

Galen T. Shimoda (Cal. State Bar No. 226752)
Justin P. Rodriguez (Cal. State Bar No. 278275)
Jessica L. Hart (Cal. State Bar No. 331411)
Shimoda Law Corp.
9401 East Stockton Blvd., Suite 120
Elk Grove, CA 95624
Telephone: (916) 525-0716
Facsimile: (916) 760-3733

Attorneys for Plaintiff SARA FRANCO individually
and on behalf of similarly situated employees

Yesenia Gallegos (Cal. State Bar No. 231852)
Marjorie Soto (Cal. State Bar No. 313290)
McDermott Will & Emery LLP
2049 Century Park E, Ste 3200
Los Angeles, CA
90067-3206
Phone: 310-788-4199

Attorneys for RANCHO FAMILY MEDICAL GROUP, INC.,
and RANCHO HEALTH MSO, INC.

**SUPERIOR COURT OF CALIFORNIA
FOR THE COUNTY OF RIVERSIDE**

SARA FRANCO, individually and on behalf of
all other similarly situated employees,

Plaintiff,

vs.

RANCHO FAMILY MEDICAL GROUP,
INC., a California Corporation; RANCHO
HEALTH MSO, INC., a Delaware Corporation;
and DOES 1 to 100, inclusive,

Defendants.

Case No.: CVRI2102264

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

*Assigned to the Honorable Sunshine Sykes,
Department 6, for all purposes*

Filed: May 10, 2021

FAC Filed: July 7, 2021

Trial Date: None Set

This Joint Stipulation Regarding Class Action and PAGA Settlement and Release is made and entered into between the Plaintiff Sara Franco, on behalf of herself, the Labor and Workforce Development Agency through Sara Franco as an authorized representative under the Private Attorneys General Act, Aggrieved Employees, and Defendants Rancho Family Medical Group, Inc., and Rancho Health MSO, Inc. This Agreement is subject to the terms and conditions set forth below and the approval of the Court.

1. DEFINITIONS

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

1.1 “Action” means the above stated lawsuit, *Franco v. Rancho Family Medical Group, Inc., et al.*, Riverside County Superior Court, Case No. CVRI2102264, filed May 10, 2021.

1.2 “Aggrieved Employee(s)” means all non-exempt employees who have or continue to work for Defendants in California during the PAGA Claim Period.

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

1.4 “Claim Amount” means an individual Qualified Claimant’s and Aggrieved Employee’s allocation of the Net Settlement Amount and PAGA Payment respectively, as defined in Sections 1.21, 1.26, 5.5, and 5.8.

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

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

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

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

1.8 "Class Member(s)" means all non-exempt employees who have or continue to work for Defendants. The estimated number of Class Members is 355.

1.9 "Class Period" means from May 10, 2017, up to either (1) the Preliminary Approval Date, or (2) November 7, 2021, whichever is earlier.

1.10 "Class Representative" means Plaintiff Sara Franco.

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

1.12 "Court" means the Riverside County Superior Court.

1.13 "Defendants" means Rancho Family Medical Group, Inc., and Rancho Health MSO, Inc.

1.14 "Defendants' Counsel" means Yesenia Gallegos and Marjorie Soto of McDermott Will & Emery LLP.

1.15 "Defendants' Offset" means a \$104,000 reduction to the Gross Settlement Amount, derived from prior payments to approximately 116 putative class members.

1.16 "Effective Date" means the day the Court files a signed order granting final approval of this Agreement unless there is a timely objection lodged that has not later been withdrawn, in which case the effective date will be either (a) the 60th calendar day after a signed order granting final approval of this Agreement has been filed provided no motion to vacate the judgment, appeal, writ or other appellate

proceeding having been filed; or (b) the seventh (7th) calendar day after any motion to vacate the judgment, appeal, writ, or other appellate proceeding opposing the Agreement has been finally dismissed with no material change to the terms of this Agreement and there is no right to pursue further remedies or relief, whichever is later.

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

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

1.19 “Gross Settlement Amount” is the sum of Six-Hundred and Fifty Thousand Dollars (\$650,000), subject to Defendants’ Offset as set forth in Sections 1.15 and 5.8 when allocating amounts due to individual Qualified Claimants. This Gross Settlement Amount excludes Defendant’s tax obligations (e.g. employer FICA, FUTA and SDI contributions on wage payments) on any monies distributed to Qualified Claimants that are allocated as wages under the Agreement, which will be paid in addition to the Gross Settlement Amount.

1.20 “LWDA” means the California Labor and Workforce Development Agency.

1.21 “Net Settlement Amount” is the portion of the Gross Settlement Amount available for distribution to Qualified Claimants, as described in this Agreement, after deduction of Plaintiff’s attorneys’ fees and litigation costs, Settlement Administrator Costs, the PAGA Payment, and Enhancement Payment to the Class Representative.

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

1.23 “Notice Period” means forty-five (45) calendar days from the initial mailing of the Notice of Settlement, Request for Exclusion Form, and Objection Form to Class Members and Aggrieved Employees.

1.24 “Objection Form” means the document substantially in the form attached hereto as Exhibit 2.

1 1.25 "PAGA" means Private Attorneys General Act of 2004, California Labor Code §§ 2698,
2 *et seq.*

3 1.26 "PAGA Payment" means the amount allocated from the Gross Settlement Amount towards
4 resolving claims under the PAGA.

5 1.27 "PAGA Claim Period" means from April 29, 2020 up to either (1) to the Preliminary
6 Approval Date or (2) November 7, 2021, whichever is earlier.

7 1.28 "Parties" mean Defendants and Plaintiff.

8 1.29 "Plaintiff" means Sara Franco.

9 1.30 "Preliminary Approval Date" means the date a signed order granting preliminary approval
10 of this Agreement is filed with the Court.

11 1.31 "QSF" means a Qualified Settlement Fund set up by the Settlement Administrator for the
12 benefit of the Qualified Claimants and/or Aggrieved Employees and from which the payments under this
13 Agreement shall be made. Any amounts Defendants have agreed to pay under this Agreement shall remain
14 the property of Defendants until the payments required under the Agreement are made.

15 1.32 "Qualified Claimant" means Plaintiff and any and all Class Members who have not made
16 any timely request to opt-out of the Agreement.

17 1.33 "Qualified Claimant's Released Claims" means any and all claims, debts, liabilities,
18 demands, obligations, costs, expenses, attorneys' fees, damages, and/or causes of action (whether
19 contingent or accrued) that are asserted in the Complaint and any additional wage and hour claims that
20 could have been brought based on the facts alleged in the operative Complaint, through the Class Period,
21 including, without limitation claims for (1) failure to pay overtime, (2) failure to pay minimum wages, (3)
22 meal period violations, (4) rest period violations, (5) wage statement violations, (6) waiting time penalties,
23 (7) unreimbursed business expenses, (8) failure to pay regular rate of pay for overtime, paid sick leave,
24 and meal premiums (including the calculation of shift differentials, pay stipends, and bonuses into the
25 regular rate of pay), and (9) unfair competition based thereon. This release excludes the release of claims
26 not permitted by law. The Qualified Claimant's Released Claims exclude claims for workers'
27 compensation or unemployment insurance benefits. This release will cover all Class Members who do
28 timely submit the Request for Exclusion Form opting out of the Settlement.

1.34 “Qualifying Workweeks” are weeks worked by Class Members and/or Aggrieved Employees during the Class Period and/or PAGA Claim Period, respectively, in California. For Class Members, workweeks shall be defined as the total length of service (in days) in California during the Class Period divided by seven. For Aggrieved Employees workweeks shall be defined as the total length of service (in days) in California during the PAGA Claim Period divided by seven. The calculation of a Class Member’s and/or Aggrieved Employee’s workweeks and a determination as to whether a Class Member and/or Aggrieved Employee was actively employed in California in a particular workweek shall be construed from Defendants’ records.

1.35 “Released PAGA Claims” means any and all claims for statutory and/or civil penalties during the PAGA Claim Period that could have been sought by the Labor Commissioner for the violations identified in Plaintiff’s pre-filing letter to the LWDA; Plaintiff does not release any Aggrieved Employees’ claims for wages or damages. Aggrieved Employees cannot opt out of this waiver of claims.

1.36 “Released Parties” means Defendants, as well as Defendants’ officers, directors, employees, and agents.

1.37 “Request for Exclusion Form” means the document substantially in the form attached hereto as Exhibit 3.

2. DESCRIPTION OF THE LITIGATION

2.1 On or about April 29, 2021, Plaintiff sent notice to the LWDA to exhaust administrative remedies under the PAGA for 1) violations of Labor Code §§ 510, 1194; IWC Wage Order 4, § 3 (Failure to Pay Overtime Wages); 2) violations of Labor Code §§ 1194, 1197.1; IWC Wage Order 4, § 4 (Failure to Pay Minimum Wages); 3) violations of Labor Code §§ 226.7, 512 and Wage Order No. 4, §§ 11(A) and 11(B) (Failure to Provide Meal Periods or Pay Premiums in Lieu Thereof); 4) violations of Labor Code § 226.7 and Wage Order No. 4, § 12(A) (Failure to Provide Rest Periods or Pay Premiums in Lieu Thereof); 5) violations of Labor Code §§ 226, 226.3 (Failure to Provide Accurate Wage Statements); 6) violations of Labor Code §§ 201-203, 256 (Failure to Pay Final Wages); 7) violations of Labor Code § 2802 (Failure to Pay Reimbursements for Expenses); 8) violations of Labor Code §§ 558, 558.1 (Provisions Regulating Hours and Days of Work in Any Industrial Welfare Commission Order);

9) violations of Labor Code §§ 226.3, 1174 (Failure to Maintain Accurate Records); and 10) violations of Labor Code §§ 246, 246.5, 248.5 (Failure to Provide Paid Sick Leave).

