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Attorneys for Plaintiff
EVA PACHECO

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

EVA PACHECO, as an aggrieved employee
and private attorney general,

Plaintiff,

vs.

HUGS HEALTHCARE, INC. also known as
HCFS, INC., a Texas corporation; CENTAURI
HEALTH SOLUTIONS, INC., a Delaware
corporation; and DOES 1 through 50, inclusive,

Defendants.

Case No. 21STCV00277

*Assigned for all purposes to: Hon. Michael
L. Stern, Dept. 62*

REPRESENTATIVE ACTION

**JOINT STIPULATION OF PAGA
SETTLEMENT AND RELEASE OF
CLAIMS**

Complaint Filed: January 4, 2021

Trial Date: Not Set

1 This Joint Stipulation of PAGA Settlement and Release of Claims (“Settlement,”
2 “Agreement,” or “Settlement Agreement”) is made and entered into by and between Plaintiff Eva
3 Pacheco (“Plaintiff”) and Defendants HUGS Healthcare, Inc., HCFS, Inc., and Centauri Health
4 Solutions, Inc. (“Defendants”). Plaintiff and Defendants are collectively referred to herein as “the
5 Parties.”

6 DEFINITIONS

7 The following definitions are applicable to this Settlement, in addition to other terms defined
8 elsewhere in this Settlement:

9 1. “Superior Court” shall mean the Superior Court of California for the County of Los
10 Angeles.

11 2. The “Action” shall mean the civil action entitled “*Eva Pacheco v. HUGS*
12 *Healthcare, Inc., et al.*” pending before the Superior Court of California, County of Los Angeles,
13 Case No. 21STCV00277.

14 3. “Plaintiff’s Counsel” shall mean the attorneys representing Plaintiff in the Action,
15 Heather Davis, Esq., Amir Nayebdadash, Esq., and Shahrar Kangavari, Esq. of Protection Law
16 Group, LLP.

17 4. “Defense Counsel” shall mean the attorneys representing Defendants in the Action,
18 Alim Malik, Esq. of Jackson Tidus, APC.

19 5. The “PAGA Period” shall mean the period of time commencing on October 31,
20 2019, and ending on either the date of approval of the Settlement by the Court or thirty (30) days
21 from the date of mediation (November 18, 2021), whichever date occurs first.

22 6. “PAGA Members” shall mean all current and former non-exempt employees of
23 Defendants employed by Defendants in the State of California at any time during the PAGA Period.

24 7. “Aggrieved Employee List” means a complete list of all PAGA Members that
25 Defendants will diligently and in good faith compile from its records and provide to the Settlement
26 Administrator no later than fourteen (14) calendar days after the Effective Date. The Aggrieved
27 Employee List will be formatted in a readable Microsoft Office Excel spreadsheet containing the
28 following information for each PAGA Member: (1) full name; (2) last known home address; (3) last

1 known telephone number; (4) social security number; (5) start and end dates of active employment
2 as a non-exempt employee of Defendants in the State of California; and (6) total pay periods during
3 the PAGA Period. This is a material term of the Settlement, and if Defendants fail to comply,
4 Plaintiff shall have the right to void the Settlement. The Parties agree that this list contains
5 confidential information concerning Defendants' employees and that the list including contact
6 information shall not be shared by the Settlement Administrator with counsel for the Plaintiff, but
7 an anonymized list with final calculations shall be available for Plaintiff's counsel's review.

8 8. "Settlement Administrator" shall mean ILYM Group, Inc. proposed by the Parties
9 and appointed by the Superior Court to administer the Settlement.

10 9. "Plaintiff's Counsel Fees Payment" shall mean One Hundred Five Thousand Dollars
11 and No Cents (\$105,000.00) subject to approval by the Superior Court as Plaintiff's Counsel's
12 attorneys' fees incurred in connection with the Action, including fees incurred in pre-filing
13 investigation, filing of the Action, and all related litigation activities, this Settlement, and all post-
14 settlement compliance procedures. Defendants have agreed not to oppose Plaintiff's Counsel's
15 request for fees in the amount set forth above.

16 10. "Plaintiff's Counsel Litigation Costs Payment" shall mean the actual litigation
17 expenses and/or costs expended by Plaintiff's Counsel subject to approval by the Superior Court
18 incurred in connection with the Action, including pre-filing investigation, filing of the Action, and
19 all related litigation activities, this Settlement, and all post-settlement compliance procedures.
20 Plaintiff's Counsel's costs are not to exceed Twenty-Five Thousand Dollars and No Cents
21 (\$25,000.00). Defendants have agreed not to oppose Plaintiff's Counsel's request for costs and
22 expenses in the amount set forth above.

23 11. "Plaintiff's Incentive Payment" shall mean the payment made to Plaintiff in her
24 capacity as the PAGA representative to compensate her for prosecuting the Action, and performing
25 work in support of the Action, in the amount of Five Thousand Dollars (\$5,000.00), subject to
26 approval by the Superior Court.

27 12. "Settlement Administrator Payment" shall mean the payment to the Settlement
28 Administrator for its fees and expenses in administering this Settlement in an amount not to exceed

Five Thousand Nine Hundred Ninety Dollars and No Cents (\$5,999.00).

13. "Pay Period" shall mean any pay period in which a PAGA Member any pay period in which a PAGA Member worked at least one (1) day.

14. "Individual Pay Periods" shall mean the number of Pay Periods for an individual PAGA Member.

15. "Gross Settlement Amount" shall mean Three Hundred and Fifty Thousand Dollars (\$350,000.00) payable by Defendants as provided by this Settlement Agreement

16. Defendants represent that as of November 19, 2021, the number of Pay Periods worked by the PAGA Members is 2,100. Should the qualifying Pay Periods worked by the PAGA Members during the PAGA Period ultimately increases by more than 10% (i.e., by more than 210 Pay Periods), Defendants shall increase the Gross Settlement Amount on a *pro-rata* basis equal to the percentage increase in the number of Pay Periods worked by the PAGA Members above 10%. For example, if the number of Pay Periods increases by 11% to 2,310 Pay Periods, the Gross Settlement Amount will increase by 1%.

