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Attorneys for Plaintiff
CYNTHIA GONZALEZ

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

CYNTHIA GONZALEZ, individually, and on)
behalf of all others similarly situated,)

Plaintiff,)

vs.)

PARADIGM TREATMENT CENTERS, LLC,)
a limited liability company; and DOES 1)
through 10, inclusive,)

Defendants)

FILED
Superior Court of California
County of Los Angeles
08/05/2022
Sherri R. Carter, Executive Officer / Clerk of Court
By: H. Garcia Deputy

CASE NO.: 21STCV25649
Assigned to the Hon. Yolanda Orozco
Dept. 31

**JOINT STIPULATION AND
~~PROPOSED~~ ORDER GRANTING
APPROVAL OF PAGA SETTLEMENT
AND DISMISSAL OF THE ACTION**

Complaint Filed: July 13, 2021
Trial Date: Not Set

JOINT STIPULATION

Plaintiff Cynthia Gonzalez (“Gonzalez” or “Plaintiff”), on behalf of herself and the “Aggrieved Employees,” as defined herein, and Defendant Paradigm Treatment Centers, LLC (“Paradigm” or “Defendant”), (collectively with Plaintiff, the “Parties”), by and through their respective counsel of record, hereby stipulate and agree as follows:

WHEREAS, Plaintiff was formerly employed by Paradigm as an at-will employee;

WHEREAS, pursuant to Labor Code section 2698 *et seq.* (the California Private Attorneys General Act, or “PAGA”), by letter dated July 10, 2021 (the “PAGA Notice”), Plaintiff gave written notice to the Labor & Workforce Development Agency (“LWDA”) and Defendant of the various provisions of the California Labor Code that Defendant allegedly violated, including the facts and theories to support the alleged violations. Plaintiff paid a filing fee in the amount of \$75.00. Attached hereto as **Exhibit 1** and incorporated herein by this reference is a true and correct copy of the PAGA Notice.

WHEREAS, the LWDA did not inform Plaintiff of any intent to investigate the alleged claims within the sixty-five (65) statutory deadline and, to this day, it has not communicated an intent to investigate them. Thus, Plaintiff is authorized under PAGA to act as a private attorneys general for the alleged PAGA claims.

WHEREAS, on July 13, 2021, Plaintiff filed a class-action complaint in Los Angeles County Superior Court in 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]; (4) failure to authorize and permit rest breaks [Cal. Labor Code §§ 226.7]; (5) failure to indemnify necessary business expenses [Cal. Labor Code § 2802]; (6) failure to timely pay final wages at termination [Cal. Labor Code § 201-203]; (7) failure to provide accurate itemized wage statements [Cal. Labor Code § 226]; and (8) unfair business practices [Cal. Business & Professions Code §§ 17200, *et seq.*];

1 WHEREAS, on September 24, 2021, the Court dismissed the Class Action pursuant to the
2 Parties' stipulation in light of the arbitration agreement between Plaintiff (and putative class
3 members) and Paradigm;

4 WHEREAS, on September 24, 2021, the Court permitted Plaintiff to file a First Amended
5 Complaint ("FAC") alleging one cause of action, for PAGA penalties ;

6 WHEREAS, on September 30, 2021, Plaintiff filed the FAC, seeking PAGA penalties
7 predicated on the Labor Code violations alleged in the Class Action;

8 WHEREAS, on May 11, 2022, the Parties participated in a mediation with respected
9 mediator Michael J. Loeb of JAMS. Prior to participating in mediation, the Parties engaged in
10 extensive informal discovery, including production of sample employee time and pay records and
11 Defendant's written policies to allow the Parties to appropriately evaluate their claims and defenses.
12 Thereafter, the Parties engaged in extensive, arms-length negotiations and reached a settlement of
13 the Action. A true and correct copy of the fully executed Settlement Agreement of Private Attorney
14 General Act Claims ("Settlement," "Settlement Agreement," or "Agreement") is attached hereto as
15 **Exhibit 2** and is incorporated by this reference as though set forth in full. The Settlement was
16 submitted to the Labor and Workforce Development Agency (the LWDA), and a true and correct
17 copy of the e-mail confirmation is attached hereto as **Exhibit 3** and is incorporated by this reference
18 as though set forth in full. The Parties agreed to the Settlement based upon all known facts and
19 circumstances, including the difficulty of proving some of Plaintiff's claims, potential defenses
20 asserted by Defendant, the uncertainty and costs associated with litigation, the risks of significant
21 delay, and numerous potential appellate issues. It was not easy for the Parties to reach the
22 Settlement, which was possible with the skilled guidance and input of mediator Loeb;

23 WHEREAS, the "Aggrieved Employees" shall be defined as follows: "All non-exempt
24 hourly paid employees of Defendant in California for the period from July 10, 2020 to July 1,
25 2022,";

26 WHEREAS, Defendant denies and continues to deny all allegations by Plaintiff in the FAC;

27 WHEREAS, the Parties have taken into account all relevant factors, present and potential;
28

1 WHEREAS, the Parties recognize the litigation risks unique to not settling PAGA claims,
2 including the risk that the Court could exercise its discretion under PAGA to not award the full
3 measure of penalties available under the statute given the issues underlying the alleged violations;

4 WHEREAS, the Parties agree that the PAGA cause of action is not subject to class
5 certification requirements under either California Code of Civil Procedure Section 382 or Rule 23
6 of the Federal Rules of Civil Procedure;

7 WHEREAS, under California Labor Code section 2699(i), PAGA penalties shall be
8 distributed 75% to the state and 25% to the aggrieved employees;

9 WHEREAS, pursuant to the Agreement, Defendant will pay the Gross Settlement Amount
10 (“Gross Settlement Amount”) of Ninety-Five Thousand Dollars and No Cents (\$95,000.00), from
11 which Thirty-Five (35%), or \$33,250.00, shall be allocated to attorneys’ fees, \$5,000 of which shall
12 be allocated to Plaintiff for her services as representative of the State of California as a Private
13 Attorney General in bringing the PAGA Action, an amount not to exceed \$10,000 shall be allocated
14 for settlement administration expenses incurred by a professional third-party administrator, and an
15 amount not to exceed \$15,000 shall be allocated to Plaintiff’s attorney’s costs and expenses;

16 WHEREAS, the balance of the Gross Settlement Amount (the “Net Settlement Amount”)
17 shall be allocated such that 75% of the Net Settlement Amount shall be paid to the State of
18 California, by and through the LWDA, as the LWDA’s share of the settlement of civil penalties;
19 and 25% of the Net Settlement Amount shall be distributed to the Aggrieved Employees, subject to
20 the Court’s approval, and dependent upon the Court’s entry of judgment consistent with the terms
21 of this Stipulation;

