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JUAN ALCARAZ, on behalf of

all other similarly situated aggrieved employees

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IRHYTHM TECHNOLOGIES, INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ORANGE, CENTRAL JUSTICE CENTER

JUAN ALCARAZ, on behalf of all other
similarly situated aggrieved employees

Plaintiffs,

v.

IRHYTHM TECHNOLOGIES, INC., a
Delaware corporation; and DOES 1 through
100, Inclusive,

Defendants.

CASE NO. 30-2021-01177810-CU-OE-CJC

*[Assigned For All Purposes To Hon.
Theodore Howard, Dept. C18]*

CLASS ACTION

**JOINT STIPULATION AND
SETTLEMENT OF CLASS ACTION AND
PRIVATE ATTORNEYS GENERAL ACT
CLAIMS**

Action Filed: January 8, 2021

FAC Filed: March 29, 2022

Trial Date: June 5, 2023

Subject to final approval by the Court, which counsel and parties agree to pursue and
recommend in good faith, Plaintiff JUAN ALCARAZ individually ("Named Plaintiff") and on

1 behalf of all employees similarly situated, on the one hand, and Defendant IRHYTHM
2 TECHNOLOGIES, INC. (hereinafter “Defendant”) hereby agree to the following binding
3 settlement of the class action and Private Attorneys General Act (“PAGA”) case of *Juan Alcaraz*
4 *v. iRhythm Technologies, Inc.* (“Action”), Orange Superior Court Case No. 30-2021-01177810-
5 CU-OE-CJC.

6 INTRODUCTION

7 1. “Action” means, and refers to, the case captioned *Juan Alcaraz v. iRhythm*
8 *Technologies, Inc.* (“Action”) Orange Superior Court Case No. 30-2021-01177810-CU-OE-CJC.

9 2. “Agreement,” “Settlement,” or “Stipulation” mean, and refer to, this Joint
10 Stipulation and Settlement of Class Action and PAGA Claims.

11 3. “Attorneys’ Fees and Cost Award” means, and refers to, the amount authorized by
12 the Court to be paid to Class Counsel for the services they have rendered, and expenses they have
13 incurred, in prosecuting the Action. As set forth *infra* in Section III, Paragraph 8, Class Counsel
14 shall request, and Defendant will not oppose, an award of attorneys’ fees of one hundred six
15 thousand six hundred sixty six dollars and sixty six cents (\$106,666.66) which is thirty three and
16 one third percent (33⅓%) of the Gross Fund Value and a Cost Award of up to Fifteen Thousand
17 Dollars (\$15,000). The Attorneys’ Fees and Cost Award shall come out of the Gross Fund Value
18 and will not increase the amount of the Gross Fund Value. Class Counsel will be issued an IRS
19 Form 1099 for the Attorneys’ Fees and Cost Award.

20 4. “Settlement Administrator” means, and refers to, Simpluris or another settlement
21 administration provider upon which the Named Plaintiff, Class Counsel, Defendant, and
22 Defendant’s Counsel mutually agree.

23 5. “Settlement Administration Costs” means, and refers to, the amount that will be
24 paid to the Settlement Administrator, and includes all costs incurred in administering the
25 Settlement, which will be paid from the Gross Fund Value, as defined in Section I, Paragraph 36,
26 *infra*. The Parties agree to work in good faith to minimize, as much as possible, the Settlement
27 Administration Costs. Defendants will not object to any application for approval of the Settlement
28

Administration Costs, provided the Settlement Administration Costs are paid out of the Gross Fund Value and will not increase the Gross Fund Value.

6. “Class” and “Class Member” mean, and refer to, a member of the class conditionally certified for settlement purposes only during the applicable Class Period, consisting of all current and former employees of Defendant iRhythm Technologies, Inc. who were employed in California as non-exempt hourly paid employees during the Class Period.

7. “Class Counsel” and “Plaintiff’s Counsel” means and refers to Kokozian Law Firm, APC.

8. “Class List and Data Report” means a list of Class Members that Defendant will diligently and in good faith compile from its Human Resources, and/or Payroll employee information database. The Class List and Data Report shall be in excel format, and shall include each Class Member’s full name; employee ID while employed with Defendant; dates of employment during which he or she was employed by Defendant; last known home address; and his or her Social Security number.

9. The Class Period is defined as the period from January 08, 2017 through the date on which the Court enters an order for preliminary approval of this settlement.

10. “Complaint” means, and refers to, all of the operative complaints filed by the Named Plaintiff in this Action titled *Juan Alcaraz v. iRhythm Technologies, Inc.* Case No. 30-2021-01177810-CU-OE-CJC.

11. “Court” means, and refers to, the Superior Court of the State of California for the County of Orange.

12. “Defendant” means, and refers to iRhythm Technologies, Inc.

13. “Defendant’s Counsel” or “Defense Counsel” shall mean Troy A. Valdez, Esq. and Emlyn Mandel, Esq. of Coblenz Patch Duffy & Bass LLP.

14. “Effective Date” means the following: (a) if no one objects to the Settlement, then the Effective Date will be the Final Approval Date, as defined in Section I, Paragraph 18, *infra*; (b) if a Class Member timely objects to the Settlement and is overruled, and if an appeal is not timely sought from the Final Order and Judgment, then the Effective Date will be sixty five (65) days

1 after service of the Final Order and Judgment by Plaintiff on Defendant and any Objectors; or (c)
2 if a Class Member timely objects to the settlement and if a timely appeal is sought from the Final
3 Order and Judgment, then the Effective Date shall be twenty (20) days after the applicable
4 appellate court has rendered a final decision or opinion affirming the trial court's final approval,
5 and the applicable date for seeking further appellate review has passed, or twenty (20) days after
6 any such Appeal has been either dismissed or withdrawn by the appellant or the time for filing an
7 appeal expires.

8 15. "Excluded Class Members" means, and refers to, all Class Members who timely
9 and validly submit a written request to be excluded from the Class on or before the
10 Objection/Exclusion Deadline Date, as defined in Section I, Paragraph 23, *infra*.

11 16. "Final Approval" means, and refers to, the Court's order granting final approval of
12 the Settlement.

13 17. "Final Approval Date" means, and refers to, the date on which the Court's Final
14 Approval Order is entered.

15 18. "Final Approval Hearing/Settlement Fairness Hearing" means, and refers to, the
16 hearing at which the Court considers whether to approve the Settlement and to enter the Final
17 Approval Order.

18 19. "Individual Settlement Payment" means, and refers to, the amount to be paid to
19 each individual Participating Class Member from the Net Fund Value. The estimated Individual
20 Settlement amount shall be indicated on the Notice. Individual Settlement Payment for each
21 individual Participating Class Member will result from the calculations set forth in Section III,
22 paragraph 12, *infra*, less all applicable state and federal withholding taxes, including FICA, FUTA
23 and SDI contributions and any other applicable payroll deductions required by law as a result of
24 the payment of the amount allocated to such Participating Class Member under the terms of this
25 Stipulation.

26 20. "Named Plaintiff" means Juan Alcaraz.

27 21. "Net Fund Value" or "NFV" means, and refers to, the funds available to be
28 distributed to Participating Class Members from the Gross Fund Value after payment of any

1 Attorneys' Fees and Cost Awards, Service Award, Settlement Administration Costs, and the
2 PAGA payment.

3 22. "Notice" means and refers to the "Notice of Class Action Settlement" that the
4 Court directs to be sent via regular mail to all Class Members (substantially in the form annexed
5 hereto as Exhibit 1).

6 23. "Objection/Exclusion Deadline" means and refers to the date no later than forty
7 five (45) calendar days after the date the Class Notices are mailed (judged by the postmark date) to
8 Class Members by the Settlement Administrator, on or before which a Class Member, may (1)
9 validly submit a Notice of Objection, (2) submit a Request for Exclusion, or (3) challenge with
10 documentary evidence his or her Total Workweeks.

11 24. "PAGA Payment" means and refers to Sixteen Thousand Dollars (\$16,000) of the
12 Gross Fund Value, which constitutes penalties pursuant to California's Private Attorneys General
13 Act of 2004 (California Labor Code § 2699 et seq., or "PAGA,") and pursuant to Labor Code
14 Section 2699(i), which will be distributed as follows: 25% to the Participating Class Members
15 (\$4,000) and 75% to the California Labor and Workforce Development Agency, which shall be
16 Twelve Thousand Dollars (\$12,000). The 25% portion of the PAGA Payment that shall be paid to
17 the Participating Class Members shall remain within the Net Fund Value so that it is available to
18 be included within the calculation of the Participating Class Members' Individual Settlement
19 Payments.

20 25. "Participating Class Member" means and refers to any and all Class Members who
21 are not Excluded Class Members.

22 26. "Parties" means, and refers to Defendant, the Named Plaintiff, and the Class
23 Members.

24 27. "Preliminary Approval Order" means, and refers to, the Order issued by the Court
25 preliminarily approving the terms of the Settlement.

26 28. "Preliminary Approval Date" means and refers to the date that the Court enters the
27 Preliminary Approval Order.