17. "Net Settlement Amount" shall mean the Gross Settlement Amount, less (i) Plaintiff's Incentive Payments approved by the Superior Court; (ii) Plaintiff's Counsel Fees Payment approved by the Superior Court; (iii) Plaintiff's Counsel Litigation Costs Payment approved by the Superior Court; (iv) the Settlement Administrator Payment approved by the Superior Court; and (v) any other fees or expenses (other than Plaintiff's Counsel Fees Payment and Litigation Costs Payment) incurred in implementing the terms and conditions of this Settlement Agreement as approved by the Superior Court.

18. "LWDA Payment" shall mean the payment to the California Labor and Workforce Development Agency ("LWDA") constituting seventy-five percent (75%) of the Net Settlement Amount.

19. "Released Parties" means Defendants HUGS Healthcare, Inc., HCFS, Inc., and Centauri Health Solutions, Inc. as named by Plaintiff in the operative complaint, and its current and former officers, directors, employees, and agents, and the successors and assigns, of all such entities and individuals.

RECITALS

25. On October 29, 2020, Plaintiff's Counsel, on behalf of Plaintiff and PAGA Members, gave written notice to the LWDA of the Labor Code violations Defendants are alleged to have violated ("PAGA Letter").

26. On January 4, 2021, Plaintiff commenced the Action against Defendants by filing a Complaint in the Superior Court. In the Complaint, Plaintiff, on behalf of herself and all others similarly situated, alleged a cause of action for Civil Penalties pursuant to the Private Attorneys' General Act ("PAGA").

27. In connection with the Action, and in order to work toward a mediated resolution without the time and expense of formal discovery, the Parties produced voluminous documents and data (including, by Defendants, human resources documents and policies, time records, and payroll

1 data during the PAGA Period) which were reviewed, investigated, and analyzed by Plaintiff's
2 Counsel.

3 28. On November 18, 2021, the Parties in the Action participated in a full day of
4 mediation before an experienced employment and class action mediator, Marc J. Feder, Esq., which
5 resulted in settlement of the Action (the "Mediation").

6 29. The Settlement described in this Settlement Agreement represents a compromise and
7 settlement of highly disputed claims. Nothing in this Settlement is intended or will be construed as
8 an admission by Defendants that Plaintiff's claims in the Action have any merit or that it has any
9 liability to Plaintiff, PAGA Members, or the State on those claims, or as an admission by Plaintiff
10 that Defendants' defenses in Action have any merit. This Settlement is intended to fully, finally, and
11 forever compromise, release, resolve, discharge, and settle the released claims subject to the terms
12 and conditions set forth in this Settlement.

13 30. Based on its own thorough, independent investigation and evaluation of this case,
14 Plaintiff's Counsel is of the opinion that the Settlement of the Action with Defendants for the
15 consideration and on the terms set forth in this Settlement is fair, reasonable, adequate, and in the
16 best interest of PAGA Members in light of all known facts and circumstances, including the risk of
17 significant costs and delay, the defenses asserted by Defendants including the risks of adverse
18 determinations on the merits, and numerous potential appellate issues. Although Defendants
19 contend that they have no liability in the Action, Defense Counsel shares Plaintiff's Counsel's belief
20 that the Settlement represents a fair and adequate settlement given the respective risks associated
21 with the case.

22 31. Based on the foregoing Recitals, the Parties agree as follows:

23 **PROCEDURE FOR APPROVING SETTLEMENT**

24 32. **Motion for Approval of Settlement by the Superior Court.** Plaintiff will move the
25 Superior Court for an order granting approval of the Settlement and approving the PAGA Notice
26 (attached as **Exhibit A** to this Stipulation) ("Motion for Approval").

27 33. At the hearing on the Motion for Approval, the Parties anticipate that they will
28 jointly appear, support the granting of the Motion for Approval, and obtain an order granting

1 approval of the Settlement, and granting approval of the PAGA Notice.

2 34. Should the Superior Court require any amendments to this Settlement Agreement or
3 the Motion for Approval, the Parties agree to work jointly to resolve any issues in order to secure
4 the Superior Court's approval.

5 35. In the event that the Court does not finally approve the Settlement as provided herein
6 then this Settlement Agreement, and any documents generated to bring it into effect, will be null
7 and void, and the Parties will be returned to their respective original positions. If the Court does not
8 approve the payment of the Net Settlement Amount as described in this Agreement, the Parties
9 agree to meet and confer to address the Court's concerns. If after meeting and conferring, the Court
10 fails to approve this Settlement for any reason, the Parties agree to attend mediation again in an
11 effort to reach a settlement approved by the Court

12 36. Upon approval of the Settlement by the Superior Court, the Parties will present for
13 the Superior Court's approval and entry a Proposed Final Order and Judgment. The entry of the
14 Order and Judgment shall permanently bar Plaintiff and the LWDA from prosecuting against
15 Defendants all claims as set forth in the Release contained in this Settlement Agreement.

16 37. **Provision of Aggrieved Employee List.** No later than fourteen (14) calendar days
17 after the Effective Date, Defendants will provide to the Settlement Administrator the "Aggrieved
18 Employee List" in a Microsoft Excel spreadsheet containing the following information for each
19 PAGA Member: (1) full name; (2) last known home address; (3) last known telephone number; (4)
20 social security number; (5) start and end dates of active employment as a non-exempt employee of
21 Defendants in the State of California; and (6) total pay periods during the PAGA Period.. This is a
22 material term of the Settlement, and if Defendants fail to comply, Plaintiff shall have the right to
23 void the Settlement. The Parties agree that this list contains confidential information concerning
24 Defendants' employees and that the list including contact information shall not be shared by the
25 Settlement Administrator with counsel for the Plaintiff, but an anonymized list with final
26 calculations shall be available for Plaintiff's Counsel's review.

27 38. **Funding of the Gross Settlement Amount.** Within thirty (30) days of the Effective
28 Date, Defendants will deposit the Gross Settlement Amount into a Qualified Settlement Fund

1 (“QSF”) to be established by the Settlement Administrator.

