

SETTLEMENT AGREEMENT

This Joint Stipulation of Class Action Settlement and Release (“Settlement,” Agreement” or “Settlement Agreement”) is made and entered into by and between Defendant Biomechanics Physical Therapy, PC, et al., and together with its direct and indirect parent companies, subsidiaries, affiliates, successors, assigns, executives and agents (collectively “Defendant”) on the one hand, and Plaintiff Annette Arredondo (“Plaintiff”) on her behalf and on behalf of the other “Class Members” as defined herein, on the other hand (hereinafter collectively referred to as the “Parties”), subject to the approval of the Court pursuant to section 382 of the California *Code of Civil Procedure* and Rule 3.769 of the California *Rules of Court*, that the settlement of the Action (as defined herein) shall be effectuated and subject to the following terms and conditions:

WHEREAS, on July 26, 2019, Plaintiff filed an action in the Superior Court of the State of California in and for the County of Los Angeles, styled *Annette Arredondo, individually and on behalf of the putative class v. Biomechanics Physical Therapy PC; and DOES 1-50, Inclusive, Defendants*, Case No. 19STCV26109 (the “Action”). The Action alleges claims for: (1) failure to provide required meal periods; (2) failure to provide required rest periods; (3) failure to pay overtime wages; (4) failure to pay minimum wages; (5) failure to pay timely wages during employment; (6) failure to pay all wages due to discharged and quitting employees; (7) failure to maintain required records; (8) failure to furnish accurate itemized wage statements; (9) violations of California’s unfair competition law (“UCL”); (10) misclassification of employment (Cal. Lab Code §226.8); (11) failure to indemnify for necessary business expenses; and (12) civil penalties under the California Labor Code Private Attorney General Act (“PAGA”);

WHEREAS, the Parties engaged in significant efforts to obtain the facts regarding the claims asserted, including the production and review of hundreds of pages of documents, the provision of data points for the class during the relevant period including the total number of current and former employee class members, workweeks worked, and average rate of pay, the provision and analysis of time and payroll records for a 30% sample of the putative class, and the exchange of detailed briefing regarding Plaintiff’s claims;

WHEREAS, on January 28, 2020, the Parties engaged in a full day mediation session with mediator Gig Kyriacou and reached a resolution of all claims;

WHEREAS, the Parties desire to settle, compromise, and avoid litigation relating to the claims described in the pleadings in the Action, and have agreed to settle the Action upon the terms and conditions and for the consideration set forth in this Settlement Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:

I. DEFINED TERMS

RELATING TO CLASS MEMBERSHIP:

1. “Class Members” means all current and former independent contractors of Defendant Biomechanics Physical Therapy PC. who worked in California at any point during the Class Period.
2. “Class” is the group of people comprised of the Class Members.
3. “Class Period” means the period July 26, 2015 through the date the Court grants Preliminary Approval.

RELATING TO CLASS NOTICE:

4. “Class List” means the list of all Class Members that Defendant will in good faith compile from its records. Said list will include, in a readable Microsoft Office *Excel* spreadsheet, each Class Member’s name, most recent mailing address and telephone number as shown in Defendant’s records, Social Security number as shown in Defendant’s records, and the number of workweeks worked for Defendant during the Class Period. Defendant shall include this information in the Class List to the extent the information is reasonably available. Defendant shall not provide the Class List to Plaintiff’s counsel. The Third Party Administrator shall provide the Class List to the Parties in de-identified format—i.e., without names or contact information, using employee identification numbers only to identify Class Members.
5. “Notice Packet” and “Notice” means the document(s) attached as Exhibit A.
6. “Response Deadline” means forty-five (45) calendar days after the date on which the Settlement Administrator initially mails Notice Packets to Class Members.

RELATING TO CLASS PAYMENT:

7. “Settlement Member(s)” means any Class Member who does not timely and properly Opt-Out of the settlement pursuant to the terms set forth herein.

