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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SOLANO

MICHAEL LUCKETT, individually, and on
behalf of other aggrieved employees
pursuant to the California Private Attorneys
General Act;

Plaintiff,

vs.

THISTLE HEALTH, INC., a Delaware
corporation, and DOES 1 through 100,
inclusive,

Defendants.

Case No. FCS058261

**JOINT STIPULATION OF PAGA
SETTLEMENT AND RELEASE**

Complaint Filed: May 16, 2022

Trial Date: None Set

JOINT STIPULATION OF PAGA SETTLEMENT AND RELEASE

This Joint Stipulation of PAGA Settlement and Release (“Settlement,” “Agreement,” or “Settlement Agreement”) is entered into by and between Plaintiffs MICHAEL LUCKETT and CARLA CORNELIOUS (“Plaintiffs”), individually and in their capacity as a representative of the State of California on behalf of other aggrieved employees and Defendant THISTLE HEALTH, INC. (“Defendant”) (Plaintiffs and Defendant are collectively referred to as the “Parties”), as follows:

DEFINITIONS

The following definitions are applicable to this Settlement, in addition to other terms defined elsewhere in this Settlement:

1. “Agreement” or “Settlement” or “Settlement Agreement” means this Joint Stipulation of PAGA Settlement and Release.

2. “Actions” shall collectively mean the Lockett Action and Cornelious Action.

3. “Cornelious Action” means the representative action filed in the Superior Court of California, Los Angeles County, entitled *Carla Cornelious v. Thistle Health, Inc.*, Case No. 21STCV45920.

4. “Court” or “Superior Court” means the Superior Court of the State of California for the County of Solano.

5. “Gross Settlement Amount” shall mean the maximum amount Defendant is required to pay under this Agreement, which is Seven Hundred Fifty Thousand Dollars and Zero Cents (\$750,000.00). The Gross Settlement Amount includes (i) Plaintiffs’ Counsel Fees Payment approved by the Superior Court; (ii) Plaintiffs’ Counsel Litigation Costs Payment approved by the Superior Court; (iii) the Settlement Administrator Payment approved by the Superior Court; (iv) the LWDA Payment; and (v) the PAGA Payment.

6. “Lockett Action” means the representative action filed in the Superior Court of California, County of Solano, entitled *Michael Lockett v. Thistle Health, Inc.*, Case No. FCS058261.

7. “Net Settlement Amount” shall mean the Gross Settlement Amount, less (i) Plaintiffs’ Counsel Fees Payment approved by the Superior Court; (ii) Plaintiffs’ Counsel Litigation Costs Payment approved by the Superior Court; and (iii) the Settlement Administrator Payment approved by the Superior Court.

8. “Plaintiffs” shall mean Michael Luckett and Carla Cornelious.

9. “Plaintiffs’ Incentive Payments” means the amount that the Court authorizes to be paid to Plaintiffs Michael Luckett and Carla Cornelious, in addition to their respective Individual Settlement Payments, in recognition of Plaintiffs’ efforts and risks in prosecuting the Action, for their release of the Released Claims and additional General Release.

10. “Plaintiffs’ Counsel” shall mean the attorneys representing Plaintiffs in the Action, Lawyers *for* Justice, PC and Protection Law Group, LLP.

11. “Plaintiffs’ Counsel Fees Payment” shall mean one-third (1/3) of the Settlement Amount, or Two Hundred Fifty Thousand Dollars and Zero Cents (\$250,000.00), subject to approval by the Superior Court as Plaintiffs’ Counsel’s attorneys’ fees incurred in connection with the Action, including fees incurred in pre-filing investigation, filing of the Actions, and all related litigation activities, this Settlement, and all post settlement compliance procedures. Any attorney fees not approved by the Court shall become part of the Net Settlement Amount. Defendant has agreed not to oppose Plaintiffs’ Counsel’s request for fees in the amount set forth above.

12. “Plaintiffs’ Counsel Litigation Costs Payment” shall mean the actual litigation expenses and/or costs expended by Plaintiff’s Counsel subject to approval by the Superior Court incurred in connection with the Action, including but not limited to, pre-filing investigation, filing of Plaintiffs’ PAGA Notice Letters to the LWDA and filing of the Actions in the amount not to exceed Thirty Thousand Dollars and Zero Cents (\$30,000.00). Any costs not approved by the Court shall become part of the Net Settlement Amount. Defendant has agreed not to oppose Plaintiff’s Counsel’s request for costs and expenses in the amount set forth above.

13. “Defendant” means Thistle Health, Inc.

14. “Defense Counsel” shall mean the attorneys representing Defendant in the Action, Gordon Rees Scully Mansukhani, LLP.

15. “PAGA Group” or “PAGA Member(s)” shall mean all current and former hourly-paid non-exempt employees who performed work for Defendant in any capacity in California at any time during the PAGA Period.

16. The “PAGA Period” shall mean the period of time from September 16, 2020, through the date of the Court order granting approval of the Settlement or March 30, 2025, whichever date is earlier.

17. “Pay Period” shall mean any pay period in which any member of the PAGA Group worked at least one (1) day during the PAGA Period.