22 WHEREAS the Net Settlement Amount will be at least \$31,750.00, with at least \$23,812.50
23 being distributed to the LWDA and at least \$7,937.50 being distributed to approximately 212
24 Aggrieved Employees;

25 WHEREAS, the methodology of calculating individual Aggrieved Employees’ settlement
26 shares is set forth in the “Agreement” attached hereto as Exhibit 2;

27 WHEREAS, based on their experience litigating this and other PAGA actions, counsel
28 believes that the Settlement is fair and reasonable and warrants approval by the Court;

1 WHEREAS, Plaintiff has also agreed, in consideration for Paradigm's promises and
2 obligations under the Agreement, to a general and comprehensive release of all her own respective
3 known and unknown claims against Paradigm as set forth in the Agreement, including all claims,
4 rights, demands, liabilities, causes of action, and theories of liability of every nature and
5 description, whether known or unknown, , that were alleged or could have been alleged against
6 Defendant in the FAC;

7 WHEREAS, upon the date the Court signs the order approving the settlement of the PAGA
8 claim and upon full funding of the Gross Settlement Amount, Defendant shall receive from
9 Aggrieved Employees and the State of California a full release and discharge of all PAGA claims
10 pled or that could have been pled based on the factual allegations contained in the FAC filed in the
11 Action and/or the PAGA Notice filed with the LWDA pursuant to California Labor Code §
12 2699.3(a)(1), that occurred during the PAGA Period as to the Aggrieved Employees, as such terms
13 are used herein and in the Agreement;

14 WHEREAS, pursuant to California Labor Code section 2699(1)(2), the Court shall review
15 and approve any settlement of any civil action filed pursuant to the PAGA;

16 WHEREAS, pursuant to California Labor Code section 2699(1)(2), the proposed settlement
17 terms are being submitted by Plaintiff to the LWDA concurrently with the filing of this Joint
18 Stipulation;

19 WHEREAS, the Parties request that the Court enter the accompanying order approving their
20 Settlement as permitted by California Labor Code section 2699(1)(2), and dismissing this action
21 with prejudice;

22 WHEREAS, the Parties request that the Court retain jurisdiction with respect to all matters
23 related to effectuating the Parties' Settlement;

24 **NOW THEREFORE**, in return for the mutual commitments and consideration detailed in
25 the Settlement Agreement attached hereto as Exhibit 2, the Parties stipulate as follows:

26 1. The Parties stipulate and jointly propose that the Court review and approve the terms
27 in full contained in the Parties' Settlement Agreement;

2. The Settlement is fair, adequate, and reasonable, as it represents a reasoned compromise reached through arm's-length negotiations and considers the risks, complexity, and expense of further litigation.

3. The terms of the Settlement reached through mediation provide for a gross payment by Defendant of Ninety Five Thousand Dollars (\$95,000.00) (the "Gross Settlement Amount"). The Gross Settlement Amount shall cover distribution to the LWDA, distribution to Plaintiff and the alleged aggrieved employees, Plaintiff's counsel's costs and fees, and costs of administration of the settlement, as follows:

Description	Amount
Attorneys' Fees (35% of gross settlement)	\$33,250.00
Costs (not to exceed amount)	\$15,000.00 ¹
Payment to Plaintiff in exchange for 1542 Release	\$5,000.00
Costs of Third-Party Administration (not to exceed)	\$10,000.00 ²

4. Should the Court approve a lesser amount for attorneys' fees, costs, payment to Plaintiff in exchange for the 1542 release, or costs of third-party administration, the difference shall be allocated as follows: 25% to the alleged aggrieved employees and 75% to the LWDA.

5. There are no payroll deductions to be calculated under this Settlement, since no part of the Settlement will be classified as wages. Defendant's payment shall be made to the administrator as follows: within 60 days of Court approval (assuming that the LWDA has not intervened or indicated in any way that it intends to intervene in the settlement). If the LWDA has intervened, or indicated that it may intervene, payment will be due 14 days after any such intervention is resolved, or the LWDA indicates that it is no longer going to intervene in the Action.

¹ The Settlement authorizes reimbursement of actual costs not to exceed \$15,000. At this time, actual out of pocket costs, excluding the cost of submitting this stipulation total \$12,003.40. A true and correct copy of a ledger of counsel's costs is attached hereto as **Exhibit 4** and incorporated herein by this reference as though set forth in full.

² A true and correct copy of the third-party administrator's (ILYM Group) quote is attached hereto as **Exhibit 5**, and is incorporated herein by this reference as though set forth in full.

6. "Aggrieved Employees" shall be defined as follows: "All non-exempt hourly paid employees of Defendant in California for the period from July 10, 2020 to July 1, 2022," (the "PAGA Period").

7. Upon the Court's approval of the Settlement Agreement, it is agreed that the entire Action will be dismissed, with prejudice.

8. Each PAGA Settlement Group Member (including Plaintiff) shall, for the PAGA Period, fully release and forever discharge Defendant from any and all claims for PAGA penalties that were asserted or which could have been asserted pursuant to Labor Code section 2699 for civil penalties (excluding wages) in Plaintiff's PAGA Notice, submitted on July 10, 2021.

9. Under California law, no notice to the alleged aggrieved employees is required for the resolution of an action under PAGA. *See Arias v. Superior Court*, (2009) 46 Cal.4th 969, 977. The Parties have nevertheless agreed to provide an explanatory letter to the alleged Aggrieved Employees to accompany the PAGA settlement checks. Attached hereto and incorporated herein by this reference as though set forth herein as **Exhibit 6** is the proposed letter to the alleged Aggrieved Employees that would accompany the checks.

10. If there is a conflict between the language of this Stipulation and the language of the Settlement Agreement attached as Exhibit 2, with the exception of the timing of the settlement payment, the language of the Settlement Agreement shall control.

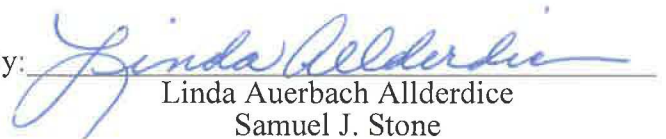
11. The Parties further expressly agree that the Court will retain jurisdiction under California Code of Civil Procedure section 664.6 to resolve any disputes arising from the settlement of the above-described action.

IT IS SO STIPULATED.

