

SETTLEMENT AGREEMENT AND GENERAL RELEASE OF ALL CLAIMS

THIS SETTLEMENT AGREEMENT AND GENERAL RELEASE OF ALL CLAIMS (“Settlement Agreement”) is made and entered into by and between Plaintiff Cynthia Gonzalez (“Gonzalez” or “Plaintiff”), on behalf of herself and the Aggrieved Employees, as defined herein, and Defendant Paradigm Treatment Centers, LLC, and past and present corporate affiliates, subsidiary divisions, related entities, successors-in-interest, divested business and business units (collectively, “Paradigm” or “Defendant”, and with Plaintiff, the “Parties”), as follows:

I. DEFINITIONS

In addition to other terms defined in this Agreement, the terms below have the following meaning in this Agreement:

1. “Action” means the PAGA Complaint styled *Cynthia Gonzalez v. Paradigm Treatment Centers, LLC, et al.*, Los Angeles Superior Court Case No. 21STCV25649 (“Complaint”).
2. “Aggrieved Employees” means all non-exempt hourly paid employees of Defendant in California for the period from July 10, 2020 to July 1, 2022.
3. “Approval Hearing” means the hearing to be conducted by the Court to determine whether to approve finally and implement the terms of this Agreement and enter the Judgment.
4. “Attorneys’ Fees” and “Attorneys’ Expenses” mean the amounts to be paid to PAGA Counsel for fees and expenses, respectively, as approved by the Court, to compensate PAGA Counsel for their legal work in connection with the Action, including their pre-filing investigation, their filing of the Action, all related litigation activities, all Settlement work, all post-Settlement compliance procedures, and related litigation expenses billed in connection with the Actions.
5. “Court” means the Superior Court of California, County of Los Angeles.
6. “Defendant” means Paradigm Treatment Centers, LLC.
7. “Defendant’s Counsel” means Linda Auerbach Allderdice and Samuel J. Stone of Holland & Knight LLP.
8. “Effective Date” means the date upon which the Court approves this Agreement.
9. “Gross Settlement Amount” means Ninety-Five Thousand Dollars and No Cents (\$95,000.00) to be paid by Defendant as provided by this Agreement. This Gross Settlement Amount is an all-in amount without any reversion to Defendant and shall be inclusive of all payments to Aggrieved Employees; payments to the State of California; Claims Administration Expenses; Attorneys’ Fees; Attorneys’ Expenses; and Service Award, and excluding any employer payroll taxes, if any, due on the portion of the payments to Aggrieved Employees, which shall not be

paid from the Gross Settlement and shall be the separate additional obligation of Defendant. The Gross Settlement Amount is all in with no reversion to Defendant and shall be paid without the need to submit a claim form.

10. “Judgment” means the Order and Judgment entered by the Court.
11. “Net Settlement Amount” means the Gross Settlement Amount less the Court-approved amounts for Claims Administration Expenses; Attorneys’ Fees; Attorneys’ Expenses; and Service Award.
12. “PAGA Counsel” means Kane Moon, Allen Feghali, and Edwin Kamarzarian of Moon & Yang, APC.
13. “PAGA Data” means, for each PAGA Member, his or her name; last-known mailing address; Social Security number; his or her email address (if known); and his or her number of pay periods worked as a PAGA Member.
14. “PAGA Period” means the period of time from July 10, 2020 to July 1, 2022.
15. “PAGA Member” is synonymous with Aggrieved Employee.
16. “Plaintiff” is Cynthia Gonzalez, an individual.
17. “Qualifying Pay Periods” means the number of pay periods each Aggrieved Employee worked for Defendant in California during the PAGA Period.
18. “Released Parties” collectively mean: Defendant, Defendant’s past and present corporate affiliates, parents, holding companies, subsidiaries, divisions, related entities, divested businesses and business units, and the board members, officers, employees, agents, representatives, insurers and attorneys of any of the same.
19. “Service Award” means the service payment made to Plaintiff in her capacity as the named plaintiff in order to compensate her for initiating the Action, performing work in support of the Action, undertaking the risk of liability for Defendant’s expenses in the event Plaintiff was unsuccessful in the prosecution of the Action, and for the general release of claims by the Plaintiff.
20. “Settlement” means the disposition of the Action and all related claims effectuated by this Agreement.
21. “Settlement Administrator” means the third party settlement administrator proposed by the Parties, as approved by the Court.
22. “Settlement Share” means the pro rata share of payment to an Aggrieved Employee based on the number of Qualifying Pay Periods.