2.2 The LWDA did not respond to the notice within the statutorily required time frame and, as such, Plaintiff became authorized to act as a Private Attorneys General on all alleged PAGA claims.

2.3 On or about May 10, 2021, Plaintiff filed a class action Complaint in Riverside County Superior Court on behalf of herself and Class Members alleging claims for 1) Failure to Pay Overtime Wages; 2) Failure to Pay Minimum Wages; 3) Meal Period Violations; 4) Rest Period Violations; 5) Wage Statement Violations; 6) Waiting Time Penalties; 7) Failure to Reimburse Expenses; and 8) Unfair Competition. Plaintiff filed a First Amended Complaint on approximately July 7, 2021 to add a PAGA cause of action based on the violations alleged in the April 29, 2021 notice to the LWDA on behalf of herself and Aggrieved Employees.

2.4 Through informal discovery, Defendants and Defendants' Counsel provided Class Counsel with copies of all applicable versions of its policies and procedures, employee handbooks, payroll information for Aggrieved Employees and Class Members including, but not limited to, the number of workweeks and pay periods at issue within the Class Period and PAGA Claim Period, dates of employment, total number of Class Members and Aggrieved Employees, average rates of pay, and timecard data and payroll reports for a randomly selected sample of Class Members and Aggrieved Employees.

2.5 After Class Counsel received and analyzed the data, they participated in a lengthy mediation with private mediator Lisa Klerman on September 8, 2021. At the conclusion of the mediation, the Parties were able to come to a resolution on essential terms, which was further memorialized and detailed through this Agreement. At all times, the Parties' settlement negotiations have been non-collusive, adversarial, and at arm's length.

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

1 2.7 In the Action, Plaintiff contends that Defendants violated California law by 1) failing to
2 correctly incorporate the value of the non-discretionary remuneration, such as, but not limited to, shift
3 differentials, pay stipends, and bonuses into Class Member's and Aggrieved Employees' regular rate of
4 pay when calculating overtime, double time, meal and rest period premiums, or sick pay; 2) failing to
5 provide meal and rest periods in compliance with California law due to understaffing and workflow
6 issues, or pay premiums in lieu thereof; 3) failing to pay employees for all hours worked due their failure
7 to pay for time employees spent waiting to clock into work; 4) failing to pay reimbursements for business-
8 related cell phone use; and 5) failing to accurately itemize the hours and wages earned on paystubs issued
9 to Class Members and Aggrieved Employees. The waiting time penalties, unfair competition, and PAGA
10 claims are derivative of these violations. Defendants have denied each of Plaintiff's claims and
11 Defendants have denied that this Action is appropriate for class certification for anything other than
12 settlement purposes. The agreed upon Gross Settlement Amount was reached after evaluating the Parties'
13 theories of potential exposure for the underlying claims and the class data supporting these claims. The
14 Parties, with the assistance of the mediator, also assessed appropriate discounts to the potential liability
15 based on Defendants' factual and legal contentions and defenses.

16 2.8 Plaintiff and Class Counsel recognize the expense and length of continued protracted
17 litigation necessary to litigate Plaintiff's disputes in the Action through trial and through any possible
18 appeals. Plaintiff also has taken into account the uncertainty and risks of the outcome of further litigation,
19 and the difficulties and delays inherent in such litigation. Plaintiff and Class Counsel are also aware of
20 the burdens of proof necessary to establish liability for the claims asserted in the Action, both generally
21 and in response to Defendants' defenses thereto, and the difficulties in establishing damages, penalties,
22 restitution and other relief sought in the Action. Plaintiff and Class Counsel also have taken into account
23 Defendants' agreement to enter into a settlement that confers substantial benefits upon the Class Members.
24 Based on the foregoing, Plaintiff and Class Counsel have determined that the Settlement set forth in this
25 Agreement is fair, adequate, and reasonable, and is in the best interests of all Class Members.

26 2.9 Defendants have concluded that any further defense of this litigation would be protracted
27 and expensive for all Parties. Substantial amounts of Defendants' time, energy, and resources have been,
28 and unless this Settlement is completed, will continue to be devoted to the defense of the Plaintiff's claims.

Defendants have also taken into account the risks of further litigation in reaching its decision to enter into this Settlement. Even though Defendants continue to contend that it is not liable for any of the claims set forth by Plaintiff in this Action, Defendants have agreed, nonetheless, to settle in the manner and upon the terms set forth in this Agreement to put to rest the claims in this Action. Defendants have claimed and continue to claim that the Released Claims have no merit and do not give rise to liability. This Agreement is a compromise of disputed claims. Nothing contained in this Agreement, no documents referred to herein, and no action taken to carry out this Agreement, may be construed or used as an admission by or against Defendants as to the merits or lack thereof of the claims asserted in the Action. Defendants contend that they have complied with all applicable state, federal, and local laws.

2.10 The Parties agree that the above-described investigation and evaluation, as well as discovery and the information exchanged to date, are more than sufficient to assess the merits of the respective Parties' positions and to compromise the issues on a fair and equitable basis. Plaintiff, Class Counsel, Defendants, and Defendants' Counsel have concluded that it is desirable that the Action be settled in a manner and upon such terms and conditions set forth herein in order to avoid further expense, inconvenience and distraction of further legal proceedings, and the risk of an adverse outcome each of the Parties potentially face in the Action. Therefore, the Parties desire to resolve the claims in the Action. Plaintiff, Class Counsel, Defendants, and Defendants' Counsel are of the opinion that the Agreement is a fair, reasonable, and adequate compromise of the disputed claims in light of all known facts and circumstances and warrants approval by the Court.

3. THE CONDITIONAL NATURE OF THIS AGREEMENT

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

1 subject to the provisions of California Evidence Code Sections 1119 and 1152, Federal Rule of Evidence
2 408, and any other analogous rules of evidence that may be applicable.

3 3.2 Defendants have denied all claims as to liability, damages, liquidated damages, penalties,
4 interest, fees, restitution, injunctive relief and all other forms of relief asserted in the Action. Defendants
5 have agreed to resolve the Action via this Agreement, but to the extent this Agreement is deemed void or
6 the Effective Date does not occur, Defendants do not waive, but rather expressly reserve, all rights to
7 challenge all such claims and allegations in the Action upon all procedural and factual grounds, including,
8 without limitation, the ability to challenge class or collective treatment on any grounds, as well as to assert
9 any and all other potential defenses or privileges.

10 **4. SCOPE OF THE CLASS**

11 4.1 The scope of the class of individuals encompassed under the Agreement, who are entitled
12 to all benefits as authorized under the Agreement and subject to all obligations and duties required under
13 the Agreement, shall include all Class Members as defined in Section 1.8 and all Aggrieved Employees
14 as defined in Section 1.2. However, it shall not include any Class Members who submit valid and timely
15 Request for Exclusion Forms, as set forth in Section 7.5.1.

16 4.2 Individuals entitled to recover under this Agreement will include only those individuals
17 who are identified as being within the scope of this Agreement under Section 4.1.

18 4.3 Any person who believes that he or she is a Class Member or Aggrieved Employee and
19 wishes to participate in the Agreement, but did not receive a Notice of Settlement because his or her name
20 did not appear on the class list provided to the Settlement Administrator prior to mailing, may submit a
21 data request to the Settlement Administrator. The data request must contain all of the following
22 information: (a) the individual's full name and the last four digits of their Social Security Number; (b) the
23 name used by such employee at the time his or her employment with Defendants ended, if different from
24 the name provided under (a); (c) the dates during which the individual was employed by Defendants; and
25 (d) a return address to which a response may be sent. Every data request must be postmarked on or before
26 the conclusion of the Notice Period or otherwise submitted to the Settlement Administrator such that it is
27 received before the conclusion of the Notice Period. Upon receipt of any data requests, the Settlement
28

1 Administrator shall promptly (in no event more than two business days) transmit the data requests to
2 Defendants' Counsel and request that Defendants review their records.

3 4.4 If Defendants do agree that the person listed in a data request is a Class Member and/or
4 Aggrieved Employee, the Settlement Administrator shall promptly mail a Notice of Settlement, Request
5 for Exclusion Form, and an Objection Form to the person who submitted the data request, at the address
6 designated for that purpose in the data request. All provisions of this Agreement relating to the Notice of
7 Settlement, Request for Exclusion Form, and Objection Form shall apply to Notice of Settlement, Request
8 for Exclusion Form, and Objection Form sent in response to data requests, and any person who submits a
9 data request and is sent a Notice of Settlement, Request for Exclusion Form, and Objection Form in
10 response shall be treated by the Settlement Administrator as a Class Member and/or Aggrieved Employee
11 for all other purposes.

12 4.5 If Defendants disagree that the person listed in a data request is a Class Member and/or
13 Aggrieved Employee, Defendants' Counsel and Class Counsel shall attempt to resolve any such dispute
14 in good faith within seven (7) calendar days of Class Counsel being advised in writing of the data request
15 dispute. Defendants' records shall control unless the individual submitting the data request provides
16 persuasive evidence to doubt the accuracy of those records. Each data request dispute that Defendants'
17 Counsel and Class Counsel cannot timely resolve shall be resolved by the Settlement Administrator. The
18 Settlement Administrator must accept and weigh all the evidence provided in a good faith attempt to
19 resolve the dispute. The Settlement Administrator must resolve any dispute submitted to it within seven
20 (7) calendar days after Defendants' Counsel and Class Counsel submit the dispute to the Settlement
21 Administrator. The decision by the Settlement Administrator shall be final and there shall be no right of
22 appeal.

