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[Additional Counsel for Plaintiff Continued on Page 2]
Attorneys for Plaintiff,
KARLA IVON GONZALEZ and on behalf of
all other similarly situated employees

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Attorneys for Defendants
LAKE BALBOA HEALTH CARE, INC.;
NAHS HOLDING, INC.; NAHS SOUTHEAST, INC.;
NAHS SOUTHWEST, INC.; NORTH AMERICAN
CLIENT SERVICES, INC.; NAHS NORTH, INC.

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES**

KARLA IVON GONZALEZ, individually,
and on behalf of all other similarly situated,

Plaintiff,

vs.

LAKE BALBOA HEALTH CARE, INC., a
Nevada corporation; NAHS HOLDING,
INC., a Nevada corporation; NAHS
SOUTHEAST, INC., a Nevada corporation;
NAHS SOUTHWEST, INC., a Nevada
corporation; NORTH AMERICAN CLIENT
SERVICES, INC., a Nevada corporation;
NAHS NORTH, INC., a Nevada
corporation; and DOES 1 through 25,
inclusive,

Defendants.

CASE NO.: 21STCV11086

*Assigned for all purposes to the
Hon. Lawrence P. Riff*

Dept.: 51

**JOINT STIPULATION FOR COURT
APPROVAL OF SETTLEMENT OF ACTION
FILED PURSUANT TO PAGA**

Action Commenced: March 23, 2021

[Filed concurrently with (Proposed) Order,
Declaration of Paul Denis, and Declaration of
David Alami]

1 *[Plaintiffs' Counsel Continued from Page 1]*

2 David Alami [SBN 314628]

3 **ALAMI LAW GROUP**

4 620 Newport Ctr. Drive,

5 Newport Beach, CA 92660

6 Tel: (949) 287-3594

1 Plaintiff Karla Gonzalez ("Plaintiff") and Defendants Lake Balboa Health Care, Inc.,
2 NAHS Holding, Inc., NAHS Southwest, Inc., and North American Client Services, Inc
3 ("Defendants") (collectively, the "Parties") by and through their respective counsel of record,
4 hereby enter into the following stipulation for court approval of the settlement of Plaintiff's action
5 filed pursuant to the California Labor Code Private Attorneys General Act ("PAGA") as follows:

6 WHEREAS, on March 23, 2021, Plaintiff filed a complaint in the Los Angeles County
7 Superior Court, alleging civil penalties pursuant to the Private Attorneys General Act ("PAGA")
8 predicated on alleged violations of the California Labor Code sections 201-203, 204, 210, 226,
9 226.7, 510, 512, 558, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2800, and 2802.
10 Plaintiff's Complaint further alleged violations pursuant to California Labor Code section 2698,
11 *et seq.*, including civil penalties pursuant to California Labor Code section 2699, subdivisions (a),
12 (t), and (g), and California Labor Code section 558, plus costs/expenses and attorneys' fees.

13 WHEREAS, the Parties' Private Attorney General Act Settlement Agreement ("Settlement
14 Agreement"), attached hereto as "Exhibit A," provides for the following basic terms:

- 15 • A total settlement amount of \$750,000 ("Gross Settlement Fund");
- 16 • A Net Settlement Fund (Gross Settlement Fund less attorneys' fees and costs) in the
17 amount of \$478,686.48, 75 percent of which, or \$359,014.86 shall be paid to the California
18 Labor & Workforce Development Agency ("LWDA"), and 25 percent, or \$119,671.62
19 shall be distributed to the approximately 1,691 aggrieved non-exempt employees employed
20 by Defendant between January 17, 2020 through the date on which the Court grants
21 approval of the settlement (the "PAGA Employees"), on a pro rata basis, based on their
22 respective number of workweeks worked for Defendants;
- 23 • Attorneys' fees equaling one-third of the Gross Settlement Fund, or \$250,000, and
24 reimbursement of costs in the amount of \$13,813.52 (\$8,613.52 to Plaintiff's Counsel, Paul
25 Denis of Denis & Rasi, PC, and \$5,200.00 to David Alami of Alami Law Group);
- 26 • Settlement administration fees of \$7,500;
- 27 • Release by Plaintiff and the LWDA of any and all claims for civil penalties that could have
28 been assessed upon and collected from the Released Parties under PAGA, based on the

1 factual allegations in the Complaint, including purported violations of California Labor
2 Code sections 201, 202, 203, 204, 210, 226, 226.7, 510, 512, 558, 1174, 1174.5, 1182.12,
3 1194, 1194.2, 1197, 1197.1, 1198, 2800, and 2802, arising during the PAGA Period, from:
4 the alleged failure to pay for all wages, including minimum and overtime wages for all
5 hours worked in violation of California Labor Code sections 510, 1194, 1194.2, 1197 and
6 1198, and applicable IWC Wage Orders; failure to provide compliant meal periods in
7 violation of California Labor Code sections 226.7 and 512, and section 11 of the applicable
8 IWC wage order; failure to provide compliant rest periods in violation of Labor Code
9 section 226.7 and section 12 of the applicable IWC wage order; failure to provide
10 compliant wage statements pursuant to California Labor Code sections 226 and 226.3;
11 failure to timely pay wages during employment in violation of California Labor Code
12 section 204 and upon termination/separation pursuant to California Labor Code sections
13 201, 202, 203 and 210; failure to maintain accurate records in violation of Labor Code
14 sections 1174 and 1174.5, failure to reimburse necessary business expenses pursuant to
15 California Labor Code sections 2800 and 2802;