II. RECITALS

23. WHEREAS, Gonzalez was formerly employed by Paradigm as an at-will employee;

24. WHEREAS, on July 13, 2021, Plaintiff filed a class-action complaint in Los Angeles Superior Court Case No. 21STCV25649 (“Class Action”) alleging claims for (1) failure to pay minimum wages [Cal. Labor Code §§ 204, 1194.2, and 1197]; (2) failure to pay overtime compensation [Cal. Labor Code §§ 1194 and 1198]; (3) failure to provide meal periods [Cal. Labor Code §§ 226.7, 512]; failure to authorize and permit rest breaks [Cal. Labor Code §§ 226.7]; failure to indemnify necessary business expenses [Cal. Labor Code § 2802]; failure to timely pay final wages at termination [Cal. Labor Code § 201-203]; failure to provide accurate itemized wage statements [Cal. Labor Code § 226]; and unfair business practices [Cal. Business & Professions Code §§ 17200, et seq.];
25. WHEREAS, on September 24, 2021, the Court dismissed the Class Action pursuant to the Parties’ stipulation in light of the arbitration agreement between Plaintiff (and putative class members) and Paradigm;
26. WHEREAS, on September 24, 2021, the Court permitted Plaintiff to file a First Amended Complaint (“FAC”) alleging one cause of action, for penalties pursuant to California’s Private Attorneys General Act, Labor Code § 2699, et seq. (“PAGA”);
27. WHEREAS, on September 30, 2021, Plaintiff filed the FAC, seeking PAGA penalties predicated on the Labor Code violations alleged in the Class Action;
28. WHEREAS, following Plaintiff’s propounding initial discovery in the Action, the Parties agreed to mediate their dispute;
29. WHEREAS, on May 11, 2022, the Parties participated in a mediation with respected mediator Michael Loeb, and the Parties reached an agreement regarding resolution of Action after extensive, arms-length negotiations in a full-day private mediation, taking into account all relevant factors, present and potential, and strengths and weaknesses of the Parties’ respective positions;
30. WHEREAS, on May 11, 2022, the Parties memorialized their agreement to resolve in the form of a Memorandum of Understanding. This Agreement replaces and supersedes the Memorandum of Understanding..
31. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or will be construed as an admission by Defendant that the claims in Plaintiff’s Action have merit or that Defendant bears any liability to Plaintiff or the Aggrieved Employees on those claims or any other claims, or as an admission by Plaintiff that Defendant’s defenses in the Action have merit.

Based on these Recitals that are a part of this Agreement, the Parties agree as follows:

III. SETTLEMENT TERMS AND CONDITIONS

30. **Gross Settlement Amount.** Subject to the terms and conditions of this Agreement, the Gross Settlement Amount that Defendant will pay under this Settlement is

Ninety-Five Thousand Dollars and No Cents (\$95,000.00). This amount is all-inclusive of all payments contemplated in this resolution, including payment of Claims Administration Expenses; Attorneys' Fees; Attorneys' Expenses; and Service Award but excluding any employer-side payroll taxes (if any) which shall be separately paid by Defendant to the Settlement Administrator. All of the Gross Settlement Amount will be disbursed pursuant to this Agreement without the need to submit a claim form and none of the Gross Settlement Amount will revert to Defendant.

