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KRYSTAL THOMAS
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16
17 SUPERIOR COURT OF CALIFORNIA

18 COUNTY OF SAN BERNARDINO

19 KRYSTAL THOMAS, on behalf of herself)
and as an "aggrieved employee" on behalf of)
20 other "aggrieved employees" under the Labor)
Code Private Attorneys General Act of 2004,)

21 *Plaintiff(s),*)

22 vs.)

23 CHOICE PHYSICIANS NETWORK, INC., a)
24 California corporation; DESERT)
PHYSICIANS MANAGEMENT, LLC, a)
25 California corporation, and DOES 1 through)
50, inclusive,)

26 *Defendant(s).*)
27
28

CASE NO. CIVDS2013964

**PAGA SETTLEMENT
AGREEMENT AND RELEASE**

Action filed: 06/25/2020
Department: S-26, Hon. David Cohn

Gordon Rees Scully Mansukhani, LLP
3 Park Center Drive, Suite 200
Sacramento, CA 95825

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PAGA SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (hereinafter "Settlement" or "Agreement") is made and entered into by and between Plaintiff KRYSTAL THOMAS ("Plaintiff"), as an individual and as a private attorney general on behalf of the State of California pursuant to Labor Code section 2698 *et. seq.*, the Private Attorneys General Act ("PAGA"), on the one hand, and Defendants DESERT PHYSICIANS MANAGEMENT, LLC and CHOICE PHYSICIANS NETWORK, INC. ("Defendants"), on the other hand. Plaintiff and Defendants are collectively referred to herein as "the Parties."

This Settlement shall be binding on Plaintiff and the PAGA Members (as defined below) and on Defendants, subject to the terms and conditions hereof and the approval of the Court.

I. NATURE OF THE ACTION

1. On or about June 5, 2020, Plaintiff transmitted a letter to the California Labor and Workforce Development Agency asserting that Defendants failed to comply with various provisions of the California Labor Code.

2. On June 20, 2020, Plaintiff filed a wage and hour class action complaint in the Superior Court of the State of California, County of San Bernardino, Case No. CIVDS2013964 entitled *Krystal Thomas v. Choice Physicians Network, Inc., Desert Physicians Management, LLC, and Manmohan Nayyar*, (the "Original Complaint"). The lawsuit was filed as a wage and hour class action on behalf of all hourly employees of Defendants and Manmohan Nayyar from June 25, 2016, through the present. The Original Complaint alleged six (6) causes of action: (1) Failure to Provide Rest Breaks; (2) Failure to Provide Meal Periods; (3) Failure to Pay All Wages Earned for All Hours Worked; (4) Failure to Indemnify; (5) Failure to Provide Accurate Written Wage Statements; (6) Waiting Time Penalties; and (7) Unfair Competition.

3. On August 4, 2020, Judge David S. Cohn issued an order staying the proceedings.

4. On September 14, 2020, Plaintiff requested that the Court dismiss Manmohan Nayyar without prejudice pursuant to Rule 3.770 of the California Rules of Court.

5. On September 22, 2020, Judge David S. Cohn dismissed Manmohan Nayyar without prejudice.

1 6. On October 7, 2020, Plaintiff filed a Request to Dismiss Class Allegations and
2 File First Amended Complaint pursuant to Rule 3.770 of the California Rules of Court, based on
3 an arbitration agreement with a class action waiver signed by Plaintiff on April 8, 2019.

4 7. On October 7, 2020, Plaintiff filed a proposed first amended complaint alleging a
5 single cause of action pursuant to the PAGA to enforce California wage-and-hour laws for: (1)
6 failure to pay all wages earned for all hours worked at the correct rates of pay; (2) failure to
7 provide all meal and rest periods; (3) failure to compensate at one hour's pay for each day in
8 which employees were not provided their rest breaks as required by law; (4) failure to
9 compensate at one hour's pay for each day in which employees were not provided their meal
10 periods; (5) failure to indemnify employees for their business expenses; (6) failure to provide
11 employees with accurate wage statements; (7) failure to timely pay employees all earned and
12 unpaid wages during their employment and at the time such employment ended..

13 8. On October 7, 2020, the Court signed an order granting Plaintiff's request for
14 dismissal of the class action allegations from Plaintiff's Initial Complaint without prejudice and
15 deemed the first amended complaint filed.

16 9. On October 19, 2020, the Court held an initial case management conference,
17 wherein the Court ordered that Defendants' responsive pleading to the first amended complaint
18 was not due until the Court set a deadline after mediation.

19 10. On April 12, 2021, the Court ordered that the stay remain in place and set a
20 further case management conference for June 11, 2021, at which time the Court set a hearing for
21 a Motion for Approval of PAGA Settlement on October 20, 2021.

22 11. On April 20, 2021, the Parties participated in mediation and agreed upon a
23 settlement. On or about September 22, 2021, Plaintiff transmitted a supplemental letter to the
24 California Labor and Workforce Development Agency asserting that Defendants failed to
25 comply with various provisions of the California Labor Code. On or about September 22, 2021,
26 the parties filed a Stipulation and [Proposed] Order for Leave to File Second Amended
27 Complaint and lodged the second amended complaint with the Court, requesting that the Court
28 enter an order deeming the second amended complaint filed ("Operative Complaint").

12. By entering into this Agreement, Defendants do not admit liability or wrongdoing of any kind.

II. REPRESENTATIONS AND DEFINITIONS

13. "PAGA Members" and "PAGA Member" as contemplated by Labor Code section 2699(c), are defined as all persons employed by Defendants in California as non-exempt hourly employees at any time from June 5, 2019, through the date of settlement, April 20, 2021.

14. The "Action" refers to the litigation entitled *Krystal Thomas v. Choice Physicians Network, Inc., Desert Physicians Management, LLC*, pending in the complex division of the San Bernardino County Superior Court before Judge David Cohn.

15. "PAGA Counsel" and "Plaintiff's Counsel" means Walter Haines of United Employees Law Group, and David G. Spivak and Maralle Messrelian of The Spivak Law Firm.

16. "Counsel for Defendants" and "Defense Counsel" or "Defendants' Counsel" mean Mark S. Posard and Allison Ross of Gordon Rees Scully Mansukhani, LLP.

17. "Covered Period" means the period from June 5, 2019, through the date of settlement, April 20, 2021.

18. "Court" as used herein refers to the San Bernardino County Superior Court.

19. "Settlement Administrator" shall refer to CPT Group, Inc.

