

1 **CLASS ACTION AND PAGA SETTLEMENT AGREEMENT**

2 This Class Action and PAGA Settlement (“Agreement,” “Settlement,” or “Settlement
3 Agreement”) is made by and between Plaintiff Deren Stroughter (“Plaintiff”), on his own behalf
4 and on behalf of all members of the Class, as defined below, on the one hand, and Defendant
5 Kadence Healthcare, Inc. (“Defendant”) on the other hand (Plaintiff and Defendant are collectively
6 referred to as the “Parties,” or individually as “Party”), in the lawsuits entitled *Deren Stroughter v.*
7 *Kadence Healthcare, Inc.*, Sacramento County Superior Court, Case No. 34-2022-00318799
8 (“Class Action”) and *Deren Stroughter v. Kadence Healthcare, Inc.*, Sacramento County Superior
9 Court, Case No. 34-2022-00320029 (“PAGA Action”) (collectively, the Class Action and the
10 PAGA Action are referred to as the “Litigation”). This Settlement resolves all claims that were
11 asserted or could have been asserted against Defendant pertaining to the claims in the Litigation.

12 **I. DEFINITIONS**

13 **A. “Administration Expenses Payment”** means the amount the Settlement
14 Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and
15 expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in
16 connection with the Motion for Preliminary Approval of the Settlement.

17 **B. “Aggrieved Employees”** means all persons currently or formerly employed by
18 Defendant, either directly or through any subsidiary, staffing agency, joint venture or professional
19 employer organization, as non-exempt, hourly-paid employees at any time during the period from
20 May 16, 2021 to and through January 21, 2024, in the State of California.

21 **C. “Class” or “Class Members”** means all persons currently or formerly employed
22 by Defendant, either directly or through any subsidiary, staffing agency, joint venture or
23 professional employer organization, as non-exempt, hourly-paid employees at any time during the
24 period from April 25, 2018, to and through January 21, 2024, in the State of California.

25 **D. “Class Counsel” or “Plaintiff’s Counsel”** means Arby Aiwarzian, Joanna Ghosh,
26 Yasmin Hosseini, and Vartan Madoyan of Lawyers *for* Justice, PC and Jill J. Parker and S. Emi
27 Minne of Parker & Minne, LLP.

1 **E. “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses**
2 **Payment”** mean the amounts allocated to Class Counsel for reimbursement of reasonable
3 attorneys’ fees and expenses, respectively, incurred to prosecute the Litigation.

4 **F. “Class Member Address Search”** means the Settlement Administrator’s
5 investigation and search for current Class Member mailing addresses using all reasonably available
6 sources, methods and means including, but not limited to, the National Change of Address database,
7 skip traces, and direct contact by the Settlement Administrator with Class Members.

8 **G. “Class Notice”** means the COURT APPROVED NOTICE OF CLASS ACTION
9 SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class
10 Members in English with a Spanish translation, in the form, without material variation, attached as
11 Exhibit A and incorporated by reference into this Agreement.

12 **H. “Class Period”** means the period from April 25, 2018 to and through January 21,
13 2024.

14 **I. “Class Representative” or “Plaintiff”** means Deren Stroughter, the named plaintiff
15 in the Litigation and who is seeking Court approval to serve as Class Representative.

16 **J. “Class Representative Enhancement Award”** means payment to the Class
17 Representative for initiating the Litigation and providing services and efforts on behalf of the Class
18 Members and Aggrieved Employees in this Litigation.

19 **K. “Class Settlement”** means the settlement and release of Released Class Claims as
20 defined in Section VII(A) below.

21 **L. “Court”** means the Superior Court of the State of California for the County of
22 Sacramento.

23 **M. “Defendant”** means Kadence Healthcare, Inc.

24 **N. “Defense Counsel”** means Brandon D. Saxon and Laura Walker of Gordon & Rees
25 Scully Mansukhani, LLP.

26 **O. “Effective Date”** means the date by when both of the following have occurred: (a)
27 the date the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and
28 (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if

1 no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if
2 one or more Participating Class Members objects to the Settlement, the day after the deadline for
3 filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the
4 day after the appellate court affirms the Judgment and issues a remittitur.

5 **P. “Final Approval Order”** means the Court’s Order Granting Final Approval of the
6 Settlement.

7 **Q. “Final Approval Hearing”** means the Court’s hearing on the Motion for Final
8 Approval of the Settlement.

9 **R. “Final Judgment”** means the Judgment entered by the Court upon granting Final
10 Approval of the Settlement.

11 **S. “Gross Settlement Amount”** means Three Hundred Eighty-Five Thousand Dollars
12 and Zero Cents (\$385,000.00), which is the gross total amount Defendant agrees to pay to Plaintiff,
13 Participating Class Members, and Aggrieved Employees as a Settlement payment, except as
14 provided in Section VIII (C, D) below. The Gross Settlement Amount will be used to pay Individual
15 Class Payments; Individual PAGA Payments; the LWDA PAGA Payment; Class Counsel Fees
16 Payment; Class Counsel Litigation Expenses Payment; Class Representative Enhancement Award,
17 and the Administration Expenses Payment, except as provided herein.

18 **T. “Individual Class Payment”** means a Participating Class Member’s pro rata share
19 of the Net Settlement Amount, calculated according to the number of Workweeks worked by the
20 Participating Class Member during the Class Period as set forth in Section X(B)(1), below.

21 **U. “Individual PAGA Payment”** means an Aggrieved Employee’s pro rata share of
22 the Employee PAGA Amount, as set forth Section X(B)(2), below.

23 **V. “Judgment”** means the judgment entered by the Court based upon the Final
24 Approval Order.

25 **W. “LWDA”** means the California Labor and Workforce Development Agency, the
26 agency entitled under Labor Code section 2699 (i).

27 **X. “LWDA PAGA Payment”** means seventy-five percent (75%) of the PAGA
28 Penalties paid to the LWDA pursuant to the requirements of Labor Code section 2699 (i).

1 **Y. “Net Settlement Amount”** means the Gross Settlement Amount less the following
2 payments in the amounts approved by the Court: PAGA Penalties, Class Representative
3 Enhancement Award, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment,
4 and Administration Expenses Payment. The remainder is to be paid to Participating Class Members
5 as Individual Class Payments.

6 **Z. “Non-Participating Class Member”** means any Class Member who timely opts
7 out of the Class Settlement by sending the Settlement Administrator a valid and timely Request for
8 Exclusion.

9 **AA. “PAGA”** means the Labor Code Private Attorneys General Act of 2004, Labor
10 Code sections 2698, *et seq.*

11 **BB. “PAGA Notice”** means Plaintiff’s March 11, 2022 letter to the LWDA and
12 Defendant, providing notice of his PAGA claims pursuant to the requirements set forth in Labor
13 Code section 2699.3(a).

14 **CC. “PAGA Pay Period”** means any Pay Period during which an Aggrieved Employee
15 worked for Defendant for at least one (1) day during the PAGA Period.

16 **DD. “PAGA Penalties”** means Forty Thousand Dollars and Zero Cents (\$40,000.00)
17 and is the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount. The
18 PAGA Penalties shall be allocated as follows: seventy-five percent (75%) to the LWDA, totaling
19 Thirty Thousand Dollars and Zero Cents (\$30,000.00) (i.e., the “LWDA PAGA Payment”); and
20 twenty-five percent (25%) to the Aggrieved Employees, totaling Ten Thousand Dollars and Zero
21 Cents (\$10,000.00) (i.e., the “Employee PAGA Amount”), in settlement of the Litigation’s PAGA
22 claims.

23 **EE. “PAGA Period”** means the period from May 16, 2021 to January 21, 2024.

24 **FF. “PAGA Settlement”** means the settlement and release of Released PAGA Claims
25 as defined in Section VII(B), below.

26 **GG. “Participating Class Member”** means a Class Member who does not submit a
27 timely and valid Request for Exclusion from the Class Settlement.
28

1 **HH. “Preliminary Approval Order”** means the Court’s Order Granting Preliminary
2 Approval of the Settlement.

3 **II. “Released Class Claims”** means the Class claims being released, as described in
4 Section VII(A) below.

5 **JJ. “Released Parties”** means Defendant and each of Defendant’s present and former
6 directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors,
7 assigns, subsidiaries, and affiliates.

8 **KK. “Request for Exclusion”** means a written statement requesting exclusion from the
9 Class Settlement as provided in Section X(E), and which: (1) contains the case name and number
10 of the Class Action, (2) contains the Class Member’s full name, address, telephone number, and
11 last four digits of his or her Social Security number; (3) is signed by the Class Member or his or
12 her authorized representative; (4) contains a clear statement that the Class Member requests to be
13 excluded from the Class Settlement; and (5) is sent to the Settlement Administrator, postmarked no
14 later than the Response Deadline.

15 **LL. “Response Deadline”** means forty-five (45) days after the Administrator mails the
16 Class Notice to Class Members and Aggrieved Employees. It shall be the last date on which Class
17 Members may: (a) e-mail or mail Requests for Exclusion from the Settlement, (b) e-mail or mail
18 Objections to the Settlement, or (c) e-mail or mail Workweeks Disputes. Class Members to whom
19 Class Notices are re-sent after having been returned undeliverable to the Administrator shall have
20 an additional fourteen (14) calendar days added to their Response Deadline, so that their Response
21 Deadline shall be extended by fourteen (14) days from the original Response Deadline.

22 **MM. “Settlement”** means the disposition of the Litigation effected by this Agreement
23 and the Judgment.

24 **NN. “Settlement Administrator”** means Phoenix Settlement Administrators, the
25 settlement administrator selected by the Parties, and who will be responsible for the administration
26 of the Gross Settlement Amount, as defined below, and all related matters. The Parties each
27 represent that they do not have any financial interest in the Settlement Administrator or otherwise
28 have a relationship with the Settlement Administrator that could create a conflict of interest.

1 **OO.** “**Workweek**” means any week during which a Class Member worked for Defendant
2 as an hourly-paid or non-exempt employee in California for at least one (1) day during the Class
3 Period. Each Class Member will be credited with at least one (1) Workweek. A Workweek includes
4 any week in which a Class Member had a time worked entry in Defendant’s timekeeping system.

5 **II. RECITALS**

6 **A.** On March 11, 2022, Plaintiff sent a letter to the Labor and Workforce Development
7 Agency (“LWDA”), pursuant to California Labor Code section 2699.3, providing timely notice of
8 his intention to seek civil penalties under the Private Attorneys General Act, California Labor Code
9 section 2698, et seq., for Defendant’s alleged violations of California Labor Code sections 201,
10 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800
11 and 2802, and Industrial Welfare Commission Wage Orders, including *inter alia*, Wage Orders 1-
12 2001, 4-2001, and 7-2001 (“PAGA Notice”).