31. **Payments from the Gross Settlement Amount.** Subject to the terms and conditions of this Agreement, including approval by the Court, the Settlement Administrator will make the following payments out of the Gross Settlement Amount:

- a. **To Plaintiff:** In addition to the Settlement Share to be paid to Plaintiff, Plaintiff will apply to the Court for an award of not more than \$5,000 as a Service Award, which Defendant shall not oppose. The Settlement Administrator will pay the Service Award approved by the Court out of the Gross Settlement Amount. If the Court approves a Service Award of less than \$5,000, the remainder will be retained in the Net Settlement Amount for distribution. Payroll tax withholding and deductions will not be taken from the Service Award and instead a Form 1099 will be issued to Plaintiff with respect to the payment, who will assume full responsibility and liability for the taxes due on the Service Award.
- b. **To PAGA Counsel:** PAGA Counsel will apply to the Court for an award of not more than thirty-five percent (35%) of the Gross Settlement Amount, which is presently \$33,250, as their Attorneys' Fees and an amount not more than \$15,000 for all expenses incurred as documented in PAGA Counsel's billing records as their Attorneys' Expenses. Defendant will not oppose their request consistent with this Agreement and approved by the Court. The Settlement Administrator will pay the amounts approved by the Court out of the Gross Settlement Amount. If the Court approves an Attorneys' Fees or Attorneys' Expenses payment of less than these amounts, which are presently \$33,250 and \$15,000 respectively, the remainder will be retained in the Net Settlement Amount for distribution. Payroll tax withholding and deductions, if any, will not be taken from such payments and instead one or more Forms 1099 will be issued to PAGA Counsel with respect to those payments. The payment of the Attorneys Fees' and Attorneys Expenses shall be made to Class Counsel.
- c. **To the Settlement Administrator.** The Settlement Administrator will pay out of the Gross Settlement Amount to itself its reasonable fees and expenses that are documented and approved by the Court in an amount not to exceed \$10,000 ("Settlement Administration Expenses"). To the extent the Settlement Administration Expenses that are documented and approved by the Court are less than \$10,000, the remainder will be retained in the Net Settlement Amount.

32. **Payments From the Net Settlement Amount.** The Net Settlement Amount shall include the following payments after the deductions have been made from the Gross Settlement Amount as described in this Agreement. The Net Settlement Amount shall include the following:
- a. **The LWDA Payment.** 75% of the Net Settlement Amount shall be paid to the State of California, by and through the LWDA, as the LWDA's share of the settlement of civil penalties paid under this Agreement pursuant to the PAGA.
 - b. **Settlement Shares.** The remaining 25% of the Net Settlement Amount will be distributed to the Aggrieved Employees based on their respective pay periods by dividing the 25% of Net Settlement Amount by the number of Qualifying Pay Periods for all Aggrieved Employees worked during the PAGA Period to determine a dollar amount per Qualifying Pay Period ("PAGA Rate") and multiplying the Qualifying Pay Periods for each individual Aggrieved Employee by the PAGA Rate to calculate their individual Settlement Share. All Aggrieved Employees will be sent their share of the Settlement Share and will be subject to the release of claims as set forth below. One hundred percent (100%) of the PAGA Payment is in settlement of claims for penalties and not be subject to wage withholdings, and shall be reported on IRS Form 1099. Submission of a claim form is not required to participate or receive a Settlement Share.
 - c. **Qualifying Pay Period Modification.** Defendant has represented that based on data available at the time of mediation, the Aggrieved Employee group worked 2,923 Qualifying Pay Periods, i.e., pay periods during the PAGA Period. In the event that the number of pay periods reported by Defendant to the Settlement Administrator exceeds 3,216 (10% greater than the estimated 2,923 pay periods), the Gross Settlement Amount shall be proportionally increased by the amount above 3,216 pay periods.
33. **Appointment of Settlement Administrator.** After obtaining a quote from mutually acceptable and qualified settlement administrators, the Parties have mutually agreed to ask the Court to appoint ILYM Group, Inc. as the qualified administrator, to serve as the Settlement Administrator, which, as a condition of appointment, will agree to be bound by this Agreement with respect to the performance of its duties and its compensation. The Settlement Administrator's duties will include calculating Settlement Shares; issuing the checks to effectuate the payments due under the Settlement; issuing the tax reports required under this Settlement; and otherwise administering the Settlement pursuant to this Agreement. Additionally, prior to issuance of checks to Aggrieved Employees for Settlement Shares, the Settlement Administrator shall conduct a National Change of Address search to update Aggrieved Employees' addresses before mailing the checks. The Settlement Administrator will have the authority to resolve all disputes concerning the calculation of an Aggrieved Employee's Settlement Share, subject to the dollar limitations and calculations set forth in this Agreement. The Settlement Administration Expenses will be paid out of the Gross Settlement Amount.