20. "Covered Claims" means any and all claims, demands, rights, liabilities, and/or causes of action for PAGA penalties pursuant to Labor Code Section 2698 et seq. for violations of Labor Code sections 201-204, 212, 226, 226.3, 226.7, 510-512, 1174, 1175, 1194, 1194.2, 1197, 1197.1, 1198, 2802, 6720, and the applicable IWC Wage Orders.

21. "Eligible Pay Periods" means a PAGA Member's total number of pay periods during which he or she received a wage statement during the Covered Period for performing work for Defendants from June 5, 2019, through the date of settlement, April 20, 2021.

22. "Settlement" or "Stipulation" shall mean this Settlement Agreement and Release.

23. The "Effective Date" means the later of: (i) the date the Court has entered a Final Order and Judgment granting approval of the Settlement; (ii) five business days after the period for filing any motion in intervention, appeal, writ, or other appellate proceeding opposing or

1 seeking review of the Court's Final Order and Judgment has elapsed without any motion in
2 intervention, appeal, writ, or other appellate proceeding having been filed; or (iii) if an appeal,
3 motion in intervention or other judicial review has been taken or sought: (a) the date the Final
4 Judgment is finally affirmed by an appellate court with no possibility of subsequent appeal,
5 intervention or other judicial review therefrom; or (b) the date the appeal(s), intervention, or
6 other judicial review therefrom are finally dismissed with no possibility of subsequent appeal,
7 intervention or other judicial review; or (c) if remanded to the Court or to a lower appellate court
8 following an appeal or other review, the date the Final Judgment is entered by the Court after
9 remand and the time to appeal or seek permission to appeal or seek other judicial review of the
10 entry of that Final Judgment has expired with no further appeal, intervention or other judicial
11 review having been taken or sought. If further appeal is sought after a remand, the time periods
12 in this Subsection shall apply.

13 24. "Final Order and Judgment" means the order and judgment to be entered by the
14 Court upon granting approval of the Settlement and this Stipulation as binding upon the Parties
15 and PAGA Members.

16 25. "Individual PAGA Payment" means the amount payable under this Settlement to
17 each PAGA Member.

18 26. "LWDA" means the California Labor and Workforce Development Agency.

19 27. "PAGA" means the Labor Code Private Attorneys General Act of 2004,
20 California Labor Code §§ 2698, et seq.

21 28. "PAGA Counsel Fees and Costs" means reasonable attorneys' fees for PAGA
22 Counsel's litigation and resolution of the Action plus PAGA Counsel's expenses and costs
23 reasonably incurred in connection with the Action.

24 29. "PAGA Penalties" means the amount of the Settlement Fund which remains after
25 deducting all of the following from the Settlement Amount, in the amounts approved by the
26 Court: An award of reasonable attorneys' fees to PAGA Counsel; reimbursement of reasonable
27 litigation costs and expenses to PAGA Counsel; and the Settlement Administrator's costs of
28 administering the Settlement.

30. "PAGA Member Fund" means an amount that is equal to twenty-five percent (25%) of the total PAGA Penalties, which shall be available to be distributed to PAGA Members pursuant to Labor Code section 2699(i).

31. "PAGA Member List" means a list to be compiled by Defendants which contains each PAGA Member's: (1) name; (2) last known home address and telephone number; (3) number of Eligible Pay Periods during the Covered Period; and (4) Social Security number.

32. "PAGA Representative" means Plaintiff Krystal Thomas.

33. "Settlement Fund" refers to the sum of one hundred forty-nine thousand dollars (\$149,000.00), which Defendants have agreed to pay in order to resolve the Action, subject to approval by the Court. The Settlement Fund includes all Individual PAGA Payments to PAGA Members, the Settlement Administrator's costs of administering the settlement, the PAGA Counsel Fees and Costs, a General Release Payment for the named Plaintiff, and the PAGA payment to the LWDA.

III. RECITALS

34. Settlement Negotiations. On April 20, 2021, the Parties participated in a full-day of mediation with neutral Glenn Lerman, wherein Mr. Lerman brokered a successful Mediator's Proposal through which the Parties reached a settlement of the Action, the full terms and scope of which are further detailed in this Agreement. The Parties will seek approval of the settlement with the San Bernardino County Superior Court by means of a Motion for Approval of PAGA Settlement (the "Motion") on October 20, 2021.

35. Benefits of Settlement. Plaintiff and Plaintiff's Counsel recognize the expense and length of continued proceedings necessary to litigate the Action through trial and through any possible appeals. Plaintiff and Plaintiff's Counsel are also aware of the burdens of proof necessary to establish liability for the claims asserted in the Action, both generally and in response to Defendants' defenses, and the difficulties in establishing damages, penalties, and other relief sought in the Action, particularly in the context of ongoing social distancing and economic disruption caused by the pandemic. Based on the foregoing, Plaintiff and Plaintiff's Counsel have determined that the Settlement set forth in this Stipulation is fair, adequate, and

1 reasonable and is in the best interests of the PAGA Members.

2 36. Defendants on the other hand, contend that it complied with California law,
3 including and not limited to, maintaining policies, practices, and payment of wages in
4 compliance with California law. Defendants deny any liability or wrongdoing of any kind
5 associated with the claims alleged in the Action, and deny that they are subject to penalties under
6 the PAGA for the claims asserted in the Operative Complaint in this Action.

7 37. The Parties recognize that the issues presented in the Action are likely only to be
8 resolved with extensive and costly pretrial and trial proceedings, and that further litigation will
9 cause inconvenience, distraction, disruption, delay, and expense disproportionate to the potential
10 benefits of litigation. The Parties have taken into account the risk and uncertainty of the
11 outcome inherent in any litigation.

12 38. Neither the existence of this Settlement nor anything contained in this Settlement
13 shall be construed or deemed as an admission of liability, culpability, negligence, or wrongdoing
14 on the part of Defendants. Nothing herein shall constitute an admission by Defendants that the
15 Action was properly brought as a representative action other than for settlement purposes.
16 Settlement of the Action, the negotiation and execution of this Settlement, and all acts performed
17 or documents executed pursuant to or in furtherance of this Settlement or the settlement of the
18 Action: (a) are not, shall not be deemed to be, and may not be used as, an admission or evidence
19 of any wrongdoing or liability on the part of Defendants or of the truth of any of the factual
20 allegations in the complaints in the Action; (b) are not, shall not be deemed to be, and may not be
21 used as, an admission or evidence of any fault or omissions on the part of Defendants in any
22 civil, criminal, or administrative proceeding in any court, administrative agency, or other
23 tribunal; (c) are not, shall not be deemed to be, and may not be used as, an admission or evidence
24 of the appropriateness of these or similar claims for representative treatment, class certification,
25 or administration other than for purposes of administering this Settlement; and (d) shall not
26 constitute or be deemed a waiver of Defendants' right to compel arbitration of any individual
27 dispute with a PAGA Member.

