourself on the phone or by e-mail. If you ask to be excluded, you will not receive a settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit.

13. If I do not exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants for the claims that this settlement resolves – namely, the Released Claims. If you have a pending lawsuit asserting any Released Claims, it is important that you speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit if it asserts any Released Claims. Remember, **the exclusion deadline is July 3, 2008**. You should also speak to your lawyer even if you have a pending lawsuit or are contemplating a lawsuit against the Defendants which may only relate to the Released Claims so you can protect your interests.

14. If I exclude myself, can I receive money from this settlement?

No. If you exclude yourself, do not send in a Claim Form to ask for any money.

THE LAWYERS REPRESENTING YOU

15. Do I have a lawyer in this case?

The Court appointed the law firms of Berger & Montague, P.C., 1622 Locust Street, Philadelphia, PA, 19103-6365, Telephone: 800-424-6690 or 215-875-3000 and Gorby, Peters & Associates, Two Ravinia Drive, Suite 1500 Atlanta, Georgia 30346-2104, Telephone: 404-239-1150, to represent you and other Class members in this case. These lawyers are called plaintiffs' counsel or Class Counsel. You will not be charged separately for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

16. How will the lawyers be paid?

Class Counsel have expended considerable time litigating this case on a contingent fee basis. They have also advanced the expenses of litigation with the expectation that if they were successful in recovering money for the Class, they would receive fees and be reimbursed for their expenses from the Settlement Fund, as is customary in this type of litigation. Nevertheless, Class Counsel have agreed to waive their right to ask the Court to award them any attorneys' fees from the Settlement Fund as part of this settlement. Instead, Class Counsel will ask the Court to only reimburse them for the costs and expenses they incurred on behalf of the Class in an amount not to exceed \$68,000 unless otherwise ordered. The Court may award a different amount. Any amounts awarded by the Court will come out of the Settlement Fund. In addition, Class Counsel also reserve the right to apply for payment from the Settlement Fund of the fees and expenses of any experts they may retain in connection with the settlement and for the fees and costs of any guardian or trustee the Court may appoint and as the Court may approve. If for any reason this settlement is not consummated, Class Counsels' waiver to seek the payment of any attorney fees shall be deemed void. In addition, the fees and costs of the Claims Administrator shall be payable from the Settlement Fund as the Court may approve.

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OBJECTING TO THE SETTLEMENT

17. 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 if you do not like any part of it. You can state why you think the Court should not approve it. The Court will consider your views. To object, you must send a written objection stating that you object to *Ryan, et al. v. HLA, Inc.*, 2:06-CV-0146 (WCO). Be sure to include your name, address, telephone number, your signature, and the reasons you object to the settlement or any part of the settlement. Your objection **must** be **actually received on or before July 3, 2008**, and be filed with the Clerk of Court and sent to Class Counsel and counsel for the Defendants at the following addresses:

Court	Class Counsel	Defense Counsel
The United States District Court for the Northern District of Georgia Gainesville Division 121 Spring Street, SE Gainesville, GA 30501	Merrill G. Davidoff, Esq. Lawrence J. Lederer, Esq. Lane L. Vines, Esq. David Anziska, Esq. Berger & Montague, P.C. 1622 Locust Street Philadelphia, PA 19103 -and- Michael J. Gorby , Esq. Mary Donne Peters, Esq. Gorby, Peters & Associates Two Ravinia Drive Suite 1500 Atlanta, GA 30346-2104	Robert A. Barnaby, II, Esq. Donahue, Hoey, Nelson & Cohen, LLC 1050 Crown Pointe Parkway Suite 1600 Atlanta, GA 30338.

18. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court that you do not like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you. If you exclude yourself, you will be unable to share in the settlement.

THE COURT'S SETTLEMENT FAIRNESS HEARING

19. When and where will the Court decide whether to approve the settlement?

The Court will hold the Settlement Fairness Hearing at 10:00 a.m. on September 9, 2008, at the United States District Court for the Northern District of Georgia, Gainesville Division, 121 Spring Street, SE, Gainesville, GA 30501. At this Hearing, the Court will consider whether the settlement is fair, reasonable and adequate and related matters. You may attend and ask to speak. If there are objections, the Court will consider them. The Court will listen to people (or their counsel) who have submitted a written objection and who have submitted a separate written Notice of Intention to appear and speak at the Hearing, **actually received on or before July 3, 2008**, and mailed to the four different places listed in the chart following Question 17 above. The Court may also decide at the Hearing how much to award in fees and expenses to the Claims Administrator, reimbursement of expenses to Class Counsel, and the award of other fees and expenses from the Settlement Fund. At or after the Hearing, the Court will decide whether to approve the settlement. We cannot predict how long these decisions will take or how the Court will rule.

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20. Do I have to come to the Hearing?

No. Class Counsel will answer any questions the Court may have on behalf of Class members. But, you are welcome to come 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 mailed your written objection on time, the Court will consider it. You may also attend or pay your own lawyer to attend to speak in support of any objection you may have filed, as long as you have followed the instructions set forth in the answer to Question 21 below. Nevertheless, it is not necessary for you or your lawyer to attend or speak at the Hearing.

