

1 Galen T. Shimoda (Cal. State Bar No. 226752)
 2 Justin P. Rodriguez (Cal. State Bar No. 278275)
 3 Brittany V. Berzin (Cal. State Bar No. 325121)
Shimoda Law Corp.
 9401 East Stockton Blvd., Suite 120
 4 Elk Grove, CA 95624
 Telephone: (916) 525-0716
 5 Facsimile: (916) 760-3733

6 Attorneys for Plaintiff LINDA HUDSON individually and on behalf of similarly situated employees

7 Jose-Manuel A. de Castro (Cal State Bar No. 213769)
De Castro Law Group, P.C.
 8 7590 N Glenoaks Blvd, Ste 201
 Los Angeles, CA 91504-1011
 9 Phone: 310-270-9877
 Fax: 310-341-2330

10 Attorneys for STOCKTON NURSING AND REHAB CENTER, LLC., EDURO HEALTHCARE,
 11 LLC, and GRANT GARRISON

12 **SUPERIOR COURT OF CALIFORNIA**
 13 **FOR THE COUNTY OF SAN JOAQUIN**

14 LINDA HUDSON, individually and on behalf
 15 of all other similarly situated employees,

16 Plaintiff,

17 vs.

18 STOCKTON NURSING AND REHAB
 19 CENTER, LLC., a California Limited Liability
 Company; EDURO HEALTHCARE, LLC, a
 20 Delaware Limited Liability Company; GRANT
 GARRISON , an individual; and DOES 1 to
 21 100, inclusive,

22 Defendants.
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Case No.: STK-CV-UOE-2020-0008507

**JOINT STIPULATION REGARDING CLASS
 ACTION AND PAGA SETTLEMENT AND
 RELEASE**

Filed: October 7, 2020
 FAC Filed: November 6, 2020
 Trial Date: None Set

1 This Joint Stipulation Regarding Class Action and PAGA Settlement and Release (“Agreement”)
2 is made and entered into between the Plaintiff Linda Hudson (“Plaintiff”), on behalf of herself, the Labor
3 and Workforce Development Agency, and Aggrieved Employees, and Defendants Stockton Nursing and
4 Rehab Center, LLC., Eduro Healthcare, LLC, and Grant Garrison, (“Defendants”). This Agreement is
5 subject to the terms and conditions set forth below and the approval of the Court.

6 **1. DEFINITIONS**

7 The following terms, when used in this Agreement, have the following meanings:

8 1.1 “Action” means the above stated lawsuit, *Hudson v Stockton Nursing and Rehab Center,*
9 *LLC, et al.*, San Joaquin County Superior Court, Case No. STK-CV-UOE-2020-0008507, filed October
10 7, 2020.

11 1.2 “Aggrieved Employee(s)” means all non-exempt employees who have or continue to work
12 for Defendants at the Stockton Nursing and Rehab Center in California during the PAGA Claim Period.

13 1.3 “Agreement” or “Settlement” or “Settlement Agreement” means this Joint Stipulation
14 Regarding Class Action and PAGA Settlement and Release.

15 1.4 “Claim Amount” means an individual Qualified Claimants’ and Aggrieved Employees’
16 allocation of the Net Settlement Amount and PAGA Payment respectively, as defined in Sections 1.21,
17 1.25, 5.5, and 5.8.

18 1.5 “Claims Administrator” means and refers to Simpluris, Inc., the third-party entity that will
19 administer the Agreement as outlined in Sections 4 and 7, or any other third-party class action settlement
20 claims administrator agreed to by the Parties and approved by the Court for the purposes of administering
21 this Agreement. The Parties each represent that they do not have any financial interest in the Claims
22 Administrator or otherwise have a relationship with the Claims Administrator that could create a conflict
23 of interest.

24 1.6 “Claims Administrator Costs” means the fees and expenses reasonably incurred by the
25 Claims Administrator as a result of the procedures and processes expressly required by this Agreement,
26 and shall include all costs of administering the Agreement, including, but not limited to, all tax document
27 preparation, custodial fees, and accounting fees incurred by the Claims Administrator; all costs and fees
28 associated with preparing, issuing and mailing any and all notices and other correspondence to Class

Members and/or Aggrieved Employees; all costs and fees associated with communicating with Class Members and/or Aggrieved Employees, Class Counsel, and Defendants' Counsel; all costs and fees associated with computing, processing, reviewing, and paying the Claim Amounts, and resolving disputes; all costs and fees associated with calculating tax withholdings and payroll taxes, if any, making related payment to federal and state tax authorities, if any, and issuing tax forms relating to payments made under the Agreement; all costs and fees associated with preparing any tax returns and any other filings required by any governmental taxing authority or agency; all costs and fees associated with preparing any other notices, reports, or filings to be prepared in the course of administering Claim Amounts; and any other costs and fees incurred and/or charged by the Claims Administrator in connection with the execution of its duties under this Agreement.

1.7 "Class Counsel" means Galen T. Shimoda and Jessica L. Hart of the Shimoda Law Corp.

1.8 "Class Member(s)" means all non-exempt employees who have or continue to work for Defendants at the Stockton Nursing and Rehab Center in California during the Class Period. The estimated number of Class Members is 244.

1.9 "Class Period" means from June 1, 2019, to either (1) the date a signed order preliminarily approving the class settlement is filed, or (2) 60 days after this Agreement is signed, whichever is earlier.

1.10 "Class Representative" means Plaintiff Linda Hudson.

1.11 "Class Representative's Released Claims" means all claims arising from, could have been asserted, or related in any way to the Class Representative's employment with Defendants, under federal, state, or local laws, and/or ordinances, or tort or contract theories, whether known or unknown, and whether anticipated or unanticipated, including without limitation statutory, constitutional, contractual or common law claims for lost wages, unpaid wages, emotional distress, punitive damages, special damages, damages, unpaid costs, penalties, liquidated damages, interest, attorneys' fees, litigation costs, restitution, equitable relief or other similar relief or claims. The Class Representative's Released Claims, however, do not include, and specifically exclude, her wrongful termination, disability discrimination and retaliation claims, and any and all related claims, as set forth in *Linda Hudson vs Stockton Nursing and Rehab Center LLC, et al.* (Case No. STK-CV-UWT-2020-0009221), filed in the San Joaquin Superior Court on October 30, 2020, and as addressed in a separate agreement by Class Representative in connection with that action.

1 The Class Representative's Released Claims also exclude claims for workers' compensation,
2 unemployment insurance benefits, or other claims that cannot be released as a matter of law.

3 1.12 "Complaint" means the operative Complaint on file in the Action with the Court.

4 1.13 "Court" means the San Joaquin County Superior Court.

5 1.14 "Defendants" means Stockton Nursing and Rehab Center, LLC., Eduro Healthcare, LLC,
6 and Grant Garrison.

7 1.15 "Defendants' Counsel" means Jose-Manuel A. de Castro of the De Castro Law Group, P.C.

8 1.16 "Enhancement Payment" means the amount approved by the Court to be paid to the Class
9 Representative in recognition of the time and effort expended on behalf of Class Members for the benefit
10 of Class Members, which is in addition to any Claim Amount paid to the Class Representative as a
11 Qualified Claimant.

12 1.17 "Effective Date" means the 14th calendar day after the Court signs the Final Approval
13 Order unless there is a timely objection lodged, in which case either (a) the 60th calendar day after a
14 signed order granting final approval of this Agreement has been filed provided no motion to vacate the
15 judgment, appeal, writ or other appellate proceeding having been filed; or (b) the seventh (7th) calendar
16 day after any motion to vacate the judgment, appeal, writ, or other appellate proceeding opposing the
17 Agreement has been finally dismissed with no material change to the terms of this Agreement and there
18 is no right to pursue further remedies or relief, whichever is later.

19 1.18 "Final Approval Date" means the date a signed order granting final approval of this
20 Agreement is filed with the Court.

21 1.19 "Gross Settlement Amount" is the sum of Four Hundred and Twenty Thousand Dollars
22 (\$420,000).

23 1.20 "LWDA" means the California Labor and Workforce Development Agency.

