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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE

OSCAR WILLIAMS, individually and as an aggrieved employee on behalf of the State of California and other aggrieved employees,

Plaintiff,

v.

JOSHUA HOUSE, LLC, a California limited liability company; NATIONAL THERAPEUTIC SERVICES, INC. DBA NORTHBOUND TREATMENT SERVICES, INC., a Nevada corporation; NATIONAL THERAPEUTIC SERVICES, LLC DBA NORTHBOUND TREATMENT SERVICES, INC., a California limited liability company; and DOES 1 through 10, inclusive,

Defendants.

Case No.: 30-2025-01462517-CU-OE-CXC

[Assigned for All Purposes to the Hon. David A. Hoffer, Dept. CX103]

DECLARATION OF THIAGO M. COELHO IN SUPPORT OF MOTION FOR APPROVAL OF PAGA SETTLEMENT

Settlement Approval Hearing:
Date: January 4, 2027
Time: 1:30 p.m.
Dept: CX103
Reservation Number: 1000650325

Action Filed: February 25, 2025

DECLARATION OF THIAGO M. COELHO

I, Thiago M. Coelho, declare as follows:

1. I am an attorney at law licensed to practice before all of the courts of the State of California. I am a Partner at Wilshire Law Firm, PLC ("WLF" or "PAGA Counsel"), counsel for Plaintiff Oscar Williams ("Plaintiff") in this matter. I am thoroughly familiar with and have personal knowledge of all of the facts set forth herein.

2. I submit this declaration in support of Plaintiff's Motion for Approval of PAGA Settlement.

Relevant Facts and Procedural History

3. On February 25, 2025, Plaintiff filed this action as a putative class action against Defendant Joshua House, LLC alleging: (1) failure to pay minimum and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; (7) failure to indemnify employees for expenditures; and (8) unfair business practices ("Original Complaint"). On July 3, 2025, Plaintiff filed a First Amended Complaint ("FAC") adding an allegation for civil penalties pursuant to California Private Attorneys General Act, Cal. Labor Code § 2699, et seq ("PAGA"). On June 5, 2026, Plaintiff filed a Second Amended Complaint ("SAC" and "Operative Complaint") adding National Therapeutic Services, Inc. dba Northbound Treatment Services, Inc. and National Therapeutic Services, LLC dba Northbound Treatment Services, Inc. as Defendants (Joshua House, LLC, National Therapeutic Services, Inc. and National Therapeutic Services, LLC, collectively, the "Defendants"), removing all class allegations and pleading the First through Eighth Causes of Action on an individual basis only. The Ninth Cause of Action under the Private Attorneys General Act ("PAGA") remains as the only representative claim. Plaintiff does not assert any class claims. Attached as **Exhibit 1** is the Joint Stipulation of PAGA Settlement Agreement and Release ("PAGA Settlement" or "Settlement Agreement") with a true and correct copy of the Second Amended Complaint attached thereto as Exhibit A.

4. Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiff gave timely written

notices on February 24, 2025, and September 10, 2025, to the Labor and Workforce Development Agency ("LWDA") and Defendants of the specific provisions of the Labor Code alleged to have been violated, including the facts and theories in support (LWDA-CM-1082050-25). Attached to the Settlement Agreement as **Exhibit B** is true and correct copies of the February 24, 2025, and September 10, 2025 PAGA Notice Letters.

5. Thereafter, the Parties met and conferred and agreed to mediate the PAGA Action with Hon. Rosemary T. McGuire (Ret.) a well-respected and experienced mediator in wage-and-hour class and representative actions. In advance of mediation, PAGA Counsel conducted a thorough investigation into the facts of, and applicable law to, the PAGA Action. Prior to mediation, Plaintiff obtained through informal discovery a representative sampling of time and payroll data for Covered Employees ("Covered Employees" or "Aggrieved Employees") and the necessary policy documents to properly evaluate the strengths and weaknesses of the claims and engage in meaningful settlement discussions.