28

1 29. “Preliminary Approval Hearing” means and refers to the hearing on Named
2 Plaintiff’s Motion for Preliminary Approval, as discussed in Section III, Paragraph 10, *infra*.

3 30. “Qualified Settlement Fund” means and refers to the fund to be established by the
4 Settlement Administrator pursuant to Internal Revenue Code Section 1.468B-1.

5 31. “Released Claims” is defined as follows: Upon the Effective Date and upon
6 Defendant fully funding the Settlement, Participating Class Members for the Class Period shall
7 fully and finally release and discharge the Released Parties of all claims, rights, demands,
8 liabilities, damages, attorneys’ fees, costs, and causes of action of every nature and description,
9 arising from any and all claims which were asserted in the Action or could have been asserted
10 based on the facts alleged in the Action, and arising during the Class Period of this settlement,
11 including statutory, constitutional or common law claims for wages, damages, unpaid costs,
12 liquidated damages, penalties, interest, attorneys’ fees, litigation costs, restitution, equitable relief,
13 or other relief under California Business & Professions Code §17200, et seq. based on the
14 following categories of allegations as set forth in the operative complaint: (a) all claims for unpaid
15 overtime wages; (b) all claims for unpaid minimum wages; (c) all claims for failure to pay
16 overtime wages at the legal overtime pay rate; (d) all claims for failure to provide compliant meal
17 periods; (e) all claims for failure to authorize and permit compliant rest periods; (f) all claims for
18 the failure to promptly pay all wages due and owing at the time of an employee’s termination or
19 discharge; (g) all claims for the failure to issue properly itemized wage statements; (h) all claims
20 for Unfair Competition or Business Practices under California’s Business and Professions Code
21 based on the preceding claims; (i) all claims for any and all penalties pursuant to the California
22 Labor Code and/or the Private Attorneys General Act of 2004 based on the preceding claims.

23 32. “Released Parties” means and refers to Defendant iRhythm Technologies, Inc. and
24 its successors in interest, past, present, or future parents, subsidiaries and related or affiliated
25 corporations, and their past, present, or future officers, directors, shareholders, employees, agents,
26 principals, heirs, joint employers, staffing agencies, representatives, accountants, auditors,
27 attorneys, consultants, insurers, and reinsurers, and each of their respective successors and
28 predecessors in interest, subsidiaries, affiliates, parents, and each of their company-sponsored

1 employee benefit plans, and all of their respective officers, directors, owners, employees,
2 administrators, fiduciaries, trustees, and agents.

3 33. "Service Award" means and refers to the amount that the Court authorizes to be
4 paid to the Named Plaintiff over and above his/her Individual Settlement Payment, in recognition
5 of Named Plaintiff's efforts in assisting with the prosecution of the Action on behalf of the Class
6 Members and in return for executing a General Release of all Claims against Released Parties.
7 Named Plaintiff will request, and Defendant will not oppose, a Service Award up to Five
8 Thousand Dollars (\$5,000). Named Plaintiff will be issued an IRS Form 1099 in connection with
9 his Service Award.

10 34. "Settlement Award" means, and refers to, the total portion of the Net Fund Value
11 payable to each Class Member after deduction of all applicable state and federal employment
12 withholding taxes, FICA and FUTA contributions and any other applicable payroll deductions
13 required by law.

14 35. "Gross Fund Value" means, and refers to, the total amount that Defendant will be
15 required to pay by this Settlement. The Gross Fund Value consists of the Attorneys' Fees and
16 Costs Award, the Service Award, the Settlement Administration Costs, the PAGA Payment and
17 the Net Fund Value. The Gross Fund Value is equal to Three Hundred Twenty Thousand Dollars
18 (\$320,000.00). In addition, Defendant must also pay the employer side share of payroll taxes, as
19 described below.

20 36. "Workweek" is any calendar week during the Class Period in which a Class
21 Member was employed by Defendant.

22 37. "All Class Members Total Workweeks" means and refers to the sum of all the
23 Workweeks of all Class Members during the Class Period.

24 38. "Total Workweeks" means and refers to the sum of all the Workweeks a Class
25 Member was employed during the Class Period.

26 39. "Total Workweeks Units " means and refers to the sum (with a negative multiplier
27 as to certain workweeks when appropriate as explained below) of all the Workweeks of a Class
28 Member who was employed during the Class Period. In calculating the Total Workweeks Units,

workweeks between January 8, 2017 to January 23, 2021 will be given a value of one for each Workweek. In calculating the Total Workweeks Unit for class members the workweeks between January 24, 2021 to the date the Court enters an order for preliminary approval of this settlement, those workweeks will be worth .25 of the value of the workweeks that occurred during the portion of the Class Period that preceded January 24, 2021 (i.e. apply a negative multiplier of .25) to account for positive wage and policy changes by Defendant beginning January 24, 2021. For example, if a class member worked 12 workweeks before January 24, 2021 and 40 workweeks from January 24, 2021 onward, you would calculate this class members Total Workweeks Units as follows: For the 12 workweeks before January 24, 2021 they would get 12 units and for the 40 workweeks from January 24, 2021 forward, they would get 10 units (40 x .25) [as a result of the negative multiplier for weeks forward from January 24, 2021] and thus their Total Workweek Units would be 22 [12 plus 10].

40. Workweek Unit Number is the Net Fund Value divided by All Class Member Total Workweeks.

RECITALS

This Stipulation is made by the Named Plaintiff on behalf of himself and each of the other Class Members, on the one hand, and the Defendant, on the other hand, in this Action, and is subject to the approval of the Court.

I. CLASS CERTIFICATION FOR SETTLEMENT PURPOSES ONLY

The Parties have submitted a stipulation and proposed order amending the operative complaint to allege the violations of the labor code currently alleged in the complaint on a class wide basis. This order was approved and entered by the Court on March 30, 2022.

At or about the time that the Named Plaintiff files his motion for preliminary approval of this Settlement Agreement, the Named Plaintiff shall request certification of the Class for settlement purposes only.

A. Limitation on Effect of Certification

The certification of the Class – for settlement purposes only – shall not constitute, in this or any other proceeding, an admission of any kind by Defendant, including without limitation, that

1 certification of a class or collective action for trial purposes is appropriate or proper or that Named
2 Plaintiff could establish any of the requisite elements for class or collective treatment of any of the
3 claims in the Action. In the event that the Settlement is not finally approved, or the Settlement is
4 otherwise terminated or rendered null and void, the certification of the Class shall be automatically
5 vacated and shall not constitute evidence or a binding determination that the requirements for
6 certification of a class or collective action for trial purposes in this Action or in any other actions
7 are satisfied. In such circumstances, Defendant expressly reserves all rights to challenge the Class
8 certification for any purpose other than settlement purposes in this Action or in any other action on
9 all available grounds as if no class had been certified for settlement purposes in the Action, and no
10 reference to the prior certification of this class, or any documents related thereto, shall be made
11 available for any purpose. Additionally, the Parties stipulate that to further the certification for
12 settlement purposes, and for no other purpose or effect, the Named Plaintiff is typical of other
13 Class Members and can represent the Class.

14 **B. Investigation in the Class Action**

15 The Parties have conducted significant investigation of the facts and law during the
16 prosecution of this Action. Discovery and investigation included: the exchange of discovery
17 between Plaintiff and Defendant including the production by Plaintiff of all documents related to
18 Plaintiff's employment with Defendant, the production of documents by Defendant including
19 Defendant's employee handbooks, policies and procedures regarding the payment of wages, time
20 keeping, overtime, meal and rest periods and the production of detailed voluminous class-wide
21 payroll and time punch data by Defendant. Plaintiff's counsel retained an expert to review
22 timekeeping records and payroll records and to assist in the preparation of a damage analysis for
23 this litigation. In addition, Defendant took the deposition of the Named Plaintiff. Also there were
24 numerous conferences between representatives of the Parties and a full day-long mediation session
25 with David Phillips, Esq., an experienced mediator of wage-and-hour class actions, on March 4,
2022.

26 **C. Benefits of Settlement to Class Members**

27 Named Plaintiff and Class Counsel recognize the expense and length of continued
28 proceedings necessary to litigate their disputes through trial and through any possible appeals.

1 Named Plaintiff has also taken into account the uncertainty and risk of the outcome of further
2 litigation, and the difficulties and delays inherent in such litigation. Named Plaintiff and Class
3 Counsel are also aware of the burdens of proof necessary to establish liability for the claims
4 asserted in the Action, both generally and in response to Defendant's defenses thereto (many of
5 which have been shared at the mediation and in settlement discussions). Named Plaintiff and
6 Class Counsel have also taken into account the extensive settlement negotiations conducted.
7 Named Plaintiff and Class Counsel have also taken into account Defendant's agreement to enter
8 into a settlement that confers substantial relief upon the Class Members. Based on the foregoing,
9 Named Plaintiff and Class Counsel have determined that the Settlement set forth in this
10 Agreement is a fair, adequate and a reasonable settlement, and is in the best interests of the Class
11 Members.