8. “Settlement Amount” “Gross Settlement Amount” or “GSA” means two hundred and forty thousand dollars (\$240,000.00) and not one cent more, which is the maximum amount Defendant will and must pay under this Agreement. Payment of the Settlement Amount shall be made in two installments. Defendant shall pay the first installment of \$120,000.00 within fourteen (14) calendar days after the Court grants Preliminary Approval but no sooner than January 2, 2021. Defendant shall pay the second installment of \$120,000 within fourteen (14) calendar days after the Effective Date but no sooner than January 2, 2022. The Parties agree that Defendant shall tender payment of the GSA pursuant to the Settlement Administrator’s instructions, and that Defendant’s payment obligations are satisfied upon tendering payment to the Settlement Administrator pursuant to its instructions. The Settlement Amount includes all payments to be made to the Settlement Members, Plaintiff, Class Counsel, the California Labor and Workforce Development Agency (“LWDA”) in settlement of the California Private Attorney General Act, Cal. Lab. Code §§ 2698, *et seq.* claims, and to the Settlement Administrator for Administrative Costs. The Settlement Amount is allocated as follows: (a) a minimum of one hundred twenty four thousand five hundred dollars (\$124,500.00) for payment to Settlement Members, of which 30% shall, for tax purposes, be deemed wages subject to Form W-2 reporting, and 70% shall, for tax purposes, be deemed non-wages interest and penalties; (b) a maximum of eighty thousand dollars (\$80,000.00) (33.33% of the Settlement Amount) for the payment of Class Counsel’s Attorney Fees; (c) a maximum of ten thousand dollars (\$10,000.00) for payment of Class Counsel’s Costs; (d) ten thousand dollars (\$10,000.00) to the State of California for the share of the Settlement Amount allocated for settlement of the PAGA claims (25% of this amount or \$2,500 shall be allocated to the Settlement Members on a pro-rata basis); (e) a maximum of three thousand dollars (\$3,000.00) for the payment of a Class Representative Service Payment to the named Plaintiff; and (f) a maximum of fifteen thousand dollars (\$15,000.00) for Settlement Administration Costs. The Settlement Amount shall not include employer payroll taxes due upon payment of the 30% allocated to wages payable to Settlement Class Members; Defendant is to pay employer payroll taxes in addition to the Settlement Amount. The Parties agree that the Settlement Agreement shall remain binding even if the Court

does not approve the full amount of the items stated in subsections (b)-(f). In the event the Court does not approve and/or award the maximum sums stated in subsections (b)-(f), any unapproved or un-awarded sums shall be added to the Class Recovery (subsection (a)). No unapproved or unawarded sums referenced in this Paragraph shall revert to Defendant. Under no circumstances will Defendant be obligated to pay any more than the GSA of two hundred and forty thousand dollars (\$240,000.00) and not one cent more, with the exception of employer's portion of any required payroll taxes. If Defendant fails to timely make an installment payment as provided in this section, Defendant shall have thirty (30) calendar days from the last day the payment is due to cure the untimely installment payment.

9. "Class Recovery" means the Settlement Amount less any amounts awarded by the Court for Class Counsel's Attorney Fees, Class Counsel's Costs, any amounts awarded to the State of California for its share of the PAGA claims, a Class Representative Service Payment, and Settlement Administration Costs.

RELATING TO OTHER PAYMENTS:

10. "Class Counsel" means Justin Lo of Work Lawyers PC, located at 22939 Hawthorne Blvd., Suite 202, Torrance, California 90505.

11. "Class Counsel's Attorney Fees" means attorneys' fees, which shall not exceed eighty thousand dollars (\$80,000.00) agreed upon by the Parties and approved by the Court for Class Counsel's effort in investigating the Action, litigating the Action, resolving the Action, administering the Settlement, including fees incurred through final approval and disbursement of payments under this Settlement and obtaining an entry of Judgment terminating the Action. Defendant agrees not to challenge or oppose Class Counsel's motion or application for attorneys' fees up to eighty thousand dollars (\$80,000.00). The Court's ruling on Class Counsel's Attorney Fees shall not affect the enforceability of this Agreement or the terms contained herein. In the event the Court reduces the amount of Class Counsel's Attorney Fees, the difference shall be added to the Class Recovery.

12. "Class Counsel's Costs" means attorneys' costs (including expert fees and associated costs) not to exceed ten thousand dollars (\$10,000.00), actually incurred by Class Counsel in

litigating and settling the Action and agreed upon by the Parties and approved by the Court. Said amounts include, but are not limited to, costs incurred in investigating the Action, litigating the Action, resolving the Action, administering the Settlement, including costs incurred through final approval and disbursement of payments under this Settlement and obtaining entry of a Judgment terminating the Action. Defendant agrees not to challenge or oppose Class Counsel's motion or application for costs in any amount up to ten thousand dollars (\$10,000.00). The Court's ruling on Class Counsel's Costs shall not affect the enforceability of this Agreement or the terms contained herein. In the event the Court reduces the amount of Class Counsel's Costs, the difference shall be added to the Class Recovery.

13. "Class Representative Service Payment" or "Enhancement Payment" means the amount that the Court may approve be paid to Plaintiff in recognition of her effort and work in prosecuting the Action on behalf of the Class Members, which shall not exceed three thousand dollars (\$3,000.00). Defendant agrees not to challenge or oppose Class Counsel's motion or application for a Class Representative Service Payment up to the amount stated in this paragraph. The Court's ruling on Class Representative Service Payment shall not affect the enforceability of this Agreement or the terms contained herein. In the event the Court reduces the amount of Class Representative Service Payment, the difference shall be added to the Class Recovery.

14. "Counsel for Defendant," "Defense Counsel," or "Defendant's Counsel" means Alfred J. Landegger, Esq., Oscar E. Rivas, Esq., Patrick E. White III, Esq., and Evelyn Zarraga, Esq. of LANDEGGER BARON LAW GROUP, ALC, 15760 Ventura Blvd., Suite 1200, Encino, California 91436, Telephone No.: (818) 986-7561; Facsimile No.: (818) 986-5147.