13 **B.** On April 25, 2022, Plaintiff commenced the Class Action by filing a Class Action
14 Complaint for Damages (“Class Action Complaint”) in the Sacramento County Superior Court. In
15 the Class Action Complaint, Plaintiff alleged, *inter alia*, on behalf of himself and all others similarly
16 situated, that Defendant violated the following provisions of the California Labor Code: (1)
17 California Labor Code sections 510 and 1198 (failure to pay overtime); (2) California Labor Code
18 sections 226.7 and 512(a) (failure to provide compliant meal periods and associated premiums); (3)
19 California Labor Code section 226.7 (failure to provide rest periods and associated premiums); (4)
20 California Labor Code sections 1194, 1197, and 1197.1 (failure to pay minimum wages); (5)
21 California Labor Code sections 201-203 (failure to timely pay final wages); (6) California Labor
22 Code section 204 (failure to timely pay wages during employment); (7) California Labor Code
23 section 226(a) (failure to provide accurate wage statements); (8) California Labor Code section
24 1174(d) (failure to keep requisite payroll records); (9) California Labor Code sections 2800 and
25 2802 (failure to reimburse necessary business expenses); and (10) California Business &
26 Professions Code sections 17200, *et seq.*

27 **C.** On May 16, 2022, Plaintiff commenced the PAGA Action by filing a Complaint for
28 Enforcement Under the Private Attorneys General Act, California Labor Code § 2698 Et Seq. (the

1 “PAGA Complaint”) in the Sacramento County Superior Court. In the PAGA Complaint, Plaintiff
2 asserts a single representative cause of action under PAGA against Defendant.

3 **D.** Defendant denies the allegations in the Class Action Complaint and the PAGA
4 Complaint, denies any failure to comply with the laws identified in the Class Action Complaint and
5 the PAGA Complaint, and denies any and all liability for the causes of action alleged in the
6 Litigation.

7 **E.** In order to facilitate a global settlement of the Class Action and the PAGA Action,
8 the Parties have agreed to allow Plaintiff to file a First Amended Class Action Complaint for
9 Damages and Enforcement Under the Private Attorneys General Act, California Labor Code §§
10 2698, *Et. Seq.*, in the Class Action to add an additional representative cause of action seeking civil
11 penalties pursuant to PAGA (the “First Amended Complaint”). A stipulation and proposed order
12 reflecting the Parties’ agreement regarding the filing of the First Amended Complaint shall be filed
13 with the Court on or before the date Plaintiff files his Motion for Preliminary Approval. Plaintiff
14 shall dismiss the PAGA Action without prejudice within ten (10) days of filing the First Amended
15 Complaint in the Class Action.

16 **F.** Class Counsel conducted extensive investigation, discovery, review and analysis of
17 data and documents, and evaluation concerning the claims set forth in the Litigation.

18 **G.** On June 20, 2023, the Parties participated in an all-day mediation before
19 experienced mediator Henry Bongiovi, which ultimately resulted in this Agreement to settle the
20 Litigation.

21 **H.** Plaintiff and Class Counsel engaged in good faith, arms-length negotiations with
22 Defendant concerning possible settlement of the claims asserted in the Litigation. These good faith,
23 arms-length negotiations resulted in settlement of the Litigation and are memorialized in this
24 Settlement Agreement after extensive negotiations about the terms and conditions of the
25 Settlement.

26 **I.** Prior to mediation, Plaintiff obtained, through formal and informal discovery,
27 documents produced by Defendant which included timekeeping records and payroll information
28 for the entire class; Defendant’s policies related to Plaintiff’s claims; and Plaintiff’s personnel file.

1 Plaintiff's investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v.*
2 *Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.*
3 (2008) 168 Cal.App.4th 116, 129-130 ("*Dunk/Kullar*").

4 **J.** Class Counsel has conducted an investigation of the law and facts relating to the
5 claims asserted in the Litigation and has concluded, taking into account the sharply contested issues
6 involved, the defenses asserted by Defendant, the expense and time necessary to pursue the
7 Litigation through trial and any appeals, the risks and costs of further prosecution of the Litigation,
8 the risk of an adverse outcome, the uncertainties of complex litigation, and the substantial benefits
9 to be received by Plaintiff, the Class Members, the Aggrieved Employees, and the State of
10 California pursuant to this Agreement, that a settlement with Defendant on the terms and conditions
11 set forth herein is fair, reasonable, adequate, and in the best interests of the Class, the Aggrieved
12 Employees, and the State of California. Plaintiff, on his own behalf, on behalf of the Class, and as
13 a private attorney general on behalf of the State of California with respect to Aggrieved Employees,
14 has agreed to settle the Litigation with Defendant on the terms set forth herein.

15 **K.** Defendant has concluded that, because of the substantial expense of defending
16 against the Litigation, the length of time necessary to resolve the issues presented herein, the
17 inconvenience involved, and the concomitant disruption to its business operations, it is in
18 Defendant's best interest to accept the terms of this Agreement. Defendant denies each of the
19 allegations and claims asserted against it in the Litigation. However, Defendant nevertheless
20 desires to settle the Litigation for the purpose of avoiding the burden, expense and uncertainty of
21 continuing litigation and for the purpose of putting to rest the controversies engendered by the
22 Litigation.

23 **L.** This Agreement is intended to and does effectuate the full, final, and complete
24 settlement of the allegations and claims set forth in Section II(A)-(C).

25 **M.** The Parties, Class Counsel, and Defense Counsel represent that they are not aware
26 of any other pending matter or action asserting claims that will be extinguished or affected in any
27 way by the Settlement.

28 ///

1 **III. JURISDICTION**

2 The Court has jurisdiction over the Parties and the subject matter of this Litigation. The
3 Litigation includes claims that, while Defendant denies them in their entirety, would, if proven,
4 authorize the Court to grant relief pursuant to the applicable statutes. After the Court has granted
5 final approval of the Settlement and after the Court has ordered the entry of judgment, pursuant to
6 California Code of Civil Procedure Section 664.6, the Court shall retain jurisdiction of the
7 Litigation solely for the purpose of interpreting, implementing, and enforcing this Settlement
8 consistent with the terms set forth herein.

9 **IV. STIPULATION OF CLASS CERTIFICATION**

10 **A.** The Parties stipulate to the certification of the Class for purposes of settlement only.
11 This stipulation is contingent upon the preliminary and final approval and certification of the Class
12 only for purposes of settlement. Should the Settlement not become final, for whatever reason, the
13 fact that the Parties were willing to stipulate provisionally to class certification as part of the
14 Settlement shall have no bearing on, and shall not be admissible in connection with, the issue of
15 whether a class should be certified in a non-settlement context in the Litigation. Defendant
16 expressly reserves the right to oppose class certification should this Settlement be modified or
17 reversed on appeal or otherwise not become final.

18 **B.** The Parties agree that class certification pursuant to California Code of Civil
19 Procedure Section 382 under the terms of this Agreement is for settlement purposes only. Nothing
20 in this Agreement will be construed as an admission or acknowledgement of any kind that any class
21 should be certified or given collective treatment in the Litigation or in any other action or
22 proceeding. Further, neither this Agreement nor the Court's actions with regard to this Agreement
23 will be admissible in any court or other tribunal regarding the propriety of class certification or
24 collective treatment. In the event that this Agreement is not approved by the Court or any appellate
25 court, is terminated, or otherwise fails to be enforceable, Plaintiff will not be deemed to have
26 waived, limited, or affected in any way any claims, rights, or remedies in the Litigation, and
27 Defendant will not be deemed to have waived, limited, or affected in any way any of its objections
28 or defenses in the Litigation.

1 **V. MOTION FOR PRELIMINARY APPROVAL**

2 **A.** Plaintiff shall prepare and file a motion before the Court for an order preliminarily
3 approving the Settlement, including the Class Notice, attached hereto as “**Exhibit A,**” and
4 requesting certification of the Class for settlement purposes only.

5 **B.** The date the Court enters an order granting preliminary approval of the Settlement
6 will be the “Preliminary Approval Date.”

7 **C.** Responsibilities of Counsel. Class Counsel shall make efforts to expeditiously file
8 the Motion for Preliminary Approval after the full execution of this Agreement; to obtain a prompt
9 hearing date for the Motion for Preliminary Approval; and to appear in Court to advocate in favor
10 of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court’s
11 Preliminary Approval Order to the Administrator.

12 **D.** Duty to Cooperate. Defendant agrees that it will not oppose Plaintiff’s Motion for
13 Preliminary Approval as long as it is in conformity with this Agreement, nor shall it seek to delay
14 the hearing on this motion for more than thirty (30) days from the date obtained by Plaintiff. This
15 is a material term of the Settlement and any delay or opposition by Defendant will be grounds for
16 Plaintiff to withdraw from the Settlement. Plaintiff will provide Defendant with a draft of the
17 memorandum of points and authorities in support of the Motion for Preliminary Approval for its
18 review. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval
19 and/or the supporting declarations and documents, Class Counsel and Defense Counsel will
20 expeditiously work together on behalf of the Parties and in good faith, to resolve the disagreement.
21 If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any
22 material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work
23 together on behalf of the Parties, and in good faith, to modify the Agreement and otherwise satisfy
24 the Court’s concerns.

25 **VI. STATEMENT OF NO ADMISSION**

26 **A.** Defendant denies liability for any claim or cause of action asserted in the Class
27 Action Complaint, the PAGA Notice, and the PAGA Complaint. This Agreement does not
28

1 constitute, and is not intended to constitute, an admission by Defendant as to the merits, validity,
2 or accuracy of any of the allegations or claims made against it in the Litigation.

3 **B.** Nothing in this Agreement, nor any action taken in implementation thereof, nor any
4 statements, discussions or communications, nor any materials prepared, exchanged, issued or used
5 during the course of the negotiations leading to this Agreement or the Settlement, is intended by
6 the Parties to constitute, nor will any of the foregoing constitute, be introduced, be used or be
7 admissible in any way in this case or any other judicial, arbitral, administrative, investigative or
8 other forum or proceeding as evidence of any violation of any federal, state, or local law, statute,
9 ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. The
10 Parties themselves agree not to introduce, use, or admit this Agreement, directly or indirectly, in
11 this case or any other judicial, arbitral, administrative, investigative, or other forum or proceeding,
12 as purported evidence of any violation of any federal, state, or local law, statute, ordinance,
13 regulation, rule or executive order, or any obligation or duty at law or in equity, or for any other
14 purpose. Notwithstanding the foregoing, this Agreement may be used and filed in any proceeding
15 before the Court that has as its purpose the interpretation, implementation, or enforcement of this
16 Agreement or any orders or judgments of the Court entered in connection with implementation of
17 this Agreement and/or the Settlement.

18 **C.** None of the documents produced or created by Plaintiff or the Class in connection
19 with settlement procedures constitute, and nor are they intended to constitute, an admission by
20 either Plaintiff or Defendant regarding whether or not any violation of any federal, state, or local
21 law, statute, ordinance, regulation, rule, or executive order, or any obligation or duty at law or in
22 equity has occurred.