12 **D. Defendant's Reasons For Settlement**

13 Defendant has concluded that any further defense of this litigation would be protracted and
14 expensive for all Parties. Substantial amounts of Defendant's time, energy and resources have
15 been and, unless this Settlement is made, will continue to be devoted to the defense of the Claims
16 asserted by the Class. Defendant has also taken into account the risks of further litigation in
17 reaching its decision to enter into this Settlement. Defendant has, therefore, agreed to settle in the
18 manner and upon the terms set forth in this Agreement to put to rest the Claims as set forth in the
19 Action.

20 **E. Defendant's Denial of Wrongdoing**

21 Defendant does not admit any wrongdoing and contends that it fully complied with the law
22 at all times in all respects. Whether the Settlement is finally approved, neither this Settlement, nor
23 any terms, document, statement, proceeding or conduct related to settlement, nor any reports or
24 accounts thereof, shall in any event be (a) construed as, offered or admitted in evidence as,
25 received as, or deemed to be evidence for any purpose, including, but not limited to, evidence of a
26 presumption, concession, indication, or admission by Defendant of any fault, wrongdoing, liability
27 and/or unlawful activity whatsoever or any effort to certify a class or collective action; or (b)
28 disclosed, referred to, or offered or received in evidence, in any further proceeding in this action,

1 or any other civil, criminal or administrative action or proceeding, except for purposes of settling
2 this Action or enforcing this Settlement, or as a defense to any claims released by the Settlement.

3 **F. Named Plaintiff's Claims**

4 Named Plaintiff has claimed and continues to claim that the Released Claims have merit
5 and give rise to liability on the part of Defendant. This Agreement is a compromise of disputed
6 claims. Nothing contained in this Agreement and no documents referred to herein and no action
7 taken to carry out this Agreement may be construed or used as an admission by or against the
8 Named Plaintiff or Class Counsel as to the merits or lack thereof of the Claims asserted.

9 **II. STIPULATION AND AGREEMENT**

10 **NOW, THEREFORE, IT IS HEREBY STIPULATED**, by and among the Named
11 Plaintiff on behalf of the Class Members on the one hand, and Defendant on the other hand, and
12 subject to the approval of the Court, that the Action is hereby being compromised and settled
13 pursuant to the terms and conditions set forth in this Agreement, subject to the definitions and
14 recitals set forth in Sections I and II, *supra*, which by this reference become an integral part of this
15 Agreement, and subject to the following terms and conditions:

16 1. **Full Investigation.** Named Plaintiff and Class Counsel have fully investigated the
17 factual and legal bases for the causes of action asserted in the Action.

18 2. **Release As To All Participating Class Members.** Upon the Effective Date and
19 upon Defendant fully funding the Settlement, the Participating Class Members, including the
20 Named Plaintiff, release the Released Parties for the Released Claims for the Class Period.

21 3. **General Release By Named Plaintiff Only.** In addition to the releases made by the
22 Participating Class Members as set forth in Section I, Paragraphs 32 *supra*, Named Plaintiff, in
23 exchange for the Service Award as requested or as otherwise authorized by the Court, will, as of
24 the Effective Date, make the additional following General Release of all Plaintiff's Claims, known
25 or unknown, in exchange and consideration of the sum set forth in Section I, Paragraph 33, *supra*.
26 As of the Effective Date and upon Defendant fully funding the Settlement, Named Plaintiff only
27 for himself agrees to the General Release of the Released Parties. Named Plaintiff as of the
28 Effective Date also agrees to release all wage and hour Claims, including, but not limited to,

1 overtime wages, expense reimbursement, meal and rest period sanctions, penalties under the
2 Private Attorneys General Act and all other Released Claims. Also, without limiting the
3 generality of the foregoing: NAMED PLAINTIFF only ALSO SPECIFICALLY AGREES AND
4 ACKNOWLEDGES WAIVER OF ANY RIGHT TO RECOVERY ARISING OUT OF HIS
5 EMPLOYMENT WITH DEFENDANT INCLUDING BUT NOT LIMITED TO STATE OR
6 FEDERAL SEX, GENDER, CITIZENSHIP, RACE, COLOR, NATIONAL ORIGIN, MARITAL
7 STATUS, RELIGION, VETERAN STATUS, DISABILITY, SEXUAL ORIENTATION,
8 MEDICAL CONDITION OR OTHER ANTI DISCRIMINATION LAWS, INCLUDING,
9 WITHOUT LIMITATION, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE
10 AMERICANS WITH DISABILITIES ACT AND THE CALIFORNIA FAIR EMPLOYMENT
11 AND HOUSING ACT, OR BASED ON THE FAMILY AND MEDICAL LEAVE ACT, THE
12 EMPLOYEE RETIREMENT INCOME SECURITY ACT, THE WORKER ADJUSTMENT
13 AND RETRAINING ACT, THE FAIR LABOR STANDARDS ACT AND THE CALIFORNIA
14 LABOR CODE, ALL AS AMENDED, WHETHER SUCH CLAIM BE BASED UPON AN
15 ACTION FILED BY EMPLOYEES OR BY A GOVERNMENTAL AGENCY.

16 The General Release as to Named Plaintiff includes any unknown Claims that Named
17 Plaintiff does not know or suspect to exist in Plaintiff's favor at the time of the General Release,
18 which, if known by Plaintiff, might have affected Plaintiff's settlement with, and release of, the
19 Released Parties or might have affected Plaintiff's decision not to object to this Settlement or the
20 General Release.

21 With respect to her General Release, Named Plaintiff stipulates and agrees that, upon the
22 Effective Date, Named Plaintiff shall be deemed to have, and by operation of the Final Judgment
23 shall have, expressly waived and relinquished, to the fullest extent permitted by law, the
24 provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar
25 provision under federal or state law, which provides:

26 A general release does not extend to claims which the creditor does not
27 know or suspect to exist in his or her favor at the time of executing the
28 release, which if known by him or her must have materially affected his or
her settlement with the debtor.

1
2 Named Plaintiff may hereafter discover facts in addition to or different from those Plaintiff
3 now knows or believes to be true with respect to the subject matter of the General Release, but
4 Named Plaintiff upon the Effective Date shall be deemed to have, and by operation of the Final
5 Judgment shall have, fully, finally, and forever settled and released any and all of the claims
6 released pursuant to the General Release whether known or unknown, suspected or unsuspected,
7 contingent or non-contingent, which now exist, or heretofore have existed upon any theory of law
8 or equity now existing or coming into existence in the future, including, but not limited to, conduct
9 that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without
10 regard to the subsequent discovery or existence of such different or additional facts.

11 4. Service Award. Subject to Court approval, and expressly in exchange for the
12 release of all Released Claims and for Plaintiff's time and effort in bringing and prosecuting this
13 matter, Named Plaintiff shall be paid a Service Award up to a total of Five Thousand Dollars
14 (\$5,000), or such other distribution or lower amount as the Court may order. The Service Award
15 shall be paid from the Gross Fund Value and shall not increase the Gross Fund Value. The Service
16 Award shall be paid to the Named Plaintiff by the Settlement Administrator no later than ten (10)
17 business days after Defendant delivers the Gross Fund Value to the Settlement Administrator for
18 deposit into the Qualified Settlement Fund. The Parties agree that a decision by the Court to award
19 Named Plaintiff an amount less than the amount stated above shall not be a basis for Class
20 Counsel to void this Stipulation. The Settlement Administrator shall issue Named Plaintiff an IRS
21 Form 1099 for the Service Award. Any amount awarded for service payments to the Named
22 Plaintiff less than the requested amounts will result in the non-awarded funds to be awarded to
23 Participating Class Members on a proportionate basis to the amount of their Individual Settlement
24 Payment. The Named Plaintiff shall be solely and legally responsible to pay any and all applicable
25 taxes on this payment. The Service Award shall be paid in addition to the Named Plaintiff's share
26 of the Settlement Amount as a Participating Class Member.

27 5. Tax Liability. Defendant makes no representations as to the tax treatment or legal
28 effect of the payments called for hereunder, and Named Plaintiff and Participating Class Members

1 are not relying on any statement or representation by Defendant in this regard. Named Plaintiff
2 and Participating Class Members understand and agree that except for Defendant's payment of the
3 employer's portion of any payroll taxes, they will be solely responsible for the payment of any
4 taxes and penalties assessed on the payments described herein.

5 6. CIRCULAR 230 DISCLAIMER. EACH PARTY TO THIS AGREEMENT (FOR
6 PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY
7 TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER
8 PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS
9 AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR
10 AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS
11 INTENDED TO BE, NOR SHALL ANY SUCH COMMUNICATION OR DISCLOSURE
12 CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN
13 THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31
14 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED
15 EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL AND TAX
16 COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS
17 AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE
18 RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO
19 ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY
20 COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY
21 OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE
22 ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER
23 PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY
24 OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF
25 WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE
26 ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY
27 TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS
28 AGREEMENT.

1 7. Creation Of The Qualified Settlement Fund And Administration Of The Settlement.