6. On March 31, 2026, the Parties engaged in an all-day mediation session before Judge McGuire (Ret.). With the help of the mediator, the Parties were able to reach an agreement on general settlement terms at mediation. The Settlement was negotiated in light of all known facts and circumstances and the uncertainty associated with litigation – including the risk of Plaintiff not being able to maintain representative claims, the difficulty of proving Plaintiff's claims in a manageable trial, the merits of Defendants' potential defenses, and the significant delay and potential appellate issues inherent to litigation – and was reached after extensive arm's length negotiations, with the assistance of the mediator. A true and correct copy of the Parties' fully executed Settlement Agreement is attached hereto as **Exhibit 1**.

PAGA Settlement

7. The Settlement Agreement negotiated by the Parties provides for a Gross Settlement Amount ("GSA") payment in the amount of $140,000.00 to resolve the PAGA Action. Settlement Agreement § I.I. The GSA will be used to pay Covered Employee Payments, the LWDA, Attorneys' Fees and Litigation Costs, Group Representative Enhancement Payment, and the Administrative Costs. After deducting Attorneys' Fees and Litigation Costs, Group

Representative Enhancement Payment, and Administrative Costs from the GSA, the amount remaining is the Net Settlement Amount ("NSA"). Settlement Agreement § I.M. The NSA, which is estimated to be $68,950.24, shall be distributed as PAGA Penalties with 65% of the NSA allocated to the LWDA and 35% of the NSA allocated to Covered Employees Payments.

8. This PAGA Settlement amount compares favorably to the estimated amount of PAGA penalties calculated and alleged by Plaintiff. Plaintiff calculated that the maximum amount of statutory PAGA civil penalties was potentially $421,700.00 for an estimated 160 employees based on 4,217 pay periods at the time of mediation. That figure reflects Plaintiff's expert's extrapolation of the timekeeping and payroll data produced before mediation. The Parties' own estimate in the Settlement Agreement is approximately 3,790 Pay Periods through March 31, 2026 (Settlement Agreement § I.D), which at $100.00 per pay period would yield a maximum of approximately $379,000.00. The valuation of $421,700.00 is the civil penalty amount calculated at the maximum statutory rate and without stacking, which is not usually permitted. If stacking is permitted, then the valuation increases with each additional penalty added to each pay period. Plaintiff, however, is not aware of any PAGA award that permitted stacking and, in the cases cited herein, only one penalty per pay period was assessed.

9. Defendants maintain that Plaintiff and the Covered Employees were properly and timely compensated, properly reimbursed for all expenses and losses and appropriately provided with all required meal and rest breaks, and that Defendants timely furnished and kept all required records and did not commit any violations of the Labor Code, Wage Orders of the Industrial Welfare Commission or any other applicable regulations or laws against Plaintiff or any of the Covered Employees. Accordingly, Defendants dispute and deny Plaintiff's allegations and claims asserted in the operative complaint which are resolved by the Settlement Agreement to the extent they seek civil penalties under PAGA. Defendants asserted additional defenses to the alleged PAGA claim, not only as to alleged liability but also as to the amount of the alleged penalties. These defenses present a significant risk to the PAGA claim and the potential that some or all the PAGA penalties sought may not be awarded.

10. While Plaintiff is confident in the merits of the case, a legitimate controversy exists

as to each cause of action for penalties, the factual allegations, the evidentiary basis, and the underlying claims. Plaintiff also took into account the fact that continued litigation would be expensive, involving a trial and possible appeals, and would substantially delay and potentially reduce any recovery to the State of California and the Covered Employees. Assuming Plaintiff could prove at least one violation per pay period and the Court awarded $100.00 in PAGA penalties for each of the 4,217 pay periods during the PAGA Period (estimated as of the date of mediation), the total penalties would be approximately $421,700.00. As such, the Gross Settlement Amount of $140,000.00 is approximately 33.2% of the maximum potential liability in this case (approximately 36.9% if the Parties' estimate of 3,790 Pay Periods is used instead).

11. Thus, when the risks of litigation, the burdens of proof necessary to establish liability, and the probability of appeal of a favorable judgment are considered, it is clear the settlement amount of $140,000.00 is reasonable and in the best interest of the State of California and the public. Plaintiff objectively and knowledgably balanced the strengths and weaknesses of his claims against the risk of continued litigation and were able to determine a realistic range of settlement recovery for PAGA penalties.

Attorneys' Fees and Costs

12. Plaintiff is represented by WLF. The attorneys at WLF performed significant work and expended litigation costs in prosecuting this matter with no guarantee of payment.

