

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES, SPRING STREET**

LISET VARELA, individually, and on behalf
of other members of the general public
similarly situated and on behalf of other
aggrieved employees pursuant to the
California Private Attorneys General Act;

Plaintiff,

vs.

MCKINLEY CHILDREN'S CENTER, INC.,
a California corporation; and DOES 1 through
100, inclusive,

Defendant.

Case No.: 22STCV17487

*Assigned for All Purposes to: Hon. Stuart M.
Rice, Department 1*

**JOINT STIPULATION OF CLASS
ACTION AND PAGA SETTLEMENT**

Complaint Filed: May 26, 2022
Trial Date: None Set

JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT

This Joint Stipulation of Class Action and PAGA Settlement is entered into by and between Plaintiff LISET VARELA, individually and on behalf of the Settlement Class and Defendant MCKINLEY CHILDREN'S CENTER, INC.

DEFINITIONS

1. "Agreement" or "Settlement Agreement" means this Joint Stipulation of Class Action and PAGA Settlement.

2. "Action" means the court action, entitled *Liset Varela v. McKinley Children's Center, Inc.*, Case No. 22STCV17487, pending before the Los Angeles County Superior Court.

3. "Class Counsel" means Protection Law Group, LLP and Lawyers for Justice, P.C.

4. "Class Counsel's Fees and Costs" means attorneys' fees for Class Counsel's litigation and resolution of this Action and their expenses and costs incurred in connection with the Action, which shall be paid from the Gross Settlement Amount. Class Counsel will request attorneys' fees not to exceed thirty five percent of the Gross Settlement Amount, i.e. Two Hundred Eighty Seventy Thousand Dollars (\$287,000.00) and the reimbursement costs and expenses associated with the litigation and settlement of the Action, not to exceed Thirty Thousand Dollars (\$30,000.00), subject to the Court's approval. Defendant has agreed not to oppose Class Counsel's request for fees and reimbursement of costs and expenses in the amounts set forth above.

5. "Class List" means a complete list of all Class Members that Defendant will diligently and in good faith compile from its records and provide to the Settlement Administrator within fourteen (14) calendar days after Preliminary Approval of this Settlement. The Class List will be formatted in a readable Microsoft Office Excel spreadsheet and will include Class Member's: (1) full name; (2) last known home address; (3) last known telephone number; (4) social security number; (5) start and end dates of active employment as a non-exempt employee of Defendant in the State of California; (6) total Workweeks during the Class period; (7) total Workweeks during the PAGA period; and (8) any other information required by the Settlement Administrator in order to effectuate the terms of the Settlement.

1 6. “Class” or “Class Members” means all current and former non-exempt employees
2 of Defendant McKinley Children’s Center, Inc. who were employed by Defendant McKinley
3 Children’s Center, Inc. in the state of California, at any time during the Class Period.

4 7. “Class Period” means the period from May 26, 2018, through May 7, 2023.

5 8. “Class Representative” means Plaintiff Liset Varela in her capacity as
6 representative of the Participating Class Members.

7 9. “Class Representative Enhancement Payment,” “Plaintiff’s Incentive Payment” or
8 “Incentive Payment to Plaintiff” means the amount that the Court authorizes to be paid to Plaintiff
9 Liset Varela, in addition to her Individual Settlement Payment, in recognition of the efforts and
10 risks she has taken in assisting with the prosecution of the Action and in exchange for the General
11 Release of her claims as provided herein.

12 10. “Court” means the Superior Court of the State of California for the County of Los
13 Angeles.

14 11. “Defendant” means McKinley Children’s Center, Inc.

15 12. “Effective Date” means: the later of the following: (a) if no timely objections are
16 filed or if all objections are withdrawn, the date upon which the Court enters Final Approval; (b)
17 if an objection is filed and not withdrawn, the date for filing an appeal and no such appeal being
18 filed (c) if any timely appeals are filed, the date of the resolution (or withdrawal) of any such
19 appeal in a way that does not alter the terms of the settlement.

20 13. “Final Approval” means the Court entering an order and judgment granting final
21 approval of the Settlement Agreement.

22 14. “Funding and Distribution Schedule” refers to the timing of payments made by
23 Defendant to fund the Gross Settlement Amount and Distribution to the Settlement Class
24 Members.

25 15. “General Release” means the broader release of all claims by Plaintiff in the Action,
26 which is in addition to Plaintiff’s release of claims as a Participating Class Member.

1 16. "Gross Settlement Amount" means the sum of Eight Hundred Twenty Thousand
2 Dollars (\$820,000.00). The Gross Settlement Amount is non-reversionary; no portion of the Gross
3 Settlement Amount will return to Defendant.

4 17. "Individual Settlement Payment" means the amount payable from the Net
5 Settlement Amount to each Participating Class Member and any payment a PAGA Member is
6 eligible to receive from the employee portion of the PAGA Payment. Individual Settlement
7 Payments shall be paid by a Settlement Check made payable to Participating Class Members
8 and/or PAGA Members.

9 18. "Net Settlement Amount" means the funds available for payments to the Class,
10 which shall be amount remaining after the following amounts are deducted from the Gross
11 Settlement Amount: (1) Class Counsel's fees, (2) Class Counsel's costs, (3) Settlement
12 Administration Costs, (4) Incentive Payment to Plaintiff Liset Varela; and (5) the PAGA Penalties
13 to the California Labor and Workforce Development Agency ("LWDA") and PAGA Members.

14 19. "Notice" means the Notice of Class Action Settlement in a form substantially
15 similar to the form attached hereto as Exhibit A, that will be mailed to Class Members' last known
16 addresses and which will provide Class Members with information regarding the Action and
17 information regarding the settlement of the Action.

18 20. "PAGA" means the California Labor Code Private Attorneys General Act of 2004
19 (Cal. Lab. Code §§ 2698, *et seq.*, "PAGA").

20 21. "PAGA Members" means all current and former non-exempt employees of
21 Defendant McKinley Children's Center, Inc. who were employed by Defendant McKinley
22 Children's Center, Inc. in the state of California, at any time during the PAGA Period.

23 22. "PAGA Penalties" means the amount that the Parties have agreed to allocate in
24 order to settle claims arising under the Private Attorneys General Act of 2004 (Cal. Lab. Code §§
25 2698, *et seq.*)("PAGA"). The Parties have agreed to allocate Seventy Five Thousand Dollars
26 (\$75,000.00) of the Gross Settlement Amount as PAGA Penalties. Seventy Five Percent (75%) of
27 this amount (\$56,250.00) will be paid to the California Labor and Workforce Development Agency
28 ("LWDA") in accordance with Labor Code §§ 2698 *et seq.* Twenty Five Percent (25%) of this

1 amount (\$18,750.00), will be distributed to the PAGA Members on a pro rate basis, based on the
2 total number of Workweeks worked by each PAGA member during the PAGA Period. PAGA
3 Members will receive payment from the employee portion of the PAGA Penalties regardless of
4 their decision to participate in the class action if the PAGA Penalties are approved by the Court.

5 23. "PAGA Period" means the period from March 22, 2021, through May 7, 2023.

6 24. "Parties" means Plaintiff and Defendant, collectively, and "Party" shall mean either
7 Plaintiff or Defendant, individually.

8 25. "Participating Class Members" means all Class Members who do not submit valid
9 and timely Requests for Exclusion.

10 26. "Plaintiff" means Liset Varela.

11 27. "Preliminary Approval" means the Court order granting preliminary approval of
12 the Settlement Agreement.

13 28. "Objection" means a Class Member's valid and timely written objection to the
14 Settlement Agreement. For an Objection to be valid, it must include: (a) the objector's full name,
15 address, telephone number, last four digits of the employees social security number or employee
16 ID number and (b) the name of the case and case number; and (c) a written statement of all grounds
17 for the objection accompanied by legal support, if any, for such objection.