2 Within twenty one (21) days after the Effective Date, Defendant shall deliver the Gross Fund
3 Value of Three Hundred Twenty Thousand Dollars (\$320,000) as required by this Stipulation into
4 the Qualified Settlement Fund created by the Settlement Administrator. Defendant shall also
5 simultaneously deliver to the Settlement Administrator, Defendant's (Employer) share of payroll
6 taxes, including but not limited to, FICA, FUTA and SDI contributions. In addition to the
7 employer's portion of payroll taxes, payments from the Qualified Settlement Fund shall be made
8 (1) for the Service Award to the Named Plaintiff, as specified in this Agreement and approved by
9 the Court; (2) the Attorneys' Fees and Cost Award to be paid to Class Counsel, as specified in this
10 Agreement and approved by the Court; (3) the Settlement Administration Costs; and (4) the
11 amount allocated to PAGA penalties to be paid to the California Labor Workforce and
12 Development Agency. The balance remaining shall constitute the Net Fund Value from which
13 Individual Settlement Payments shall be made to Participating Class Members, less applicable
14 taxes and withholdings.

15 8. Attorneys' Fees And Cost Award. Defendant agrees not to oppose or impede any
16 application or motion by Class Counsel for attorneys' fees in the amount of One Hundred Six
17 Thousand Six Hundred Sixty-Six Dollars and sixty six cents (\$106,666.66) which is thirty three
18 and one third percent (33 ⅓%) of the Gross Fund Value. Defendant further agrees not to oppose
19 any application or motion by Class Counsel for the reimbursement of any actual costs associated
20 with Class Counsel's prosecution of this matter not in excess of Fifteen Thousand Dollars
21 (\$15,000). Class Counsel will provide verification of the cost amount that it is seeking to be
22 reimbursed. Any amount awarded for attorneys' fees and costs to Class Counsel less than One
23 Hundred Six Thousand Six Hundred Sixty Six Dollars and sixty six cents (\$106,666.66) and
24 Fifteen Thousand Dollars (\$15,000), respectively, will result in the non-awarded amounts to be
25 awarded to Participating Class Members on a proportionate basis to the amount of their Individual
26 Settlement Payments. Class Counsel shall be paid any Court-approved fees and costs no later than
27 ten (10) business days after Defendant delivers the required funds to the Settlement Administrator
28 for deposit into the Qualified Settlement Fund. Class Counsel shall be solely and legally

1 responsible to pay all applicable taxes on the payment made to Class Counsel. Forms 1099 –
2 MISC, Box 14 shall be provided to Class Counsel for the payments made, and Class Counsel shall
3 provide, before the Effective Date, properly completed Forms W-9.

4 9. Settlement Administrator. The Settlement Administrator shall be paid for the costs
5 of administration of the Settlement out of the Gross Fund Value as deposited in the Qualified
6 Settlement Fund. The estimate of such costs of administration for the disbursement of the Gross
7 Fund Value is no more than twelve thousand dollars (\$12,000). Any amount awarded for costs of
8 administration to Settlement Administrator, or such other entity upon whom the Parties mutually
9 agree, less than twelve thousand dollars (\$12,000) will result in the non-awarded amount to be
10 awarded to Participating Class Members on a proportionate basis to the amount of their Individual
11 Settlement Payments. This estimate includes all tasks required of the Settlement Administrator by
12 this Agreement including the issuance of the Notice, the issuance of settlement checks, the
13 required tax reporting on the settlement amounts, including the issuing of W2 and 1099 forms (if
14 any), the handling of Class Member questions and disputes and the calculation of employee
15 withholding taxes and the employer payroll taxes, which will be remitted to the tax authorities by
16 the Claims Administrator. At least sixteen (16) court days prior to the Final Approval Hearing, the
17 Settlement Administrator shall provide the Court and all counsel for the Parties with a statement
18 detailing the costs of administration of the Gross Fund Value and the breakdown of the Gross
19 Fund Value.

20 10. Preliminary Settlement Hearing/Alterations to this Agreement. As part of this
21 Settlement, the Parties agree to the following procedures for obtaining preliminary Court approval
22 of the Settlement:

23 a. Plaintiff shall file a Motion for Preliminary Approval and request a hearing
24 before the Court to request preliminary approval of the Settlement and to request the entry of the
25 Preliminary Approval Order.

26 b. Simultaneous with and/or included in the filing of the Motion for
27 Preliminary Approval, and solely for purposes of this Settlement, Named Plaintiff will ask the
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1 Court to enter the Preliminary Approval Order, preliminarily approving the proposed Settlement,
2 conditionally certifying the Class, and setting a date for a Final Approval Hearing.

3 c. In conjunction with the Motion for Preliminary Approval, Named Plaintiff
4 will submit this Stipulation and Settlement of Class Action and PAGA Agreement, which sets
5 forth the terms of this Settlement Agreement, and will include proposed forms of all notices and
6 other documents as attached hereto necessary to implement the Settlement. The Order shall
7 provide for Notice of the Settlement to be sent to Class Members as specified herein.

8 d. In the event any provision of the Settlement is rejected by the Court, the
9 Parties will work in good faith to negotiate alteration of the rejected term. The parties agree to use
10 the services of a mediator if informal efforts to negotiate alteration have been exhausted.

11 e. If, following the Parties' good faith efforts and mediation, the Parties cannot
12 agree on alterations, or if ultimately the Court does not grant preliminary or final approval of the
13 Settlement in its entirety, or if the Court's final approval of the Settlement agreement is reversed
14 or materially modified on appellate review, then this Settlement will become null and void. In
15 such case, the Settlement shall not be used or be admissible in any subsequent proceedings, either
16 in this Action, in this Court, or in any other Court or forum.

17 11. Settlement Administration/Management. The Individual Settlement Payments shall
18 be managed and administered as follows:

19 a. Claims administrator, Simpluris, or such other entity upon whom the Parties
20 mutually agree, shall be retained to serve as Settlement Administrator. The Parties each represent
21 they do not have any financial interest in the Settlement Administrator or otherwise have a
22 relationship with the Settlement Administrator that could create a conflict of interest.

23 b. Defendant shall provide the Settlement Administrator the Class List and
24 Data Report within fourteen (14) days of the Preliminary Approval Date.

25 c. Within twenty one (21) days of receipt of the Class List and Data Report,
26 the Settlement Administrator shall mail the Class Notice to each Class Member in accordance with
27 Section III, Paragraph 13, *infra*.

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1 d. Participating Class Members will be eligible to receive an Individual
2 Settlement Payment, calculated in accordance with Section III, Paragraph 12, *infra*.

3 e. The Settlement Administrator shall provide Defendant's Counsel and Class
4 Counsel a report showing the names and number of Class Members who have objected to or
5 requested exclusion from the Settlement (if any). Sixteen (16) court days prior to the Final
6 Approval Hearing, the Settlement Administrator shall provide Defendant's Counsel and Class
7 Counsel a final report showing the names and number of Class Members who have objected to or
8 requested exclusion from the Settlement.

9 f. The Parties agree to cooperate in the settlement administration process and
10 to make all reasonable efforts to control and minimize the costs and expenses incurred in
11 administration of the Settlement.

12 g. The Settlement Administrator shall be responsible for: printing and mailing
13 the Notices as directed by the Court; receiving and reporting the objections/requests for exclusion
14 and challenges to the Individual Settlement Payments submitted by Class Members; mailing
15 Individual Settlement Payments to Participating Settlement Class Members; mailing the payment
16 to the Labor Workforce Development Agency; and other tasks as the Parties mutually agree or the
17 Court orders the Settlement Administrator to perform (including the calculation and remittance of
18 employer taxes which will be paid by Defendant in addition to Gross Fund Value). The
19 Settlement Administrator shall keep Defendant's Counsel and Class Counsel timely apprised of
20 the performance of all Settlement Administrator responsibilities.

21 h. The Settlement Administrator, on Defendant's behalf, shall have the
22 authority and obligation to make payments, credits and disbursements, including payments and
23 credits in the manner set forth herein to Participating Class Members, calculated in accordance
24 with the methodology set out in this Agreement and orders of the Court.

25 i. Any tax return filing required by this Agreement shall be made by the
26 Settlement Administrator. Any expenses incurred in connection with such filing shall be a cost of
27 administration of the Settlement.

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j. No person shall have any claim against Defendant or Defendant's Counsel, the Named Plaintiff, Class Members, the Class, Class Counsel or the Settlement Administrator based on distributions and payments made in accordance with this Agreement.

k. The Claims Administrator will provide to Defendant, as soon as practicable, but no later than 60 days after Preliminary Approval is granted, a fully-executed IRS W-9 form and a completed Supplier Profile and ACH Enrollment Form which Defendant requires to process and issue any payment.