34. The Settlement Administrator shall have its own Employer Identification Number under Internal Revenue Service Form W-9 and shall use its own Employer Identification Number in calculating payroll withholdings for taxes (if any) and shall transmit the required employers' and employees' share of the withholdings to the appropriate state and federal tax authorities. The Settlement Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.

35. **Procedure for Approving Settlement.**

a. **Stipulation for Approval of Settlement by the Court.**

- a. After Execution of this Settlement Agreement, Plaintiff will prepare for Defendant's review, a stipulation requesting an order giving Approval of the Settlement. Any disagreement among the Parties concerning the Notice, the proposed orders, or other documents necessary to implement the Settlement will be referred to the mediator for resolution.
 - b. PAGA Counsel shall submit this Agreement and the stipulation to the LWDA at the same time as they are submitted to the Court, as required by PAGA.
 - c. If the Court rejects the stipulation, Plaintiff will file a motion with the Court request approval of the Settlement. At the hearing on the Motion for Approval, the Parties will jointly appear, support the granting of the motion, and submit an Order Granting Approval of the Settlement.
 - d. Should the Court decline to approve material aspects of the Settlement (including but not limited to the scope of release to be granted by Aggrieved Employees or the binding effect of the Settlement on Aggrieved Employees or the State of California), the Parties shall work together in good faith to address any concerns raised by the Court and propose a revised Settlement for the Court's approval.
- b. **PAGA Data.** Within thirty (30) days of the Court entering an Order approving the settlement, Defendant will provide to the Settlement Administrator an electronic database containing the PAGA Data. If any or all of the PAGA Data is unavailable to Defendant, Defendant will so inform PAGA Counsel and the Parties will meet and confer to reach a resolution concerning the method to use to reconstruct or otherwise agree upon the PAGA Data prior to when it must be submitted to the Settlement Administrator. This information will otherwise remain confidential and will not be disclosed to anyone, except as required to applicable taxing authorities, in order to carry out the reasonable efforts described in section III.38.b., or pursuant to Defendant's express written authorization or by order of the Court. All PAGA Data will be used for settlement notification

and settlement administration and shall not be used for any other purpose by PAGA Counsel. This provision shall not be construed to impede PAGA Counsel's ability to discharge their fiduciary duties to the Aggrieved Employees, and if additional disclosures are necessary, PAGA Counsel will obtain written authorization of Defendant and/or an order from the Court.