15. "PAGA Payment" or "LWDA Payment" means the means the amount of Ten Thousand Dollars (\$10,000) of the GSA to be allocated as civil penalties under the California Labor Code Private Attorneys General Act of 2004 ("PAGA"), with 75% of this amount, Seven Thousand Five Hundred Dollars (\$7,500.00), to be paid to the LWDA in satisfaction of any claim for civil penalties that may be owed to that agency under the PAGA. The other 25%, or Two Thousand Five Hundred Dollars (\$2,500.00), will be distributed to the Settlement Class Members on a pro-rata basis. The Court's ruling on LWDA Payment shall not affect the enforceability of this Agreement or

the terms contained herein. In the event the Court reduces the amount of the LWDA Payment, the difference shall be added to the Class Recovery.

16. “Settlement Administrator” means Phoenix settlement administrator as agreed to by the Parties and to be approved by the Court for the purposes of administering this settlement. The Parties each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

17. “Settlement Administration Costs” or “Administrator Costs” or “Administration Costs” means the costs payable from the Settlement Amount to the Settlement Administrator for administering this Settlement, including, but not limited to, printing, distributing, and tracking documents for this Settlement, calculating estimated amounts per Settlement Member, distributing the Settlement Amount, providing necessary reports and declarations, and other duties and responsibilities set forth herein to process this Settlement, which amount shall not exceed fifteen thousand dollars (\$15,000.00). The Court’s ruling on Settlement Administration Costs shall not affect the enforceability of this Agreement or the terms contained herein. In the event the Court reduces the amount of Settlement Administration Costs, the difference shall be added to the Class Recovery.

RELATING TO RELEASED CLAIMS AND RELEASED PARTIES:

18. “Settlement Member Release” means the following release of claims, which each Settlement Member gives Defendant in exchange for the consideration set forth in this Agreement:

I hereby fully, forever, irrevocably, and unconditionally release and discharge for the time period of July 26, 2015 through the date the Court grants Preliminary Approval, Defendant Biomechanics Physical Therapy PC, Douglas Turner (including any past, present, or future spouses and heirs of Douglas Turner), and their respective agents, attorneys, past, present, and future divisions, affiliates, DBAs (if any), predecessors, successors, shareholders, owners, officers, directors, managers, employees, representatives, fiduciaries, subrogees, executors, partners, executives, parents, heirs, subsidiaries, privies, related companies, assigns, members, principals, and all persons

acting by, through, under, or in concert with any of them (collectively referred to as the “Released Parties”), from any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys’ fees, damages, or causes of action which relate to any and all claims that were alleged in the Action or could have been alleged in the Action, whether such claims were known or unknown to the Settlement Member, including, but not limited to claims for: (1) failure to provide required meal periods; (2) failure to provide required rest periods; (3) failure to pay overtime wages; (4) failure to pay minimum wages; (5) failure to timely pay wages during employment; (6) failure to pay all wages due to discharged and quitting employees; (7) failure to maintain required records; (8) failure to furnish accurate itemized wage statements; (9) violations of California’s unfair competition law; (10) misclassification of employment (Cal. Lab Code §226.8); (11) failure to indemnify for necessary business expenses; and (12) civil penalties under the California Labor Code Private Attorney General Act, and any claims that could have been pled or arisen from the facts and circumstances alleged in the Action, including any claim under the federal Fair Labor Standards Act (“FLSA”) (“Released Claims”).

RELATING TO PRELIMINARY AND FINAL APPROVAL:

19. “Settlement Court” means the Superior Court of California for the County of Los Angeles, and specifically the courtroom in which case no. 19STCV26109 is pending, or any other court and/or courtroom holding jurisdiction.

20. “Preliminary Approval” means the Court order granting preliminary approval of the Settlement Agreement.

21. “Final Approval” means the Court order granting final approval of the Settlement Agreement.

22. “Effective Date” means the later of (a) the date of entry of Order granting final approval of this Settlement, if no objection to the Settlement is filed, (b) the date on which the time for all appeals from objections to the Settlement has expired, if one or more objections to the

Settlement are filed, and not withdrawn, and (c) if an appeal is taken, the date on which the appeal is settled, withdrawn or dismissed, or any reviewing court issues a decision, the time for further appeal has expired, and the trial court has regained jurisdiction.

II. ADDITIONAL TERMS

23. Preliminary Approval Hearing. Within twenty-one (21) calendar days of the execution of this Settlement Agreement, Plaintiff will file a motion with the Settlement Court seeking an order in the form attached as Exhibit B. In conjunction with the Preliminary Approval hearing, Plaintiff will submit this Settlement Agreement, which sets forth the terms of this Settlement, and will include all attachments hereto. Class Counsel will be primarily responsible for drafting all documents necessary to obtain preliminary approval, though the Parties will meet and confer on such materials, and Class Counsel will submit the settlement approval papers to the Settlement Court although if the Parties so agree, they may (but are not obligated to) submit those documents jointly. Defendant may, but is not obligated to, submit a separate brief in support of preliminary approval.

