

# CLASS ACTION AND PAGA SETTLEMENT AND RELEASE AGREEMENT

## 1. PREAMBLE

1.1 This Class Action and PAGA Settlement and Release Agreement (hereinafter “Settlement Agreement”) is made and entered into by and between Plaintiff Carrie Prodromides, on behalf of herself and the Settlement Class (as defined below), and Defendant Shoreline Treatment Center, LLC, a California limited liability company formerly known as Shoreline Treatment Center, Inc., a California corporation; Defendant Rachel Levi; Defendant Odyssey Behavioral Healthcare, LLC, a Delaware limited liability company; and Defendant 108 Roycroft, LLC, a California limited liability company to settle Plaintiff Carrie Prodromides’ putative class and representative action currently pending in the Superior Court for the State of California for the County of Los Angeles, No. 20STCV47287.

## 2. DEFINITIONS

2.1 “Action” means the lawsuit entitled *Carrie Prodromides v. Shoreline Treatment Center, Inc., et. al.*, Case No. 20STCV47287, initiated on December 10, 2020, and pending in the Superior Court of California for the County of Los Angeles.

2.2 “Administrator” means CPT Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.

2.3 “Administration Expenses Payment” means the expenses incurred by the Administrator in effectuating the Settlement, not to exceed \$13,000.

2.4 “Aggrieved Employee” means all current and former non-exempt employees who work or worked for any of the Defendants at any Shoreline Treatment Center facility in California during the Class Period.

2.5 “Aggregate Release Benefit Amount” means the \$173,661 paid to members of the Release Benefit Subclass by Defendants in exchange for signing Release Benefit Agreements and Revised Release Benefit Agreements.

2.6 “Amended PAGA Notice” means Named Plaintiff’s letter to Defendants and the LWDA on December 15, 2020.

2.7 “Class Counsel” or “Plaintiffs’ Counsel” means Rolando J. Gutierrez, Esq. and Nicholas L. Ramirez, Esq. of BROWN WHITE & OSBORN LLP.

2.8 “Class Counsel Fees” means the amount allocated to Class Counsel for payment of reasonable attorneys’ fees incurred to prosecute the Action, which consists of the Settlement Fund Fee Payment and the Direct Fee Payment.

2.9 “Class Counsel Expenses Payment” means the amounts allocated to Class Counsel for reimbursement of expenses incurred to prosecute the Action.

2.10 “Class Data” means Class Member identifying information in Defendants’ possession including the Class Member’s name, last-known mailing address, social security number, and number of Class Period Workweeks and PAGA Pay Periods.

2.11 “Class Member” or “Settlement Class Member” means a member of the Settlement Class, as either a Participating Class Member or Non-Participating Class Member, including a Non-Participating Class Member who qualifies as an Aggrieved Employee.

2.12 “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods, and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by

the Administrator with Class Members.

2.13 “Class Notice” or “Notice of Settlement” means and refers to the document attached hereto as “EXHIBIT A”.

2.14 “Class Period” means the period from December 10, 2016 to March 10, 2023.

2.15 “Court” means the Superior Court of California, County of Los Angeles.

2.16 “Date of Preliminary Approval” means the date the Court approves the Settlement Agreement and the exhibits thereto and enters an order providing for notice to the Class, an opportunity to opt out of the Class, an opportunity to submit timely objections to the Settlement Agreement, and setting a hearing for Final Approval of Settlement, including approval of attorneys’ fees and costs.

2.17 “Deficient Request for Exclusion” means a Request for Exclusion that is not signed by the Class Member who submitted or is submitting the Request for Exclusion or otherwise cannot be verified by the Administrator as being an authentic Request for Exclusion submitted by the Class Member.

2.18 “Deficient Opt-Out” means a Class Member who submitted a Deficient Request for Exclusion and failed to cure the Deficient Request for Exclusion within the time limit provided in the Settlement Agreement.

2.19 “Defendants” means and refers to Defendant Shoreline Treatment Center, LLC, a California limited liability company formerly known as Shoreline Treatment Center, Inc., a California corporation; Defendant Rachel Levi; Defendant 108 Roycroft, LLC, a California limited liability company; and Defendant Odyssey Behavioral Healthcare, LLC, a Delaware limited liability company.

2.20 “Defendants’ Counsel” or “Defense Counsel” means Defendants’ counsel of record, Karina B. Sterman, Esq., and James W. Hill, Esq. of GREENBERG GLUSKER FIELDS CLAMAN & MACHTINGER LLP.

2.21 “Direct Fee Payment” means the amount to be paid by Defendants to Class Counsel for reimbursement of reasonable attorneys’ fees in recognition that the payments made in exchange for the execution of the Release Benefit Agreements and Revised Release Benefit Agreements signed by Settlement Class Members were inspired by this Action, and to help prevent the Non-Release Benefit Subclass from having to bear the entire cost of attorneys’ fees, subject to Court Approval.

2.22 “Effective Date” means the date when both of the following have occurred: (a) the Court enters a Judgment on its order granting Final Approval; and (b) the Judgment is final. The Judgment is final as of the latest of the following events: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Member objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or (c) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues remittitur.

2.23 “Final Approval” means the Court’s order granting final approval of the Settlement.

2.24 “Final Approval Hearing” means the Court’s hearing on the Motion for Final approval of the Settlement.

2.25 “Final Approval Order” means the Court’s order approving the Settlement after the Final Approval Hearing.

2.26 “Final Judgment” means the Judgment entered by the Court upon granting a Final Approval Order.

2.27 “Gross Settlement Amount” means \$673,661.00, which consists of Aggregate Release Benefit Amount plus the Settlement Fund.

2.28 “Individual Class Payment” means each Participating Class Member’s pro rata share of the Net Settlement Amount calculated pursuant to the formula set forth in Section 5.4.

2.29 “Individual PAGA Payment” means each Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated pursuant to the formula set forth in Section 5.3.1.2.

2.30 “Judgment” means the judgment entered by the Court based upon the Final Approval.

2.31 “Late Request for Exclusion” means a Request for Exclusion that is submitted to the Administrator after the end of the Class Period.

2.32 “Late Opt-Out” means a Class Member who submitted a Late Request for Exclusion.

2.33 “LWDA” means the California Labor and Workforce Development Agency.

2.34 “LWDA PAGA Payment” means seventy-five (75) percent of the PAGA Penalties paid to the LWDA under section 2699(i) of the California Labor Code.

2.35 “Named Plaintiff” means and refers to Plaintiff Carrie Prodromides.

2.36 “Named Plaintiff Service Payment” means the payment to the Named Plaintiff for initiating the Action and providing services in support of the Action, which is not to exceed \$15,000.

2.37 “Net Settlement Amount” is the portion of the Settlement Fund eligible for distribution to Settlement Class Members. The Net Settlement Amount is the Settlement Fund, less the following payments in the amounts approved by the Court: (a) all applicable employee tax withholdings; (b) Individual PAGA Payments; (c) the LWDA PAGA Payment; (d) the Settlement Fund Fee Payment; (e) the Class Counsel Expenses Payment; (f) Named Plaintiff Service Payment; and (g) the Administrator’s Expenses, as allocated pursuant the terms and conditions set forth in this Settlement Agreement. The remainder is to be paid to Participating Class Members as Individual Class Payments and to Aggrieved Employees as Individual PAGA Payments.

2.38 “Non-Participating Class Member” means any Class Member who opted out of the Settlement by sending the Administrator a valid, authentic, and timely Request for Exclusion.

2.39 “Non-Release Benefit Subclass” shall mean and include all non-exempt employees who worked for any of the Defendants during the Class Period but did not sign a Release Benefit Agreement or a Revised Release Benefit Agreement releasing Defendants from the claims raised in the Action and did not receive compensation for releasing Defendants from the claims raised in the Action.