2 39. **Payment of PAGA Payment Shares and Distribution of PAGA Notice.** The
3 Settlement Administrator shall pay to each PAGA Member his or her PAGA Payment Share by
4 sending a check in the appropriate amount to the PAGA Member at the address indicated in the
5 Aggrieved Employee List. Such payment, along with the PAGA Notice attached hereto as Exhibit
6 A, shall be sent by the Settlement Administrator via U.S. Mail within fourteen (14) calendar days of
7 its receipt of the Gross Settlement Amount from Defendants.

8 40. **Uncashed PAGA Payment Share Checks.** Any checks paid to PAGA Members
9 shall be negotiable for one hundred eighty (180) calendar days from the date of their issuance. A
10 PAGA Member must cash his or her PAGA Payment Share check within one hundred eighty (180)
11 calendar days after it is mailed to him or her. If a check remains uncashed after one hundred eighty
12 (180) calendar days from the initial mailing, or if a check is returned to the Settlement
13 Administrator as undeliverable during the one hundred eighty-day period, the Settlement
14 Administrator shall take all reasonable efforts to identify the PAGA Member’s correct address,
15 including the performance of a “skip-trace.” If an updated address can be identified, the Settlement
16 Administrator shall issue another check to the PAGA Member and mail it to the PAGA Member at
17 his or her updated address. If an updated address for the PAGA Member cannot be identified, if a
18 reissued check is once again returned to the Settlement Administrator as undeliverable, or if the
19 reissued check remains uncashed after one hundred eighty (180) calendar days, the Settlement
20 Administrator will keep an accounting of such funds and shall give notice to the Parties of the total
21 balance of uncashed PAGA Payment Shares. A PAGA Member who fails to negotiate or receive
22 their PAGA Payment Share check despite the procedures described above shall nevertheless remain
23 bound by the Settlement and the releases contained herein.

24 41. The funds represented by PAGA Payment Share checks remaining uncashed for
25 more than one hundred eighty (180) calendar days after issuance shall be voided and then shall be
26 transmitted to the Controller of the State of California to be held pursuant to the Unclaimed
27 Property Law, California Code of Civil Procedure § 1500, *et seq.* in the names of those PAGA
28 Members who did not cash their checks until such time they claim their property. After the

1 expiration of the 180-calendar day check cashing period, as outlined above, the Settlement
2 Administrator shall begin the process of transferring the funds in accordance with California Code
3 of Civil Procedure §§ 1500-1582 and the timing requirements set forth by the Office of the State
4 Controller. The Parties agree that this disposition results in no "unpaid residue" under California
5 Civil Procedure Code § 384, as the entire Net Settlement Amount will be paid out to the LWDA and
6 PAGA Members, whether or not all PAGA Members cash their settlement checks. Therefore,
7 Defendants will not be required to pay any interest on such amounts.

8 **SETTLEMENT TERMS AND CONDITIONS**

9 42. **PAGA Payment Shares.** Subject to the terms and conditions of this Settlement, the
10 Settlement Administrator will calculate the PAGA Payment Shares for each PAGA Member within
11 ten (10) calendar days after Defendants provide the Settlement Administrator with the Aggrieved
12 Employee List. The PAGA Payment Share for each PAGA Member will be calculated as follows,
13 understanding that the formulas below do not constitute an admission by either Party, and are
14 intended only to provide a practical means to simplify and administer the claims process:

15 (a) **Number of PAGA Members and Pay Periods.** Defendants shall determine
16 the total number of PAGA Members and the aggregate number of Pay Periods for those PAGA
17 Members during the PAGA Period. This information shall be provided to the Settlement
18 Administrator along with the Aggrieved Employee List as described above.

19 (b) **Calculation of the Pay Period Value.** The Settlement Administrator shall
20 determine the value of a Pay Period ("Pay Period Value") by taking the PAGA Payment amount
21 (i.e., 25% of the Net Settlement Amount) and dividing it by the sum of all PAGA Members' Pay
22 Periods.

23 (c) **Calculation of PAGA Payment Shares.** The Settlement Administrator shall
24 assign to each PAGA Member a PAGA Payment Share which shall be equal to the Pay Period
25 Value multiplied by each PAGA Member's Individual Pay Periods. Upon calculation of the PAGA
26 Members' PAGA Payment Shares, the Settlement Administrator shall furnish to Plaintiff's Counsel
27 and Defense Counsel a worksheet containing a list of employee identification numbers for the
28 PAGA Members with their corresponding Individual Pay Periods and PAGA Payment Shares.

1 **43. Taxes and Withholdings.** Each PAGA Payment Share is intended to settle the
2 PAGA Members' claims for civil penalties arising under PAGA. Accordingly, one hundred percent
3 (100%) of each PAGA Payment Share shall represent civil penalties. The PAGA Payment Share
4 shall be paid to the PAGA Member in full without deductions or withholdings, and the Settlement
5 Administrator shall issue an IRS Form 1099 to each PAGA Member for that amount. Defendants
6 make no representation as to the tax treatment or legal effect of the PAGA Payment Shares and
7 Plaintiff's Incentive Payment, and Plaintiff and the PAGA Members are not relying on any
8 statement, representation, or calculation by Defendants. Plaintiff and the PAGA Members
9 understand and agree that they will be solely responsible for the payment of any taxes and penalties
10 assessed on the PAGA Payment Shares. Plaintiff understands and agrees that that she will be solely
11 responsible for the payment of any taxes and penalties assessed on Plaintiff's Incentive Payment.
12 Plaintiff and the PAGA Members shall be solely and legally responsible for correctly characterizing
13 the payments they receive pursuant to this Agreement for tax purposes and for paying any taxes on
14 the amounts received.

15 **44. Total Payment Amount.** In no event will Defendants be required to pay more than
16 the Gross Settlement Amount for distribution to Plaintiff, Plaintiff's Counsel, PAGA Members,
17 LWDA, Settlement Administrator, or for any other costs or expenses not otherwise enumerated.