28

1 IV. TERMS OF SETTLEMENT

2 39. In consideration of the mutual covenants, promises and representations set forth in
3 this Settlement, Plaintiff, on behalf of herself and on behalf of the PAGA Members, and
4 Defendants, hereby agrees to settle and compromise the Action and the Covered Claims, subject
5 to the terms and conditions set forth in this Settlement, and the approval of the Court, as follows:

6 40. Binding Settlement. This Settlement shall bind the Parties and all PAGA
7 Members, subject to the terms and conditions hereof and the Court's approval.

8 41. Funding and Allocation of the Settlement Fund. As consideration for the
9 settlement of the Action and the release(s) of claims described herein, Defendants agree to pay
10 the sum of one hundred forty-nine hundred thousand dollars (\$149,000.00) ("Settlement Fund"),
11 subject to approval of the Court. The entire Settlement Fund will be paid out pursuant to the
12 terms of this Stipulation, and no portion of the Settlement Fund will revert to Defendants or
13 result in an unpaid residue. If the Settlement is not finally approved by the Court in full, or is
14 terminated, rescinded, canceled or fails to become effective for any reason, or if the Effective
15 Date does not occur, then no portion of the Settlement Fund shall be paid. The Settlement Fund
16 will be allocated as follows:

17 (a) PAGA Counsel Fees and Costs: An award of attorneys'
18 fees to PAGA Counsel in an amount not to exceed Forty Nine
19 Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents
20 (\$49,666.67) or 1/3 of the Settlement Fund, plus reimbursement of
21 Plaintiff's Counsel's litigation costs and expenses reasonably
22 incurred in connection with the Action, in an amount not to exceed
23 Fifteen Thousand Dollars and No Cents (\$15,000.00);

24 (b) Settlement Administration Costs: The Settlement
25 Administrator's costs of administering the Settlement, including
26 but not limited to, mailing the Individual PAGA Payments to the
27 PAGA Members, in an amount not to exceed Six Thousand
28 Dollars and No Cents (\$6,000.00) to be paid to the Settlement
Administrator; and

(c) General Release Payment: A payment shall be paid to the
representative Plaintiff in an amount not to exceed Fifteen
Thousand Dollars and No Cents (\$15,000.00) for her release of any
and all individual claims.

(d) PAGA Penalties: The amount of the Settlement Fund which remains after deducting the amounts approved by the Court for items (a), (b), and (c) above, will be designated as PAGA Penalties. If the Court approves the allocations for items (a), (b), and (c) above as described herein, the total amount of the PAGA Penalties is currently estimated to be Sixty-Three Thousand Three Hundred Thirty Three Dollars and Thirty-Three Cents (\$63,333.33). Pursuant to Labor Code section 2699(i), 75% of the PAGA Penalties shall be paid to the LWDA, and the remaining 25% of the PAGA Penalties ("PAGA Member Fund") shall be paid to the PAGA Members on a *pro rata* basis, based upon their respective number of Eligible Pay Periods.

42. Individual PAGA Payments. PAGA Members shall not be required to submit a claim in order to receive a share of the PAGA Penalties. Each PAGA Member will be entitled to receive a *pro rata* share of the 25% portion of the PAGA Penalties allocated to be distributed to the PAGA Members (i.e., the PAGA Member Fund), based upon his or her number of Eligible Pay Periods during the Covered Period ("Individual PAGA Payment"). Each PAGA Member's Individual PAGA Payment shall be calculated by multiplying the amount of the PAGA Member Fund by the ratio of (a) the PAGA Member's individual number of Eligible Pay Periods ("Individual Pay Periods"), to (b) the aggregate number of Eligible Pay Periods worked by all PAGA Members ("Aggregate Pay Periods"), as follows: Individual PAGA Payment = PAGA Member Fund x [Individual Pay Periods ÷ Aggregate Pay Periods]. In determining each PAGA Member's number of Eligible Pay Periods, Defendants' data will be presumed to be correct, unless a PAGA Member proves otherwise by providing credible documentary evidence. All disputes concerning Eligible Pay Periods will be resolved and decided by the Settlement Administrator. The Settlement Administrator shall determine the eligibility for, and the amounts of, each Individual PAGA Payment under the terms of this Stipulation. The Settlement Administrator's determination of the eligibility for and amount of each Individual PAGA Payment shall be binding upon the PAGA Member and the Parties, yet subject to review by Plaintiff's Counsel, Defendants' Counsel and the Court. Checks for the Individual PAGA Payments shall be mailed to PAGA Members within thirty (30) business days of the Effective Date, pursuant to the procedures set forth in Section VI of this Stipulation.

43. Plaintiff's Counsel's Fees and Costs. Subject to Court approval, Plaintiff's

Counsel will seek an award of reasonable attorneys' fees in an amount not to exceed Forty Nine Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$49,666.67). In addition, Plaintiff's Counsel will also seek an award of litigation costs and expenses associated with Plaintiff's Counsel's prosecution of the Action in an amount not to exceed Fifteen Thousand Dollars and No Cents (\$15,000.00). In the event the Court awards Plaintiff's Counsel less than Forty Nine Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$49,666.67) in attorneys' fees, less than Fifteen Thousand Dollars and No Cents (\$15,000.00) in costs, and/or less than Fifteen Thousand Dollars and No Cents (\$15,000.00) in a General Release Payment, any unapproved amount(s) will become part of the PAGA Penalties to be distributed to the LWDA and PAGA Members pursuant to this Stipulation. Any award for attorneys' fees and costs awarded to Plaintiff's Counsel ("PAGA Counsel Fees and Costs") shall fully compensate and reimburse Plaintiff's Counsel for any and all of the work already performed in connection with the Action and all work remaining to be performed in fully and finally resolving the Action, including but not limited to securing Court approval of the settlement, appearing at hearings, making sure that the settlement is fairly and properly administered, defending the settlement in any motion in intervention, appeal or other post-approval matter, all other work that Plaintiff's Counsel has performed or will perform, and all costs that Plaintiff's Counsel has incurred or will incur. Payment for the Court approved Plaintiff's Counsel Fees and Costs shall be issued to Plaintiff's Counsel within ten (10) business days of the Effective Date. Plaintiff's Counsel will be solely and legally responsible to pay all applicable taxes on the Plaintiff's Counsel Fees and Costs. The Settlement Administrator will issue an IRS Form 1099 to Plaintiff's Counsel for the PAGA Fees and Costs. Plaintiff's Counsel will provide the Settlement Administrator with a completed IRS Form W-9 in order for the Settlement Administrator to process the Plaintiff's Counsel Fees and Costs. This Settlement is not conditioned upon the Court awarding Plaintiff's Counsel any particular amount of attorneys' fees or costs.