2.40 “Operative Complaint” means Named Plaintiff’s second amended class action complaint, subject to leave of Court in conjunction with Preliminary Approval, as set forth in paragraph 4.1.

2.41 “PAGA” means the California Private Attorneys General Act (Labor Code §§ 2698, *et seq.*).

2.42 “PAGA Group” means each and every Aggrieved Employee, collectively.

2.43 “PAGA Notice” means Named Plaintiff’s letter to the LWDA on May 29, 2020.

2.44 “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Defendants for at least one day during the PAGA Period.

2.45 “PAGA Penalties” means the remedies available under PAGA, which consists of the LWDA PAGA Payment and the Individual PAGA Payment.

2.46 “PAGA Period” means the period from May 29, 2019 to March 10, 2023.

2.47 “Participating Class Member” means a Class Member who does not submit a valid, authentic, and timely Request for Exclusion from the Settlement, a Class Member who submits a Deficient Request for Exclusion, or who submits a valid, authentic, and timely Request for Exclusion but thereafter rescinds the Request for Exclusion within the Response Deadline.

2.48 “Parties” means Named Plaintiff and Defendants, collectively.

2.49 “Preliminary Approval” or “Preliminary Approval Order” means the Court’s order granting Preliminary Approval of the Settlement.

2.50 “Qualified Settlement Fund” or “QSF” means the Qualified Settlement Fund created under section 468B-1 of the Internal Revenue Code (Title 26 of the United States Code), to be overseen by the Administrator.

2.51 “Release Benefit Subclass” shall mean and include all non-exempt employees who worked for any of the Defendants during the Class Period and who signed a Release Benefit Agreement or a Revised Release Benefit Agreement releasing Defendants from the claims raised in the Action or received payments for releasing Defendants from the claims raised in the Action.

2.52 “Release Benefit Agreement” means the Release Benefit Agreement dated August 17, 2021 that Defendants communicated to the Settlement Class.

2.53 “Request for Exclusion” means a Class Member’s submission of a written request signed by the Class Member to be excluded (i.e., opt out) from the Settlement, not including the PAGA Penalties portion of this Settlement. The Request for Exclusion will be extended by fourteen (14) days for Class Members whose Class Notices are re-mailed.

2.54 “Response Deadline” means sixty (60) calendar days after the Administrator mails the Class Notice to Class Members and Aggrieved Employees and shall be the last date on which the Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her objection to the Settlement. Class Members to whom Class Notices are re-sent after having been returned undeliverable to the Administrator shall have an additional fourteen (14) calendar days beyond the Response Deadline has expired.

2.55 “Revised Release Benefit Agreement” means the Release Benefit Agreement dated August 23, 2021 that Defendants communicated to the Settlement Class.

2.56 “Settlement” means the disposition of the Action effectuated by this Settlement Agreement and the Judgment.

2.57 “Settlement Class” means and includes all current and former non-exempt employees who work or worked for any of the Defendants at any Shoreline Treatment Center facility in California during the Class Period and includes the Non-Release Benefit Subclass and the Release Benefit Subclass.

2.58 “Settlement Fund” means the amount of \$500,000.00 Defendants agree to pay, which aggregated with the of \$173,661 already paid to the members of the Release Benefit Subclass shall constitute the Gross Settlement Amount (as defined in paragraph 2.27), except as provided in paragraph 5.7 below. The Settlement Fund shall be used to pay (a) the Settlement Class, including all applicable employee tax withholdings excluding all employer-paid payroll taxes including employer FICA, FUTA, and SDI contributions; (b) the Individual PAGA Payments; (c) the LWDA PAGA Payment; (d) the Settlement Fund Fee Payment; (e) the Class Counsel Expenses Payment; (f) Named Plaintiff Service Payment; and (g) the Administrator’s Expenses, as allocated pursuant the terms and conditions set forth in this Settlement Agreement.

2.59 “Settlement Fund Fee Payment” means the amount allocated to Class Counsel for reimbursement of reasonable attorneys’ fees incurred to prosecute the Action, which is to be paid from the Settlement Fund, subject to Court Approval.

2.60 “Workweek” means any week during which a Class Member worked for any of Defendants or a combination thereof for at least one day, during the Class Period.

### 3. RECITALS

3.1 WHEREAS, Named Plaintiff initiated the Action on December 10, 2020, against Defendant Shoreline Treatment Center, Inc. and Defendant Rachel Levi alleging seven causes of action for: (1) Failure to Pay Overtime and Double Time Compensation [Cal. Lab. Code §§ 510, 511, 1194, 1198, and 8 Cal. Code Regs. § 11050(3), *et seq.*]; (2) Failure to Provide Meal Periods [Cal. Lab. Code §§ 226.7, 512, and 8 Cal. Code Regs. § 11050(11), *et seq.*]; (3) Failure to Provide Rest Periods [Cal. Lab. Code §§ 226.7 and 8 Cal. Code Regs. § 11050(12)]; (4) Failure to Provide Accurate Itemized Wage Statements [Cal. Lab. Code § 226]; (5) Waiting Time Penalties [Cal. Lab. Code §§ 201, 202, and 203]; (6) Penalties Pursuant to the Private Attorney General Act (“PAGA”) [Cal. Lab. Code § 2699, *et seq.*]; and (7) Unfair Competition and Unlawful Business Practices [Cal. Bus. & Prof. Code § 17200, *et seq.*].

3.2 WHEREAS, prior to the initiation of the Action, on May 29, 2020, Named Plaintiff gave notice to Defendant Shoreline Treatment Center, Inc. and the LWDA by sending the PAGA Notice.

3.3 WHEREAS, on December 15, 2020, Named Plaintiff gave timely notice to Defendants Shoreline Treatment Center, Inc., Defendant Rachel Levi, and the LWDA by sending the Amended PAGA Notice, pursuant to 2699.3(a) of the CALIFORNIA LABOR CODE.

3.4 WHEREAS, on April 28, 2021, Named Plaintiff filed her first amended complaint as a matter of right alleging a PAGA cause of action.

3.5 WHEREAS, in or about August 2021, Defendants communicated Release Benefit Agreements and Revised Release Benefit Agreements to the Settlement Class Members.

3.6 WHEREAS, certain members of the Settlement Class signed a Release Benefit Agreement or a Revised Release Benefit Agreement, and/or received payments in exchange for a general release of all claims against Defendants, whether known or unknown, including claims beyond those alleged in this Action.

3.7 WHEREAS, Named Plaintiff conducted extensive discovery, including depositions, related to class issues.

3.8 WHEREAS, the Parties agreed to mediate the Action with professional neutral, Kim Deck, Esq. of Judicate West, on January 12, 2023.

3.9 WHEREAS, prior to the mediation of January 12, 2023, Class Counsel obtained, through formal and informal discovery, employee data such as wage statements, pay stubs, payroll data in electronic format, timesheets, time data in electronic format, and the like, for each Class Member, and retained an expert to analyze the employee data in advance of mediation.

3.10 WHEREAS, on January 12, 2023, the Parties participated in private mediation with Ms. Deck, who subsequently issued a mediator’s proposal that was accepted by all the Parties, the material terms of which are encompassed within this Settlement Agreement.

3.11 WHEREAS, a material term of the Settlement is that Named Plaintiff, in conjunction with a motion for Preliminary Approval, will seek leave to file a second amended complaint alleging a cause of action for declaratory relief invalidating the Release Benefit Agreements and the Revised Release Benefit Agreements signed by members of the Release Benefit Subclass.