12. Calculation Of Individual Settlement Payments. The Individual Settlement Payments will be calculated as follows:

a. The Settlement Administrator will be provided each Class Members' Total Workweeks as defined in Section I, Paragraph 38, *supra*, based on the Class List and Data Report, which shall be presumed to be correct. If a Class Member disagrees with his or her Total Workweeks, which shall be set forth in the Notice he or she may challenge the Total Workweeks in the manner set forth in Section III, Paragraph 14(c), *infra*. The Settlement Administrator will then tabulate each class members Total Workweeks Units based on the formula provided in paragraph 39 *supra*.

b. The Settlement Administrator will then calculate Workweek Unit Number by dividing the Net Fund Value by All Class Members Total Workweeks.

c. The Settlement Administrator will calculate each Class Members' Individual Settlement Award by multiplying his or her Total Workweeks Unit by the Workweek Unit Number. Each Class Members' estimated Individual Settlement Award will be indicated on the Notice.

d. The Individual Settlement Award estimates indicated on the Notice are subject to change, depending on factors including: (i) how many Class Members become Excluded Class Members (resulting in their Total Workweeks being removed from the final Total Workweek Number, thereby increasing the Workweek Unit Number); (ii) any changes to the Total Workweeks resulting from challenges to Total Workweeks submitted by Class Members resulting in workweek adjustments, which may increase or decrease the final Total Workweek Number; and

(iii) any increases or reductions in the Net Fund Value which may result from, inter alia, changes to the actual amount of PAGA Payment, Settlement Administration Costs, and/or Attorneys' Fees and Cost Award approved by the Court.

e. Each Participating Class Member's Individual Settlement Payment will be allocated as follows: (a) 10% as wages; and (b) 90% as interest and penalties. The portion allocated to wages ("Wage Component") shall be reported on an IRS Form W-2 and the portions allocated to interest and penalties (the "Non-Wage Component") shall be reported on an IRS Form-1099 by the Claims Administrator.

f. The employee's portion of employment taxes, including payroll deductions for state and federal withholding taxes, and any other applicable payroll deductions, shall be made from each Participating Class Members Wage Component, resulting in a "Net Wage Component." The Claims Administrator will issue a W-2 for the Wage Component.

i. No withholding shall be made on the Non-Wage Component of the settlement. The Claims Administrator will issue an IRS Form 1099 for the Non-Wage Component.

ii. The Net Wage Component shall be added to the Non-Wage Component, resulting in each Participating Class Members Individual Settlement Payment.

g. The Settlement Administrator, on Defendant's and Class Counsel's collective behalf, shall have the authority and obligation to make payments, credits and disbursements, including payments and credits in the manner set forth herein, to Class Members calculated in accordance with the methodology set out in this Agreement and orders of the Court. The Settlement Administrator shall be responsible for calculating and withholding all required state and federal taxes.

13. Notice to Class Members. Notice of the Settlement shall be provided to all Class Members using the following procedures:

a. Notice by First-Class Mail. Within twenty one (21) days after receipt of the Class List and Data Report, the Claims Administrator shall mail the Class Notice, which has been

1 mutually approved by counsel for the Parties, to the Class Members via first-class regular U.S.
2 Mail. The Class Notice is substantially in the form annexed hereto as Exhibit 1. Prior to mailing,
3 the Claims Administrator will perform a search based on the National Change of Address
4 Database information to update and correct for any known or identifiable address changes. If a
5 new address is obtained by a way of a returned Class Notice, then the Claims Administrator shall
6 promptly forward the original Class Notice to the updated address via first-class regular U.S. mail
7 indicating on the original Class Notice the date of such re-mailing.

8 b. No Requirement for a Claim Form. Class Members shall not be required to
9 submit a Claim Form to receive an Individual Settlement Payment.

10 c. Objection/Exclusion Deadline Date and Deadline to Challenge Total
11 Workweeks: Class Members will have forty five (45) calendar days from the mailing of the Class
12 Notice to submit an objection and/or request for exclusion from the Settlement, or challenge the
13 Total Workweeks indicated on their Class Notice.

14 d. Procedure for Undeliverable Notices. Any Class Notices returned to the
15 Settlement Administrator as non-delivered on or before the Objection/Exclusion Deadline Date
16 shall be sent to the forwarding address affixed thereto within five (5) business days. If no
17 forwarding address is provided, then the Settlement Administrator shall promptly attempt to
18 determine a correct address using a single skip-trace, computer or other search using the name and
19 address of the individual involved, and shall then perform a single re-mailing within five (5)
20 business days. In the event the procedures in this paragraph are followed and the intended
21 recipient of a Notice still does not receive the Notice, the Class Member shall be bound by all
22 terms of the Settlement and any Final Judgment entered by the Court if the Settlement is approved
23 by the Court.

24 e. No later than sixteen (16) court days prior to the Final Approval Hearing,
25 the Settlement Administrator shall provide Defendant's Counsel and Class Counsel: (i) the names
26 and contact information of the Class Members objecting to or requesting exclusion from the
27 Settlement; and (ii) the amount owed to each Participating Class Member.

1 14. Procedure for Objecting To or Requesting Exclusion From The Class Action
2 Settlement, or Challenging Total Workweeks. The Class Members shall submit objections to the
3 Settlement and/or request exclusion from the Settlement and/or submit a challenge to their Total
4 Workweeks using the following procedures:

5 a. Procedure for Objecting. The Class Notice shall provide that those Class
6 Members who wish to object to the Settlement shall mail a written statement of objection (“Notice
7 of Objection”) to the Settlement Administrator, no later than the Objection/Exclusion Deadline
8 Date. The postmark date of the mailing shall be deemed the exclusive means for determining if a
9 Notice of Objection is timely. The Notice of Objection must contain the Class Member’s name,
10 the last four digits of his/her social security number, dates of employment, current contact
11 information, a statement providing the basis for the Class Member’s objections, a statement
12 advising if the objecting Class Member plans to address the Court at the Settlement Fairness
13 Hearing, and any legal briefs, papers or memoranda the objecting Class Member proposes to
14 submit to the Court. Class Members regardless of whether or not they submit a written objection
15 to the Claims Administrator will have the right to appear at the Final Approval Hearing in order to
16 have their objections heard by the Court. No later than sixteen (16) court days before the
17 Settlement Fairness Hearing, the Claims Administrator shall provide counsel for the Parties with
18 complete copies of all objections received, including the postmark dates for each objection. Class
19 Counsel and Counsel for Defendant shall file any responses to any written objections submitted to
20 the Court in accordance with this Settlement Agreement at least five (5) days before the Fairness
21 Settlement Hearing.

22 b. Procedure For Requesting Exclusion. The Notice shall provide that Class
23 Members who wish to exclude themselves from the Class must submit a written request to be
24 excluded (“Request for Exclusion”) from the Class on or before the Objection/Exclusion Deadline
25 Date. Such Request for Exclusion: (1) must contain the name, address, telephone number and the
26 last four digits of the Social Security number of the person requesting exclusion; (2) must be
27 signed by the person requesting exclusion; (3) must be returned by mail to the Settlement
28 Administrator at the specified address; and (4) must be postmarked on or before the

1 Objection/Exclusion Deadline Date. The date of the postmark on the return mailing envelope
2 shall be the exclusive means used to determine whether a request for exclusion has been timely
3 submitted. Any Class Member who requests an exclusion from the Class will not be entitled to
4 any recovery under the Settlement and will not be bound by the Settlement or have any right to
5 object, appeal or comment thereon. Class Members who fail to submit valid and timely a Request
6 for Exclusion on or before the Objection/Exclusion Deadline Date shall be Participating Class
7 Members and shall be bound by all terms of the Settlement and any Final Judgment entered in this
8 Class Action if the Settlement is approved by the Superior Court. No later than sixteen (16) court
9 days before the Settlement Fairness Hearing, the Settlement Administrator shall provide counsel
10 for the Parties with a complete list of all members of the Settlement Class who have timely
11 requested exclusion from the Settlement. At no time shall any of the Parties or their counsel seek
12 to solicit or otherwise encourage members of the Settlement Class to submit a Request for
13 Exclusion from the Settlement.

14 c. Procedure for Contesting Individual Settlement Payment: Each Class
15 Members will have the opportunity, should he/she disagree with Defendant's records regarding
16 his/her Total Workweeks as presented in his/her Class Notice, to provide documentation to show
17 contrary employment dates. To do so, Class Members must contact the Settlement Administrator,
18 along with all applicable documentary evidence to support his/her dispute regarding his/her Total
19 Workweeks prior to the Objection/Exclusion Deadline. Moreover, an individual can only dispute
20 his/her number of Total Workweeks if he/she does not exclude himself/herself from the
21 Settlement. If there is a dispute, the Settlement Administrator will consult with the Parties to
22 determine whether a workweek adjustment is warranted. Class Counsel and Defendant's Counsel
23 shall meet and confer in an attempt to reach an agreement regarding whether a workweek
24 adjustment is warranted based on the documentary evidence submitted by the Class Member to
25 challenge his/her Total Workweeks. If they cannot agree, the Settlement Administrator shall make
26 the final determination of whether or not a workweek adjustment is warranted and that
27 determination shall be conclusive, final and binding on all Parties, including all Class Members. In
28 the event that a workweek adjustment is warranted, the additional amount owed to said Class

Member, if any, shall be paid as part of that Participating Class Member's Individual Settlement Payment and no adjustment will result in an increase to the Gross Fund Value.

d. No Solicitation Of Settlement Objections. The Parties agree to use their best efforts to carry out the terms of this Settlement. At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to submit written objections to the Settlement or appeal from the Order and Final Judgment.