Dated: August 1, 2022

HOLLAND & KNIGHT LLP

By:


Linda Auerbach Allderdice
Samuel J. Stone

Attorney for Defendant
PARADIGM TREATMENT CENTERS, LLC

Holland & Knight LLP
400 South Hope Street, 8th Floor
Los Angeles, CA 90071
Tel: 213.896.2400 Fax: 213.896.2450

1 Dated: August 1, 2022

MOON & YANG, APC

2
3 By: _____



Seung Yang
Allen Feghali
Edwin Kamarzarian

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5 Attorneys for Plaintiff
6 CYNTHIA GONZALEZ
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~~PROPOSED~~ FINAL ORDER AND JUDGMENT

Having considered the foregoing Joint Stipulation, and good cause appearing therefor,
IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

1. The Court, for purposes of this Final Order and Judgment, refers to all defined terms as set forth in the Settlement Agreement attached as Exhibit “2” to the foregoing Stipulation.
2. The Settlement is hereby fully and finally accepted and approved;
3. Plaintiff and all Aggrieved Employees shall have, by operation of this Final Order and Judgment, fully, finally, and forever released, relinquished, and discharged the Released Parties from all Released Claims as follows:

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), including but not limited to the PAGA Notice, submitted by Plaintiff to the California Labor & Workforce Development Agency (LWDA) 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 LWDA pursuant to California Labor Code section 2699.3(a)(1) or the FAC.

“Aggrieved Employees” shall be defined as follows: “All non-exempt hourly paid employees of Defendant in California for the period from July 10, 2020 to July 1, 2022,” (the PAGA Period”).

“Released Parties” collectively mean: Defendant, Defendant’s past and present corporate affiliates, parents, holding companies, subsidiaries, divisions, related entities, divested businesses

1 and business units, and the Board members, officers, employees, agents, representatives, insurers
2 and attorneys of any of the same.

3 4. The Parties shall bear their own respective attorneys' fees and costs, except as
4 otherwise provided for in the Settlement and approved by the Court.

5 5. The Settlement is not an admission of liability or of any wrongdoing by Defendant,
6 nor is this Order a finding of the validity of any allegations or of any wrongdoing by Defendant.
7 Neither this Order, the Settlement, nor any document referred to herein, nor any action taken to
8 carry out the Settlement, shall be used as an admission of any fault, wrongdoing, omission,
9 concession, or liability whatsoever by or against Defendant.

10 6. Defendant shall pay the Aggrieved Employees, Plaintiff's Counsel, the LWDA, and
11 the Settlement Administrator pursuant to the terms of the Settlement, as follows:

12 a. Actual administration costs of up to \$10,000.00, payable to the Settlement
13 Administrator for administration of the Settlement;

14 b. Attorneys' fees to Plaintiff's Counsel in the amount of \$33,250.00 (35%).

15 c. Reimbursement for actual costs incurred by Plaintiff's Counsel, not to exceed
16 \$15,000.00;

17 d. \$5,000 to Plaintiff Cynthia Gonzalez in exchange for a general release with Civil
18 Code section 1542 waiver; and

19 e. The remaining amount to the Gross Settlement Amount, which shall be allocated as
20 set forth in Labor Code section 2699(d), with 75% allocated to the LWDA, and the remaining 25%
21 to the Aggrieved Employees on a pro-rata basis. The Administrator will cancel all checks that
22 remain uncashed 180 days from the mailing date and forward such amounts to the California State
23 Controller's Office in the names of the Aggrieved Employees who did not cash their check.

24 7. Defendant's payment shall be made to the administrator as follows: within 60 days
25 of Court approval (assuming that the LWDA has not intervened or indicated in any way that it
26 intends to intervene in the settlement). If the LWDA has intervened, or indicated that it may
27 intervene, payment will be due 14 days after any such intervention is resolved, or the LWDA
28 indicates that it is no longer going to intervene in the Action.

8. The Court finds that the fees requested by Plaintiff's Counsel of thirty five (35%) of the total settlement amount are reasonable, and the costs requested of up to \$15,000.00 are reasonable and necessary for the prosecution of this action. The Court hereby awards attorney's fees in the amount of \$33,250.00 and costs in the amount not to exceed \$15,000.00 to Plaintiff's Counsel for their attorney's fees and costs. The payment of fees and costs to Plaintiff's Counsel shall be made in accordance with the terms of the Settlement.

9. The Court approves of the proposed letter attached to the Joint Stipulation as Exhibit 5, to be sent to Aggrieved Employees along with their respective Settlement checks.

10. This action shall be and hereby is dismissed with prejudice.

11. Plaintiff shall submit a copy of this Order and Judgment to the LWDA within ten (10) calendar days after receiving notice of entry of the Order and Judgment.

12. This Court shall retain jurisdiction, pursuant to California Code of Civil Procedure section 664.6, over this Action, the Parties, and the Aggrieved Employees to the fullest extent necessary to interpret, enforce, and effectuate the terms and intent of the Settlement and this Order and Judgment.

DATED: 08/05/2022



A handwritten signature in black ink, appearing to read "Yolanda Orozco".

Yolanda Orozco / Judge
Honorable Yolanda Orozco

JUDGE OF THE LOS ANGELES
COUNTY SUPERIOR COURT

EXHIBIT 1

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Kane Moon, Esq.
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July 10, 2021

VIA ONLINE SUBMISSION

Labor & Workforce Development Agency
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612

VIA CERTIFIED MAIL

Paradigm Treatment Centers, LLC
12424 Wilshire Blvd., Suite 750
Los Angeles, CA 90025

Notice of Labor Code Violations and PAGA Penalties

Re: ***Cynthia Gonzalez v. Paradigm Treatment Centers, LLC***

To Whom It May Concern:

Please be advised that my office has been retained by Cynthia Gonzalez (“Plaintiff”) to pursue a Labor Code Private Attorney General Act (PAGA) representative action (Cal. Lab. Code §§ 2699, *et seq.*) against his former employer, Paradigm Treatment Centers, LLC (“Defendant”). The purpose of this letter is to comply with PAGA and set forth the facts and theories of California Labor Code violations which we allege Defendant engaged in with respect to Plaintiff and all of Defendant’s aggrieved employees.

Plaintiff wishes to pursue a PAGA representative action on behalf of Plaintiff individually as an aggrieved employee, on behalf of the State of California, and on behalf of all other current and former aggrieved employees who worked for Defendant in California as an hourly paid, non-exempt employee at any time within the applicable statutory period (hereafter, the “Aggrieved Employees”).

Plaintiff and the Aggrieved Employees of Defendant suffered the Labor Code violations described below.

Factual Background Regarding Plaintiff's Employment with Defendant

Defendant owns and operates an industry, business, and establishment within the State of California, including Los Angeles County. As such, Defendant is subject to the California Labor Code and the Wage Orders issued by the Industrial Welfare Commission ("IWC").