3.12 WHEREAS, based on the documents and information gathered through discovery and investigation, and applicable law or extension thereof, Named Plaintiff and Class Counsel believe this Action is meritorious. Class Counsel have conducted a thorough investigation into the facts of this case and have diligently pursued an investigation of the claims against Defendants, as well as Defendants’ affirmative defenses, including the affirmative defense of waiver and release based on the Release Benefit

Agreements signed by certain Settlement Class Members. Based on Class Counsel's own independent investigation and evaluation, Class Counsel are of the opinion that the Settlement is fair, reasonable, and adequate and is in the best interests of the Settlement Class in light of all known facts and circumstances, including the complexity of the Action, the risk of significant delay, the risk that Defendants will continue their efforts to secure additional releases from the Settlement Class Members, the defenses that could be asserted by Defendants both to certification and on the merits, the risks and expense of trial, and appellate risk.

3.13 WHEREAS, Defendants and Defense Counsel have also investigated the facts surrounding Named Plaintiff's claims on behalf of themselves and the Settlement Class and have defended themselves from such claims. Defendants deny any liability or wrongdoing of any kind associated with Named Plaintiff's claims as alleged in the complaint, the first amended complaint, and the Operative Complaint, as defined in paragraph 2.40.

3.14 WHEREAS, Named Plaintiff has not filed her motion for class certification, and as such, the Court has not granted class certification in the Action.

3.15 WHEREAS, the entry of Final Judgment in this Action shall, as more specifically discussed herein, resolve all claims that were or reasonably could have been alleged in the Operative Complaint filed in this Action, with the exception of any claims that might be retained by Non-Participating Class Members in the Non-Release Benefit Subclass.

3.16 WHEREAS, the Court has jurisdiction over the Parties and the subject matter of the Action. The Court will have continuing jurisdiction over the terms and conditions of the Settlement Agreement, until all payments and obligation provided for herein have been fully performed.

3.17 WHEREAS, the Parties, Class Counsel, and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3.18 WHEREAS, the Parties, Class Counsel, and Defense Counsel agree to cooperate and take all steps necessary and appropriate to obtain preliminary and final approval of this Settlement, and to effectuate its terms.

3.19 WHEREAS, each of the foregoing Recitals are incorporated into the Settlement Agreement as if fully set forth in the body of the Settlement Agreement.

#### **4. THE OPERATIVE COMPLAINT**

4.1 Request For Leave To File A Second Amended Complaint. In conjunction with the motion for Preliminary Approval Order, Named Plaintiff will request the Court for leave to file a second amended complaint, which will become the Operative Complaint in the Action for purposes of Final Approval only, defining the "Settlement Class" to include all current and former non-exempt employees who work or worked for any of the Defendants at any Shoreline Treatment Center facility in California during the Class Period, and includes the Non-Release Benefit Subclass and the Release Benefit Subclass, and the "Class Period" defined as the period from December 10, 2016 through March 10, 2023.

4.1.1 The Operative Complaint shall allege a cause of action for declaratory relief on behalf of the Release Benefit Subclass invalidating the Release Benefit Agreements and Revised Release Benefit Agreements signed by the Settlement Class.

4.1.2 In conjunction with the motion for Preliminary Approval Order, Named Plaintiff will request the dismissal of Defendant 108 Roycroft, LLC, without prejudice.

4.1.3 Defendants shall not be required to file an answer or other responsive pleading to

the Operative Complaint, and Named Plaintiff agrees that no default shall be taken, nor shall there be any other pleadings filed without mutual consent of the Parties, or unless required by the Court.

## **5. SETTLEMENT FUNDING AND ALLOCATION**

5.1. Gross Settlement Amount. Except as otherwise provided in paragraphs 5.6 and 5.7 of this Settlement Agreement, and subject to Court approval, in consideration for the releases provided in section 9 of this Settlement Agreement, Defendants agree to pay the Settlement Fund of \$500,000, which aggregated with the Aggregate Release Benefit Amount of \$173,661 Defendants already paid to the members of the Release Benefit Subclass shall constitute the Gross Settlement Amount of \$673,661.

5.2. Funding. No later than fifteen (15) days after Final Approval, Defendants shall transmit by wire or electronic transfer, the Settlement Fund of \$500,000 to a QSF titled in the name “Shoreline Treatment Center Wage and Hour Settlement Fund,” which shall be created and maintained by the Administrator.

5.3. Payments from the Settlement Fund. The Administrator will make and deduct the following payments from the Settlement Fund in the amounts specified by the Court in the Final Approval Order:

5.3.1. For PAGA Penalties. From the Settlement Fund, a payment of \$25,000 shall be allocated for PAGA Penalties. In connection with the Court’s review and approval of the Settlement, the Parties shall notify the LWDA of the existence of the Settlement Agreement. Should the LWDA object to the amount of this PAGA allocation, the Parties agree to work together in good faith to negotiate the amount of PAGA Penalties until the Parties are notified by the LWDA that the updated PAGA allocation is sufficient. If the Court approves the PAGA Allocation in an amount less than the amount requested, the Administrator shall allocate the remainder to the Net Settlement Amount.

5.3.1.1. Payment to LWDA. From the PAGA Allocation of PAGA Penalties, 75% (i.e., \$18,750) shall be paid to the LWDA, which represents the LWDA PAGA Payment, within thirty (30) days the Administrator’s receipt of the Settlement Fund.

5.3.1.2. Payment to Aggrieved Employees. From the PAGA Allocation of PAGA Penalties, 25% (i.e., \$6,250) shall be paid to PAGA Group, from which each Aggrieved Employee (including Non-Participating Class Members who are Aggrieved Employees) shall receive his or her Individual PAGA Payment, within thirty (30) days the Administrator’s receipt of the Settlement Fund. The Individual PAGA Payment shall be calculated by dividing \$6,250 by the total number of Aggrieved Employees in the PAGA Group and multiplying the result by the number of PAGA Pay Period the Aggrieved Employee worked within the PAGA Period. The Administrator shall report the Individual PAGA Payments on IRS 1099 Forms. If the Court approves the Individual PAGA Payment in an amount less than the amount requested, the Administrator shall allocate the remainder to the Net Settlement Amount.

5.3.2. To The Administrator. From the Settlement Fund, the Administration Expenses Payment to the Administrator not to exceed \$13,000. If the expense of administering the Settlement is less than \$13,000, the Administrator will allocate the reminder to Net Settlement Amount for distribution to Participating Class Members.

5.3.3. To The Named Plaintiff. From the Settlement Fund, Named Plaintiff, or Class Counsel acting on behalf of Named Plaintiff, may seek from the Court a Named Plaintiff Service Payment not to exceed \$15,000, for serving as Named Plaintiff. This amount is in addition to any pro rata recovery to which Named Plaintiff may be entitled from the Net Settlement Amount and shall be reported on an

IRS 1099 basis. Defendants agree not to oppose this request by Named Plaintiff or by Class Counsel on Named Plaintiff's behalf.

5.3.3.1. The Parties agree that the Court's approval, modification, or denial of any request for the Named Plaintiff Service Payment is not a condition to this Settlement Agreement and is to be considered by the Court separately from the fairness, reasonableness, adequacy, and good faith of the Settlement.

5.3.3.2. Any order or proceeding relating to the application by Named Plaintiff, or Class Counsel acting on behalf of Named Plaintiff, for the Named Plaintiff Service Payment shall not operate to terminate or modify this Settlement Agreement. If the Court approves the Named Plaintiff Service Payment in an amount less than the amount requested, the Administrator shall allocate the remainder to the Net Settlement Amount.