18. “Individual Pay Periods” shall mean the total number of Pay Periods for any unique individual within the PAGA Group.

19. “LWDA Payment” shall mean the payment to the California Labor and Workforce Development Agency (“LWDA”), which shall be seventy-five percent (75%) of the Net Settlement Amount.

20. “PAGA Payment” shall mean the remaining twenty-five percent (25%) of the Net Settlement Amount to be distributed on a pro-rata basis based upon the number of Pay Periods worked by each PAGA Member.

21. “PAGA Payment Share” shall mean the share of the PAGA Payment calculated to be due to an individual PAGA Member in the PAGA Group as provided by this Settlement Agreement.

22. “Aggrieved Employee List” means a complete list of all unique individuals within the PAGA Group, which Defendant will diligently and in good faith compile from its records and provide to the Settlement Administrator no later than fourteen (14) calendar days after the date on which the Court enters an order granting approval of this Settlement. The Aggrieved Employee List will be formatted in a readable Microsoft Office Excel spreadsheet containing the following information: (1) full name; (2) last known home address; (3) last known telephone number; (4) social security number; (5) start and end dates of employment as a non-exempt employee of Defendant in California; (6) total pay periods worked during the PAGA Period; and (7) any other information required by the Settlement Administrator in order to effectuate the terms of the

1 Settlement. The Parties agree that this list contains confidential information concerning
2 Defendant's employees and that the list including contact information shall not be shared by the
3 Settlement Administrator with counsel for Plaintiffs, but an anonymized list with final calculations
4 shall be available for Plaintiffs' Counsel's review. In no event shall Plaintiffs, Plaintiffs' Counsel,
5 Defendant, or Defense Counsel be held liable for any errors or omissions in the settlement
6 administration process or distribution of settlement funds.

7 23. "Settlement Administrator" shall mean ILYM Group, Inc., agreed upon by the
8 Parties to administer the Settlement. The Parties each represent that they do not have any financial
9 interest in the Settlement Administrator or otherwise have a relationship with the Settlement
10 Administrator that could create a conflict of interest.

11 24. "Settlement Administrator Payment" shall mean the payment to the Settlement
12 Administrator for its fees and expenses in administering this Settlement in an amount not to exceed
13 Nine Thousand Nine Hundred and Fifty Dollars (\$9,950.00).

14 25. "Released Claims" means any and all claims for the recovery of civil penalties,
15 attorneys' fees and costs permissible under the California Labor Code Private Attorneys General
16 Act of 2004 ("PAGA") which Plaintiffs and/or the Aggrieved Employees had, or may claim to
17 have against the Released Parties that arose during the PAGA Period and which could have been
18 premised on the facts alleged in the PAGA Letters of Plaintiffs to the LWDA and/or in the
19 operative complaint in the Actions, including violations of Labor Code sections 201, 202, 203,
20 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800 and 2802,
21 and any related applicable IWC Wage Order provision for the PAGA Period that were asserted in
22 the Action, and any other PAGA violations that could have been alleged in the Actions based on
23 the facts alleged in the Actions during the PAGA Period..

24 26. "Released Parties" means Defendant Thistle Health, Inc, and any affiliated entities
25 as named or misnamed in the operative complaint filed in the Action, and its past, present and/or
26 future, direct and/or indirect, owners, officers, directors, members, managers, employees, agents,
27 representatives, vendors, attorneys, insurers, partners, investors, shareholders, administrators,
28

parent companies, management companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns, and joint venturers, whether in their individual or official capacities.

27. “Effective Date” shall mean the date upon which the Court enters the Order approving the Settlement.

28. “Final Approval” and “Judgment” shall mean the Court entering an order granting final approval of the Settlement Agreement and the Court entering Judgment based on the order granting final approval of the Settlement Agreement.

RECITALS

29. On September 16, 2021, Counsel for Plaintiff Carla Cornelious (“Plaintiff Cornelious”) gave written notice to the LWDA of the Labor Code violations Defendant was alleged to have violated. Plaintiff served her PAGA letter on Defendant. The LWDA assigned Case No. LWDA-CM-844904-21 to Plaintiff Cornelious’s PAGA claim notice. More than 65 days passed after the letter was sent to the LWDA, and the LWDA has not indicated that it intends to investigate the alleged violations referenced in the letter.

30. On March 11, 2022, Counsel for Plaintiff Michael Luckett (“Plaintiff Luckett”) gave written notice to the LWDA of the Labor Code violations Defendant was alleged to have violated. Plaintiff served his PAGA letter on Defendant. The LWDA assigned Case No. LWDA-CM-873040-22 to Plaintiff Luckett’s PAGA claim notice. More than 65 days passed after the letter was sent to the LWDA, and the LWDA has not indicated that it intends to investigate the alleged violations referenced in the letter.

31. On December 16, 2021, following expiration of the statutory waiting period for the LWDA to review the PAGA notice of Plaintiff Cornelious, Plaintiff Cornelious filed the Cornelious Action, her Representative Action Complaint alleging a single cause of action for violation of California Labor Code section 2698 et seq.