Plaintiff worked for Defendant as a painter from approximately September 2020 to January 2021, primarily in Los Angeles County. Defendant classified Plaintiff as non-exempt from overtime. During the time period that Plaintiff was employed by Defendant, Plaintiff typically worked 5 days per week, and in excess of 8 hours each workday.

Throughout Plaintiff's employment, Defendant committed numerous labor code violations under state law. As discussed below, Plaintiff's experience working for Defendant was typical and illustrative.

Failure to Pay for All Hours Worked, Including Overtime

Under California law, an employer must pay for all hours worked by an employee. "Hours worked" is the time during which an employee is subject to the control of an employer, and includes all the time the employee is suffered or permitted to work, whether or not required to do so.

In addition, Labor Code § 510 provides that employees in California shall not be employed more than eight (8) hours in any workday or forty (40) hours in a workweek unless they receive additional compensation beyond their regular wages in amounts specified by law.

Labor Code §§ 1194 and 1198 also provide that employees in California shall not be employed more than eight hours in any workday unless they receive additional compensation beyond their regular wages in amounts specified by law. Additionally, Labor Code § 1198 states that the employment of an employee for longer hours than those fixed by the Industrial Welfare Commission is unlawful.

Throughout the statutory period, Defendants maintained a policy and practice of failing to pay Plaintiff and the Aggrieved Employees for all time worked. For example, Plaintiff and the Aggrieved Employees were required to work "off the clock", in that Plaintiff and the Aggrieved Employees were required to undergo COVID temperature check screening prior to clocking into work, which included a temperature check and questionnaire. Plaintiff and the Aggrieved Employees were also required to wait in line for this screening process. Also, Plaintiff and the Aggrieved Employees were required to take COVID tests 1 to 2 times per month, often off-premises. However, Plaintiff and the Aggrieved Employees were not paid for the time spent taking these tests, and were not paid for the drive time or reimbursement of travel expenses. Further, Plaintiff and the Aggrieved Employees were also required to work after clocking out,

which included readying patient charts and speaking on the cellular telephone while outside of work. Plaintiff and the Aggrieved Employees also used the telephone application called “WhatsApp” to speak to clients and other employees, and had meetings via zoom at home and off-the-clock. Additionally, Defendants paid Plaintiff and the Aggrieved Employees non-discretionary bonuses in the form of gift cards, but Defendants failed to calculate all remuneration when determining the correct rate of pay of overtime compensation. In maintaining a practice of not paying all wages owed, Defendants failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 558, 1197.1, and 2699(f)(2) for failing to pay for all hours worked, including overtime.

Failure to Provide Meal Periods

Under California law, employers have an affirmative obligation to relieve employees of all duty in order to take their first 30-minute, duty-free meal periods no later than the start of sixth hour of work in a workday, and to allow employees to take their second 30-minute, duty-free meal period no later than the start of the eleventh hour of work in the workday. Further, employees are entitled to be paid one hour of additional wages for each workday they were not provided with all required meal period(s).

Despite these legal requirements, Defendant wrongfully failed to provide Plaintiff and the Aggrieved Employees with legally compliant meal periods. Defendant regularly required Plaintiff and the Aggrieved Employees to work in excess of five consecutive hours a day without providing a 30-minute, continuous and uninterrupted, duty-free meal period for every five hours of work, or without compensating Plaintiff and the Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of work or tenth hour of work. Defendant did not adequately inform Plaintiff and the Aggrieved Employees of their right to take a meal period by the end of the fifth hour of work, or, for shifts greater than 10 hours, by the end of the tenth hour of work. Moreover, Defendant did not have adequate written policies or practices providing meal periods for Plaintiff and the Aggrieved Employees, nor did Defendant have adequate policies or practices regarding the timing of meal periods. Defendant also did not have adequate policies or practices to verify whether Plaintiff and the Aggrieved Employees were taking their required meal periods. Defendants also maintained a policy and practice of not permitting Plaintiff and the Aggrieved Employees to leave the premises for their meal or rest breaks, and required them to have on-duty breaks. Accordingly, Defendant’s policy and practice was to not provide meal periods to Plaintiff and the Aggrieved Employees in compliance with California law.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not provided with all required meal period(s). Defendant, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for meal periods and that were not provided.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 558, and 2699(f)(2) for failing to provide meal periods and pay meal period premium wages.

Failure to Authorize and Permit Rest Periods

Employers are required by California law to authorize and permit breaks of 10 uninterrupted minutes for each four hours of work or major fraction of four hours (i.e. more than two hours). Thus, for example, if an employee's work time is 6 hours and ten minutes, the employee is entitled to two rest breaks. Each failure to authorize rest breaks as so required is itself a violation of California's rest break laws.

Defendant, however, wrongfully failed to authorize and permit Plaintiff and the Aggrieved Employees to take timely and duty-free rest periods. Defendant regularly required Plaintiff and the Aggrieved Employees to work in excess of four consecutive hours a day without Defendant authorizing and permitting them to take a 10 minute, continuous and uninterrupted, rest period for every four hours of work (or major fraction of four hours), or without compensating Plaintiff and the Aggrieved Employees for rest periods that were not authorized or permitted. Defendant did not adequately inform Plaintiff and the Aggrieved Employees of their right to take a rest period. Moreover, Defendant did not have adequate policies or practices permitting or authorizing rest periods for Plaintiff and the Aggrieved Employees, nor did Defendant have adequate policies or practices regarding the timing of rest periods. Defendant also did not have adequate policies or practices to verify whether Plaintiff and the Aggrieved Employees were taking their required rest periods. Further, Defendant did not maintain accurate records of employee work periods, and therefore Defendant cannot demonstrate that Plaintiff and the Aggrieved Employees took rest periods during the middle of each work period. Defendants also maintained a policy and practice of not permitting Plaintiff and the Aggrieved Employees to leave the premises for their meal or rest breaks, and required them to have on-duty breaks. Accordingly, Defendant's policy and practice was for Plaintiff and the Aggrieved Employees to work through rest periods and to not authorize or permit them to take any rest periods.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not authorized and permitted to take all required rest period(s). Defendant, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for rest periods and that they were not authorized and permitted to take.

As a result, Defendant are liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 558, and 2699(f)(2) for failing to authorize and permit rest periods and pay rest period premium wages.

Failure to Maintain Accurate Records of Hours Worked and Meal Periods

Plaintiff seeks penalties under Labor Code § 1174(d). Pursuant to Labor Code § 1174.5, any person, including any entity, employing labor who willfully fails to maintain accurate and complete records required by Labor Code § 1174 is subject to a penalty under § 1174.5. Pursuant to the applicable IWC Order § 7(A)(3), every employer shall keep time records showing when the employee begins and ends each work period. Meal periods and total hours worked daily shall also be recorded.