23 5. TERMS OF THE SETTLEMENT

24 The Parties agree as follows:

25 5.1 Gross Settlement Amount: In consideration and exchange for the releases described in
26 Section 6, Defendants shall pay the Gross Settlement Amount (\$650,000), subject to any and all reductions
27 as set forth in this Agreement, including Defendants' Offset as set forth in Sections 1.15 and 5.8. Funding
28 of the Gross Settlement Amount shall occur within twenty-one (21) days after the Final Approval Date to

1 be held in trust in a QSF by the Settlement Administrator. The Gross Settlement Amount includes
2 payments to Qualified Claimants, Aggrieved Employees, all attorneys' fees, costs and litigation expenses
3 related to the Action incurred to date, as well as all such fees and costs incurred in documenting the
4 Agreement, administering the Agreement (including Settlement Administrator Costs), and obtaining final
5 approval of the Agreement, the Enhancement Payment to the Class Representative and the PAGA
6 Payment. Any monies necessary to satisfy Defendants' tax obligations (*e.g.* employer FICA, FUTA and
7 SDI contributions on wage payments) on any monies distributed to Qualified Claimants will be paid in
8 addition to the Gross Settlement Amount.

9 5.2 Attorneys' Fees and Costs: Class Counsel will apply to the Court for attorney's fees of
10 one-third (1/3) of the Gross Settlement Amount, which shall be paid from the Gross Settlement Amount.
11 Defendants have agreed to not oppose Class Counsel's application for attorneys' fees so long as it does
12 not exceed the one-third (1/3) threshold. Class Counsel will also be entitled to reimbursement for
13 advanced litigation expenses not to exceed \$15,000, which shall be paid from the Gross Settlement
14 Amount. Defendants have agreed to not oppose Class Counsel's request for reimbursement for advanced
15 litigation expenses so long as they do not exceed the \$15,000 threshold. The Settlement Administrator
16 will issue Class Counsel an IRS Form 1099 for the attorneys' fees and costs paid under this Agreement.
17 In the event that the Court awards less than the requested attorney's fees and/or costs, the portion of the
18 requested amounts not awarded to Class Counsel shall be added to the Net Settlement Amount to be
19 distributed to Qualified Claimants on a pro rata basis.

20 5.3 Settlement Administrator Costs: The Settlement Administrator Costs shall be paid from
21 the Gross Settlement Amount and shall not exceed \$10,000. The difference between any actual costs and
22 the allocated \$10,000 shall be added to the Net Settlement Amount.

23 5.4 Enhancement Payment: Class Counsel, on behalf of Plaintiff, shall apply to the Court for
24 an Enhancement Payment to the Class Representative in an amount not to exceed Seven Thousand and
25 Five Hundred Dollars (\$7,500) to compensate for the risks, time, and expense of her involvement in the
26 Action and securing the benefits of this Agreement for Class Members. The Enhancement Payment is in
27 addition to the Claim Amount Plaintiff would otherwise be due under the Agreement as a Qualified
28 Claimant. Defendants have agreed to not oppose Class Counsel's request for an Enhancement Payment

to the Class Representative so long as it does not exceed the amount stated herein. The Enhancement Payment will be designated as a non-wage payment and reported on an IRS Form 1099. In the event that the Court awards less than the Enhancement Payment amount requested, then any portion of the requested amount not awarded to the Class Representative shall be added to the Net Settlement Amount to be distributed to Qualified Claimants on a pro rata basis.

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

5.6 Treatment of Residue and *Cy Pres*: For any portion of the Net Settlement Amount or PAGA Payment allocated to Qualified Claimants and/or Aggrieved Employees that were not claimed by cashing their respective settlement checks before the deadline to do so, that remaining amount shall be donated equally, *i.e.* 50/50, to Capital Pro Bono, Inc. and the Center for Workers Rights. No portion of the Gross Settlement Amount will revert to Defendants for any reason.

5.7 No Additional Benefits Contributions: All Claim Amounts paid to Qualified Claimants and Aggrieved Employees shall be deemed to be income solely in the year in which such amounts were actually received. It is expressly understood and agreed that the receipt of such Claim Amounts will not entitle any Qualified Claimant or Aggrieved Employee to any new or additional compensation or benefits under any company bonus or other compensation or benefit plan or agreement in place during the period covered by the Agreement, nor will it entitle any Qualified Claimant Aggrieved Employee to any increased retirement, 401(k) and/or 403(b) benefits or matching benefits, or deferred compensation benefits. It is the intent of this Agreement that the Claim Amounts provided for in this Agreement are the sole payments to be made by Defendants to the Qualified Claimants and Aggrieved Employees in connection with this Agreement (notwithstanding any contrary language or agreement in any benefit or compensation plan document that might have been in effect during the period covered by this Agreement).

1 5.8 Pro Rata Distribution Formula: Payment to Qualified Claimants and Aggrieved
2 Employees of their Claim Amount will not require the submission of a claim form. A Net Settlement
3 Amount will be determined by subtracting from the Gross Settlement Amount any amounts for approved
4 attorneys' fees and costs, any Enhancement Payment to the Class Representative, the Settlement
5 Administrator Costs, and the PAGA Payment. To the extent a Class Member's or Aggrieved Employee's
6 short duration of employment resulted in Qualifying Workweeks is some fraction less than one (1) total
7 Qualifying Workweek, their Qualifying Workweek number shall be rounded up to equal one (1)
8 Qualifying Workweek. Each Class Member's share will be determined by dividing their total Qualifying
9 Workweeks within the Class Period by the total Qualifying Workweeks of all Class Members within the
10 Class Period. That fraction will then be multiplied by the Net Settlement Amount to arrive at the Class
11 Member's individual share of the Net Settlement Amount. Each Aggrieved Employee's share of the 25%
12 portion of the PAGA Payment will be determined by dividing their total weeks worked within the PAGA
13 Claim Period by the total weeks worked by all Aggrieved Employees within the PAGA Claim Period.
14 That fraction will then be multiplied by the 25% portion of the PAGA Payment to arrive at the Aggrieved
15 Employee's individual share. During the Action, Defendants paid Defendants' Offset to an estimated
16 116 Class Members who agreed to sign a release in exchange for consideration based on the number of
17 workweeks in which they worked during the Class Period. Any payment due to one of these individuals
18 based on the allocation formula for the Net Settlement Amount set forth above will be offset by the amount
19 previously paid under Defendants' Offset to that individual. To the extent the amount owed to a Qualified
20 Claimant would be less than the amount actually paid through Defendants' Offset, Defendants will not be
21 able to recover that amount paid to the Qualified Claimant or offset that amount against payment to other
22 Qualified Claimants. Nonetheless, to the extent the calculation of the Claim Amount (including the
23 Defendants' Offset) results in an amount less than the equivalent of one workweek, that Qualified
24 Claimant shall receive an allocation of one (1) Qualifying Workweek.

25 5.9 Tax Allocation: The Parties recognize that the Claim Amounts to be paid to Qualified
26 Claimants and/or Aggrieved Employees reflect a settlement of a dispute over claimed penalties and wages.
27 The Settlement Administrator shall calculate the employer's share of payroll taxes on the amounts paid to
28 Qualified Claimants as wages as well as calculating all required withholdings and deductions from said

1 wage payments. The characterization of Claim Amounts to Qualified Claimants and Aggrieved
2 Employees are as follows:

3 5.9.1 Twenty Percent (20%) of each Qualified Claimants' Claim Amount shall be
4 allocated for payment of disputed wages and shall be subject to required employer taxes. Qualified
5 Claimants shall receive an IRS Form W-2 for reporting of this portion of their Claim Amount.

6 5.9.2 Eighty Percent (80%) of each Qualified Claimants' Claim Amount shall be
7 allocated for disputed statutory penalties and interest, and no amount shall be deducted for any taxes. This
8 portion of the Claim Amount consists of other income, not wages, for which the Qualified Claimants shall
9 receive an IRS Form 1099-MISC.

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

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

25 5.11 No Additional Contribution by Defendants: Defendants' monetary obligation under this
26 Agreement is limited to the Gross Settlement Amount and any employer side payroll taxes owed on
27 amounts characterized as wages under this Agreement. All other costs and expenses arising out of or in
28 connection with the performance of this Agreement shall be paid from the Gross Settlement Amount,

1 unless expressly provided otherwise herein. However, in the event this agreement is deemed null and
2 void as described in Section 3 because the Court, in its independent determination, finds that the
3 Agreement does not meet the standards for settlement approval, then Defendants and Plaintiff shall be
4 equally responsible for the costs of the Settlement Administrator incurred between the date the Agreement
5 was executed and the date of such event.

6 5.12 Certification For Settlement Purposes: The Parties agree that, for purposes of settlement
7 only, certification of the class as defined in Section 1.8 and 4.1 is appropriate and the requisites for
8 establishing class certification have been met and are met.

9 5.13 Adequacy of Class Counsel and Class Representatives: The Parties agree that, for purposes
10 of settlement only, Class Counsel and Plaintiff are adequate representatives for Class Members and
11 Aggrieved Employees.

12 6. RELEASE

13 6.1 Release of Claims by Qualified Claimants: Upon the Effective Date, all Qualified
14 Claimants will be deemed to fully, finally and forever release Qualified Claimant's Released Claims as to
15 all Released Parties. In addition, on the Effective Date, all Qualified Claimants and their successors in
16 interest will be permanently enjoined and forever barred from prosecuting any of Qualified Claimant's
17 Released Claims against any of the Released Parties.