18 **45. Payments to Plaintiff, Plaintiff's Counsel, and Others.** Subject to the terms and
19 conditions of this Settlement, the Settlement Administrator will make the following payments out of
20 the Gross Settlement Amount within fourteen (14) days of the funding of the settlement as follows:

21 **(a) To Plaintiff:** In addition to her PAGA Payment Share, Plaintiff will apply to
22 the Superior Court for Plaintiff's Incentive Payments in an amount not to exceed Five Thousand
23 Dollars (\$5,000.00) to each Plaintiff. Defendants will not oppose Plaintiff's Incentive Payment. The
24 Settlement Administrator will pay the Plaintiff's Incentive Payment approved by the Superior Court
25 out of the Gross Settlement Amount. Payroll tax withholding and deductions will not be taken from
26 the Plaintiff's Incentive Payment, and an IRS Form 1099 will be issued to Plaintiff for this payment.

27 **(b) To Plaintiff's Counsel:** Plaintiff's Counsel will apply to the Superior Court
28 for the Plaintiff's Counsel Fees Payment in an amount not to exceed One Hundred Five Thousand

1 Dollars and No Cents (\$105,000.00), or thirty (30) percent of the Gross Settlement Amount.
2 Plaintiff's Counsel will also submit to the Superior Court a memorandum of costs for the Plaintiff's
3 Counsel Litigation Costs Payment in an amount not to exceed Twenty-Five Thousand Dollars and
4 No Cents (\$25,000.00) as requested reasonable costs incurred in the Action to be paid from the
5 Gross Settlement Amount. Defendants will not oppose these requests. The costs and fees provided
6 under the Settlement Agreement and approved by the Court shall be the total costs and attorneys'
7 fees recoverable in the Action. Plaintiff's Counsel shall not seek additional costs or fees arising
8 from the litigation of the Action. The Settlement Administrator will pay the amounts approved by
9 the Superior Court out of the Gross Settlement Amount. Withholding and deductions will not be
10 taken from the Plaintiff's Counsel Fees Payment or Plaintiff's Counsel Litigation Costs Payment,
11 and one or more IRS Forms 1099 will be issued to Plaintiff's Counsel with respect to those
12 payments. Defendants make no representation as to the tax treatment or legal effect of Plaintiff's
13 Counsel Fees Payment or Plaintiff's Counsel Litigation Costs Payment, and Plaintiff, Plaintiff's
14 Counsel, and PAGA Members are not relying on any statement, representation, or calculation by
15 Defendants. Plaintiff, Plaintiff's Counsel, and PAGA Members understand and agree that they will
16 be solely responsible for the payment of any taxes and penalties assessed on the Plaintiff's Counsel
17 Fees Payment or Plaintiff's Counsel Litigation Costs Payment. Plaintiff, Plaintiff's Counsel, and
18 PAGA Members shall be solely and legally responsible for correctly characterizing the payments
19 they receive pursuant to this Agreement for tax purposes and for paying any taxes on the amounts
20 received.

21 (c) **To the Settlement Administrator:** The Settlement Administrator will be
22 paid from the Gross Settlement Amount its reasonable fees and expenses as approved by the
23 Superior Court, which are estimated to be Five Thousand Nine Hundred Ninety Dollars and No
24 Cents (\$5,999.00).

25 (d) **Distribution of the Net Settlement Amount:** As part of their Motion for
26 Approval, the Parties will jointly apply to the Superior Court to approve the distribution of the Net
27 Settlement Amount to the LWDA and PAGA Members. Seventy-five percent (75%) of the Net
28 Settlement Amount shall be distributed to the LWDA ("LWDA Payment"). The remaining 25% of

1 the Net Settlement Amount shall be distributed to the PAGA Members on a *pro-rata* basis based
2 upon the number of pay periods worked by each PAGA Member ("PAGA Payment").

3 46. **Appointment of Settlement Administrator.** The Parties will ask the Superior Court
4 to appoint ILYM Group, Inc., a qualified and experienced administrator based in California where
5 the Action is venued, to serve as the Settlement Administrator, which, as a condition of
6 appointment, will agree to be bound by this Settlement Agreement with respect to the performance
7 of its duties and its compensation. The Settlement Administrator's duties will include (i) calculating
8 PAGA Payment Shares; (ii) preparing, translating, printing, and mailing the PAGA Notice to all
9 PAGA Members; (iii) using reasonable measures to contact all PAGA Members, including
10 conducting a National Change of Address search on all PAGA Members before mailing the PAGA
11 Notice to each PAGA Member's address; (iv) re-mailing the PAGA Notice to the PAGA Member's
12 new address for those PAGA Members whose address had changed; (v) setting up a toll-free
13 telephone number to receive calls from PAGA Members; (vi) issuing the checks to effectuate the
14 payments due under the Settlement; (vii) using reasonable measures to deliver issued checks to
15 PAGA Members, including use of a "skip-trace" for undeliverable checks; and (viii) otherwise
16 administering the Settlement pursuant to this Settlement Agreement. The Settlement Administrator
17 will have the final authority to resolve all disputes concerning the calculation of a PAGA Member's
18 PAGA Payment Share, subject to the terms set forth in this Settlement Agreement. The Settlement
19 Administrator's reasonable fees and expenses are estimated to be Five Thousand Nine Hundred
20 Ninety Dollars and No Cents (\$5,999.00) and will be paid out of the Gross Settlement Amount, as
21 set forth herein, subject to Court approval.