- 16 • Notice to the PAGA Employees consisting of a letter explaining why they are receiving
17 settlement checks, in the form attached to the Settlement Agreement as Exhibit 1, to be
18 mailed by the Settlement Administrator along with the settlement checks;

19 WHEREAS, attached hereto as Exhibit 1 is the Parties' Settlement Agreement resolving
20 his action;

21 WHEREAS, the Parties' proposed settlement has been submitted to the LWDA (see
22 Exhibit A to the Declaration of David Alami); and

23 WHEREAS, the Parties and their respective counsel believe that this settlement is fair,
24 reasonable, adequate because the total settlement amount of \$750,000 is sufficient to deter and
25 punish alleged but unproven Labor Code violations for 1,691 aggrieved employees.

1 *Dated: December 28, 2021*

DENIS & RASI, PC
ALAMI LAW GROUP

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4 By _____

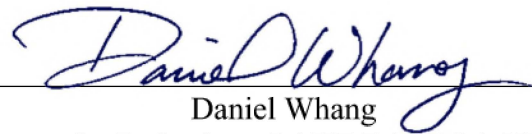


Paul J. Denis
Ethan E. Rasi
David Alami
Attorneys for Plaintiff KARLA IVON GONZALEZ

7 *Dated: December 28, 2021*

SEYFARTH SHAW LLP

8
9
10 By _____



Daniel Whang
Attorneys for Defendants LAKE BALBOA HEALTH
CARE, INC.; NAHS HOLDING, INC.; NAHS
SOUTHEAST, INC.; NAHS SOUTHWEST, INC.;
NORTH AMERICAN CLIENT SERVICES, INC.; NAHS
NORTH, INC.

EXHIBIT 1

Private Attorneys General Act (Cal. Lab. Code § 2698, Et Seq.) Settlement Agreement

IT IS HEREBY STIPULATED AND AGREED by and among the undersigned Parties, subject to the approval of the Court, that the Action and PAGA Released Claims shall be settled and resolved subject to the following terms and conditions set forth in this Private Attorneys General Act (Cal. Lab. Code § 2698, *Et Seq.*) Settlement Agreement (“Settlement Agreement”), entered by and between Plaintiff Karla Gonzalez (“Plaintiff”), for herself and on behalf of the State of California and other Aggrieved Employees pursuant to the California Private Attorneys General Act, and Defendants Lake Balboa Health Care, Inc., NAHS Holding, Inc., NAHS Southwest, Inc., and North American Client Services, Inc. (“Defendants”) (collectively, the “Parties”).

This Settlement Agreement shall be effective upon the date of the Court order approving the settlement (the “Effective Date”).

I. DEFINITIONS

Unless otherwise defined herein, the following terms, when used in this Settlement Agreement, shall have the following meanings:

1. “Action” means the matter entitled *Karla Gonzalez v. Lake Balboa Health Care, Inc.* et al., Los Angeles Superior Court Case No. 21STCV11086.
2. “Aggrieved Employees” mean all current and former hourly-paid or non-exempt employees who worked for Defendants in the State of California during the PAGA Period, from January 17, 2020 through October 6, 2021, which is estimated to consist of approximately 1,691 individuals.
3. “Complaint” means the claims and allegations set forth in Plaintiff’s correspondence to the California Labor and Workforce Development Agency dated December 8, 2020 (“LWDA Letter”) and the Complaint for Enforcement under the Private Attorneys General Act, California Labor Code § 2698, *Et. Seq.* filed on March 23, 2021 in the Action.
4. “Court” or “Los Angeles Superior Court” means the Superior Court of California for the County of Los Angeles.
5. “Defense Counsel” or “Counsel for Defendant” is: Daniel Whang, Esq. of Seyfarth Shaw LLP, 2029 Century Park East, Suite 3500, Los Angeles, California 90067.
6. “Employee PAGA Portion” is the amount to be distributed to the Aggrieved Employees, which shall consist of 25% of the PAGA Penalties Amount, as provided in Section III.3 herein.
7. “Employee Payments” refers to the PAGA Penalty Payments that will be distributed to Aggrieved Employees, as provided in Section III.3 herein.
8. “Gross Settlement Amount” is the sum of Seven Hundred and Fifty Thousand Dollars and Zero Cents (\$750,000.00), which represents the total amount payable under this Settlement

Agreement by Defendants, and includes the Employee PAGA Portion payable to Aggrieved Employees, LWDA Payment payable to the LWDA, Court-awarded Attorneys' Fees (not to exceed \$250,000) to Plaintiff's Counsel, Court-awarded Litigation Costs (not to exceed \$15,000) to Plaintiff's Counsel, and a Court-awarded payment to the Settlement Administrator for Settlement Administration Costs (not to exceed \$7,500). The Gross Settlement Amount is subject to a pro rata increase pursuant to Section III.2 below.