18 29. "Released Class Claims" means all claims, rights, demands, liabilities and causes
19 of actions that are alleged, or reasonably could have been alleged, based on the facts alleged in the
20 operative complaint in the Action, including factual claims regarding Defendant's alleged: (i)
21 failure to pay all regular wages, minimum wages and overtime wages due; (ii) failure to provide
22 meal periods or compensation in lieu thereof; (iii) failure to provide rest periods or compensation
23 in lieu thereof; (iv) failure to reimburse necessary business expenses; (v) failure to provide
24 complete, accurate wage statements; (vi) failure to pay wages timely at time of termination or
25 resignation; (vii) failure to provide timely pay wages during employment; and (viii) unfair business
26 practices. This release shall apply to claims arising during the Class Period.

27 30. "Released PAGA Claims" means all claims for civil penalties under the California
28 Labor Code Private Attorneys General Act of 2004 that could have been premised on the facts

1 alleged both in the PAGA Notice provided to the LWDA and in the operative complaint in the
2 Action including but not limited to penalties that could have been awarded pursuant to Labor Code
3 sections 210,226.3, 1197.1, 558, and 2699.

4 31. "Released Parties" means Defendant McKinley Children's Center, Inc. as named
5 by Plaintiff in the operative Class Action complaint, and its past, present and/or future, direct
6 and/or indirect, officers, directors, members, managers, employees, agents, representatives,
7 attorneys, insurers, partners, investors, shareholders, administrators, parent companies,
8 subsidiaries, affiliates, divisions, predecessors, successors, assigns, and joint venturers.

9 32. "Request for Exclusion" means a valid and timely written statement submitted by
10 a Class Member requesting to be excluded from the Action. To be effective, the Request for
11 Exclusion must contain (a) the Class Member's name, address, telephone number, and the last four
12 digits of the Class Member's Social Security number and/or the Employee ID number and (b) a
13 clear statement requesting to be excluded from the settlement of the class claims. To be effective,
14 the Request for Exclusion must be post-marked by the Response Deadline and received by the
15 Settlement Administrator.

16 33. "Response Deadline" means the date sixty (60) days after the Settlement
17 Administrator mails Notice to Class Members and the last date on which Class Members may
18 submit Requests for Exclusion, written objections to the Settlement, or workweek disputes. In the
19 event the 60th day falls on a Sunday or Federal holiday, the Response Deadline will be extended
20 to the next day on which the U.S. Postal Service is open. The Response Deadline for Requests for
21 Exclusion, Objections, or Workweek Disputes, will be extended fifteen (15) calendar days for any
22 Class Member who is re-mailed a Notice by the Settlement Administrator, unless the 15th day falls
23 on a Sunday or Federal holiday, in which case the Response Deadline will be extended to the next
24 day on which the U.S. Postal Service is open. The Response Deadline may also be extended by
25 express agreement between Class Counsel and Defendant. Under no circumstances, however, will
26 the Settlement Administrator have the authority to unilaterally extend the deadline for Class
27 Members to submit a Request for Exclusion or objection to the settlement.

28 34. "Settlement" means the disposition of the Action pursuant to this Agreement.

35. "Settlement Administrator" means Phoenix Settlement Administrators. The Parties each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

36. "Settlement Administration Costs" mean the costs payable from the Gross Settlement Amount to the Settlement Administrator for administering this Settlement, including, but not limited to, printing, distributing, and tracking documents for this Settlement, calculating/confirming the class member Workweeks from the information contained in the Class List, calculating each Participating Class Member's Individual Settlement Payment, tax reporting, distributing the Gross Settlement Amount, providing necessary reports and declarations, and other duties and responsibilities set forth herein to process this Settlement, and as requested by the Parties. Settlement Administration Costs shall not exceed Fifteen Thousand Dollars (\$15,000.00).

37. "Workweek" shall mean any calendar week (i.e. a week beginning on Sunday and ending on Saturday) in which a Class Member or PAGA Member worked at least 1 day for Defendant McKinley Children's Center, Inc.

TERMS OF AGREEMENT

38. Settlement Consideration: Defendant shall fund the Gross Settlement Amount and all applicable employer-side payroll taxes following Final Approval by the Court and the occurrence of the Effective Date in accordance with the Funding and Distribution Schedule. The following will be paid out of the Gross Settlement Amount: the sum of the Individual Settlement Payments, Class Counsel's Fees and Costs, the Class Representative Enhancement Payment, the Payment of the PAGA Penalties to the LWDA and PAGA Members, and the Settlement Administration Costs, as specified in this Agreement. Except for any employer-side taxes due on the Individual Settlement Payments, or as a result of an increase in the number of workweeks as set forth below, Defendant shall not be required to pay more than the Gross Settlement Amount. The Gross Settlement Amount is non-reversionary; no portion of the Gross Settlement Amount will revert to Defendant.

39. Potential Increase to the Gross Settlement Amount: Defendant have represented there are approximately 54,640 Workweeks worked by Class Members between May 26, 2018, and February 6, 2023. Should the actual number of Workweeks during this period increase by more than ten percent (10%) (i.e. by more than 5,464 Workweeks) Defendant shall increase the Gross Settlement Amount on a pro-rata basis equal to the percentage increase in the number of Workweeks worked by the Class Members above 10%. For example, if the number of Workweeks increases by 11%, the Gross Settlement Amount will increase by 1%.

40. Funding and Distribution Schedule: The Parties have agreed upon the following Funding and Distribution Schedule following Final Approval of the Settlement Agreement. Within thirty (30) days of the Effective Date, Defendant will make an initial deposit of fifty percent (50%) of the Gross Settlement Amount, in the amount of Four Hundred Ten Thousand Dollars (\$410,000.00) into a Qualified Settlement Fund ("QSF") to be established by the Settlement Administrator. Within fourteen (14) calendar days of the funding of the Settlement, the Settlement Administrator will issue an initial payment for 50% of : (a) the Individual Settlement Payments to the Class/PAGA Members; (b) the Payment of PAGA Penalties to the LWDA; (c) the Incentive Payment to the Plaintiff Liset Varela; (d) Class Counsel's Fees and Costs and (e) Settlement Administration Costs. The initial installment of the individual settlement payment will be considered entirely penalties and interest. One year after funding the initial installment of the Gross Settlement Amount (i.e. 395 days from the Effective Date), Defendant shall make a second and final installment of Four Hundred Ten Thousand Dollars (\$410,000.00) plus all applicable employer-side payroll taxes. Defendant shall provide all information necessary for the Settlement Administrator to calculate necessary payroll taxes including its official name, 8-digit state unemployment insurance tax ID number, and other information requested by the Settlement Administrator, 30 days prior to the deadline for funding the second installment of the Gross Settlement Amount. Within fourteen (14) calendar days of the funding of the Settlement, the Settlement Administrator will issue the final 50% payment to: (a) the Individual Settlement Payments to the Class/PAGA Members; (b) the Payment of PAGA Penalties to the LWDA; (c) the Incentive Payment to the Plaintiff Liset Varela; (d) Class Counsel's Fees and Costs and (e)

1 Settlement Administration Costs. The second installment of the Class Portion of the individual
2 settlement payment will include all wages allocated as part of the settlement payment as well as
3 penalties and interest.

4 41. Attorneys' Fees and Costs: Defendant agrees not to oppose any application or
5 motion by Class Counsel for attorneys' fees not to exceed thirty five percent of the Gross
6 Settlement Amount, i.e. Two Hundred Eighty Seven Thousand Dollars (\$287,000.00) plus the
7 reimbursement of costs and expenses associated with the litigation and settlement of the Action,
8 in an amount not to exceed Thirty Thousand Dollars (\$30,000.00), both of which will be paid from
9 the Gross Settlement Amount. Any portion of the requested fees or costs that is not awarded to the
10 Class Counsel shall be reallocated to the Net Settlement Amount and distributed to Participating
11 Class Members as provided in this Agreement.