22 **RELEASE OF CLAIMS**

23 47. **Released Claims.** Upon remittance of the Gross Settlement Amount by Defendants
24 to the Settlement Administrator, Plaintiff and the LWDA will fully and finally release and discharge
25 Defendants from any and all claims for the recovery for civil penalties, attorneys' fees and costs
26 permissible under PAGA which Plaintiff had, or may claim to have, against Released Parties,
27 arising out of the violations alleged in the Complaint, the Action, or the PAGA Notice or reasonably
28 could have been alleged based on the facts and legal theories contained in the Complaint, the

1 Action, or the PAGA Notice, including unpaid straight and overtime wages, failure to provide
2 reporting time pay, failure to pay employees all minimum wages and overtime wages owed
3 including by failing to pay all overtime and double time at the correct regular rate of pay, failure to
4 provide compliant meal and rest breaks, failure to pay them all premium wages owed for short, late
5 or missed meal and rest periods, failure to pay all wages owed at discharge or resignation; failure to
6 timely pay wages within the times permissible under Labor Code section 204; failure to provide
7 complete and accurate wage statements; failure to keep complete and accurate payroll records;
8 failure to reimburse necessary business-related expenses; failure to pay vested but unused vacation
9 time, and violations of Labor Code sections 201, 202, 203, 204, 210, 226, 226.3, 226.7, 510, 512(a),
10 558, 1174(d), 1174.5, 1194, 1197, 1197.1, 1194, 1198, 1199, 2698, 2699.3, 2699.5, 2800, and 2802
11 (collectively, the "Released Claims"). This release shall apply to claims arising during the PAGA
12 Period and will be binding and effective upon Plaintiff and the LWDA regardless of whether the
13 PAGA Member cashes his or her PAGA Payment Share check.

14 48. The Released Claims expressly exclude all claims made by PAGA Members for
15 individual wage claims (except as to Plaintiff), vested benefits (except as to Plaintiff), wrongful
16 termination, unemployment insurance, disability, social security, workers' compensation, claims
17 while classified as exempt, and claims outside of the PAGA Period.

18 49. The Parties intend that the Released Parties can assert this Settlement Agreement as a
19 defense to any future claims for penalties brought by the LWDA or any claims brought under
20 PAGA on behalf of the LWDA. The Parties intend this PAGA settlement to have claim preclusion,
21 issue preclusion, or otherwise bar a representative action if an aggrieved employee were to bring a
22 subsequent claim on behalf of the LWDA based on the same factual predicate as this action and
23 covering the same time period.

24 50. **Plaintiff's General Release of Claims.** In addition to the PAGA Members'
25 Released Claims described above, Plaintiff shall also release all claims against the Released Parties
26 related to her employment with Defendants, including all claims alleged in the Complaint or the
27 Action, and be bound by a Civil Code Section 1542 release and waiver of all claims known and
28 unknown. Without limiting the generality of the foregoing, the claims released herein include any

1 claims or demands arising out of, based upon, or in any way related to: (a) Plaintiff's employment
2 with Defendants or the cessation of that employment; (b) any common law or statutory torts or
3 other causes of action; (c) any federal, state, or governmental constitution, statute, regulation, or
4 ordinance, including, without limitation, Title VII of the Civil Rights Act, the Age Discrimination
5 in Employment Act, the Employee Retirement Income Security Act, the Family and Medical Leave
6 Act, the Older Workers' Benefit Protection Act, the Americans with Disabilities Act, the California
7 Family Rights Act, the California Civil Code, the California Constitution, the California Labor
8 Code, the California Business and Professions Code, the California Industrial Welfare Commission
9 Wage Orders, and the California Fair Employment and Housing Act; (d) any agreement, oral or
10 written, express or implied, between Plaintiff and Defendants, including any employment
11 agreement; or (e) any claim for wages, salary, commissions, bonuses, and/or any other
12 compensation or benefit. This release specifically excludes claims that cannot be released as a
13 matter of law, including claims for unemployment insurance, disability, social security, and
14 workers' compensation (except for claims pursuant to Labor Code Sections 132a and 4553).

15 **51. Plaintiff's Waiver of California Civil Code § 1542.** Upon the funding of the Gross
16 Settlement Amount, in exchange for the consideration set forth in this Settlement Agreement,
17 Plaintiff also agrees to expressly waive the provisions of California Civil Code § 1542, which
18 provides as follows:

19
20 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
21 WHICH THE CREDITOR OR RELEASING PARTY DOES NOT
22 KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT
23 THE TIME OF EXECUTING THE RELEASE AND THAT, IF
24 KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY
25 AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR
26 OR RELEASED PARTY.

27 Plaintiff's general release and waiver of California Civil Code §1542 shall cover the time
28 period from the start of their employment with Defendants up to the Effective Date. This general
release and waiver of California Civil Code §1542 by Plaintiff is not intended to release any claims
that cannot be waived or released as a matter of law, including specifically, without limitation, any

1 claim under the California workers' compensation statute.

2 **MISCELLANEOUS PROVISIONS**

3 52. **Effect on Other Benefit Plans.** The payment of PAGA Payment Shares made to
4 PAGA Members under this Settlement will not be used to calculate any additional benefits under
5 any benefit plans to which any PAGA Member may be eligible, including, but not limited to profit-
6 sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans,
7 PTO plans, and any other benefit plan. Rather, it is the Parties' intention that this Settlement
8 Agreement will not affect any rights, contributions, or amounts to which any PAGA Member may
9 be entitled under any benefit plans.

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

14 54. **Continued Jurisdiction.** After entry of the Judgment, the Superior Court will have
15 continuing jurisdiction over the Action and the Settlement solely for purposes of addressing: (i) the
16 interpretation and enforcement of the terms of the Settlement, (ii) settlement administration matters,
17 and (iii) such post-dismissal matters as may be appropriate under court rules or as set forth in this
18 Settlement.

19 55. **Stay of Litigation.** The Parties agree that upon the signing of this Agreement, the
20 continuing litigation of this action shall be stayed absent any filings necessary to obtain approval of
21 the settlement, and the time to bring this action to trial shall be extended pending the outcome of the
22 settlement process.

23 56. **Integrated Agreement.** After this Settlement is signed and delivered by all Parties
24 and their counsel, this Settlement and its exhibits will constitute the entire agreement between the
25 Parties relating to the Settlement, and it will then be deemed that no oral representations, warranties,
26 covenants, or inducements have been made to any Party concerning this Settlement or its exhibits
27 other than the representations, warranties, covenants, and inducements expressly stated in this
28 Settlement and its exhibits.