Defendant, however, failed to maintain accurate records of hours worked and all meal periods taken or missed by Plaintiff and the Aggrieved Employees.

Defendant's failure to provide and maintain records required by the Labor Code IWC Wage Orders deprived Plaintiff and the Aggrieved Employees the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Defendant's records. Therefore, Plaintiff and the Aggrieved Employees had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Defendant. As a direct result, Plaintiff and the Aggrieved Employees have suffered and continue to suffer, substantial losses related to the use and enjoyment of such wages, lost interest on such wages and expenses and attorney's fees in seeking to compel Defendant to fully perform its obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of Defendant's knowing failure to comply with the Labor Code and applicable IWC Wage Orders, Plaintiff and the Aggrieved Employees have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 1174.5 for failing to maintain accurate records of hours worked and meal periods.

Failure to Reimburse and Indemnify Expenses

California Labor Code § 2802 requires employers to reimburse employees for their necessary expenditures and losses incurred in direct consequence of the discharge of their duties or of their obedience to directions of the employer.

Throughout the statutory period, Defendants wrongfully required Plaintiff and the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Defendants

without reimbursement. For example, Plaintiff and the Aggrieved Employees were required to use their own personal cellular telephones for work, both communicating with co-workers and clients, and for using applications and to clock in and out of work. Plaintiff and the Aggrieved Employees were occasionally required to work from home, but were not reimbursed for personal computers, internet, or supplies. Further, Plaintiff and the Aggrieved Employees were not reimbursed for vehicle expenses relating to traveling to the required COVID testing.

Failure to Timely Pay All Wages at Termination

Labor Code §§ 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

Within the applicable statute of limitations, the employment of Plaintiff and many other Aggrieved Employees ended, i.e. was terminated by quitting or discharge, and the employment of others will be. However, during the relevant time period, Defendant failed, and continues to fail to pay Plaintiff and terminated Aggrieved Employees, without abatement, all wages required to be paid by Labor Code sections 201 and 202 either at the time of discharge, or within seventy-two (72) hours of their leaving Defendant's employ. These unpaid wages include wages for unpaid work time (including minimum and straight time wages), missed meal periods, and missed rest periods.

Defendant's conduct violates Labor Code §§ 201 and 202. Labor Code § 203 provides that if an employer willfully fails to pay wages owed, in accordance with sections 201 and 202, then the wages of the employee shall continue as a penalty wage from the due date, and at the same rate until paid or until an action is commenced; but the wages shall not continue for more than thirty (30) days.

Accordingly, Plaintiff and the Aggrieved Employees are entitled to recover from Defendant their additionally accruing wages for each day they were not paid, at their regular hourly rate of pay, up to 30 days maximum pursuant to Labor Code § 203.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 2699(f)(2) for failing to timely pay all wages at termination.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226(a) provides that every employer shall furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1)

gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. An employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226(e)(2)(B)(iii).)

The statute further provides: “An employee suffering injury as a result of a knowing and intentional failure by an employer to comply with subdivision (a) is entitled to recover the greater of all actual damages or fifty dollars (\$50) for the initial pay period in which a violation occurs and one hundred dollars (\$100) per employee for each violation in a subsequent pay period, not to exceed an aggregate penalty of four thousand dollars (\$4,000), and is entitled to an award of costs and reasonable attorney’s fees.” (Lab. Code § 226(e)(1).)

Defendant intentionally and willfully failed to provide employees with complete and accurate wage statements. The deficiencies include, among other things, the failure to correctly identify hourly rates, the failure to correctly list gross wages earned, and the failure to list the true net wages earned, including wages for meal periods that were not provided in accordance with California law, wages for rest periods that were not authorized and permitted to take in accordance with California law, and correct wages earned for all hours worked.

As a result of Defendant violating Labor Code § 226, Plaintiff and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights.

Accordingly, Plaintiff and similarly Aggrieved Employees are entitled to recover from Defendant the greater of their actual damages caused by Defendant’s failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding \$4,000 dollars per employee.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 226.3 for failing to furnish accurate itemized wage statements.

Failure to Pay All Earned Wages Twice Per Month

Based on its failure to pay Plaintiff and the Aggrieved Employees for all wages as discussed above, Defendant also violated Labor Code § 204.

Labor Code § 204 requires employers to pay employees all earned wages two times per month. Throughout the statute of limitations period applicable to this cause of action, employees were

entitled to be paid twice a month at their regular rates, including all meal period premium wages owed, rest period premium wages owed, and wages owed for hours worked. However, during all such times, Defendant systematically failed and refused to pay the employees all wages due, and failed to pay those wages twice a month, in that employees were not paid all wages for all meal periods not provided by Defendant, all wages for all rest periods not authorized and permitted by Defendant, and all wages for all hours worked. As a result, Defendant owes employees the legally required wages for unpaid wages, and Plaintiff and the Aggrieved Employees suffered damages in those amounts.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 210 for failing to pay all earned wages twice per month.

Action for Civil Penalties Under PAGA

In light of the above, Plaintiff alleges that Defendant violated the following provisions of the Labor Code with respect to the Aggrieved Employees:

1. Labor Code § 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages and overtime wages;
2. Labor Code § 226.7, 512 and applicable Wage Orders by failing to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;
4. Labor Code § 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;
5. Labor Code § 2802 by failing to reimburse and indemnify employees for expenses and losses in the direct consequence and discharge of their duties;
6. Labor Code §§ 201 to 203 by willfully failing to pay all wages owed at termination;
7. Labor Code § 226 by failing to provide accurate itemized wage statements; and
8. Labor Code § 204 by failing to pay all earned wages two times per month.

Therefore, on behalf of all Aggrieved Employees, Plaintiff seeks applicable penalties related to the violations alleged above pursuant to the PAGA. These include, but are not limited to, penalties under Labor Code §§ 210, 226.3, 558, 1174.5, 1197.1, 2802, and 2699(f)(2).

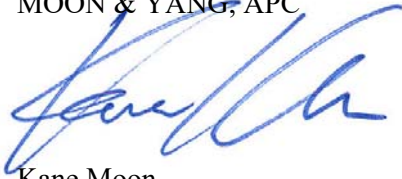
Plaintiff has placed Defendant on notice by mailing a certified copy of this correspondence to its corporate address, as indicated on the first page.

LWDA
Notice of Labor Code Violations and PAGA
July 10, 2021
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Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

MOON & YANG, APC

A handwritten signature in blue ink, appearing to read 'Kane Moon', is written over the printed name.