24 1.21 "Net Settlement Amount" is the portion of the Gross Settlement Amount available for
25 distribution to Qualified Claimants, as described in this Agreement, after deduction of Plaintiff's
26 attorneys' fees and litigation costs, Claims Administrator Costs, the PAGA Payment, and Enhancement
27 Payment to the Class Representative.
28

1 1.22 “Notice of Settlement” means the document substantially in the form attached hereto as
2 **Exhibit 1.**

3 1.23 “Notice Period” means forty-five (45) calendar days from the initial mailing of the Notice
4 of Settlement to Class Members and Aggrieved Employees.

5 1.24 “PAGA” means Private Attorneys General Act.

6 1.25 “PAGA Payment” means the amount allocated from the Gross Settlement Amount towards
7 resolving claims under the Private Attorneys General Act of 2004, California Labor Code sections 2698
8 *et seq.*

9 1.26 “PAGA Claim Period” means from August 26, 2019, up to either (1) the date a signed
10 order preliminarily approving the settlement is filed, or (2) 60 days after this Agreement is signed,
11 whichever is earlier.

12 1.27 “Parties” mean Defendants and Plaintiff.

13 1.28 “Preliminary Approval Date” means the date a signed order granting preliminary approval
14 of this Agreement is filed with the Court.

15 1.29 “QSF” means a Qualified Settlement Fund set up by the Claims Administrator for the
16 benefit of the Qualified Claimants and/or Aggrieved Employees and from which the payments under this
17 Agreement shall be made. Any amounts Defendants have agreed to pay under this Agreement shall remain
18 the property of Defendants until the payments required under the Agreement are made.

19 1.30 “Qualified Claimant” means any and all Class Members who have not made any timely
20 request to opt-out of the Agreement.

21 1.31 “Qualified Claimants’ Released Claims” means all claims contained in the Complaint, and
22 any additional wage and hour claims that could have been brought based on the facts alleged in the
23 operative Complaint, through the Class Period. This release excludes the release of claims not permitted
24 by law. The Qualified Claimants’ Released Claims exclude claims for workers’ compensation or
25 unemployment insurance benefits. This release will cover all Class Members who do not opt out.

26 1.32 “Qualifying Workweeks” are weeks worked by Class Members and/or Aggrieved
27 Employees during the Class Period and/or PAGA Claim Period, respectively, in California. For Class
28 Members, workweeks shall be defined as the total length of service (in days) in California during the Class

1 Period divided by seven. For Aggrieved Employees workweeks shall be defined as the total length of
2 service (in days) in California during the PAGA Claim Period divided by seven. The calculation of a
3 Class Member's and/or Aggrieved Employee's workweeks and a determination as to whether a Class
4 Member and/or Aggrieved Employee was actively employed in California in a particular workweek shall
5 be construed from Defendants' records.

6 1.33 "Released PAGA Claims" means any and all claims that were brought under the Private
7 Attorneys General Act, Labor Code § 2698 *et seq.*, based on the facts or claims alleged in the Action
8 during the PAGA Claim Period. Aggrieved Employees cannot opt out of this waiver of claims.

9 1.34 "Released Parties" means Defendants, as well as Defendants' officers, shareholders,
10 directors, agents, employees, attorneys, and insurers.

11 **2. DESCRIPTION OF THE LITIGATION**

12 2.1 On or about August 26, 2020, Plaintiff sent notice to the LWDA to exhaust administrative
13 remedies under the PAGA for violations of Labor Code sections 510, 1194, 1197.1, 2802, 226, 226.3,
14 201-203, 256, 558, 558.1, 226.7, 512, 246, 246.5, 248.5, and 1174. The LWDA did not respond to the
15 notice within the statutorily required time frame and, as such, Plaintiff became authorized to act as a
16 Private Attorneys General on all alleged PAGA claims.

17 2.2 On or about October 7, 2020, Plaintiff filed a class action Complaint in San Joaquin County
18 Superior Court on behalf of herself and Class Members alleging claims for failure to pay overtime wages,
19 failure to pay minimum wages, meal period violations, rest period violations, failure to pay
20 reimbursements, wage statement violations, waiting time penalties, and unfair competition. Plaintiff filed
21 a First Amended Complaint on approximately November 6, 2020, to add a PAGA cause of action based
22 on the violations alleged in the August 26, 2020, notice to the LWDA on behalf of herself and Aggrieved
23 Employees.

24 2.3 Through informal discovery, Defendants and Defendants' Counsel provided Class
25 Counsel with copies of all applicable versions of its policies and procedures, employee handbooks,
26 information on Class Members including, but not limited to, Class Members' workweeks, dates of
27 employment, total number of Class Members, their rates of pay, and pay periods as well as timecard data
28 and payroll reports for Class Members.

1 2.4 After Class Counsel received the data, the Parties engaged in informal settlement
2 negotiations, but were not able to come to a resolution. On April 12, 2021, the Parties participated in a
3 lengthy mediation with private mediator Lisa Klerman. At the conclusion of the mediation, the Parties
4 were able to come to a resolution. At all times, the Parties' settlement negotiations have been non-
5 collusive, adversarial, and at arm's length.

6 2.5 Discussions between Plaintiff and Class Counsel, between counsel for the Parties,
7 document productions, extensive legal analysis, the provision of information by Defendants to Plaintiff
8 and the detailed analysis of the records, including expert analysis, have permitted each side to assess the
9 relative merits of the claims and the defenses to those claims.

10 2.6 In the Action, Plaintiff contends that Defendants violated California law by 1) failing to
11 pay overtime and minimum wages due to their failure to pay for off-the-clock work, improper rounding
12 policy, and improper calculations of the Regular Rate of Pay ("RROP"); 2) consistently failing to
13 adequately staff schedules, or otherwise allow Plaintiff and similarly situated employees to take timely
14 and complete meal breaks; 3) consistently failing to adequately staff schedules, or otherwise allow
15 Plaintiff and similarly situated employees to take rest breaks on time or at all; 4) failing to reimburse
16 expenses for work-related cell phone use; 5) failing to maintain accurate records and provide accurate
17 itemized wage statements; and 6) failing to pay wages owed within the legally required time period after
18 an employee's separation. Defendants have denied that this Action is appropriate for class certification
19 for anything other than settlement purposes. The agreed upon Gross Settlement Amount was reached after
20 evaluating the Parties' theories of potential exposure for the underlying claims and the class data
21 supporting these claims. The Parties, with the assistance of the mediator, also assessed appropriate
22 discounts to the potential liability based on Defendants' factual and legal contentions and defenses.

23 2.7 The Parties agree that the above-described investigation and evaluation, as well as
24 discovery and the information exchanged to date, are more than sufficient to assess the merits of the
25 respective Parties' positions and to compromise the issues on a fair and equitable basis. Plaintiff, Class
26 Counsel, Defendants, and Defendants' Counsel have concluded that it is desirable that the Action be
27 settled in a manner and upon such terms and conditions set forth herein in order to avoid further expense,
28 inconvenience and distraction of further legal proceedings, and the risk of an adverse outcome each of the

Parties potentially face in the Action. Therefore, the Parties desire to resolve the claims in the Action. Plaintiff, Class Counsel, Defendants, and Defendants' Counsel are of the opinion that the Agreement for the consideration and terms set forth herein is fair, reasonable, and adequate in light of all known facts and circumstances.

3. THE CONDITIONAL NATURE OF THIS AGREEMENT

3.1 This Agreement and all associated exhibits or attachments are made for the sole purpose of settling the Action. This Agreement and the settlement it evidences are made in compromise of disputed claims. Because the Action was pled as a class action, this Agreement must receive preliminary and final approval by the Court. Accordingly, the Parties enter into this Agreement and associated settlement on a conditional basis. If the Court does not enter an order granting final approval of the Agreement, or if the Court's approval of the settlement is reversed or materially modified on appellate review, this Agreement shall be deemed null and void; it shall be of no force or effect whatsoever; it shall not be referred to or utilized for any purpose whatsoever; and the negotiation, terms and entry of the Agreement shall remain subject to the provisions of California Evidence Code Sections 1119 and 1152, Federal Rule of Evidence 408, and any other analogous rules of evidence that may be applicable.