23 **VII. WAIVER, RELEASE, AND CONFIDENTIALITY**

24 **A. Release by Participating Class Members.** Upon the Effective Date and the full
25 funding of the Gross Settlement Amount and all employer payroll taxes owed on the Wage Portion
26 of the Individual Class Payments, Plaintiff and all Participating Class Members, on behalf of
27 themselves and their respective former and present spouses, representatives, agents, attorneys,
28 heirs, administrators, successors, and assigns, waive, release, and discharge the Released Parties

1 from any and all wage-related claims that were alleged in or which could have been alleged in the
2 First Amended Complaint, based on the Class Period facts stated in the First Amended Complaint,
3 including the following claims, under any legal theory of liability, for: (1) alleged failure to pay
4 overtime wages pursuant to California Labor Code sections 510, 1194, and 1198 and the IWC Wage
5 Orders; (2) alleged failure to provide meal periods pursuant to California Labor Code sections 226.7
6 and 512 and the IWC Wage Orders; (3) alleged failure to provide rest periods pursuant to California
7 Labor Code section 226.7 and the IWC Wage Orders; (4) alleged failure to pay all minimum wages
8 owed pursuant to California Labor Code sections 1194, 1194.2, 1197, and 1197.1 and the IWC
9 Wage Orders; (5) alleged failure to pay all wages owed at termination pursuant to California Labor
10 Code sections 201-203 and the IWC Wage Orders; (6) alleged failure to pay all wages in a timely
11 manner during employment pursuant to California Labor Code section 204 and the IWC Wage
12 Orders; (7) alleged failure to furnish accurate itemized wage statements pursuant to California
13 Labor Code section 226 and the IWC Wage Orders; (8) alleged failure to maintain adequate payroll
14 records pursuant to California Labor Code section 1174 and the IWC Wage Orders; (9) alleged
15 failure to reimburse all necessary business expenses pursuant to California Labor Code sections
16 2800 and 2802 and the IWC Wage Orders; and (10) alleged violations of California Business &
17 Professions Code sections 17200, *et seq.* (collectively, “Released Class Claims”). Except as set
18 forth in Section VII(B) of this Agreement, Participating Class Members do not release any other
19 claims, including claims for vested benefits, wrongful termination, violation of the Fair
20 Employment and Housing Act, unemployment insurance, disability, social security, workers’
21 compensation, or claims based on facts occurring outside the Class Period.

22 **B. Release by Aggrieved Employees:** Upon the Effective Date and the full funding
23 of the Gross Settlement Amount and Employer Taxes, all Class Members who are Aggrieved
24 Employees, including those who have submitted a Request for Exclusion from the Class Settlement,
25 on behalf of themselves and their former and present representatives, agents, attorneys, heirs,
26 administrators, successors and assigns, are deemed to waive, release, and discharge the Released
27 Parties from any and all claims, actions, and causes of action for civil penalties under the Private
28 Attorneys General Act, California Labor Code section 2698, *et seq.*, arising during the PAGA

1 Period, based on the factual allegations and legal theories in the PAGA Notice and Complaint, for
2 alleged violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a),
3 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800 and 2802, and Industrial Welfare
4 Commission Wage Orders, including *inter alia*, Wage Orders 1-2001, 4-2001, and 7-2001
5 (collectively, “Released PAGA Claims”).

6 **C. Plaintiff’s Release.** In addition to the releases made in Section VII(A)-(B), Plaintiff
7 and his respective former and present spouses, representatives, agents, attorneys, heirs,
8 administrators, successors, and assigns, generally release and discharge Released Parties from all
9 claims, transactions, or occurrences, known or unknown, that occurred during the Class Period,
10 including but not limited to: (a) all claims that were, or reasonably could have been, alleged, based
11 on the facts contained in the First Amended Complaint and (b) all PAGA claims that were, or
12 reasonably could have been, alleged based on facts contained in the First Amended Complaint and
13 Plaintiff’s PAGA Notice (“Plaintiff’s Release”). Plaintiff’s Release does not extend to any claims
14 or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits,
15 disability benefits, social security benefits, workers’ compensation benefits that arose at any time,
16 or based on occurrences outside the Class Period. Plaintiff acknowledges that Plaintiff may discover
17 facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes
18 to be true but agrees, nonetheless, that Plaintiff’s Release shall be and remain effective in all
19 respects, notwithstanding such different or additional facts or Plaintiff’s discovery of them. The
20 release set forth in this Section VII(C) shall be referred to hereinafter as the “General Release.”

21 With respect to the General Release, Plaintiff stipulates and agrees that, upon the Effective
22 Date, Plaintiff shall be deemed to have expressly waived and relinquished, to the fullest extent
23 permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code,
24 or any other similar provision under federal or state law, which provides:

25 **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE**
26 **CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT**
27 **TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING**
28 **THE RELEASE AND THAT, IF KNOWN BY HIM OR HER WOULD**
HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH
THE DEBTOR OR RELEASED PARTY.

1 This release specifically excludes claims for unemployment insurance, disability, social
2 security, and workers compensation (with the exception of claims arising pursuant to California
3 Labor Code Sections 132(a) and 4553). Accordingly, if the facts relating in any manner to this
4 Settlement are found hereafter to be other than or different from the facts now believed to be true,
5 the release of claims contained herein shall be effective as to all unknown claims.

6 **VIII. MONETARY TERMS**

7 **A. Gross Settlement Amount.** Except as otherwise provided by Section VIII(C)
8 below, Defendant will pay Three Hundred Eighty-Five Thousand Dollars and Zero Cents
9 (\$385,000.00) as the Gross Settlement Amount and will separately pay any and all employer payroll
10 taxes owed on the Wage Portions of the Individual Class Payments. Defendant has no obligation
11 to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Section
12 X(B)(3) of this Agreement. The payment of the Gross Settlement Amount represents full and
13 complete settlement of this matter. The Gross Settlement Amount includes the Individual Class
14 Payments, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment,
15 Administration Expenses Payment, Class Representative Enhancement Award, and PAGA
16 Penalties. The balance of the Gross Settlement Amount, after deduction of Class Counsel Fees
17 Payment, Class Counsel Litigation Expenses Payment, Administration Expenses Payment, Class
18 Representative Enhancement Award, and PAGA Penalties, will be the Net Settlement Amount.
19 Defendant's employer payroll taxes and contributions in connection with the wages portion of the
20 Settlement ("Employer Taxes") shall be paid separately and in addition to the Gross Settlement
21 Amount. The Administrator will disburse the entire Gross Settlement Amount without asking or
22 requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition
23 of payment. None of the Gross Settlement Amount will revert to Defendant.

24 **B. Payments from the Gross Settlement Amount.** The Administrator will make and
25 deduct the following payments from the Gross Settlement Amount, in the amounts specified by the
26 Court in the Final Approval Order:

27 1. To Plaintiff: A Class Representative Enhancement Award to the Class
28 Representative of not more than Ten Thousand Dollars and Zero Cents (\$10,000.00), in addition to

1 any Individual Class Payment and any Individual PAGA Payment the Class Representative is
2 entitled to receive. Defendant will not oppose Plaintiff's request for a Class Representative
3 Enhancement Award so long as it does not exceed this amount. As part of the Final Approval
4 motion, Plaintiff will seek Court approval for the Class Representative Enhancement Award no
5 later than sixteen (16) court days before the Final Approval Hearing. If the Court approves a Class
6 Representative Enhancement Award in an amount less than the amount requested, the
7 Administrator will retain the difference in the Net Settlement Amount, to be distributed to the
8 Participating Class Members on a *pro rata* basis as Individual Class Payments. The Administrator
9 will pay the Class Representative Enhancement Award to Plaintiff using IRS Form 1099. Plaintiff
10 assumes full responsibility and liability for any and all employee taxes owed on the Class
11 Representative Enhancement Award, and shall be solely responsible for employee-related reporting
12 and payment of any state, local and/or federal income tax, if any, on the Class Representative
13 Enhancement Award paid to him hereunder. Should it be determined by an authorized authority
14 that the Class Representative Enhancement Award, or any portion thereof, should be treated as
15 taxable income, Plaintiff agrees to assume all liability for employee-side taxes and any costs, fees,
16 interest, assessments, penalties, damages or other losses due to such a determination. Should it be
17 determined by an authorized authority that the Class Representative Enhancement Award, or any
18 portion thereof, should be treated as Plaintiff's taxable income, Plaintiff agrees to indemnify
19 Defendant against any lien, claim or action asserted against the Class Representative Enhancement
20 Award with respect to Plaintiff's employee-side tax obligations. Defendant makes no
21 representations as to the taxability of the Class Representative Enhancement Award or any portion
22 thereof.

23 2. To Class Counsel: Class Counsel Fees Payment of not more than thirty-five
24 percent (35%), which is currently estimated to be One Hundred Thirty-Four Thousand Seven
25 Hundred Fifty Dollars and Zero Cents (\$134,750.00) and Class Counsel Litigation Expenses
26 Payment of not more than Thirty Thousand Dollars and Zero Cents (\$30,000.00). Defendant will
27 not oppose requests for these payments, provided they do not exceed these amounts. As part of the
28 Final Approval motion, Plaintiff and/or Class Counsel will request approval of the Class Counsel

1 Fees Payment and Class Counsel Litigation Expenses Payment. If the Court approves a Class
2 Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts
3 requested, the Administrator will allocate the remainder to the Net Settlement Amount, to be
4 distributed to the Participating Class Members on a *pro rata* basis as Individual Class Payments.
5 Released Parties shall have no liability to Class Counsel or any other Plaintiff's Counsel arising
6 from any claim to any portion of any Class Counsel Fee Payment and/or Class Counsel Litigation
7 Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel
8 Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility
9 and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation
10 Expenses Payment and holds Defendant harmless, and indemnifies Defendants, from any dispute
11 or controversy regarding any division or sharing of any of these Payments.

12 3. To the Administrator: An Administrator Expenses Payment not to exceed
13 Ten Thousand Dollars and Zero Cents (\$10,000.00), except for a showing of good cause and as
14 approved by the Court. To the extent the Administration Expenses are less or the Court approves
15 payment less than \$10,000.00, the Administrator will retain the remainder in the Net Settlement
16 Amount, to be distributed on a *pro rata* basis to the Participating Class Members as Individual
17 Class Payments.

18 4. To Each Participating Class Member: An Individual Class Payment
19 calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked
20 by all Participating Class Members during the Class Period and (b) multiplying the result by each
21 Participating Class Member's Workweeks.

22 a) Tax Allocation of Individual Class Payments. Twenty percent (20%)
23 of each Participating Class Member's Individual Class Payment will be allocated to settlement of
24 wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be
25 reported on an IRS W-2 Form. Eighty percent (80%) of each Participating Class Member's
26 Individual Class Payment will be allocated to settlement of claims for interest and penalties (the
27 "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be
28

1 reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability
2 for any employee taxes owed on their Individual Class Payment.

3 b) Effect of Non-Participating Class Members on Calculation of
4 Individual Class Payments. Non-Participating Class Members will not receive any Individual Class
5 Payments. The Administrator will retain amounts equal to their Individual Class Payments in the
6 Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

7 5. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of
8 Forty Thousand Dollars and Zero Cents (\$40,000.00) shall be paid from the Gross Settlement
9 Amount, with 75% (\$30,000.00) allocated to the LWDA PAGA Payment, and 25% (\$10,000.00)
10 allocated to the Individual PAGA Payments.

11 a) The Administrator will calculate each Individual PAGA Payment by
12 (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties by the total
13 number of PAGA Pay Periods worked by all Aggrieved Employees and (b) multiplying the result
14 by each Aggrieved Employee's PAGA Pay Periods. Aggrieved Employees assume full
15 responsibility and liability for any taxes owed on their Individual PAGA Payment.