9. "LWDA" means the California Labor and Workforce Development Agency.
10. "Plaintiff's Counsel" means Paul Denis, Esq. of Denis & Rasi, P.C., 38 Corporate Park, Irvine, CA 92606; and David Alami, Esq. of Alami Law Group, 620 Newport Center Drive, Suite 1100, Newport Beach, CA 92660.
11. "Net Settlement Amount" is the amount remaining to distribute to the LWDA and Aggrieved Employees after the following amounts are subtracted from the Gross Settlement Amount: (a) Attorneys' Fees to Plaintiff's Counsel; (b) Litigation Costs to Plaintiff's Counsel; and (c) Settlement Administration Costs to Settlement Administrator.
12. "PAGA" means the California Labor Code Private Attorneys General Act, California Labor Code § 2698, et seq.
13. "LWDA Payment" means the amount to be paid to the LWDA, which is seventy-five percent (75%) of the Other PAGA Penalties Amount as set forth in Section III.3 herein.
14. "PAGA Period" means the time period from January 17, 2020 through the date on which the Court grants approval of the settlement.
15. "PAGA Released Claims" mean any and all claims for civil penalties that could have been assessed upon and collected from the Released Parties under PAGA, based on the factual allegations in the Complaint, including PAGA claims predicated on alleged violations of California Labor Code sections 201-204, 210, 226, 226.7, 510, 512, 558, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2800, and 2802, arising during the PAGA Period, from: the alleged failure to pay for all wages, including minimum and overtime wages for all hours worked in violation of California Labor Code sections 510, 1194, 1194.2, 1197 and 1198, and applicable IWC Wage Orders; failure to provide compliant meal periods in violation of California Labor Code sections 226.7 and 512, and section 11 of the applicable IWC wage order; failure to provide compliant rest periods in violation of Labor Code section 226.7 and section 12 of the applicable IWC order wage; failure to provide compliant wage statements pursuant to California Labor Code sections 226 and 226.3; failure to timely pay wages during employment in violation of California Labor Code section 204 and upon termination/separation pursuant to California Labor Code sections 201, 202, 203 and 210; failure to maintain accurate records in violation of Labor Code sections 1174 and 1174.5, failure to reimburse necessary business expenses pursuant to California Labor Code sections 2800 and 2802.

16. “Released Parties” mean Defendants and their past, present, and future officers, directors, employees, board members, shareholders, attorneys, insurers, reinsurers, customers, partners, investors, members, representatives, predecessors, parent companies, subsidiaries, affiliates, divisions, successors, agents and principals, and their heirs, estates, executors, administrators, servants, insurers, attorneys, and assigns.
17. “Settlement Administrator” means Phoenix Class Action Administration Solutions., a third-party administrator who shall administer the settlement, subject to approval by the Court, in accordance with this Settlement Agreement, and whose costs and expenses to administer the settlement are currently estimated not to exceed \$7,500 (“Settlement Administration Costs”).

II. RECITALS

1. On December 8, 2020, Plaintiff provided written notice to the LWDA and Defendants asserting claims for civil penalties pursuant to PAGA stemming from alleged violations of California Labor Code sections 201-203, 510, 558, 1182.12, 1194, 1194.2, 1197, and 1198 for failure to pay minimum wage and overtime; California Labor Code sections 226.7 and 512, as well as section 11 of the applicable Wage Order for failure to provide compliant meal periods; Labor Code section 226.7 and section 12 of the applicable Wage Order for failure to provide compliant rest periods; California Labor Code sections 2800 and 2802 for failure to reimburse business-related expenses; California Labor Code section 226 and 226.3 for failure to provide complete and accurate wage statements; California Labor Code sections 201-203, 204, and 210 for failure to properly pay all wages throughout employment and following the end of employee's employment; California Labor Code section 1174 and 1174.5 for failure to keep complete and accurate payroll record.
2. Plaintiff filed her Complaint against Defendants on March 23, 2021. Plaintiff's Complaint alleged civil penalties pursuant to the Private Attorneys General Act (“PAGA”) predicated on alleged violations of the California Labor Code sections 201-203, 204, 210, 226, 226.7, 510, 512, 558, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2800, and 2802. Plaintiff's Complaint further alleged violations pursuant to California Labor Code section 2698, *et seq.*, including civil penalties pursuant to California Labor Code section 2699, subdivisions (a), (t), and (g), and California Labor Code section 558, plus costs/expenses and attorneys' fees. Plaintiff seeks to represent a group of all current and former non-exempt employees of Defendant.
3. On October 6, 2021, the Parties participated in mediation before mediator Tripper Ortman, Esq., after undertaking investigation and exchange of information and documents pertaining to Plaintiff and the Aggrieved Employees.
4. On October 6, 2021, based on the mediator's proposal, the Parties agreed to fully and finally resolve the Action and the PAGA Released Claims as to Plaintiff, the State of California, and the Aggrieved Employees.