32. On May 16, 2022, following expiration of the statutory waiting period for the LWDA to review the PAGA notice of Plaintiff Luckett, Plaintiff Luckett filed the Luckett Action,

1 his Representative Action Complaint alleging a single cause of action for violation of California
2 Labor Code section 2698 et seq..

3 33. On October 5, 2023, the Parties in the Luckett Action participated in a private
4 mediation session with mediator Mark Rudy, Esq., but were unable to resolve the Actions. The
5 Parties thereafter continued to engage in settlement discussions and were able to reach an
6 agreement to resolve the alleged PAGA claims as set forth in this Agreement.

7 34. **First Amended Complaint:** As a condition of settlement, prior to filing Plaintiffs'
8 Motion for Approval of Settlement, Plaintiff Luckett will file a First Amended Complaint ("FAC")
9 in the Luckett Action to conform the pleadings with the scope of the Released Claims, specifically
10 to add Plaintiff Cornelious as a plaintiff and proposed PAGA Representative and to assert the
11 claims she alleges in the Cornelious Action. Defendant will not be required to file an answer or
12 other responsive pleading to the FAC. If, for any reason, the Court does not approve of the
13 Settlement, or if the Settlement does not become final for any reason, then the FAC will be deemed
14 withdrawn and the Complaint will again become the operative complaint in the Luckett Action
15 without prejudice to Plaintiffs' right to seek leave to file another amended complaint and without
16 prejudice to Defendant's rights to object and/or challenge an amended pleading. Defendant does
17 not impliedly or expressly waive any arguments or defenses to the FAC.

18 35. The Settlement described in this Settlement Agreement represents a compromise
19 and settlement of highly disputed claims. Nothing in this Settlement is intended or will be
20 construed as an admission by Defendant that Plaintiffs' claims in the Actions have any merit or
21 that Defendant has any liability to Plaintiffs, the PAGA Members, or the State of California on
22 those claims, or as an admission by Plaintiffs that Defendant's defenses in the Actions has any
23 merit. This Settlement is intended to fully, finally, and forever compromise, release, resolve,
24 discharge, and settle the released claims subject to the terms and conditions set forth in this
25 Settlement.

26 36. Based on their own thorough, independent investigation and evaluation of the
27 Actions, Plaintiffs' Counsel are of the opinion that the Settlement of the Actions with Defendant
28 for the consideration and on the terms set forth in this Settlement is fair, reasonable, adequate, and

1 in the best interest of PAGA Members in light of all known facts and circumstances, including the
2 risk of significant costs and delay, the defenses asserted by Defendant including the risks of
3 adverse determinations on the merits, and numerous potential appellate issues. Although
4 Defendant contends that it has no liability in the Action, Defense Counsel shares Plaintiffs'
5 Counsel's belief that the Settlement represents a fair and adequate settlement given the respective
6 risks associated with the case.

7 37. Based on the foregoing Recitals, the Parties agree as follows:

8 **PROCEDURE FOR APPROVING SETTLEMENT**

9 38. **Motion for Approval of Settlement:** Following the filing of the First Amended
10 Complaint in the Luckett Action, Plaintiffs will move the Superior Court for an order granting
11 approval of the Settlement and directing entry of judgment in the Luckett Actions as described
12 below ("Motion for Approval").

13 39. **Dismissal of PAGA Cause of Action in Cornelious Action:** As part of this
14 Settlement, Plaintiff Cornelious agrees to secure the Court's entry of the Order dismissing her
15 PAGA cause of action from the Cornelious Action without prejudice. The Parties shall cooperate
16 in moving the Court to enter an order dismissing the PAGA cause of action in the Cornelious
17 Action after the entry of the final order and judgment in the Luckett Action.

18 40. Simultaneously with submitting the Motion for Approval to the Court, Plaintiffs'
19 Counsel will submit a copy of the Settlement to the LWDA as required by Labor Code § 2699(1)(2).

20 41. If the Court conducts a hearing on the Motion for Approval, the Parties will jointly
21 appear, support the granting of the Motion for Approval, and obtain an order granting approval of
22 the Settlement, and entry of judgment.

23 42. Should the Court require any amendments to this Settlement Agreement or the
24 Motion for Approval, the Parties agree to work jointly to resolve any issues in order to secure the
25 Court's approval.

26 43. Defendant has provided its financial documents to Plaintiffs for review by
27 Plaintiffs' financial expert, and Defendant agrees to provide declarations and/or documents as
28

1 necessary to address potential financial concerns with the Court in seeking approval of the
2 Settlement.

3 44. In the event that the Court denies approval of the Settlement with prejudice, then
4 this Settlement Agreement, and any documents generated to bring it into effect, will be null and
5 void, and the Parties will be returned to their positions prior to them attending private mediation
6 with Mark Rudy, Esq. on October 5, 2023. If the Court does not approve the payment of the Gross
7 Settlement Amount as described in this Agreement, the Parties agree to meet and confer to address
8 the Court's concerns.