44. Tax Treatment of Individual PAGA Payments. With regard to the Individual PAGA Payments to the PAGA Members, IRS Form 1099s will be issued as legally appropriate. The Parties make no representations as to the tax treatment or legal effect of the payments

1 specified herein, and PAGA Members are not relying on any statement or representation by the
2 Parties, Plaintiff's Counsel or Defendants' Counsel in this regard. PAGA Members will be
3 responsible for the payment of all taxes and penalties assessed on the payments specified herein,
4 and shall hold the Parties, Releasees, Plaintiff's Counsel and Defense Counsel free and harmless
5 from and against any claims resulting from treatment of such payments as taxable or non-
6 taxable, including the treatment of such payments as subject to or not subject to withholding or
7 deduction for payroll and employment taxes. Defendants are not responsible for any PAGA
8 Member tax obligations regarding the allocation of the settlement payments.

9 45. Settlement Administration Costs. The settlement administration fees and
10 expenses, which are estimated not to exceed Six Thousand Dollars and No Cents (\$6,000.00),
11 shall be paid from the Settlement Fund. The Parties agree to cooperate in the Settlement
12 Administration process and to make all reasonable efforts to control and minimize Settlement
13 Administration Costs. The settlement administration costs shall be paid to the Settlement
14 Administrator within ten (10) calendar days after the Effective Date.

15 a. The Parties each represent they do not have any financial interest
16 in the Settlement Administrator or otherwise have a relationship
17 with the Settlement Administrator that could create a conflict of
18 interest.

19 b. The Settlement Administrator shall keep the Parties timely
20 apprised of the performance of all settlement administrator
21 responsibilities required by the Settlement. The Settlement
22 Administrator shall be authorized to establish a Qualified
23 Settlement Fund ("QSF") pursuant to IRS rules and regulations in
24 which the Settlement Fund shall be placed and from which
25 payments required by the Settlement shall be made.

26 46. Payment to the LWDA. 75% of the PAGA Penalties shall be paid by the
27 Settlement Administrator directly to the LWDA. The payment to the LWDA shall be made
28 within ten (10) business days after the Effective Date.

1 47. Circular 230 Disclaimer. The Parties acknowledge and agree that (1) no
2 provision of this Stipulation, and no written communication or disclosure between or among the
3 Parties, Plaintiff's Counsel or Defense Counsel and other advisers, is or was intended to be, nor
4 shall any such communication or disclosure constitute or be construed or be relied upon as, tax
5 advice within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10,
6 as amended); (2) the acknowledging party (a) has relied exclusively upon his, her, or its own,
7 independent legal and tax counsel for advice (including tax advice) in connection with this
8 Stipulation, (b) has not entered into this Stipulation based upon the recommendation of any other
9 party or any attorney or advisor to any other party, and (c) is not entitled to rely upon any
10 communication or disclosure by any attorney or advisor to any other party to avoid any tax
11 penalty that may be imposed on the acknowledging party; and (3) no attorney or advisor to any
12 other party has imposed any limitation that protects the confidentiality of any such attorney's or
13 adviser's tax strategies (regardless of whether such limitation is legally binding) upon disclosure
14 by the acknowledging party of the tax treatment or tax structure of any transaction, including any
15 transaction contemplated by this Stipulation.

16 48. In further consideration of the promises made by the Parties in this Agreement,
17 the Parties and Plaintiff's Counsel promise that until court approval has been secured, that they
18 will keep the amount of this settlement, the terms and contents of this Agreement and the
19 negotiations leading thereto, completely confidential, and that they will not publicize or disclose
20 (directly or indirectly) such information to any person, organization or entity, including but not
21 limited to current or former employees of Defendants and Releasees. The Parties may disclose
22 such information to their immediate family members, attorneys, and tax advisors, provided that
23 they each agree to keep this information confidential, or otherwise as required by law. This
24 provision is not intended to preclude the Parties from attaching this Agreement to any Approval
25 Stipulation or Motion to Confirm or otherwise disclosing the terms of this Agreement in any
26 court filing, including any Motion to Confirm seeking court approval of the PAGA Settlement
27 that is submitted to the Court.
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1 **IV. RELEASE**

2 49. Release By All PAGA Members. Upon the Effective Date, each PAGA Member
3 (including Plaintiff), shall, for the period from June 5, 2019, through the date of settlement, April
4 20, 2021 (i.e., the Covered Period), fully release and forever discharge Defendants and their
5 present and former parent companies, subsidiaries, divisions, shareholders, officers, directors,
6 employees, attorneys, insurers, successors, assigns of Defendants, including, but not limited to
7 Dr. Manmohan Nayyar (collectively, the "Releasees"), from the Covered Claims, and from any
8 and all claims, causes of action, damages, wages, benefits, expenses, penalties, interest, debts,
9 liabilities, demands, obligations, attorneys' fees, costs, and any other form of relief or remedy in
10 law, equity, or whatever kind or nature, that were pleaded or could arise out of the factual
11 allegations set forth in the Operative Complaint in the Action and arising at any time during the
12 Covered Period for civil penalties pursuant to Labor Code Section 2699 for violations of Labor
13 Code sections 201-204, 212, 226, 226.3, 226.7, 510-512, 1174, 1194, 1194.2, 1197, 1197.1,
14 1198, 2802, 6720, and the IWC Wage Orders. This Settlement upon the Effective Date causes
15 the automatic expiration of the Tolling Agreement signed by Counsel for Plaintiff on September
16 10, 2020, and by Dr. Manmohan Nayyar on September 14, 2020.