III. OPERATIVE TERMS OF THE SETTLEMENT AGREEMENT

The Parties agree as follows:

1. **Non-Admission.** Nothing in this Settlement Agreement nor action taken in implementation thereof shall be construed to be an admission or concession by Plaintiff that her claims do not have merit or by Defendants of any liability or wrongdoing as to Plaintiff, Aggrieved Employees, or any other person, and Defendants specifically disclaim any such liability or wrongdoing. Nor will any of the foregoing be used in any way in any other judicial, arbitral, administrative, investigative or other forum or proceeding, as evidence of any violation of any federal, state or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. Notwithstanding the foregoing, this Settlement Agreement may be used in any court proceeding that has as its purpose the interpretation, implementation, or enforcement of the settlement or any orders or judgments of the Court entered into in connection therewith. The Parties have entered into this Settlement Agreement with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses, and risks. This Settlement Agreement and any related Court documents or orders are not and may not be cited or admitted as evidence of liability.
2. **Gross Settlement Amount.** Defendants shall pay \$750,000 as the Gross Settlement Amount. Defendants will not pay more than the Gross Settlement Amount. The Parties agree that, during the settlement negotiations, the Gross Settlement Sum was determined in part based on Defendants' representation there were approximately 1,691 Aggrieved Employees who had worked 37,327 pay periods during the PAGA Period, as of October 6, 2021. The Parties anticipate first seeking approval of this Settlement by stipulation ("Stipulation for Approval"). In the event the Court does not approve, for any reason, the Parties' Stipulation for Approval of this Settlement, and thereafter Plaintiffs seek approval of the Settlement by way of a Motion, the Parties agree to revise this Agreement within thirty (30) days of non-approval of the Stipulation to include one of the following limitations on the total number of pay periods included in the PAGA Period: a) a limit to the maximum number of pay periods worked by Aggrieved Employees during the PAGA Period (e.g. limiting the number of pay periods in the PAGA Period to fixed number, and/or closing the PAGA Period as of one day prior to achieving the agreed upon increase in pay periods); or b) limiting the increase of pay periods worked by the Aggrieved Employees to an agreed upon percentage increase of the pay periods in the PAGA Period.
3. **Net Settlement Amount.** The Parties agree that the Net Settlement Amount shall be distributed to the LWDA and Aggrieved Employees as follows: Seventy-five percent (75%) of the Net Settlement Amount shall be distributed to the LWDA (i.e., the LWDA Payment) and twenty-five percent (25%) of the Net Settlement Amount shall be distributed to the Aggrieved Employees on a pro rata basis, based on their respective number of pay periods worked for Defendants during the PAGA Period. Payments to Aggrieved Employees of their share of the Other PAGA Penalties Amount shall be referred to as "PAGA Penalty Payment(s)." Each Aggrieved Employee will be paid a non-wage check for the PAGA Penalty Payment, and will receive an IRS Form 1099 for said payment.

4. **Attorneys' Fees Payment and Litigation Costs Payment.** Defendants will not oppose Plaintiff's request for an award of attorneys' fees in the amount up to \$250,000 ("Attorneys' Fees") and litigation costs and expenses in the amount up to \$15,000 incurred in prosecuting this Action ("Litigation Costs"), to Plaintiff's Counsel. In the event the Court approves a payment of less than \$250,000.00 for Attorneys' Fees and/or less than \$15,000 for Litigation Costs to Plaintiff's Counsel, the difference will be a part of the Net Settlement Amount. The Attorneys' Fees and Litigation Costs payments will be reported on an IRS Form 1099 issued to Plaintiff's Counsel.
5. **Settlement Administration Costs.** Defendants will not oppose Plaintiff's request for payment in the amount up to \$7,500 to the Settlement Administrator for administering the settlement. In the event the Court approves a payment of less than \$7,500.00 for Settlement Administration Costs, the difference will be a part of the Net Settlement Amount. Settlement Administration Costs will be reported on an IRS Form 1099 issued to the Settlement Administrator.
6. **PAGA Released Claims.** Upon the Effective Date, Plaintiff, Aggrieved Employees, and the State of California will be forever barred from pursuing any and all PAGA Released Claims defined in Section 1.16 herein. This release of claims only covers those civil penalties which are recoverable under PAGA, and does not otherwise cover individual, underlying claims or causes of action that Aggrieved Employees may have under the law against Released Parties for violations of the California Labor Code.
7. **Covenants and Representations by Plaintiff and Plaintiff's Counsel.**
 - a. Plaintiff represents and warrants that she has not assigned or transferred or purported to assign or transfer to any person or entity, any claim or portion thereof, or interest therein, which is or may be subject to this Settlement Agreement.
 - b. Plaintiff acknowledges that she has read this Settlement Agreement, that she fully understands her rights, privileges, and duties under the Settlement Agreement, and enters into this Settlement Agreement freely and voluntarily. Plaintiff further acknowledges that she has had the opportunity to consult with her attorneys to explain the terms of this Settlement Agreement and the consequences of signing this Settlement Agreement.
8. **Limited Disclosure and No Publicity.** Except as provided below, to the extent necessary to effectuate the settlement or as required by the PAGA statute, a court of law, or legal process, neither Plaintiff nor Plaintiff's Counsel will publicize the terms of this Settlement Agreement or issue a press release, hold a press conference, publish information about the settlement on any website or through any social media, or otherwise publicize the settlement or communicate its terms in public or in private, unless ordered by the Court.
9. **Filing of Stipulation for Approval of Settlement by the Parties.** The Parties shall, as soon as practicable but no more than 5 days after execution of this Agreement, execute a

Stipulation for Approval of this Settlement to be filed with the Court. Plaintiff's Counsel shall be responsible for preparing the Stipulation for Approval of the Settlement. Plaintiff's Counsel will file the Stipulation for Approval within the above time frame. Plaintiff's Counsel will submit the Stipulation for Approval to the LWDA. Pursuant to California Labor Code section 2698, *et seq.*, Plaintiff's Counsel shall undertake all required submissions and disclosures to the LWDA and the Court to obtain approval of the settlement.