24. Delivery of the Class List. Within fourteen (14) calendar days of entry of Preliminary Approval, Defendant will provide the Class List to the Settlement Administrator. The Settlement Administrator will use the Class List solely for the administration of this Settlement Agreement and for no other purpose, and shall not share the Class List with any persons or entities not employed by the Settlement Administrator and working on the administration of this Settlement Agreement. To be clear, the Class List shall not be shared with Plaintiff, Plaintiff's counsel, or any agent or employee thereof; provided, however, that a de-identified version of the Class List (i.e., without Class Member names or contact information, using employee identification numbers only to identify Class Members) may be shared with Plaintiff's counsel. If the Court does not finally approve the Settlement Agreement, or if the Agreement is altered or disapproved in any way on appeal, the Settlement Administrator shall not thereafter use the Class List, and shall destroy any and all copies or versions of it (including any in electronic form).

25. Notice by First-Class U.S. Mail. Within fourteen (14) calendar days after receiving the Class List from Defendant, the Settlement Administrator will mail a Notice Packet to all Class Members via regular First-Class U.S. Mail, using the most current, known mailing addresses identified in the Class List or through a National Change of Address database search. For any envelopes from this mailing returned as non-deliverable on or before 30 days after mailing, the Settlement Administrator will use any forwarding address provided to re-mail the returned envelope and, if no forwarding address is provided, will perform a skip trace to identify an address to which the envelope may be forwarded. The Settlement Administrator shall undertake such effort and further mailing within five (5) calendar days after receipt of the returned envelope. The Settlement Administrator will maintain a report of the date of such re-mailings of the Notice Packet. No additional mailings shall occur. Any Class Member who does not actually receive notice after the steps outlined above and thus does not properly and timely opt out as discussed below is a Settlement Member, subject to the terms of this Settlement.

26. Opt Out/Request for Exclusion Procedures. To Opt-Out from the Settlement, a Class Member must submit a written Request for Exclusion to the Settlement Administrator by the Response Deadline, a copy of which is included in Exhibit A. The Request for Exclusion must: (1) contain the name, address, and social security number (last 4 digits) of the person requesting exclusion; (2) a statement that he or she requests exclusion from the settlement in *Arredondo v. Biomechanics Physical Therapy, PC, et al.*; (3) be signed by the Class Member; and (4) be postmarked by the Response Deadline and delivered to the Settlement Administrator at the specified address. Subject to review by Class Counsel, Counsel for Defendant and the Court, the date of the postmark on the return mailing envelope on the Request for Exclusion shall be the exclusive means used by the Settlement Administrator to determine whether a Class Member has timely requested exclusion from the Settlement. Any Class Member who properly requests to be excluded from the Settlement shall not be entitled to any benefits under the Settlement and shall not be bound by the terms of the Settlement and shall not have any right to object to the Settlement or appeal from the entry of the Judgment. Class Members who do not submit a valid and timely Request for Exclusion as set forth above are Settlement Members and shall be bound by all terms of the Settlement and Judgment entered in this Action upon the Court finally approving the Settlement, regardless of whether the Class Member receives and/or cashes his or her check for Settlement Payment.

27. Objections to the Settlement. A Settlement Member may object to the Settlement by filing a written objection with the Settlement Administrator using the case name and number of the Settlement Court (found on the first page of the Notice Packet), and mailing a copy of his/her written objection to Class Counsel, Counsel for Defendant, and the Settlement Administrator at the addresses listed in the Notice Packet, each postmarked by no later than the Response Deadline. The objection must be signed by the objecting Settlement Member, set forth the objecting Settlement Member's name, address, Social Security number (last four digits), and state why he/she objects to the proposed Settlement and whether he/she intends to appear at the Final Approval Hearing. In order to object to the Class Settlement, the Class Member must not have submitted a Request for Exclusion. As soon as practicable, the Settlement Administrator shall forward any and all objections to Class Counsel and Defense Counsel. At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to file or serve written objections to the Settlement or appeal from the Settlement Judgment. Class Counsel shall not represent any Class Members with respect to any such objections. If an Objection or dispute of the amount due to a Class Member and a Request for Exclusion are received from the same Class Member, the Settlement Administrator shall attempt to resolve the matter by contacting the Class Member by any reasonable means to determine the Class Member's choice. If the Settlement Administrator fails to determine what the Class Member intends, the Opt-Out shall be null and void, and the Class Member will be counted as part of the Class.

28. Compliance with the procedures described in paragraphs 24 through 25 above shall constitute due and sufficient notice to Class Members of this Settlement.