16 b) If the Court approves PAGA Penalties of less than the amount
17 requested, the Administrator will allocate the remainder to the Net Settlement Amount, to be
18 distributed on a pro rata basis to the Participating Class Members as Individual Class Payments.
19 The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

20 **C. Class Size Estimates and Escalator Clause.** Defendant represents that there are
21 approximately 8,990 Workweeks during the Class Period, as of January 21, 2024, with a class size
22 comprised of approximately forty-two (42) Class Members, including Plaintiff. In the event the
23 number of Workweeks during the Class Period increases by more than seven point five percent
24 (7.5%), or by an additional six hundred seventy-five (675) Workweeks for the referenced time
25 period ("Workweeks Threshold"), then the Gross Settlement Amount shall be increased
26 proportionally by the number of Workweeks in excess of nine thousand six hundred sixty-five
27 (9,665), multiplied by the Workweek Value. The Workweek Value shall be calculated by dividing
28 the Gross Settlement Amount by 8,990. The Parties agree that the Workweek Value amounts to

1 \$42.825 per Workweek (\$385,000 / 8,990 Workweeks). Thus, for example, should there be 10,000
2 Workweeks in the Class Period, then the Gross Settlement Amount shall be increased by
3 \$14,346.37. [(10,000 Workweeks – 9,665 Workweeks) x \$42.825/Workweek.]

4 **D. Defendant's Right to Withdraw.** If the number of valid Requests for Exclusion
5 identified in the Exclusion List (as defined in IX(D)(2) below) exceeds fifteen percent (15%) of the
6 total of all Class Members, Defendant may, but is not obligated, to elect to withdraw from the
7 Settlement. The Parties agree that if Defendant withdraws, the Settlement shall be void *ab initio*,
8 have no force or effect whatsoever, and neither Party will have any further obligation to perform
9 under this Agreement; provided, however, Defendant will remain responsible for paying all
10 Settlement Administration Expenses incurred to that point. Defendant must notify Class Counsel
11 and the Court of its election to withdraw not later than seven (7) days after the Administrator sends
12 the final Exclusion List to Defense Counsel; late elections will have no effect.

13 **IX. SETTLEMENT ADMINISTRATION**

14 **A. Selection of Administrator.** The Parties have jointly selected Phoenix Settlement
15 Administrators to serve as the Settlement Administrator and verified that, as a condition of
16 appointment, Phoenix Settlement Administrators agrees to be bound by this Agreement and to
17 perform, as a fiduciary, all duties specified in this Agreement in exchange for the Administration
18 Expenses Payment. The Parties and their Counsel represent that they have no interest or
19 relationship, financial or otherwise, with the Settlement Administrator other than a professional
20 relationship arising out of prior experiences administering settlements. The Settlement
21 Administrator's duties shall include but are not limited to, translating the Class Notice from English
22 to Spanish, distributing and responding to inquiries about the Class Notice, determining the
23 timeliness, validity, and/or completion of any objections, Requests for Exclusion, and/or
24 Workweeks Disputes, and calculating all amounts to be paid from the Net Settlement Amount.
25 Charges and expenses of the Settlement Administrator, estimated to be no more than \$10,000.00,
26 will be paid from the Gross Settlement Amount. Any charges and expenses of the Settlement
27 Administrator greater than the allocated \$10,000.00 will be paid from the Gross Settlement
28 Amount. If the actual amount of the Administration Expenses Payment awarded is less than the

1 amount provided herein, the difference will be part of the Net Settlement Amount and will be
2 distributed to the Individual Class Members on a *pro rata* basis. The Parties agree that this
3 Agreement may be provided to the Settlement Administrator to effectuate its implementation of the
4 settlement procedures herein.

5 **B. Employer Identification Number.** The Administrator shall have and use its own
6 Employer Identification Number (“EIN”) for purposes of calculating payroll tax withholdings and
7 providing the requisite reports to state and federal tax authorities.

8 **C. Qualified Settlement Fund.** The Administrator shall establish a settlement fund
9 that meets the requirements of a Qualified Settlement Fund (“QSF”) under US Treasury Regulation
10 section 468B-1.

11 **D. Settlement Administrator Duties.** The Settlement Administrator has a duty to
12 perform or observe all tasks to be performed or observed by the Settlement Administrator,
13 contained in this Agreement or otherwise.

14 1. Website, E-mail Address and Toll-Free Number. The Administrator will
15 establish and maintain and use an internet website to post information of interest to Class Members
16 including the date, time, and location for the Final Approval Hearing and copies of the Settlement
17 Agreement, Motion for Preliminary Approval, Preliminary Approval Order, Class Notice, and
18 Motion for Final Approval. The Administrator will also maintain and monitor an e-mail address
19 and a toll-free telephone number to receive Class Member calls and e-mails.

20 2. Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator
21 will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later
22 than five (5) days after the expiration of the deadline for submitting Requests for Exclusion, the
23 Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names
24 and other identifying information of Class Members who have timely submitted valid Requests for
25 Exclusion (“Exclusion List”); (b) the names and other identifying information of Class Members
26 who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from
27 Settlement submitted (whether valid or invalid).

1 3. Weekly Reports. The Administrator must, on a weekly basis, provide written
2 reports to Class Counsel and Defense Counsel that, among other things, tallies the number of: Class
3 Notices mailed or re-mailed; Class Notices returned undelivered; Requests for Exclusion (whether
4 valid or invalid) received; objections received; challenges to Workweeks and/or Pay Periods
5 received and/or resolved; and checks mailed for Individual Class Payments and Individual PAGA
6 Payments (“Weekly Report”). The Weekly Reports must include the Administrator’s assessment
7 of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and
8 objections received.

9 4. Workweek and/or Pay Period Challenges. The Administrator has the
10 authority to address and make final decisions consistent with the terms of this Agreement on all
11 Class Member challenges over the calculation of Workweeks and/or Pay Periods. The
12 Administrator’s decision shall be final and not appealable or otherwise susceptible to challenge.

13 5. Administrator’s Declaration. **Not later than fourteen (14) days before the**
14 **date by which Plaintiff is required to file the Motion for Final Approval of the Settlement,** the
15 Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for
16 filing in Court attesting to its due diligence and compliance with all of its obligations under this
17 Agreement, including, but not limited to, its mailing of the Class Notice; the total number of Class
18 Notices returned as undelivered; the re-mailing of Class Notices; attempts to locate Class Members;
19 the total number of Requests for Exclusion from the Settlement it received (both valid or invalid);
20 the number of written objections; and attach the Exclusion List. The Administrator will supplement
21 its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible
22 for filing the Administrator’s declaration(s) in Court.

23 6. Final Report by Settlement Administrator. Within ten (10) days after the
24 Administrator disburses all funds comprising the Gross Settlement Amount, the Administrator will
25 provide Class Counsel and Defense Counsel with a final report detailing its disbursements, by
26 employee identification number only, of all payments made under this Agreement. **At least fifteen**
27 **(15) days before any compliance deadline set by the Court,** the Administrator will prepare, and
28 submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court

1 attesting to its disbursement of all payments required under this Agreement. Class Counsel is
2 responsible for filing the Administrator's declaration in Court.

3 **X. NOTICE, OBJECTIONS, AND EXCLUSION RIGHTS**

4 **A. Class Notice.** The Parties, through their respective attorneys, have jointly prepared
5 the Class Notice, which in substance will be provided to the Class Members as follows:

6 1. As soon as practicable following preliminary approval of the Settlement, but
7 no later than fourteen (14) calendar days after the Preliminary Approval Date, Defendant will
8 provide to the Settlement Administrator the following information for each Class Member: (1) full
9 name; (2) last known address; (3) last known telephone number; (4) Social Security number; (5)
10 start and end dates of active employment as a non-exempt employee of Defendant in the State of
11 California; (6) total Workweeks during the Class Period; (7) total PAGA Pay Periods during the
12 PAGA Period; and (8) any other information required by the Settlement Administrator in order to
13 effectuate the terms of the Settlement (collectively, the "Class List"). Defendant further agrees to
14 consult with the Settlement Administrator prior to the production date to ensure that the format will
15 be acceptable to the Settlement Administrator. Plaintiff's Counsel shall also receive a redacted
16 Class List that shall only disclose an identification number attributed to each Class Member and
17 their associated Workweeks during the Class Period and PAGA Pay Periods during the PAGA
18 Period.

19 2. The Settlement Administrator shall run all the addresses provided through
20 the United States Postal Service NCOA database (which provides updated addresses for any
21 individual who has moved in the previous four years who has notified the U.S. Postal Service of a
22 forwarding address) to obtain current address information, and shall mail the Class Notice to the
23 Class Members via first-class U.S. Mail using the most current mailing address information
24 available, within seven (7) calendar days of the receipt of the Class List from Defendant.

25 3. The Class Notice will include information regarding the nature of the
26 Litigation; a summary of the terms of the Settlement; the definition of the Class; a statement that
27 the Court has preliminarily approved the Settlement; the nature and scope of the claims being
28 released; the procedure and time period for objecting to the Class Settlement, the date and location

1 of the Final Approval Hearing; information regarding the procedure for opting out of the Class
2 Settlement; the number of Workweeks credited to each Class Member and the procedure for
3 disputing the number of Workweeks credited; and the estimated Individual Class Payment for each
4 Class Member.

5 4. Not later than three (3) business days after the Settlement Administrator's
6 receipt of any Class Notice returned as undeliverable by the USPS before the Response Deadline,
7 the Settlement Administrator will re-mail the Class Notice using any forwarding address provided
8 by the USPS. If the USPS does not provide a forwarding address, the Settlement Administrator
9 shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current
10 address obtained. The Administrator has no obligation to make further attempts to locate or send
11 Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

12 5. Class Members will be given forty-five (45) calendar days after the Class
13 Notice is initially mailed to the Class Members, to submit Workweeks Disputes, Requests for
14 Exclusion, and/or written objections ("Response Deadline").

15 6. No later than twenty-five (25) calendar days before the Final Approval
16 Hearing, the Settlement Administrator shall provide counsel for Defendant and Class Counsel with
17 a declaration attesting to the completion of the settlement notice administration process, including
18 the number of attempts to obtain valid mailing addresses for and re-sending of any returned Notices,
19 as well as the number of Workweeks Disputes, Requests for Exclusion, and objections received.

20 7. The deadlines for Class Members' written objections, Workweeks Disputes,
21 and Requests for Exclusion will be extended an additional fourteen (14) days beyond the forty-five
22 (45) days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed.
23 The Administrator will inform the Class Member of the extended deadline with the re-mailed Class
24 Notice.

25 8. If the Administrator, Defendant, or Class Counsel is contacted by or
26 otherwise discovers any persons who believe they should have been included in the Class List and
27 should have received Class Notice, the Parties will expeditiously meet and confer and in good faith,
28 in an effort to agree on whether to include them as Class Members. If the Parties agree, such

persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via e-mail or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than fourteen (14) days after the date the Class Notice is sent by the Administrator via e-mail or overnight delivery, or the deadline dates in the Class Notice, whichever are later.