3.2 Defendants have denied all claims as to liability, damages, liquidated damages, penalties, interest, fees, restitution, injunctive relief and all other forms of relief asserted in the Action. Defendants have agreed to resolve the Action via this Agreement, but to the extent this Agreement is deemed void or the Final Approval Date does not occur, Defendants do not waive, but rather expressly reserve, all rights to challenge all such claims and allegations in the Action upon all procedural and factual grounds, including, without limitation, the ability to challenge class or collective treatment on any grounds, as well as to assert any and all other potential defenses or privileges.

4. SCOPE OF THE CLASS

4.1 The scope of the class of individuals encompassed under the Agreement, who are entitled to all benefits as authorized under the Agreement and subject to all obligations and duties required under the Agreement, shall include all Class Members as defined in Section 1.8 and all Aggrieved Employees as defined in Section 1.2. However, it shall not include any Class Members who submit valid and timely requests to opt-out of the Agreement and settlement, as set forth in Section 7.5.1.

1 4.2 Individuals entitled to recover under this Agreement will include only those individuals
2 who are identified as being within the scope of this Agreement under Section 4.1.

3 4.3 Any person who believes that he or she is a Class Member or Aggrieved Employee and
4 wishes to participate in the Agreement, but did not receive a Notice of Settlement because his or her name
5 did not appear on the class list provided to the Claims Administrator prior to mailing, may submit a data
6 request to the Claims Administrator. The data request must contain all of the following information: (a)
7 the full name and, if applicable, Social Security Number of the individual making the request; (b) the
8 name used by such employee as of the time his or her employment with Defendants ended; (c) the years
9 during which such employee was employed with Defendants; and (d) a return address to which a response
10 may be sent. Every data request must be postmarked on or before the conclusion of the Notice Period or
11 otherwise submitted to the Claims Administrator such that it is received before the conclusion of the
12 Notice Period. Upon receipt of any data requests, the Claims Administrator shall promptly (in no event
13 more than two business days) transmit the data requests to Defendants' Counsel and request that
14 Defendants review their records.

15 4.4 If Defendants do agree that the person listed in a data request is a Class Member and/or
16 Aggrieved Employee, the Claims Administrator shall promptly mail a Notice of Settlement to the person
17 who submitted the data request, at the address designated for that purpose in the data request. All
18 provisions of this Agreement relating to the Notice of Settlement shall apply to Notice of Settlement sent
19 in response to data requests, and any person who submits a data request and is sent a Notice of Settlement
20 in response shall be treated by the Claims Administrator as a Class Member and/or Aggrieved Employee
21 for all other purposes.

22 4.5 If Defendants do disagree that the person listed in a data request is a Class Member and/or
23 Aggrieved Employee, Defendants' Counsel and Class Counsel shall attempt to resolve any such dispute
24 in good faith within seven (7) calendar days of Class Counsel being advised in writing of the data request
25 dispute. Defendants' records shall control unless the individual submitting the data request provides
26 persuasive evidence to doubt the accuracy of those records. Each data request dispute that Defendants'
27 Counsel and Class Counsel cannot timely resolve shall be resolved by the Claims Administrator. The
28 Claims Administrator must accept and weigh all the evidence provided in a good faith attempt to resolve

the dispute. The Claims Administrator must resolve any dispute submitted to it within seven (7) calendar days after Defendants' Counsel and Class Counsel submit the dispute to the Claims Administrator. The decision by the Claims Administrator shall be final and there shall be no right of appeal.

5. TERMS OF THE SETTLEMENT

The Parties agree as follows:

5.1 Gross Settlement Amount: In consideration and exchange for the releases described in Section 6, Defendants shall pay the Gross Settlement Amount (\$420,000). Funding of the Gross Settlement Amount shall occur within twenty-one (21) days after the Final Approval Date to be held in trust in a QSF by the Claims Administrator for no more than fourteen (14) days after Defendants' last day to fund the settlement at which time the Claims Administrator will disburse settlement funds as described in Section 7.8. The Gross Settlement Amount includes payments to Qualified Claimants, Aggrieved Employees, all attorneys' fees, costs and litigation expenses related to the Action incurred to date, as well as all such fees and costs incurred in documenting the Agreement, administering the Agreement (including Claims Administrator Costs), and obtaining final approval of the Agreement, the Enhancement Payment to the Class Representative, the PAGA Payment, and any monies necessary to satisfy Defendants' tax obligations (*e.g.* employer FICA, FUTA and SDI contributions on wage payments) on any monies distributed to Qualified Claimants.

5.2 Attorneys' Fees and Costs: Class Counsel will apply to the Court for attorney's fees of 35% or \$147,000 of the Gross Settlement Amount, which shall be paid from the Gross Settlement Amount. Defendants have agreed to not oppose Class Counsel's application for attorneys' fees so long as it does not exceed the \$147,000 threshold. Class Counsel may also apply for reimbursement for advanced litigation expenses not to exceed \$15,000, which shall be paid from the Gross Settlement Amount. Defendants have agreed to not oppose Class Counsel's request for reimbursement for advanced litigation expenses so long as they do not exceed the \$15,000 threshold. The Claims Administrator will issue Class Counsel an IRS Form 1099 for the attorneys' fees and costs paid under this Agreement. In the event that the Court awards less than the requested attorney's fees and/or costs, the portion of the requested amounts not awarded to Class Counsel shall be added to the Net Settlement Amount to be distributed to Qualified Claimants on a pro rata basis.

1 5.3 Claims Administrator Costs: The Claims Administrator Costs shall be paid from the Gross
2 Settlement Amount in an amount to be awarded by the Court not to exceed \$7,500. The difference
3 between any actual costs and the allocated \$7,500 shall be added to the Net Settlement Amount.

4 5.4 Enhancement Payment: Class Counsel, on behalf of Plaintiff, shall apply to the Court for
5 an Enhancement Payment to the Class Representative in an amount not to exceed Twelve Thousand Five
6 Hundred Dollars (\$12,500) to compensate for the risks, time, and expense of her involvement in the Action
7 and securing the benefits of this Agreement for Class Members. The Enhancement Payment is in addition
8 to the Claim Amount Plaintiff would otherwise be due under the Agreement as a Qualified Claimant.
9 Defendants have agreed not to oppose Class Counsel's request for an Enhancement Payment to Plaintiff
10 so long as it does not exceed the amount stated herein. The Enhancement Payment will be designated as
11 a non-wage payment and reported on an IRS Form 1099. In the event that the Court awards less than the
12 Enhancement Payment amount requested, then any portion of the requested amount not awarded to the
13 Class Representative shall be added to the Net Settlement Amount to be distributed to Qualified Claimants
14 on a pro rata basis.

15 5.5 PAGA Payment: Twenty Five Thousand Dollars (\$25,000) of the Gross Settlement
16 Amount shall be allocated to resolving claims under the PAGA. Seventy-Five Percent (75%) of the PAGA
17 Payment will be paid to the LWDA and Twenty-Five Percent (25%) will be paid to Aggrieved Employees
18 on a *pro rata* basis as described below in Section 5.8. Any amount not approved by the Court for the
19 allocated PAGA Payment shall be added to the Net Settlement Amount to be distributed to Qualified
20 Claimants on a *pro rata* basis.

21 5.6 Treatment of Residue and Cy Pres: For any portion of the Net Settlement Amount or
22 PAGA Payment allocated to Qualified Claimants and/or Aggrieved Employees that were not claimed by
23 cashing their respective settlement checks before the deadline to do so, that remaining amount shall be
24 donated to the SEIU 2015 Disaster Relief Fund and the Center for Workers Rights in equal amounts. No
25 portion of the Gross Settlement Amount will revert to Defendant for any reason.