29. Class Members; Release Given by Each Settlement Member. Each Settlement Member consents to, and grants to the Released Parties, the Settlement Member Release defined above. Upon Final Approval by the Court of this Agreement and by operation of the Agreement's terms, and except as to such rights or claims as may be created by this Agreement, all Class Members (with the exception of those that submitted valid and timely Opt-Outs) fully release and discharge the Released Persons from all Released Claims, whether known or unknown during the Class Period. Plaintiff and Defendant stipulate and agree that the consideration paid to the Class Members pursuant to this Agreement compensates the Class Members for all wages and penalties due to them arising from the claims alleged in the operative Complaint.

30. Certification Reports Regarding Individual Settlement Payment Calculations. Within fourteen (14) calendar days after expiration of the Response Deadline, the Settlement Administrator will provide Defendant's counsel and Class Counsel with a written report which certifies: (a) the number of Class Members who have submitted valid Election to Opt-Out Forms; (b) the number of Settlement Members who have submitted an objection to the settlement, along with copies of any objections. Additionally, the Settlement Administrator will provide to counsel for the Parties any updated reports regarding the administration of the Settlement Agreement on a bi-weekly basis and as reasonably requested by a Party.

31. Final Settlement Approval Hearing and Entry of Judgment / Motion for Fees, Etc. Within twenty-one (21) calendar days after expiration of the Response Deadline, Plaintiff will submit a Motion for Final Approval/Settlement Fairness Hearing. Class Counsel is primarily responsible for drafting all documents necessary to obtain final approval, and Class Counsel will submit the settlement approval papers to the Settlement Court although if the Parties so agree, they may (but are not obligated to) submit those documents jointly. Defendant may submit a separate brief in support of final approval. Class Counsel may file a motion requesting an award of Class Counsel's Attorney Fees, Class Counsel's Costs, and Class Representative Service Payment seeking amounts no greater than the maximum amount stated herein, to which Defendant will not object, provided the amounts sought are within the limits stated. The hearing on these motions shall be as specified in the Preliminary Approval Order or, if no such date is specified, at the earliest available date on the Settlement Court's calendar.

32. Notice to the Labor and Workforce Development Agency. Plaintiff shall be responsible for timely providing all notices to the Labor and Workforce Development Agency and providing Defendant's counsel confirmation of same, including submission of the proposed settlement contemporaneously with the filing of the motion for preliminary approval, under California Labor Code § 2699(l)(2), and submission of any judgment within 10 days after entry of same, under California Labor Code § 2699(l)(3).

33. Judgment and Continued Jurisdiction. Upon final approval of the Settlement by the Settlement Court or in conjunction with or after the Final Approval/Settlement Fairness Hearing, the Parties will present the Settlement Judgment (which will expressly note that no liability has been

found, and there is no admission of wrongdoing) to the Court for approval. After entry of the Settlement Judgment, the Parties stipulate and agree that the Court will retain jurisdiction to enforce the terms of this Agreement following the entry of the Judgment pursuant to California *Code of Civil Procedure* section 664.6. The Parties agree to the exclusive jurisdiction of the Court to enforce the terms and conditions contained herein

34. Allocation of the Class Recovery and Reporting of Same to the Settlement Administrator. The Class Recovery shall be allocated among Settlement Members by dividing the number of workweeks that each Settlement Member worked within the Class Period by the total workweeks that all Settlement Members worked within the Class Period, and multiplying that fraction by the Class Recovery to determine that Settlement Member's total personal recovery (the "Individual Settlement Member Total Recovery"). As discussed above, 30% of each Individual Settlement Member's Total Recovery shall for tax purposes be designated as wages and shall be reported using a Form W-2, and 70% of each Individual Settlement Member's Total Recovery shall for tax purposes be designated as non-wages penalties and interest and shall be reported using a Form 1099. The Individual Settlement Member Total Recovery and allocation as discussed immediately above shall be finally calculated by Settlement Administrator within ten (10) calendar days of the Effective Date.

35. Funding the Settlement. Within the time periods prescribed in paragraph 8, Defendant shall provide the Settlement Administrator with funds equal to the Gross Settlement Amount in addition to the amount necessary to fund all employer-side payroll tax obligations. Each payment portion will be distributed accordingly:

- a. Seven Thousand Five Hundred Dollars (\$7,500.00) of the first installment shall be allocated for Settlement Administration Costs. The remainder of the first installment shall be paid by the Settlement Administrator in Proportionate Shares for Class Counsel Fees, Class Counsel Costs, Enhancement Payment, LWDA Payment, and the Class Recovery. "Proportionate Shares" as used in this section means the proportionate percentages of Class Counsel Fees, Class Counsel Costs, Enhancement Payment, LWDA Payment and the Class Recovery compared to the overall Gross Settlement Amount. For example, if the Court were to award

33.333% in Class Counsel Fees, the Settlement Administrator would allocate and hold from the remainder of the first installment amount (after payment of Settlement Administration Costs) 33.333% of said amount as Class Counsel Fees. As a further example, if the Court were to award \$3,000 in an Enhancement Payment to Plaintiff, that would amount to 2.14% of the Maximum Settlement Amount and the Settlement Administrator would then allocate and hold from the remainder of the first installment amount (after payment of Settlement Administration Costs) 2.14% of said amount as the Enhancement Payment.