17 50. Release by Named Plaintiff: The Named Plaintiff herein agrees to release all of
18 her individual claims against Defendants and Releasees with the express intention of affecting
19 the legal consequences provided by section 1542 of the California Civil Code, that is, the
20 extinguishment of all of the obligations herein designated. The Named Plaintiff expressly
21 waives any and all rights and benefits conferred by the provisions of section 1542 of the
22 California Civil Code or by the statutes or common law of any jurisdiction that have
23 substantially the same effect as the provisions of said section 1542, which reads: "A GENERAL
24 RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING
25 PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE
26 TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER,
27 WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE
28 DEBTOR OR RELEASED PARTY." The Named Plaintiff assumes all risks attendant to the

1 claims which are unknown, unforeseen, or latent, and understand and acknowledge the
2 significance and consequences of such specific waiver of section 1542.

3 Plaintiff individually and on behalf of her successors, assigns, heirs, estates, executors,
4 administrators, agents, representatives, and attorneys, and each of them, voluntarily, irrevocably,
5 and unconditionally releases, acquits, and forever discharges Defendants, as well as any of their
6 predecessors, successors, and assigns, present and former parents, subsidiaries, related
7 companies, affiliates, investors, officers, members, board members, directors, trustees,
8 shareholders, employees, former employees, independent contractors, agents, representatives,
9 heirs, estates, executors, administrators, attorneys, ERISA plan administrators, insurers,
10 reinsurers (all hereinafter collectively referred to as "Releasees"), and each of them, from any
11 and all charges, complaints, claims, promises, agreements, controversies, suits, demands, costs,
12 losses, debts, actions, causes of action, damages, judgments, obligations, liabilities, and expenses
13 of whatever kind and character, known or unknown, suspected or unsuspected, including any
14 claims for attorneys' fees and costs, which Plaintiff now has, owns, holds, or claims to have,
15 own, or hold, or may have had, owned, or held, or may in the future claim to have, own, or hold
16 against the Releasees, or any of them, regarding events that have occurred in connection with
17 Plaintiff's employment with Defendants (or otherwise), including, without limitation, any and all
18 claims that have or could have been asserted against them, or any claims under the Americans
19 with Disabilities Act of 1990, the Family and Medical Leave Act of 1993, the Employee
20 Retirement Income Security Act of 1974, Civil Rights Act of 1991, the Fair Labor Standards
21 Act, Title VII of the Civil Rights Act of 1964, Sections 503 and 504 of the Rehabilitation Act of
22 1973, the Age Discrimination in Employment Act of 1967, as amended, the California
23 Government Code, the California Fair Employment and Housing Act, the California Family
24 Rights Act, the California Labor Code, any amendments to any of these statutes, and any other
25 federal, state, or local statute, ordinance, regulation, or common law, including any claims,
26 demands, and causes of action in the Action or which could have been asserted by Plaintiff in the
27 Action. Plaintiff hereby waives any right to assert a claim for any relief available under these
28 laws (including, but not limited to, back pay, front pay, attorneys' fees, damages, lost benefits,

1 reinstatement, overtime claims, penalties and/or other injunctive relief) that she might otherwise
2 recover based upon any alleged violation(s) of these acts, statutes, or the common law regarding
3 events that have occurred in connection with or related to Plaintiff's employment, or any acts of
4 the Releasees. Nothing in this Agreement interferes with Plaintiff's right to file a charge with
5 the Equal Employment Opportunity Commission ("EEOC") or Department of Fair Employment
6 and Housing ("DFEH"), or to participate in an investigation or proceeding conducted by the
7 EEOC or DFEH; however, Plaintiff agrees that she is releasing her right to recover any
8 individual relief of any kind whatsoever in connection with any such administrative action.

9 **V. APPROVAL OF STIPULATION**

10 51. The Parties recognize that in accordance with Labor Code Section 2699(l), Court
11 approval is required in the event of a settlement of a PAGA action on a representative basis.
12 However, as explained in *Arias v. Superior Court* (2009) 46 Cal.4th 969, the traditional
13 procedural rules for class actions are not applicable in the context of a PAGA action and
14 therefore the Parties need not obtain approval of a proposed PAGA settlement through a motion
15 for preliminary or final approval. Instead, in order to comply with the requirements of Labor
16 Code Section 2699(l), the Parties may submit a joint stipulation to the Court identifying the key
17 terms of this Settlement and Release agreement and requesting that the Court approve the
18 Settlement ("Approval Stipulation") or otherwise file a Motion to Confirm this Settlement.

19 52. This Settlement is contingent upon the approval by the Court. If the Court should
20 fail to approve this Settlement in the form agreed to by the Parties by Stipulation, the Parties
21 agree to coordinate efforts to address the Court's questions or concerns, which may include the
22 Parties' filing of a Motion to Confirm this Settlement or a Joint Stipulation for Approval of
23 Representative Action. If the Court ultimately denies either a Motion to Confirm or a Joint
24 Stipulation for Approval of Representative Action Settlement on material grounds that that the
25 Parties cannot resolve through further non-binding negotiations or address through non-material
26 modifications of this Agreement (except for the amounts allocated towards PAGA Counsel's
27 Fees and Costs), (i) this Settlement shall be considered null and void; (ii) neither this Settlement
28 nor any of the related negotiations or proceedings shall be of any force or effect; and (iii) all

Parties to this Settlement shall stand in the same position, without prejudice, as if the Settlement had been neither entered into nor filed with the Court. Invalidation of any material portion of this Settlement (except for the amounts allocated towards Plaintiff's Counsel's Fees and Costs, and/or the General Release Payment) shall invalidate this Settlement in its entirety, unless the Parties shall subsequently agree in writing that the remaining provisions shall remain in full force and effect.

VI. ADMINISTERING THE SETTLEMENT

53. Within fifteen (15) calendar days after the Effective Date of this Agreement, Defendants will send the PAGA Member List to the Settlement Administrator.

54. Within five (5) business days after the Effective Date of this Agreement, Defendants shall pay the Settlement Fund to the Settlement Administrator.

55. Within seven (7) calendar days after the Defendants provide the PAGA Member List to the Settlement Administrator, the Settlement Administrator shall run all the addresses of PAGA Members through the United States Postal Service's National Change of Address database to obtain updated address information, and mail the Individual PAGA Payment checks to the PAGA Members. The Individual PAGA Payment checks shall be sent to each PAGA Member by U.S. First Class mail to the PAGA Member's address with directions to the Postmaster to forward the payment checks and return all undeliverable payment checks to the Settlement Administrator. The Individual PAGA Payment checks will be accompanied by an Information Sheet explaining the basic terms of the Settlement, a true and correct copy of which is attached hereto as Exhibit A.