12 42. Incentive Payment to Plaintiff: Defendant agrees not to oppose or object to any
13 application or motion by Plaintiff for Plaintiff's Incentive Payment up to Seven Thousand Five
14 Hundred Dollars (\$7,500) for Plaintiff Liset Varela. Plaintiff's Incentive Payment is in exchange
15 for the General Release of the Plaintiff's individual claims and for her time, effort and risk in
16 bringing and prosecuting the Action. Any portion of the requested Plaintiff's Incentive Payment
17 that is not awarded to the Class Representative shall be reallocated to the Net Settlement Amount
18 and distributed to Participating Class Members as provided in this Agreement.

19 43. Settlement Administration Costs: The Settlement Administrator will be paid for the
20 reasonable costs of administration of the Settlement and distribution of payments from the Gross
21 Settlement Amount as further set forth in this Agreement. Settlement Administration Costs shall
22 not exceed Fifteen Thousand Dollars (\$15,000.00).

23 44. PAGA Penalties: Seventy-Five Thousand Dollars (\$75,000.00) of the Gross
24 Settlement Amount shall be allocated from the Gross Settlement Amount for settlement of claims
25 for civil penalties under the PAGA. The Settlement Administrator shall pay Seventy Five Percent
26 (75%) of this amount or Fifty-Six Thousand Six Hundred Fifty Dollars (\$56,250.00) to the
27 California Labor and Workforce Development Agency ("LWDA") in accordance with Labor Code
28 §§ 2698 et seq. The remaining 25% of the PAGA Penalties or Eighteen Thousand Seven Hundred

Fifty Dollars (\$18,750.00) shall be paid to PAGA Members on a pro rata basis, based on the total number of Workweeks worked by each PAGA member during the PAGA Period. PAGA Members shall receive their portion of the PAGA Payment regardless of their decision to opt-out of the class settlement.

45. Net Settlement Amount for Payment of Class Claims: The Net Settlement Amount will be used to satisfy the class portion of Participating Class Members' Individual Settlement Payments in accordance with the terms of this Agreement. The estimated Net Settlement Amount is as follows:

Gross Settlement Amount	\$	820,000.00
Class Representative Enhancement Payment:	\$	7,500.00
Class Counsel's Fees:	\$	287,000.00
Class Counsel's Costs:	\$	30,000.00
PAGA Penalties	\$	75,000.00
Settlement Administration Costs:	\$	15,000.00
Estimated Net Settlement Amount	\$	405,500.00

46. Individual Settlement Payment Calculations: Individual Settlement Payments will be paid from the Net Settlement Amount and the 25% portion of the PAGA Payment allocated for PAGA Members and shall be paid pursuant to the formula set forth herein:

a) Calculation of Class Portion of Individual Settlement Payments:

The Settlement Administrator will calculate the total Workweeks for all Participating Class Members by adding the number of Workweeks worked by each Participating Class Member during the Class Period. The respective Workweeks for each Participating Class Member will be divided by the total Workweeks for all Participating Class Members, resulting in the Payment Ratio for each Participating Class Member. Each Participating Class Member's Payment Ratio will then be multiplied by the Net Settlement Amount to calculate each Settlement Class Member's estimated share of the Net Settlement Amount.

b) Calculation of PAGA Portion of Individual Settlement Payments:

1 The Settlement Administrator will calculate the total Workweeks for all PAGA Members by
2 adding the number of Workweeks worked by each PAGA Member during the PAGA Period. The
3 respective Workweeks for each PAGA Member will be divided by the total Workweeks for all
4 PAGA Members, resulting in the Payment Ratio for each PAGA Member. Each PAGA Member's
5 Payment Ratio will then be multiplied by the employee portion of the PAGA Penalties to calculate
6 each PAGA Member's estimated share of the PAGA Payment. PAGA Members shall receive this
7 portion of their Individual Settlement Payment regardless of whether they opt out of participating
8 in the settlement of the class claims.

9 c) Allocation of Individual Settlement Payments: The Class Portion of
10 all Individual Settlement Payments will be allocated as follows: Twenty percent (20%) of each
11 Individual Settlement Payment will be allocated as wages, Forty percent (40%) shall be allocated
12 as interest, and Forty percent (40%) shall be allocated as penalties. Pursuant to the Funding and
13 Distribution Schedule, the Class Portion of the Individual Settlement Payment allocated to wages
14 will be included in the second payment received by the Class Members and reported by the
15 Settlement Administrator on an IRS Form W-2. The remaining non-wage payments, including the
16 entire first payment in accordance with the Funding and Distribution Schedule will be reported on
17 an IRS Form-1099 by the Settlement Administrator. The PAGA Portion of each Individual
18 Settlement Payment shall be allocated as 100% penalties and reported on an IRS Form 1099.

19 47. No Credit Toward Benefit Plans: The Individual Settlement Payments made to
20 Participating Class Members under this Settlement, as well as any other payments made pursuant
21 to this Settlement, will not be utilized to calculate any additional benefits under any benefit plans
22 to which any Class Members may be eligible, including, but not limited to profit-sharing plans,
23 bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and
24 any other benefit plan. Rather, it is the Parties' intention that this Settlement Agreement will not
25 affect any rights, contributions, or amounts to which any Class Members may be entitled under
26 any benefit plans.

27 48. Settlement Administration Process: The Parties agree to cooperate in the
28

administration of the Settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in administration of the Settlement. The Settlement Administrator will provide the following services:

- a) Establish and maintain a Qualified Settlement Fund.
- b) Calculate the Individual Settlement Payment each Participating Class Member is eligible to receive and the portion of the PAGA Penalties each PAGA Member shall receive.
- c) Print and mail the Notice.
- d) Conduct additional address searches for mailed Notices that are returned as undeliverable.
- e) Process Requests for Exclusion, field inquiries from Class Members.
- f) Print and issue and issue Settlement Payment Checks, prepare IRS W2 and 1099 Tax Forms and any other filings required by any governmental taxing authority.
- g) Provide declarations and/or other information to this Court as requested by the Parties and/or the Court regarding the settlement administration process.
- h) Provide weekly status reports to counsel for the Parties.
- i) Posting a notice of final judgment online at Settlement Administrator's website.
- j) Translate the Notice from English to Spanish
- k) Identify Opt-Outs and Report Opt-Outs to the Parties.

49. Delivery of the Class List: Within fourteen (14) calendar days of Preliminary Approval, Defendant will provide the Class List to the Settlement Administrator. This is a material term of the Agreement, and if Defendant fails to comply, Plaintiff shall have the right to void the Agreement.

50. Notice by First-Class U.S. Mail: Within seven (7) calendar days after receiving the Class List from Defendant, the Settlement Administrator will mail the Notice to all Class Members via regular First-Class U.S. Mail, using the most current, known mailing addresses identified in

1 the Class List.

2 51. Confirmation of Contact Information in the Class List: Prior to mailing, the
3 Settlement Administrator will perform a search based on the National Change of Address Database
4 for information to update and correct for any known or identifiable address changes. Any Notice
5 returned to the Settlement Administrator as non-deliverable on or before the Response Deadline
6 will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto
7 and the Settlement Administrator will indicate the date of such re-mailing on the Notice. If no
8 forwarding address is provided, the Settlement Administrator will promptly attempt to determine
9 the correct address using a skip-trace, or other search using the name, address and/or Social
10 Security number of the Class Member involved, and will then perform a single re-mailing. If any
11 notice sent to a Class Member by the Settlement Administrator is returned as undeliverable to a
12 current employee, then Defendant shall make all reasonable efforts to obtain the current address
13 from the Class Member and provide the same within seven (7) calendar days of notice from the
14 Settlement Administrator. Those Class Members who receive a re-mailed Notice, whether by skip-
15 trace or by request, will have between the later of (a) an additional fifteen (15) calendar days or
16 (b) the Response Deadline to postmark a Request for Exclusion, or an objection to the Settlement.