- b. Within Five (5) calendars days of receipt of Defendant's remaining installment payment of the Gross Settlement Amount, the Settlement Administrator shall cause to be paid the following amounts in Proportionate Shares; (1) Settlement Payments due to Settlement Members; (2) Class Counsel Fees; (3) Class Counsel Costs; (4) Enhancement Payment; and (5) LWDA Payment. Payment to any Settlement Member will be in the form a check issued for an amount calculated using the formulas contained in this Agreement. Any funds allocated to Class Members who ultimately submitted timely valid Requests for Exclusions shall be proportionally redistributed to the Settlement Members based on the number of workweeks worked during the Class Period.

36. Distribution of Payments. The Settlement Administrator shall distribute:

- a. to Class Counsel – Class Counsel Attorney's Fees, if any, and the Class Counsel's Costs, if any, awarded by the Court, all of which shall be reported on a Form 1099;
- b. to Plaintiff Annette Arredondo – the Class Representative Service Payment, if any, awarded by the Court which shall be reported on a Form 1099;
- c. to the LWDA – \$10,000.00 representing its share of the Settlement Amount allocated to the settlement of PAGA claims;
- d. to each Settlement Member – his or her Individual Settlement Member Total Recovery with appropriate tax forms as described herein, directly and without submission of a claim form or application;

e. to the Settlement Administrator - Administrative Costs incurred and approved up to \$15,000.00.

37. Administration of Tax Forms. The Settlement Administrator is responsible for issuing to Plaintiff, Settlement Members, the LWDA, the Settlement Administrator, and Class Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to this Settlement, and for forwarding all payroll taxes and penalties to the appropriate government authorities.

38. Tax Liability. Defendant and its counsel and Plaintiff and Class Counsel make no representation about the tax treatment or legal effect of the payments called for hereunder, and Plaintiff and Class Members are not relying on any statement, representation, or calculation by Defendant or by the Settlement Administrator in this regard. Plaintiff and Class Members understand and agree that they each will be solely responsible for the payment of any taxes and penalties assessed on their share of the payments described herein and will hold Defendant, its counsel, Plaintiff and Class Counsel free and harmless from and against any claims resulting from treatment of such payments as non-taxable damages. Each party to this Settlement (for purposes of this section, the “Acknowledging Party” and each party to this agreement other than the Acknowledging Party, an “other Party”) acknowledges and agrees that: (1) no provision of this Settlement, and no written communication or disclosure between or among the Parties or their attorneys and other advisers, is or was intended to be, nor will any such communication or disclosure constitute, be construed or be relied upon as, tax advice within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended); (2) the Acknowledging Party (a) has relied exclusively upon his, her or its own, independent legal and tax counsel for advice (including tax advice) in connection with this Settlement, (b) has not entered into this Settlement based upon the recommendation of any other Party or any attorney or advisor to any other Party, and (c) is not entitled to rely upon any communication or disclosure by any attorney or adviser to any other Party to avoid any tax penalty that may be imposed on the acknowledging party; and (3) no attorney or adviser to any other Party has imposed any limitation that protects the confidentiality of any such attorney’s or adviser’s tax strategies (regardless of whether such limitation is legally binding) upon disclosure by the Acknowledging Party of the tax treatment or tax structure of any transaction, including any transaction contemplated by this agreement.

39. Uncashed Settlement Checks. Settlement Members will have 180 calendar days within which to negotiate (cash or deposit) their settlement checks from the date on which they are mailed. If any settlement check is not negotiated within that time period, it will be voided. If a settlement check is returned to the Settlement Administrator within 180 calendar days of mailing and a forwarding address is provided within that time period, the Settlement Administrator shall re-mail the settlement check to the forwarded address and notify the Settlement Class Member of the deadline to cash the check to avoid it being voided. The Parties agree that any unclaimed funds in the Settlement Fund Account as a result of the failure to cash Individual Settlement Payment checks by the Void Date shall be transmitted by the Settlement Administrator to the State of California Controller's Office, Unclaimed Property Fund, in accordance with California law regarding such escheatment, within twenty-one (21) calendar days of the Void Date.

40. Certification of Completion. Upon completion of administration of the Settlement, the Settlement Administrator will provide a written declaration under oath to certify such completion to the Court and counsel for all Parties.

41. No Prior Assignments. The Parties and their counsel represent, covenant, and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or right herein released and discharged.

42. Revocation of Settlement Agreement (by Defendant). Defendant shall have, in its sole discretion, the right to void and withdraw from the Settlement Agreement if, as of the Response Deadline, five percent (5%) or more of the Class Members submit timely and valid Requests for Exclusion. Defendant must exercise this right of rescission, in writing, to Class Counsel within ten (10) calendar days of receipt of the report from the Settlement Administrator referenced in the first sentence of paragraph 30 ("Certification Reports Regarding Individual Settlement Payment Calculations"). If the option to rescind is exercised, then Defendant will be solely responsible for all settlement administration costs incurred to that point.