56. The Settlement Administrator shall ensure that 75% of the PAGA Penalties are paid to the LWDA within ten (10) business days after the Effective Date.

57. Individual PAGA Payment checks will remain valid and negotiable for one hundred twenty (120) calendar days from the date of their issuance. If an Individual PAGA Payment check remains uncashed or undeliverable after the 120-day period, such check(s) will be voided by the Settlement Administrator, and any funds remaining from such uncashed checks shall be tendered to the California State Controller's Unclaimed Property Fund in the names of

1 the Aggrieved Employees to whom the checks were issued.

2 **VIII. DUTIES OF THE PARTIES PRIOR TO APPROVAL**

3 58. Promptly upon execution of this Settlement, Plaintiff's Counsel shall submit both
4 Notice to the Labor & Workforce Development Agency and file either an Approval Stipulation
5 or Motion to Confirm with the Court in order to seek approval of the proposed Settlement. The
6 Parties shall apply to the Court for the entry of an order approving this Settlement as required by
7 Labor Code section 2699(l). The Approval Stipulation and/or Motion to Confirm will request
8 that the Court do the following:

- 9 a. Approve the terms of this Settlement Agreement and Release;
10 b. Approve the amount of Plaintiff's Counsel Fees & Costs;
11 c. Approve the Settlement Administration Costs; and
12 d. Enter a Final Order and Judgment.

13 59. In conjunction with the Approval Stipulation, the Parties will submit a proposed
14 Final Approval Order and Judgment requesting the entry of judgment in the amount of One
15 Hundred Forty-Nine Thousand Dollars (\$149,000.00).

16 **IX. MISCELLANEOUS**

17 60. Verification of Pay Periods: Defendants estimated that as of March 11, 2021 there
18 were approximately 1,982 pay periods for all PAGA Members from June 5, 2019 to October 10,
19 2020. If the Settlement Administrator determines that the Eligible Pay Periods for all PAGA
20 Members for the Covered Period exceeds 1,982 by more than fifteen percent (15%), i.e., exceeds
21 2,279.3 Eligible Pay Periods for all PAGA Members, then the Settlement Fund will increase
22 proportionately according to the number of additional pay periods over fifteen percent (15%).
23 For example, if, as of April 20, 2021, the total number of Eligible Pay Periods for all PAGA
24 Members is 2,378, the PAGA Penalties will increase by five percent (5%) which is Seven
25 Thousand Four Hundred and Fifty Dollars and Zero Cents (\$7,450.00).

26 61. Interim Stay of Proceedings. The Parties agree to stay all proceedings in the
27 Action, subject to necessary compliance with the Court's orders, except such proceedings
28 necessary to implement and complete the Settlement, in abeyance pending approval of the

1 Settlement by the Court. The Parties further agree that, pursuant to Code of Civil Procedure §
2 583.330(a), the five-year period specified in Code of Civil Procedure § 583.310 shall be tolled
3 for the time period beginning on the date this Agreement is fully-executed and ending on the
4 Effective Date or the date of a final order denying approval of this Stipulation.

5 62. Parties' Authority. The signatories hereto hereby represent that they are fully
6 authorized to enter into this Settlement and bind the Parties hereto to the terms and conditions
7 hereof, and to take all appropriate actions required or permitted to be taken by such Parties
8 pursuant to this Stipulation to effectuate its terms, and to execute any other documents required
9 to effectuate the terms of this Stipulation. In the event that the Parties are unable to reach
10 agreement on the form or content of any document needed to implement the Settlement, or on
11 any supplemental provisions that may become necessary to effectuate the terms of this
12 Settlement, the Parties may seek the assistance of the Court and/or mediator Glenn Lerman to
13 resolve such disagreement. The person signing this Stipulation on behalf of Defendants
14 represents and warrants that he/she is authorized to sign this Stipulation on behalf of Defendants.
15 Plaintiff represents and warrants that she are authorized to sign this Stipulation and that she has
16 not assigned any claim, or part of a claim, covered by this Settlement to a third-party. The
17 Parties have cooperated in the drafting and preparation of this Stipulation. Hence, in any
18 construction made of this Stipulation, the same shall not be construed against any of the Parties.

19 63. Mutual Full Cooperation. The Parties agree to fully cooperate with each other to
20 accomplish the terms of this Settlement, including, but not limited to, execution of such
21 documents and to take such other action as may reasonably be necessary to implement the terms
22 of this Settlement. The Parties to this Settlement shall use their best efforts, including all efforts
23 contemplated by this Settlement and any other efforts that may become necessary by order of the
24 Court, or otherwise, to effectuate this Settlement and the terms set forth herein. As soon as
25 practicable after execution of this Settlement, Plaintiff's Counsel shall, with the assistance and
26 cooperation of Defendants and their counsel, take all necessary steps to secure the approval of
27 this Settlement from the Court.

28 64. No Prior Assignments. The Parties hereto represent, covenant, and warrant that

1 they have not directly or indirectly, assigned, transferred, encumbered, or purported to assign,
2 transfer, or encumber to any person or entity any portion of any liability, claim, demand, action,
3 cause of action or rights herein released and discharged except as set forth herein. None of the
4 rights, commitments, or obligations recognized under this Agreement may be assigned by any
5 Party, PAGA Member, Plaintiff's Counsel, or Defense Counsel without the express written
6 consent of each other Party and their respective counsel. The representations, warranties,
7 covenants, and agreements contained in this Agreement are for the sole benefit of the Parties
8 under this Agreement, and shall not be construed to confer any right or to avail any remedy to
9 any other person.

10 65. No Admission. Nothing contained herein nor is the consummation of this
11 Settlement to be construed or deemed an admission of liability, culpability, negligence, or
12 wrongdoing on the part of Defendants or any of the Releasees. Each of the Parties hereto has
13 entered into this Settlement with the intention to avoid further disputes and litigation with the
14 attendant inconvenience and expense. Defendants deny that they have engaged in any unlawful
15 activity, that it has failed to comply with the law in any material respect, or that it has any
16 liability to anyone under the claims asserted in the Action. This Agreement is entered into by
17 Defendants solely for the purpose of compromising highly disputed claims. Nothing in this
18 Agreement is intended or shall be construed as an admission of liability or wrongdoing by
19 Defendants.