- a. Within fifteen (15) days of receipt of the PAGA Data, the Settlement Administrator shall notify the Parties if the number of Qualifying Pay Periods exceeds 3,216, and, if so, the proportional increase in the Gross Settlement Amount due on account of the increase in Qualifying Pay Periods.
- b. The Settlement Administrator shall update the PAGA Data using the National Change of Address database prior to mailing checks for the Settlement Sum.
- c. **Objections to Settlement; Elections Not to Participate in Settlement.** As a PAGA-only settlement, Aggrieved Employees may not object to or opt-out of the Settlement, nor may individuals exclude themselves by electing not to participate in Settlement.
 - a. If any opposition is filed to the motion for approval, including any specific allocations from the Gross Settlement Amount, then not later than five (5) court days before the Approval Hearing, both Parties may file a reply in support of the motion for approval, and PAGA Counsel may also file a reply in support of their requests for Service Award, Attorneys' Fees, and Attorneys' Expenses.
 - b. If the Court does not grant approval of the Settlement or grants approval conditioned on any material change to the Settlement (including, but not limited to, the scope of release to be granted by PAGA Members), then the Parties shall work together in good faith to address any concerns raised by the Court and propose a revised Settlement for the Court's approval. However, an award by the Court of a lesser amount than that sought by Plaintiff and PAGA Counsel for the Service Award, the Attorneys' Fees payment, or the Attorneys' Expenses payment, will not constitute a material modification to the Settlement within the meaning of this paragraph.
 - c. After entry of the Judgment, the Court will have continuing jurisdiction over the Action and the Settlement solely for purposes of (i) enforcing this Agreement, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as may be appropriate under court rules or applicable law.

36. **Waiver of Right to Appeal.** Provided that the Judgment is consistent with the terms and conditions of this Agreement, Plaintiff and Defendant, and their respective counsel, hereby waive any and all rights to appeal from the Judgment, including all rights to any post-judgment proceeding and appellate proceeding, such

as, but not limited to, a motion to vacate judgment, a motion for new trial, and any extraordinary writ. The waiver of appeal does not include any waiver of the right to oppose any appeal, appellate proceedings or post-judgment proceedings. If an appeal is taken from the Judgment, the time for consummation of the Settlement (including making payments under the Settlement) will be suspended until such time as the appeal is finally resolved and the Judgment becomes Final.

37. **Vacating, Reversal, or Material Modification of Judgment on Appeal or Review.** If, after a notice of appeal, a petition for review, or a petition for *certiorari*, or any other motion, petition, or application, the reviewing Court vacates, reverses, or modifies the Judgment such that there is a material modification to the Settlement (including, but not limited to, the scope of release to be granted by Aggrieved Employees or the State of California), and that Court's decision is not completely reversed and the Judgment is not fully affirmed on review by a higher Court, then the Parties shall work together in good faith to address any concerns raised by the reviewing Court and propose a revised Settlement for the approval of the Court not later than thirty days after the reviewing Court's decision vacating, reversing, or materially modifying the Judgment becomes Final. A vacation, reversal, or modification of the Court's award of the Service Award, the Attorneys' Fees payment, or the Attorneys' Expenses payment will not constitute a vacation, reversal, or material modification of the Judgment within the meaning of this paragraph, provided that Defendant's obligation to make payments under this Settlement will remain limited by the Gross Settlement Amount.
38. **Timing of Settlement Funding and Provision of Settlement Shares and Other Payments.** Defendant shall fund the Gross Settlement Amount by depositing the money with the Settlement Administrator. Defendant shall fund the Gross Settlement Amount and the amount necessary to pay Defendant's share of payroll taxes (if any) within sixty (60) calendar days of the Effective Date.
 - a. Within fifteen (15) days after Defendant funds the Gross Settlement Amount, the Settlement Administrator will make payment of all Settlement Shares, Attorneys' Fees, Attorneys' Expenses, Service Awards, and the LWDA Payment, in accordance with this Agreement. Before Settlement Share checks are mailed, the Settlement Administrator shall update address information for Aggrieved Employees through the National Change of Address database.
 - b. If a check is returned because of an incorrect address, the Settlement Administrator will promptly search for a more current address for the Aggrieved Employee and re-mail the check to the Aggrieved Employee no later than seven (7) business days after the receipt of the undelivered check. The Settlement Administrator will also email a copy of the re-mailed check to the Class Member if there is an available email address in the Class Data. The Settlement Administrator will use the Class Data and otherwise work with Defendant to find a more current address. The Settlement

Administrator will be responsible for taking reasonable steps, consistent with its agreed-upon job parameters, Court orders, and fee, as agreed to with PAGA Counsel and according to the following deadlines, to trace the mailing address of any PAGA Member for whom a check is returned by the U.S. Postal Service as undeliverable. These reasonable steps shall include, at a minimum, the tracking of all undelivered mail; performing address searches for all mail returned without a forwarding address using available email addresses, phone numbers, social security numbers, credit reports, LinkedIn, and Facebook; and promptly re-mailing to PAGA Members for whom new addresses are found.