43. Nullification of Settlement Agreement. In the event: (a) the Settlement Court does not finally approve the Settlement as provided herein; or (b) the Settlement does not become final for any reason, then this Settlement Agreement, and any documents generated to bring it into effect, will

be null and void. Any order or judgment entered by the Court in furtherance of this Settlement Agreement will likewise be void from the beginning.

44. Amendments to Operative Complaint. As a condition of this Settlement, Plaintiff shall amend her operative Complaint to add claims for PAGA civil penalties, unreimbursed business expenses, and unpaid wages including off-the-clock wages (to the extent not included in the current Complaint).

45. Review of Noticed Motions And/Or Other Pleadings. Class Counsel expressly agrees that prior to any filing concerning the terms herein, including but not limited to the Motion for Preliminary Approval and the Motion for Final Approval, he shall e-mail a draft of said motion and/or pleading to Defense Counsel at least 5 calendar days prior to its filing.

46. Financial Condition Information. In the event the Parties determine that it is necessary to submit information pertaining to Defendant's financial condition, the Parties shall meet and confer regarding the means of submitting the information to the Court (e.g., by declaration, by filing under seal etc.). Defendant reserves all rights to review and approve any and all filings bearing on Defendant's financial condition, prior to its submission to the Court.

47. Destruction of Informal Discovery. The Parties agree that in the event the Court does not approve the Settlement for any reason, or if the Settlement cannot be consummated for any reason, Class Counsel expressly agrees to either: (1) return all informally produced discovery by Defendant to Defendant or Defense Counsel; or (2) immediately destroy all informal discovery, and provide sufficient proof (such as a declaration under oath by Class Counsel) that the information was destroyed within 10 calendar days after becoming aware that the Settlement has failed to become final. Retaining any copy of direct or derivative information shall be a violation of this provision. Such informal discovery shall include, but is not limited to: (1) the class list; (2) Defendant's written policies and procedures; and (3) information disclosed pursuant to the mediation and/or settlement privilege. If Class Counsel fails to either destroy or return such information within a reasonable time, the Parties expressly agree that Defense Counsel may apply to the Court to seek enforcement of this specific provision (including any and all reasonable attorney's fees and costs in seeking such enforcement). If the Court approves the settlement, Plaintiff and Class Counsel agree to maintain the information provided by Defendant only for as long as it is necessary to consummate and finalize the

approval process of the Settlement by the Court, up to and including the Effective Date. After such time, the Parties agree that Class Counsel will return the information to Defendant or Defense Counsel, or destroy the information (including any derivative information) as provided herein, except as provided in Plaintiff's personnel file. Plaintiff and Class Counsel agree to treat and maintain the information disclosed confidentially, protect it, and take any and all reasonable steps to maintain it confidentially and treat it as a trade secret. However, the Parties expressly agree that Class Counsel may disclose such information to the Court as is necessary to consummate and finalize the approval process of the Settlement by the Court.

48. Exhibits Incorporated by Reference. The terms of this Settlement include the terms set forth in any attached Exhibits, which are incorporated by this reference as though fully set forth herein. Any Exhibits to this Settlement are an integral part of the Settlement.

49. Entire Agreement. This Settlement Agreement and any attached Exhibits constitute the entirety of the Parties' settlement terms. This Settlement Agreement supersedes and replaces the Parties' Memorandum of Understanding executed on January 28, 2020. No other prior or contemporaneous written or oral agreements with respect to the subject matter are binding on the Parties.

50. Amendment or Modification. This Settlement Agreement may be amended or modified only by a formal written instrument signed by counsel for all Parties or their successors-in-interest.

51. Authorization to Enter Settlement Agreement. Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Settlement Agreement.

52. Binding on Successors and Assigns. This Settlement Agreement will be binding upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

53. California Law Governs. All terms of this Settlement Agreement and Exhibits hereto will be governed by and interpreted according to the laws of the State of California.

54. Execution and Counterparts. This Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them, including facsimile, electronic and scanned copies of the signature page, will be deemed to be one and the same instrument provided that counsel for the Parties will exchange among themselves original signed counterparts if requested by one Party. A signature through Adobesign or DocuSign, facsimile, electronic means, or scan shall for purposes of this Settlement Agreement be as valid and enforceable as an original signature.

55. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe, and will so represent to the Court, this Settlement Agreement is a fair, adequate, and reasonable settlement of the Action. They have arrived at this Settlement after arm's-length negotiations and in the context of adversarial litigation, accounting for all relevant factors, present and potential. The Parties also acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement.

56. Waiver of Certain Appeals. In the event the Court finally approves this Settlement, the Parties agree to waive appeals concerning this Settlement and stipulate to class certification for purposes of this Settlement only. The waiver of appeal does not include any waiver of the right to oppose any appeal, appellate proceedings or post-judgment proceedings.