20 66. Non-Evidentiary Use. Whether or not the Effective Date occurs, neither this
21 Agreement nor any of its terms nor the Settlement itself shall be: (a) construed as, offered, or
22 admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to
23 Defendants or any other of the Releasees, including but not limited to, evidence of a
24 presumption, concession, indication, or admission by any of the Releasees of any liability, fault,
25 wrongdoing, omission, concession, or damage, or (b) disclosed, referred to, or offered in
26 evidence against any of the Releasees in any further proceeding in the Action, or any other civil,
27 criminal, or administrative action or proceeding except for the purposes of effectuating the
28 Settlement pursuant to this Agreement or for Defendants or Releasees to establish that a PAGA

1 Member has resolved any of his/her claims released through this Agreement.

2 67. Nullification. If (a) the Court should for any reason fail to approve this
3 Settlement in the form agreed to by the Parties (except for the amount of Plaintiff's Counsel Fees
4 and Costs, and/or the General Release Payment), or (b) the Court's approval of this Settlement is
5 reversed, modified, or declared or rendered void, then (i) this Agreement shall be considered null
6 and void; (ii) neither this Agreement nor any of the related negotiations or proceedings shall be
7 of any force or effect; and (iii) all Parties to this Agreement shall stand in the same position,
8 without prejudice, as if the Agreement had been neither entered into nor filed with the Court.
9 Invalidation of any material portion of this Agreement, except for the amount of PAGA Counsel
10 Fees and Costs and/or the General Release Payment, shall invalidate this Agreement in its
11 entirety unless the Parties shall subsequently agree in writing that the remaining provisions shall
12 remain in full force and effect.

13 68. This Settlement is Fair, Adequate and Reasonable. Plaintiff's Counsel submits
14 that this Settlement is a fair, adequate, and reasonable settlement of the Action, and that the
15 Parties have arrived at this Settlement after extensive arm's-length negotiations, taking into
16 account all relevant factors, present and potential.

17 69. Invalidity of Any Provision. Before declaring any term or provision of this
18 Stipulation invalid, the Parties request that the Court first attempt to construe the terms or
19 provisions valid to the fullest extent possible consistent with applicable precedents so as to
20 define all provisions of this Stipulation as valid and enforceable.

21 70. Attorneys' Fees and Costs: Except as specifically set forth herein, each party
22 shall bear its/her own attorneys' fees, costs, and expenses, taxable or otherwise, incurred by
23 he/her/it arising out of the Action, and shall not seek reimbursement thereof from any other party
24 to this Agreement.

25 71. Entire Agreement. The Parties hereto agree that the terms and conditions of this
26 Settlement are the result of lengthy, intensive, arms-length negotiations between the Parties and
27 that this Agreement constitutes the entire agreement between Plaintiff (on behalf of herself and
28 all other PAGA Members) and Defendants regarding actual or potential claims asserted by

1 Plaintiff against the Releasees. Excluding any Arbitration Agreement executed by Plaintiff with
2 Defendants, which will remain in full force and effect, this Agreement supersedes all prior
3 agreements, written or oral, between or among the Parties regarding those claims or potential
4 claims and the resolution of those claims. Consequently, no other agreement, statement, or
5 promise made by one Party to another as to any matter addressed in this Agreement shall be
6 binding or valid.

7 72. Exhibits and Headings. The terms of this Stipulation include the terms set forth in
8 any attached Exhibits, which are incorporated by this reference as though fully set forth herein.
9 The Exhibits to this Stipulation are an integral part of the Settlement. Paragraph titles or
10 captions contained herein are inserted as a matter of convenience and for reference, and in no
11 way define, limit, extend, or describe the scope of this Settlement or any provision hereof. Each
12 term of this Settlement is contractual and not merely a recital.

13 73. Amendment or Modification. This Settlement may not be amended, changed,
14 altered, or modified, except in writing and signed by counsel for all Parties or their successors-
15 in-interest.

16 74. Entire Agreement. This Stipulation and any attached Exhibits constitute the entire
17 agreement between the Parties (except any Arbitration Agreement), and all prior or
18 contemporaneous agreements (except any Arbitration Agreement), understandings,
19 representations, and statements, whether oral or written and whether by a party or such Party's
20 legal counsel, are merged herein. No rights hereunder may be waived except in writing. The
21 Parties have made such investigation of the facts and the law pertaining to the matters described
22 herein and to this Agreement as they deem necessary, and have not relied, and do not rely, on
23 any statement, promise, or representation of fact or law, made by any of the other parties, or any
24 of their agents, employees, attorneys, or representatives, with regard to any of their rights or
25 asserted rights, or with regard to the advisability of making and executing this Agreement, or
26 with respect to any such matters that would alter or change the terms of this Agreement. No
27 representations, warranties, or inducements have been made to any party concerning this
28 Agreement other than those expressly set forth or referred to herein.

1 75. Binding on Successors and Assigns. This Settlement shall be binding upon and
2 inure to the benefit of the Parties hereto and their respective heirs, trustees, executors,
3 administrators, successors, and assigns.

4 76. Binding on PAGA Members. Concurrently with sending their Individual PAGA
5 Payment checks, the Settlement Administrator will notify all PAGA Members of the binding
6 nature of the release of the Covered Claims, and the Parties agree that such shall have the same
7 force and effect as if this Settlement were executed by each PAGA Member.

8 77. Counterparts: This Settlement may be executed in one or more counterparts.
9 Each counterpart shall be deemed an original, and, when taken together with other signed
10 counterparts, shall constitute one Settlement, which shall be binding upon and effective as to all
11 Parties. The counterparts may be transmitted electronically (PDF) or by facsimile.

12 78. California Law Governs. This Agreement shall be governed, construed, and
13 interpreted, and the rights of the Parties shall be determined, in accordance with the laws of the
14 State of California, without giving effect to any law that would cause the laws of any jurisdiction
15 other than the State of California to be applied.

16 79. Construction: The Parties have cooperated in the negotiation and preparation of
17 this Agreement. This Agreement shall not be construed against any Party on the basis that the
18 Party, or the Party's counsel, was the drafter or participated in the drafting of this Agreement.

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Gordon Rees Scully Mansukhani, LLP
3 Park Center Drive, Suite 200
Sacramento, CA 95825

1 THE PARTIES HAVE READ THE FOREGOING AGREEMENT. THEY HAVE
2 CONSULTED WITH LEGAL COUNSEL REGARDING THE FOREGOING AGREEMENT
3 AND KNOW THE CONTENTS THEREOF AND SIGN THE SAME AS THEIR FREE,
4 KNOWING, AND VOLUNTARY ACT AND DEED, BEING FULLY AWARE OF ITS
5 CONSEQUENCES AND ITS FINAL AND BINDING EFFECT.