10. **Filing of Motion for Approval of Settlement by Plaintiff's Counsel.** In the event the Court does not approve, for any reason, of this Settlement by way of the Parties' Stipulation for Approval pursuant to paragraph 10, Plaintiff's Counsel shall be responsible for preparing the Motion for Approval of the Settlement ("Approval Motion"). Plaintiff's Counsel will file the Approval Motion as soon as practicable. Plaintiff's Counsel will serve the Approval Motion on Defendant's Counsel and submit it to the LWDA. Pursuant to California Labor Code section 2698, *et seq.*, Plaintiff's Counsel shall undertake all required submissions and disclosures to the LWDA and the Court to obtain approval of the settlement.
11. **Termination of Settlement Agreement.** If the Court does not approve the settlement, if the Court does not dismiss the Action with prejudice, as provided for in this Settlement Agreement, or if appellate review is sought and, on such review, the Court's decision is materially modified or reversed, or if one or more of the terms of the Settlement Agreement is not approved or is materially modified or reversed or found to be invalid, or the settlement does not become final for any other reason, then either of the Parties shall have the right within ten (10) calendar days of written notice thereof to elect to terminate the Settlement Agreement, in which case it shall have no force or effect, and the Parties shall be deemed to have reverted to their original, respective status as of the date and time immediately prior to the execution of this Settlement Agreement.
12. **Dismissal.** The Settlement Administrator will provide the Parties with a declaration confirming that distribution of payments has been completed in accordance with the Settlement Agreement and the Court's orders, within ten (10) business days of distributing all payments under the settlement. Plaintiff's Counsel will file the declaration with the Court and required dismissal papers (i.e., a Request for Dismissal of the Action with prejudice) within ten (10) business days of receipt or as otherwise ordered by the Court. This Settlement Agreement is expressly conditioned upon the Court entering the dismissal of the Action in its entirety with prejudice. The dismissal will not release or bar any claims other than all claims as to Plaintiff pursuant to Cal. Code Civ. Proc. Section 1542, and the PAGA Released Claims as to Plaintiff, Aggrieved Employees, and State of California.

IV. **ADMINISTRATION OF SETTLEMENT**

1. **Settlement Administrator.** The Parties have mutually selected Phoenix Class Action Administration Solutions to handle the administration of this settlement, subject to approval by the Court.

- a. Notice to Aggrieved Employees. No later than twenty (20) business days after the Effective Date, Defendant shall provide the Settlement Administrator with a list of the Aggrieved Employees (the "Aggrieved Employees List"). The Aggrieved Employees List shall include each Aggrieved Employee's full name, last known mailing address, last known telephone number, start date(s) of employment, end date(s) of employment, total workweeks worked for Defendants in California during the PAGA Period, and Social Security number, to the extent available from Defendants' records. Because Social Security numbers are included in the list, the Settlement Administrator will maintain the list in confidence, and shall only access and use the list to administer the settlement in conformity with the Court's orders. Defendants will in good faith compile from its records the Aggrieved Employees List and provide it to the Settlement Administrator in a computer-readable format, such as a Microsoft Excel spreadsheet.
- b. No later than fifteen (15) calendar days after receipt of the Gross Settlement Amount from Defendant, the Settlement Administrator will mail the Employee Payments under cover letter, substantially in the form attached hereto as "Exhibit A" ("Cover Letter"), to each of the Aggrieved Employees identified on the Aggrieved Employees List. Prior to mailing the Cover Letter, the Settlement Administrator shall check the addresses provided in the Aggrieved Employees List using the United States Postal Service's National Change of Address database, and update the addresses for known address changes. Should any of the mailings to the Aggrieved Employees of their Cover Letter and Employee Payments be returned as undeliverable within thirty (30) calendar days of mailing, the Settlement Administrator will have five (5) calendar days after it receives the returned undeliverable mail to search for a more current address for the Aggrieved Employee (via a skip trace or other reasonable method) and re-mail the Cover Letter and Employee Payments to any alternative or updated address obtained by the Settlement Administrator.

2. **Deposit and Distribution of Gross Settlement Amount.**

- a. No later than twenty (20) business days from the Effective Date ("Funding Date"), Defendant shall fund the Gross Settlement Amount into a settlement account established by the Settlement Administrator, for administration and distribution in accordance with this Settlement Agreement and the Court's orders.
- b. The Settlement Administrator shall distribute payments for the Attorneys' Fees, the Litigation Costs, the Settlement Administration Costs, the Employee Payments, and the LWDA Payment within fifteen (15) calendar days after receipt of the Gross Settlement Amount from Defendant. All payments provided for by this Settlement Agreement shall be made by the Settlement Administrator in accordance with this Settlement Agreement and the Court's order approving this settlement.
- c. Each Aggrieved Employee will be issued one check for his or her Employee Payment which will expire one hundred and eighty (180) calendar days from the

date the checks are issued by the Settlement Administrator. After the 180 day-period, the Settlement Administrator shall cancel all checks that have not been cashed or deposited and remit funds associated with such canceled checks to the State Controller's Office, Unclaimed Property Division in the name associated with each Aggrieved Employee whose Employee Payment checks are canceled.