15. Procedure For Payment Of Individual Settlement Payments:

a. Except for Excluded Class Members, all Participating Class Members will receive an Individual Settlement Payment.

b. Individual Settlement Payments for Class Members shall be paid exclusively from the Qualified Settlement Fund, pursuant to the settlement formula set forth herein, and shall be mailed within ten (10) business days after Defendant delivers the required funds to the Settlement Administrator for deposit into the Qualified Settlement Fund.

c. Should any question arise regarding the determination of eligibility for, or the amounts of, any Individual Settlement Payment under the terms of this Agreement, Class Counsel and Defendant's Counsel shall meet and confer in an attempt to reach agreement. If they cannot agree, the Settlement Administrator shall make the final determination, and that determination shall be conclusive, final and binding on all Parties, including all Class Members.

d. Any checks issued by the Settlement Administrator to Participating Class Members shall be negotiable for one hundred and eighty (180) calendar days. Those funds represented by Settlement checks returned as undeliverable and those Settlement checks remaining uncashed for more than 180 days after issuance (collectively, "Uncashed Settlement Checks") shall be distributed 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. for the benefits of those Settlement Class Members who did not cash their checks until such time they claim their property. The parties agree that this disposition results in no "unpaid residue" under California Civil Procedure Code Section 384, as the entire Net Fund Value (NFV) will be paid out to Settlement Class Members, whether or not they all cash their settlement checks.

1 e. Although Participating Class Members who do not timely cash their
2 Individual Settlement Payments shall not immediately receive the monies from those checks, such
3 persons shall nonetheless be Participating Class Members and will be bound by all terms of the
4 Settlement and any Final Judgment entered in this Class Action if the Settlement is approved by
5 the Superior Court, including the release of the Released Claims, unless they timely file a valid
6 request for exclusion as set forth herein.

7 16. Class Size Differential. It is represented by Defendant that there are no more than
8 399 Class Members during the Class Period. If the number of Class Members increases by more
9 than ten percent (10%) of the number set forth herein, then the Gross Fund Value shall increase in
10 the exact proportionate amount as any increase in the number of Class Members beyond the ten
11 percent (10%) increase (e.g. If there is an increase of 12% in number of Class Members then
12 there will be a 2% increase in the Gross Fund Value.)

13 17. Claims Deemed Waived. Any Class Member who does not request exclusion as set
14 forth above is deemed to be a Participating Class Member and thereby is deemed to have released
15 the Released Claims against Released Parties as set forth herein, regardless of whether or not they
16 timely cash their Individual Settlement Payment.

17 18. Certification By Settlement Administrator. Upon completion of administration of
18 the distributions, the Settlement Administrator shall provide written certification of such
19 completion to the Court and counsel for all Parties.

20 19. Final Approval Hearing And Entry Of Final Judgment. Upon expiration of the
21 Objection/Exclusion Deadline Date, with the Court's permission, a Final Fairness Hearing shall be
22 conducted to determine final approval of the Settlement along with the amount properly payable
23 for (i) the Attorneys' Fees and Cost Award, (ii) any Service Awards, and (iii) Settlement
24 Administration Costs. The Final Fairness Hearing shall not be held earlier than twenty-five (25)
25 calendar days from Objection/Exclusion Deadline Date. Upon final approval of the Settlement by
26 the Court, Class Counsel shall prepare and the Parties shall present the Final Approval Order and
27 Judgment, in a form agreed to in advance by the Parties, for the Court's approval. After entry of
28 the Final Approval Order and Judgment, the Court shall have continuing jurisdiction solely for

1 purposes of addressing: (i) the interpretation and enforcement of the terms of the Settlement; (ii)
2 Settlement administration matters; and (iii) such post-Final Judgment matters as may be
3 appropriate under court rules or as set forth in this Agreement.

4 20. Defendant shall discharge its obligations to the Class Members through the
5 remittance of the Settlement Award to the Class Members by the Settlement Administrator as set
6 forth hereinabove, regardless of whether checks representing individual settlement sums are
7 actually received and/or negotiated by Participating Class Members. Once Defendant has
8 complied with the obligations set forth in this Joint Stipulation and Settlement of Class Action
9 Claims, it will be deemed to have satisfied all terms and conditions under this Settlement
10 Agreement, and shall have no further obligations under the terms of the Settlement Agreement
11 regardless of what occurs with respect to those sums.

12 21. Nullification Of Settlement Agreement. In the event: (i) the Court does not finally
13 approve the Settlement as provided herein; or (ii) the Court does not enter a Final Approval Order
14 as provided herein, which becomes final as a result of the occurrence of the Effective Date, this
15 Settlement Agreement shall be null and void and any order or judgment entered by the Court in
16 furtherance of this Settlement shall be treated as void from the beginning. In such a case, the
17 Parties and any funds to be awarded under this Settlement shall be returned to their respective
18 statuses as of the date and time immediately prior to the execution of this Agreement, and the
19 Parties shall proceed in all respects as if this Settlement Agreement had not been executed. In the
20 event an appeal is filed from the Court's Final Judgment, or any other appellate review is sought
21 prior to the Effective Date, administration of the Settlement shall be stayed pending final
22 resolution of the appeal or other appellate review, as well as any fees incurred by the Settlement
23 Administrator prior to it being notified of the filing of an appeal from the Court's Final Judgment,
24 or any other appellate review.

25 22. No Effect On Employee Benefits. Neither the Individual Settlement Payments nor
26 the Service Award to Named Plaintiff shall be deemed to be pensionable earning and shall not
27 have any effect on the eligibility for, or calculation of, any of the employee benefits (e.g.,
28 vacations, holiday pay, retirement plans, etc.) of the respective Named Plaintiff or Participating

1 Class Members. The Parties agree that any Individual Settlement Payments to Participating Class
2 Members under the terms of this Agreement do not represent any modification of the Participating
3 Class Members' previously credited hours of service or other eligibility criteria under any
4 employee pension benefit plan or employee welfare benefit plan sponsored by Defendant. Further,
5 any Individual Settlement Payment, or Service Award hereunder shall not be considered
6 "compensation" in any year for purposes of determining eligibility for, or benefit accrual within,
7 an employee pension benefit plan or employee welfare benefit plan sponsored by Defendant.
8 Neither Defendant nor Named Plaintiff are opining on the terms of any such Plan, each of which
9 speaks for itself.

10 23. Dispute Resolution. Except as otherwise set forth herein, all disputes concerning
11 the interpretation, calculation or payment of settlement claims, or other disputes regarding
12 compliance with this Agreement shall be resolved as follows:

13 a. If the Named Plaintiff or Class Counsel, on behalf of the Named Plaintiff or
14 any Class Member, or the Defendant at any time believes that the other Party has breached or
15 acted contrary to the Agreement, that Party shall notify the other Party in writing of the alleged
16 violation.

17 b. Upon receiving notice of the alleged violation or dispute, the responding
18 Party shall have ten (10) calendar days to correct the alleged violation and/or respond to the
19 initiating Party with the reasons why the Party disputes all or part of the allegation.

20 c. If the response does not address the alleged violation to the initiating
21 Party's satisfaction, the Parties shall negotiate in good faith for up to ten (10) calendar days to
22 resolve their differences.

23 d. If Class Counsel and Defense counsel are unable to resolve their respective
24 parties' differences after twenty (20) calendar days referenced in Section III, Paragraph 23(a)-(c),
25 supra, either Party may elect to file (1) an appropriate Code of Civil Procedure section 664.6
26 motion for enforcement with the Court, or (2) take any other legal action to enforce this Settlement
27 Agreement.

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1 e. In the event that the Court does not agree to adopt the above dispute
2 resolution procedure as part of its Order granting final approval to the Settlement, then the above
3 provisions for Dispute Resolution (Section III, paragraph 23(a)-(d)) are null and void, the
4 remainder of the settlement is unaffected, and the parties shall remain free to submit disputes
5 and/or motions for enforcement of the settlement via appropriate noticed motion or ex parte
6 application as though Section III, paragraph 23 was not included herein.

7 24. No Retaliation. Defendant shall not take any adverse action against any Class
8 Member because of the existence of, and/or participation in, the Settlement, or because they
9 choose to benefit from the Settlement or to object to the Settlement. Defendant shall not take
10 action to discourage Class Members from participating in the Settlement.

11 25. Exhibits And Headings. The terms of this Agreement include the terms set forth in
12 any attached Exhibit 1 which is incorporated by this reference as though fully set forth herein.
13 Any exhibits to this Agreement are an integral part of the Settlement. The descriptive headings of
14 any paragraphs or sections of this Agreement are inserted for convenience of reference only and
15 do not constitute a part of this Agreement.

16 26. Interim Stay Of Proceedings. The Parties agree to hold all proceedings in the
17 Action, except such proceedings necessary to implement and complete the Settlement, in abeyance
18 pending the Settlement Hearing to be conducted by the Court.