B. Computation and Distribution of Payments

1. Formula for Calculating Individual Class Payments. Participating Class Members will receive a lump sum payment as good and valuable consideration for the waiver and release set forth in Section VII(A), above, in an amount determined by the Settlement Administrator in accordance with the provisions of this Agreement. Each Participating Class Member's Individual Class Payment will be determined as follows:

a) Defendant will calculate the number of Workweeks of each Class Member during the Class Period and include this information in the Class List.

b) The value of each Workweek shall be determined by the Settlement Administrator by dividing the Net Settlement Amount by the total number of Workweeks of all Participating Class Members ("Class Workweek Value").

c) Each Participating Class Member's individual Workweeks will be multiplied by the Class Workweek Value to arrive at his or her Individual Class Payment. Individual Class Payments for each Participating Class Member will be reduced by any required legal deductions for the employee's share of taxes and withholdings on the wages portion of the Individual Class Payments.

2. Formula for Calculating Individual PAGA Payments. Aggrieved Employees will receive a lump sum payment as good and valuable consideration for the waiver and release of Released PAGA Claims set forth in Section VII(B), above, in an amount determined by the Settlement Administrator in accordance with the provisions of this Agreement. Each Aggrieved Employee's Individual PAGA Payment will be determined as follows:

a) Defendant will calculate the number of PAGA Pay Periods of each Aggrieved Employee and include this information in the Class List.

1 b) The value of each PAGA Pay Period shall be determined by the
2 Settlement Administrator by dividing the Employee PAGA Amount by the total number of PAGA
3 Pay Periods of all Aggrieved Employees (“PAGA Pay Period Point Value”).

4 c) Each Aggrieved Employee’s individual PAGA Pay Periods will be
5 multiplied by the PAGA Pay Period Point Value to arrive at his or her Individual PAGA Payment.

6 3. Funding of Settlement. Within fourteen (14) calendar days of the Effective
7 Date, Defendant will deposit the Gross Settlement Amount into an interest-bearing account
8 established by the Settlement Administrator for administration of the Settlement. At no time prior
9 to the Effective Date shall Defendant be required to escrow any portion of the Gross Settlement
10 Amount.

11 4. Time for Distribution.

12 a) The Settlement Administrator shall distribute the Court-approved
13 Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment to Class Counsel,
14 Court-approved Class Representative Enhancement Award to Plaintiff, Court-approved
15 Administration Expenses Payment to the Settlement Administrator, LWDA Payment to the LWDA,
16 Individual Class Payments to Participating Class Members, and the Individual PAGA Payments to
17 Aggrieved Employees within ten (10) calendar days following the full funding of the Settlement.

18 b) If an Individual Class Payment and/or Individual PAGA Payment
19 check is returned to the Settlement Administrator as undeliverable within thirty (30) calendar days
20 of the mailing of the check, the Settlement Administrator shall promptly attempt to obtain a valid
21 mailing address by performing a skip trace search and, if another address is identified, shall mail
22 the check to the newly identified address. The Settlement Administrator may, at its discretion,
23 distribute the Individual Class Payment and Individual PAGA Payment by way of a single check
24 that combines both payments (if applicable).

25 c) Any checks issued by the Settlement Administrator to Participating
26 Class Members and Aggrieved Employees will be valid and negotiable for one hundred and eighty
27 (180) days after issuance, and thereafter, the checks will be cancelled. The funds remaining and
28 associated with cancelled Individual Class Payment and/or Individual PAGA Payment checks shall

1 be forwarded to the Controller of the State of California pursuant to the Unclaimed Property Law,
2 California Civil Code § 1500, *et seq.*, to be held in trust for those Participating Class Members and
3 Aggrieved Employees who did not timely cash their Settlement checks. The Parties agree that this
4 disposition results in no “unpaid residue” under California Civil Procedure Code § 384, as all
5 payments to the Participating Class Members and Aggrieved Employees will be paid out, whether
6 or not these individuals cash their Settlement checks.

7 **C. No Contributions To Employee Benefit Plan.** The amounts paid under this
8 Agreement do not represent a modification of any previously credited hours of service under any
9 employee benefit plan, policy, or bonus program sponsored by Defendant. Such amounts will not
10 form the basis for additional contributions to, benefits under, or any other monetary entitlement
11 under, benefit plans (self-insured or not) sponsored by Defendant’s policies or bonus programs.
12 Any payments made under the terms of this Settlement shall not be applied retroactively, currently
13 or on a going forward basis as salary, earnings, wages, or any other form of compensation for the
14 purposes of Defendant’s benefit plan, policy, or bonus program. Defendant retains the right to
15 modify the language of its benefit plan, policies, and bonus programs to effect this intent and to
16 make clear that any amounts paid pursuant to this Settlement are not for “hours worked,” “hours
17 paid,” “hours of service,” or any similar measuring term as defined by applicable plans, policies
18 and bonus programs for purpose of eligibility, vesting, benefit accrual, or any other purpose, and
19 that additional contributions or benefits are not required by this Settlement.

20 **D. Objections to Settlement.**

21 1. Only Participating Class Members may object to the class action
22 components of the Settlement and/or this Agreement, including contesting the fairness of the
23 Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel
24 Litigation Expenses Payment, and/or Class Representative Enhancement Award.

25 2. Class Members who do not submit a Request for Exclusion may object to
26 the Class Settlement.

27 3. Non-participating Class Members have no right to object to any of the class
28 action components of the Settlement.

1 4. To object to the Class Settlement, a Participating Class Member may send a
2 written objection to the Settlement Administrator or appear at the Final Approval Hearing with or
3 without submitting a written objection to the Class Settlement. The Participating Class Member
4 may appear personally or through an attorney, at his or her own expense, at the Final Approval
5 Hearing to present his or her objection directly to the Court. However, any attorney who will
6 represent an objector must file a notice of appearance with the Court and serve Class Counsel and
7 Defendant's counsel no later than the Response Deadline.

8 5. A written objection to the Class Settlement must: (1) contain the case name
9 and number of the Class Action; (2) contain the Participating Class Member's full name, address,
10 telephone number, signature, and last four digits of his or her Social Security number; (3) clearly
11 state the grounds for the objection; (4) state whether the Participating Class Member intends to
12 appear at the Final Approval Hearing; and (5) be mailed to the Settlement Administrator,
13 postmarked no later than the Response Deadline.

14 6. If a Class Member objects to the Class Settlement, the Class Member will
15 remain a Participating Class Member and if the Court approves this Agreement, the Participating
16 Class Member will be bound by the terms of the Class Settlement in the same way and to the same
17 extent as a Participating Class Member who does not object to the Class Settlement.

18 7. The date of mailing of the Class Notice to the objecting Participating Class
19 Member shall be conclusively determined according to the records of the Settlement Administrator.
20 The Court retains final authority with respect to the consideration and admissibility of any
21 objections to the Class Settlement from Participating Class Members.

22 8. The Class Notice shall contain instructions on how to object to the Class
23 Settlement.

24 **E. Requests for Exclusion (Opt-Outs)**

25 1. Class Members who wish to exclude themselves (opt-out of) the Settlement
26 must send the Settlement Administrator, by e-mail or mail, a signed written Request for Exclusion
27 not later than forty-five (45) days after the Administrator mails the Class Notice (plus an additional
28 fourteen (14) days for Class Members whose Class Notice is re-mailed). A Request for Exclusion

1 is a letter from a Class Member or his/her representative that reasonably communicates the Class
2 Member's election to be excluded from the Settlement and must include (1) contain the case name
3 and number of the Class Action; (2) contain the Class Member's full name, address, telephone
4 number, and last four digits of his or her Social Security number; (3) be signed by the Class Member
5 or his or her authorized representative; (4) contain a clear statement that the Class Member requests
6 to be excluded from the Class Settlement; and (5) be sent to the Settlement Administrator,
7 postmarked no later than the Response Deadline. The Class Notice shall contain instructions on
8 how to opt out.

9 2. The date of the initial mailing of the Class Notice, and the date the signed
10 Request for Exclusion was postmarked, shall be conclusively determined according to the records
11 of the Settlement Administrator. Any Class Member who timely and validly submits a Request for
12 Exclusion will not be entitled to an Individual Class Payment, will not be bound by the Class
13 Settlement, and will not have any right to object, appeal, or comment thereon.

14 3. The Administrator may not reject a Request for Exclusion as invalid because
15 it fails to contain all the information specified in the Class Notice. The Administrator shall accept
16 any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the
17 person as a Class Member and the Class Member's desire to be excluded. The Administrator's
18 determination shall be final and not appealable or otherwise susceptible to challenge. If the
19 Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator
20 may demand additional proof of the Class Member's identity. The Administrator's determination
21 of authenticity shall be final and not appealable or otherwise susceptible to challenge.

22 4. Every Class Member who does not submit a timely and valid Request for
23 Exclusion to the Settlement Administrator is deemed to be a Participating Class Member under this
24 Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement,
25 including the Participating Class Members' Release and Aggrieved Employees' Release under
26 Sections VII(A) and (B) of this Agreement, regardless of whether the Participating Class Member
27 actually receives the Class Notice or objects to the Settlement.

1 5. All Aggrieved Employees shall be bound by the PAGA Settlement
2 regardless of their decision to participate in the Class Settlement.

3 6. Every Class Member who submits a valid and timely Request for Exclusion
4 is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the
5 right to object to the class action components of the Settlement. Because future PAGA claims are
6 subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are
7 Aggrieved Employees in this Litigation are deemed to release the claims identified in Section
8 VII(B) of this Agreement and are eligible for an Individual PAGA Payment.

9 **F. Cooperation.** The Parties and their respective counsel agree not to encourage
10 members of the Class to opt out of the Class Settlement or to object to the Class Settlement, directly
11 or indirectly, through any means. However, if a Class Member contacts Class Counsel, Class
12 Counsel may discuss the terms of the Settlement and the Class Member's options with respect to
13 the Settlement.

14 **XI. WORKWEEKS DISPUTE PROCEDURE**

15 Each Class Member shall have forty-five (45) days after the Administrator mails the Class
16 Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed)
17 to challenge the number of Workweeks and PAGA Pay Periods (if any) allocated to the Class
18 Member in the Class Notice. If a Participating Class Member and/or Aggrieved Employee disputes
19 the number of Workweeks credited to him or her and/or the number of PAGA Pay Periods credited
20 to him or her, which will be set forth in the Class Notice, he or she must submit a written dispute
21 ("Workweeks Dispute") that: (1) contains the case name and number of the Class Action; (2)
22 contains the Participating Class Member and/or Aggrieved Employee's full name, address,
23 telephone number, signature, and last four digits of his or her Social Security number; (3) contains
24 a statement setting forth the number of Workweeks and/or the number of PAGA Pay Periods that
25 he or she contends is correct and attaches any relevant documentation in support thereof; and (4) is
26 submitted to the Settlement Administrator by mail, postmarked no later than the Response
27 Deadline. If a Participating Class Member and/or Aggrieved Employee does not dispute his or her
28 number of Workweeks or PAGA Pay Periods, the number of Workweeks and PAGA Pay Periods

1 set forth in the Class Notice will govern the Individual Class Payment to the Participating Class
2 Member and/or the Individual PAGA Payment to the Aggrieved Employee, and such individual
3 need not take further action to participate in the Settlement.

4 **A.** Upon timely receipt of any such challenge, the Settlement Administrator, in
5 consultation with Class Counsel and counsel for Defendant, will review the pertinent records
6 showing the dates the Participating Class Member and/or Aggrieved Employee worked for
7 Defendant in California and the number of Workweeks and PAGA Pay Periods worked, which
8 records Defendant agrees to make available to the Settlement Administrator and Class Counsel.