26 5.7 No Additional Benefits Contributions: All Claim Amounts paid to Qualified Claimants
27 and Aggrieved Employees shall be deemed to be income solely in the year in which such amounts were
28 actually received. It is expressly understood and agreed that the receipt of such Claim Amounts will not

entitle any Qualified Claimant or Aggrieved Employee to any new or additional compensation or benefits under any company bonus or other compensation or benefit plan or agreement in place during the period covered by the Agreement, nor will it entitle any Qualified Claimant Aggrieved Employee to any increased retirement, 401(k) and/or 403(b) benefits or matching benefits, or deferred compensation benefits. It is the intent of this Agreement that the Claim Amounts provided for in this Agreement are the sole payments to be made by Defendants to the Qualified Claimants and Aggrieved Employees in connection with this Agreement (notwithstanding any contrary language or agreement in any benefit or compensation plan document that might have been in effect during the period covered by this Agreement).

5.8 Pro Rata Distribution Formula: Payment to Qualified Claimants and Aggrieved Employees of their Claim Amount will not require the submission of a claim form. A Net Settlement Amount will be determined by subtracting from the Gross Settlement Amount any amounts for approved attorneys' fees and costs, any Enhancement Payment to the Class Representative, the Claims Administrator Costs, and the PAGA Payment. Each Class Member's share will be determined by dividing their total weeks worked within the Class Period by the total weeks worked by all Class Members within the Class Period. That fraction will then be multiplied by the Net Settlement Amount to arrive at the Class Member's individual share of the Net Settlement Amount. Each Aggrieved Employee's share of the 25% portion of the PAGA Payment will be determined by dividing their total weeks worked within the PAGA Claim Period by the total weeks worked by all Aggrieved Employees within the PAGA Claim Period. That fraction will then be multiplied by the 25% portion of the PAGA Payment to arrive at the Aggrieved Employee's individual share.

5.9 Tax Allocation: The Parties recognize that the Claim Amounts to be paid to Qualified Claimants and/or Aggrieved Employees reflect a settlement of a dispute over claimed penalties and wages. The Claims Administrator shall calculate the employer's share of payroll taxes on the amounts paid to Qualified Claimants as wages as well as calculating all required withholdings and deductions from said wage payments. The characterization of Claim Amounts to Qualified Claimants and Aggrieved Employees are as follows:

1 5.9.1 One-Third (1/3) of each Qualified Claimants' Claim Amount shall be allocated for
2 payment of disputed wages and shall be subject to required employer taxes. Qualified Claimants shall
3 receive an IRS Form W-2 for reporting of this portion of their Claim Amount.

4 5.9.2 Two-Thirds (2/3) of each Qualified Claimants' Claim Amount shall be allocated
5 for disputed statutory penalties and interest, and no amount shall be deducted for any taxes. This portion
6 of the Claim Amount consists of other income, not wages, for which the Qualified Claimants shall receive
7 an IRS Form 1099-MISC.

8 5.9.3 The entirety (100%) of each Aggrieved Employee's share of the 25% portion of the
9 PAGA Payment shall be allocated for payment of disputed civil penalties, and no amount shall be deducted
10 for any taxes. This portion of the Claim Amount consists of other income, not wages, for which the
11 Aggrieved Employees shall receive an IRS Form 1099-MISC.

12 5.10 Qualified Claimants and Aggrieved Employees shall be solely responsible for the reporting
13 and payment of their share of any federal, state and/or municipal income or other taxes on payments made
14 pursuant to this Agreement, and shall hold the Parties, Class Counsel, and Defendants' Counsel free and
15 harmless from any claims resulting from treatment of such payments as non-taxable, including the
16 treatment of such payments as not subject to withholding or deduction for payroll and employment taxes.
17 No party has made any representation to any of the other Parties as to the taxability of any payments
18 pursuant to this Agreement, including the payments to Qualified Claimants, the payments to Aggrieved
19 Employees, the payments to Class Counsel, the payments to the Class Representative, the payroll tax
20 liability of Defendants, or the allocation of the Net Settlement Amount or PAGA Payment to wage and
21 non-wage income as provided in this Section, or otherwise as to tax implications of any provision of this
22 Agreement.

23 5.11 No Additional Contribution by Defendants: Defendants' monetary obligation under this
24 Agreement is limited to the Gross Settlement Amount. All other costs and expenses arising out of or in
25 connection with the performance of this Agreement, including any employer side payroll taxes owed on
26 amounts characterized as wages under this Agreement, shall be paid from the Gross Settlement Amount,
27 unless expressly provided otherwise herein. However, in the event this agreement is deemed null and
28 void as described in Section 3 because the Court, in its independent determination, finds that the

Agreement does not meet the standards for settlement approval, then Defendants and Plaintiff shall be equally responsible for the costs of the Claims Administrator incurred between the date the Agreement was executed and the date of such event.

5.12 Certification For Settlement Purposes: The Parties agree that, for purposes of settlement only, certification of the class as defined in Section 1.8 and 4.1 is appropriate and the requisites for establishing class certification have been met and are met.

5.13 Adequacy of Class Counsel and Class Representatives: The Parties agree that, for purposes of settlement only, Class Counsel and Plaintiff are adequate representatives for Class Members and Aggrieved Employees.

6. RELEASE

6.1 Release of Claims by Qualified Claimants: Upon the Effective Date, all Qualified Claimants will be deemed to fully, finally and forever release Qualified Claimants' Released Claims as to all Released Parties. In addition, on the Effective Date, all Qualified Claimants and their successors in interest will be permanently enjoined and forever barred from prosecuting any of Qualified Claimants' Released Claims against any of the Released Parties.

6.2 Release of Claims by Aggrieved Employees: Upon the Effective Date, all Aggrieved Employees will be deemed to fully, finally and forever release the Released PAGA Claims as to all Released Parties. In addition, on the Effective Date, all Aggrieved Employees and their successors in interest will be permanently enjoined and forever barred from prosecuting any of the Released PAGA Claims against any of the Released Parties.

6.3 Release by Plaintiff: Upon the Effective Date, Plaintiff will be deemed to fully, finally and forever release the Qualified Claimants' Released Claims, Released PAGA Claims, and Class Representative's Released Claims as to all Released Parties. In addition, on the Effective Date, Plaintiff and any successors in interest will be permanently enjoined and forever barred from prosecuting any of the Qualified Claimants' Released Claims, Released PAGA Claims, and Class Representative's Released Claims against any of the Released Parties.¹

¹As set for in Paragraph 1.11 above, however, the Class Representative's Released Claims Plaintiff releases by this Agreement, do not include, and specifically exclude, her wrongful termination, disability

1 **7. SETTLEMENT ADMINISTRATION**

2 7.1 Duties of Claims Administrator: The Claims Administrator shall be responsible for: 1)
3 receiving Class Member and Aggrieved Employee contact information and confirming addresses are
4 valid; 2) calculating estimated Claim Amounts and any and all taxes associated with the Claim Amounts,
5 including Employer taxes; 3) taking appropriate steps to trace and locate any individual Class Members
6 and Aggrieved Employee whose address or contact information as provided to the Claims Administrator
7 is inaccurate or outdated and mailing the Notice of Settlement to Class Members; 4) providing notification
8 to the appropriate state and federal officials of this Agreement as required under the law; 5) receiving,
9 independently reviewing, and resolving any challenges (in consultation with Class Counsel and
10 Defendants' Counsel) from Class Members or Aggrieved Employees, including any associated
11 documentation, regarding their Qualified Workweek calculations; 6) receiving and serving on Class
12 Counsel, Defendants' Counsel, and the Court, copies of any written objections, and/or any opt out
13 statements; 7) establishing a toll free telephone line and responding to inquiries and requests for
14 information or assistance from Class Members and/or Aggrieved Employees; 8) maintaining a QSF; 9)
15 determining and paying the final amounts due to be paid under the Agreement after resolution of all
16 challenges, disputes, opt-outs, awarded attorneys' fees and costs, Claims Administrator Costs, PAGA
17 Payment, taxes, any Enhancement Payments, and for funds that cannot be distributed due to the inability
18 to locate Class Members or Aggrieved Employees; 10) determining the validity of any disputes or late
19 opt-outs by previously unidentified Class Members or Aggrieved Employees; 11) paying any residual
20 funds from uncashed checks; 12) reporting to Class Counsel and Defendants' Counsel regarding the
21 statistics of the administration, including (a) the number of initial Notice of Settlements mailed; (b) the
22 number of forwarded Notice of Settlements; (c) the number of re-mailed Notice of Settlements; (d) the
23 number of total undeliverable Notice of Settlements; (e) the number of address traces performed for
24 undeliverable Notice of Settlements; (f) the number of Notice of Settlements undeliverable from traced