13. WLF has been selected by Best Lawyers and U.S. News & World Report as one of the nation's Best Law Firms since 2020 and is comprised of more than 100 attorneys and over 600 employees. WLF is actively and continuously practicing in employment litigation, representing employees in both individual and class actions in both state and federal courts throughout California.

14. WLF is qualified to handle this litigation because its attorneys are experienced in litigating Labor Code violations in individual, class action, and representative action cases. WLF has handled, and is currently handling, numerous wage and hour class action lawsuits, as well as class actions involving consumer rights and data privacy litigation.

15. I graduated from the University of Central Florida and the University of Southern

California, Gould School of Law. The National Trial Lawyers selected me as a "Top 10 Data Privacy Trial Lawyer," "Top 25 Class Action Trial Lawyers," "Top 10 Wage and Hour Trial Lawyer," and a "Top 40 under 40" attorney. For 2020 and 2021, I was selected and served as the President of the Data Privacy Trial Lawyers Association, and I am an active member of CAALA, CAOC's Data Breach Committee, and AAJ's Class Action Division. I have been selected as a "Best Lawyer" by The Best Lawyers in America® and Super Lawyers as a "Rising Star." I have settled over 300 cases, including, but not limited to, consumer class action cases. My hourly rate is $1,000.00, which was approved in *Suarez v. Bank of America, N.A.* (N.D. Cal. Jan. 11, 2024), No. 18-cv-01202-LB, 2024 WL 150721, *3 ("As for the lodestar cross-check, the billing rates are normal and customary for timekeepers with similar qualifications and experience in the relevant market.").

16. Further, I have extensive experience litigating consumer class action and data privacy class actions, and have litigated wage-and-hour class actions, including the following cases:

a. I served as lead counsel in *Suarez v. Bank of America, N.A.*, Case No. 18-cv-01202-LB, a wage-and-hour federal class action which resulted in a $1.5 million settlement.

b. I was lead counsel in *Moore v. Centrelake Medical Grp.* (2022) 83 Cal.App.5th 515, a data breach class action, where the Court of Appeal reversed the trial court's judgment sustaining the defendant's demurrer, in part, because the plaintiff's loss of benefit of the bargain was deemed a sufficient injury for UCL standing. (Id. at pp. 527-530.)

c. I was also lead counsel in *Mier v. CVS Health* (9th Cir. July 8, 2023) No. 22-55665, 2023 WL 4837851, a consumer class action involving false advertising claims where the Ninth Circuit reversed the denial of class certification.

d. I was also lead counsel in *Peters v. Apple, Inc.*, (Los Angeles Superior Court) Case No. 19STCV21787, a consumer class action involving

Apple, Inc.'s alleged misrepresentations regarding its Family Sharing service, which resulted in a $25 million class settlement. For my work on *Peters v. Apple, Inc*., I was awarded the Daily Journal's California Lawyer Attorney of the Year ("Clay") Award.

e. I was also lead counsel in *Schumacher v. Bank of Hope*, Case No. 18STCV02066, a consumer class action which resulted in a $13.3 million settlement.

f. I served as an executive committee member in *Slate v. Dominion Dental Services*, Case No. 1:19-cv-01063, which resulted in a $4.7 million settlement.

g. I was class counsel in *In re MCG Health Data Security Litigation*, Case No. 2:22-cv-0849-RSM-DWC, which resulted in an $8.8 million consumer class action settlement.

h. I was class counsel in *Billie Culp, et al., v. Fitzgibbon Hospital*, Case No. 23SA-CV00020 (Cir. Ct. Saline Cty., Mo., Div. IV January 10, 2023); a data breach consolidated class action with a court-approved $650,000.00 settlement.

i. I was class counsel in *Mendoza v. Crystal Bay Casino, LLC*, Case No. 3:23-cv-00092-MMD-CLB (D. Nev. Filed Feb. 28, 2023); a data breach consolidated class action with a court-approved $675,000.00 settlement.

j. I was settlement class counsel in *In re Wright & Filippis, LLC Data Security Breach Litig*., No. 2:22-cv-12908-SFC (E.D. Mich. Filed Nov. 30, 2022); which resulted in a court approved $2.9 million settlement.

k. I was co-lead class counsel in *Lowery, et al., v. Community Psychiatry Management, LLC*, Case No. 24STCV30135 (Cal. Super. Ct. L.A. Cnty Nov. 15, 2024); with a pending settlement of $3.5 million.

l. I was lead class counsel in *Alcazar v. Fashion Nova, Inc*., Case No. 4:20-cv-01434-JST (N.D. Cal. filed Feb. 26, 2020); with a pending settlement of $5.15 million.