18 6.2 Release of PAGA Claims By Plaintiff: Upon the Effective Date, Plaintiff will be deemed
19 to fully, finally and forever release the Released PAGA Claims as to all Released Parties on behalf of
20 herself and the LWDA, who shall also be bound by this release.

21 6.3 Upon the Effective Date, in addition to Plaintiff's waiving of the Qualified Claimant's
22 Released Claims, Plaintiff will also expressly waive all rights and benefits under the terms of section 1542
23 of the California Civil Code with respect to those claims. Section 1542 reads:

24 "A general release does not extend to claims that the creditor or releasing party does not know or
25 suspect to exist in his or her favor at the time of executing the release and that, if known by him
26 or her, would have materially affected his or her settlement with the debtor or released party."

27 Notwithstanding the provisions of section 1542, and for the purpose of implementing a full and
28 complete release and discharge, Plaintiff expressly acknowledges that this Settlement is intended to

1 include in its effect, without limitation, all Qualified Claimant's Released Claims which Plaintiff does
2 not know or suspect to exist in her favor at the time of execution hereof, and that the Settlement
3 contemplates the extinguishment of all such claims with respect to her.

4 **7. SETTLEMENT ADMINISTRATION**

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

re-mailed Notice of Settlement, Request for Exclusion Forms, and Objection Forms; (d) the number of total undeliverable mailings; (e) the number of address traces performed for undeliverable mailings; (f) the number of mailings undeliverable from traced addresses; (g) the number of total Objection Forms received; (h) the number of Request for Exclusion Forms received; (i) the number of disputes received; (j) the number of disputes resolved; 14) providing a declaration to the Court regarding the final statistics of the administration and compliance with all payment obligations under the Agreement; 15) completing all necessary tax reporting on the QSF and payment of the Claim Amounts to Qualified Members and Aggrieved Employees; and 16) carrying out other related tasks as necessary to effectuate the terms of this Agreement and any Order of the Court. All disputes relating to the Settlement Administrator's ability and need to perform its duties shall be referred to the Court, if necessary, which will have continuing jurisdiction over the terms and conditions of this Agreement, until all payments and obligations contemplated by the Agreement have been fully executed.

7.2 Notice to Class Members and Aggrieved Employees: Defendants warrant that Class Members and Aggrieved Employees are all over the age of eighteen (18) and are able to read, write, and understand English such that no translation of the Notice of Settlement, Request for Exclusion Form, or Objection Form is required. The nature of Class Members' and Aggrieved Employees' employment required a well educated workforce with a strong ability to communicate in, and understand, English. The Notice of Settlement will provide Class Members and Aggrieved Employees with a summary of the terms and conditions of the Agreement, how to participate in the settlement, how to object to the Agreement, how to dispute the individual's Qualifying Workweeks, and how to opt-out from the Agreement. Class Members and Aggrieved Employees will be provided with a Request for Exclusion Form and an Objection Form along with the Notice of Settlement for these purposes. The Notice of Settlement will also inform Class Members and Aggrieved Employees of the Gross Settlement Amount, Net Settlement Amount, proposed attorneys' fees and costs allocations, any proposed Enhancement Payments, proposed Settlement Administrator Cost allocations, proposed PAGA Payment allocations, Defendants' Offset, the scope of the class, the nature and extent of the released claims, dates set for a fairness hearing and hearing on Class Counsels' motion for attorneys' fees and costs. The Notice of Settlement shall include information regarding Class Member's and Aggrieved Employee's estimated Claim Amount.

1 7.3 Class Member Data and Mailing: No later than fourteen (14) calendar days after the
2 Preliminary Approval Date, Defendants shall provide the Settlement Administrator with the name, last
3 known mailing address, last known telephone number, Social Security Number, start and end date of
4 employment (if any) of each Class Member, and any other information the Settlement Administrator needs
5 to effectuate notice to Class Members and Aggrieved Employees as outlined herein. The Settlement
6 Administrator shall review the data to determine the number of Qualifying Workweeks for each Class
7 Member and Aggrieved Employee. No later than fourteen (14) calendar days after receipt of such address
8 information, the Settlement Administrator will perform a national change of address ("NCOA") search,
9 update the addresses per the results of the NCOA search, and then mail the Notice of Settlement, Request
10 for Exclusion Form, and Objection Form, to each Class Member and Aggrieved Employee by first-class
11 mail, postage prepaid. Class Counsel shall also provide the Settlement Administrator with the Complaint,
12 Class Counsel's motion for preliminary approval, the Agreement, and any other documents required by
13 the Court that are to be posted at the web address as stated in Section 7.1(4). The Settlement Administrator
14 shall maintain all information received from Defendants confidential to itself, and Defendants' Counsel.
15 However, Class Counsel shall be able to review the breakdown of Qualified Workweeks and estimated
16 Claim Amounts for Class Members and Aggrieved Employees prior to mailing for quality assurance
17 provided the personal identifying information is redacted and/or omitted.

18 7.4 Returned and/or Re-mailed Notice of Settlements: In the event that a Notice of Settlement,
19 Request for Exclusion Form, and/or Objection Form, are returned to the Settlement Administrator as non-
20 delivered on or before the conclusion of the Notice Period, the documents shall be sent to the forwarding
21 address affixed thereto within five (5) calendar days. If no forwarding address is provided, then the
22 Settlement Administrator shall promptly attempt to determine a correct address using a single skip-trace
23 search using the name, address and/or Social Security number of the individual involved, and shall then
24 perform a single re-mailing within five (5) calendar days. Following each search that does not result in a
25 corrected address, for those Class Members who appear to be current employees of Defendants at the time
26 of the Preliminary Approval Date, the Settlement Administrator shall contact Defendants' Counsel for
27 assistance and Defendants shall cooperate in good faith with the Settlement Administrator's reasonable
28 efforts to obtain valid mailing addresses for Class Members to the extent they are active employees of

1 Defendants. In the event the Notice of Settlement, Request for Exclusion Form, and/or Objection Form,
2 are forwarded to a new address and/or re-mailed to a Class Member, the deadline for the Class Member
3 to submit any Request for Exclusion Form, Objection Form, or dispute their Qualifying Workweek
4 allocation shall be the end of the Notice Period or 10 calendar days from the date of the re-mailing,
5 whichever is later. In the event the procedures in this Section are followed and the Class Member does
6 not timely and properly submit a Request for Exclusion, the Class Member shall be bound by all terms of
7 the Agreement, including the releases contained in Section 6.

8 7.5 Responses to Notice of Settlement:

9 7.5.1 *Request for Exclusion:* The Notice of Settlement shall provide that Class Members
10 who wish to exclude themselves from the Agreement must submit a complete and timely Request for
11 Exclusion Form. The Request for Exclusion Form must be post-marked no later than the conclusion of
12 the Notice Period or the re-mailing timeline stated in Section 7.4. The Class Member must personally
13 sign the Request for Exclusion Form. No Request for Exclusion Form may be made on behalf of a group
14 of Class Members. The date of the postmark on the return-mailing envelope shall be the exclusive means
15 used to determine whether a Request for Exclusion Form has been timely submitted. Any Class Member
16 who submits a timely and complete Request for Exclusion Form will not be entitled to any benefit of the
17 Agreement as a Class Member, will not be bound by the Agreement, nor will they have any right to object,
18 appeal or comment thereon. Class Members who fail to submit a complete and timely Request For
19 Exclusion Form shall be bound by all terms of the Agreement and any order or final judgment thereon,
20 regardless of whether they otherwise have requested to opt-out of the Agreement. Aggrieved Employees
21 cannot opt out of this Agreement as it relates to the PAGA Payment or Released PAGA Claims regardless
22 of whether they opt out of being a Class Member.

23 7.5.2 *Objection Procedures:* Any Class Member who does not opt-out but who wishes
24 to object to this Agreement or otherwise to be heard concerning this Agreement a complete and timely
25 Objection Form to the Settlement Administrator, who will serve copies of the Objection Form on Class
26 Counsel and Defendants' Counsel. The Notice of Settlement shall make clear that the Court can only
27 approve or deny the Agreement, not change the terms of the Agreement. The Objection Form must be
28

signed and post-marked no later than the conclusion of the Notice Period or the re-mailing timeline stated in Section 7.4.

7.5.3 Dispute Procedures: Any Class Member who disputes the number of Qualifying Workweeks on the Notice of Settlement shall contact the Settlement Administrator. The dispute must (a) identify the nature of the dispute; (b) provide any information or documentation supporting the dispute; (c) be signed; and (d) be post-marked no later than the conclusion of the Notice Period or the re-mailing timeline stated in Section 7.4. The Settlement Administrator shall promptly (in no event more than two business days) forward all such disputes to Defendants' Counsel and request that Defendants review the dispute. Defendants' records shall presumptively control unless the Class Member can produce documentation evidencing other periods of employment worked. If Defendants agree with submitted information, the Class Member shall be credited or subtracted Qualifying Workweeks in accordance with their submitted dispute and that final number of Qualified Workweeks shall govern the calculation of that Class Member's Claim Amount. If Defendants do not agree with the submitted information, Defendants' Counsel will promptly advise Class Counsel of the dispute, which includes turning over any documentation submitted by the Class Member as part of the dispute. Defendants' Counsel and Class Counsel shall attempt in good faith to resolve any such dispute within five (5) calendar days of Class Counsel being advised of the dispute. Each dispute that Defendants' Counsel and Class Counsel cannot timely resolve shall be resolved by the Settlement Administrator or Court.