25 _____
26 discrimination and retaliation claims, and any and all related claims, as set forth in *Linda Hudson vs*
27 *Stockton Nursing and Rehab Center LLC, et al.* (Case No. STK-CV-UWT-2020-0009221), filed in the
28 San Joaquin Superior Court on October 30, 2020, and as addressed in a separate agreement by Plaintiff
in connection with that action. The Class Representative's Released Claims also exclude claims for
workers' compensation, unemployment insurance benefits, or other claims that cannot be released as a
matter of law.

addresses; (g) the number of total objections received; (h) the number of opt-out requests received; (i) the number of disputes received; (j) the number of disputes resolved; 13) providing a declaration to the Court regarding the final statistics of the administration and compliance with all payment obligations under the Agreement; 14) completing all necessary tax reporting on the QSF and payment of the Claim Amounts to Qualified Members and Aggrieved Employees; and 15) carrying out other related tasks as necessary to effectuate the terms of this Agreement and any Order of the Court. All disputes relating to the Claims Administrator's ability and need to perform its duties shall be referred to the Court, if necessary, which will have continuing jurisdiction over the terms and conditions of this Agreement, until all payments and obligations contemplated by the Agreement have been fully executed.

7.2 Notice to Class Members and Aggrieved Employees: The Notice of Settlement will provide Class Members and Aggrieved Employees with a summary of the terms and conditions of the Agreement, how to participate in the settlement, how to object to the Agreement, how to dispute the individual's Qualifying Workweeks, and how to opt-out from the Agreement. The Notice of Settlement will also inform Class Members and Aggrieved Employees of the Gross Settlement Amount, Net Settlement Amount, proposed attorneys' fees and costs allocations, any proposed Enhancement Payments, proposed Claims Administrator Cost allocations, proposed PAGA Payment allocations, the scope of the class, the nature and extent of the released claims, dates set for a fairness hearing and hearing on Class Counsels' motion for attorneys' fees and costs. The Notice of Settlement shall include information regarding Class Member's and Aggrieved Employee's estimated Claim Amount.

7.3 Class Member Data and Mailing: No later than fourteen (14) calendar days after the Preliminary Approval Date, Defendants shall provide the Claims Administrator with the name, last known mailing address, last known telephone number, Social Security Number, start and end date of employment (if any) of each Class Member, and any other information the Claims Administrator needs to effectuate notice to Class Members and Aggrieved Employees as outlined herein. The Claims Administrator shall review the data to determine the number of Qualifying Workweeks for each Class Member and Aggrieved Employee. No later than fourteen (14) calendar days after receipt of such address information, the Claims Administrator will perform a national change of address ("NCOA") search, update the addresses per the results of the NCOA search, and then mail the Notice of Settlement, substantially in the form attached as

1 **Exhibit 1**, to each Class Member and Aggrieved Employee by first-class mail, postage prepaid. The
2 Claims Administrator shall maintain all information received from Defendants confidential to itself, and
3 Defendants' Counsel. However, Class Counsel shall be able to review the breakdown of Qualified
4 Workweeks and estimated Claim Amounts for Class Members and Aggrieved Employees prior to mailing
5 for quality assurance provided the personal identifying information is redacted and/or omitted.

6 7.4 Returned and/or Re-mailed Notice of Settlements: In the event that a Notice of Settlement
7 is returned to the Claims Administrator as non-delivered on or before the conclusion of the Notice Period,
8 the Notice of Settlement shall be sent to the forwarding address affixed thereto within five (5) calendar
9 days. If no forwarding address is provided, then the Claims Administrator shall promptly attempt to
10 determine a correct address using a single skip-trace, computer or other search using the name, address
11 and/or Social Security number of the individual involved, and shall then perform a single re-mailing within
12 five (5) calendar days. Following each search that does not result in a corrected address, for those Class
13 Members who appear to be current employees of Defendants at the time of the Preliminary Approval Date,
14 the Claims Administrator shall contact Defendants' Counsel for assistance and Defendants shall cooperate
15 in good faith with the Claims Administrator's reasonable efforts to obtain valid mailing addresses for
16 Class Members to the extent they are active employees of Defendants. In the event the Notice of
17 Settlement is forwarded to a new address and/or re-mailed to a Class Member, the deadline for the Class
18 Member to submit any request to opt-out, dispute, or objection shall be the end of the Notice Period or 10
19 days from the date of the re-mailing, whichever is later. In the event the procedures in this Section are
20 followed and the Class Member does not timely and properly request to opt-out, the Class Member shall
21 be bound by all terms of the Agreement, including the Releases contained in Section 6.

22 7.5 Responses to Notice of Settlement:

23 7.5.1 *Opt-Outs:* The Notice of Settlement shall provide that Class Members who wish
24 to exclude themselves from the Agreement must submit a request to opt-out as provided in this Section.
25 The request to opt-out must (a) state the Class Member's full name and date of birth; (b) a statement that
26 he or she does not want to be a Class Member, does not want to participate in the settlement, and/or wants
27 to be excluded from the settlement; (c) identify the case name and number (*i.e. Hudson v Stockton Nursing*
28 *and Rehab Center, LLC, et al., STK-CV-UOE-2020-0008507*); (d) be signed; and (e) be post-marked no

1 later than the conclusion of the Notice Period or the re-mailing timeline stated in Section 7.4. The Class
2 Member must personally sign the request to opt-out. No request to opt-out may be made on behalf of a
3 group of Class Members. The date of the postmark on the return-mailing envelope shall be the exclusive
4 means used to determine whether a request to opt-out has been timely submitted. Any Class Member who
5 requests to opt-out of the Agreement will not be entitled to any benefit of the Agreement or any portion
6 of the Net Settlement Amount, will not be bound by the Agreement, nor will they have any right to object,
7 appeal or comment thereon. Class Members who fail to submit a valid and timely request to opt-out shall
8 be bound by all terms of the Agreement and any order or final judgment thereon, regardless of whether
9 they otherwise have requested to opt-out of the Agreement. Aggrieved Employees cannot opt out of this
10 Agreement as it relates to the PAGA Payment or Released PAGA Claims regardless of whether they opt
11 out of being a Class Member.

12 7.5.2 *Objection Procedures:* Any Class Member who does not opt-out but who wishes
13 to object to this Agreement or otherwise to be heard concerning this Agreement shall send their written
14 objections to the Claims Administrator and also serve copies of the objections on Class Counsel and
15 Defendants' Counsel. The Notice of Settlement shall make clear that the Court can only approve or deny
16 the Agreement, not change the terms of the Agreement. The objection must (a) state the Class Member's
17 full name and date of birth; (b) provide evidence that the individual is, in fact, a Class Member; (c) state
18 the reasons for the objection(s), including any legal analysis and/or supporting documentation; (d) identify
19 the case name and number (*i.e. Hudson v Stockton Nursing and Rehab Center, LLC, et al.*, STK-CV-UOE-
20 2020-0008507) (e) be signed; and (f) be post-marked no later than the conclusion of the Notice Period or
21 the re-mailing timeline stated in Section 7.4. The objecting Class Member must also file a notice of intent
22 to appear with the Court and serve the notice on Class Counsel and Defendants' Counsel, if they intend to
23 appear at the final approval hearing.

24 7.5.3 *Dispute Procedures:* Any Class Member who disputes the number of Qualifying
25 Workweeks on the Notice of Settlement shall contact the Claims Administrator. The dispute must (a)
26 identify the nature of the dispute; (b) provide any information or documentation supporting the dispute;
27 (c) be signed; and (d) be post-marked no later than the conclusion of the Notice Period or the re-mailing
28 timeline stated in Section 7.4. The Claims Administrator shall promptly (in no event more than two

business days) forward all such disputes to Defendants' Counsel and request that Defendants review the dispute. Defendants' records shall presumptively control unless the Class Member can produce documentation evidencing other periods of employment worked. If Defendants do agree with submitted information, the Class Member shall be credited or subtracted Qualifying Workweeks in accordance with their submitted dispute and that final number of Qualified Workweeks shall govern the calculation of that Class Member's Claim Amount. If Defendants do not agree with the submitted information, Defendants' Counsel will promptly advise Class Counsel of the dispute, which includes turning over any documentation submitted by the Class Member as part of the dispute. Defendants' Counsel and Class Counsel shall attempt in good faith to resolve any such dispute within five (5) calendar days of Class Counsel being advised of the dispute. Each dispute that Defendants' Counsel and Class Counsel cannot timely resolve shall be resolved by the Claims Administrator or Court.