57. Class Action Certification for Settlement Purposes Only. The Parties stipulate to class action certification only for purposes of the Settlement. If, for any reason, the Settlement is not approved, the stipulation to certification will be void. The Parties further agree that certification for purposes of the Settlement is not an admission that class action certification is proper under the standards applied to contested certification motions and that this Settlement Agreement will not be admissible in this or any other proceeding as evidence that either: (a) a class action should be certified; or (b) Defendant is liable to Plaintiff or any Class Member, other than according to the Settlement's terms. Defendant denies liability on all claims made in the Action.

58. No Admission. Neither the acceptance nor the performance by Defendant of the terms contained in this Agreement nor any of the related negotiations or proceedings is or shall be claimed to be, construed as, or deemed a precedent or an admission by Defendant of the truth of any allegations in any version of the Complaint.

59. Non-Evidentiary Use. Neither this Agreement nor any of its terms, nor any statements or conduct in the negotiation or drafting of it, shall be offered or used as evidence by Plaintiff, any Class Member (including any individual who filed an Opt-Out), Defendant, or its or their respective counsel, in the Litigation or any other proceeding, except as is reasonably necessary to effectuate its purpose and terms. This Agreement may be used by Defendant and/or the Released Persons to prove or defend against any claim released herein by any Class Member in any judicial, quasi-judicial, administrative, or governmental proceeding.

60. Waiver. No waiver of any condition or covenant contained in this Settlement Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

61. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed more strictly against one party than another, it being recognized that, because of the arms-length negotiations between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

62. Representation By Counsel. The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and that this Settlement Agreement has been executed with the consent and advice of counsel, and reviewed in full. Plaintiff and Class Counsel also warrant and represent that there are no liens on the Settlement Agreement.

63. Cooperation and Execution of Necessary Documents. The Parties and their counsel will cooperate with each other and use their best efforts to implement the Settlement. If the Parties cannot reach agreement on the form or content of any document needed to implement the

Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the mediator used for the January 28, 2020 mediation to resolve such disagreement.

64. Limitation on Communications with the Class: The Notice Packet is the approved manner for communicating with the Class Members. Plaintiff, her counsel, and Class Counsel shall not issue a press release or make any other public representation regarding the Settlement, including posting any information pertaining to this Settlement on social media (Instagram, Facebook, Twitter, LinkedIn, YouTube, Google+, Tumblr, etc.). Class Counsel is limited solely to responding to direct contact by a Class Member to Class Counsel (for example by a phone call or letter), which response shall be directed to the contacting Class Member only. The Parties agree that submission of an Election to Opt-Out Form does not constitute an inquiry that would permit Class Counsel to respond to a Class Member. This section shall not in anyway limit Class Counsel from performing its duties as Class Counsel. Furthermore, Class Counsel may post on his website for marketing purposes the amount of the Settlement without directly or indirectly identifying Defendant or Defendant's counsel.

65. Binding Agreement. The Parties warrant that they have full authority to enter into this Settlement, and further intend that this Settlement Agreement will be fully enforceable and binding on all Parties. The Parties further agree that this Agreement will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any confidentiality provisions that otherwise might apply under federal or state law.

It is hereby agreed:

Annette Arredondo

Annette Arredondo

07E1337B139B4F1...

Annette Arredondo

Date: 1/8/2021, 2021

Biomechanics Physical Therapy, PC.

By: _____

Its: _____

Date: _____, 2021

Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the mediator used for the January 28, 2020 mediation to resolve such disagreement.

64. Limitation on Communications with the Class: The Notice Packet is the approved manner for communicating with the Class Members. Plaintiff, her counsel, and Class Counsel shall not issue a press release or make any other public representation regarding the Settlement, including posting any information pertaining to this Settlement on social media (Instagram, Facebook, Twitter, LinkedIn, YouTube, Google+, Tumblr, etc.). Class Counsel is limited solely to responding to direct contact by a Class Member to Class Counsel (for example by a phone call or letter), which response shall be directed to the contacting Class Member only. The Parties agree that submission of an Election to Opt-Out Form does not constitute an inquiry that would permit Class Counsel to respond to a Class Member. This section shall not in anyway limit Class Counsel from performing its duties as Class Counsel. Furthermore, Class Counsel may post on his website for marketing purposes the amount of the Settlement without directly or indirectly identifying Defendant or Defendant's counsel.

65. Binding Agreement: The Parties warrant that they have full authority to enter into this Settlement, and further intend that this Settlement Agreement will be fully enforceable and binding on all Parties. The Parties further agree that this Agreement will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any confidentiality provisions that otherwise might apply under federal or state law.

It is hereby agreed:

Annette Arredondo

Annette Arredondo

Date: _____, 2021

Biomechanics Physical Therapy, PC.

By: _____

Its: _____

Date: _____

Dr. Douglas Turner
Physician
_____, 2021