6 DATED: September 27, 2021



KRYSTAL THOMAS, individually
and as a PAGA Representative

9 DESERT PHYSICIANS MANAGEMENT, LLC

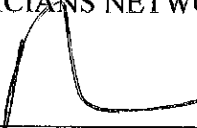
11 DATED: September 23, 2021



By: Dr. Rahul Nayyar
Title: Chief Medical Officer

14 DATED: September 23, 2021

CHOICE PHYSICIANS NETWORK, INC.



By: Dr. Rahul Nayyar
Title: Chief Medical Officer

19 **[signatures continued on next page]**

Gordon Rees Scully Mansukhani, LLP
3 Park Center Drive, Suite 200
Sacramento, CA 95825

1 APPROVED AS TO FORM AND CONTENT:

2 DATED: September 23, 2021

THE SPIVAK LAW FIRM

3 By: 
4 David Spivak
5 Maralle Messrelan
6 Attorneys for Plaintiff KRYSTAL THOMAS
7 and the PAGA Members

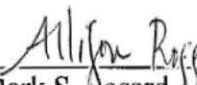
8 DATED: September, 2021

UNITED EMPLOYEES LAW GROUP

9 By: _____
10 WALTER HAINES
11 Attorneys for Plaintiff KRYSTAL THOMAS
12 and the PAGA Members

13 DATED: September 23, 2021, 2021

GORDON REES SCULLY
MANSUKHANI, LLP

14 By: 
15 Mark S. Josard
16 Allison Ross
17 Attorneys for Defendants
18 DESERT PHYSICIANS MANAGEMENT,
19 LLC AND CHOICE PHYSICIANS
20 NETWORK, INC.

Gordon Rees Scully Mansukhani, LLP
3 Park Center Drive, Suite 200
Sacramento, CA 95825

1 APPROVED AS TO FORM AND CONTENT:

2 DATED: September, 2021

THE SPIVAK LAW FIRM

3
4 By: _____
David Spivak
Maralle Messrelian
Attorneys for Plaintiff KRYSTAL THOMAS
and the PAGA Members

5
6
7
8 DATED: September 24, 2021

UNITED EMPLOYEES LAW GROUP

9
10 By: Walter Haines
WALTER HAINES

11 Attorneys for Plaintiff KRYSTAL THOMAS
and the PAGA Members

12
13 DATED: September 23, 2021, 2021

GORDON REES SCULLY
MANSUKHANI, LLP

14
15
16 By: Allison Ross
Mark S. Josard
Allison Ross
Attorneys for Defendants
DESERT PHYSICIANS MANAGEMENT,
LLC AND CHOICE PHYSICIANS
NETWORK, INC.

EXHIBIT A

NOTICE OF PAGA SETTLEMENT

Krystal Thomas v. Choice Physicians Network, Inc., Desert Physicians Management, LLC,
(Superior Court of the State of California County of San Bernardino, Case No. CIVDS2013964)

CPT GROUP, INC.

[]

[]

Telephone: []

«FirstName» «LastName»

«Address1» «Address2»

«City» «State» «Zip»

You are receiving this notice as a result of a lawsuit brought in a representative basis under the California Labor Code's Private Attorneys General Act, Cal. Labor Code §§ 2698 *et seq.* ("PAGA") ("the Action"). The plaintiff in the Action is Krystal Thomas ("Plaintiff") and the defendants are Choice Physicians Network, Inc. and Desert Physicians Management, LLC ("Defendants").

The Action seeks civil penalties for purported violations of the California Labor Code on behalf of all persons who were employed by Defendants in California as non-exempt hourly employees ("PAGA Member[s]") any time from June 5, 2019, through April 20, 2021 ("Covered Period").

Defendants deny all claims and allegations in the Action, deny that they owe any penalties, and assert that they have fully complied with all applicable Labor Code provisions. Nevertheless, to avoid further the uncertainty and time and expense in litigating the Action, the Parties have agreed to settle the Action, and the Court has approved the written settlement and release of claims. By settling the Action, Defendants do not admit any liability whatsoever, and expressly deny that they have done anything wrong.

The Settlement resolves all claims seeking civil penalties available to the Labor and Workforce Development Agency (LWDA) or any agency acting under the authority of the LWDA under the California Labor Code predicated on the PAGA Claims that were alleged or could have been alleged in the Action based on the facts and theories alleged therein, during the Covered Period against the Defendants and the Released Parties, including, but not limited to, all PAGA claims under California Labor Code, 201-204, 210, 212, 226, 226.3, 226.7, 510-512, 1174, 1175, 1194, 1194.2, 1197, 1197.1, 1198, 2802, 6720, and the applicable IWC Wage Orders, or upon any claims for unpaid wages, issuance of improper wage statements, and failure to timely pay all wages due arising from employment by Defendants during the Covered Period (the "Released PAGA Claims").

By Order dated [INSERT DATE] , 2021, the San Bernardino County Superior Court approved the Settlement of the PAGA claims.

According to the Defendants' records, you are a PAGA Member and are therefore entitled to a share of the settlement based upon the Court-approved allocation. Enclosed with this Notice is your

check for your share. The settlement check shall remain valid for 120 days. Thereafter, all uncashed checks shall be distributed to the Controller of the State of California to be held pursuant to the Unclaimed Property Law for the benefit of the PAGA Member who did not claim his or her property.

Please Note: One hundred percent (100%) of your Individual PAGA Payment under this Settlement will be considered civil penalties and may be subject to local, state, or federal tax withholdings and will be reported to the IRS and state tax authorities. You should rely on your own tax advisors as to the tax consequences of your Individual PAGA Payment. Neither Plaintiff nor Defendants have made any representations or warranties regarding the taxation of your Individual PAGA Payment. Nothing within this notice or any other communication shall constitute or be construed or relied upon as tax advice within the meaning of United States Treasury Department Circular 230 (31 C.F.R. Part 10, as amended). Enclosed are the appropriate tax forms pertaining to your payment.

If you have any questions, you may call or write to **CPT GROUP, INC.** (the Settlement Administrator) using the contact information at the top of this correspondence.

Do not call or write the Court or Office of the Clerk to ask questions about the settlement or to ask questions about the claims process.