Kane Moon
Attorney at Law

EXHIBIT 2

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
1055 West Seventh Street, Suite 1880
Los Angeles, CA 90017
Tel: (213) 232-3128 | Fax: (213) 232-3125
kane.moon@moonyanglaw.com
allen.feghali@moonyanglaw.com
edwin.kamarzarian@moonyanglaw.com

To Defendant:

kane.moon@moonyanglaw.com
allen.feghali@moonyanglaw.com
edwin.kamarzarian@moonyanglaw.com

To Defendant:

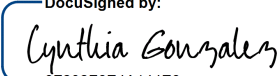
Linda Auerbach Allderdice, Esq.
Samuel J. Stone, Esq.
Holland & Knight LLP
400 South Hope Street, 8th Floor
Los Angeles, CA 90071
Tel.: (213) 896-2400
Fax: (213) 896-2450
Email: linda.allderdice@hklaw.com
sam.stone@hklaw.com

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

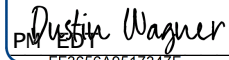
The Parties and their counsel hereby execute this Agreement.

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

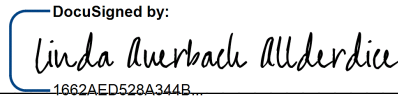
APPROVED AS TO FORM:

Dated: June 8, 2022



MOON & YANG, APC
Kane Moon, Esq.
Allen Feghali, Esq.
Edwin Kamarzarian, Esq.
MOON & YANG, APC
1055 West Seventh Street, Suite 1880
Los Angeles, CA 90017
Tel: (213) 232-3128 | Fax: (213) 232-3125
kane.moon@moonyanglaw.com
allen.feghali@moonyanglaw.com
edwin.kamarzarian@moonyanglaw.com

Dated: 8/1/2022

DocuSigned by:

1662AED528A344B...

Linda Auerbach Allderdice
Samuel J. Stone
Holland & Knight LLP
400 South Hope Street, 8th Floor
Los Angeles, CA 90071
Tel.: (213) 896-2400
Fax: (213) 896-2450
Email: linda.allderdice@hklaw.com
sam.stone@hklaw.com

EXHIBIT 3

Edwin Kamarzarian

From: DIR PAGA Unit <lwdadonotreply@dir.ca.gov>
Sent: Monday, August 1, 2022 3:30 PM
To: Edwin Kamarzarian
Subject: Thank you for your Proposed Settlement Submission

08/01/2022 03:29:32 PM

Thank you for your submission to the Labor and Workforce Development Agency.

Item submitted: Proposed Settlement

If you have questions or concerns regarding this submission or your case, please send an email to pagainfo@dir.ca.gov.

DIR PAGA Unit on behalf of
Labor and Workforce Development Agency

Website: http://labor.ca.gov/Private_Attorneys_General_Act.htm

EXHIBIT 4

Activities Export

08/01/2022
10:05 AM

Date	▼	Type	Description	Matter	User	Qty	Rate (\$)	Non-billable (\$)	Billable (\$)
05/30/2022		\$	Berger Consulting ● Unbilled	01317-Gonzalez Gonzalez v. Paradigm Treatment Centers LLC (Class - C) (ED)	Seung Yang	1.00	\$1,300.00	-	\$1,300.00
05/16/2022		\$	Ace ● Unbilled	01317-Gonzalez Gonzalez v. Paradigm Treatment Centers LLC (Class - C) (ED)	Seung Yang	1.00	\$101.00	-	\$101.00
03/24/2022		\$	JAMS ● Unbilled	01317-Gonzalez Gonzalez v. Paradigm Treatment Centers LLC (Class - C) (ED)	Seung Yang	1.00	\$400.00	-	\$400.00
03/16/2022		\$	Mediation fee (p) ● Unbilled	01317-Gonzalez Gonzalez v. Paradigm Treatment Centers LLC (Class - C) (ED)	Seung Yang	1.00	\$7,475.00	-	\$7,475.00
12/28/2021		\$	Journal ● Unbilled	01317-Gonzalez Gonzalez v. Paradigm Treatment Centers LLC (Class - C) (ED)	Seung Yang	1.00	\$161.39	-	\$161.39
09/27/2021		\$	LASC ● Unbilled	01317-Gonzalez Gonzalez v. Paradigm Treatment Centers LLC (Class - C) (ED)	Seung Yang	1.00	\$7.26	-	\$7.26
09/24/2021		\$	Ace ● Unbilled	01317-Gonzalez Gonzalez v. Paradigm Treatment Centers LLC (Class - C) (ED)	Seung Yang	1.00	\$43.50	-	\$43.50
08/31/2021		\$	Ace ● Unbilled	01317-Gonzalez Gonzalez v. Paradigm	Seung Yang	1.00	\$99.75	-	\$99.75

Activities Export

08/01/2022
10:05 AM

Date	Type	Description	Matter	User	Qty	Rate (\$)	Non-billable (\$)	Billable (\$)
Treatment Centers LLC (Class - C) (ED)								
07/16/2021	\$	Ace ● Unbilled	01317-Gonzalez Gonzalez v. Paradigm Treatment Centers LLC (Class - C) (ED)	Seung Yang	1.00	\$155.50	-	\$155.50
07/12/2021	\$	LWDA ● Unbilled	01317-Gonzalez Gonzalez v. Paradigm Treatment Centers LLC (Class - C) (ED)	Seung Yang	1.00	\$75.00	-	\$75.00
07/12/2021	\$	Admin fee ● Unbilled	01317-Gonzalez Gonzalez v. Paradigm Treatment Centers LLC (Class - C) (ED)	Seung Yang	1.00	\$750.00	-	\$750.00
07/12/2021	\$	Complaint fee ● Unbilled	01317-Gonzalez Gonzalez v. Paradigm Treatment Centers LLC (Class - C) (ED)	Seung Yang	1.00	\$1,435.00	-	\$1,435.00
							\$0.00 0.00h	\$12,003.40 0.00h

EXHIBIT 5

ILYM | GROUP, Inc.

SETTLEMENT ADMINISTRATION EXPERTS

Case Name: Gonzalez v. Paradigm Treatment Centers, LLC

Wednesday, June 15, 2022

Requesting Attorneys Name: Edwin Kamarzarian
 E-Mail: edwin.kamarzarian@moonyanglaw.com
 ILYM Contact: Sean Hartranft
 E-Mail: Sean@ilymgroup.com
 Contact Number: 949.690.2564

Assumptions: PAGA Settlement

ASSUMPTIONS	
Total Number of Aggrieved Employees	212
Toll-Free Telephone Support	Yes
Certified Spanish Translation	Yes
Case Duration (Years)	1

Activity	Rate Type	Unit Cost	Volume	Amount
CASE STARTUP				
Initial Setup - Import and Formatting of Data*	Hourly	\$150.00	3	\$450.00
Project Manager (Case notification and maintenance)	Hourly	\$120.00	4	\$480.00
Toll Free Phone Support	Flat Rate	\$61.40	1	\$61.40
NCOA	Flat Rate	\$40.00	1	\$40.00
Certified Spanish Translation	Flat Rate	\$750.00	1	\$750.00

*ILYM assumes that data will be in a standard format. Client will be notified immediately if not in standard format to correct data or ILYM can convert to standard format @ \$150.00 per hour.