17 52. Notice: All Class Members will be mailed a Notice in both English and Spanish.
18 Each Notice will provide: (a) information regarding the nature of the Action; (b) a summary of the
19 Settlement's principal terms; (c) the Class definition; (d) the total number of Workweeks each
20 respective Class Member worked for Defendant during the Class Period; (e) each Class Member's
21 estimated Individual Settlement Payment and the formula for calculating Individual Settlement
22 Payments; (f) the dates which comprise the Class Period; (g) instructions on how to opt-out of and
23 object to the Settlement; (h) the deadlines by which the Class Member must postmark Requests
24 for Exclusion, Objections to the Settlement, or Workweek Disputes; (i) the claims to be released,
25 as set forth herein; and (j) the date for the final approval hearing.

26 53. Disputed Information on Notice: Class Members will have an opportunity to
27 dispute the information provided in their Notice. To the extent Class Members dispute the number
28 of Workweeks with which they have been credited or the amount of their Individual Settlement

1 Payment, Class Members may produce evidence to the Settlement Administrator showing that
2 such information is inaccurate. Absent evidence rebutting Defendant's records, Defendant's
3 records will be presumed determinative. However, if a Class Member produces evidence to the
4 contrary by the Response Deadline, the Parties will evaluate the evidence submitted by the Class
5 Member and the Parties will make the final decision as to the number of eligible Workweeks that
6 should be applied and/or the Individual Settlement Payment to which the Class Member may be
7 entitled. If the Parties do not agree, the dispute will be submitted to the Court.

8 54. Defective Submissions: If a Class Member's Request for Exclusion is defective as
9 to the requirements listed herein, that Class Member will be given an opportunity to cure the
10 defect(s). The Settlement Administrator will mail the Class Member a cure letter within three (3)
11 business days of receiving the defective submission to advise the Class Member that his or her
12 submission is defective and that the defect must be cured to render the Request for Exclusion valid.
13 The Class Member will have until the later of (a) the Response Deadline or (b) fifteen (15) calendar
14 days from the date of the cure letter, whichever date is later, to postmark a revised Request for
15 Exclusion. If a Class Member responds to a cure letter by filing a defective claim, then the
16 Settlement Administrator will have no further obligation to give notice of a need to cure. If the
17 revised Request for Exclusion is not postmarked within that period, it will be deemed untimely.

18 55. Request for Exclusion Procedures: Any Class Member wishing to opt-out from the
19 Action must sign and postmark a written Request for Exclusion to the Settlement Administrator
20 by the Response Deadline. The Request for Exclusion must include (a) the Class Member's name,
21 address, telephone number, and the last four digits of the Class Member's Social Security number
22 and/or the Employee ID number and (b) a clear statement requesting to be excluded from the
23 settlement of the class. The date of the postmark on the return mailing envelope receipt
24 confirmation will be the exclusive means to determine whether a Request for Exclusion has been
25 timely submitted. To be effective, the Request for Exclusion must be post-marked by the Response
26 Deadline and received by the Settlement Administrator. All Requests for Exclusion will be
27 submitted to the Settlement Administrator, who will certify jointly to Class Counsel and
28 Defendant's Counsel the Requests for Exclusion that were timely submitted. All Class Members

1 who do not request exclusion from the Action will be bound by all terms of the Settlement
2 Agreement if the Settlement is granted final approval by the Court and deemed Effective under
3 this Agreement. The Request for Exclusion shall not be effective as to the release of claims arising
4 under the Private Attorneys General Act.

5 56. Defendant's Right to Withdraw from Settlement: If five percent (5%) or more of
6 the Class Members (rounded to the next whole number) elect not to participate in the Settlement,
7 Defendant may, at its election, withdraw from the Settlement Agreement and all actions taken in
8 furtherance of it will be thereby null and void. Defendant must meet and confer with Class Counsel
9 prior to exercising this right and must make clear their intent to withdraw from this Settlement
10 Agreement within fourteen (14) calendar days of the Settlement Administrator notifying the
11 Parties of the total number of opt-outs. If Defendant exercises its right to withdraw from the
12 Settlement Agreement, Defendant shall be responsible for all Settlement Administration Costs
13 incurred to the date of rescission. In such a case, the Parties and any funds to be awarded under
14 this Settlement Agreement shall be returned to their respective statuses as of the date and time
15 immediately prior to the execution of this Agreement, and the Parties shall proceed in all respects
16 as if this Settlement Agreement had not been executed, except that any fees already incurred by
17 the Settlement Administrator shall be paid by Defendant.

18 57. Settlement Terms Bind All Class Members Who Do Not Opt-Out: Upon the
19 complete funding of the Gross Settlement Amount, any Class Member who does not affirmatively
20 opt-out of the Settlement by submitting a timely and valid Request for Exclusion will be bound by
21 all of its terms, including those pertaining to the Released Class Claims, as well as any Judgment
22 that may be entered by the Court if it grants final approval to the Settlement. Class Members who
23 opt-out of the Settlement shall not be bound by the class portion of the Judgment or Class release.
24 The names of Class Members who have opted-out shall be disclosed to the Counsel for both
25 Plaintiff and Defendant and noted in the proposed Judgment submitted to the Court.

26 58. Objection Procedures: To object to the Settlement, a Participating Class Member
27 must postmark a valid Objection to the Settlement Administrator on or before the Response
28 Deadline. The Objection must be signed by the Participating Class Member and contain all

1 information required by this Settlement Agreement including the employee's full name, address,
2 telephone number, the last four digits of their social security number and/or Employee ID number,
3 the name of the case and case number, and the specific reason including any legal grounds for the
4 Participating Class Member's objection. The postmark date will be deemed the exclusive means
5 for determining that the Notice of Objection is timely. Participating Class Members who fail to
6 object in the manner specified above will be foreclosed from making a written objection, but shall
7 still have a right to appear at the Final Approval Hearing in order to have their objections heard by
8 the Court. At no time will any of the Parties or their counsel seek to solicit or otherwise encourage
9 Participating Class Members to submit written objections to the Settlement or appeal from the
10 Order and Judgment. Class Counsel will not represent any Class Members with respect to any
11 objections to this Settlement.

12 59. Certification Reports Regarding Individual Settlement Payment Calculations: The
13 Settlement Administrator will provide Defendant's Counsel and Class Counsel a weekly report
14 which certifies: (a) the number of Class Members who have submitted valid Requests for
15 Exclusion; (b) the number of Notices returned and re-mailed and (c) whether any Class Member
16 has submitted a challenge to any information contained in the Notice. Additionally, the Settlement
17 Administrator will provide to counsel for both Parties any updated reports regarding the
18 administration of the Settlement Agreement as needed or requested.

19 60. Uncashed Settlement Checks: Any checks issued by the Settlement Administrator
20 to Participating Class Members and PAGA Members will be negotiable for at least one hundred
21 eighty (180) calendar days. If a Participating Class Member or PAGA Member does not cash his
22 or her Settlement Check or PAGA payment check within 180 days, the uncashed funds, subject to
23 Court approval, shall be distributed to the Controller of the State of California to be held in trust
24 pursuant to the Unclaimed Property Law, California Civil Code §1500, *et. seq.* for the benefit of
25 those Participating Class Members and PAGA Members who did not timely cash their Settlement
26 checks until such time that they claim their property. The Parties agree that this disposition results
27 in no "unpaid residue" under California Civil Procedure Code § 384, as the entire Net Settlement
28 Amount will be paid out to Participating Class Members and the entire 25% of the PAGA Payment

1 to PAGA Members, whether or not they all cash their Settlement Checks or PAGA payment
2 checks. Therefore, Defendant will not be required to pay any interest on such amounts. The
3 Individual Settlement Payments provided to Participating Class Members and to PAGA Members
4 shall prominently state the expiration date or a statement that the Settlement Check will expire in
5 one hundred eighty (180) days, or alternatively, such a statement may be made in a letter
6 accompanying the Individual Settlement Payment. Expired Individual Settlement Payments will
7 not be reissued, except for good cause and as mutually agreed by the Parties in writing. The parties
8 agree no unclaimed funds will result from the settlement.