5.3.4. To Class Counsel. From the Settlement Fund, Class Counsel will move the Court for payment of the Settlement Fund Fee Payment as set forth in paragraph 8.1, in addition to a Class Counsel Expense Payment of up to \$45,000. Defendants agree not to oppose these requests or applications by Class Counsel.

5.3.4.1. The Parties agree that the Court's approval, modification, or denial of any request for the Settlement Fund Fee Payment and/or Class Counsel Expenses Payment is not a condition to this Settlement Agreement and is to be considered by the Court separately from the fairness, reasonableness, adequacy, and good faith of the Settlement.

5.3.4.2. Any order or proceeding relating to the application by Class Counsel for an award of attorneys' fees and costs shall not operate to terminate or modify this Settlement Agreement. If the Court approves the Settlement Fund Fee Payment and/or Class Counsel Expenses Payment in an amount less than amount requested, the Administrator shall allocate the remainder to the Net Settlement Amount.

5.4. Net Settlement Amount Payments to Each Participating Class Member. The Net Settlement Amount represents the balance of the Settlement Fund, as defined in paragraph 2.58, which shall be paid to Participating Class Members within thirty (30) days of the Administrator's receipt of the Settlement Fund. Each Individual Class Payment shall be calculated by dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class during the Class Period and multiplying the result by each Participating Class Member's Workweeks. For each Participating Class Member who is a member of the Release Benefit Subclass, his or her Individual Class Payment shall be offset by the amount he or she received from the Aggregate Release Benefit Amount (i.e., each Release Benefit Subclass member's Individual Class Payment will be reduced by the amount each member of the Release Benefit Subclass has already been paid from the Aggregate Release Benefit Amount) and any outstanding amount due shall be capped at \$70, with the remainder reverting to the Net Settlement Amount for distribution the Participating Class Members within the Non-Release Benefit Subclass to be distributed on a pro rata basis.

5.4.1. The Parties agree that the Individual Class Payment shall be allocated 1/3 (i.e., 33.33%) as unpaid wages and reported on an IRS W-2 basis, and 2/3 (i.e., 66.67%) as penalties and interest to be reported on an IRS 1099 basis.

5.4.2. Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive an Individual Class Payment. The Administrator shall retain amounts equal to each Non-Participating Class Member's Individual Class

Payment in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis. Any additional recovery for Participating Class Members under this paragraph shall be determined by the Administrator before Individual Class Payments are paid and shall be included within each Participating Class Member's Individual Class Payment.

5.5. Non-Reversionary. The Gross Settlement Amount, Settlement Fund, or the Net Settlement Amount shall not revert to Defendants.

5.6. Class Size, Workweeks, and Aggrieved Employee Pay Periods. Based on a review of their records to date, Defendants estimate there are 186 Class members who collectively worked a total of approximately 5,488 Workweeks, and 158 Aggrieved Employees who worked a total of 2,167 PAGA Pay Periods.

5.7. Escalator Clause. If the number of total Workweeks and/or Pay Periods worked by the Class is more than 10% greater than 5,400 (i.e., if there are 5,941 or more Workweeks worked by the Class), Defendants agree to increase the Settlement Fund on a proportional basis (i.e., if there was a 12% increase in the number of workweeks worked by the Class, Defendants agrees to increase the Settlement Fund by 2%). If the number of Class Members is more than 10% of this figure (i.e., if there are 195 or more members in Class), Defendants agree to increase the Settlement Fund on a proportional basis (i.e., if there was a 12% increase in the number of workweeks worked by the Class, Defendants would agree to increase the Settlement Fund by 2%).

5.8. Delivery of Class Data. No later than fifteen (15) days after the Court grants Preliminary Approval of the Settlement, Defendants will deliver the Class Data to the Administrator, in the form of a Microsoft Excel Spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Settlement Agreement. Defendants will have a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted Class Member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible, but no later than five (5) days after the discovery of their omission(s), to the Administrator. Without any extension of the deadline by which Defendants must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use their best efforts, in good faith, to resolve any issues related to missing or omitted Class Data.

## **6. DECLARATORY RELIEF**

6.1. Invalidation Of Signed Release Benefit Agreements And Revised Release Benefit Agreements. For all Participating Class Members who are members of the Release Benefit Subclass, declaratory relief shall issue upon Final Approval invalidating each Release Benefit Agreement and each Revised Release Benefit signed by each Participating Class Member from the Release Benefit Subclass. Participating Class Members who are in the Release Benefit Subclass shall be bound by the releases set forth in paragraphs 9.1.3 and 9.1.4. The issuance of declaratory relief as set forth herein is conditional upon the Court granting Final Approval of the Settlement Agreement.

6.1.1. Individuals who signed individual settlement agreements during the Class Period that were separately and independently negotiated by counsel, shall not be considered a Release Benefit Agreement or Revised Release Benefit Agreement (as defined in paragraphs 2.52 and 2.55, respectively) and shall not be included in the Release Benefit Subclass and their individual settlement agreements shall not be invalidated, but they will still remain members of the Settlement Class and considered Aggrieved

Employees. The individuals who signed individual settlement agreements during the Class Period that were separately and independently negotiated by counsel, shall each be considered a Non-Participating Class Member.

6.1.2. Defendants represent and warrant that only two (2) Settlement Class Members signed individual settlement agreements that were independently negotiated by their own counsel, and further represent and warrant that they will not solicit additional individual settlement agreements from the remaining members of the Settlement Class.

## **7. CERTIFICATION OF THE CLASS FOR SETTLEMENT PURPOSES**

7.1 The Parties agree that, if this Settlement is approved, certification of the Class is a conditional certification for settlement purposes only. If, for any reason, the Court does not grant final approval of the Settlement as negotiated by the Parties, or if Final Approval of the Settlement as negotiated by the Parties is not given following the appeal of any order by the Court, or if for any reason the Effective Date does not occur, the certification of the Class shall be deemed null and void without further action by the Court or any of the Parties, and the second amended complaint shall be stricken, as articulated in paragraph 15.2 below. In such circumstances, each Party shall retain all of their respective rights and shall be returned to their respective legal positions prior to the execution of this Settlement Agreement. Neither this Settlement Agreement nor any of its accompanying exhibits nor any orders entered by the Court in connection with this Settlement Agreement shall be admissible or used for any purpose in this Action or any other legal proceeding, except for enforcement of the same.

## **8. CLASS COUNSEL FEE PAYMENT**

8.1 Fee Payment From The Settlement Fund. Class Counsel will seek Court approval of a Settlement Fund Fee Payment of \$175,000.00 (i.e., 35% of the Settlement Fund) in attorneys' fees to be paid from the Settlement Fund as indicated in paragraph 5.3.4. Defendants agree not to oppose this application for the Settlement Fund Fee Payment.

8.2 Direct Fee Payment By The Defendants. In addition to the Settlement Fund Fee Payment, and in recognition that the payments made in exchange for the execution of the Release Benefit Agreements and Revised Release Benefit Agreements signed by Settlement Class Members were inspired by this Action, Class Counsel will seek Court Approval of a Direct Fee Payment of \$60,781.35 (i.e., 35% of the Aggregate Release Benefit Amount), to be paid by Defendants no later than fifteen (15) days after Final Approval.

8.2.1 The Parties understand and acknowledge that the purpose of the Direct Fee Payment is to help prevent the Non-Release Benefit Subclass from having to bear the entire cost of attorneys' fees, thereby minimizing the amount of fee deduction from the Settlement Fund by \$60,781.35. Defendants agree not to oppose this application for the Direct Fee Payment.