17. Chumahan Bowen is a three-year Associate Attorney at Wilshire Law Firm, PLC. He has practiced civil litigation since 2009, with substantial experience in complex litigation, including class actions, employment matters, consumer matters, business disputes, and appellate litigation. Mr. Bowen is licensed to practice law in California and Hawaii. He received his Juris Doctor from Pepperdine School of Law, a Bachelor of Arts in English from the University of California, Berkeley, and a Master of Arts in Screenwriting from the University of California, Los Angeles. His current reasonable hourly lodestar rate for this matter is $800 per hour. A $800 hourly rate is appropriate and defensible given approximately 17 years of litigation experience, complex-litigation background, and California and Hawaii licensure.

18. Trenten N. Bilodeaux is an Associate Attorney at WLF. He is currently in his sixth year of practice involving corporate entities in complex class action litigation in state and federal courts. He is admitted to practice before all courts in the State of California, the State of Oregon, and the United States District Court for the Northern, Eastern, and Central Districts of California. Over the course of his career, he has participated in numerous class action settlements for similar employment and wage claims as those present here. Prior to practice, he graduated cum laude with a Bachelor of Arts in Political Science from California State University, Chico before accepting a scholarship to attend the University of the Pacific, McGeorge School of Law where he achieved a Juris Doctorate and graduated with honors in 2020. Mr. Bilodeaux currently bills at an hourly rate of $700.00.

19. WLF's hourly rates are comparable to those charged by other class action plaintiffs' counsel and the firms defending class actions. WLF's rates are well within the range of hourly rates that the Los Angeles legal marketplace would compensate counsel for similar services accomplishing similar results. For example, in *Bronshteyn v. State of California*, Los Angeles County Superior Ct. No. 19SMCV00057, Order Granting Plaintiff's Motion for Statutory Attorneys' Fees and Costs filed March 30, 2023, an employment action brought by two small law

firms (Levy, Vinick, Burrell & Hyams LLP and Law Offices of Wendy Musell), the court found that counsel's 2022 hourly rates of $1,100 and $1,000 per hour were reasonable for the plaintiff's five senior attorneys, including $1,000 per hour for the plaintiff's 23-year lead counsel and $850 per hour for a senior associate. These rates were then augmented by a 1.75 lodestar multiplier and affirmed by the California Court of Appeals. The rates requested here are well in line with those found reasonable in *Bronshteyn*. In *Tran v. Golden State FC LLC*, *et al*. (LASC Case No. BC699931), Fee Order filed 4/8/2022, the court found hourly rates of $1,300 per hour reasonable for plaintiff's 32-year attorney and $1,000 per hour reasonable for a 14-year attorney.

20. In support of the reasonableness of WLF's hourly rates, attached as **Exhibit 2** is a true and correct excerpt from the *2025 Real Rate Report* published by Wolters Kluwer. The Real Rate Report is widely relied upon in the legal industry because it is derived from anonymized billing data taken from actual law firm invoices that were submitted to clients and approved for payment, rather than from voluntary surveys or self-reported rates. Although the report refers to "2025" rates, the data reflects rates charged by law firms during the first half of 2024 and therefore represents the most recent available objective evidence of prevailing market rates.

a. The Real Rate Report further shows that in the San Diego market, partners with 21 or more years of experience command third-quartile billing rates of approximately $1,334 per hour, confirming that highly experienced litigators in major Southern California markets routinely bill at the upper end of the rate spectrum.

b. The 2025 Real Rate Report's practice-area-specific data further supports this conclusion. Page 81 provides third-quartile rates for the detailed practice category "Employment and Labor: Other Litigation," which is directly analogous to the type of work performed in this case. That dataset includes 24 partners and 14 associates and shows a third-quartile rate of $1,252 per hour for partners and $564 per hour for associates. These figures demonstrate that even within the specialized employment litigation market, partners regularly bill well above $1,200 per hour based on rates actually charged to clients. When this practice-specific benchmark is considered together with the broader regional market data, it confirms that WLF's hourly rate for highly experienced counsel in a representative employment action falls within the upper range of

prevailing market rates rather than outside it.