1 57. **Amendment or Modification of Agreement.** This Settlement Agreement may be
2 amended or modified only by a written instrument signed by counsel for all Parties or their
3 successors-in-interest.

4 58. **Waiver of Certain Appeals.** The Parties agree to waive appeals; except, that either
5 Party may appeal any court order that materially modifies the Settlement Agreement's terms.

6 59. **Authorization to Enter into Settlement Agreement.** Counsel for all Parties warrant
7 and represent they are expressly authorized by the Parties whom they represent to negotiate this
8 Settlement Agreement and to take all appropriate action required or permitted to be taken by such
9 Parties pursuant to this Settlement Agreement to effectuate its terms and to execute any other
10 documents required to effectuate the terms of this Settlement Agreement. The Parties and their
11 counsel will cooperate with each other and use their best efforts to affect the implementation of the
12 Settlement. If the Parties are unable to reach agreement on the form or content of any document
13 needed to implement the Settlement, or on any supplemental provisions that may become necessary
14 to effectuate the terms of this Settlement, the Parties may seek the assistance of the Court to resolve
15 such disagreement.

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

19 61. **California Law Governs.** All terms and conditions of this Settlement and its
20 exhibits will be governed by and interpreted according to the laws of the State of California.

21 62. **Execution and Counterparts.** This Settlement Agreement is subject only to the
22 execution of all Parties. However, the Settlement Agreement may be executed in one or more
23 counterparts. All executed counterparts and each of them, including facsimile and scanned copies of
24 the signature page, will be deemed to be one and the same instrument provided that counsel for the
25 Parties will exchange among themselves original signed counterparts.

26 63. **Acknowledgment that the Settlement is Fair and Reasonable.** The Parties and
27 their respective counsel believe and warrant that this Settlement is a fair, reasonable, and adequate
28 settlement of the Action and have arrived at this Settlement after arms-length negotiations by

1 experienced counsel, taking into account all relevant factors, current and potential.

2 64. **Invalidity of Any Provision.** Before declaring any provision of this Agreement
3 invalid, the Court will first attempt to construe the provision as valid to the fullest extent possible
4 consistent with applicable precedents so as to define all provisions of this Agreement valid and
5 enforceable.

6 65. **Captions.** The captions of any section or paragraph of this Agreement are inserted
7 for the reader's convenience and in no way define, limit, construe or describe the scope or intent of
8 the provisions of this Agreement.

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

13 67. **Enforcement Action.** In the event that one or more of the Parties institutes any legal
14 action or other proceeding against any other Party or Parties arising out of that other Party's or
15 Parties' breach of this Agreement, the successful Party or Parties will be entitled to recover from the
16 unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees
17 incurred in connection with any enforcement actions.

18 68. **Mutual Preparation.** The Parties have had a full opportunity to negotiate the terms
19 and conditions of this Agreement. Accordingly, this Agreement will not be construed more strictly
20 against one Party than another merely by virtue of the fact that it may have been prepared by
21 counsel for one of the Parties, it being recognized that, because of the arms-length negotiations
22 between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

23 69. **Representation By Counsel.** The Parties acknowledge that they have been
24 represented by counsel throughout all negotiations that preceded the execution of this Agreement,
25 and that this Agreement has been executed with the consent and advice of counsel and reviewed in
26 full. The Parties further acknowledge that they have had an opportunity to consult with their counsel
27 regarding the fairness and reasonableness of this Settlement.

28 70. **Cooperation and Execution of Necessary Documents.** The Parties will cooperate

1 in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of
2 this Settlement Agreement. If the Parties are unable to reach agreement on the form or content of
3 any document needed to implement the Settlement, or on any supplemental provisions that may
4 become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of
5 the Court to resolve such disagreement.

6 71. **Voluntary Agreement.** The Parties acknowledge that they have entered into this
7 Settlement Agreement voluntarily, on the basis of their own judgment and without coercion, duress,
8 or undue influence of any Party, and not in reliance on any promises, representations, or statements
9 made by the other Parties other than those contained in this Settlement Agreement. Each of the
10 Parties hereto expressly waives any right she/they might ever have to claim that this Settlement
11 Agreement was in any way induced by fraud.

12 72. **Binding Agreement.** The Parties warrant that they understand and have full
13 authority to enter into this Settlement, and further intend that this Settlement Agreement will be
14 fully enforceable and binding on all Parties and agree that it will be admissible and subject to
15 disclosure in any proceeding to enforce its terms.

16 73. **Non-Admission of Liability.** The Parties enter into this Agreement to resolve the
17 dispute that has arisen between them and to avoid the burden, expense, and risk of continued
18 litigation. In entering into this Agreement, Defendants do not admit, and specifically denies, that it
19 violated any federal, state, or local law; violated any regulations or guidelines promulgated pursuant
20 to any statute or any other applicable laws, regulations or legal requirements; breached any contract;
21 violated or breached any duty; engaged in any misrepresentation or deception; or engaged in any
22 other unlawful conduct with respect to its employees. Neither this Agreement, nor any of its terms
23 or provisions, nor any of the negotiations connected with it, shall be construed as an admission or
24 concession by Defendants of any such violations or failures to comply with any applicable law.
25 Except as necessary in a proceeding to enforce the terms of this Agreement, this Agreement and its
26 terms and provisions shall not be offered or received as evidence in any action or proceeding to
27 establish any liability or admission on the part of Defendants or to establish the existence of any
28 condition constituting a violation of, or a non-compliance with, federal, state, local or other

1 applicable law.

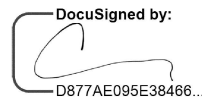
2 74. **Neutral Employment Reference.** Defendants agree that they will adopt a neutral
3 reporting policy regarding any future employment references related to Plaintiff. In the event that
4 any potential or future employers of Plaintiff request a reference regarding Defendants'
5 employment of Plaintiff, Defendants shall only provide Plaintiff dates of employment and job titles
6 during employment. Defendants shall not refer to the Action or this Settlement.