9 45. With Plaintiffs' motion for approval of the Settlement by the Court, the Parties will
10 present for the Court's approval and entry a Proposed Final Order and Judgment. Upon the date of
11 entry of an order by the Court approving this Settlement, and payment of all funds due under this
12 Settlement, the Final Order and Judgment shall bar Plaintiffs, all members of the PAGA Group,
13 and the State of California and its LWDA from filing or continuing to prosecute any civil action
14 asserting any of the Released Claims against the Released Parties. The Judgment also shall bar any
15 other person or allegedly aggrieved employee acting on behalf of the State of California and its
16 LWDA from seeking or recovering any civil penalty provided by the Labor Code, including
17 without limitation any civil penalty provided by Labor Code section 2699(a) or (f), from Defendant
18 or any of the Released Parties based on any act or omission alleged in the Actions or that could
19 have been alleged in the operative complaints in the Actions based on any violation of the Labor
20 Code occurring through the date of entry of the final Judgment.

21 46. Within 10 calendar days of entry of the Final Order and Judgment, Plaintiffs'
22 Counsel will submit a copy thereof to the LWDA as required by Labor Code § 2699(1)(3).

23 47. **PAGA Payment Share Notice.** After the Superior Court enters its order granting
24 approval, and upon the last installment payment by Defendant of the Gross Settlement Amount,
25 every PAGA Member will be provided by the Settlement Administrator with written notice of
26 approved settlement and the payment of the PAGA Payment Share. Each Notice will provide: (a)
27 information regarding the nature of the Actions; (b) a summary of the Settlement's principal terms;
28 (c) the definition of who qualifies as a PAGA Member; (d) the dates which comprise the PAGA

Period; (e) the total pay periods during the PAGA Period each respective PAGA Member worked for Defendant; and (f) each PAGA Member's PAGA Payment Share.

a) No later than fourteen (14) calendar days after the date on which the Court enters an order granting approval of this Settlement, Defendant will provide to the Settlement Administrator the "Aggrieved Employee List."

b) If a PAGA Payment Share is returned by the U.S. Postal Service because of an incorrect address, the Settlement Administrator will promptly, and not later than five (5) calendar days after days from receipt of the returned packet, search for a more current address for the PAGA Member and re-mail. The Settlement Administrator will use the Aggrieved Employee List and otherwise work with Defense Counsel or utilize its own resources such as skip traces to find a more current address. The Settlement Administrator will be responsible for taking reasonable steps, consistent with its agreed-upon job parameters, to trace the mailing address of any PAGA Member for whom a PAGA Payment Share is returned by the U.S. Postal Service. These reasonable steps shall include the tracking of all undelivered mail, performing address searches for all mail returned without a forwarding address, and promptly re-mailing to PAGA Members for whom new addresses are found.

48. **Funding of the Settlement Amount**. The Parties have agreed that Defendant will fund the Settlement in the amount of Seven Hundred Fifty Thousand Dollars and Zero Cents (\$750,000.00), according to the following payment schedule, over fifteen (15) months following the Court's approval of the Settlement.

a) Upon the date of entry of the Court order approving the Settlement, Defendant will deposit One Hundred Fifty Thousand Dollars and Zero Cents (\$150,000.00) into a Qualified Settlement Fund ("QSF") to be established by the Settlement Administrator;

b) Six (6) months after the date of entry of the Court order approving the Settlement, Defendant will deposit Two Hundred Thousand Dollars and Zero Cents (\$200,000.00) into the QSF;

1 c) Twelve (12) months after the date of entry of the Court order approving the
2 Settlement, Defendant will deposit Two Hundred Thousand Dollars and Zero Cents (\$200,000.00)
3 into the QSF;

4 d) Fifteen (15) months after the date of entry of the Court order approving the
5 Settlement, Defendant will deposit the remaining Two Hundred Thousand Dollars and Zero Cents
6 (\$200,000.00) into the QSF;

7 49. **Payment of PAGA Payment Shares.** The Settlement Administrator shall pay to
8 each PAGA Member his or her PAGA Payment Share by sending a check in the appropriate
9 amount to the address indicated in the Aggrieved Employee List. Such payment, with the PAGA
10 Payment Share notice, shall be sent by the Settlement Administrator via U.S. Mail within fourteen
11 (14) calendar days of its receipt of the last installment payment of the Settlement Amount from
12 Defendant.

13 50. **Uncashed PAGA Payment Share Checks.** All settlement checks paid to PAGA
14 Members will remain valid and negotiable for 180 days from the date of their mailing by the
15 Settlement Administrator. If a check remains uncashed after one hundred eighty (180) calendar
16 days from the initial mailing, or if a check is returned to the Settlement Administrator as
17 undeliverable during the one hundred eighty-day period, the Settlement Administrator shall take
18 all reasonable efforts to identify the PAGA Member's correct address, including the performance
19 of a "skip-trace." If an updated address can be identified, the Settlement Administrator shall issue
20 another check to the PAGA Member and mail it to his or her updated address. If an updated address
21 cannot be identified, if a reissued check is once again returned to the Settlement Administrator as
22 undeliverable, or if the reissued check remains uncashed after one hundred eighty (180) calendar
23 days, the Settlement Administrator will keep an accounting of such funds. A PAGA Member who
24 fails to negotiate or receive their PAGA Payment Share check despite the procedures described
25 above shall nevertheless remain bound by the Settlement and the releases and judgment bar
26 provided by this Settlement.