V. **MISCELLANEOUS PROVISIONS**

1. **No Impact on Employee Benefit Plans.** Neither the Settlement Agreement nor any amounts paid to Plaintiff, any Aggrieved Employee, or the LWDA under the settlement will modify any previously credited hours or service under any employee benefit plan, policy, or bonus program sponsored by Defendants. Such amounts will not form the basis for additional contributions to, benefits under, or any other monetary entitlement under Defendants' sponsored benefit plans, policies, or bonus programs. The payments made under the terms of this Settlement Agreement shall not be applied retroactively, currently, or on a going-forward basis, as salary, earnings, wages, or any other form of compensation for the purposes of any Defendants benefit plan, policy, or bonus program. Defendants retain the right, if necessary, to modify the language of its benefit plans, policies, and bonus programs to effect this intent, and to make clear that any amounts paid pursuant to this Settlement Agreement are not for "hours worked," "hours paid," "hours of service," or any similar measuring term as defined by applicable plans, policies, and bonus programs for purposes of eligibility, vesting, benefit accrual, or any other purpose, and that additional contributions or benefits are not required by this Settlement Agreement.
2. **Tax Consequences.** Plaintiff and Aggrieved Employees will be solely responsible for correctly characterizing any compensation received under the settlement on his/her personal income tax returns for tax purposes, and paying all appropriate taxes due for any and all amounts paid to them under the settlement. Plaintiff, Defendants, Plaintiff's Counsel, and Defendant's Counsel make no representations or warranties with respect to tax consequences of any payment under this Settlement Agreement, do not intend anything contained in this Settlement Agreement to constitute advice regarding taxes or taxability, nor shall anything in this Settlement Agreement be relied upon as such.
3. **Governing Law.** This Settlement Agreement shall be construed under and governed by the laws of the State of California. This Settlement Agreement shall be deemed to have been entered into in California, and all questions of validity, interpretation, or performance of any of its terms or of any rights or obligations of the Parties to this Settlement Agreement shall be governed by California law. If any legal or equitable action or arbitration is necessary to enforce the terms of this Settlement Agreement, it shall be brought in the State of California, County of Los Angeles.
4. **Entire Agreement.** This Settlement Agreement constitutes the entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements may be deemed binding on the Parties. The Parties each acknowledge and represent that no promise or representation not contained in this Settlement Agreement has been made to

them, and acknowledge and represent that this Settlement Agreement contains the entire understanding between them and contains all terms and conditions pertaining to the compromise and settlement of the Action and PAGA Released Claims.

5. **Judgment and Continued Jurisdiction.** The Parties agree that this Settlement Agreement shall be enforceable by the Court pursuant to California Code of Civil Procedure section 664.6, and the Court, to the fullest extent of the law, shall retain exclusive and continuing jurisdiction over this Action, over all Parties, and the Aggrieved Employees to interpret and enforce the terms, conditions, and obligations of the Settlement Agreement.
6. **Amendment or Modification.** This Settlement Agreement may be amended or modified only by a written instrument, signed by either the Parties or their successors-in-interest or counsel for all Parties, subject to approval by the Court.
7. **Authorization to Enter into Binding Settlement Agreement.** Defendants represent and warrant that the undersigned has the authority to act on behalf of each Defendant and to bind each Defendant to the terms of this Settlement Agreement. Plaintiff represents and warrants that she has the capacity to act on her own behalf and on behalf of all who might claim through her to bind her to the terms and conditions of this Settlement Agreement. Counsel for all Parties warrant and represent that they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Settlement Agreement. The Parties warrant that they understand and have full authority to enter into this settlement, and further intend that this Settlement Agreement will be fully enforceable and binding on all Parties, and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any settlement and/or mediation privileges and/or confidentiality provisions that otherwise might apply under federal or state law.
8. **Binding on Successors and Assigns.** This Settlement Agreement will be binding upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.
9. **Execution and Counterparts.** This Settlement Agreement may be executed in one or more counterparts. All executed counterparts, and each of them, including facsimile and scanned copies of the signature page, will be deemed to be one and the same instrument provided that counsel for the Parties will exchange among themselves original signed counterparts.
10. **Acknowledgement of Mutual Drafting and that the Settlement is Fair, Adequate, and Reasonable.** The Parties believe this Settlement Agreement is a fair, adequate, and reasonable settlement of the Action, and have arrived at this settlement after arm's-length negotiations by experienced counsel. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this settlement. The Parties agree that the terms and conditions of this Settlement Agreement are the result of lengthy,

intensive, arm's-length negotiations and that neither Party shall be considered the "drafter" of this Settlement Agreement for purposes of having terms construed against that Party. The Parties have had a full opportunity to negotiate the terms and conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed more strictly against one Party merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that, because of the arm's-length negotiations between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

11. **Invalidity of Any Provision.** Before declaring any provision of this Settlement Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent possible consistent with applicable precedents, so as to define all provisions of this Settlement Agreement valid and enforceable.
12. **Severability.** If any term or provision of this Settlement Agreement is held to be invalid or unenforceable, provided that the essential terms and conditions of this Settlement Agreement for each Party remain valid, binding and enforceable, the remaining portions of this Settlement Agreement will continue to be valid, and will be performed, construed, and enforced to the fullest extent permitted by law, and the invalid or unenforceable term will be deemed amended and limited in accordance with the intent of the Parties, as determined from the face of the Settlement Agreement, to the extent necessary to permit the maximum enforceability or validation of the term or provision.
13. **No Waiver.** No waiver of any condition or covenant contained in this Settlement Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such Party of the same or any other condition, covenant, right, or remedy.
14. **Cooperation and Execution of Necessary Documents.** All Parties will cooperate in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to implement the settlement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this settlement, the Parties may seek the assistance of the Court to resolve such disagreement.