7.5.4 Deficient Request for Exclusion Forms, Objection Forms, and/or Disputes: In the event that a deficient Request for Exclusion Form, Objection Form, or dispute is received on or before the conclusion of the Notice Period, the Settlement Administrator shall mail a letter to the Class Member within five (5) calendar days informing them of the deficiency. If a deficiency letter is mailed to a Class Member, the deadline for the Class Member to cure the deficiency shall be the end of the Notice Period or 10 calendar days from the date of the deficiency letter, whichever is later.

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

Counsel or Defendants' Counsel to provide notice of the proposed Agreement, unless otherwise ordered by the Court.

7.7 Settlement Administrator Declaration Regarding Notice Period: Within twenty-one (21) calendar days after the conclusion of the Notice Period, the Settlement Administrator shall provide Class Counsel and Defendants' Counsel with a signed declaration under penalty of perjury providing a complete and detailed report regarding the statistics and responses of settlement administration to date and all the Settlement Administrators' obligations under Sections 5.8 to 5.10.3, 7.1 to 7.5.4, and 7.9.

7.8 Settlement Administrator Payments to Qualified Claimants, Class Counsel and Plaintiff: Within seven (7) calendar days after the Final Approval Date and the Court's determination of the amount of attorneys' fees and costs payable to Class Counsel, the Enhancement Payment payable to Plaintiff, the PAGA Payment, and Settlement Administrator Costs, the Settlement Administrator shall calculate the final Net Settlement Amount, the final Claim Amounts for Qualified Claimants and/or Aggrieved Employees, any applicable taxes thereon, and report the results of these calculations Class Counsel and Defendants' Counsel. Defendants shall wire the Gross Settlement Amount and applicable taxes necessary to fund the Settlement as described in Section 5.1 and 5.8 to the Settlement Administrator within twenty-one (21) calendar days after the Final Approval Date to be to be held in trust in a QSF. Within twenty-eight (28) calendar days after the Effective Date, the Settlement Administrator shall deliver payment of Class Counsels' attorney's fees and costs, the Enhancement Payment payable to Plaintiff, the 75% portion of the PAGA Payment payable to the LWDA, Settlement Administrator Costs, and payment to Qualified Claimants and/or Aggrieved Employees as required under this Agreement and approved by Court.

7.8.1 The Settlement Administrator shall send, via UPS or other similar overnight carrier that allows for tracking of delivery, a check for the Court-approved attorneys' fees and costs to Class Counsel unless other method is requested by Class Counsel. Class Counsel shall provide the Settlement Administrator with the pertinent taxpayer identification number and payment instructions after the Final Approval Date.

7.8.2 The Settlement Administrator shall send a check by mail for the Court-approved Enhancement Payment to the Class Representative, care of Class Counsel unless other method is requested by Class Counsel.

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

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

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

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

8. PRELIMINARY SETTLEMENT ADMINISTRATION SCHEDULE

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

1	Last day for Defendants to provide Settlement Administrator with Class Member information	Within 14 calendar days after the Preliminary Approval Date
2		
3	Last day for Settlement Administrator to complete NCOA search, update Class Member mailing information, and mail Notice of Settlement, Request for Exclusion Form, and Objection Form	Within 14 calendar days after the Settlement Administrators' receipt of Class Members' information from Defendants
4		
5		
6		
7	Last day for Class Members to submit Request for Exclusion Forms, Objection Forms, Disputes, and/or data requests	45 calendar days after mailing of Notice of Settlement, Request for Exclusion Form, and Objection Form or within 10 calendar days after they re-mailed, whichever is later
8		
9		
10	Last day for Settlement Administrator to provide Parties with signed declaration reporting on settlement administration statistics	Within 21 calendar days after end of the Notice Period
11		
12		
13	Last day for Settlement Administrator to calculate the final Net Settlement Amount, the final Claim Amounts for Qualified Claimants and/or Aggrieved Employees, any applicable taxes thereon, and report the results of these calculations Class Counsel and Defendants' Counsel	Within 7 calendar days after the Final Approval Date
14		
15		
16		
17	Last day for Defendants to fund settlement	Within 21 calendar days after Final Approval Date
18		
19		
20	Last day for Settlement Administrator to deliver payment of Class Counsel's attorney's fees and costs, Enhancement Payments, PAGA Payment, Settlement Administrator Costs, payment to Qualified Claimants, and payment to Aggrieved Employees	With 28 calendar days after the Effective
21		
22		
23		
24	Last day for Qualified Members and Aggrieved Employees to cash settlement checks	120 calendar days after issuance of checks to Qualified Members and Aggrieved Employees
25		
26	Last day for Settlement Administrator to deliver value of uncashed settlement checks to <i>cy pres</i> beneficiaries	Within 14 calendar days after settlement check cashing deadline
27		
28		

Last day for Settlement Administrator to provide Parties with compliance declaration	Within 21 calendar days after settlement check cashing deadline
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9. DUTIES OF THE PARTIES

9.1 Preliminary Approval: The Parties will cooperate in obtaining, through an unopposed motion to be filed as soon as reasonably practicable, an order from the Court preliminarily approving this Agreement at the earliest possible date concurrently with the Court’s certification of the Action as a class action for settlement purposes. The Parties further agree to fully cooperate in the drafting and/or filing of any further documents or filings reasonably necessary to be prepared or filed, shall take all steps that may be requested by the Court relating to, or that are otherwise necessary to the approval and implementation of this Agreement and shall otherwise use their respective best efforts to obtain certification for settlement purposes, approval of, and implementation of this Agreement. The Parties will submit this Agreement to the Court for preliminary approval of its terms and for approval of the steps to be taken to obtain its final approval. Within one week of signing this Agreement Class Counsel shall provide a draft of the Preliminary Approval Motion to Defendants’ Counsel. Defendants’ Counsel will provide comments and/or proposed revisions within one week after receipt of the draft Preliminary Approval Motion from Class Counsel. With regard to the final approval documents, a similar one-week maximum review and response time shall be observed by the Parties. The Parties will request that the Court’s preliminary approval of this Agreement be embodied in an Order Granting Preliminary Approval of Class Action and PAGA Settlement.

9.1.1 Plaintiff’s motion shall seek an order: 1) Preliminarily approving the Agreement; 2) Approving as to form and content the proposed Notice of Settlement; 3) Directing the mailing of the Notice of Settlement by first class mail to Class Members and Aggrieved Employees; 4) Preliminarily appointing Plaintiff and Class Counsel as representatives of Class Members; 5) Preliminarily approving settlement administration services to be provided by the Settlement Administrator; 6) Preliminarily approving the proposed Enhancement Payment to Plaintiff; 7) Preliminarily approving the application for payment of reasonable attorneys’ fees and reimbursement of litigation-related expenses to Class Counsel;

and 8) Scheduling a fairness hearing on the question of whether the proposed Agreement should be finally approved as fair, reasonable and adequate as to the Class Members.

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

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

9.2 Final Approval and Fairness Hearing: On a date approved by the Court and set forth in the Notice of Settlement, the Court shall hold the Final Approval and Fairness Hearing where objections, if any, may be heard. Class Counsel shall provide the Court as part of the motion for final approval of the Agreement, a declaration by the Settlement Administrator of due diligence and proof of mailing of the Notice of Settlement, Request for Exclusion Form, and Objection Form required to be mailed to Class Members by this Agreement, and of the delivery results of the Claim Administrator's mailings including tracing and re-mailing efforts.

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

9.2.2 Following entry of the Court's Order granting final approval of the Agreement, the Parties will each act to ensure the fulfillment of all its provisions, including but not limited to the following: 1) Should an appeal be taken from the final approval of the Agreement or motion to set aside the judgement be filed, all parties will support the final approval order on appeal or otherwise; 2) Class Counsel will assist the Settlement Administrator as needed or requested in the process of identifying and locating Qualified Claimants and Aggrieved Employees entitled to payments under the Agreement and

1 assuring delivery of such payments; 3) Class Counsel and Defendants' Counsel will cooperate with each
2 other and assist the Settlement Administrator as needed or requested in completing the distribution of any
3 residual amounts, as specified above, to the *cy pres* beneficiaries; 4) Class Counsel, in conjunction with
4 the Settlement Administrator, will certify to the Court completion of all payments required to be made by
5 this Agreement.

6 9.3 Final Judgment: If the Court approves this Agreement at the final approval and fairness
7 hearing, the Parties will request that the Court enter an Order Granting Final Approval of Class Action
8 and PAGA Settlement and Final Judgment.

9 9.4 Notice to LWDA: Class Counsel agrees to provide notice to the Labor and Workforce
10 Development Agency ("LWDA") of this settlement in accordance with Labor Code § 2699(1)(2).

11 **10. MISCELLANEOUS TERMS**

12 10.1 Defendants' Right to Withdraw Based on Opt-Outs: If, prior to the Final Approval Date,
13 10% or more of the Class Members have submitted proper and timely Request for Exclusion Forms in
14 accordance with the provisions of the Agreement, Defendants may, at their election, rescind the
15 Agreement and all actions taken in its furtherance will be thereby null and void. Defendants must exercise
16 this right of rescission, in writing, to Class Counsel, within seven (7) calendar days after the Settlement
17 Administrator notifies the Parties of the total number of Request for Exclusion Forms submitted. If the
18 option to rescind is exercised, then any Settlement Administrator Costs shall be paid by Defendants.
19 Defendants have represented that there are no more than 27,406 workweeks during the Class Period. In
20 the event the number of workweeks during the Class Period is more than 30,146.60 (*i.e.*, greater than
21 10% more than 27,406), then the Gross Settlement Amount shall be increased proportionally by the
22 workweeks in excess of 27,406, multiplied by the pay period value. For example, if there were 11,900
23 workweeks represented to exist during the Class Period, but there are actually 15,000 workweeks in the
24 Class Period, and the actual workweek value is \$5.00 per workweek, Defendants would have to increase
25 the Gross Settlement Amount by \$15,500.00 (15,000 workweeks – 11,900 workweeks = 3,100
26 workweeks x \$5.00/workweek).