7 75. **Confidentiality.** Prior to the filing of the PAGA approval motion, Plaintiff and
8 Plaintiff's Counsel agree not to discuss the terms or the fact of the Settlement with third parties
9 other than (1) their immediate family members, (2) their respective accountants or lawyers as
10 necessary for tax purposes; or (3) other PAGA Members. Plaintiff and Plaintiff's Counsel agree not
11 to publish any of the terms or conditions of the Settlement.

12 APPROVED AS TO FORM AND CONTENT:

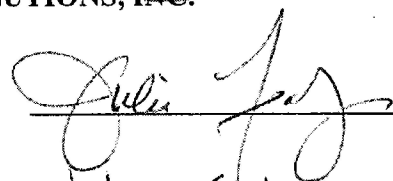
13 **PLAINTIFF EVA PACHECO**

14
15 DATED: 2/23/2022

DocuSigned by:

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17 **DEFENDANT HUGS HEALTHCARE, INC.,**
18 **HCFS, INC., AND CENTAURI HEALTH**
19 **SOLUTIONS, INC.**

20 DATED: 2/18/2022

By: 

22 Its: Julie Feling

23 APPROVED AS TO FORM ONLY:
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1 applicable law.

2 74. **Neutral Employment Reference.** Defendants agree that they will adopt a neutral
3 reporting policy regarding any future employment references related to Plaintiff. In the event that
4 any potential or future employers of Plaintiff request a reference regarding Defendants'
5 employment of Plaintiff, Defendants shall only provide Plaintiff dates of employment and job titles
6 during employment. Defendants shall not refer to the Action or this Settlement.

7 75. **Confidentiality.** Prior to the filing of the PAGA approval motion, Plaintiff and
8 Plaintiff's Counsel agree not to discuss the terms or the fact of the Settlement with third parties
9 other than (1) their immediate family members, (2) their respective accountants or lawyers as
10 necessary for tax purposes; or (3) other PAGA Members. Plaintiff and Plaintiff's Counsel agree not
11 to publish any of the terms or conditions of the Settlement.

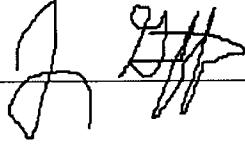
12 APPROVED AS TO FORM AND CONTENT:

13 **PLAINTIFF EVA PACHECO**

14
15 DATED: _____

16
17 **DEFENDANT ~~HUGS HEALTHCARE, INC.,~~**
18 **~~HCFS, INC.,~~ AND CENTAURI HEALTH**
19 **SOLUTIONS, INC.**

20 DATED: 2/22/2022

21 By:  _____

22 Its: Jimmy Griffin

23 APPROVED AS TO FORM ONLY:
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PROTECTION LAW GROUP LLP

DATED: 2/24/2022

By:



Heather Davis, Esq.
Amir Nayebdadash, Esq.
Priscilla Gamino, Esq.

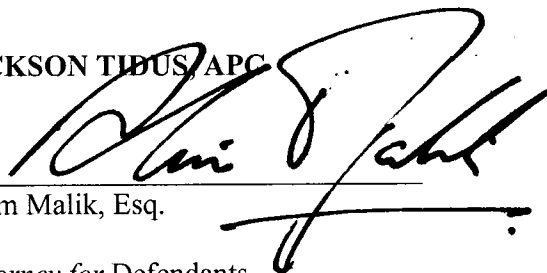
Attorneys for Plaintiff
EVA PACHECO

JACKSON TIBUS, APC

DATED:

2/22/2022

By:



Alim Malik, Esq.

Attorney for Defendants
HUGS HEALTHCARE, INC., HCFS, INC.,
AND CENTAURI HEALTH SOLUTIONS, INC.

Exhibit A

Eva Pacheco v. HUGS Healthcare, Inc., et al.
Los Angeles County Superior Court, Case No. 21STCV00277

|||||
<<PSA ID>>

<<First Last>>

<<Address>>

<<City, State, Zip, Country>>

Name/Address Changes (if any):

NOTICE OF REPRESENTATIVE ACTION SETTLEMENT

If you are or were an hourly-paid, non-exempt employee of HUGS Healthcare, Inc., HCFS, Inc., or Centauri Health Solutions, Inc. at any time between October 31, 2019, and December 18, 2021, you are entitled to receive money from a Settlement brought under the Private Attorneys General Act of 2004 (PAGA).

A court approved this notice. This is not a solicitation from a lawyer. You are not being sued.

1. Why Should I Read This Notice?

A settlement (the “Settlement”) has been reached in a representative action lawsuit entitled *Eva Pacheco v. HUGS Healthcare, Inc., et al.*, Los Angeles County Superior Court, Case No. 21STCV00277 (the “Action” or “Lawsuit”). The Defendant in the Action are HUGS Healthcare, Inc., HCFS, Inc., and Centauri Health Solutions, Inc. (referred to as “Defendants”). The Action was brought by a former employee of Defendants on behalf of the State of California and all alleged “PAGA Members,” defined as all current and former hourly-paid, non-exempt employees who were employed by Defendants in the state of California at any time between October 31, 2019, and December 18, 2021 (“PAGA Period”).

The Court has granted approval of the settlement amount to be paid by Defendants for settlement of the Action for civil penalties under PAGA.

Defendants’ employment records indicate that you meet the definition of PAGA Member. The Court directed that this Notice be sent to all PAGA Members to inform you about the case and your rights.

This Notice explains the Lawsuit, the Settlement, your legal rights, what benefits are available.

2. What Is This Lawsuit About?

On January 4, 2021, Plaintiff Eva Pacheco filed a complaint against Defendants alleging several violations of California wage and hour laws. Plaintiff filed the Action as a Private Attorney General on behalf of the State and sought penalties on behalf of herself, the State, and all current and former hourly-paid, non-exempt employees of Defendants within the PAGA Period. Plaintiff alleges that Defendants owe penalties under California’s Private Attorneys General Act of 2004, California Labor Code §§ 2698-2699.5 (“PAGA”). In agreeing to this Settlement, Defendants do not admit to any wrongdoing or that they are liable in any way for any civil penalties under PAGA. Defendants deny the allegations in the Lawsuit and deny that they have engaged in any wrongdoing. Defendants assert that they complied with all applicable legal requirements but are resolving this Lawsuit in order to avoid the risk and costs of further legal proceedings.