9 **B.** After consulting with Class Counsel and counsel for Defendant, the Settlement
10 Administrator shall compute the number of Workweeks and PAGA Pay Periods to be used in
11 computing the Participating Class Member's *pro rata* share of the Net Settlement Amount and the
12 Aggrieved Employee's *pro rata* share of the Employee PAGA Amount. In the event that there is
13 a disparity between the number of Workweeks a Participating Class Member claims he or she
14 worked during the Class Period and/or the number of PAGA Pay Periods an Aggrieved Employee
15 claims he or she worked during the PAGA Period and the number of Workweeks and/or PAGA
16 Pay Periods indicated by Defendant's records, Defendant's records will control unless inconsistent
17 with records provided by the Participating Class Member and/or Aggrieved Employee (or bona fide
18 copies thereof), in which case the records provided by the Participating Class Member and/or
19 Aggrieved Employee will control. The Settlement Administrator's decision as to the number of
20 Workweeks to be credited to a Participating Class Member and/or Aggrieved Employee shall be
21 final and non-appealable. The Settlement Administrator shall send written notice of the decision
22 on any such dispute to the Participating Class Member and/or Aggrieved Employee, to Class
23 Counsel, and counsel for Defendant within ten (10) calendar days of receipt of the Workweeks
24 Dispute.

25 **XII. TAXATION AND ALLOCATION**

26 **A.** The Parties agree that all employees' share of employment taxes and other legally
27 required withholdings will be withheld from payments to the Participating Class Members and
28

1 Plaintiff based on the Parties' stipulated allocation of the Net Settlement Amount as provided for
2 in this Section.

3 **B.** In Defendant's sole discretion, and to which Plaintiff and Class Counsel do not
4 object, the amount of federal income tax withholding will be based upon a flat withholding rate for
5 supplemental wage payments in accordance with Treas. Reg. § 31.3402(g)-1(a)(2) as amended or
6 supplemented. Income tax withholdings will also be made pursuant to applicable state and/or local
7 withholding codes or regulations.

8 **C.** For withholding tax characterization purposes and payment of taxes, the Individual
9 Class Payments to Participating Class Members shall be deemed twenty percent (20%) wages and
10 eighty percent (80%) penalties, interest, and non-wage damages.

11 **D.** For withholding tax characterization purposes and payment of taxes, the Individual
12 PAGA Payments to Aggrieved Employees shall be deemed one hundred percent (100%) penalties.

13 **E.** Forms W-2 and/or Forms 1099 will be distributed at times and in the manner
14 required by the Internal Revenue Code of 1986 (the "Code") and consistent with this Agreement,
15 by the Settlement Administrator. If the Code, the regulations promulgated thereunder, or other
16 applicable tax law, is changed after the date of this Agreement, the processes set forth in this Section
17 may be modified in a manner to bring Defendant into compliance with any such changes.

18 **F.** The employer's share of payroll taxes and contributions on the wages portion of
19 Individual Class Payments will be paid by Defendant in addition to and not as a deduction from the
20 Gross Settlement Amount.

21 **XIII. COURT APPROVAL**

22 **A.** This Agreement and the Settlement is contingent upon final approval by the Court
23 and entry of judgment. The Parties agree to take all steps as may be reasonably necessary to secure
24 both preliminary and final approval of the Settlement, to the extent not inconsistent with the terms
25 of this Agreement, and will not take any action adverse to each other in obtaining Court approval,
26 and, if necessary, appellate approval, of the Settlement in all respects. Defendant shall provide
27 documentation to support claims of financial distress, if required by the Court, as necessary to
28

1 support approval of the Settlement. The Parties expressly agree that they will not file any objection
2 to the terms of the Settlement or assist or encourage any person or entity to file any such objection.

3 **B.** In the event it becomes impossible to secure approval of the Settlement, the Parties
4 shall be restored to their respective positions in the Litigation, as of the date on which the Settlement
5 was reached, except as otherwise provided in Section XIV, below.

6 **XIV. MISCELLANEOUS PROVISIONS**

7 **A. Interim Stay of Litigation.** The Parties agree to the stay of all proceedings in the
8 Litigation, including with respect to California Code of Civil Procedure section 583.310, except
9 such proceedings necessary to implement and complete the Settlement, pending final approval of
10 the Settlement by the Court.

11 **B. Interpretation of the Agreement.** This Agreement constitutes the entire agreement
12 between the Parties. Except as expressly provided herein, this Agreement has not been executed in
13 reliance upon any other written or oral representations or terms, and no such extrinsic oral or written
14 representations or terms shall modify, vary from or contradict its terms. In entering into this
15 Agreement, the Parties agree that this Agreement is to be construed according to its terms and may
16 not be varied or contradicted by extrinsic evidence. The Agreement will be interpreted and enforced
17 under the laws of the State of California, both in its procedural and substantive aspects, without
18 regard to its conflict of laws provisions. Any claim arising out of or relating to the Agreement, or
19 the subject matter hereof, will be resolved solely and exclusively in the Superior Court of the State
20 of California for the County of Sacramento, and Plaintiff and Defendant hereby consent to the
21 personal jurisdiction of the Court over them solely in connection therewith. Plaintiff, on his own
22 behalf, on behalf of the Class, and on behalf of the State of California pursuant to PAGA, and
23 Defendant participated in the negotiation and drafting of this Agreement and had available to them
24 the advice and assistance of independent counsel. As such, neither Party may claim that any
25 ambiguity in this Agreement should be construed against the other. The terms and conditions of
26 this Agreement constitute the exclusive and final understanding and expression of all agreements
27 between the Parties with respect to the Settlement.

1 **C. Further Cooperation.** The Parties and their respective attorneys shall proceed
2 diligently to prepare and execute all documents, to seek the necessary approvals from the Court,
3 and to do all things reasonably necessary or convenient to consummate the Agreement as
4 expeditiously as possible.

5 **D. Confidentiality of Documents and Information.** Plaintiff, the Settlement
6 Administrator, and Class Counsel shall maintain the confidentiality of all documents and other
7 information obtained in the Litigation that were specifically designated as confidential at the time
8 they were produced (formally or informally) in the Litigation, unless ordered to be disclosed by the
9 Court or a subpoena.

10 **E. Neutral Employment Reference.** Defendant agrees it will adopt a neutral reporting
11 policy regarding any future employment references related to Plaintiff. In the event any potential
12 or future employers of Plaintiff request a reference regarding Defendant's employment of Plaintiff,
13 Defendant shall only provide Plaintiff's dates of employment and job titles during employment.
14 Defendant shall not refer to the Litigation or this Settlement.

15 **F. Counterparts.**

16 The Agreement may be executed in one or more actual or non-original counterparts, either
17 through a physical original, facsimile, electronic, or e-mail signature, all of which will be
18 considered one and the same instrument and all of which will be considered duplicate originals.

19 **G. Authority.** Each individual signing below warrants that he or she has the authority
20 to execute this Agreement on behalf of the Party for whom or which that individual signs.

21 **H. No Third-Party Beneficiaries.** Plaintiff, Participating Class Members, Aggrieved
22 Employees, the LWDA, Defendant, and Released Parties are intended beneficiaries of this
23 Agreement, and there are no other third-party beneficiaries.

24 **I. Modification.** Before this Agreement has been submitted to the Court in connection
25 with seeking preliminary approval of the Settlement, it may not be changed, altered, or modified,
26 except in a writing signed by the counsel for the Parties. After this Agreement has been submitted
27 to the Court in connection with seeking preliminary approval of the Settlement, it may not be
28 changed, altered, or modified, except in a writing signed by the counsel for the Parties, subject to

1 approval by the Court. Notwithstanding the forgoing, the Parties agree that any dates contained or
2 contemplated in this Agreement may be modified by agreement of counsel for the Parties in writing
3 without approval by the Court if the Parties agree and cause exists for such modification. This
4 Agreement may not be discharged except by performance in accordance with its terms or by a
5 writing signed by the Parties.

6 **J. Deadlines Falling on Weekends or Holidays.** To the extent that any deadline set
7 forth in this Agreement falls on a Saturday, Sunday, or legal holiday, that deadline shall be
8 continued until the following business day.

9 **K. Calendar Days.** Unless otherwise noted, all reference to “days” in this Agreement
10 shall be to calendar days.

11 **L. Notice.** All notices, demands or other communications between the Parties in
12 connection with this Agreement shall be in writing and deemed to have been duly given as of the
13 third business day after mailing by United States mail, or the day sent by e-mail or messenger,
14 addressed as follows:

15 To Plaintiff:

16 Jill J. Parker
jill@parkermine.com
17 Parker & Minne, LLP
700 S. Flower Street, Suite 1000
18 Los Angeles, CA 90017

19 Arby Aiwarzian
arby@calljustice.com
20 Joanna Ghosh
joanna@calljustice.com
21 Yasmin Hosseini
yasmin@calljustice.com
22 Vartan Madoyan
vartan@calljustice.com
23 Lawyers for Justice, PC
410 Arden Avenue, Suite 203
24 Glendale, CA 91203

25 To Defendant:

26 Brandon D. Saxon
bsaxon@grsm.com
27 Laura A. Walker
lawalker@grsm.com
GORDON REES SCULLY MANSUKHANI
101 W. Broadway, Suite 2000
28 San Diego, CA 92101

1 **M. California Law Governs.** All terms of this Settlement Agreement and Exhibits
2 hereto will be governed and interpreted according to the laws of the State of California.

3 **N. Severability.** In the event that any one or more of the provisions contained in this
4 Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such
5 invalidity, illegality, or unenforceability shall in no way effect any other provision if Defendant's
6 counsel and Class Counsel, on behalf of the Parties, the Class, State of California, and Aggrieved
7 Employees, mutually elect in writing to proceed as if such invalid, illegal, or unenforceable
8 provision had never been included in this Agreement.

9 **O. Binding on Successors and Assigns.** This Settlement Agreement will be binding
10 upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously
11 defined.

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

16 **Q. Representation by Counsel.** The Parties acknowledge that they have been
17 represented by counsel throughout all negotiations that preceded the execution of this Agreement,
18 and that this Agreement has been executed with the consent and advice of counsel and reviewed in
19 full. Further, Plaintiff and Class Counsel warrant and represent that there are no liens on the
20 Agreement.

21 **R. Binding Agreement.** The Parties warrant that they understand and have full
22 authority to enter into this Settlement, and further intend that this Settlement Agreement will be
23 fully enforceable and binding on all Parties subject to Court approval, and agree that it will be
24 admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any
25 settlement confidentiality provisions that otherwise might apply under federal or state law.

26 **IT IS SO AGREED:**

27 Date: 10/11/2024



Deren Stroughter (Oct 11, 2024 11:39 PDT)

Deren Stroughter, Plaintiff

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

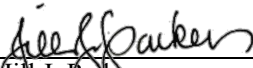
Date: _____

Kadence Healthcare, Inc., Defendant
Name:
Position:

APPROVED AS TO FORM:

Date: October 11, 2024

PARKER & MINNE, LLP



Jill J. Parker

Attorneys for Plaintiff Deren Stroughter and
Proposed Class Counsel

Date: 10/14/2024

**GORDON REES SCULLY MANSUKHANI,
LLP**



Laura A. Walker

Attorneys for Defendant Kadence
Healthcare, Inc.