27 10.2 Circular 230 Disclaimer: EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF
28 THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS AGREEMENT

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

21 10.3 No Prior Assignments: The Parties represent, covenant, and warrant that they have not
22 directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to
23 any person or entity any portion of any liability, claim, demand, action, cause of action or right released
24 and discharged in this Agreement.

25 10.4 Waiver of Appeal and Ability to Opt Out: To the extent permitted by applicable law, by
26 signing this Agreement Defendants are waiving any rights to appeal from the Court's approval of the
27 settlement unless the Court materially modifies the settlement. Furthermore, by signing this Agreement
28

Plaintiff is waiving any right or ability to opt out of this Agreement during the Notice Period or otherwise and is, therefore, a Qualified Claimant.

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

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

10.7 Mutual Cooperation: The Parties agree to cooperate fully with one another to accomplish and implement the terms of this Agreement. Such cooperation shall include, but not be limited to, execution of such other documents and the taking of such other action as may reasonably be necessary to fulfill the terms of this Agreement. The Parties to this Agreement shall use their best efforts, including all efforts contemplated by this Agreement and any other efforts that may become necessary by Court order, or otherwise, to effectuate this Agreement and the terms set forth herein.

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

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

To Plaintiff and the Class:

Galen T. Shimoda
Justin P. Rodriguez
Jessica L. Hart
Shimoda Law Corp.
9401 East Stockton Blvd., Suite 120
Elk Grove, CA, 95624

To Defendants:

Yesenia Gallegos
Marjorie Soto
McDermott Will & Emery LLP
2049 Century Park E, Ste 3200
Los Angeles, CA, 90067-3206

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

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

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

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

1 10.14 Authorization to Enter Into Settlement Agreement: Counsel for all Parties warrant and
2 represent they are expressly authorized by the Parties whom they represent to negotiate this Agreement
3 and to take all appropriate action required or permitted to be taken by such Parties pursuant to this
4 Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of
5 this Agreement.

6 10.15 Class Member Signatories: Because the Action has not yet been certified, and the Class
7 Members are so numerous, the Parties agree that it is impossible or impractical to have each Class Member
8 sign this Agreement. It is agreed that, for purposes of seeking approval of the Agreement, this Agreement
9 may be executed on behalf of all Class Members by the Class Representative.

10 10.16 Counterparts: This Agreement shall become effective upon its execution by all of the
11 undersigned. Plaintiff, Class Counsel, Defendants and Defendants' Counsel may execute this Agreement
12 in counterparts, and execution of counterparts shall have the same force and effect as if each had signed
13 the same instrument. Facsimile, electronic, and/or scanned copies of signatures shall have the same force
14 and effect of originals.

15 10.17 Choice of Law: The Agreement and any exhibits hereto shall be considered to have been
16 negotiated, executed, and delivered, and to have been wholly performed, in the State of California, and
17 the rights and obligations of the Parties to the Agreement shall be construed and enforced in accordance
18 with, and governed by, the substantive laws of the State of California without giving effect to that State's
19 choice of law principles.

20 10.18 Headings and Captions: Section titles or captions contained in the Agreement are inserted
21 as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of
22 this Agreement, or any provision thereof.

23 10.19 No Retaliation or Discouragement: The Parties agree they will take no action that could
24 be construed as retaliation against any Class Members for participating or seeking to participate in this
25 class action settlement. The Parties will not discourage any class member from participating or seeking
26 to participate in this class action settlement. This is a material term of the Agreement and non-breaching
27 Parties will seek court intervention if this provision is breached. Should non-breaching Party prevail, they
28 shall be entitled to further attorneys' fees and costs.

1 10.20 Integrated Agreement: This Agreement and the *Class & PAGA Settlement Memorandum*
 2 *of Understanding* sets forth the entire understanding between the Parties and supersedes any and all prior
 3 agreements, oral or written, pertaining to the subject matter hereof. Each party acknowledges that there
 4 is no representation, inducement, promise or agreement which has been made, orally or otherwise, by the
 5 other party, concerning the terms or conditions of this Agreement, which is not expressly embodied in this
 6 Agreement. In entering into this Agreement, the Parties represent that the terms of this Agreement are
 7 fully understood and voluntarily accepted by the Parties.

8 10.21 Binding on Successors and Assigns: This Agreement will be binding upon, and inure to
 9 the benefit of, the successors or assigns of the Parties to this Agreement, as previously defined.

10 10.22 Invalidity of Any Provision: Before declaring any provision of this Agreement invalid, the
 11 Court will first attempt to construe the provision as valid to the fullest extent possible consistent with
 12 applicable precedents so as to define all provisions of this Settlement Agreement valid and enforceable.

13 10.23 Waiver of Compliance: No waiver of any condition or covenant contained in this
 14 Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply
 15 or constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

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

18 **For Plaintiff:**

19 Date: 12/7/2021

DocuSigned by:

Sara Franco

Sara Franco

22 **FOR Defendants:**

23 Date: _____

24 By: David Burke
 25 For Rancho Family Medical Group, Inc.

26 Date: _____

27 By: David Burke
 28 For Rancho Health Mso, Inc.

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

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

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

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

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

For Plaintiff:

Date: _____

Sara Franco

FOR Defendants:

Date: 12/7/21

DocuSigned by:
David Burke
4CD9201A8755431...
By: David Burke
For Rancho Family Medical Group, Inc.

Date: 12/7/21

DocuSigned by:
David Burke
4CD9201A8755431...
By: David Burke
For Rancho Health Mso, Inc.

1
2 APPROVED AS TO FORM

Shimoda Law Corp.

3
4 Dated: _____

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

5
6
7
8 APPROVED AS TO FORM

MCDERMOTT WILL & EMERY LLP

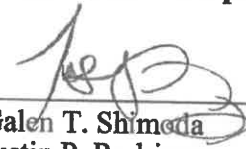
9
10 Dated: 12/7/2021 _____

By:  _____
Yesenia Gallegos
Marjorie Soto
Attorney for Defendants

1
2 APPROVED AS TO FORM

3
4 Dated: 12/7/21

Shimoda Law Corp.

By: 

Galen T. Shimoda

Justin P. Rodriguez

Jessica L. Hart

Attorney for Plaintiff and Aggrieved
Employees

5
6
7
8 APPROVED AS TO FORM

MCDERMOTT WILL & EMERY LLP

9
10 Dated: _____

By: _____

Yesenia Gallegos

Marjorie Soto

Attorney for Defendants

Exhibit 1

CALIFORNIA SUPERIOR COURT
FOR THE COUNTY OF RIVERSIDE

SARA FRANCO, individually and on behalf of all other
similarly situated employees,

Plaintiff,

vs.

RANCHO FAMILY MEDICAL GROUP, INC., a
California Corporation; RANCHO HEALTH MSO, INC., a
Delaware Corporation; and DOES 1 to 100, inclusive,

Defendants.

Case No. CVRI2102264

CLASS ACTION

**NOTICE OF PROPOSED CLASS ACTION AND
PAGA SETTLEMENT, AND HEARING DATE FOR
FINAL COURT APPROVAL OF SETTLEMENT**

ATTENTION: All non-exempt employees who have or continue to work for Rancho Family Medical Group, Inc., and Rancho Health MSO, Inc., from May 10, 2017, to _____ ("Class Members"); All non-exempt employees who have or continue to work for Rancho Family Medical Group, Inc., and Rancho Health MSO, Inc., from April 29, 2020 to _____ ("Aggrieved Employees").

PLEASE READ THIS NOTICE CAREFULLY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF CLASS ACTION LITIGATION AND POTENTIAL DISBURSEMENT OF SETTLEMENT FUNDS TO YOU. IF YOU ARE A CLASS MEMBER, IT CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHT TO PARTICIPATE OR TO OPT OUT OF THE SETTLEMENT ACCORDING TO THE PROCEDURES DESCRIBED BELOW.

TO THE EXTENT YOU MAY HAVE ENTERED INTO A PRIOR SETTLEMENT AGREEMENT WITH DEFENDANTS BETWEEN APRIL 2021 TO JULY 2021, YOU MAY STILL PARTICIPATE IN THIS SETTLEMENT NOTWITHSTANDING THAT AGREEMENT.

Pursuant to an order, entered on _____, by the Riverside County Superior Court ("Court") granting preliminary approval of a Joint Stipulation Regarding Class Action and PAGA Settlement and Release ("Agreement" or "Settlement" or "Settlement Agreement"), you are receiving this Notice of Settlement. The Settlement is concerning pending class action and Private Attorneys General Act litigation in the Superior Court of California for the County of Riverside, Case No. CVRI2102264 ("Action"), which is more fully described below.