27 51. The funds represented by PAGA Payment Share checks remaining uncashed for
28 more than one hundred eighty (180) calendar days after issuance shall be voided and then shall be

transmitted to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Code of Civil Procedure § 1500, et seq. in the names of those PAGA Members who did not cash their checks until such time they claim their property. After the expiration of the 180-calendar day check cashing period, as outlined above, the Settlement Administrator shall begin the process of transferring the funds in accordance with California Code of Civil Procedure §§ 1500-1582 and the timing requirements set forth by the Office of the State Controller. The Parties agree that this disposition results in no “unpaid residue” under California Civil Procedure Code § 384, as the entire Net Settlement Amount will be paid out to the LWDA and PAGA Members, whether or not all PAGA Members cash their settlement checks. Therefore, Defendant will not be required to pay any interest on such amounts.

SETTLEMENT TERMS AND CONDITIONS

52. **PAGA Payment Shares**: Subject to the terms and conditions of this Settlement, the Settlement Administrator will calculate the PAGA Payment Shares for each PAGA Member within ten (10) calendar days after Defendant provides the Settlement Administrator with the Aggrieved Employee List. The PAGA Payment Share for each PAGA Member will be calculated as follows, understanding that the formulas below do not constitute an admission by either Party, and are intended only to provide a practical means to simplify and administer the claims process:

a) **Number of PAGA Members and Pay Periods**: Defendant shall determine the total number of PAGA Members and the aggregate number of Pay Periods for those PAGA Members during the PAGA Period. This information shall be provided to the Settlement Administrator along with the Aggrieved Employee List as described above.

b) **Calculation of the Pay Period Value**: The Settlement Administrator shall determine the value of a Pay Period (“Pay Period Value”) by taking the PAGA Payment amount (i.e., 25% of the Net Settlement Amount) and dividing it by the sum of all PAGA Members’ Pay Periods.

c) **Calculation of PAGA Payment Shares**: The Settlement Administrator shall assign to each PAGA Member a PAGA Payment Share which shall be equal to the Pay Period Value multiplied by each PAGA Member’s Individual Pay Periods. Upon calculation of the PAGA

Members' PAGA Payment Shares, the Settlement Administrator shall furnish to Plaintiffs' Counsel and Defense Counsel a worksheet containing a list of employee identification numbers for the PAGA Members with their corresponding Individual Pay Periods and PAGA Payment Shares.

53. **Taxes and Withholdings:** Each PAGA Payment Share is intended to settle the PAGA Members' claims for civil penalties arising under PAGA. Accordingly, one hundred percent (100%) of each PAGA Payment Share shall represent civil penalties. The PAGA Payment Share shall be paid to the PAGA Member in full without deductions or withholdings, and the Settlement Administrator shall issue an IRS Form 1099 to each PAGA Member for that amount. Each PAGA Member shall be individually responsible for their own share of applicable income tax withholdings and deductions for his or her PAGA Payment Share.

54. **Circular 230 Disclaimer.** The Parties acknowledge and agree that (1) no provision of this Stipulation, and no written communication or disclosure between or among the Parties, Plaintiffs' Counsel, or Defense Counsel and other advisers, is or was intended to be, nor shall any such communication or disclosure constitute or be construed 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 Stipulation, (b) has not entered into this Stipulation 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 Stipulation.

55. **Total Payment Amount.** In no event will Defendant be required to pay more than the Gross Settlement Amount of Seven Hundred Fifty Thousand Dollars and Zero Cents

(\$750,000.00) for distribution to Plaintiffs, Plaintiffs' Counsel, PAGA Members, LWDA, Settlement Administrator, or for any other costs or expenses not otherwise enumerated.

56. **Escalator Clause – Potential Increase to Pay Periods.** The Gross Settlement Amount is based on Defendant's representation that the PAGA Members worked a total of approximately 87,525 Pay Periods between September 16, 2020, and November 30, 2024. Should the Pay Periods worked by the PAGA Members during the PAGA Period ultimately increase by more than 10% (i.e., by more than 8,753 Pay Periods), the Parties agree that the end date of the PAGA Period will be revised and cut off on the date the pay periods worked exceed 96,278. At its option, Defendant can avoid increasing the Gross Settlement Amount by electing to shorten the PAGA Period and accordingly limit the Pay Period count. In the event the escalator provision is triggered the Parties shall notify the Court and revise the order and judgment.

57. **Payments to Plaintiffs, Plaintiffs' Counsel and Others:** Subject to the terms and conditions of this Settlement, the Settlement Administrator will make the following payments out of the Gross Settlement Amount as follows:

a) **Plaintiffs' Incentive Payments:** Subject to Court approval, Plaintiffs Michael Lockett and Carla Cornelious shall be paid an incentive payment of Five Thousand Dollars (\$5,000) each, for their time and efforts in bringing and presenting the Actions and for releasing the Released Claims and additional General Release. Defendant shall not oppose or object to Plaintiffs' request for an incentive payment in the amount of Five Thousand Dollars (\$5,000) each. The incentive payments shall be paid to Plaintiffs from the Gross Settlement Amount no later than fourteen (14) calendar days after Defendant provides the Settlement Administrator with the last installment payment of the Gross Settlement Amount. The Settlement Administrator shall issue an IRS Form 1099 to Plaintiffs for their respective incentive payments. Plaintiffs shall be solely and legally responsible to pay any and all applicable taxes on their respective incentive payments and shall hold harmless Defendant, Plaintiffs' Counsel, and Defense Counsel from any claim or liability for taxes, penalties, or interest arising as a result of payment of the incentive payments. Plaintiffs Incentive Payments shall be made in addition to Plaintiffs' Individual Settlement Payments. Any amount requested by Plaintiffs for their incentive payments

and not awarded by the Court shall become part of the PAGA Fund and shall be distributed to the LWDA and to the PAGA Members as part of their Individual Settlement Payments.