7.5.4 Deficient Opt-Outs, Objections, or Disputes: In the event that a deficient opt-out, objection, or dispute is received on or before the conclusion of the Notice Period, the Claims Administrator shall mail a letter to the Class Member within five (5) calendar days informing them of the deficiency. If a deficiency letter is mailed to a Class Member, the deadline for the Class Member to cure the deficiency shall be the end of the Notice Period or 10 days from the date of the deficiency letter, whichever is later.

7.6 Due Process Acknowledgement: Compliance with the procedures set forth in Sections 7.1 to 7.5.4 shall constitute due and sufficient notice to Class Members of the Action and the Agreement and shall satisfy Class Members' due process rights. Nothing else shall be required of the Parties, Class Counsel or Defendant' Counsel to provide notice of the proposed Agreement.

7.7 Claims Administrator Declaration Regarding Notice Period: Within twenty-one (21) days after the conclusion of the Notice Period, the Claims Administrator shall provide Class Counsel and Defendants' Counsel with a signed declaration under penalty of perjury providing a complete and detailed report regarding the statistics and responses of settlement administration to date and all the Claims Administrators' obligations under Sections 5.8 to 5.9-5.9.3, 7.1 to 7.5.4, and 7.9.

7.8 Claims Administrator Payments to Qualified Claimants, Class Counsel and Plaintiff: Within seven (7) calendar days after the Final Approval Date and the Court's determination of the amount of attorneys' fees and costs payable to Class Counsel, the Enhancement Payment payable to Plaintiff, the

PAGA Payment, and Claims Administrator Costs, the Claims Administrator shall calculate the final Net Settlement Amount, the final Claim Amounts for Qualified Claimants and/or Aggrieved Employees, any applicable taxes thereon, and report the results of these calculations Class Counsel and Defendants' Counsel. Defendants shall wire the Gross Settlement Amount to the Claims Administrator within twenty-one (21) days after the Final Approval Date to be to be held in trust in a QSF. Within fourteen (14) days after Defendants' last day to fund the settlement, the Claims Administrator shall deliver payment of Class Counsels' attorney's fees and costs, the Enhancement Payment payable to Plaintiff, the 75% portion of the PAGA Payment payable to the LWDA, Claims Administrator Costs, and payment to Qualified Claimants and/or Aggrieved Employees as required under this Agreement and approved by Court.

7.8.1 The Claims Administrator shall send a check, via certified mail with tracking of delivery, the Court-approved attorneys' fees and costs to Class Counsel unless other method is requested by Class Counsel. Class Counsel shall provide the Claims Administrator with the pertinent taxpayer identification number and payment instructions after the Final Approval Date.

7.8.2 The Claims Administrator shall send a check, via certified mail with tracking of delivery, the Court-approved Enhancement Payment to the Class Representative, care of Class Counsel unless other method is requested by Class Counsel.

7.8.3 Only Qualified Claimants and Aggrieved Employees will receive their Claim Amount.

7.8.4 The Claims Administrator shall remit and report the applicable portions of the payroll tax payment to the appropriate taxing authorities on a timely basis pursuant to its duties under this Agreement. Defendants agree to reasonably cooperate with the Claims Administrator to the extent necessary to determine the amount of the payroll tax payment required.

7.9 Settlement Check Expiration and Uncashed Checks: The Claims Administrator shall issue Claim Amounts to Qualified Claimants and Aggrieved Employees in the form of a check, which shall become null and void if not deposited within one hundred twenty (120) calendar days of issuance. After one hundred twenty (120) calendar days of issuance, the checks shall be voided and funds from all uncashed checks shall be transmitted in accordance with Section 5.6. The Claims Administrator shall deliver these funds within fourteen (14) calendar days after the check cashing deadline.

1 7.10 Claims Administrator Declaration Regarding Compliance and Settlement Administration:

2 Within twenty-one (21) days after the last day for Qualified Claimants and Aggrieved Employees to cash
3 their settlement checks, the Claims Administrator shall provide Class Counsel and Defendants' Counsel
4 with a signed declaration under penalty of perjury providing a complete and detailed report regarding the
5 settlement administration documenting that all payments under the Agreement have been made, that the
6 Court's final approval order has been complied with, and that all the obligations of the Claims
7 Administrator have been completed.

8 **8. PRELIMINARY SETTLEMENT ADMINISTRATION SCHEDULE**

9 8.1 The schedule may be modified depending on whether and when the Court grants necessary
10 approvals, orders notice to Class Members, and sets further hearings. The schedule may also be modified
11 to correct clerical errors and to reflect the provisions in the Agreement as described above. In the event
12 of such modification, the Parties shall cooperate to complete the settlement procedures as expeditiously
13 as reasonably practicable. The preliminary schedule for notice, approval, and payment procedures
14 carrying out the Agreement is as follows:

15 Last day for Defendants to provide Claims 16 Administrator with Class Member information	Within 14 calendar days after the Preliminary Approval Date
17 Last day for Claims Administrator to complete 18 NCOA search, update Class Member mailing 19 information, and mail Notice of Settlement	Within 14 calendar days after the Claims Administrators' receipt of Class Members' information from Defendants
20 Last day for Class Members to opt-out, submit 21 disputes, submit objections, and submit data 22 requests	45 calendar days after mailing of Notice of Settlement or within 10 days after Notice of Settlement is re-mailed, whichever is later
23 Last day for Claims Administrator to provide 24 Parties with signed declaration reporting on 25 settlement administration statistics	Within 21 calendar days after end of the Notice Period

Last day for Claims Administrator to calculate the final Net Settlement Amount, the final Claim Amounts for Qualified Claimants and/or Aggrieved Employees, any applicable taxes thereon, and report the results of these calculations Class Counsel and Defendants' Counsel	Within 7 days after the Final Approval Date
Last day for Defendants to fund settlement	Within 21 calendar days after Final Approval Date
Last day for Claims Administrator to deliver payment of Class Counsel's attorney's fees and costs, Enhancement Payments, PAGA Payment, Claims Administrator Costs, payment to Qualified Claimants, and payment to Aggrieved Employees	Within 14 days after Defendants' last day to fund the settlement
Last day for Qualified Members and Aggrieved Employees to cash settlement checks	120 days after issuance of checks to Qualified Members and Aggrieved Employees
Last day for Claims Administrator to deliver value of uncashed settlement checks to <i>cy pres</i> beneficiaries	Within 14 days after settlement check cashing deadline
Last day for Claims Administrator to provide Parties with compliance declaration	Within 21 days after settlement check cashing deadline

9. DUTIES OF THE PARTIES

9.1 Preliminary Approval: The Parties will cooperate in obtaining, through an unopposed motion to be filed as soon as reasonably practicable, an order from the Court preliminarily approving this Agreement at the earliest possible date concurrently with the Court's certification of the Action as a class action for settlement purposes. The Parties further agree to fully cooperate in the drafting and/or filing of any further documents or filings reasonably necessary to be prepared or filed, shall take all steps that may be requested by the Court relating to, or that are otherwise necessary to the approval and implementation of this Agreement and shall otherwise use their respective best efforts to obtain certification for settlement purposes, approval of, and implementation of this Agreement. The Parties will submit this Agreement to

1 the Court for preliminary approval of its terms and for approval of the steps to be taken to obtain its final
2 approval. Within one week of signing this Agreement, Class Counsel shall provide a draft of the
3 Preliminary Approval Motion to Defendants' Counsel. Defendants' Counsel will provide comments
4 and/or proposed revisions within one week after receipt of the draft Preliminary Approval Motion from
5 Class Counsel. With regard to the final approval documents, a similar one-week maximum review and
6 response time shall be observed by the Parties. The Parties will request that the Court's preliminary
7 approval of this Agreement be embodied in an Order Granting Preliminary Approval of Class Action and
8 PAGA Settlement.