You are receiving this Notice of Settlement because Defendants Rancho Family Medical Group, Inc.'s and Rancho Health MSO, Inc.'s ("Defendants") records indicate you worked for Defendants as a non-exempt employee at some time between May 10, 2017 and [Preliminary Approval Date or November 7, 2021, whichever is earlier] ("Class Period"), and are, therefore, what is called a Class Member and are entitled to payment from the Settlement. Defendants' records indicate that you worked _____ workweeks during the Class Period, which means your share of the Settlement proceeds as a Class Member is estimated to be _____. [If Aggrieved Employee - Defendants records also indicate you worked for Defendants as an exempt employee at some time between April 29, 2020 and (Preliminary Approval Date or November 7, 2021, whichever is earlier) ("PAGA Claim Period"), and, therefore, are also what is called an Aggrieved Employee. Defendants' records indicate that you worked _____ workweeks during the PAGA Claim Period, which means your share of the Settlement Proceeds as an Aggrieved Employee is estimated to be _____.] The range of possible total recoveries under the Settlement is \$14.21 to \$3,333.24, depending on an individual's length of employment. Your actual share of the Settlement proceeds will vary depending on the total number of Class Members that choose to participate, and the resolution of any workweek disputes as described in this Notice.

The terms of the Agreement and a description of the Action are identified in this Notice of Settlement. Pursuant to the Court's order, YOU ARE HEREBY NOTIFIED AS FOLLOWS:

I. BACKGROUND OF THE CASE

On May 10, 2021, Plaintiff Sara Franco ("Plaintiff" or "Class Representative"), a former employee of Defendants, filed a wage and hour class action Complaint against Defendants in the California Superior Court for the County of Riverside on behalf of herself and similarly situated employees. Plaintiff sought to represent all non-exempt employees who have or continue to work for Defendants ("Class Members") from May 10, 2017, to _____.

In the Action, Plaintiff sought to obtain unpaid wages, interest, statutory penalties, civil penalties, fees, and costs on behalf of herself and Class Members. Plaintiff alleged that Defendants violated California law by 1) violating Labor Code sections 510, 1194; Industrial Welfare Commission Wage Order 4, section 3 (Failure to Pay Overtime Wages); 2) violating Labor Code sections 1194, 1197.1; Industrial Welfare Commission Wage Order 4, section (Failure to Pay Minimum Wages); 3) violating Labor Code sections 226.7, 512 and Wage Order No. 4, sections 11(A) and 11(B) (Failure to Provide Meal Periods or Pay Premiums in Lieu Thereof); 4) violating Labor Code section 226.7 and Wage Order No. 4, section 12(A) (Failure to Provide Rest Periods or Pay Premiums in Lieu Thereof); 5) violating Labor Code sections 226, 226.3 (Failure to Provide Accurate Wage Statements); 6) violating Labor Code sections 201-203, 256 (Failure to Pay Final Wages); 7) violating Labor Code section 2802 (Failure to Pay Reimbursements for Expenses); 8) violating Labor Code sections 558, 558.1 (Provisions Regulating Hours and Days of Work in Any Industrial Welfare Commission Order); 9) violating Labor Code sections 226.3, 1174 (Failure to Maintain Accurate Records); and 10) violations of Labor Code sections 246, 246.5, 248.5 (Failure to Provide Paid Sick Leave); and 11) engaging in unfair competition (Business & Professions Code section 17200). Plaintiff also claimed Defendants were liable for civil penalties under the Private Attorneys General Act ("PAGA") based on the alleged violations of the California Labor Code. Defendants have denied and continue to deny all Plaintiff's allegations.

Attorneys for the Parties have thoroughly investigated the allegations and exchanged extensive documentation and information. Furthermore, the Parties have participated in a full day mediation facilitated by a neutral third party. Based upon all known facts and circumstances, including the risks and uncertainties of continued litigation, the Parties reached an agreement resolving all claims. The terms of the Settlement are outlined in this Notice. The Settlement allows the Parties to avoid the risks associated with a lengthy litigation. Defendants entered into the Settlement to fully, finally, and forever resolve this Action and to avoid the burden and expense associated with ongoing litigation. However, Defendants have denied, and continue to deny, all allegations and claims.

The Parties have entered into the Agreement, which has been preliminarily approved by the Court. The Court has determined that there is sufficient evidence to suggest the proposed Settlement might be fair, adequate, and reasonable. However, any final determination of those issues will be made at a final approval hearing, which will take place as indicated in Section V below. The Agreement applies to any and all Class Members who worked during the Class Period. "Class Member" does not include persons who submit valid Request for Exclusion (as explained below). **This Notice of Settlement is to advise you of how you can either participate, comment on, or exclude yourself from the Settlement.**

II. SUMMARY OF THE PROPOSED SETTLEMENT

A. The Amount of the Settlement

Under the terms of the Agreement, Defendants will pay a total sum of Six-Hundred and Fifty Dollars (\$650,000) ("Gross Settlement Amount"). Deducted from this Gross Settlement Amount will be sums approved by the Court for attorneys' fees not to exceed 1/3 of the Gross Settlement Amount which equals \$216,666.67, attorneys' costs not to exceed \$15,000, Settlement Administrator Costs estimated not to exceed \$10,000, Class Representative's Enhancement Payment of \$7,500, and \$15,000 for alleged PAGA penalties (the "PAGA Payment"), which will result in a "Net Settlement Amount" for distribution to all Class Members. Any employer side taxes attributable to payments allocated as wages will be paid by Defendants in addition to the Gross Settlement Amount. As explained further below, the amount of each Class Member's share of the Net Settlement Amount will depend on the number of weeks worked by participating Class Members during the Class Period. Of the \$15,000 allocated to resolving the PAGA claims, 75% of the PAGA Payment will be paid to the State of California Labor and Workforce Development Agency and 25% of the PAGA Payment will be divided among Aggrieved Employees, which are defined as all non-exempt employees who have or continue to work for Defendants in California from April 29, 2020 up to _____.

The number of weeks you worked during the Class Period and your estimated share of the Net Settlement Amount and PAGA Payment ("Claim Amount") is stated on the first page of this Notice of Settlement. During the Action, Defendants paid individual settlements to an estimated 116 Class Members who agreed to sign a release in exchange for consideration based on the number of workweeks in which they worked during the Class Period. Any payment due to one of these individuals based on the allocation formula for the Net Settlement Amount set forth herein will be offset by the amount previously paid as part of an individual settlement to that individual ("Defendants' Offset"). The Claim Amount shown on the first page of this Notice of Settlement accounts for any offset applicable to your Claim Amount as a result of any prior settlement payments you may have received. The actual amount you will receive under the Settlement may be more or less than the amount stated on the first page of this Notice of Settlement depending on the actual number of weeks worked by participating Class Members, the resolution of any disputes regarding workweeks, and on the distributions finally approved and allocated by the Court. However, whether Class Members opt out will have no effect on Aggrieved Employees' allocations for the PAGA Payment.

B. Claim Amounts and Allocation Between Class Members and Aggrieved Employees

Defendants will pay Claim Amounts through the Settlement Administrator, as described below, to each Class Member who does not submit a Request for Exclusion Form and to all Aggrieved Employees. All Claim Amounts will be subject to appropriate taxation. The Parties have agreed, based on the allegations in the Action, that all Claim Amounts payable to eligible Class Members will be allocated from the Net Settlement Amount and paid as 80% for disputed interest, statutory penalties, and other non-wage damages for which IRS Forms 1099-MISC will issue and 20% for disputed wages for which IRS Forms W-2 will issue. The PAGA Payment to Aggrieved Employees will be paid as 100% for civil penalties for which IRS Forms 1099-MISC will issue.

Class Members and Aggrieved Employees do not need to take any action to participate in the settlement. Payments will be automatically made to Class Members and Aggrieved Employees. Each Class Member's share ("Claim Amount") will be determined by dividing their total weeks worked within California ("Qualifying Workweeks") during the Class Period by the total Qualifying Workweeks by all Class Members within the Class Period. That number will then be multiplied by the Net Settlement Amount to arrive at the Class Member's individual share of the Net Settlement Amount. Each Aggrieved Employee's share of the 25% portion of the PAGA Payment will be determined by dividing their Qualifying Workweeks worked within the PAGA Claim Period by the total Qualifying Workweeks for all Aggrieved Employees within the PAGA Claim Period. That fraction will then be multiplied by the 25% portion of the PAGA Payment to arrive at the Aggrieved Employee's individual share. To the extent the calculation of the Claim Amount (including the Defendants' Offset) results in an amount less than the equivalent of one Qualifying Workweek, that Class Member shall receive an allocation of one Qualifying Workweek.

Receipt of the Claim Amounts will not entitle any Class Member or Aggrieved Employee to additional compensation or benefits under any compensation, retirement or benefit plan or agreement in place during the period covered by the Settlement.

C. Calculations to Be Based on Defendants' Records and Resolution of Workweek Disputes

For each Class Member and Aggrieved Employee, the amount payable will be calculated by the Settlement Administrator from Defendants' records. Defendants' records will be presumed correct unless evidence to the contrary is provided to the Settlement Administrator. Defendants' records and any additional evidence will be reviewed by the Settlement Administrator in the event of a dispute about the number of workweeks worked by an individual Class Member or Aggrieved Employee. If a Class Member or Aggrieved Employee disputes the accuracy of Defendants' records, all supporting documents evidencing additional workweeks must be submitted by the Class Member or Aggrieved Employee. The dispute must (a) identify the nature of the dispute; (b) provide any information or documentation supporting the dispute; (c) be signed; and (d) be post-marked no later than _____. The dispute will be resolved by the Settlement Administrator based on the records and evidence provided. The Settlement Administrator's decision on all disputes will be final and binding.