39. **Uncashed Settlement Share Checks.** An Aggrieved Employee must cash his or her Settlement Share check within 180 days after it is mailed to him or her. The expiration date of the check must be conspicuously printed on the check. If a check is returned to the Settlement Administrator or not cashed within 120 days after the last mailing, the Settlement Administrator will make all reasonable efforts to re-mail it to the affected individual at his or her correct address by use of available email addresses, phone numbers, social security numbers, credit reports, LinkedIn and Facebook. If an Aggrieved Employee's check is not cashed within 120 days after its last mailing to the affected individual, the Settlement Administrator will also send the individual a notice informing him or her that unless the check is cashed in the next 60 days, it will expire and become non-negotiable, and offer to replace the check if it was lost or misplaced but not cashed. If the check remains uncashed by the expiration of the 60 day period after this notice, the funds from such uncashed checks will be paid to State of California Controller's Office, Unclaimed Property Division, in the name of the Aggrieved Employee. The Parties agree that this disposition results in no "unpaid residue" within the meaning of California Code of Civil Procedure Section 384, as the entire Net Settlement Amount will be paid out to Aggrieved Employees or to promote justice for all Californians. Aggrieved Employees who do not timely cash their Settlement Share shall still remain bound by this Settlement.
40. **Final Report by Settlement Administrator to Court.** Within ten days after final disbursement of all funds from the Gross Settlement Amount, the Settlement Administrator will provide the Parties with a declaration proving a final report on the disbursements of all funds from the Gross Settlement Amount.
41. **Release of Claims.**
 - a. **Aggrieved Employees.** As of the Effective Date and upon full funding of the Gross Settlement Amount by Defendant, Defendant shall receive a release from the Aggrieved Employees and the State of California of all Released Claims as defined herein.

The "Released Claims" are defined as all PAGA claims pled or that could have been pled based on the factual allegations contained in the FAC filed in the Action and/or the written notice(s) sent to the Labor & Workforce Development Agency pursuant to California Labor Code § 2699.3(a)(1) that

occurred during the PAGA Period as to the Aggrieved Employees; specifically, claims for failure to provide and/or maintain copies of accurate itemized wage statements, failure to provide timely and uninterrupted meal and rest breaks, failure to pay overtime, failure to pay minimum wage, failure to properly calculate the regular rate of pay, failure to pay minimum wage or overtime as applicable for all hours worked including but not limited to unpaid wages due to any and all off-the-clock work, failure to timely pay wages during employment, failure to pay wages at termination, and failure to reimburse business expenses, occurring during the PAGA Period and arising from the facts that were alleged or could have been alleged based on the factual allegations in the written notice sent to the Labor & Workforce Development Agency pursuant to California Labor Code § 2699.3(a)(1) or the FAC.