Subtotal \$1,781.40

DISTRIBUTION (Includes EIN, Bank Acct /QSF Setup)*				
Distribution Setup & Management	Hourly	\$150.00	3	\$450.00
Account Reconciliation & Distribution Reporting	Hourly	\$125.00	3	\$375.00
Fulfillment of Notice & Check - (including 1099)	Per Check	\$2.00	212	\$424.00
USPS First Class 1oz Postage	Per Piece	\$0.55	212	\$116.60
Remails (Forward/Skip Trace Undeliverables)	Per Piece	\$2.50	21	\$53.00
Preparation of Taxes	Hourly	\$125.00	10	\$1,250.00
Annual Filing of Tax Return	Per Year	\$1,500.00	1	\$1,500.00

*Additional Bank fees may apply

Subtotal \$4,168.60

CASE CONCLUSION				
Data Manager Final Reporting	Hourly	\$100.00	2	\$200.00
Process Unclaimed Funds to State Controller	Flat Rate	\$500.00	1	\$500.00
Declaration	Hourly	\$125.00	2	\$250.00

Subtotal \$950.00

Will Not Exceed: \$6,900.00

Terms and Conditions

All services to be provided by ILYM Group, Inc. (hereinafter, "ILYM") to Client shall be subject to the following terms and conditions:

Services: Subject to the terms hereof, ILYM agrees to provide the Client with Administration Services (hereinafter, "services") as specified in the Proposal provided to Client to which these Terms and Conditions are attached. The estimate is in good faith and does not cover any applicable taxes and fees. The estimate does not make provision for any services or class members/size not delineated in the request for proposal or stipulations. Such services do not in any way constitute legal services or advice. ILYM is performing its services as an Independent Contractor and neither it nor its employees shall be deemed to be employees of the Client.

Mailing and Data Conversion: ILYM's database administration assumes the Client will provide complete data that includes all information required to send notifications and complete the administration process. Data must be provided in a complete, consistent, standardized electronic format. ILYM's standard format is Microsoft Excel, however, ILYM may accept other formats at its discretion. Further developments or enhancements to non-standardized data will be billed to Client by ILYM on a time and materials basis, according to ILYM's Standard Rates.

Charges for Services: Charges to the Client for services shall be on a time and materials basis at our prevailing rates, as the same may change from time to time. Any fee estimates set forth in the proposal are estimates only, based on information provided by Client to ILYM. Actual fees charged by ILYM to Client may be greater or less than such estimate, and Client shall be responsible for the payment of all such charges and expenses in accordance with Section 5 hereof. Charges incurred related to resolving post distribution withholdings and related corrective files due to voids and re-issues of payments and related correspondence with state and federal taxing authorities will not be charged to the Client to the extent that funds are received from the taxing authorities offset these charges. ILYM may derive financial benefits from financial institutions in connection with the deposit and investment of settlement funds with such institutions, including without limitation, discounts on eligible banking services and fees, and loans at favorable rates.

Indemnification: Client will indemnify and hold ILYM (and the officers, employees, affiliates and agents harmless against any Losses incurred by ILYM, arising out of, in connection with, or related to (i) any breach of the terms by Client; (ii) the processing and handling of any payment by ILYM in accordance with Client's instructions, including without limitation, the imposition of any stop payment or void payment on any check or the wrongful dishonor of a check by ILYM pursuant to Client's instructions.

Payment of Charges: ILYM reserves the right to request payment of postage charges and 50% of the final administration charges at the start of the case. ILYM bills are due upon receipt unless otherwise negotiated and agreed to with the Client. In the event settlement terms provide that ILYM is to be paid out of the Settlement Fund, ILYM will request that Counsel endeavor to make alternate payment arrangements for ILYM charges that are due at the onset of the case. The entire remaining balance is due and payable at the time the Settlement Account is funded by, or no later than the time of disbursement. Decisions of the court and actions of the parties, including disapproval or withdrawal of a settlement, do not affect the Client's liability to ILYM for payment of services. Services are not provided on a contingency fee basis.

Confidentiality: ILYM maintain reasonable and appropriate security measures and safeguards to protect the security and confidentiality of Client data provided to ILYM by Client in connection herewith. Should ILYM ever be notified of any judicial order or other proceedings in which a third party seeks to obtain access to the confidential data created by or for the Client, ILYM will promptly notify the Client, unless prohibited by applicable law. The Client shall have the option to (1) provide legal representation at the Client's expense to avoid such access or (2) promptly reimburse ILYM for any of its costs, including attorneys' fees, reasonably incurred in avoiding, attempting to avoid or providing such access and not paid by the entity seeking the data. If ILYM is required, pursuant to a court order, to produce documents, disclose data, or otherwise act in contravention of the obligations imposed by this Agreement, or otherwise, with respect to maintaining the confidentiality, proprietary nature and secrecy of the produced documents or disclosed data, ILYM will not be liable for breach of said obligation.

Data Rights: ILYM does not convey nor does the Client obtain any right in the programs, system data, or materials utilized or provided by ILYM in the ordinary course of business in the performance of this Agreement.

Document Retention: Unless directed otherwise in writing by Client, ILYM will destroy undeliverable mail on the effective date of the settlement or the date that the disposition of the case is no longer subject to appeal or review, whichever is later. ILYM will maintain claim forms and other correspondence for one year after final distribution of funds or benefits, or until the date that the disposition of the case is no longer subject to appeal or review, whichever is later.

Limitation of damages: ILYM is not responsible to the Client for any special, consequential or incidental damages incurred by Client. Any liability of ILYM to the Client shall not exceed the total amount billed to the Client for the particular services that give rise to any loss.

Termination: The services to be provided under this Agreement may be terminated, at will by the Client upon at least 30 calendar days' prior written notice to ILYM. The Client's obligation to pay for services or projects in progress at the time of notice of withdrawal shall continue throughout that 30 day period. ILYM may terminate this Agreement (i) with 10 calendar days' prior written notice, if the Client is not current in payment of charges or (ii) in any event, upon at least 3 months' prior written notice to the Client.