D. Release of Claims

For those Class Members who do not submit a Request for Exclusion Form ("Qualified Claimants") and all Aggrieved Employees, the Agreement contains the following releases:

Class Members who do not timely submit a Request for Exclusion Form will be deemed to have released any and all claims, debts, liabilities, demands, obligations, costs, expenses, attorneys' fees, damages, and/or causes of action (whether contingent or accrued) that are asserted in the Complaint and any additional wage and hour claims that could have been brought based on the facts alleged in the operative Complaint, through the Class Period, including, without limitation claims for (1) failure to pay overtime, (2) failure to pay minimum wages, (3) meal period violations, (4) rest period violations, (5) wage statement violations, (6) waiting time penalties, (7) unreimbursed business expenses, (8) failure to pay regular rate of pay for overtime, paid sick leave, and meal premiums (including the calculation of shift differentials, pay stipends, and bonuses into the regular rate of pay), and (9) unfair competition based thereon ("Qualified Claimants Released Claims"). This release excludes the release of claims not permitted by law. The Qualified Claimant's Released Claims exclude claims for workers' compensation or unemployment insurance benefits. This release will cover all Class Members who do timely submit a Request for Exclusion Form.

Plaintiff, on behalf of herself and the Labor and Workforce Development Agency, will be deemed to have waived any and all claims for statutory and/or civil penalties during the PAGA Claim Period that could have been sought by the Labor Commissioner for the violations identified in Plaintiff's pre-filing letter to the LWDA; Plaintiff is not releasing

any Aggrieved Employees' claims for wages or damages. Aggrieved Employees cannot opt out of this waiver of claims.

The individuals released ("Released Parties") include Defendants, as well as Defendants' officers, directors, employees, and agents.

Class Members and/or Aggrieved Employees can talk to one of the lawyers appointed as Class Counsel (listed below) for free or talk to their own lawyer if they have questions about the released claims and what they mean.

E. Attorneys' Fees and Costs

Defendants have agreed to pay Class Counsel's attorneys' fees and costs as approved by the Court, up to a maximum of one-third of the Gross Settlement Amount which equals \$216,666.67, and attorneys' costs not to exceed \$15,000. Class Counsel's attorneys' fees and costs will be paid and deducted from the Gross Settlement Amount.

F. Reasonableness of Settlement

All attorneys for the Parties to the Action believe the amounts payable to Class Members, Aggrieved Employees, and amounts for attorneys' fees and costs requested are fair and reasonable. The Class Representative and Class Counsel support this Settlement. Among the reasons for support are the defenses to liability potentially available to Defendants, the inherent risk of trial on the merits, the risk of denial of class certification, and the delays associated with litigation.

III. WHAT ARE YOUR RIGHTS AS A CLASS MEMBER

A. Participating in the Settlement

If you wish to participate in the Settlement and believe your workweek information is accurate, you do not need to take any further action. Payment will be automatically made to you consistent with the terms of the Agreement and Court Order, if the Settlement receives final approval. If you wish to dispute the workweek calculation, you may follow the procedures outlined in Section II.C above. California law protects Class Members from retaliation based on their decision to participate in the Settlement.

B. Excluding Yourself from the Settlement

If you do not wish to participate in the Settlement, you may submit a Request for Exclusion Form provided to you with this Notice of Settlement. The Request for Exclusion Form must be signed and mailed back to the Settlement Administrator no later than _____. The Settlement Administrator's mailing address for the Request for Exclusion Form is as follows:

[admin info]

If you submit a Request for Exclusion Form which is not postmarked by _____, your Request for Exclusion will be rejected, and you will be bound by the release and all other terms of the Agreement. If the Exclusion Form is sent from within the United States it must be sent through the United States Postal Service by First Class Mail, or the equivalent. Do not use a postage meter as that may not result in a postmark appearing on the envelope containing your Request for Exclusion Form. Any Class Member who submits a complete and timely Request for Exclusion Form shall, upon receipt by the Settlement Administrator, no longer be a Class Member and will not receive any related portion of the Net Settlement Amount. However, even if a Class Member opts out of the Settlement, he or she will remain an Aggrieved Employee and will receive a share of the PAGA Payment.

C. Objection to Settlement

If you do not opt out of the Settlement, you can object to the terms of the Agreement by submitting the enclosed Objection Form to the Settlement Administrator at the address identified above. Any timely submitted Objection Forms will be presented to the Court for Consideration. However, if the Court rejects your stated objection, you will still be bound by the terms of the Agreement. You can ask the Court to deny final approval of the Settlement by submitting the Objection Form. You cannot ask the Court to order a larger settlement; the Court can only approve or deny the Settlement. If the Court denies final approval, no settlement payments will be issued and the lawsuit will continue. The Objection Form must be completely filled out, be signed, and be post-marked no later than _____ for consideration by the Court.

IV. EFFECT OF THE SETTLEMENT: RELEASED RIGHTS AND CLAIMS

After the Court grants final approval of the Settlement, each and every Class Member who did not submit a timely and complete Request for Exclusion Form and each and every Aggrieved Employee will release Defendants and the Released Parties from the Qualified Claimants' Released Claims described above. In other words, if you were employed as a Class Member by Defendants in California during the Class Period, and you do not exclude yourself from the settlement, you will be deemed to have entered into this release and to have released the above-described claims. In addition, you will be barred from suing Defendants and the Released Parties with respect to the claims covered by this Settlement. If the Settlement is not approved by the Court or does not become final for some other reason, the litigation will continue.

V. FINAL SETTLEMENT APPROVAL HEARING

The Court will hold a hearing in Department 6 of the Riverside County Superior Court, Historic Court House, 4050 Main Street, Riverside, CA 92501 on _____ at _____ to determine whether the Agreement should be finally approved as fair, reasonable and adequate. The Court also will be asked to approve Class Counsel's request for attorneys' fees and costs, an Enhancement Payment to the Class Representative, and Settlement Administrator Costs. The hearing may be continued without further notice to Class Members. It is not necessary for you to appear at this hearing, unless you wish to object to the settlement.

VI. ADDITIONAL INFORMATION

You may access the Complaint, Class Counsel's motion for preliminary approval, the Agreement, and any other documents required by the Court at the Settlement Administrator's website: [admin web address]. You may also view the case file online at the Court's website (public-access.riverside.courts.ca.gov/public-portal) by clicking "Case Number Search" and entering CVRI2102264. The full text of the Agreement can be found at Exhibit A to the document entitled "Exhibit List and Exhibits In Support of Plaintiff's Motion for Preliminary Approval Of Class Action and PAGA Settlement," filed on [date]. If you want additional information about this lawsuit and its proceedings, you can contact Class Counsel or Defendants' Counsel as follows:

Galen T. Shimoda
Justin P. Rodriguez
Jessica L. Hart
Shimoda Law Corp.
9401 East Stockton Blvd., Suite 120
Elk Grove, CA 95624
Telephone: (916) 525-0716
On behalf of Plaintiff

Yesenia Gallegos
Marjorie Soto
McDermott Will & Emery LLP
2049 Century Park E, Ste 3200
Los Angeles, CA
90067-3206
Phone: 310-788-4199
On behalf of Defendants

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT. IF YOU HAVE ANY QUESTIONS, CALL [number]

BY ORDER OF THE COURT

Exhibit 2

Franco v. Rancho Family Medical Group, Inc.

Riverside County Superior Court, Case No. CVRI2102264

OBJECTION FORM

**IF YOU WISH TO OBJECT TO THE SETTLEMENT DESCRIBED IN THE
ACCOMPANYING NOTICE, PLEASE COMPLETE THIS FORM.**

CPT ID: «ID»
«EmployeeName»
«Address1» «Address2»
«City», «State» «Zip»

Please provide current address (if different) here:

INSTRUCTIONS

Please review the Notice of Settlement for information about the class action settlement in the case of *Franco v. Rancho Family Medical Group, Inc.*, Riverside County Superior Court, Case No. CVRI2102264. If you wish to object to the class action settlement, you must complete and return this form to [Admin Name] at [Admin Address] by _____. Please provide the following information to support your objection:

- 1) Name: _____
- 2) Dates of Employment: _____
- 3) Describe the nature and basis for your objection to the settlement. Please provide any documents and/or legal authority you feel may support your objection for consideration. You may continue on the back of this document or attach additional pages if necessary:

By signing below, I declare, under penalty of perjury based on the laws of the state of California, that I am the individual identified on this notice and the information provided is true and correct.

(Date)

(Signature)

Exhibit 3

Franco v. Rancho Family Medical Group, Inc.

Riverside County Superior Court, Case No. CVRI2102264

REQUEST FOR EXCLUSION FROM SETTLEMENT

CPT ID: «ID»
«EmployeeName»
«Address1» «Address2»
«City», «State» «Zip»

Please provide current address (if different) here:

IF YOU DO NOT WISH TO BE PART OF THE CLASS ACTION SETTLEMENT, YOU MUST COMPLETE THIS FORM AND RETURN IT TO THE SETTLEMENT ADMINISTRATOR AS OUTLINED IN THE NOTICE OF SETTLEMENT BY _____. YOU MAY MAIL THIS FORM TO [ADMIN NAME AND MAILING ADDRESS].

By signing and returning this form, I confirm that I have read the Notice of Settlement and that I want to opt out of, and be excluded from, the class action settlement in the case of *Franco v. Rancho Family Medical Center, Inc.*, Riverside County Superior Court, Case No. CVRI2102264. I understand that by opting out of the Settlement I will not receive any payment which I might otherwise be entitled to as a Class Member, and will not receive any related portion of the Net Settlement Amount or be bound by the terms effecting Class Members. I further understand that even if I opt out of participating in the Settlement as a Class Member, I will remain an Aggrieved Employee and will receive a share of the PAGA Payment.

By signing below, I declare, under penalty of perjury based on the laws of the state of California, that I am the individual identified on this notice and the information provided is true and correct.

Signature

Date

First Name, Middle Initial, Last Name