c. The Real Rate Report does not provide 1st quartile or 4th quartile rates, presumably to provide a sense of the average attorney billing rates. Importantly, the third quartile represents the point below which 75% of rates fall; it is not a cap on reasonable rates. By definition, a substantial portion of partners in the relevant benchmark market routinely bill above that level, particularly those with extensive experience, specialized expertise, or leadership roles in complex litigation. Courts evaluating fee requests recognize that leading counsel in complex or representative actions may reasonably bill above median or third-quartile benchmarks where their experience, results obtained, and responsibilities justify higher rates. We firmly believe WLF belongs in the 4th quartile of attorney billing rates in Southern California. As previously discussed, WLF is a nationally recognized employment litigation firm that has been named one of the nation's *Best Law Firms* by U.S. News & World Report and Best Lawyers since 2020, and its attorneys regularly litigate complex wage-and-hour class and representative actions throughout California.

21. In an article entitled "Big Law Rates Topping $2,000 Leave Value 'In Eye of Beholder,'" written by Roy Strom and published by Bloomberg Law on June 9, 2022, the author describes how Big Law firms have crossed the $2,000-per hour rate. The article also notes that law firm rates have been increasing by just under 3% per year. A true and correct copy of this article is attached hereto as **Exhibit 3**.

22. WLF has performed significant work and incurred litigation costs in prosecuting this matter with no guarantee of any payment. The efforts expended by PAGA Counsel to achieve this result include, but are not limited to, the following:

a. The investigation of the matter, including meeting with Plaintiff, reviewing Defendants' policies, and requesting and reviewing Plaintiff's time and pay records, personnel files, and exploring the corporate structure of Defendants
b. filing the Actions;
c. attending status conferences and meeting and conferring with Defendants regarding the case;

d. meeting and conferring with Defendants regarding mediation, exchange of informal discovery beforehand, and negotiating with opposing counsel regarding the parameters thereof;

e. selecting a mediator and mediation date;

f. working with opposing counsel and consultant for the receipt of a representative sampling and analyzing the same with the aid of consultant and Plaintiff to perform analyses of liability and exposure prior to attendance of the mediation in this matter;

g. reviewing policy documents from Defendants and researching applicable defenses;

h. preparation of the mediation brief and damages model for use at mediation;

i. attendance at mediation by all Parties and Counsel;

j. communicating with Plaintiff who requested updates or other information regarding this matter;

k. negotiating, finalizing and fully executing the settlement agreement; and

l. preparing and filing the instant Motion for Approval of PAGA Settlement and supporting documents.

23. WLF's current lodestar reflects the efficiencies achieved by attorneys experienced in this field with 82.8 hours of work resulting in $68,350.00 in fees. The chart below shows the calculation of hours spent by each of WLF's attorneys on this case:

Attorney	**Hours**	**Hourly Rate**	**Total**
Thiago M. Coelho	12.2	$1,000.00	$12,200.00
Chumahan B. Bowen	67.3	$800.00	$53,840.00
Trenten N. Bilodeaux	3.3	$700.00	$2,310.00
TOTAL	**82.8**		**$68,350.00**

24. This amount surpasses the requested fee award of $46,666.67, resulting in a negative multiplier. This amount does not include the time PAGA Counsel will spend at the

PAGA approval hearing and assisting the Administrator following final approval. PAGA Counsel dedicated significant resources to this case by dividing the tasks required according to skill level. The hours expended by each attorney were not duplicative and reflect the extensive investigation and analysis that was required to achieve this Settlement. This time could have been spent on other potentially lucrative cases. PAGA Counsel's lodestar reflects the efficiencies achieved by attorneys experienced in this field. Moreover, PAGA Counsel has singularly assumed the risk and costs of litigation purely on a contingency basis. And, while Plaintiff is confident in the merits of his claims, a legitimate controversy exists as to each cause of action, posing an actual risk that Plaintiff may not succeed at trial. Any of these obstacles could have prevented recovery completely, meaning PAGA Counsel would have been left with no compensation for all the time and money invested in litigating this case. Despite these risks, PAGA Counsel took this case on a contingency basis so that Covered Employees (a particularly vulnerable group of hourly paid workers) could be compensated for their unpaid wages. Consequently, PAGA Counsel was precluded from focusing on, or taking on, other cases which could have resulted in a larger, and less risky, monetary gain.