9 61. Administration of Taxes by the Settlement Administrator: The Settlement
10 Administrator will be responsible for issuing to Plaintiff, Participating Class Members, PAGA
11 Members, and Class Counsel any W-2, 1099, or other tax forms as may be required by law for all
12 amounts paid pursuant to this Settlement. The Settlement Administrator will also be responsible
13 for forwarding all payroll taxes and penalties to the appropriate government authorities.

14 62. Tax Liability: Defendant makes no representation as to the tax treatment or legal
15 effect of the payments called for hereunder, and Plaintiff and Participating Class Members are not
16 relying on any statement, representation, or calculation by Defendant or by the Settlement
17 Administrator in this regard. Plaintiff and Participating Class Members understand and agree that
18 they will be solely responsible for the payment of any taxes and penalties assessed on the payments
19 described herein. Defendant's share of any employer payroll taxes and other required employer
20 withholdings due on the Individual Settlement Payments, including, but not limited to, Defendant's
21 FICA and FUTA contributions, shall be paid separate and apart from the Gross Settlement
22 Amount.

23 63. Circular 230 Disclaimer: Each Party to this Agreement (for purposes of this section,
24 the "acknowledging party" and each Party to this Agreement other than the acknowledging party,
25 an "other party") acknowledges and agrees that: (1) no provision of this Agreement, and no written
26 communication or disclosure between or among the Parties or their attorneys and other advisers,
27 is or was intended to be, nor shall any such communication or disclosure constitute or be construed
28 or be relied upon as, tax advice within the meaning of United States Treasury Department circular

230 (31 CFR part 10, as amended); (2) the acknowledging party (a) has relied exclusively upon his, her or its own, independent legal and tax counsel for advice (including tax advice) in connection with this Agreement, (b) has not entered into this Agreement based upon the recommendation of any other Party or any attorney or advisor to any other Party, and (c) is not entitled to rely upon any communication or disclosure by any attorney or adviser to any other party to avoid any tax penalty that may be imposed on the acknowledging party, and (3) no attorney or adviser to any other Party has imposed any limitation that protects the confidentiality of any such attorney's or adviser's tax strategies (regardless of whether such limitation is legally binding) upon disclosure by the acknowledging party of the tax treatment or tax structure of any transaction, including any transaction contemplated by this Agreement.

64. No Prior Assignments: The Parties and their counsel 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 any portion of any liability, claim, demand, action, cause of action or right herein released and discharged.

65. Release by Participating Class Members: Upon the complete funding of the Gross Settlement Amount and all applicable employer-side payroll taxes by Defendant, Participating Class Members shall fully release and discharge the Released Parties from the Released Class Claims that arose during the Class Period. This release shall be binding on all Participating Class Members.

66. Release by the State of California and LWDA: Upon the complete funding of the Gross Settlement Amount and all applicable employer-side payroll taxes by Defendant, the LWDA and the State of California, through Plaintiff as its agent and/or proxy, shall release and discharge the Released Parties from the Released PAGA Claims that arose during the PAGA Period. The Parties intend for this PAGA settlement to have claim preclusion, issue preclusion, or otherwise bar a representative action if an aggrieved employee were to bring a subsequent claim on behalf of the LWDA based on the same factual predicate as this action and covering the same time period.

67. Release of Additional Claims & Rights by Plaintiff: Upon the complete funding of the Gross Settlement Amount, Plaintiff Liset Varela—on behalf of herself only—to the additional

1 following General Release: In consideration of Defendant's promises and agreements as set forth
2 herein, Plaintiff hereby fully releases the Released Parties from any and all Released Class Claims
3 and Released PAGA Claims and also generally releases and discharges the Released Parties from
4 any and all claims, demands, obligations, causes of action, rights, or liabilities of any kind which
5 have been or could have been asserted against the Released Parties arising out of or relating to her
6 employment by Defendant or termination thereof, including but not limited to claims for wages,
7 restitution, penalties, retaliation, defamation, discrimination, harassment or wrongful termination
8 of employment. This release specifically includes any and all claims, demands, obligations and/or
9 causes of action for damages, restitution, penalties, interest, and attorneys' fees and costs (except
10 provided by the Settlement Agreement) relating to or in any way connected with the matters
11 referred to herein, whether or not known or suspected to exist, and whether or not specifically or
12 particularly described herein. Specifically, Plaintiff Liset Varela, with respect to any and all claims
13 relating to or arising out of her work performed for McKinley Children's Center, Inc., waives all
14 rights and benefits afforded by California Civil Code Section 1542, which provides:

15 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE
16 CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO
17 EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE
18 RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE
19 MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE
20 DEBTOR OR RELEASED PARTY.

21 This release specifically excludes claims for unemployment insurance, disability, social
22 security, and workers compensation (with the exception of claims arising pursuant to California
23 Labor Code Sections 132(a) and 4553).

24 68. Neutral Employment Reference: Defendant agrees that it will adopt a neutral
25 reporting policy regarding any future employment references related to Plaintiff. In the event that
26 any potential or future employers of Plaintiff request a reference regarding Defendant's
27 employment of Plaintiff Liset Varela, Defendant shall only provide the requested Plaintiff's dates
28 of employment, and job titles during employment, and final rate of pay. Defendant shall not refer

1 to the Action or this Settlement.

2 69. Nullification of Settlement Agreement: In the event that: (a) the Court does not
3 finally approve the Settlement as provided herein; (b) the Court strikes or does not approve any
4 material term of this Settlement Agreement; or (c) the Settlement does not become final as written
5 and agreed to by the Parties for any other reason, then this Settlement Agreement, and any
6 documents generated to bring it into effect, will be null and void, all amounts deposited into the
7 QSF will be returned to Defendant, and the Parties shall be returned to their original respective
8 positions. Any order or judgment entered by the Court in furtherance of this Settlement Agreement
9 will likewise be treated as void from the beginning. Should the Court fail to approve this settlement
10 for any reason, the Parties agree that they will return to and attend mediation with a mutually
11 agreed Mediator in an effort to reach a settlement that may be approved by the Court.

12 70. Preliminary Approval Hearing: Plaintiff will obtain a hearing before the Court to
13 request Preliminary Approval of the Settlement Agreement, and the entry of a Preliminary
14 Approval Order for: (a) conditional certification of the Settlement Class for settlement purposes
15 only, (b) Preliminary Approval of the proposed Settlement Agreement, and (c) setting a date for a
16 Final Approval/Settlement Fairness Hearing. The Preliminary Approval Order will provide for the
17 Notice to be sent to all Class Members as specified herein. In conjunction with the Preliminary
18 Approval hearing, Plaintiff will submit this Agreement, which sets forth the terms of the
19 Settlement, and will include the proposed Notice attached as Exhibit A. Defendant agrees that it
20 will not oppose Plaintiff's motion for Preliminary Approval. Moreover, Defendant agrees that it
21 will provide Plaintiff with a declaration supporting the necessity of the payment schedule described
22 above within seven (7) days of written request from Plaintiff's Counsel. If the Court requests
23 further or additional financial information or evidence to support the necessity of the requested
24 payment plan, Defendant will provide additional information as requested by the Court. Any
25 failure by the Court to fully and completely approve the Agreement as to the Action will result in
26 this Settlement Agreement and the Memorandum of Understanding entered into by the Parties,
27 and all obligations under this Settlement Agreement and the Memorandum of Understanding being
28 nullified and voided.