3. Why Is There A Settlement?

The Court did not decide in favor of Plaintiff or Defendants. Instead, both sides agreed to a Settlement. This allows the Parties to avoid the risk and uncertainty of trial and any subsequent appeal, and all affected employees will receive compensation. Plaintiff and Plaintiff's attorneys believe the Settlement is fair, reasonable and adequate, and in the best interests of all PAGA Members.

4. What Are The Terms Of The Settlement?

Defendant will pay Three Hundred and Fifty Thousand Dollars (\$350,000.00) (the "Gross Settlement Amount"). The Gross Settlement Amount includes: (a) all PAGA Payment Shares to PAGA Members; (b) Plaintiff's Incentive Payment; (c) Plaintiff's Counsel's attorneys' fees and costs; (d) a payment to the California Labor and Workforce Development Agency ("LWDA") for civil penalties brought under PAGA; and (e) the reasonable fees and costs of the Settlement Administrator.

The Court has approved the following payments from the Gross Settlement Amount:

- Plaintiff's Counsel's fees of One Hundred and Five Thousand Dollars (\$105,000.00);
- Plaintiff's Counsel's out-of-pocket litigation costs not to exceed Twenty-Five Thousand Dollars (\$25,000.00);
- Settlement Administration Costs for the third-party Settlement Administrator of up to [REDACTED] Dollars (\$ [REDACTED]); and
- Plaintiff's Incentive Payment of Five Thousand Dollars (\$5,000.00) in recognition of her time and service in pursuing the Action and in fulfilling her obligation.

After these costs are deducted the remaining money (the "Net Settlement Amount") will be split between the LWDA and PAGA Members. The law requires that 75% of the Net Settlement Amount, or [REDACTED] Dollars (\$ [REDACTED]), be paid to the LWDA. The remaining 25% of the Net Settlement Amount, or [REDACTED] Dollars (\$ [REDACTED]) ("PAGA Payment"), will be paid out to the PAGA Members. No portion of the Gross Settlement Amount will be returned to Defendant.

5. How Much Am I Receiving?

Each PAGA Member will receive a *pro rata* share of the PAGA Payment based on the number of pay periods the PAGA Member worked for Defendants as an hourly-paid, non-exempt employee during the PAGA Period. Any pay period in which a PAGA Member worked at least one day shall be counted as a pay period.

To calculate a PAGA Member's PAGA Payment Share, the PAGA Payment will be divided by the aggregate total number of pay periods of all PAGA Members, resulting in the "Pay Period Value." Each PAGA Member's PAGA Payment Share will be calculated by multiplying each individual PAGA Member's total number of pay periods by the Pay Period Value.

Your Compensable Pay Periods are: <<PayPeriods>>

Your PAGA Payment Share is: \$<<Est.PAGAPaymentAmt>>

All settlement payments are subject to taxation. Each PAGA Payment Share will be allocated as follows: 100% as penalties that will not be subject to deductions and withholdings. Each PAGA Member will receive an IRS Form-1099 for his or her PAGA Payment Share, unless the PAGA Member's PAGA Payment Share is \$600 or less.

The Settlement checks will be able to be cashed for 180 days after they are issued. After 180 days, the Settlement checks will no longer be able to be cashed. Any funds represented by Settlement checks remaining uncashed for more than 180 days after issuance shall be transmitted to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Code of Civil Procedure Section 1500, *et seq.* in the names of those PAGA Members who did not cash their Settlement checks until such time they claim their property.

6. What Claims Are Being Released By The Settlement?

A Judgment has been entered by the Court. Upon funding of the Gross Settlement Amount, Plaintiff and the State of California shall release the Released Parties from the Released Claims for the PAGA Period, which is defined as the period of time between October 31, 2019, and December 18, 2021.

The Released Parties are defined as Defendants HUGS Healthcare, Inc., HCFS, Inc., and Centauri Health Solutions, Inc. as named by Plaintiff in the operative complaint, and its current and former officers, directors, employees, and agents, and the successors and assigns, of all such entities and individuals.

The Released Claims are defined as any and all claims for the recovery for civil penalties, attorneys' fees and costs permissible under PAGA which Plaintiff had, or may claim to have, against Released Parties, arising out of the violations alleged in the Complaint or the PAGA Notice or reasonably could have been alleged based on the facts and legal theories contained in the Complaint or the PAGA Notice, including unpaid straight and overtime wages, failure to provide reporting time pay, failure to pay employees all minimum wages and overtime wages owed including by failing to pay all overtime and double time at the correct regular rate of pay, failure to provide compliant meal and rest breaks, failure to pay them all premium wages owed for short, late or missed meal and rest periods, failure to pay all wages owed at discharge or resignation; failure to timely pay wages within the times permissible under Labor Code section 204; failure to provide complete and accurate wage statements; failure to keep complete and accurate payroll records; failure to reimburse necessary business-related expenses; failure to pay vested but unused vacation time, and violations of Labor Code sections 201, 202, 203, 204, 210, 226, 226.3, 226.7, 510, 512(a), 558, 1174(d), 1174.5, 1194, 1197, 1197.1, 1194, 1198, 1199, 2698, 2699.3, 2699.5, 2800, and 2802 (collectively, the "Released Claims"). This release shall apply to claims arising during the PAGA Period.

Claims of PAGA Members, if any, for individual wage claims, vested benefits, wrongful termination, unemployment insurance, disability, social security, workers' compensation, claims while classified as exempt, and claims outside of the PAGA Period are not encompassed within the definition of "Released Claims." PAGA Members cannot opt out of or object to the foregoing PAGA release.

If you have questions, you can call the Settlement Administrator at [REDACTED]

**PLEASE DO NOT TELEPHONE THE COURT ABOUT THIS SETTLEMENT.
They will not be able to assist you.**