IN WITNESS THEREOF, the Parties each acknowledge that she/it has read the foregoing Settlement Agreement, accepts and agrees to the provisions contained in this Settlement Agreement, and hereby executes it voluntarily and with full understanding of its consequences.

PLAINTIFF:

Dated: Dec 22, 2021

By: 
Karla Gonzalez (Dec 22, 2021 00:00 PST)
_____ KARLA GONZALEZ

DEFENDANTS:

Lake Balboa Health Care, Inc.

Dated: 12/18/21

By: 
CRAIG BARRON

NAHS Holding, Inc.

Dated: _____

By: _____
SPENCER OLSEN

NAHS Southwest, Inc.

Dated: _____

By: _____
DARIAN DAHL

North American Client Services, Inc.

Dated: _____

By: _____
MARK WALTON

DEFENDANTS:

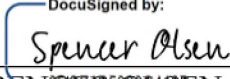
Lake Balboa Health Care, Inc.

Dated: _____

By: _____
CRAIG BARRON

NAHS Holding, Inc.

Dated: 12/21/2021

By:  _____
SPENCER OLSEN

NAHS Southwest, Inc.

Dated: _____

By: _____
DARIAN DAHL

North American Client Services, Inc.

Dated: _____

By: _____
MARK WALTON

DEFENDANTS:

Lake Balboa Health Care, Inc.

Dated: _____

By: _____
CRAIG BARRON

NAHS Holding, Inc.

Dated: _____

By: _____
SPENCER OLSEN

NAHS Southwest, Inc.

Dated: 12/20/21

By: Darian Dahl
DARIAN DAHL

North American Client Services, Inc.

Dated: _____

By: _____
MARK WALTON

DEFENDANTS:

Lake Balboa Health Care, Inc.

Dated: _____

By: _____
CRAIG BARRON

NAHS Holding, Inc.

Dated: _____

By: _____
SPENCER OLSEN

NAHS Southwest, Inc.

Dated: _____

By: _____
DARIAN DAHL

North American Client Services, Inc.

Dated: _____

By:  _____
~~MARK WALTON~~ Js
Jonathan Sloey

EXHIBIT A

<<DATE>>

<<FIRST_NAME>> <<LAST_NAME>>
<<ADDRESS 1>>
<<ADDRESS 2>>

Re: Payment from *Karl Gonzalez v. Lake Balboa Health Care, Inc., et al.*

Dear <<FIRST_NAME>> <<LAST_NAME>>:

Enclosed you will find a check made payable to you. This is your payment from the settlement of the lawsuit entitled *Karla Gonzalez v. Lake Balboa Health Care, Inc. et al., Los Angeles Superior Court Case No. 21STCV11086*.

That case was filed against Lake Balboa Health Care, Inc., NAHS Holding, Inc., NAHS Southwest, Inc., and North American Client Services, Inc. (collectively, "Defendants") pursuant to the California Private Attorneys General Act of 2004, Cal. Lab. Code § 2698 *et seq.* (called "PAGA"). The claim was brought on behalf of the State of California and all non-exempt employees of Defendants. You have been identified as one of the employees on whose behalf the case was brought.

The Plaintiff in the case claimed that Defendants owed penalties under PAGA for certain California Labor Code violations. Defendants deny that they did anything wrong or that they owe any penalties. The Parties agreed to resolve the case, and as part of that settlement, Defendants agreed to pay a certain amount of money categorized as PAGA penalties. The settlement of this action does not constitute an admission by Defendants of any of the matters alleged in the case or an admission of liability. Under the PAGA statute, the penalties get divided between the State and the employees. The enclosed check represents your portion of the penalties allocated to the employees. It is your responsibility to apply any taxes payable on the amount you have received.

If you have any questions, you can contact the settlement administrator (whose contact information is at the top of this letter), Plaintiff's counsel or Defendants' counsel:

Paul Denis
Ethan Rasi
DENIS & RASI, P.C.
38 Corporate Park
Irvine, CA 9606
714-242-4557
skim@verumlg.com

David Alami
ALAMI LAW GROUP
620 Newport Center Drive, Ste. 1100
Newport Beach, CA 92660
(949) 287-3594
info@alamilawgroup.com

Counsel for Plaintiff

Daniel Whang
SEYFARTH SHAW LLP
2029 Century Park East, Ste. 3500,
Los Angeles, CA 90067
dwhang@seyfarth.com

Counsel for Defendants Lake Balboa Health Care, Inc., NAHS Holding, Inc., NAHS Southwest, Inc., and North American Client Services, Inc.

Very Truly Yours,

Phoenix Settlement Administrators

Paul Denis [SBN 279026]
Ethan Rasi [SBN 289848]
DENIS & RASI, PC
38 Corporate Park
Irvine, CA 92606
Tel: (714) 242-4557; Fax: (213) 443-9601

[Additional Counsel for Plaintiff Continued on Page 2]
Attorneys for Plaintiff,
KARLA IVON GONZALEZ and on behalf of
all other similarly situated employees

Daniel Whang (SBN 223451)
SEYFARTH SHAW LLP
2029 Century Park East, Suite 3500
Los Angeles, CA 90067
Tel: (310) 201-1539; Fax: (310) 551-8339
dwhang@seyfarth.com

Attorneys for Defendants
LAKE BALBOA HEALTH CARE, INC.;
NAHS HOLDING, INC.; NAHS SOUTHEAST, INC.;
NAHS SOUTHWEST, INC.; NORTH AMERICAN
CLIENT SERVICES, INC.; NAHS NORTH, INC.