19 27. Amendment Or Modification. This Agreement may be amended or modified only
20 by a written instrument signed by counsel for all Parties or their successors-in-interest.

21 28. Entire Agreement. This Agreement and any attached exhibits constitute the entire
22 agreement among these Parties, and no oral or written representations, warranties or inducements
23 have been made to any Party concerning this Agreement or its exhibits other than the
24 representations, warranties and covenants contained and memorialized in such documents.
25 Defendant shall not be required as part of the Settlement to modify or eliminate any of its
26 personnel, compensation or payroll practices, or adopt any new personnel, compensation or
27 payroll practices.

1 29. Authorization To Enter Into Settlement Agreement. Counsel for all Parties warrant
2 and represent they are expressly authorized by the Parties whom they represent to negotiate this
3 Agreement and to take all appropriate action required or permitted to be taken by such Parties
4 pursuant to this Agreement to effectuate its terms, and to execute any other documents required to
5 effectuate the terms of this Agreement. The Parties and their counsel will cooperate with each
6 other and use their best efforts to effect the implementation of the Settlement. In the event the
7 Parties are unable to reach agreement on the form or content of any document needed to
8 implement the Settlement, or on any supplemental provisions that may become necessary to
9 effectuate the terms of this Settlement, the Parties may seek the assistance of the Court to resolve
10 such disagreement. The persons signing this Agreement on behalf of Defendant represents and
11 warrants that they are authorized to sign this Agreement on behalf of Defendant.

12 30. Binding On Successors And Assigns. This Agreement shall be binding upon, and
13 inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

14 31. California Law Governs. All terms of this Agreement and the exhibits hereto shall
15 be governed by and interpreted according to the laws of the State of California.

16 32. No Public Disclosure prior to Preliminary Approval: Named Plaintiff, Defendant,
17 and Class Counsel will not make any public disclosure of the Settlement until after the filing of the
18 Application for Preliminary Approval of the Settlement. Named Plaintiff, Defendant, and Class
19 Counsel represent that they have not made any such disclosure. The foregoing shall not preclude
20 Named Plaintiff or Class Counsel from advising Class Members regarding this Settlement. This
21 section does not preclude Class Counsel or Named Plaintiff from performing their duties as Class
22 Counsel and/or Class Representative. This section does not preclude the posting of the Order and
23 Judgment of Final Approval on the Settlement Administrator's website. Notwithstanding the
24 foregoing, the Parties agree that Defendant may make such disclosures that in Defendant's
25 judgment are required in the ordinary course of business, except that Defendant and its counsel
26 shall not encourage Class Members to opt out. Thereafter, Class Counsel and Named Plaintiff
27 agree not to publicize the terms of this Settlement with the media or others, including but not
28 limited to, any newspaper, journal, magazine, website, and/or on-line reporter of settlements. Class

1 Counsel may also include references to this Settlement in their curriculum vitae, for purposes of
2 presentations in court filings only.

3 33. Counterparts. This Agreement may be executed in one or more counterparts. All
4 executed counterparts and each of them shall be deemed to be one and the same instrument
5 provided that counsel for the Parties to this Agreement shall exchange among themselves original
6 signed counterparts.

7 34. This Settlement Is Fair, Adequate And Reasonable. The Parties believe this
8 Settlement is a fair, adequate and reasonable settlement of this Action and have arrived at this
9 Settlement after extensive arms-length negotiations, taking into account all relevant factors,
10 present and potential.

11 35. Jurisdiction Of The Court. The Court shall retain jurisdiction, pursuant to Code of
12 Civil Procedure Section 664.6 or otherwise, with respect to the interpretation, implementation and
13 enforcement of the terms of this Agreement and all orders and judgments entered in connection
14 therewith, and the Parties and their counsel hereto submit to the jurisdiction of the Court for
15 purposes of interpreting, implementing and enforcing the settlement embodied in this Agreement
16 and all orders and judgments entered in connection therewith.

17 36. Cooperation And Drafting. Each of the Parties has cooperated in the drafting and
18 preparation of this Agreement. Hence, in any construction made to this Agreement, the same shall
19 not be construed against any of the Parties.

20 37. Invalidity Of Any Provision. Before declaring any provision of this Agreement
21 invalid, the Court shall first attempt to construe the provisions valid to the fullest extent possible
22 consistent with applicable precedents so as to define all provisions of this Agreement valid and
23 enforceable.

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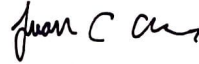
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SO STIPULATED:

4/28/2022

DATED: April __, 2022

PLAINTIFF:



JUAN ALCARAZ

DATED: April ²⁸ __, 2022

Represented by:

KOKOZIAN LAW FIRM, APC



By:

BRUCE KOKOZYAN

Attorneys for Plaintiff JUAN ALCARAZ, on
behalf of all other similarly situated aggrieved
employees

DATED: April __, 2022

DEFENDANT IRYTHM TECHNOLOGIES, INC.

By:

Name:

Title:

DATED: April __, 2022

Represented by:

COBLENTZ PATCH DUFFY & BASS LLP

By:

TROY A. VALDEZ

Attorneys for Defendant
IRYTHM TECHNOLOGIES, INC

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SO STIPULATED:

DATED: April ___, 2022

PLAINTIFF:

JUAN ALCARAZ

DATED: April ___, 2022

Represented by:

KOKOZIAN LAW FIRM, APC

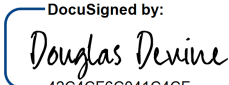
By: _____

BRUCE KOKOZIAN
Attorneys for Plaintiff JUAN ALCARAZ, on
behalf of all other similarly situated aggrieved
employees

DATED: 4/28/2022

DEFENDANT IRYTHYM TECHNOLOGIES, INC.

By: _____

DocuSigned by:

42C4CF6C041C4CF...
Name: Douglas Devine
Title: Chief Operating Officer

DATED: April 28, 2022

Represented by:

COBLENTZ PATCH DUFFY & BASS LLP

By: _____


TROY A. VALDEZ
Attorneys for Defendant
IRYTHYM TECHNOLOGIES, INC

Exhibit “1”

NOTICE OF CLASS ACTION SETTLEMENT

If you are or were a current or former employee of Defendant IRHYTHM TECHNOLOGIES, INC. who was employed in California as non-exempt hourly paid employee anytime between January 08, 2017 through [the date on which the Court enters an order for preliminarily approval of this settlement] you may be entitled to receive money from a class action settlement.

A Court approved this notice. This is not an advertisement.

You are not being sued. Your legal rights are affected whether you act or not.

PLEASE READ THIS NOTICE.

WHAT IS IN THIS NOTICE

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|----|---|--------|
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1. Why should you read this notice?

On January 8, 2021, Plaintiff Juan Alcaraz (“Plaintiff”) filed a civil complaint under the California Labor Code Private Attorneys General Act against his former employer iRhythm Technologies, Inc. (hereinafter “iRhythm”). Thereafter, on March 29, 2022 Plaintiff amended the complaint to file a putative class action complaint. This Notice describes the lawsuit and explains your rights in the settlement. You are receiving this Notice because records indicate that you are a Class Member. Class Members include all current and former non-exempt hourly paid employees who worked for iRhythm in California at any time from January 8, 2017 through [XXXX the date on which the Court enters an order for preliminarily approval of this settlement]

The Parties reached a class wide settlement as a compromise to resolve Plaintiff’s individual and representative claims, subject to Court approval. On [date], the Orange County Superior Court preliminarily approved the class action settlement and has ordered that this Notice be provided to you. ***The Court has not determined who is right or wrong in this lawsuit.***

2. What is the case about?

Plaintiff asserted claims against iRhythm on behalf of all current and former non-exempt hourly paid employees who worked for iRhythm in California for: (a) unpaid overtime wages; (b) unpaid minimum wages; (c) failure to pay overtime wages at the legal overtime rate (d) failure to provide legally compliant meal breaks; (e) failure to provide legally compliant rest periods; (f) failure to promptly pay all wages due and owing at the time of an employee’s termination or discharge; (g) failure to issue properly itemized wage statements; (h) violations of California’s Business and Professions Code; and (i) violations of the Private Attorneys General Act of 2004 (“PAGA”).

iRhythm denies any and all wrongdoing and liability. iRhythm contends it conducted business and compensated employees consistent with the laws of the State of California. iRhythm contends it has no liability for any of claims under any statute, wage order, common law, or equitable theory. The Court has not ruled on the merits of Plaintiff's claims.