- b. **Plaintiff.** Plaintiff, for herself, her successors, assigns, agents, executors, heirs and personal representatives, spouse and attorneys, and any and all of them, voluntarily and with the advice of counsel, to a general and comprehensive release of all of her respective known and unknown claims against Defendant and the Released Parties, including without limitation, all claims that were or could have been alleged in the written notice sent to the Labor & Workforce Development Agency pursuant to California Labor Code § 2699.3(a)(1) and the Complaint in the Action under any state law, federal law, common law, equity or other theory arising in any way out of Plaintiff's former employment with Defendant or any of the Released Parties. As part of this release, Plaintiff further releases all unknown claims against Defendant and any of the Released Parties, covered by California Civil Code Section 1542, which states: "**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**" Plaintiff understands that she is an individual, a "creditor" and "releasing party" within the meaning of Civil Code section 1542, and thereby expressly waives and relinquishes any and all rights and benefits under Section 1542 of the Civil Code of the State of California and under any statute, rule, or principle of common law or equity, of any jurisdiction, that is similar to Section 1542.
 - c. **PAGA Counsel.** As of the date the Defendant fully funds the Gross Settlement Amount, and except as otherwise provided by this Agreement and the Judgment, PAGA Counsel and any counsel associated with PAGA Counsel waive any claim to costs and attorneys' fees and expenses against Defendant arising from or related to the Action.
42. **No Effect on Other Benefits.** The Settlement Shares will not result in any additional benefit payments (such as 401(k) or bonus) beyond those provided by this Agreement to Plaintiff or Aggrieved Employees, and Plaintiff and Aggrieved Employees will be deemed to have waived all such claims, whether known or unknown by them, as part of their release of claims under this Agreement.

43. **Limitation on Public Statements About Settlement.** Neither PAGA Counsel nor Defendant's Counsel shall publicize the Settlement prior to the Court granting approval, other than filing documents with the Court. Plaintiff and PAGA Counsel and Defendant and Defendant's Counsel agree that they will not issue any press releases or initiate any contact with the media about the fact, amount, or terms of the Settlement. If Plaintiff or PAGA Counsel or Defendant or Defendant's Counsel receives an inquiry about the Settlement from the media, they may respond only after the Motion for Approval has been filed and only by confirming the accurate terms of the Settlement. This provision does not limit PAGA Counsel from complying with ethical obligations or from posting court-filed documents on a website for viewing by PAGA Members after preliminary approval. Nothing in this provision shall prevent Defendant or Plaintiff from making any required disclosures.

IV. MISCELLANEOUS TERMS

44. **No Admission of Liability.**
- a. Defendant and the Released Parties deny that they have engaged in any unlawful activity, have failed to comply with the law in any respect, have any liability to anyone under the claims asserted in the Actions, or that but for the Settlement any representative action is appropriate. This Agreement is entered into solely for the purpose of compromising highly disputed claims. Nothing in this Agreement is intended or will be construed as an admission of liability or wrongdoing by Defendant or the Released Parties, or an admission by Plaintiff that any of the claims were non-meritorious or any defense asserted by Defendant was meritorious. This Settlement and the fact that Plaintiff and Defendant were willing to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (other than solely in connection with effectuating the Settlement pursuant to this Agreement). Nothing in this Agreement shall be constructed as an admission by Defendant of any liability or wrongdoing as to Plaintiff, Aggrieved Employees, or any other person, and Defendant specifically disclaims any such liability or wrongdoing. Moreover, it is not, and it should not be construed as, any admission of fact or law in this matter or any other matter that a class action, representative action, or any other procedural vehicle aside from an individual action is appropriate. The Parties have entered into this settlement with the intention of avoiding further disputes and litigation with the attendant inconvenience, expenses and risks. Nothing in this Agreement shall be construed as an admission by Plaintiff that Plaintiff's claims do not have merit or that a PAGA action is inappropriate.
 - b. Whether or not the Judgment becomes Final, neither the Settlement, this Agreement, any document, statement, proceeding or conduct related to the Settlement or the Agreement, nor any reports or accounting of those matters, will be (i) construed as, offered or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to Plaintiff or Defendant or

any of the Released Parties, including, but not limited to, evidence of a presumption, concession, indication or admission by any of the Released Parties of any liability, fault, wrongdoing, omission, concession or damage; or (ii) disclosed, referred to or offered in evidence against any of the Released Parties, in any further proceeding in the Actions, or any other civil, criminal or administrative action or proceeding except for purposes of effectuating the Settlement pursuant to this Agreement.

- c. This section and all other provisions of this Agreement notwithstanding, any and all provisions of this Agreement may only be admitted in evidence and otherwise used in any and all proceedings for the limited purpose of enforcing any or all terms of this Agreement or defending any claims released or barred by this Agreement.