## **9. RELEASE OF CLAIMS**

9.1 Effective on the date when Defendants transmit the Settlement Fund to the Administrator and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Named Plaintiff, Class Members, and Class Counsel will release all claims against all Releasees, as follows:

9.1.1 Named Plaintiff's Release. Named Plaintiff and her respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns release and discharge Defendants and all of their former and/or present parents, subsidiaries, and affiliates and each of their respective officers, directors, managers, owners, executives, partners, employees, shareholders, agents, attorneys, and any other successors, predecessors, assigns, or legal representatives (collectively,

“Releasees”), from all claims arising out of or related to Named Plaintiff’s employment with any of the Defendants, including but not limited to the claims alleged in the Action, as well as any potential claims which could have been alleged in the Action based on the facts asserted in the Action or which are reasonably related to the claims in the Action, arising during the Class Period, including state wage and hour claims, claims for wages, fees, overtime, double time, minimum wage, on-duty meal periods, off-duty meal periods, off-duty rest periods, meal break penalties, rest break penalties, timely payment violations, accurate and complete wage statements violations, failure to furnish employee file and payroll records, and wages and all claims under the PAGA based on the foregoing. This release includes but is not limited to claims alleging violations of Labor Code §§ 201, 201.3, 202, 203, 204, 210, 212, 218.5, 218.6, 226, 226.3, and 226.7, *et seq.*; Labor Code §§ 510, 512, 558, *et seq.*; Labor Code §§ 1194, 1197.1, 1198, 1198.5, 1199, *et seq.*; Labor Code §§ 2698 *et seq.* (i.e., any PAGA claims); sections 3, 9, 11, and 12 of the applicable IWC Wage Order; 8 Cal. Code Regs. §§ 2, 3, 9881, 9881.1, 11050, *et seq.*; Bus. & Profs. Code § 17200-05, *et seq.*; and interest/costs pursuant to Civ. Code § 3289 and Code Civ. Proc. §§ 1021.5, and 1032. Named Plaintiff’s Release does not extend to any claims or actions to enforce this Settlement Agreement, or to any claims for vested benefits, workers’ compensation benefits that arose at any time, or based on occurrences outside of the Class Period. Named Plaintiff acknowledges that she may discover facts or law different from, or in addition to, the facts and law that Named Plaintiff now knows or believes to be true but agrees, nonetheless, that Named Plaintiff’s Release shall be and remain effective in all respects, notwithstanding such different or additional facts or the Named Plaintiff’s discovery of them.

9.1.2 Named Plaintiff’s Waiver of Rights Under Section 1542 of the California Civil Code. For the purposes of Named Plaintiff’s Release, Named Plaintiff expressly waives and relinquishes the provisions, rights, and benefits of section 1542 of the California Civil Code, which provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

9.1.1. Release by Participating Class Members. All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Releasees from the claims alleged in the Action, as well as any potential or reasonably related claims that could have been alleged in the Action based on the facts asserted in the Action arising during the Class Period, including state wage and hour claims, claims for wages, fees, over time, double time, minimum wage, on-duty meal periods, off-duty meal periods, off-duty rest periods, meal break penalties, rest break penalties, timely payment violations, accurate and complete wage statements violations, failure to furnish employee file and payroll records, and wages and all claims under the PAGA based on the foregoing. This release includes but is not limited to claims alleging violations of Labor Code §§ 201, 201.3, 202, 203, 204, 210, 212, 218.5, 218.6, 226, 226.3, and 226.7, *et seq.*; Labor Code §§ 510, 512, 558, *et seq.*; Labor Code §§ 1194, 1197.1, 1198, 1198.5, 1199, *et seq.*; Labor Code §§ 2698 *et seq.* (i.e. any PAGA claims); sections 3, 9, 11, and 12 of the applicable IWC Wage Order; 8 Cal. Code Regs. §§ 2, 3, 9881, 9881.1, 11050, *et seq.*; Bus. & Profs. Code § 17200-05, *et*

seq.; and interest/costs pursuant to Civ. Code § 3289 and Code Civ. Proc. §§ 1021.5, and 1032. Except as further provided in paragraph 9.1.4 of this Settlement Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

9.1.2. Release of PAGA Claims by Aggrieved Employees. All Aggrieved Employees, including Non-Participating Class Members, are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Releasees from all claims for PAGA Penalties that were alleged, or reasonably could have been alleged, during the PAGA Period based on facts stated in the Operative Complaint and the PAGA Notice.

## **10. EXCLUSIONS, OBJECTIONS, CHALLENGES, BINDING EFFECT, AND UNCASHED CHECKS**

### **10.1. Requests for Exclusions (Opt-Outs).**

10.1.1. Any Class member who wishes to opt-out of and be excluded from the Settlement must send the Administrator, by facsimile, electronic mail, or mail, a signed written Request for Exclusion by the Response Deadline, which is no later than sixty (60) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notices is re-mailed).

10.1.2. To be valid, the Request for Exclusion shall include: (a) the Class Member's name, address, and electronic mail address or telephone number; (b) a statement that the Class Member desires to exclude himself or herself from the Settlement; (c) the last four digits of the Class Member's social security number; and (d) must be timely faxed, electronically mailed, or postmarked, by the Response Deadline.

10.1.3. Every Class Member who does not submit a timely and valid Request for Exclusion (including those who submits a Deficient Request for Exclusion) shall be deemed to be a Participating Class Member under this Settlement Agreement, entitled to all benefits and shall be bound by all terms and conditions of the Settlement Agreement, including Participating Class Members' releases articulated in paragraphs 9.1.3 and 9.1.4 of this Settlement Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

10.1.4. Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in paragraphs 9.1.4 of this Agreement and are eligible for an Individual PAGA Payment.

### **10.2 Objections to the Settlement.**

10.2.1. Only Participating Class Members (i.e., Class Members who do not opt out) may object to the Settlement. A Class Member who wishes to object to the Settlement must submit to the Administrator a written brief or statement of objection. The objection must (1) state the full name of the Class Member; (2) be signed by that Class Member; (3) state the grounds for the objection; and (4) be postmarked by the Response Deadline and returned to the Administrator at the address specified on the Notice. The deadline for Class Members' written objection(s) shall be extended by an additional fourteen

(14) days beyond the Response Deadline for any Class Member whose Class Notice is re-mailed. The Administrator will inform the Class Member of the extended deadline within the re-mailed Class Notice.

10.2.2. Class Members shall be permitted to withdraw their objections in writing by submitting a withdrawal statement to the Administrator no later than one (1) business day before the Final Approval Hearing, or as otherwise ordered by the Court.

10.2.3. Any Class Members who fail to timely submit written objections pursuant to this section shall be deemed to have waived any objections and shall be foreclosed from filing any appeal from any Final Approval Order issued by this Court.

10.3. Challenging The Calculation of Workweeks. Each Class Member will have the opportunity, should he or she disagree with Defendants' records regarding the number of workweeks worked during the applicable Class Period and/or PAGA Pay Periods worked during the PAGA Period as stated in the Class Notice, to provide documentation and/or an explanation postmarked or to be received by the Administrator within forty-five (45) days of the mailing of the Class Notice in support of his or her claim of a different number of workweeks and/or PAGA pay periods. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks and PAGA Pay Periods contained in the Class Notice are correct so long as they are consistent with the Class Data. If there is a dispute related to the number of workweeks and/or PAGA pay periods, the Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or PAGA Pay Periods to Class Counsel and Defense Counsel will work in good faith to determine whether an adjustment is warranted. The Administrator's determination of each Class Member's allocation of Workweeks and/or PAGA Pay Periods shall be final and binding upon the Participating Class Member and the Parties and not appealable or otherwise susceptible to challenge.