3. What does the settlement provide?

As part of the settlement terms, in exchange for a class release of the claims asserted by Plaintiff, iRhythm will pay \$320,000 (Gross Fund Value), including attorneys' fees, costs, third-party settlement administrator costs, the class representative enhancement payment, payment to the California Labor and Workforce Development Agency, and payment to Participating Class Members. Plaintiff will request from the Gross Fund Value: (1) \$106,666.66 for attorneys' fees, (2) up to \$15,000 in costs, (3) up to \$12,000 for settlement administration costs to pay settlement administrator Simpluris, (4) up to \$5,000 as a service award to Plaintiff and Class Representative Juan Alcaraz, and (5) a PAGA payment of \$16,000, of which \$4,000 will be distributed to Class Members and \$12,000 will be paid to the California Labor and Workforce Development Agency. After deductions of all the preceding amounts, the remaining amount will be distributed as Settlement Awards to Participating Class Members (Net Fund Value). The Net Fund Value will be divided by All Class Member Total Workweeks to obtain the Workweek Unit Number. The Settlement Administrator will calculate each Class Members' Individual Settlement Award by multiplying his or her Total Workweeks Units by the Workweek Unit Number. Your "Total Workweeks Units" means and refers to the sum (with a negative multiplier as to certain workweeks when appropriate as explained below) of all the Workweeks you were employed during the Class Period. The Settlement Administrator in calculating the Total Workweeks Units for you will use the following formula: (1) workweeks between January 8, 2017 to January 23, 2021 will be given a value of one for each workweek; (2) the workweeks between January 24, 2021 to the [XXXX] [date the Court enters an order for preliminary approval of this settlement], those workweeks will be worth .25 of the value of the workweeks that occurred during the portion of the Class Period that preceded January 24, 2021 (i.e. apply a negative multiplier of .25) to account for positive wage and policy changes by Defendant beginning January 24, 2021. For example, if a Class Member worked 12 workweeks before January 24, 2021 and 40 workweeks from January 24, 2021 onward, you would calculate this class members Total Workweeks Units as follows: For the 12 workweeks before January 24, 2021 they would get 12 units and for the 40 workweeks from January 24, 2021 forward, they would get 10 units (40 x .25) [as a result of the negative multiplier for weeks occurring from January 24, 2021 onward] and thus their Total Workweek Units would be 22 [12 plus 10].

iRhythm's records indicate that you were employed for _____ Total Workweeks during the Class Period of January 08, 2017 through [XXXX] [the date on which the Court enters an order for preliminarily approval of this settlement.]

Based on this estimate and iRhythm's records and applying the formula above, your estimated Settlement Award is \$_____.

If you dispute your number of Total Workweeks, you must contact the Settlement Administrator and notify them in writing the number of workweeks you believe you were employed and provide any supporting documentation. If you do not provide documents, your settlement payment will be calculated according to iRhythm's records. The dispute must be sent to the Settlement Administrator's address listed in this notice and must be postmarked no later than [date]. It is also your responsibility to keep a current address on file with the Settlement Administrator to ensure receipt of your Settlement Award.

Subject to Court approval, you do not need to take any further action to receive money from this settlement.

4. *What is the Class Action Settlement?*

In a class action lawsuit, one person called “Plaintiff” or “Class Representative” sues on behalf of other people who may have similar claims. In this case, the Plaintiff is Juan Alcaraz. All the people who worked for iRhythm as non-exempt employees during the Class Period are a “Class” or “Class Members.” The company he sued is called the Defendant. In this case, the Defendant is iRhythm Technologies, Inc.. One Court resolves the issues for everyone in the Class – except for those people who choose to exclude themselves from the Class. In this case, the Court is the Orange County Superior Court.

5. *What are my rights? How will my rights be affected by the Class Settlement?*

Participating in the Settlement

Under the settlement, you will **automatically** receive a settlement payment unless you opt out by following the opt-out procedure set forth below. If approved by the Court, the Settlement Agreement and release will be binding on all Participating Class Members who do not timely opt out of the settlement. Even if you object and decide not to participate, you will still receive a PAGA payment and be bound by the release of any all PAGA claims at issue in this case.

If you are a current employee of iRhythm your decision about whether or not to participate in this settlement will not affect your employment with iRhythm.

Opting Out of the Settlement

If you wish to be excluded from participating in the Settlement, you must mail a written statement to the Settlement Administrator, at the address below, requesting to be excluded from the Settlement. To be considered valid, your request for exclusion must be in writing, signed by you, and contain your name, address, telephone number, and the last four digits of your Social Security number. Your request for exclusion also must clearly indicate that you desire to be excluded from the Settlement. To be considered timely, your request for exclusion must be mailed by First-Class Mail or equivalent and postmarked no later than [date]. The date of the postmark on the return mailing envelope shall be the exclusive means used to determine whether a request for exclusion has been timely submitted. Late requests for exclusion (opt-out requests) will not be considered.

If you file a timely and valid written request for exclusion, you will no longer be a member of the Class, and you will not be eligible to receive money under the Settlement or object to the terms of the Settlement, and you will not be bound by the terms of the Settlement, with one exception. You will still receive a PAGA payment and still be bound by the release of any claims you may have under PAGA.

Objecting to the Settlement

If you wish to Object to the Settlement, you may advise the Court about your objection stating why you object to the settlement. Your objection must state your full name, last four digits of your social security number, dates of employment, address, and telephone number, a statement providing the basis for your objections, a statement advising if you plan to address the Court at the Settlement Fairness Hearing, and any legal briefs, papers or memoranda you propose to submit to the Court. The objection must be mailed to Settlement Administrator, at the address below, and must be postmarked no later than [date].

You may also, if you wish, appear at the Settlement Fairness Hearing on [date] at [time] in Dept. C18 of the Orange County Superior Court to discuss your objections with the Court and the Parties regardless of whether or not you submitted a written objection to the Settlement Administrator. The Settlement Fairness Hearing may be continued to another date without further notice. If you object to the settlement, you may still receive your share of the settlement amount if the Court approves the settlement despite objections.

Effect of the Settlement on Your Rights

If the proposed settlement is approved by the Court, a Judgment will be entered by the Court and upon entry of Judgment all Participating Class Members for the Class Period shall fully and finally release and discharge Defendant iRhythm Technologies, Inc. and its successors in interest, past, present, or future parents, subsidiaries and related or affiliated corporations, and their past, present, or future officers, directors, shareholders, employees, agents, principals, heirs, joint employers, staffing agencies, representatives, accountants, auditors, attorneys, consultants, insurers, and reinsurers, and each of their respective successors and predecessors in interest, subsidiaries, affiliates, parents, and each of their company-sponsored employee benefit plans, and all of their respective officers, directors, owners, employees, administrators, fiduciaries, trustees, and agents (“Released Parties”) from of all claims, rights, demands, liabilities, damages, attorneys’ fees, costs, and causes of action of every nature and description, arising from any and all claims which were asserted in the Action or could have been asserted based on the facts alleged in the Action, and arising during the Class Period of this settlement, including statutory, constitutional or common law claims for wages, damages, unpaid costs, liquidated damages, penalties, interest, attorneys’ fees, litigation costs, restitution, equitable relief, or other relief under California Business & Professions Code §17200, et seq. based on the following categories of allegations as set forth in the operative complaint: (a) all claims for unpaid overtime wages; (b) all claims for unpaid minimum wages; (c) all claims for failure to pay overtime wages at the legal overtime pay rate; (d) all claims for failure to provide compliant meal periods; (e) all claims for failure to authorize and permit compliant rest periods; (f) all claims for the failure to promptly pay all wages due and owing at the time of an employee’s termination or discharge; (g) all claims for the failure to issue properly itemized wage statements; (h) all claims for Unfair Competition or Business Practices under California’s Business and Professions Code based on the preceding claims; (i) all claims for any and all penalties pursuant to the California Labor Code and/or the Private Attorneys General Act of 2004 based on the preceding claims.

If the Court finally approves the Settlement, Settlement checks will be mailed to Class Members who have not opted out of the Settlement. Notice of the final judgment will be provided on the Settlement Administrator’s website.

Those funds represented by Settlement checks returned as undeliverable and those Settlement checks remaining uncashed for more than 180 days after issuance (collectively, “Uncashed Settlement Checks”) shall be distributed 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. for the benefits of those Settlement Class Members who did not cash their checks until they claim their property.

6. *Who are the attorneys representing the parties?*

Class Counsel, appointed and approved by the Court for settlement only, will represent the Class and you. However, you may choose to be represented by your own counsel at your own cost.

Attorneys for Plaintiff & the Class are:

Attorneys for Defendant are:

Bruce Kokozyan, Esq.
KOKOZIAN LAW FIRM, APC
10940 Wilshire Blvd., Suite 1200
Los Angeles, CA 90024
Telephone (323) 857-5900

Troy A. Valdez, Esq.
Emlyn Mandel, Esq.
COBLENTZ PATCH DUFFY & BASS LLP
One Montgomery Street, Suite 3000
San Francisco, California 94104-5500

7. How will the attorneys for the class and costs be paid?

Class Counsel is seeking an award from the Court for attorneys' fees of up to \$106,666.66 and documented litigation costs of up to \$15,000. Juan Alcaraz is seeking a service award from the Court of up to \$5,000. The actual amounts awarded will be determined by the Court.

If you need more information or have any questions, you may contact the Settlement Administrator at the telephone number listed below.

Alcaraz v. iRhythm Technologies, Inc.
c/o [Settlement Administrator]
[ADDRESS]
[PHONE]

**PLEASE DO NOT CONTACT THE COURT
FOR INFORMATION ABOUT THIS SETTLEMENT.**