1 71. Final Settlement Approval Hearing and Entry of Judgment: Upon expiration of the
2 deadlines to postmark Requests for Exclusion or objections to the Settlement Agreement, and with
3 the Court's permission, a Final Approval/Settlement Fairness Hearing will be conducted to
4 determine the Final Approval of the Settlement Agreement along with the amounts properly
5 payable for: (a) Individual Settlement Payments; (b) the Attorneys' Fees and Costs; (c) the Class
6 Representative Enhancement Payment or Plaintiff's Incentive Payment; (d) the Settlement
7 Administration Costs; and (e) payment for the PAGA claims. Class Counsel will be responsible
8 for drafting all documents necessary to obtain Final Approval. Any failure by the Court to fully
9 and completely approve the Settlement Agreement as to all of the Action, or the entry of any Order
10 by another Court with regard to any of the Action which has the effect of modifying material terms
11 of this Agreement or preventing the full and complete approval of the Settlement Agreement as
12 written and agreed to by the Parties, will result in this Agreement and all obligations under this
13 Agreement being null and void. Defendant agrees it shall not oppose the granting of the Motion
14 for Final Approval, provided Defendant has not exercised its right to withdraw pursuant to the
15 terms of this Agreement.

16 72. Judgment and Continued Jurisdiction: Upon Final Approval of the Settlement by
17 the Court or after the Final Approval/Settlement Fairness Hearing, the Parties will present the
18 Judgment to the Court for its approval. After entry of the Judgment, the Court will have continuing
19 jurisdiction solely for purposes of addressing: (a) the interpretation and enforcement of the terms
20 of the Settlement, (b) Settlement administration matters, and (c) such post-Judgment matters as
21 may be appropriate under court rules or as set forth in this Settlement.

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

25 74. Entire Agreement: This Settlement Agreement and any attached Exhibits constitute
26 the entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral
27 agreements may be deemed binding on the Parties.

28 75. Amendment or Modification: This Settlement Agreement may be amended or

1 modified only by a written instrument signed by counsel for all Parties or their successors-in-
2 interest and approved by the Court.

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

13 77. Binding on Successors and Assigns: This Settlement Agreement will be binding
14 upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously
15 defined.

16 78. California Law Governs: All terms of this Settlement Agreement and Exhibits
17 hereto will be governed by and interpreted according to the laws of the State of California.

18 79. Execution and Counterparts: This Settlement Agreement is subject only to the
19 execution of all Parties. However, the Settlement Agreement may be executed in one or more
20 counterparts. All executed counterparts and each of them, including facsimile and scanned copies
21 of the signature page, will be deemed to be one and the same instrument provided that counsel for
22 the Parties will exchange among themselves original signed counterparts.

23 80. Acknowledgement that the Settlement is Fair and Reasonable: The Parties believe
24 this Settlement Agreement is a fair, adequate, and reasonable settlement of the Action and have
25 arrived at this Settlement after arm's-length negotiations and in the context of adversarial
26 litigation, taking into account all relevant factors, present and potential. The Parties further
27 acknowledge that they are each represented by competent counsel and that they have had an
28 opportunity to consult with their counsel regarding the fairness and reasonableness of this

1 Settlement.

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

6 82. Waiver of Certain Appeals: The Parties agree to waive appeals and to stipulate to
7 class certification for purposes of this Settlement only; except, however, that either party may
8 appeal any court order that materially alters the Settlement Agreement's terms.

9 83. Class Action Certification for Settlement Purposes Only: The Parties agree to
10 stipulate to class action certification only for purposes of the Settlement. If, for any reason, the
11 Settlement is not approved, the stipulation to certification will be void. The Parties further agree
12 that certification for purposes of the Settlement is not an admission that class action certification
13 is proper under the standards applied to contested certification motions and that this Agreement
14 will not be admissible in this or any other proceeding as evidence that either: (a) a class action
15 should be certified or (b) Defendant is liable to Plaintiff or any Class Member, other than according
16 to the Settlement's terms.

17 84. Non-Admission of Liability: The Parties enter into this Agreement to resolve the
18 dispute that has arisen between them and to avoid the burden, expense and risk of continued
19 litigation. In entering into this Agreement, Defendant does not admit, and specifically denies, it
20 has violated any federal, state, or local law; violated any regulations or guidelines promulgated
21 pursuant to any statute or any other applicable laws, regulations or legal requirements; breached
22 any contract; violated or breached any duty; engaged in any misrepresentation or deception; or
23 engaged in any other unlawful conduct with respect to their employees. Neither this Agreement,
24 nor any of its terms or provisions, nor any of the negotiations connected with it, shall be construed
25 as an admission or concession by Defendant of any such violations or failures to comply with any
26 applicable law. Except as necessary in a proceeding to enforce the terms of this Agreement, this
27 Agreement and its terms and provisions shall not be offered or received as evidence in any action
28 or proceeding to establish any liability or admission on the part of Defendant or to establish the

1 existence of any condition constituting a violation of, or a non-compliance with, federal, state,
2 local or other applicable law.

3 85. Captions: The captions and section numbers in this Agreement are inserted for the
4 reader's convenience, and in no way define, limit, construe or describe the scope or intent of the
5 provisions of this Agreement.

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

10 87. Enforcement Action: In the event that one or more of the Parties institutes any legal
11 action or other proceeding against any other Party or Parties to enforce the provisions of this
12 Settlement or to declare rights and/or obligations under this Settlement, the successful Party or
13 Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees
14 and costs, including expert witness fees incurred in connection with any enforcement actions.

15 88. Mutual Preparation: The Parties have had a full opportunity to negotiate the terms
16 and conditions of this Agreement. Accordingly, this Agreement will not be construed more strictly
17 against one Party than another merely by virtue of the fact that it may have been prepared by
18 counsel for one of the Parties, it being recognized that, because of the arms-length negotiations
19 between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

20 89. Representation By Counsel: The Parties acknowledge that they have been
21 represented by counsel throughout all negotiations that preceded the execution of this Agreement,
22 and that this Agreement has been executed with the consent and advice of counsel and reviewed
23 in full. Further, Plaintiff and Class Counsel warrant and represent that there are no liens on the
24 Agreement.

25 90. All Terms Subject to Final Court Approval: All amounts and procedures described
26 in this Settlement Agreement herein will be subject to final Court approval.

27 91. Cooperation and Execution of Necessary Documents: The Parties agree to
28 cooperate to promote participation in the Settlement, and in seeking court approval of the

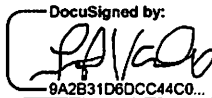
1 Settlement. The Parties and their counsel agree not to take any action to encourage any Class
2 Members to opt out of and/or object to the Settlement. Defendant agrees not to obtain any
3 settlement agreement waivers, Pick Up Stix agreements from any Class Member prior to the
4 funding of the Gross Settlement Amount concerning claims released via this Agreement, or enter
5 into any arbitration agreement with any Class Member that covers the claims released via this
6 Agreement during the Settlement approval process prior to the funding of the Gross Settlement
7 Amount and that the Parties will work in good faith to reach an agreement approved by the Court.

8 92. Confidentiality/No Publicity: The Parties and their counsel agree to keep the terms
9 of the Settlement confidential until the filing of Plaintiff's Motion for Preliminary Approval.
10 Plaintiff, Class Counsel, Defendant and its counsel agree that they will not issue any press releases,
11 initiate any contact with the press, respond to any press inquiry or have any communication with
12 the press about the fact, amount or terms of the Settlement Agreement. Nothing in this Settlement
13 Agreement shall limit Defendant's ability to fulfill disclosure obligations reasonably required by
14 law or in furtherance of business purposes, including the fulfillment of obligations stated in this
15 Settlement Agreement or limit Class Counsel's communications with the Class Members in
16 furtherance of approval of this Settlement.

17 93. Binding Agreement: The Parties warrant that they understand and have full
18 authority to enter into this Settlement, and further intend that this Settlement Agreement will be
19 fully enforceable and binding on all Parties, and agree that it will be admissible and subject to
20 disclosure in any proceeding to enforce its terms, notwithstanding any settlement confidentiality
21 provisions that otherwise might apply under federal or state law.