21. May I speak at the Hearing?

If you have submitted a written objection to the settlement, the motion of Class Counsel for reimbursement of expenses, any other request for fees or expenses or any other aspect of the settlement and follow the instructions set out in response to Questions 17, 19 and 20 above, you (or your counsel) may speak at the Hearing in support of your objection. To do so, along with your written objection, please be certain to also file and serve your Notice of Intention to appear as stated in the answers to questions 17 and 19 above. Unless the Court allows you cannot speak at the Hearing if you exclude yourself or if you do not follow the instructions set forth in response to Questions 17, 19 and 20 above.

IF YOU DO NOTHING

22. What happens if I do nothing at all?

If you do nothing, you will not receive any money from this settlement but you will be bound by all judgments entered, whether favorable or unfavorable to the Class. Unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the Released Claims in this case, ever again.

GETTING MORE INFORMATION

23. How do I obtain more information about the Settlement?

To obtain more information about the settlement, the claims asserted or any other issue pertaining to this case or the settlement, you may contact the Claims Administrator, Heffler, Radetich & Saitta L.L.P., or Class Counsel, Berger & Montague, P.C. or Gorby, Peters, & Associates, at their addresses listed in cover pages and elsewhere in this notice.

UNDERSTANDING YOUR POTENTIAL PAYMENT – THE PLAN OF ALLOCATION

1. The Net Settlement Fund will be allocated among the Authorized Claimants in accordance with this “Plan of Allocation.” The amount so allocated to each Authorized Claimant constitutes and is referred to in this Plan of Allocation as the Authorized Claimant’s “Payable Claim.” The Plan of Allocation is based upon Class Counsels’ assessment of the claims and defenses asserted. In particular, plaintiffs’ central allegation is that during the Class Period the Defendants failed to provide properly the educational and therapeutic services Defendants were obligated to provide. Accordingly, plaintiffs seek the return of a portion of the tuition and room and board they and other Class members paid to the school.

2. In view of these allegations, the Payable Claim will be calculated so that each Authorized Claimant will share proportionately based on how much he/she/they paid in tuition and room and board on the one hand, and the net available settlement proceeds on the other. Specifically, each Authorized Claimant shall receive, on a proportionate basis, that share of the Net Settlement Fund that the Authorized Claimant’s Total Tuition Payments bears to the Total Tuition Payments of all Authorized Claimants, subject to the further provisions of this Plan of Allocation set forth below.

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3. An Authorized Claimant's Total Tuition Payments is the amount such Authorized Claimant paid to HLA exclusively for tuition and room and board. This is the monthly amount typically set forth in the parties' enrollment agreement. Class members are required to exclude any amounts they did not personally pay to the school in the form of tuition and room and board such as any grants, scholarship proceeds, or any other government funding or assistance they may have received (whether federal, state or local) to help pay for their child's enrollment at HLA; and any other amounts they may have paid to the school, whether for toiletries, prescription drugs, graduation or computer fees, gifts or donations, transportation fees, or any other miscellaneous, incidental or other charges. In addition, Class members are required to reduce any amounts they claim by any refunds they may have received, and in no event may a family be entitled to a "double" recovery. These and other requirements are explained more fully in the Claim Form.

4. To conserve administrative costs, no claim will be paid unless the Authorized Claimant is entitled to at least \$50 from the Net Settlement Fund.

5. Nothing in this Plan of Allocation represents an admission by any of the Defendants that there is liability or damage of any kind as a result of plaintiffs' claims or that the dollar amounts set forth in this Plan of Allocation reflect actual or potential damages to the Class.

6. Payment in the manner set forth above will be deemed conclusive compliance with the Stipulation against all Authorized Claimants.

7. All Class members who fail to submit valid and timely Claim Forms will be barred from participating in the distribution of the Net Settlement Fund but otherwise will be bound by all of the terms of the Stipulation, including the terms of any final orders or judgments entered and the releases of the Released Claims given to Defendants and others.

8. The finality of the settlement is not conditioned upon the Court approving the Plan of Allocation. Any rulings pertaining to the Plan of Allocation shall not operate to terminate the settlement or affect or delay the settlement from becoming effective, assuming the settlement is approved by the Court and consummated. The Net Settlement Fund shall not be distributed to any Class member until the Court approves the Plan of Allocation.

9. No Authorized Claimant shall have any claim against the Settlement Fund, Class Counsel, the Claims Administrator, Defendants, Defendants' counsel, the Released Parties, or any other agent designated by Class Counsel based on the distributions made substantially in accordance with the Stipulation, the Plan of Allocation, the Claim Form and further orders of Court. In addition, in the interest of achieving substantial justice, Class Counsel shall have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Claim Forms which may be filed.

INQUIRIES

All inquiries concerning this Notice, the Claim Form, or any other questions by Class members should be directed to:

Claims Administrator
Ryan, et al. v. HLA, Inc., et al
Heffler, Radetich & Saitta L.L.P.
P.O. Box 58116
Philadelphia, PA 19102-8116
(800) 644-7835
www.hrsclaimsadministration.com.

PLEASE DO NOT CONTACT THE COURT OR THE COURT'S CLERK REGARDING THIS NOTICE.

Dated: March 14, 2008

By Order of the United States District Court
for the Northern District of Georgia,
William C. O'Kelley, Judge

Questions? Call 1-800-644-7835 TOLL FREE, OR
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