b) **To Plaintiffs' Counsel:** Subject to Court approval, Defendant agrees not to oppose any application or motion by Plaintiffs' Counsel for attorneys' fees in an amount not to exceed one-third (1/3/) of the Gross Settlement Amount, or Two Hundred Fifty Thousand Dollars and Zero Cents (\$250,000.00). Plaintiffs' Counsel will also submit to the Superior Court a memorandum of costs for the Plaintiffs' Counsel Litigation Expenses in an amount not to exceed Thirty Thousand Dollars and Zero Cents (\$30,000.00), as requested reasonable costs incurred in the Actions to be paid from the Settlement Amount. Defendant will not oppose these requests. The costs and fees provided under the Settlement Agreement and approved by the Court shall be the total costs and attorneys' fees recoverable in the Actions. Plaintiffs' Counsel shall not seek additional expenses, costs or fees arising from the litigation or settlement of the Actions. The Settlement Administrator will pay the amounts approved by the Court out of the Settlement Amount no later than fourteen (14) calendar days after Defendant provides the Settlement Administrator with the last installment payment of the Gross Settlement Amount. Withholdings and deductions will not be taken from the Plaintiffs' Counsel Fees Payment or Plaintiffs' Counsel Litigation Costs Payment, and one or more IRS Forms 1099 will be issued to Plaintiffs' Counsel with respect to those payments.

c) **To the Settlement Administrator:** The Settlement Administrator will be paid from the Settlement Amount its reasonable fees and expenses, which shall not exceed Nine Thousand Nine Hundred and Fifty Dollars (\$9,950.00), no later than fourteen (14) calendar days after Defendant provides the Settlement Administrator with the last installment payment of the Gross Settlement Amount.

d) **Distribution of the Net Settlement Amount:** Seventy-five percent (75%) of the Net Settlement Amount shall be distributed to the LWDA ("LWDA Payment"). The remaining 25% of the Net Settlement Amount shall be distributed to the PAGA Members on a pro rata basis based upon the number of pay periods worked by each PAGA Member ("PAGA Member

1 Payment”) no later than fourteen (14) calendar days after Defendant provides the Settlement
2 Administrator with the last installment payment of the Gross Settlement Amount.

3 58. **Appointment of Settlement Administrator:** The Parties have agreed to, and
4 Plaintiffs will move to appoint ILYM Group, Inc. a qualified and experienced settlement
5 administrator based in California where the Action is venued, to serve as the Settlement
6 Administrator, which, as a condition of appointment, will agree to be bound by this Settlement
7 Agreement with respect to the performance of its duties and its compensation. The Settlement
8 Administrator’s duties will include (i) calculating PAGA Payment Shares; (ii) preparing,
9 translating, printing, and mailing the Payment Share checks and notice to all PAGA Members; (iii)
10 using reasonable measures to contact all PAGA Members, including conducting a National Change
11 of Address search on all PAGA Members before mailing the PAGA Notice to each PAGA
12 Member’s address; (iv) re-mailing the PAGA Notice to the PAGA Member’s new address for
13 those PAGA Members whose address had changed; (v) setting up a toll-free telephone number to
14 receive calls from PAGA Members; (vi) issuing the checks to effectuate the payments due under
15 the Settlement; (vii) using reasonable measures to deliver issued checks to PAGA Members,
16 including use of a “skip-trace” for undeliverable checks; and (viii) otherwise administering the
17 Settlement pursuant to this Settlement Agreement. The Settlement Administrator will have the
18 final authority to resolve all disputes concerning the calculation of a PAGA Member’s PAGA
19 Payment Share, subject to the terms set forth in this Settlement Agreement. The Settlement
20 Administrator’s reasonable fees and expenses are estimated to be approximately Nine Thousand
21 Nine Hundred and Fifty Dollars (\$9,950.00) will be paid out of the Settlement Amount, as set forth
22 above, subject to Court approval.

23 **RELEASE OF CLAIMS**

24 59. **Released Claims.** Upon the last installment payment by Defendant and complete
25 funding of the Gross Settlement Amount, Plaintiffs, the PAGA Members, and the State of
26 California and its LWDA will fully and finally release and discharge the Released Parties from the
27 Released Claims.
28

60. The Released Claims expressly exclude all claims by PAGA Members for individual wage claims, vested benefits, wrongful termination, unemployment insurance, disability, social security, workers' compensation, claims while classified as exempt, and claims outside of the PAGA Period. The Released Claims expressly exclude any potential non-PAGA claims held individually by PAGA Members other than Plaintiffs.