9 9.1.1 Plaintiff's motion shall seek an order: 1) Preliminarily approving the Agreement;
10 2) Approving as to form and content the proposed Notice of Settlement; 3) Directing the mailing of the
11 Notice of Settlement by first class mail to Class Members and Aggrieved Employees; 4) Preliminarily
12 appointing Plaintiff and Class Counsel as representatives of Class Members; 5) Preliminarily approving
13 settlement administration services to be provided by the Claims Administrator; 6) Preliminarily approving
14 the proposed Enhancement Payment to Plaintiff; 7) Preliminarily approving the application for payment
15 of reasonable attorneys' fees and reimbursement of litigation-related expenses to Class Counsel; and 8)
16 Scheduling a fairness hearing on the question of whether the proposed Agreement should be finally
17 approved as fair, reasonable and adequate as to the Class Members.

18 9.1.2 Defendants shall not oppose Plaintiff's motion for approval of the proposed
19 Agreement.

20 9.1.3 The Parties shall cooperate with each other and the Claims Administrator during
21 the process of giving Class Members notice and opportunity to object to the Agreement, as necessary and
22 appropriate to assure effective communication to individual Class Members of information about their
23 rights and obligations under this Agreement.

24 9.2 Final Approval and Fairness Hearing: On a date approved by the Court and set forth in the
25 Notice of Settlement, the Court shall hold the Final Approval and Fairness Hearing where objections, if
26 any, may be heard. Class Counsel shall provide the Court as part of the motion for final approval of the
27 Agreement, a declaration by the Claims Administrator of due diligence and proof of mailing of the Notice
28

1 of Settlement required to be mailed to Class Members by this Agreement, and of the delivery results of
2 the Claim Administrator's mailings including tracing and re-mailing efforts.

3 9.2.1 Class Counsel will submit a proposed order and judgment for final approval, which
4 shall include findings and orders: 1) Approving the Agreement, adjudging the terms thereof to be fair,
5 reasonable and adequate, and directing that its terms and provisions be carried out; 2) Approving the
6 payment of an Enhancement Payment to the Class Representative; 3) Approving Class Counsel's
7 application for an award of attorneys' fees and reimbursement of out-of-pocket litigation expenses; 4)
8 Approving the Claims Administrator Costs; and 5) Providing that the Court will retain jurisdiction to
9 oversee administration and enforcement of the terms of the Agreement and the Court's orders.

10 9.2.2 Following entry of the Court's Order granting final approval of the Agreement, the
11 Parties will each act to ensure the fulfillment of all its provisions, including but not limited to the
12 following: 1) Should an appeal be taken from the final approval of the Agreement or motion to set aside
13 the judgement be filed, all parties will support the final approval order on appeal or otherwise; 2) Class
14 Counsel will assist the Claims Administrator as needed or requested in the process of identifying and
15 locating Qualified Claimants and Aggrieved Employees entitled to payments under the Agreement and
16 assuring delivery of such payments; 3) Class Counsel and Defendants' Counsel will cooperate with each
17 other and assist the Claims Administrator as needed or requested in completing the distribution of any
18 residual amounts, as specified above, to the *cy pres* beneficiaries; 4) Class Counsel, in conjunction with
19 the Claims Administrator, will certify to the Court completion of all payments required to be made by this
20 Agreement.

21 9.3 Final Judgment: If the Court approves this Agreement at the final approval and fairness
22 hearing, the Parties will request that the Court enter an Order Granting Final Approval of Class Action
23 and PAGA Settlement and Final Judgment.

24 9.4 Notice to LWDA: Plaintiff agrees to provide notice to the Labor and Workforce
25 Development Agency ("LWDA") of this settlement in accordance with Labor Code § 2699(1)(2).

26 10. MISCELLANEOUS TERMS

27 10.1 Defendants' Right to Withdraw Based on Opt-Outs: If, prior to the Final Approval Date,
28 10% or more of the Class Members have submitted proper and timely requests to opt-out in accordance

with the provisions of the Agreement, Defendants may, at its election, rescind the Agreement and all actions taken in its furtherance will be thereby null and void. Defendants must exercise this right of rescission, in writing, to Class Counsel, within seven (7) calendar days after the Claims Administrator notifies the Parties of the total number of opt-outs. If the option to rescind is exercised, then any Claims Administrator Costs shall be paid by Defendants. Defendants have provided Class Counsel with data evidencing that there will be no more than 15,000 employee workweeks during the Class Period. In the event the number of employee workweeks during the Class Period is more than 16,500 (*i.e.*, greater than 10% more than 15,000), then the Gross Settlement Amount shall be increased proportionally by the workweeks in excess of 15,000, multiplied by the pay period value. For example, if there were 15,000 workweeks represented to exist during the Class Period, but there are actually 17,000 workweeks in the Class Period, and the actual workweek value is \$5.00 per workweek, Defendants would have to increase the Gross Settlement Amount by \$10,000.00 (17,000 workweeks – 15,000 workweeks = 2,000 workweeks x \$5.00/workweek). For purposes of the forgoing calculation, the pay period value shall be determined by dividing the *Gross Settlement Amount* by the actual number of employee workweeks in the Class Period as determined by the Claims Administration. Any increase to the Gross Settlement Amount, as set forth in this paragraph, will entitle Plaintiff to have a proportionate increase to his attorney's fees (not to exceed 35%) and costs (if any) and to the cost of administration.

10.2 Circular 230 Disclaimer: EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR SHALL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS

1 AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE
2 RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY
3 OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR
4 DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY
5 TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO
6 ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT
7 PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX
8 STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON
9 DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX
10 STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED
11 BY THIS AGREEMENT.

12 10.3 No Prior Assignments: The Parties represent, covenant, and warrant that they have not
13 directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to
14 any person or entity any portion of any liability, claim, demand, action, cause of action or right released
15 and discharged in this Agreement.

16 10.4 Waiver of Appeal and Ability to Opt Out: To the extent permitted by applicable law, by
17 signing this Agreement Defendants are waiving any rights to appeal from the Court's approval of the
18 settlement unless the Court materially modifies the settlement. Furthermore, by signing this Agreement
19 Plaintiffs are waiving any right or ability to opt out of this Agreement during the Notice Period or
20 otherwise.

21 10.5 Exhibits Incorporated by Reference: The terms of this Agreement include the terms set
22 forth in any attached Exhibits, which are incorporated herein by reference as though fully set forth in this
23 Agreement. Any Exhibits to this Agreement are an integral part of the Settlement.

24 10.6 Judgment and Retention of Jurisdiction to Enforce: Upon the Final Approval Date,
25 judgment will be entered according to this Agreement, with the Court to retain jurisdiction over the parties
26 to enforce the terms therein.

27 10.7 Mutual Cooperation: The Parties agree to cooperate fully with one another to accomplish
28 and implement the terms of this Agreement. Such cooperation shall include, but not be limited to,

1 execution of such other documents and the taking of such other action as may reasonably be necessary to
2 fulfill the terms of this Agreement. The Parties to this Agreement shall use their best efforts, including
3 all efforts contemplated by this Agreement and any other efforts that may become necessary by Court
4 order, or otherwise, to effectuate this Agreement and the terms set forth herein.

5 10.8 No Admission of Liability: Neither the acceptance nor the performance by Defendants of
6 the terms of this Agreement, nor any of the related negotiations or proceedings, is or shall be claimed to
7 be, construed as, or deemed to be, an admission by Defendants of the truth of any of the allegations in the
8 Complaint, the representative character of the Action, the validity of any of the claims that were or could
9 have been asserted by Plaintiff and/or Class Members in the Action, or of any liability or guilt of
10 Defendants in the Action. Nothing in this Agreement shall be construed to be or deemed an admission by
11 Defendants of any liability, culpability, negligence, or wrongdoing toward Plaintiff, the Class Members,
12 or any other person, and Defendants specifically disclaim any liability, culpability, negligence, or
13 wrongdoing toward Plaintiff, the Class Members, or any other person. Each of the Parties has entered
14 into this Stipulation with the intention to avoid further disputes and litigation.