22
23
24 DATED: 6/16/2023

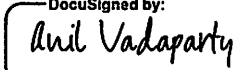
PLAINTIFF

25
26 By:  8A2B31D6DCC44C0...

Liset Varela

1
2 DATED: 9/14/2023 | 4:27 PDT
3

DEFENDANT MCKINLEY CHILDREN'S
CENTER, INC.

4 By: 
5 DocuSigned by:
6 A74B84EFA217482...
7 Name: Anil Vadaparty
8
9 Title: President and CEO
10

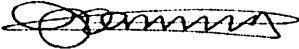
11 Dated: 8/23/2023
12

PROTECTION LAW GROUP, LLP

13 By: 
14 Heather Davis
15 Amir Nayebedadash
16 Attorneys for Plaintiff,
17 LISET VARELA
18

19 Dated: 8/23/23
20

LAWYERS for JUSTICE, P.C.

21 By: 
22 Joanna Ghosh
23 Attorneys for Plaintiff,
24 LISET VARELA
25

26 Dated: 9/18/23
27

CLOUSESPANIAC ATTORNEYS

28 By: 
KATHARINE L. SPANIAC
ERIN A. HALAS
Attorneys for Defendant,
MCKINLEY CHILDREN'S CENTER, INC.

Exhibit A

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

Varela v. McKinley Children's Center, Inc.

Los Angeles County Superior Court, Case No. 22STCV17487

**THIS IS A COURT-AUTHORIZED NOTICE. IT IS NOT A SOLICITATION.
PLEASE READ THIS NOTICE CAREFULLY.
YOUR LEGAL RIGHTS ARE AFFECTED WHETHER YOU ACT OR DO NOT ACT.**

To:	All current and former hourly-paid, non-exempt employees who are or were employed by McKinley Children's Center in the State of California at any time from May 26, 2018, through May 7, 2023.
------------	---

BASIC INFORMATION

1. What is this settlement about?

A lawsuit was commenced by Liset Varela ("Plaintiff") a former employee of McKinley Children's Center ("Defendant") on May 26, 2022. The case is currently pending in the Los Angeles County Superior Court, Case No. 22STCV17487.

The lawsuit claims that Defendant violated sections of the California Labor Code and California Business and Professions Code. Specifically, Plaintiff alleges that Defendant failed to provide compliant meal and rest periods and associated premium pay, did not properly pay employees all wages owed for time worked, did not provide accurate wage statements, did not timely pay all wages during employment and all wages owed at termination of employment, failed to reimburse employees for necessary business expenses, and maintained unfair business practices. The settlement also seeks to recover penalties pursuant to the California Private Attorneys General Act ("PAGA"). The lawsuit claims that the Defendant violated the California Labor Code and the California Business and Professions Code, entitling Class Members to, *inter alia*, damages, penalties and restitution. Defendant denies all alleged violations and denies that it owes Class Members any remedies. The Court has not made a ruling on the merits of the case.

2. Why is this a class action?

In a class action, one or more people called the Class Representative sue on behalf of people who appear to have similar claims. All these people are referred to here as Class Members. In a class action one court resolves the issues for all Class Members in one lawsuit, except for those who exclude themselves from the Class. The Los Angeles County Superior Court is in charge of this class action.

3. Why is there a settlement?

The Court has not decided in favor of the Plaintiff or Defendant. Instead, both sides agreed to a settlement which is memorialized in the Joint Stipulation of Class Action and PAGA Settlement ("Agreement" or "Settlement"). On [DATE OF PRELIMINARY APPROVAL] the Court granted preliminary approval of the Settlement, appointed Plaintiff Roman McGrew as the Class Representative, and appointed his attorneys at Protection Law Group as counsel for the Class ("Class Counsel"). The Court has not made a final ruling on whether the settlement is fair, adequate, and reasonable. Instead, the Court has found that the settlement within the range of reasonableness that could be approved. A Final Determination on whether to approve the settlement will be made at the hearing on [REDACTED]. The Class Representative and Class Counsel think the Settlement is best for the Class.

WHO IS IN THE SETTLEMENT?

4. How do I know if I am part of the settlement?

You are part of the Settlement, and a Class Member, if you were employed by Defendant as an hourly-paid, non-exempt employee in the state of California at any time between May 26, 2018, and May 7, 2023.

THE SETTLEMENT BENEFITS—WHAT YOU GET

5. What does the settlement provide?

The Settlement provides that Defendant will pay a maximum of Eight Hundred and Twenty Thousand Dollars (\$820,000.00) (“Gross Settlement Amount”). This includes all costs and attorneys’ fees for Class Counsel.

The “Net Settlement Amount” is the portion of the Gross Settlement Amount that will be available for distribution to Class Members who do not submit timely and valid requests for exclusion in exchange for the release of their class claims. The Net Settlement Amount is the Gross Settlement Amount less the following amounts (which are subject to Court approval):

- A. **Attorneys’ Fees to Class Counsel** not to exceed 35% of the Gross Settlement Amount or Two Hundred and Eighty-Seven Thousand Five Hundred Dollars (\$287,000.00);
- B. **Litigation Costs/Expenses to Class Counsel** not to exceed Thirty Thousand Dollars (\$30,000.00);
- C. **Incentive Payment to the Class Representative** in an amount not to exceed Seven Thousand Five Hundred Dollars (\$7,500.00);
- D. **Settlement Administration Costs** which are currently estimated to be Fifteen Thousand Dollars (\$15,000.00); and
- E. **PAGA Payment** in the amount of Seventy-Five Thousand Dollars (\$75,000.00) for the settlement of claims arising under the Private Attorney’s General Act of 2004 (PAGA). Seventy-Five percent (75%) of this amount, (\$56,250.00) shall be paid to the LWDA. The remaining twenty-five percent (25%) (\$18,750.00) will be distributed to hourly-paid, non-exempt employees who worked for Defendant from March 22, 2021, to May 7, 2023, for the release of their claims arising under PAGA.

The amount you are eligible to receive from the settlement, your “Individual Settlement Payment” will be determined on a *pro rata* basis, based on the number of weeks you worked in California as an hourly-paid, non-exempt employee of Defendant from May 26, 2018, through May 7, 2023 (“Workweeks”). Your Individual Settlement Payment includes both your estimated share of the Net Settlement Amount and, if eligible, your share of the PAGA Payment.

The Class Portion of your Individual Settlement Payment will be apportioned as twenty percent (20%) wages, forty percent (40%) interest, and forty percent (40%) penalties. The PAGA Portion of your Individual Settlement Payment will be allocated 100% as penalties. The wage portion of the Individual Settlement Payment will be subject to withholding for the employee taxes and will be reported on a W-2 Form. Employer-side payroll taxes shall be paid separately from and in addition to the Gross Settlement Amount. The penalties and interest portions of each class member’s settlement payment will not be subject to any withholdings and will be reported on an IRS Form 1099.

You worked XXX workweeks during the Class Period. The Class Portion of your Individual Settlement Payment is \$XXX.XX. The amount of the payment may change depending on the number of timely and valid requests for exclusions submitted in the Settlement, if any.

You worked XXX workweeks during the PAGA Period. The PAGA Portion of your Individual Settlement Payment is \$XXX.XX.

This Amount was determined based on Defendant’s record of your employment between from May 26, 2018, and May 7, 2023, and is presumed correct. If you dispute the accuracy of Defendant’s records as to the number of weeks worked during the Class Period, you must contact the Settlement Administrator and provide any documentation you have supporting such dispute by [DATE]. All disputes regarding your workweeks will be resolved and decided by the Parties or if the Parties cannot agree, the Court, after you submit evidence to the Settlement Administrator. The Settlement Administrator’s contact information is listed below:

[Settlement Administrator]
[Address]
[Telephone No].

HOW TO GET A PAYMENT FROM THE SETTLEMENT

6. How can I get a payment?

You do not have to do anything to qualify for a payment of your portion of the Settlement.