1 Date: 1/2/25

W. A. Oberst

Kadence Healthcare, Inc., Defendant
Name: DENNIS A. OBERST
Position: PRESIDENT

2
3 **APPROVED AS TO FORM:**

4 Date: _____

PARKER & MINNE, LLP

7 _____
Jill J. Parker

8 Attorneys for Plaintiff Deren Stroughter and
9 Proposed Class Counsel

10 Date: _____

**GORDON REES SCULLY MANSUKHANI,
LLP**

13 _____
Laura A. Walker

14 Attorneys for Defendant Kadence
15 Healthcare, Inc.

EXHIBIT A

COURT-APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE
FOR FINAL COURT APPROVAL

Stroughter v. Kadence Healthcare, Inc.

Superior Court of the State of California for the County of Sacramento, Case No. 34-2022-00318799

You are not being sued. This is a Court-approved notice that affects your rights. Please read it carefully.

You may be eligible to receive money from an employee class and representative action lawsuit (“Action”) against Kadence Healthcare, Inc. (“Kadence”) pending in the Superior Court for the County of Sacramento, *Stroughter v. Kadence Healthcare, Inc.*, Sacramento Superior Court Case No. 34-2022-00318799, for alleged wage and hour violations. The Action was filed by a former Kadence employee, Deren Stroughter (“Stroughter”) and seeks payment of (1) back wages and other relief for a class of non-exempt, hourly-paid employees who worked for Kadence in the State of California, either directly or through any subsidiary, staffing agency, joint venture or professional employer organization, during the Class Period from April 25, 2018 to January 21, 2024 (“Class Members”); and (2) penalties under the California Private Attorneys General Act (“PAGA”) for all persons currently or formerly employed by Kadence, either directly or through any subsidiary, staffing agency, joint venture or professional employer organization, as non-exempt, hourly-paid employees in the State of California during the PAGA Period from May 16, 2021 to January 21, 2024 (“Aggrieved Employees”).

The proposed Settlement has two main parts: (1) a Class Settlement requiring Kadence to fund Individual Class Payments, and (2) a “PAGA Settlement” requiring Kadence to fund Individual PAGA Payments and pay penalties to the California Labor and Workforce Development Agency (“LWDA”).

Based on Kadence’s records, and the Parties’ current assumptions, your Individual Class Payment is estimated to be \$ [REDACTED] (less withholding) and your Individual PAGA Payment is estimated to be \$ [REDACTED]. The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your Individual PAGA Payment, then according to Kadence’s records you are not eligible for an Individual PAGA Payment under the Settlement because you didn’t work during the PAGA Period.)

The above estimates are based on Kadence’s records showing that you worked [REDACTED] workweeks during the Class Period and you worked [REDACTED] pay periods during the PAGA Period. If you believe that you worked more workweeks or pay periods during either period, you can submit a challenge by the deadline date. See Section 4 of this Notice.

The Court has already preliminarily approved of the proposed settlement and this Notice. The Court has not yet decided whether to grant final approval. **Your legal rights may be affected, and you have a choice to make now.** Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Stroughter and Stroughter’s attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment that requires Kadence to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Kadence.

If you worked for Kadence during the Class Period and/or the PAGA Period, you have two basic options under the Settlement:

- (1) **Do Nothing.** You don’t have to do anything to participate in the proposed Settlement and be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a Participating Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Kadence.
- (2) **Opt-Out of the Class Settlement.** You can exclude yourself from the Class Settlement (opt-out) by submitting a written Request for Exclusion. If you opt-out of the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against Kadence, and, if you are an Aggrieved Employee, remain eligible for an Individual PAGA Payment. You cannot opt out of the PAGA portion of the proposed Settlement.

Kadence will not retaliate against you for any actions you take with respect to the proposed Settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT

1. WHAT ARE MY OPTIONS?	
DO NOTHING	Receive an Individual Class Payment and an Individual PAGA Payment (if eligible). If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment, and, if eligible, an Individual PAGA Payment. In exchange, you will give up your right to assert the wage claims against Kadence that are covered by this Settlement (Released Class Claims; see Section 8 below).
OPT-OUT OF THE CLASS SETTLEMENT BUT NOT THE PAGA SETTLEMENT THE OPT-OUT DEADLINE IS [REDACTED]	Exclude Yourself from the Class Settlement and Receive No Individual Class Payment. If eligible, you will still receive an Individual PAGA Payment because you cannot exclude yourself from the PAGA Settlement. If you don't want to fully participate in the proposed Settlement, you may opt-out of the Class Settlement by sending the Settlement Administrator a signed, written Request for Exclusion (see Section 9(B) below) that must be postmarked no later than [Response Deadline]. If you submit a valid and timely Request for Exclusion, you will not receive any payment from the Class Settlement and you will not be bound by the release of class claims provided under the Settlement. You cannot opt-out of the PAGA Settlement. Kadence must pay Individual PAGA Payments to all Aggrieved Employees and who must give up their rights to pursue Released PAGA Claims (see Section 8 below).
OBJECT TO THE CLASS SETTLEMENT WRITTEN OBJECTIONS MUST BE SUBMITTED BY [REDACTED]	Object to the Class Settlement. You cannot object to the PAGA Settlement. All Class Members who do not opt out ("Participating Class Members") can object to any aspect of the proposed Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Stroughter, who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Stroughter, but every dollar paid to Class Counsel and Stroughter reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Stroughter if you think they are unreasonable. To object, you can submit an objection (see Section 9(C) below) to the Settlement Administrator no later than [Response Deadline], or you can appear at the Final Approval Hearing and state any objections to the Class Settlement. If the Court overrules your objection, you will receive an Individual Class Payment, and you will release the right to assert all of the Released Class Claims (see Section 8 below) against Kadence and the other Released Parties.
PARTICIPATE IN THE [REDACTED] FINAL APPROVAL HEARING	Participate in the Final Approval Hearing. The Court's Final Approval Hearing is scheduled to take place on [REDACTED]. You don't have to attend but you have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, or by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 10 below.
CHALLENGE THE CALCULATION OF YOUR WORKWEEKS/PAY PERIODS	You may Challenge the Calculation of Your Workweeks/Pay Periods. The amount of your Individual Class Payment and Individual PAGA Payment (if any) depends on how many Workweeks (as defined below) and how many Pay Periods (as

**WRITTEN CHALLENGES
MUST BE SUBMITTED BY**

defined below) you worked during the Class Period and the PAGA Period, respectively. The number of Class Period Workweeks and PAGA Pay Periods that you worked according to Kadence's records is stated in Section 6. If you wish to dispute the Workweeks and/or Pay Periods credited to you in this Notice, you must submit a challenge to the Settlement Administrator no later than **Response Deadline** as described in Section 6.

2. WHY DID I GET THIS NOTICE?

Kadence's records show that you were employed by Kadence in California at some point during the period from April 25, 2018 to January 21, 2024 (the "Class Period"). The Court has authorized this notice because you have the right to know about the Settlement and your options before the Court decides whether to approve it. This notice explains what the Action is about, the terms of the Settlement, and your rights.

3. WHAT IS THIS LAWSUIT ABOUT?

On April 25, 2022, Stroughter filed a Class Action Complaint for Damages in the Superior Court for the County of Sacramento. Stroughter alleged that Kadence failed to pay all wages due, including overtime wages, meal period premiums, rest period premiums, and minimum wages; failed to timely pay wages during employment and upon termination; failed to issue compliant wage statements; failed to maintain accurate payroll records; failed to reimburse all necessary business expenses; and engaged in unfair business practices. In his Complaint, Stroughter sought to represent a class of all current and former non-exempt and/or hourly-paid employees who worked for Kadence in the State of California at any time during the period from April 25, 2018 to final judgment. On March 11, 2022, Stroughter provided written notice to the LWDA and Kadence of the specific provisions of the California Labor Code that he contends were violated ("PAGA Notice"). On May 16, 2022, Stroughter filed a Complaint for Enforcement Under the Private Attorneys General Act, California Labor Code §§ 2698, et seq. (the "PAGA Complaint") in the Superior Court for the County of Sacramento, Case No. 34-2022-00320029. On [REDACTED], Stroughter filed a First Amended Class Action Complaint for Damages and Enforcement Under the Private Attorneys General Act, California Labor Code §§ 2698, Et Seq. (the "First Amended Complaint"), thereby consolidating the claims in the Class Action Complaint and the PAGA Complaint.

Kadence denies all of the material allegations in the First Amended Complaint and asserted numerous affirmative defenses.

4. WHY IS THERE A SETTLEMENT?

The Court has not made any decision about the merits of Stroughter's Class Action lawsuit. There has been no trial. However, to avoid additional expense and the risks of continued litigation, Stroughter and Kadence have decided to settle the Settlement Administrator on the terms summarized in this Notice. The Settlement was reached after an exchange of extensive information about the facts and legal arguments in support of, and against, all of the claims raised in the Settlement Administrator.

5. SUMMARY OF THE SETTLEMENT

Kadence has agreed to pay a settlement amount of Three Hundred Eighty-Five Thousand Dollars and Zero Cents (\$385,000.00) ("Gross Settlement Amount") to fully settle the Action. The portion of the Gross Settlement Amount available for payment to the Class Members is referred to as the "Net Settlement Amount." The Net Settlement Amount will be the Gross Settlement Amount less the following payments which are subject to approval by the Court: (1) Class Representative Enhancement Award in an amount not to exceed Ten Thousand Dollars and Zero Cents (\$10,000.00), (2) PAGA Penalties in an amount not to exceed Forty Thousand Dollars and Zero Cents (\$40,000.00), (3) Class Counsel Fees Payment in an amount not to exceed thirty-five percent (35%) of the Gross Settlement Amount (i.e., \$134,750.00), (4) Class Counsel Litigation Expenses in an amount not to exceed Thirty Thousand Dollars and Zero Cents (\$30,000.00), and (5) Administration Expenses Payment in an amount not to exceed Ten Thousand Dollars and Zero Cents (\$10,000.00).

Forty Thousand Dollars and Zero Cents (\$40,000.00) of the Gross Settlement Amount has been allocated towards penalties under the PAGA ("PAGA Penalties"), of which 75% will be allocated to the LWDA ("LWDA PAGA Payment"), and the remaining 25% will be allocated to the Aggrieved Employees ("Employee PAGA Amount").

Class Members are eligible to receive payment of their *pro rata* share of the Net Settlement Amount ("Individual Class Payment") based on the number of weeks that each Class Member was credited to have worked for Kadence as an hourly-paid or non-exempt employee in the State of California at any time during the Class Period, and worked at least one day ("Workweeks").

The Settlement Administrator has divided the Net Settlement Amount by the Workweeks of all Class Members to yield the "Estimated Class Workweek Value" and multiplied each Class Member's individual Workweeks by the Estimated Class Workweek Value to yield his or her estimated Individual Class Payment that he or she may be eligible to receive under the Settlement. If the Court grants final approval of the Settlement, the Settlement Administrator shall divide the final Net Settlement Amount by the Workweeks of all Class Members who did not submit a valid and timely Request for Exclusion ("Participating Class Members") to yield his or her Individual Class Payment, which shall be paid from the Net Settlement Amount, less applicable employee-side tax withholdings.