25. The Court should also consider that PAGA Counsel's efforts have resulted in substantial benefits to the State of California and the Aggrieved Employees, in the form of a significant, non-reversionary settlement fund established to compensate the State of California and the Aggrieved Employees and to punish Defendants for the alleged PAGA violations (which Defendants deny). Without the efforts of PAGA Counsel, the claims alleged in the complaint would likely have gone without remedy.

26. In litigation costs, WLF has incurred $14,625.05 in expenses on items such as filing fees, service fees, mediation fees, and consultant fees. Additionally, we anticipate incurring $200.00 in future costs for filing fees and service fees. The Settlement provides for reimbursement of costs not to exceed $14,683.09. Given WLF's litigation costs exceed what the Settlement provides, we request the full amount of $14,683.09. Settlement Agreement § III.H. A true and correct copy of a breakdown of costs incurred by my office is attached hereto as **Exhibit 4**.

27. PAGA Counsel has negotiated a settlement here that they believe is fair,

reasonable, and adequate based on their prior experience litigating these types of cases.

28. Pursuant to California Labor Code Section 2699(s)(1), Plaintiff submitted a copy of the PAGA Complaint to the LWDA on June 8, 2026. Pursuant to California Labor Code Section 2699(s)(2), Plaintiff submitted the proposed Settlement Agreement to the LWDA on October 21, 2026. Attached hereto as **Exhibit 5** is a true and correct copy of the case details for the PAGA Complaint and proposed Settlement Agreement. To date, the LWDA has not responded to or objected to the Settlement in this matter. Plaintiff will submit a copy of the Court's judgment and order approving the Settlement Agreement to the LWDA within ten (10) days after entry of judgment or order.

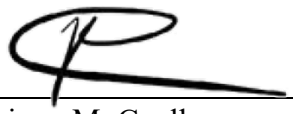
29. WLF has no actual or potential conflict of interest with the Aggrieved Employees in this PAGA Action or with the Settlement Administrator that the Parties agreed to appoint, Phoenix Settlement Administrators.

30. There are no other cases that may be impacted by the PAGA Settlement.

31. As disclosed in Section IV.B of the Settlement Agreement, Plaintiff separately resolved his individual claims against Joshua House, LLC in a separate written agreement that includes a general release of his individual claims (other than his PAGA claim). That separate agreement is not part of, and does not alter, the PAGA Settlement. The PAGA Settlement releases only claims for civil penalties under PAGA, and it does not release the individual claims of any Covered Employee.

I declare under penalty of perjury under the laws of the State of California and the United States that the foregoing is true and correct.

Executed on October 22, 2026, at Los Angeles, California.



Thiago M. Coelho

EXHIBIT 1

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JOINT STIPULATION OF PAGA SETTLEMENT AGREEMENT AND RELEASE

Plaintiff Oscar Williams ("Plaintiff"), on his own behalf and on behalf of all Covered Employees, as defined below, and on behalf of the State of California, on the one hand, and Defendants Joshua House, LLC, National Therapeutic Services, Inc. and National Therapeutic Services, LLC (Joshua House, LLC, National Therapeutic Services, Inc. and National Therapeutic Services, LLC collectively, "Defendants"), on the other hand (Plaintiff and Defendants collectively, the "Parties"), hereby stipulate and agree to the following binding settlement pursuant to the terms and conditions set forth below. Once approved by the Court (as defined below), this settlement shall be binding under the terms stated herein.

I. DEFINITIONS

A. Administrative Costs. All administrative costs of settlement, including cost of notice to the Covered Employees, claims administration, settlement administration and any fees and costs incurred or charged by the Settlement Administrator in connection with the execution of its duties under this Joint Stipulation of PAGA Settlement Agreement and Release. The Parties agree that the Administrative Costs shall not exceed Four Thousand Seven Hundred Dollars and Zero Cents ($4,700.00).