61. In light of the binding nature of a PAGA judgment on non-party employees pursuant to *Arias v. Sup. Ct. (Angelo Dairy)*, 46 Cal.4th 969 (2009), and *Cardenas v. McLane Foodservice, Inc.*, 796 F.Supp.2d 1246 (2011), individuals otherwise meeting the definition of a PAGA Member who are eligible to receive a PAGA Payment Share shall be deemed to have released his or her Released Claims regardless of whether the settlement check is cashed or not.

62. The Parties intend that the Released Parties can assert this Settlement Agreement and the Final Order of Approval and Judgment as a defense to any future claims for penalties brought by the LWDA or any claims brought under PAGA on behalf of the LWDA for any act or omission alleged to have occurred before the date of entry of the Court's order approving the PAGA Settlement. The Parties intend this PAGA settlement and the resulting judgment to have claim preclusive effect, issue preclusive effect, estoppel effect and to otherwise bar a representative action if LWDA or any alleged aggrieved employee were to bring a subsequent claim on behalf of the LWDA based on the same factual predicates as of the Action for any act or omission alleged to have occurred before the date of entry of Judgment.

63. **General Release of Individual Claims by Named Plaintiffs Only.** Upon the last installment payment by Defendant and the complete funding of the Gross Settlement Amount, in addition to the release for penalties arising under PAGA, named Plaintiffs Michael Luckett and Carla Cornelious, agree—on behalf of themselves only—to the additional following General Release: In consideration of Defendant's promises and agreements as set forth herein, Plaintiffs hereby fully release the Released Parties from any and all Released Claims and also generally release and discharge the Released Parties from any and all claims, demands, obligations, causes of action, rights, or liabilities of any kind which have been or could have been asserted against the Released Parties arising out of or relating to their employment by Defendant or

1 termination thereof, including but not limited to claims for wages, restitution, penalties, retaliation,
2 defamation, discrimination, harassment or wrongful termination of employment. This release
3 specifically includes any and all claims, demands, obligations, and/or causes of action for damages,
4 restitution, penalties, interest, and attorneys' fees and costs (except provided by the Settlement
5 Agreement) relating to or in any way connected with the matters referred to herein, whether
6 or not known or suspected to exist, and whether or not specifically or particularly described
7 herein. Specifically, Plaintiffs waive all rights and benefits afforded by California Civil Code
8 Section 1542, which provides:

9 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE
10 CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT
11 TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING
12 THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD
13 HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH
14 THE DEBTOR OR RELEASED PARTY.

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

18 64. **Neutral Employment Reference**. Defendant agrees that it will adopt a neutral
19 reporting policy regarding any future employment references related to Plaintiffs. In the event that
20 any potential or future employers of Plaintiffs request a reference regarding Defendant's
21 employment of Plaintiffs, Defendant shall only provide the requested Plaintiffs' dates of
22 employment and job title(s) during employment. Defendant shall not refer to the Actions or this
23 Settlement.

24 **MISCELLANEOUS PROVISIONS**

25 65. **Effect on Other Benefit Plans**. The payment of PAGA Payment Shares made to
26 PAGA Members under this Settlement will not be used to calculate any additional benefits under
27 any benefit plans, to which any PAGA Members may be eligible, including, but not limited to
28 profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave

plans, PTO plans, and any other benefit plan. Rather, it is the Parties' intention that this Settlement Agreement will not affect any rights, contributions, or amounts to which any PAGA Member may be entitled under any benefit plans.

66. **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 released and discharged.

67. **Integrated Agreement.** After this Settlement is signed and delivered by all Parties and their counsel, and upon approval by the Court, this Settlement Agreement will constitute the entire agreement between the Parties relating to the Settlement, and it will then be deemed that no oral representations, warranties, covenants, or inducements have been made to any Party concerning this Settlement or its exhibits other than the representations, warranties, covenants, and inducements expressly stated in this Settlement.

68. **Continuing Jurisdiction.** After entry of the Order and Judgment, the Court will have limited continuing jurisdiction solely for purposes of addressing: (a) the interpretation and enforcement of the terms of the Settlement, (b) settlement administration matters, pursuant to the Code Civil Procedure section 664.

69. **Amendment or Modification of Agreement.** This Settlement Agreement may be amended or modified only by a written instrument signed by counsel for all Parties or their successors in-interest.

70. **Authorization to Enter into Settlement Agreement.** Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to affect the implementation of the Settlement. If the Parties are unable to reach an agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may

become necessary to effectuate the terms of this Settlement, the Parties shall present the dispute to and seek the assistance of the Court to resolve such disagreement.

71. **Settlement Binding on Successors and Assigns.** This Settlement Agreement will be binding upon, and inure to the benefit of, the successors or assigns of the Parties.

72. **California Law Governs.** All terms and conditions of this Settlement and its exhibits will be governed by and interpreted according to the laws of the State of California.

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

74. **Acknowledgment that the Settlement is Fair and Reasonable.** The Parties and their respective counsel believe and warrant that this Settlement is a fair, reasonable, and adequate settlement of the Actions and have arrived at this Settlement after arms-length negotiations by experienced counsel, taking into account all relevant factors, current and potential. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement.