10.3. Uncashed Checks/Escheat. Checks issued to Participating Class Members and/or Aggrieved Employees pursuant to this Settlement Agreement shall remain negotiable for a period of one hundred and eighty (180) days from the date of mailing. The Administrator shall void any checks not negotiated within one hundred eighty (180) calendar days from their issue, but this Settlement Agreement and the Releases provided herein will nonetheless be binding on the Participating Class Members and/or Aggrieved Employees as if they had negotiated the checks. Any unclaimed funds from any uncashed checks, plus any interest thereon, shall escheat to the California State Controller's Unclaimed Property Fund pursuant to the Unclaimed Property Law (CALIFORNIA CIVIL CODE § 1500, *et seq.*) in the names of the Participating Class Members and/or Aggrieved Employees who did not negotiate their respective Individual Class Payment and/or Individual PAGA Payment.

## **11. SETTLEMENT ADMINISTRATION**

11.1 The Parties have agreed to the appointment of CPT Group, Inc. to perform the duties of Administrator. As a condition of employment, the Administrator agrees to be bound by this Settlement Agreement and to perform, as a fiduciary, all duties specified in this Settlement Agreement in exchange for the Administration Expenses Payment. The Parties and their respective counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

11.2 Administrative Duties. The Administrator shall have a duty to perform or observe all administrative duties to be performed or observed by the Administrator contained in this Agreement as follows:

### 11.2.1 Notice to Class Members

11.2.1.1. No later than three (3) business days after the Administrator's receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, Aggrieved Employees, Workweeks, and Pay Periods in the Class Data.

11.2.1.2. No later than fifteen (15) days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via First-Class United States Postal Service ("USPS") mail, the Class Notice substantially in the form attached to this agreement as Exhibit A. The first page of the Class Notice shall estimate the dollar amounts of each Individual Class Payment and/or Individual PAGA Payment payable to each Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

11.2.1.3. No later than three (3) business days after the Administrator's receipt of any Class Notice returned by the USPS as undeliverable, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

11.2.2 Website, Email Address, and Toll-Free Number. The Administrator will establish, maintain, and use a static internet website to post information of interest to Class Members including the date, time, and location for the Final Approval Hearing, and copies of the Settlement Agreement; Motion for Preliminary Approval; the Preliminary Approval; the Class Notice; the Motion for Final Approval; the Motion for the Class Counsel Fees, Class Counsel Expenses Payment, and Named Plaintiff Service Payment; the Final Approval; and the Judgment.

11.2.3 Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion and objections to ascertain their validity. No later than five (5) days after the expiration of the Response Deadline, the Administrator shall electronically mail to Class Counsel and Defense Counsel a list containing the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion (the "Exclusion List"), and a list containing the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion. The Administrator shall retain the originals of all opt-out letters (including postmarked envelopes) received and shall make copies of such opt-out letters to the Parties upon request.

11.2.4 Weekly Reports. The Administrator shall, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed and/or re-mailed, Class Notices returned undelivered, valid and authentic Requests for Exclusion received, Deficient Requests for Exclusion received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments (the "Weekly Report"). The Weekly Report shall include the Administrator's assessment of the validity of all Requests for Exclusion and objections and shall attach copies of all Requests for Exclusion and objections received, whether valid or invalid.

11.2.5 Administrator's Declaration and Final Reports.

11.2.5.1. Within ten (10) days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements, by employee identification number only, made under this

Settlement Agreement.

11.2.5.2. No later than fourteen (14) days before the date by which Named Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel a signed declaration suitable for filing in Court in which the Administrator attests to its due diligence and compliance with all obligations under this Settlement Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undeliverable, attempts to conduct a Class Member Address Search, the re-mailing of Class Notices, the total number of valid and authentic Requests for Exclusion from Settlement it received (which includes attaching the Exclusion List to the declaration), the total number of Deficient Requests for Exclusion it received, the number of written objections it received, and attesting to its disbursement of all payments required under this Settlement Agreement. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel shall be responsible for filing the Administrator's declaration(s) with the Court.

11.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund under United States Treasury Regulation section 1.468B-1.

11.3.1 The Administrator shall serve as Trustee of the Qualified Settlement Fund and shall act as a fiduciary with respect to the handling, management, and distribution of the Qualified Settlement Fund, including payment of valid claims and reporting as required for the account. The Administrator shall act in a manner necessary to qualify this fund as "Qualified Settlement Fund" under section 1.468B and to maintain such qualification.

11.3.2 The Administrator shall be responsible for filing tax returns for the Settlement Fund and paying from the Settlement Fund any taxes owed with respect to the Settlement Fund. The Administrator shall calculate and deduct required Class Member's share of withholdings and payroll taxes from each Individual Class Payment and/or Individual PAGA Payment prior to mailing each Individual Class Payment and/or Individual PAGA Payment. All taxes shall be paid out of the Settlement Fund, and the Administrator shall have and use its own Employer Identification Number for the purpose of providing reports to state and federal tax authorities.

11.3.3 Within thirty (30) days after the expiration date of the last-issued settlement check that Participating Class Members and/or Aggrieved Employees fail to negotiate within one hundred eighty (180) days, the Administrator shall provide to Class Counsel and Defense Counsel a declaration that it mailed the settlement checks to Participating Class Members and/or Aggrieved Employees, and if uncashed, that such amounts have been sent to the California State Controller's Unclaimed Property Fund pursuant to the Unclaimed Property Law (CALIFORNIA CIVIL CODE § 1500, *et seq.*) in the names of the Participating Class Members and/or Aggrieved Employees who did not negotiate Individual Class Payment and/or Individual PAGA Payment.

11.3.4 After all payments have been disbursed from the Qualified Settlement Fund, the Administrator shall dissolve the Qualified Settlement fund and file a return (SF-1120) with the IRS.

## **12. PRELIMINARY APPROVAL**

12.1 Motion for Preliminary Approval. Within twenty-five (25) days of full execution of this Settlement Agreement, Named Plaintiff will move the Court for a Preliminary Approval Order seeking (a) preliminary approval of this Settlement Agreement; (b) preliminary certification of the Action for settlement purposes; (c) appointment the Named Plaintiff and Class Counsel as adequate representatives

for the Class; (d) approval of the form and content for the proposed Notice to the Class; (e) an order directing mailing of the Notice to the Class; (f) appointment of the Administrator, approval of the Settlement Administration, and preliminary approval of the proposed Administrative Expenses Payment; (g) preliminary approval of the proposed Named Plaintiff Service Payment; (h) preliminary approval of the application for Class Counsel Fees and the Class Counsel Expenses Payment; (i) leave to file the Operative Complaint; (j) request the dismissal of 108 Roycroft, LLC, and (k) a date for the Final Approval Hearing along with a related briefing schedule (“Motion for Preliminary Approval”).

12.2 Duty to Cooperate. The Parties will work with one another in good faith and agree on the form of any proposed orders or notices to the Class and shall work in good faith to reasonably and promptly present the settlement to the Court for Preliminary Approval. Class Counsel will prepare the Motion for a Preliminary Approval, and will provide Defense Counsel with the opportunity to review the Motion for a Preliminary Approval and provide input at least five (5) days before it is filed. Defendants and Defense Counsel agree to not oppose the Motion for a Preliminary Approval so long as it complies with the terms of this Settlement Agreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Settlement Agreement, Class Counsel and Defense Counsel will work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Settlement Agreement and otherwise satisfy the Court’s concerns.

### **13. FINAL APPROVAL AND FINAL JUDGEMENT**

13.1 Motion For Final Approval. The Final Approval Hearing shall be held for the purpose of obtaining the Final Approval Order and entry of Judgment approving this Settlement Agreement and releasing the claims of the Participating Class Members, which shall be approximately twenty-five (25) calendar days, subject to the Court’s calendar, after the Response Deadline. Class Counsel will prepare the Motion for Final Approval, and provide Defense Counsel with the opportunity to review the Motion for Final Approval and provide input at least five (5) days before it is filed. Class Counsel shall filed the Motion for Final Approval sixteen (16) calendar days before the calendared Final Approval Hearing.