B. Agreement. The terms "Agreement", "Settlement" or "Settlement Agreement" are used synonymously herein to mean this Joint Stipulation of PAGA Settlement Agreement and Release.

C. Court. The term "Court" as used herein means the Superior Court of the State of California for the County of Orange.

D. Covered Employees. The term "Covered Employees" or "Aggrieved Employees" as used herein means all current and former non-exempt employees of Joshua House, LLC, National Therapeutic Services, Inc. and/or National Therapeutic Services, LLC who were employed by Joshua House, LLC, National Therapeutic Services, Inc. and/or National

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Therapeutic Services, LLC in the State of California at any time during the Covered Period (including, but not limited to, Plaintiff). The Parties estimate that there were approximately 160 Covered Employees as of March 31, 2026. It is estimated that these Covered Employees worked approximately 3,790 Pay Periods from the start of the Covered Period to March 31, 2026.

E. Covered Period. The term "Covered Period" or "PAGA Period" as used herein means the time period from February 24, 2024 to the date the Court grants approval of this Settlement.

F. Defendants. The term "Defendants" as used herein shall mean Joshua House, LLC, National Therapeutic Services, Inc. and National Therapeutic Services, LLC.

G. Defense Counsel. The term "Defense Counsel" shall mean and refer to John M. Wicker and Lisa M. Northrup from Stradling Yocca Carlson & Rauth LLP. Defense Counsel's address is 660 Newport Center Drive, Suite 1600, Newport Beach, CA 92660.

H. Effective Date. The date by which the Court both grants approval of this Agreement and enters final judgment approving this Agreement will be the Effective Date.

I. Gross Settlement Amount. The term "Gross Settlement Amount" as used herein means the total amount to be paid by Defendants pursuant to this Agreement, which shall equal no more than One Hundred Forty Thousand Dollars and Zero Cents ($140,000.00) under any circumstances. All payments associated with this Agreement shall be paid from the Gross Settlement Amount, including all of the following: all civil penalty payments to the Covered Employees (including, without limitation, Plaintiff) and the California Labor and Workforce Development Agency ("LWDA") pursuant to the California Labor Code Private Attorneys General Act of 2004, including all amendments thereto, California Labor Code § 2698 et. seq. (the "PAGA"), all Court-approved attorneys' fees and Litigation costs, all Administrative Costs, the Group Representative Enhancement Payment (as defined below), all expenses, all statutory penalties, all interest, and all employment taxes if any are owed.

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J. Group Representative Enhancement Payment. The amount to be paid to Plaintiff as consideration for all services he renders and has rendered to the group of Covered Employees in this Lawsuit. For sake of clarity, if the Court in its discretion awards less than the amount requested in this Agreement for the Group Representative Enhancement Payment, the lower award amount will not reduce or impact the enforceability of this Agreement in any way. Further, if the Court awards less than the amount requested in this Agreement for the Group Representative Enhancement Payment, then the difference, if any, between the amount requested and the amount awarded shall be included in the Net Settlement Amount. The Group Representative Enhancement Payment shall not exceed $5,000.00.

K. Lawsuit. The term "Lawsuit", "Litigation", or "Action" as used herein means the Private Attorneys General Act cause of action contained in the operative Second Amended Complaint in the action filed on June 5, 2026 in the Orange County Superior Court entitled *OSCAR WILLIAMS, individually and as an aggrieved employee on behalf of the State of California and other aggrieved employees, Plaintiff, v. JOSHUA HOUSE, LLC, a California limited liability company; NATIONAL THERAPEUTIC SERVICES, INC. DBA NORTHBOUND TREATMENT SERVICES, INC., a Nevada corporation; NATIONAL THERAPEUTIC SERVICES, LLC DBA NORTHBOUND TREATMENT SERVICES, INC., a California limited liability company; and DOES 1 through 10, inclusive, Defendants* (Case No. 30-2025-01462517-CU-OE-CXC), as well as the allegations contained in Plaintiff's LWDA Notices (as defined below). A copy of the operative Second Amended Complaint is attached hereto as Exhibit A.