15 10.9 Notices: Unless otherwise specifically provided herein, all notices, demands, or other
16 communications given hereunder shall be in writing and shall be deemed to have been duly given as of
17 the third business day after mailing by United States certified mail, return receipt requested, addressed as
18 follows:

19 To Plaintiff and the Class:

20 Galen T. Shimoda
21 Justin P. Rodriguez
22 Brittany V. Berzin
23 Jessica L. Hart
24 Shimoda Law Corp.
25 9401 East Stockton Blvd., Suite 120
26 Elk Grove, CA 95624

27 To Defendants:

28 Jose-Manuel A. de Castro
29 De Castro Law Group, P.C.
30 590 N Glenoaks Blvd, Ste 201
31 Los Angeles, CA 91504-1011

1 10.10 Mutual Drafting of Agreement: The Parties hereto agree that the terms and conditions of
2 this Agreement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that
3 this Agreement shall not be construed in favor of or against any party by reason of the extent to which any
4 party or its counsel participated in the drafting of this Agreement.

5 10.11 Binding Effect of Agreement: The Parties, by signing this Agreement, are bound by the
6 terms herein. The Parties waive their rights to file an appeal, writ, or any challenge whatsoever to the
7 terms of this Agreement. This Stipulation shall be binding upon and inure to the benefit of the Parties
8 hereto and their respective heirs, trustees, executors, Claims Administrators, successors, and assigns.

9 10.12 Attorneys' Fees and Costs Limitations: Neither Class Counsel nor any other attorneys
10 acting for, or purporting to act for, the Class, Class Members, or Plaintiff, may recover or seek to recover
11 any amounts for fees, costs, or disbursements from the Releasees or the Gross Settlement Amount except
12 as expressly provided in this Agreement. The Parties stipulate and agree that the San Joaquin County
13 Superior Court shall have continuing jurisdiction to enforce the terms of the Agreement pursuant to Civil
14 Procedure Code section 664.6 and that the prevailing party any action necessary to enforce the terms of
15 the Agreement after default by the other party may recover reasonable attorney's fees and costs related
16 thereto.

17 10.13 No Modifications: This Agreement may be amended or modified only by a written
18 instrument signed by counsel for all Parties or their successors-in-interest. This Agreement may not be
19 discharged except by performance in accordance with its terms.

20 10.14 Authorization to Enter Into Settlement Agreement: Counsel for all Parties warrant and
21 represent they are expressly authorized by the Parties whom they represent to negotiate this Agreement
22 and to take all appropriate action required or permitted to be taken by such Parties pursuant to this
23 Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of
24 this Agreement.

25 10.15 Class Member Signatories: Because the Action has not yet been certified, and the Class
26 Members are so numerous, the Parties agree that it is impossible or impractical to have each Class Member
27 sign this Agreement. It is agreed that, for purposes of seeking approval of the Agreement, this Agreement
28 may be executed on behalf of all Class Members by the Class Representative.

1 10.16 Counterparts: This Agreement shall become effective upon its execution by all of the
2 undersigned. Plaintiff, Class Counsel, Defendants and Defendants' Counsel may execute this Agreement
3 in counterparts, and execution of counterparts shall have the same force and effect as if each had signed
4 the same instrument. Facsimile, electronic, and/or scanned copies of signatures shall have the same force
5 and effect of originals.

6 10.17 Choice of Law: The Agreement and any exhibits hereto shall be considered to have been
7 negotiated, executed, and delivered, and to have been wholly performed, in the State of California, and
8 the rights and obligations of the Parties to the Agreement shall be construed and enforced in accordance
9 with, and governed by, the substantive laws of the State of California without giving effect to that State's
10 choice of law principles.

11 10.18 Headings and Captions: Section titles or captions contained in the Agreement are inserted
12 as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of
13 this Agreement, or any provision thereof.

14 10.19 No Retaliation or Discouragement: The Parties agree they will take no action that could
15 be construed as retaliation against any Class Members for participating or seeking to participate in this
16 class action settlement. The Parties will not discourage any class member from participating or seeking
17 to participate in this class action settlement. This is a material term of the Agreement and non-breaching
18 Parties will seek court intervention if this provision is breached. Should non-breaching Party prevail, they
19 shall be entitled to further attorneys' fees and costs.

20 10.20 Integrated Agreement: This Agreement sets forth the entire understanding between the
21 Parties and supersedes any and all prior agreements, oral or written, pertaining to the subject matter hereof.
22 Each party acknowledges that there is no representation, inducement, promise or agreement which has
23 been made, orally or otherwise, by the other party, concerning the terms or conditions of this Agreement,
24 which is not expressly embodied in this Agreement. In entering into this Agreement, the Parties represent
25 that the terms of this Agreement are fully understood and voluntarily accepted by the Parties.

26 10.21 Binding on Successors and Assigns: This Agreement will be binding upon, and inure to
27 the benefit of, the successors or assigns of the Parties to this Agreement, as previously defined.
28

10.22 Invalidity of Any Provision: Before declaring any provision of this Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Settlement Agreement valid and enforceable.

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

10.24 Captions: The captions and section numbers in this Agreement are inserted for the reader's convenience, and in no way define, limit, construe or describe the scope or intent of the provisions of this Agreement.

IN WITNESS WHEREOF, this Agreement is executed by the Parties and their duly authorized attorneys, as of the day and year herein set forth.

For Plaintiff:

Date: 5/18/2021


Linda Hudson

FOR Defendants:

Date: _____

By: _____
For Stockton Nursing and Rehab Center, LLC.

Date: _____

By: _____
For Eduro Healthcare, LLC

Date: _____

By: _____
For Grant Garrison

1 10.22 Invalidity of Any Provision: Before declaring any provision of this Agreement invalid, the
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7 10.24 Captions: The captions and section numbers in this Agreement are inserted for the reader's
8 convenience, and in no way define, limit, construe or describe the scope or intent of the provisions of this
9 Agreement.

10 IN WITNESS WHEREOF, this Agreement is executed by the Parties and their duly authorized
11 attorneys, as of the day and year herein set forth.

12 **For Plaintiff:**

13 Date: 5/18/2021
14 _____

Linda Hudson
Linda Hudson

15
16 **FOR Defendants:**

17 Date: 5/19/2021
18 _____

[Signature]
By:
For Stockton Nursing and Rehab Center, LLC.

19
20 Date: 5/19/2021
21 _____

[Signature]
By:
For Eduro Healthcare, LLC

22
23 Date: _____

24 By: _____
25 For Grant Garrison

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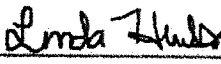
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8 convenience, and in no way define, limit, construe or describe the scope or intent of the provisions of this
9 Agreement.

10 IN WITNESS WHEREOF, this Agreement is executed by the Parties and their duly authorized
11 attorneys, as of the day and year herein set forth.

12 **For Plaintiff:**

13 Date: 5/18/2021
14 _____

_____ 
Linda Hudson

15
16 **FOR Defendants:**

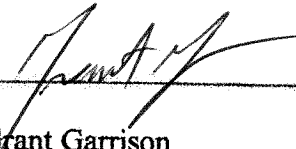
17 Date: _____
18

_____ By:
For Stockton Nursing and Rehab Center, LLC.

19
20 Date: _____
21

_____ By:
For Eduro Healthcare, LLC

22
23 Date: 5-18-2021
24 _____

_____ 
By:
For Grant Garrison

1 APPROVED AS TO FORM

2
3 Dated: 5/18/21

Shimoda Law Corp.

By: 
Galen T. Shimoda
Justin P. Rodriguez
Brittany V. Berzin
Jessica L. Hart
Attorney for Plaintiff and Aggrieved
Employees

7 APPROVED AS TO FORM

8
9
10 Dated: _____

DE CASTRO LAW GROUP, P.C.

By: 
Jose-Manuel A. de Castro
Attorney for Defendants