Notice: Any notice required or permitted hereunder shall be in writing and shall be delivered personally, or sent by registered mail, postage prepaid, or overnight courier service to the responsible officer or principal of ILYM or the Client, as applicable, and shall be deemed given when so delivered personally, or, if mailed, five days after the date of deposit in United States mail, or, if sent by courier, one business day after delivery to such courier service.

Force Majeure: To the extent performance by ILYM of any of its obligations hereunder is substantially prevented by reason of any act of God or by reason of any other matter beyond ILYM's reasonable control, then such performance shall be excused and this Agreement, at ILYM's option, be deemed suspended during the continuation of such condition and for a reasonable time thereafter.

Waiver of Rights: No failure or delay on the part of a party in exercising any right hereunder will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right will be effective unless given in a signed writing.

Jurisdiction: The parties hereto submit to the jurisdiction of the Court of the applicable case for purposes of any suit, action or proceeding to enforce any provision of, or based on any right arising out of, this Agreement. The parties hereto hereby waive any objection to the laying of venue of any such suit, action or proceeding in the Court.

Entire Agreement: These terms and conditions and the proposal embody the entire agreement between the parties with respect to the subject matter hereof, and cancels and supersedes all prior negotiations, representations, and agreements related thereto, either written or oral, except to the extent they are expressly incorporated herein. No changes in, additions to, or waivers of, the terms and conditions set forth herein will be binding upon any party, unless approved in writing by such party's authorized representative.

EXHIBIT 6

[CLAIMS ADMINISTRATOR LETTERHEAD]

Mailing Date

NOTICE OF SETTLEMENT

Re: *Gonzalez v. Paradigm Treatment Centers, LLC, et al.*,
Case No. 21STCV25649, Los Angeles County Superior Court, State of California

[Recipient per Claims Administrator]

You are receiving this Notice and the enclosed check in connection with the settlement of the above-referenced lawsuit (the “Action”), which former employee, Cynthia Gonzalez (“Plaintiff”) brought against her employer, Paradigm Treatment Centers, LLC (“Defendant”).

In the Action, Plaintiff sought to recover civil penalties pursuant to the California Private Attorneys General Act, Labor Code § 2698 *et seq.*, otherwise known as “PAGA.” Prior to commencing the Action, Plaintiff also filed a PAGA Notice with the California Labor & Workforce Development Agency (LWDA), setting forth the alleged PAGA claims. In both the PAGA Notice and the Lawsuit, Plaintiff claimed she and other non-exempt employees of Defendant were subjected to various California Labor Code violations.

Defendant denied all allegations and liability to Ms. Gonzalez and to any other past or current employees. However, to avoid further time and expense of protracted and uncertain litigation, Defendant and Plaintiff have agreed to resolve the Action once and for all with this settlement (the “Settlement”). The Settlement, approved by the Court on [DATE], resolves all of the alleged claims brought on behalf of all past and present non-exempt hourly employees of Defendant who worked in California at any time in the period from July 10, 2020 to July 1, 2022, otherwise referred to as the “PAGA Period.” Defendant’s employees who are covered by the Settlement are collectively referred to herein as the “PAGA Settlement Group” and individually as a “PAGA Settlement Group Member.”

Pursuant to the Court’s Order, a payment of \$95,000.00 (the “Gross Settlement Amount”) was approved in settlement of the Action. This Gross Settlement Sum is the total sum of money that will be paid by Defendant to settle the Action, with the sole exception of employer-owed payroll taxes, if any, that may be due as a result of the payments to any PAGA Settlement Group Member. To be clear, you are not responsible for any employer-owed payroll taxes.

Release of Claims: Upon the date of entry of the Order approving the Settlement, and payment of the Gross Settlement Amount, the PAGA Settlement Group, and each and every PAGA Settlement Group Member, including Plaintiff, shall and do fully release and forever discharge the Defendant Released Parties defined to include Defendant, and Defendant’s past and present corporate affiliates, parents, holding companies, subsidiaries, divisions, related entities, divested businesses and business units, Board members, officers, employees, agents, representatives, insurers and attorneys of any of the same, and Defendants successors and assigns, from any and all Released Claims defined to include all PAGA claims pled or that could have been pled based on the factual allegations contained in the First Amended Complaint (the “FAC”) filed in the Action and/or the written notice(s), including without limitation the PAGA Notice, submitted 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.

After accounting for Plaintiff's Counsel's attorneys' fees of \$33,250.00, reimbursement of litigation costs not to exceed \$15,000, settlement administration costs not to exceed \$10,000.00, and \$5,000.00 as a service award to Plaintiff, the remaining sum (hereinafter, the "PAGA Payment") will be divided pursuant to California law as follows (assuming all of the costs stated above are actually incurred):

\$23,125.50 (75%) to the LWDA; and \$7,937.50 (25%) to the PAGA Settlement Group, to be shared on a proportionate basis. The enclosed settlement check represents your share based upon the number of Pay Periods you worked any time during the PAGA Period. An IRS 1099 form is enclosed. You will be solely responsible for paying your own individual federal, state, or local taxes, if any, on the amount of your check.

Regardless of whether you negotiate or cash the enclosed settlement check, which you are receiving because of the Settlement and the corresponding final order of the Court, the Release of Claims set forth above shall still apply to you, and you shall be and are legally bound by the Release of Claims.

Your enclosed check is valid for 180 days from the date of its issuance. It is strongly recommended that you cash or deposit this check immediately. After that date, you cannot cash the check and it will be null and void and the amount forwarded to the State of California Controller's Office Unclaimed Property Division for further handling. Even if you fail to cash the enclosed check, you will still be deemed to have waived all claims arising from the Action, including all claims set forth in the Release of Claims described above.

If the check is lost or misplaced, please contact the Administrator immediately, [xxx-xxx-xxxx] to have it reissued. If you have any questions about your check, please contact the [insert administrator information].

Thank you for your time and attention to this PAGA Notice.

Very truly yours,

CLAIMS ADMINISTRATOR

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

**JOINT STIPULATION AND [PROPOSED] ORDER GRANTING APPROVAL OF PAGA
SETTLEMENT AND DISMISSAL OF THE ACTION**

Linda Auerbach Allderdice
Samuel J. Stone
HOLLAND & KNIGHT LLP
400 South Hope Street, 8th Floor
Los Angeles, California 90071
linda.allderdice@hklaw.com
sam.stone@hklaw.com

[✓] **BY E-MAIL:** I hereby certify that this document was served from Los Angeles, California, by e-mail delivery on the parties listed herein at their most recent known email address or e-mail of record in this action.

Executed this August 2, 2022 at Los Angeles, California.

Signature