Each Individual Class Payment will be allocated twenty percent (20%) to wages, which will be reported on an IRS Form W2, and eighty percent (80%) to penalties and interest, which will be reported on an IRS Form 1099 (if applicable). The Settlement Administrator will withhold the employee's share of taxes and withholdings with respect to the wage portion of the Individual Class Payments, and issue checks to Participating Class Members for their Individual Class Payments (i.e., payment of their Individual Class Payment net of these taxes and withholdings). The employer's share of taxes on the wage portion of Individual Class Payments will be paid by Kadence separately and in addition to the Gross Settlement Amount. The Individual PAGA Payments are characterized as penalties rather than wages for tax purposes. The Settlement Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

6. YOUR WORKWEEKS BASED ON DEFENDANT'S RECORDS

According to Kadence's records, during the period **from April 25, 2018 to January 21, 2024 (i.e., the Class Period)** you worked for Kadence as an hourly-paid or non-exempt employee in California for approximately [REDACTED] Workweeks.

According to Kadence's records, during the period **from May 16, 2021 to January 21, 2024 (i.e., the PAGA Period)** you worked for Kadence as an hourly-paid or non-exempt employee in California for approximately [REDACTED] Pay Periods.

If you wish to dispute the Workweeks or Pay Periods credited to you in this Notice, you must submit a written, signed challenge ("Workweeks Dispute") to the Settlement Administrator. The Workweeks Dispute must contain: (1) the case name and number of the Settlement Administrator (*Stroughter v. Kadence Healthcare, Inc.*, Case No. 34-2022-00318799); (2) your full name, address, telephone number, signature, and last four digits of your Social Security number; and (3) a statement setting forth the number of Workweeks during the Class Period and/or Pay Periods during the PAGA Period that you contend is correct and any relevant documentation in support thereof. The Workweeks Dispute must be submitted to the Settlement Administrator by mail, postmarked no later than [Response Deadline].

7. WHAT IS MY ESTIMATED INDIVIDUAL CLASS PAYMENT?

As explained above, your estimated Individual Class Payment and Individual PAGA Payment (if eligible) is based on the number of Workweeks and Pay Periods credited to you.

Under the terms of the Settlement, your Individual Class Payment is estimated to be \$ [REDACTED]. The Individual Class Payment is subject to reduction for the employee's share of taxes and withholdings with respect to the wages portion of the Individual Class Payment.

Under the terms of the Settlement, your Individual PAGA Payment is estimated to be \$ [REDACTED].

Your Individual Class Payment and Individual PAGA Payment (if applicable) reflected in this Notice is only an estimate. Your actual Individual Class Payment and Individual PAGA Payment (if applicable) may be higher or lower.

The settlement approval process may take multiple months. Payments will be distributed only after the Court grants final approval of the Settlement, and after the Settlement goes into effect.

8. WHAT RIGHTS AM I RELEASING IF I PARTICIPATE IN THE SETTLEMENT?

If the Court approves the Settlement, the Court will enter a judgment and the Settlement Agreement will bind all Participating Class Members (i.e., Class Members who have not submitted a timely and valid Request for Exclusion) as well as all Aggrieved Employees. This will bar all Participating Class Members and Aggrieved Employees from bringing certain claims against Kadence. Aggrieved Employees cannot opt out of the Settlement.

Upon the Effective Date and the full funding of the Gross Settlement Amount and Employer Taxes, Stroughter and all Participating Class Members waive, release, and discharge Released Parties of any and all Released Class Claims. "Released Class Claims" means any and all wage-related claims that were alleged in or which could have been alleged in the First Amended Complaint based on the factual allegations in the First Amended Complaint, arising during the Class Period, including the following claims, under any legal theory of liability, for: (1) alleged failure to pay overtime wages pursuant to California Labor Code sections 510, 1194, and 1198 and the IWC Wage Orders; (2) alleged failure to provide meal periods pursuant to California Labor Code sections 226.7 and 512 and the IWC Wage Orders; (3) alleged failure to provide rest periods pursuant to California Labor Code section 226.7 and the IWC Wage Orders; (4) alleged failure to pay all minimum wages owed pursuant to California Labor Code sections 1194, 1194.2, 1197, and 1197.1 and the IWC Wage Orders; (5) alleged failure to pay all wages owed at termination pursuant to California Labor Code sections 201-203 and the IWC Wage Orders; (6) alleged failure to pay all wages in a timely manner during employment pursuant to California Labor Code section 204 and the IWC Wage Orders; (7) alleged failure to furnish accurate itemized wage statements pursuant to California Labor Code section 226 and the IWC Wage Orders; (8) alleged failure to maintain adequate payroll records pursuant to California Labor Code section 1174 and IWC Wage Orders; (9) alleged failure to reimburse all necessary business expenses pursuant to California Labor Code sections 2800 and 2802 and the IWC Wage Orders; and (10) alleged violations of California Business & Professions Code sections 17200, *et seq.*

Upon the Effective Date and the full funding of the Gross Settlement Amount and Employer Taxes, Stroughter, the State of California, and Aggrieved Employees waive, release, and discharge Released Parties of any and all Released PAGA Claims. "Released PAGA Claims" means any and all claims, actions, and causes of action for civil penalties under the Private Attorneys General Act, California Labor Code section 2698, *et seq.*, arising during the PAGA Period, based on the factual allegations and legal theories in the PAGA Notice and First Amended Complaint, for alleged violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800 and 2802, and Industrial Welfare Commission Wage Orders, including *inter alia*, Wage Orders 1-2001, 4-2001, and 7-2001.

"Released Parties" means Kadence and each of its present and former directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates.

The information provided in this Notice is only a summary. The terms of the Settlement Agreement are the binding terms of this settlement, and all of these terms, including the releases that will bind you as a class member if you do not submit a Request for Exclusion, are set forth fully in the Settlement Agreement that is on file with the Court and which can also be found at www.██████████. If the Court does not approve the Settlement, or the Settlement does not become final for some other reason, the litigation against Kadence will continue.

9. WHAT ARE MY RIGHTS AND OPTIONS AS A CLASS MEMBER?

A. PARTICIPATE IN THE SETTLEMENT

If you wish to participate in the Settlement and receive money from the Settlement, you do not have to do anything. You will automatically be included in the Settlement and will be issued your Individual Class Payment and Individual PAGA Payment (if eligible). If you participate in the Settlement, you will be bound by its terms and any judgment that

may be entered by the Court based thereon, and you will release all of the claims described in Section 8 above. As a Participating Class Member, you will not be separately responsible for the payment of attorneys' fees or litigation costs and expenses, unless you retain your own counsel, in which event you will be responsible for your own attorneys' fees and expenses.

B. EXCLUDE YOURSELF FROM THE CLASS SETTLEMENT

If you wish to exclude yourself from the Class Settlement because you wish to pursue a separate lawsuit against Kadence for the claims asserted in this Settlement Administrator, or if you do not wish to participate in the Settlement for other reasons, you must submit a signed Request for Exclusion to the Settlement Administrator asking to exclude yourself from the Settlement. The Request for Exclusion must: (1) contain the case name and number of the Settlement Administrator (*Stroughter v. Kadence Healthcare, Inc.*, Case No. 34-2022-00318799); (2) contain your full name, address, telephone number, and last four digits of your Social Security number; (3) be signed by you or your authorized representative; (4) contain a clear statement that you request to be excluded from the Class Settlement; and (5) be mailed to the Settlement Administrator, postmarked no later than [Response Deadline] to the following address:

[Name of Settlement Administrator]
[Mailing Address]

Requests for Exclusion that are postmarked after [Response Deadline] will not be valid. Requests for Exclusion that do not include all of the required information will be deemed null, void, and ineffective.

If the Court grants final approval of the Settlement, any Class Member who submits a valid and timely Request for Exclusion will not be entitled to receive any payment from the Settlement, will not be bound by the Settlement (and the release of claims described in Section 8 above), and will not have any right to object to, appeal, or comment on the Settlement. Any Class Members who do not submit a valid and timely request for exclusion will be deemed Participating Class Members and will be bound by all terms of the Settlement, including those pertaining to the release of claims described in Section 8 above, as well as any judgment that may be entered by the Court based thereon.

Class Members who are Aggrieved Employees will receive their share of the PAGA payment, regardless of whether they opt out of being a Class Member and will be bound by the PAGA-related terms of the Settlement.

C. OBJECT TO THE CLASS SETTLEMENT

If you do not think the Class Settlement is fair, you can object to the Class Settlement and tell the Court you do not agree with the Class Settlement or some part of it if you have not submitted a Request for Exclusion from the Class Settlement. You cannot object to the PAGA Settlement. The Court will consider your views. To object, you must submit a written objection to the Settlement Administrator or appear at the final settlement hearing to explain your objection. To be valid, a written objection must: (1) contain the case name and number of the Settlement Administrator (*Stroughter v. Kadence Healthcare, Inc.*, Case No. 34-2022-00318799); (2) contain your full name, address, telephone number, signature, and last four digits of your Social Security number; (3) clearly state the grounds for the objection; (4) state whether you intend to appear at the Final Approval Hearing; and (5) be mailed to the Settlement Administrator, postmarked no later than [Response Deadline] to the address listed in Section 9(B).

10. WHEN AND WHERE IS THE FINAL APPROVAL HEARING?

The Court will hold a Final Approval Hearing on [Date] at [Time] in Department 22 of the Sacramento County Superior Court, located at 720 Ninth Street, Sacramento, California 95814 to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court will also be asked to approve and award the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment to Class Counsel and the Class Representative Enhancement Award. The hearing may be postponed without further notice to Class Members. It is not necessary for you to appear at the Final Approval Hearing, although you may appear if you wish to do so. You may appear (1) in person; (2) remotely by using the following zoom link: <https://saccourt-ca-gov.zoomgov.com/join/916184738886>; or (3) by phone using the following information: (833) 568-8864 / ID: 16184738886.

11. WHAT IF I HAVE QUESTIONS?

A complete copy of the Settlement Agreement and this Notice are available at www. [REDACTED]. This website may be updated periodically to update the Class Members on any developments in the case.

You may also view the Settlement Agreement and documents filed in the Action for a fee by visiting the Civil Records Unit, located in Room 102 of the Gordon D. Schaber County Courthouse located at 720 Ninth Street, Sacramento, California 95814, during business hours, or online by visiting the following website: <https://www.saccourt.ca.gov/indexes/new-portal-info.aspx>.

For further information about this case, you may contact Class Counsel or the Settlement Administrator. Class Counsel's contact information is as follows:

Arby Aiwarzian, Esq.
Joanna Ghosh, Esq.
Yasmin Hosseini, Esq.
Vartan Madoyan, Esq.
LAWYERS for JUSTICE, PC
410 West Arden Avenue, Suite 203
Glendale, California 91203
Telephone: (818) 265-1020

Jill J. Parker, Esq.
PARKER & MINNE, LLP
700 S. Flower Street, Suite 1000
Los Angeles, California 90017
Telephone: (310) 882-6833

The contact information for the Settlement Administrator is as follows:

[Name of Settlement Administrator]

[Mailing Address]

[Telephone Number]

DO NOT CONTACT THE COURT, KADENCE, OR KADENCE'S ATTORNEYS ABOUT THIS NOTICE.