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

76. **Captions.** The captions of any section or paragraph of this Agreement are inserted for the reader's convenience and in no way define, limit, construe or describe the scope or intent of the provisions of this Agreement.

77. **Waiver.** No waiver of any condition or covenant contained in this Settlement Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered

1 to imply or constitute a further waiver by such party of the same or any other condition, covenant,
2 right or remedy.

3 **78. Mutual Preparation.** The Parties have had a full opportunity to negotiate the terms
4 and conditions of this Agreement. Accordingly, this Agreement will not be construed more strictly
5 against one Party than another merely by virtue of the fact that it may have been prepared by
6 counsel for one of the Parties, it being recognized that, because of the arms-length negotiations
7 between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

8 **79. Representation By Counsel.** The Parties acknowledge that they have been
9 represented by counsel throughout all negotiations that preceded the execution of this Agreement,
10 and that this Agreement has been executed with the consent and advice of counsel and reviewed
11 in full. The Parties further acknowledge that they have had an opportunity to consult with their
12 counsel regarding the fairness and reasonableness of this Settlement.

13 **80. Voluntary Agreement.** The Parties acknowledge that they have entered into this
14 Settlement Agreement voluntarily, on the basis of their own judgment and without coercion,
15 duress, or undue influence of any Party, and not in reliance on any promises, representations, or
16 statements made by the other Parties other than those contained in this Settlement Agreement.
17 Each of the Parties expressly waives any right he/she/it/they might ever have to claim that this
18 Settlement Agreement was in any way induced by fraud.

19 **81. Binding Agreement.** The Parties warrant that they understand and have full
20 authority to enter into this Settlement, and further intend that this Settlement Agreement will be
21 fully enforceable and binding on all Parties and agree that it will be admissible and subject to
22 disclosure in any proceeding to enforce its terms.

23 **82. Non-Admission of Liability.** The Parties enter into this Agreement to resolve the
24 dispute that has arisen between them and to avoid the burden, expense, and risk of continued
25 litigation. In entering into this Agreement, Defendant does not admit, and specifically denies, that
26 it violated any federal, state, or local law; violated any regulations or guidelines promulgated
27 pursuant to any statute or any other applicable laws, regulations or legal requirements; breached
28 any contract; violated or breached any duty; engaged in any misrepresentation or deception; or

engaged in any other unlawful conduct with respect to their employees. Neither this Agreement, nor any of its terms or provisions, nor any of the negotiations connected with it, shall be construed as an admission or concession by Defendant of any such violations or failures to comply with any applicable law. Except as necessary in a proceeding to enforce the terms of this Agreement, this Agreement and its terms and provisions shall not be offered or received as evidence in any action or proceeding to establish any liability or admission on the part of Defendant or to establish the existence of any condition constituting a violation of, or a non-compliance with, federal, state, local or other applicable law.

83. **Confidentiality.** Prior to the filing of the PAGA approval motion, Plaintiffs and their Counsel agree not to discuss the terms or the fact of the Settlement with third parties. Plaintiffs and their Counsel agree not to publish any of the terms or conditions of this settlement outside of the filing of the Motion for Approval.

84. **Entire Agreement.** This Settlement constitutes the entire agreement between Plaintiffs and Defendant relating to the settlement of the PAGA cause of action alleged in the Actions. All prior or contemporaneous agreements, understandings and statements, whether oral or written, whether express or implied, and whether by a party or its counsel, concerning this Settlement are merged herein. No oral or written representations, warranties or inducements have been made to any party concerning this Settlement other than the representations, warranties and covenants contained and memorialized in such documents.

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1 **APPROVED AND ACCEPTED.**

2

3 DATED: 01/07/2025

PLAINTIFF MICHAEL LUCKETT

4 Electronically Signed 2025-01-07 20:09:55 UTC - 107.77.212.197
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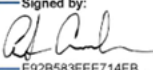
5 MICHAEL LUCKETT

6

7

8 DATED: 1/6/2025

PLAINTIFF CARLA CORNELIOUS

9 Signed by:

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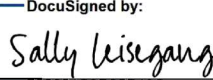
10 CARLA CORNELIOUS

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12

13 DATED: January 6, 2025

DEFENDANT THISTLE HEALTH, INC.

14 DocuSigned by:

755854C3D95B48C...

15 By: Sally Leisegang

16 Title: Chief Financial Officer

17

18

19 DATED: 01/07/2025

LAWYERS for JUSTICE, PC

20

21 By: 

22 Joanna Ghosh

23 Ryan Slinger

24 Attorneys for Plaintiff

25 MICHAEL LUCKETT

26

27

28

1 DATED: January 6, 2025

PROTECTION LAW GROUP, LLP

2 By: 
3 _____

4 Heather Davis
5 Amir Nayebdadash
6 Ryan T. Chuman
7 *Attorneys for Plaintiff*
8 CARLA CORNELIOUS

9 DATED: January 6, 2025

**GORDON REES SCULLY
MANSUKHANI, LLP**

10 By: 
11 _____

12 Nicholas A. Deming
13 *Attorneys for Defendant*
14 THISTLE HEALTH, INC.