13.2 Response to Objections. Each Party retains the right to respond to any objections raised by any Participating Class Member, including the right to file responsive documents in Court no later than five (5) court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

13.3 Final Approval Order and Final Judgment. At the Final Approval Hearing, Named Plaintiff will request the Court to grant and enter a Final Approval as follows: (a) approving the Settlement, adjudging the terms thereof to be fair, reasonable and adequate, and directing consummation of its terms and provisions; (b) approving the Class Counsel Fees and the Class Counsel Expenses Payment; (c) approving the Named Plaintiff Service Payment; (d) approving the PAGA Penalties settlement and allocation; (e) approving Administration Expenses Payment; (f) dismissing the Action with prejudice; and (g) entering Final Judgment.

13.4 Notice. Notice of Final Judgment shall be posted on the Administrator’s website. Class Counsel shall give timely notice of the judgment to the LWDA under Labor Code section 2699(1)(3).

13.5 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of the releases provided in section 9), the Parties will expeditiously work together in good faith to address the Court’s concerns by revising the Settlement Agreement as necessary to obtain Final Approval. The Court’s decision to award less than the amounts requested for the Named Plaintiff Service Payment, Class Counsel Fees, Class Counsel Expenses Payment, and/or Administration Expenses Payment shall not

constitute a material change to the Settlement Agreement.

13.6 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (a) enforcing this Settlement Agreement and/or Judgment, (b) addressing settlement administration matters, and (c) addressing post-Judgment matters as permitted by law.

13.7 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Settlement Agreement, specifically including the Class Counsel Fees and Class Counsel Expenses Payment as set forth in this Settlement Agreement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Settlement Agreement, waive all rights to appeal from the Judgment, including all post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs, or appeals. If an objector appeals the Judgment, the Parties' obligations to perform under this Settlement Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

13.8 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material change to this Settlement Agreement (including, but not limited to, the scope of the release provided in section 9), this Settlement Agreement shall be null and void. The Parties shall nevertheless work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing—on a 50/50 basis—any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Named Plaintiff Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

#### **14. BREACH OF THIS AGREEMENT**

14.1 If, prior to entry of Judgment, a Party materially breaches this Settlement Agreement, the non-breaching party may either (1) terminate the Settlement and continue to prosecute or defend the action; or (2) request that the Court enter judgment pursuant to section 664.6 of the CODE OF CIVIL PROCEDURE. A reasonable variation from the deadlines contained herein shall not constitute a material breach, absent a finding from the Court to the contrary.

14.2 In the event of any breach of this Settlement Agreement or any action to enforce this Settlement Agreement, the prevailing party is entitled to attorneys' fees and costs in connection with such action.

#### **15. VOIDING THE AGREEMENT**

15.1 If 10% or more of the Non-Release Benefit Subclass elect to opt out of the settlement, Defendants may, at their election, rescind the settlement and all actions taken in their furtherance of it will be thereby null and void, Defendants may, at their election, rescind the settlement and all actions taken in its furtherance of it will be thereby null and void. Defendants must exercise this right of rescission, in writing, to Class Counsel, within thirty (30) calendar days after the Administrator sends the final Exclusion List to Defense Counsel. If the option to rescind is exercised, then Defendants shall be solely responsible for all costs of the claims administration accrued to that point.

15.2 In the event that the Court fails to grant final approval of the Settlement, or if the appropriate appellate court fails to approve the Settlement and the Parties have been unsuccessful in

addressing the Court or appellate court's concerns in good faith, as required by paragraph 13 herein or if the Settlement Agreement is otherwise voided, the Parties agree that: (a) the Settlement Agreement shall have no force and effect and the Parties shall be restored to their respective positions prior to entering into it, and no Party shall be bound by any of the terms of the Settlement Agreement, and the issuance of any declaratory relief as set forth herein shall be voided; (b) Defendants shall have no obligation to make any payments to the Settlement Class, the Settlement Administrator, the LWDA, Named Plaintiff or her counsel; (c) any preliminary approval order, final approval order or judgment, shall be vacated, and (d) the Second Amended Complaint shall be stricken rendering the first amended complaint the operative complaint.

## **16. AMENDED JUDGMENT**

16.1 If any amended judgment is required under section 334 of the CODE OF CIVIL PROCEDURE, the Parties will work together in good faith to jointly submit a proposed amended judgment.

## **17. MISCELLANEOUS PROVISIONS**

17.1. No Admission of Liability. This Settlement Agreement represents a compromise and settlement of disputed claims. Nothing in this Settlement Agreement is intended or should be construed as an admission by Defendants that any of the allegations in the Operative Complaint have merit or that Defendants have any liability for any claims asserted; nor should it be intended or construed as an admission by Named Plaintiff that Defendants' affirmative defenses in the Action have merit. The Parties agree that the class certification and representative treatment is for purposes of this Settlement Agreement only. If, for any reason the Court does not grant Preliminary Approval, Final Approval, or enter Judgment, Defendants reserve the right to contest certification of any class, and Defendants reserve all available affirmative defenses to the claims in the Action, and Named Plaintiff reserves the right to move for class certification and to contest Defendants' affirmative defenses. The Settlement, this Settlement Agreement, and the Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Settlement Agreement).

17.2 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, appeal from the Judgment, or to refrain from participating in the Settlement, directly or indirectly, through any means. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's obligations owed to Class Members.

17.3 Confidentiality. To the extent permitted by law, all agreements made, and orders entered into during the Action and in this Settlement Agreement relating to the confidentiality of information shall survive the execution of this Settlement Agreement.

17.4 Use and Return of Class Data. Information provided to Class Counsel pursuant to section 1152 of the EVIDENCE CODE, and all copies and summaries of the Class Data provided to Class Counsel by Defendants and Defense Counsel in connection with mediation, other settlement negotiations, or in connection with the Settlement, may be only used with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. No later than ninety (90) days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Named Plaintiff and/or Class Counsel shall destroy all papers and electronic versions of Class Data received from Defendants unless, prior to the Court's discharge of the Administrator's obligation, Defendant makes a written request to

Class Counsel for the return, rather than the destructions, of Class Data.

17.5 Cooperation. The Parties and their counsel shall cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence, and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Settlement Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

17.6 Headings. The descriptive heading of any section or paragraph of this Settlement Agreement is inserted for convenience of reference only and does not constitute part of this Settlement Agreement.

17.7 Drafting. The Parties agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive arms-length negotiations between the Parties. Neither Party shall be considered the “drafter” of this Settlement Agreement for purposes of having terms construed against that Party, and this Settlement Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party or his, her, or its counsel participated in the drafting of this Settlement Agreement.

17.8 Extensions of Time. If a Party cannot reasonably comply with an obligation under this Settlement Agreement by the deadline(s) applicable to such obligation as set forth herein, that Party may apply to the Court for a reasonable extension of time to fulfill that obligation. Consent to such a request shall not be unreasonably withheld by the other Party.

17.9 Modifications of the Settlement Agreement. This Settlement Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all the Parties or their representatives, and approved by the Court.

17.10 Governing Law. The rights and obligations of the Parties herein shall be construed and enforced in accordance with, and shall be governed by, the law of the State of California, without regard to the principles of conflict of laws.