- 45. **Attorney Authorization.** PAGA Counsel and Defendant's Counsel warrant and represent that they are authorized by Plaintiff and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Agreement including any amendments to this Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to effect the implementation of the Settlement. In the event the Parties are unable to reach agreement on the form or content of any document needed to implement the Agreement, or on any supplemental provisions that may become necessary to effectuate the terms of this Agreement, the Parties will seek the assistance of the mediator for resolution.
- 46. **No Prior Assignments:** The Parties represent, covenant and warrant that they have not directly or indirectly assigned, transferred, encumbered or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged in this Settlement.
- 47. **No Tax Advice:** Neither PAGA Counsel nor Defendant's Counsel intend anything contained in this Settlement to constitute advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 48. **Modification of Agreement.** This Agreement, and any and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 49. **Agreement Binding on Successors.** This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 50. **Applicable Law.** All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the laws of the State of California.

51. **Cooperation in Drafting.** The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
52. **Fair Settlement.** The Parties and their respective counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Actions and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, current and potential.
53. **Nullification.** If the Court for any reason that cannot be cured does not finally approve this Settlement, this Agreement shall be considered null and void and the Parties to this Agreement shall stand in the same position, without prejudice, as if the Agreement had been neither entered into nor filed with the Court. Invalidation of any material portion of this Agreement shall invalidate this Agreement in its entirety unless the Parties agree in writing that the remaining provisions shall remain in full force and effect.
54. **Use and Return of Documents and Data.** All originals, copies, and summaries of documents and data provided to PAGA Counsel by Defendant in connection with the mediation or other settlement negotiations in this matter may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule. Within thirty days after the Gross Settlement Amount is fully funded by Defendant, PAGA Counsel will return or destroy and confirm in writing to Defendant the destruction of all such documents and data.
55. **Headings.** The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
56. **Notice.** All notices, demands or other communications given under this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, addressed as follows:

To Plaintiff and the Aggrieved Employees:

MOON & YANG, APC
Kane Moon, Esq.
Allen Feghali, Esq.
Edwin Kamarzarian, Esq.
MOON & YANG, APC
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To Defendant:

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To Defendant:

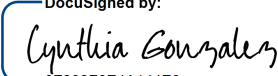
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sam.stone@hklaw.com

57. **Execution in Counterparts.** This Agreement may be executed in one or more counterparts by facsimile, electronically or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument provided that counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
58. **Stay of Litigation.** The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree pursuant to Cal. Code Civ. Proc. § 583.330 that upon the signing of this Agreement the time to bring the Action to trial shall be extended for the entire period of the settlement process, from the mediation on May 11, 2022 until the until the earlier of the Effective Date or the date this Agreement shall not longer be of any force or effect.
59. **Continuing Jurisdiction.** The Court shall retain continuing jurisdiction over the Actions under CCP section 664.6 to ensure the continuing implementation of this Agreement and enforcement of the Settlement until performance in full of the terms of this Settlement.

V. EXECUTION BY PARTIES AND COUNSEL

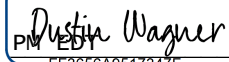
The Parties and their counsel hereby execute this Agreement.

Dated: 6/8/2022 _____

DocuSigned by:

6F202F6E4A144E8...
Plaintiff Cynthia Gonzalez

Dated: 6/13/2022 | 9:08:34

DocuSigned by:

A blue ink signature of Dustin Wagner is written over a horizontal line.

Dustin Wagner

For Defendant Paradigm Treatment Centers, LLC

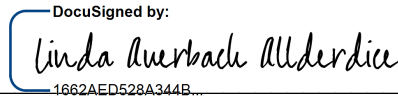
APPROVED AS TO FORM:

Dated: June 8, 2022



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Allen Feghali, Esq.
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Dated: 8/1/2022

DocuSigned by:

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