7. When will I get my payment?

If the settlement is approved at the Final Approval Hearing on _____ you will receive your settlement payment in two separate disbursements. The first payment shall made within 30 days of the “Effective Date.” This date may be the date of the Final Approval hearing but may be delayed if there are objections to the settlement or an appeal is filed. The second half of your payment will be made approximately one year after the initial disbursement.

8. What am I giving up if I do not request to be excluded from the Settlement?

Upon the funding of the Gross Settlement Amount by Defendant, in exchange for the consideration set forth by the Settlement, Class Members who do not submit a timely request for exclusion will release the “Released Parties” from the “Released Class Claims” that arose during the “Class Period.”

The “Released Parties” Defendant and its past, present and/or future, direct and/or indirect, officers, directors, members, managers, employees, agents, representatives, attorneys, insurers, partners, investors, shareholders, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns, and joint venturers.

The “Released Class Claims” include all claims, rights, demands, liabilities and causes of actions that are alleged, or reasonably could have been alleged, based on the facts alleged in the operative complaint in the Action, including factual claims regarding Defendant’s alleged: (i) failure to pay all regular wages, minimum wages and overtime wages due; (ii) failure to provide meal periods or compensation in lieu thereof; (iii) failure to provide rest periods or compensation in lieu thereof; (iv) failure to reimburse necessary business expenses; (v) failure to provide complete, accurate wage statements; (vi) failure to pay wages timely at time of termination or resignation; (vii) failure to provide timely pay wages during employment; and (viii) unfair business practices.

The “Class Period” during which the release of Released Class Claims pertains is from May 26, 2018, to May 7, 2023.

Additionally, all current and former non-exempt employees of Defendant who were employed by Defendant in the state of California between March 22, 2021, and May 7, 2023, shall release the Released PAGA Claims that arose during the PAGA Period. You cannot opt-out of the release of the claims alleged under PAGA.

The “Released PAGA Claims” include: all claims for civil penalties under the California Labor Code Private Attorneys General Act of 2004 that could have been premised on the facts alleged both in the PAGA Notice provided to the LWDA and in the operative complaint in the Action including but not limited to penalties that could have been awarded pursuant to Labor Code sections 210,226.3, 1197.1, 558, and 2699.

The “PAGA Period” during which the release of the Released PAGA Claims pertains is from March 22, 2021, through May 7, 2023.

EXCLUDING YOURSELF FROM THE RELEASE OF NON-PAGA CLAIMS

If you want to keep the right to sue or continue to sue Defendant with respect to the Released Class Claims then you must submit a request for exclusion in conformity with the requirements set forth herein. If you exclude yourself, you will not receive payment from Net Settlement Amount. However, if eligible, you will still receive a payment in an amount equal to your estimated *pro rata* share of the PAGA Payment because the Request for Exclusion does not apply to this claim.

9. How can I not participate in the Settlement?

To exclude yourself from the release of Released Class Claims you must submit a written request for exclusion. You must include your name, address, telephone number and the last four digits of your social security number and/or Employee ID number. Your request for exclusion must include a clear statement that you do not wish to be included in this action.

The written for Exclusion must be mailed to the Settlement Administrator at the address listed below, post-marked by [DATE]. You cannot exclude yourself by phone.

[Settlement Administrator]

[Address]

[Telephone No.]

If you ask to be excluded, you will not receive payment of any portion of the Net Settlement Amount and you cannot object to the Settlement. You will not be legally bound by the release of Released Class Claims.

You may be able to sue Defendant and/or the Released Parties or continue any suit you have pending against Defendant or the Released Parties, regarding the Released Class Claims.

10. If I don’t exclude myself, can I sue Defendant for the same thing later?

No. Unless you submit a request for exclusion, you give up the right to sue Defendant and Released Parties for the Released Class Claims. If you have a pending lawsuit involving the Released Class Claims, speak to your lawyer in that lawsuit immediately.

11. If I exclude myself, can I get money from this settlement?

No. (except if you worked between March 22, 2021, and May 7, 2023, in which case you will still receive the portion of your Individual Settlement Payment for claims that arise under PAGA.). But if you submit a timely and valid request for exclusion, you retain any right that you may have to sue, continue to sue, or be part of a different lawsuit against Released Parties for Released Class Claims.

THE LAWYERS REPRESENTING YOU

12. Do I have a lawyer in this case?

The Court has approved PROTECTION LAW GROUP, LLP and Lawyers *for* Justice, PC. as Class Counsel. These firm's contact information is:

Lawyers *for* Justice, PC
Edwin Aiwazian, Esq.
410 West Arden Avenue, Suite 203
Glendale, California 91203
Telephone: (818) 265-1020

PROTECTION LAW GROUP LLP
Heather Davis, Esq.
Amir Nayebdadash, Esq.
237 California Street
El Segundo, California 90245
Telephone: (424) 290-3095

Class Counsel will ask the Court for attorneys' fees of up to \$287,000.00 and reimbursement of litigation cost/expenses of up to \$30,000. These amounts are subject to Court approval and the Court may award less than these amounts.

OBJECTING TO THE SETTLEMENT

You can object to the Settlement or some part of it.

13. How do I tell the Court if I don't like the settlement?

If you are a Class Member, you can object to the Settlement and you can give reasons for why you think the Court should not approve it. The Court will consider your views. To object, you must mail your objection to the Settlement Administrator no later than [DATE]. Your objection must include your full name, address, telephone number, the last four digits of your social security number or employee ID number, and the specific reason for your objection. You may also come to the Final Approval Hearing on [DATE] and make an objection at that time, regardless of whether you submitted a written objection.

14. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to grant final approval of the Settlement ("Final Approval Hearing"). You may attend, but you do not have to attend.

15. When and where will the Court decide whether to approve the settlement?

The Court will hold the Final Approval Hearing at [REDACTED] a.m./p.m. on [REDACTED], 2023], at the Los Angeles Superior Court—Spring Street Courthouse, located at 312 N. Spring St. Los Angeles, CA 90012.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate, and determine whether to grant final approval of the Settlement. If there are objections, the Court will consider them.

16. Do I have to come to the hearing?

No. If you agree to the Settlement you do not have to come to Court to talk about it. However, you may attend. You may also retain your own lawyer at your expense to attend on your behalf. You may attend in person, but you may also attend remotely if you wish. Remote appearances may be scheduled through “LA Court Connect” <https://www.lacourt.org/lacc/>

17. How will I learn if the settlement was approved

A notice of final judgment will be posted on the Settlement Administrator website located at [www. \[REDACTED\] .com](http://www. [REDACTED] .com)

IF YOU DO NOTHING

18. What happens if I do nothing at all?

If you do nothing, you will receive your share of the Settlement, and you will release the Released Class Claims. You will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendant or Released Parties about the Released Class Claims, ever again. Your Individual Settlement Payment will be mailed to you in two separate payments as described above. Each payment will remain valid and negotiable for 180 days. If you do not cash your settlement check within 180 days, these funds will be transferred to the Controller of the State of California’s Unclaimed Property Fund. You may then claim these funds from there.

GETTING MORE INFORMATION

19. How do I get more information?

This notice summarizes the proposed Settlement. More details are in the Settlement Agreement. You can get a copy of the Settlement Agreement by viewing the settlement located on the Settlement Administrator’s website at [\[REDACTED\] .com](http:// [REDACTED] .com) or by contacting the Settlement Administrator or Class Counsel.

WHAT IF MY INFORMATION CHANGES?

20. What if my contact information changes?

It is your responsibility to inform the Settlement Administrator of your updated information to ensure receipt of settlement payments or communications regarding this matter. You can change or update your contact information by contacting the Settlement Administrator.

DO NOT ADDRESS ANY QUESTIONS ABOUT THE SETTLEMENT OR THE LITIGATION TO THE CLERK OF THE COURT OR THE JUDGE