17.11 No Impact on Benefit Plans. Neither the Settlement nor any amounts paid under the Settlement will modify any previously credited hours or service under any employee benefit plan, policy, or bonus program sponsored by Releasees. Such amounts will not form the basis for additional contributions to, benefits under, or any other monetary entitlements under Releasees’ sponsored benefit plans, policies, or bonus programs. The payments made under the terms of this Settlement shall not be applied retroactively, currently, or on a going forward basis, as salary, earnings, wages, or any other form of compensation for purposes of any Releasees’ benefit plan, policy, or bonus program. Releasees retain the right to modify the language of Releasees’ benefit plans, policies, and bonus programs to effect this intent, and to make clear that any amounts paid pursuant to this Settlement are not for “hours worked,” “hours paid,” “hours of service,” or any similar measuring term as defined by applicable plans, policies, and bonus programs for purposes of eligibility, vesting, benefit accrual, or any other purpose, and that additional contributions or benefits not required by this Settlement.

17.12 Integration. This Settlement Agreement, along with the attached exhibits, contains the entire agreement between the Parties relating to the Settlement. All prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a Party or by such Party’s counsel, are merged herein. No rights herein may be waived except for in writing.

17.13 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Named Plaintiff and Defendants, respectively, 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 reasonably required to effectuate the terms of this Settlement Agreement including any amendments to this Settlement Agreement.

17.14 Parties' Authority. The respective signatories to this Settlement Agreement each represent that they are fully authorized to enter into this Settlement and bind the respective Parties to its terms and conditions.

17.15 No Prior Assignments. The Parties hereto 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 rights herein released and discharged as set forth herein.

17.16 Binding on Successors. This Settlement Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, and successors.

17.17 No Tax Advice. Neither Named Plaintiff, Class Counsel, Defendants, nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of the United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

17.18 Notices. All notices, demands, or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by electronic mail or messenger, addressed as follows:

| <i><b>Class Counsel For Plaintiff<br/>Carrie Prodromides and the Settlement Class</b></i>                                                                                                                                                                                                                      | <i><b>Counsel For Defendants</b></i>                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rolando J. Gutierrez, Esq.<br><i>rgutierrez@brownwhitelaw.com</i><br>Nicholas L. Ramirez, Esq.<br><i>nramirez@brownwhitelaw.com</i><br><b>BROWN WHITE &amp; OSBORN LLP</b><br>333 South Hope Street, 40 <sup>th</sup> Floor<br>Los Angeles, California 90071-1406<br>Tel: (213) 613-0500   Fax: (213) 613-0550 | Karina B. Sterman, Esq.<br><i>ksterman@greenbergglusker.com</i><br>James W. Hill, Esq.<br><i>jhill@greenbergglusker.com</i><br><b>GREENBERG GLUSKER FIELDS CLAMAN &amp; MACHTINGER, LLP</b><br>2049 Century Park East, Suite 2600<br>Los Angeles, California 90076<br>Tel: (310) 553-3610   Fax: (310) 553-0687 |

17.19. Stay of Action. The Parties agree that upon the execution of this Agreement, the Action shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to section 583.330 of the Code of Civil Procedure, to extend the date to bring a case to trial under section 583.310 of the Code of Civil Procedure for the entire period of the settlement process.

17.20. Class Member Signatories. It is agreed that because the members of the Class are so numerous, it is impossible or impractical to have each member of the Class execute this Settlement

Agreement. The Class Notice attached hereto will advise all Class Members of the binding nature of the release and such shall have the same force and effect as if this Settlement Agreement were executed by each member of the Class.

17.21. Counterparts. This Settlement Agreement may be executed in one or more counterparts by facsimile, electronically (e.g., DocuSign), or email, which for purposes of this Settlement Agreement shall be accepted as original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Settlement Agreement.

CARRIE PRODROMIDES

DATED: \_\_\_\_\_

By: \_\_\_\_\_

RACHEL LEVI

DATED: \_\_\_\_\_

By: \_\_\_\_\_

108 ROYCROFT, LLC

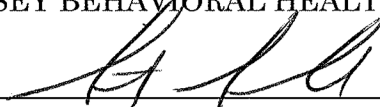
DATED: \_\_\_\_\_

By: \_\_\_\_\_

Name: Rachel Levi  
Title: CEO

ODYSSEY BEHAVIORAL HEALTHCARE, LLC

DATED: 9/13/23

By:  \_\_\_\_\_

Name: Scott Sarnacke  
Title: CFO

SHORELINE TREATMENT CENTER, LLC,  
FKA SHORELINE TREATMENT CENTER, INC.

DATED: 9/13/23

By:  \_\_\_\_\_

Name: Scott Sarnacke  
Title: Treasurer

Agreement. The Class Notice attached hereto will advise all Class Members of the binding nature of the release and such shall have the same force and effect as if this Settlement Agreement were executed by each member of the Class.

17.21. Counterparts. This Settlement Agreement may be executed in one or more counterparts by facsimile, electronically (e.g., DocuSign), or email, which for purposes of this Settlement Agreement shall be accepted as original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Settlement Agreement.

DATED: Sep 13, 2023

CARRIE PRODROMIDES

By: *Carrie Prodromides*  
Carrie Prodromides (Sep 13, 2023 13:08 PDT)

DATED: 9/12/2023

RACHEL LEVI

By: *Rachel Levi*

9/12/2023  
DATED: \_\_\_\_\_

108 ROYCROFT, LLC

By: *Rachel Levi*  
Name: Rachel Levi  
Title: CEO

DATED: \_\_\_\_\_

ODYSSEY BEHAVIORAL HEALTHCARE, LLC

By: \_\_\_\_\_  
Name: Scott Sarnacke  
Title: CFO

DATED: \_\_\_\_\_

SHORELINE TREATMENT CENTER, LLC,  
FKA SHORELINE TREATMENT CENTER, INC.

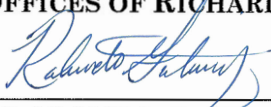
By: \_\_\_\_\_  
Name: Scott Sarnacke  
Title: Treasurer

APPROVED AS TO FORM:

DATED: 9/13/2023

**BROWN WHITE & OSBORN, LLP**  
**LAW OFFICES OF RICHARD KIM, PC**

By: \_\_\_\_\_

  
ROLANDO J. GUTIERREZ  
NICHOLAS L. RAMIREZ  
RICHARD KIM  
*Attorneys for Carrie Prodromides*

DATED: 09/13/2023

**GREENBERG GLUSKER FIELDS**  
**CLAMAN & MACHTINGER, LLP**

By: \_\_\_\_\_

  
KARINA B. STERMAN  
JAMES W. HILL  
*Attorneys for Defendants*

# STC - Class Settlement (Defs Signed) (4937917.1)

Final Audit Report

2023-09-13

|                 |                                             |
|-----------------|---------------------------------------------|
| Created:        | 2023-09-13                                  |
| By:             | Nathan Seong (nseong@richkimlaw.com)        |
| Status:         | Signed                                      |
| Transaction ID: | CBJCHBCAABAARRNunrKCxDz41QKP3AcGwfNxNt_52tF |

## "STC - Class Settlement (Defs Signed)(4937917.1)" History

-  Document created by Nathan Seong (nseong@richkimlaw.com)  
2023-09-13 - 7:13:39 PM GMT
-  Document emailed to carrieprodro@yahoo.com for signature  
2023-09-13 - 7:13:57 PM GMT
-  Email viewed by carrieprodro@yahoo.com  
2023-09-13 - 7:56:48 PM GMT
-  Signer carrieprodro@yahoo.com entered name at signing as Carrie Prodromides  
2023-09-13 - 8:08:21 PM GMT
-  Document e-signed by Carrie Prodromides (carrieprodro@yahoo.com)  
Signature Date: 2023-09-13 - 8:08:23 PM GMT - Time Source: server
-  Agreement completed.  
2023-09-13 - 8:08:23 PM GMT