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES**

KARLA IVON GONZALEZ, individually,
and on behalf of all other similarly situated,

Plaintiff,

vs.

LAKE BALBOA HEALTH CARE, INC., a
Nevada corporation; NAHS HOLDING,
INC., a Nevada corporation; NAHS
SOUTHEAST, INC., a Nevada corporation;
NAHS SOUTHWEST, INC., a Nevada
corporation; NORTH AMERICAN CLIENT
SERVICES, INC., a Nevada corporation;
NAHS NORTH, INC., a Nevada
corporation; and DOES 1 through 25,
inclusive,

Defendants.

CASE NO.: 21STCV11086

*Assigned for all purposes to the
Hon. Lawrence P. Riff*

Dept.: 51

**[PROPOSED] ORDER GRANTING
APPROVAL OF SETTLEMENT OF ACTION
FILED PURSUANT TO PAGA**

1 *[Plaintiffs' Counsel Continued from Page 1]*

2 David Alami [SBN 314628]

3 **ALAMI LAW GROUP**

4 620 Newport Ctr. Drive,

5 Newport Beach, CA 92660

6 Tel: (949) 287-3594

[PROPOSED] ORDER

The operative Complaint in the captioned lawsuit contains a single claim for relief under the PAGA based on alleged violations of California Labor Code §§ 201, 202, 203, 204, 210, 226, 226.7, 510, 512, 558, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2800, and 2802, and including but not limited to section 11 of the applicable IWC Wage Order, in relation to alleged violations of those predicate statutes on behalf of all current and/or former nonexempt employees employed by Defendants Lake Balboa Health Care, Inc., NAHS Holding, Inc., NAHS Southwest, Inc., and North American Client Services, Inc (“Defendants”) in California between January 17, 2020 through the date on which the Court grants approval of the settlement.

The Court, having considered the proposed Settlement Agreement (“Settlement” or “Settlement Agreement”) between Plaintiff Karla Gonzalez (“Plaintiff”) and Defendants pursuant to Labor Code § 2699(1); having considered the Joint Stipulation filed by the Parties; and good cause appearing, HEREBY ORDERS THE FOLLOWING:

1. Based on the California Supreme Court’s opinions in *Arias v. Superior Court*, 46 Cal. 4th 969 (2009), and *Iskanian v. CLS Transportation Los Angeles, LLC*, 59 Cal. 4th 348 (2014), Plaintiff can seek PAGA civil penalties on behalf of the State of California and other similarly situated aggrieved employees without seeking class certification or meeting the requirements of class certification (i.e. numerosity, typicality, commonality and adequacy). As such, the usual two-step preliminary and final approval process is not required.

2. In a settlement of a PAGA action brought by an aggrieved employee, the court must “review and approve” the settlement. Labor Code § 2699(1)(2).

3. The PAGA penalties sought as part of the Settlement Agreement are approved. Plaintiff, by and through her Counsel, has satisfied the standards and applicable requirements for approval of settlement of a claim for penalties brought under the PAGA. Defendant shall pay a total of \$478,686.48 for such penalties. Pursuant to Labor Code § 2699(i), that amount shall be divided, with 75% (\$359,014.86) being paid to the California Labor Workforce Development Agency, and the remaining 25% (\$119,671.62) being allocated to the aggrieved employees.

1 4. The Court further approves attorneys' fees in the amount of \$250,000.00, and
2 \$13,813.52 in litigation costs (\$8,613.52 to Plaintiff's Counsel, Paul Denis of Denis & Rasi, PC,
3 and \$5,200.00 to David Alami of Alami Law Group) to Plaintiff's Counsel for reasonable
4 attorneys' fees and costs incurred in connection with work performed to litigate this Action.

5 5. Plaintiff and the LWDA (to the fullest extent allowed under the law) are bound by
6 the release of PAGA claims set forth in paragraph 15 of the Settlement Agreement. The LWDA
7 and Plaintiff are deemed to have conclusively released and forever discharged the Released Parties
8 (as defined in the Settlement Agreement) from any and all Released Claims set forth in paragraph
9 15, and are hereby permanently barred and enjoined from the institution or prosecution of any and
10 all Released Claims against the Released Parties.

11 6. Neither the settlement, nor any terms of the Settlement Agreement, are an
12 admission by the Released Parties, nor is the Court's instant Order a finding of the validity of any
13 claims in the Lawsuit or of any wrongdoing by any Released Parties.

14 7. Without affecting the finality of this Order or the dismissal referenced below, the
15 Court retains jurisdiction of all matters relating to the interpretation, administration,
16 implementation, effectuation and enforcement of this Order and the Settlement Agreement.

17 8. The case, and all claims therein, is hereby dismissed with prejudice.

18 9. This Order is intended to be a final disposition of the Lawsuit in its entirety and it
19 is intended to be immediately appealable.

20 **IT IS SO ORDERED.**

21
22 Dated: _____

Hon. Lawrence P. Riff
Los Angeles Superior Court