L. LWDA Notices. The term "LWDA Notices" as used herein shall collectively mean Plaintiff's Notices to the California Labor and Workforce Development Agency dated February 24, 2025 and September 10, 2025, and submitted to the California Labor and Workforce Development Agency on February 24, 2025 and September 10, 2025, respectively, copies of which are attached hereto as Exhibit B. Plaintiff's LWDA Notice dated and submitted to the California Labor and Workforce Development Agency on February 24, 2025 shall

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hereafter individually be referred to as the "February 2025 LWDA Notice." Plaintiff's LWDA Notice dated and submitted to the California Labor and Workforce Development Agency on September 10, 2025 shall hereafter individually be referred to as the "September 2025 LWDA Notice."

M. Net Settlement Amount. The term "Net Settlement Amount" or "NSA" as used herein means the Gross Settlement Amount minus any award of attorneys' fees and Litigation costs, Administrative Costs and the Group Representative Enhancement Payment.

N. Pay Period. The term "Pay Period" as used herein means a semimonthly period pursuant to Joshua House, LLC's payroll cycle running from the first of a month at 12:00 a.m. to the fifteenth of a month at 11:59 p.m., or running from the sixteenth of a month at 12:00 a.m. to the last day of a month at 11:59 p.m., and occurring during the Covered Period, in which a Covered Employee worked as a Covered Employee for one or more days. For the sake of clarity, the first Pay Period occurring during the Covered Period ended on February 29, 2024.

O. Plaintiff. The term "Plaintiff" as used herein means Oscar Williams.

P. Plaintiff's Counsel. The term "Plaintiff's Counsel" as used herein shall mean Thiago M. Coelho, Chumahan B. Bowen and Jennifer M. Leinbach of Wilshire Law Firm. Plaintiff's Counsel's address is 660 S. Figueroa Street, Sky Lobby, Los Angeles, CA 90017.

Q. Released Persons. The term "Released Persons" shall mean Joshua House, LLC, National Therapeutic Services, Inc., National Therapeutic Services, LLC and each and all of their respective affiliated entities, related entities, predecessors, successors and assigns, and, for all of the foregoing, each and all of their respective agents, managing agents, officers, directors, shareholders, lenders, investors, owners, founders, members, partners, managers, representatives, servants, employees, joint employers, attorneys, consultants, advisors, insurers, subsidiaries, parent entities, predecessors, successors and assigns, and as to any individual their marital community, community property, trustees, trusts, executors, heirs, guardians and registered representatives. Without in any way limiting the foregoing, "Released Persons" expressly

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includes, but is not limited to, any individual or entity which could be jointly and/or severally liable with Joshua House, LLC, National Therapeutic Services, Inc. and/or National Therapeutic Services, LLC.

R. Settlement Administrator. The term "Settlement Administrator" as used herein means Phoenix Settlement Administrators, which will be responsible for the administration of the Gross Settlement Amount and all related matters, including all matters regarding settlement administration.

II. BACKGROUND

From approximately October 24, 2024 to January 29, 2025, Plaintiff was employed by Joshua House, LLC as a Night On-Call Client Support Specialist. Plaintiff additionally alleges in the Litigation that he was also employed by National Therapeutic Services, Inc. (incorrectly named as National Therapeutic Services, Inc. DBA Northbound Treatment Services, Inc.) and National Therapeutic Services, LLC (incorrectly named as National Therapeutic Services, LLC DBA Northbound Treatment Services, Inc.) from October 24, 2024 to January 29, 2025, which Defendants dispute and deny. Plaintiff claims that he and the Covered Employees suffered various violations of California law, including the California Labor Code and Wage Orders of the California Industrial Welfare Commission, due to Defendants' allegedly unlawful labor and employment policies and practices, as alleged in the Litigation. Specifically, Plaintiff alleges in the Litigation that Defendants committed violations of the California Labor Code and Wage Orders of the California Industrial Welfare Commission against the Covered Employees, including himself, including, without limitation, the following violations: (1) failure to pay minimum and straight-time wages; (2) failure to pay all overtime and/or double time wages including, but not limited to, failure to pay overtime and double times wages at each Covered Employee's (including, without limitation, Plaintiff's) correct regular rate of pay; (3) failure to pay all wages and to timely pay all wages for all hours worked as required by applicable law (including, without limitation, during employment), including, but not limited to, failure to pay

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wages for off-the-clock work, failure to pay premiums owed for non-compliant meal periods and rest periods, failure to correctly calculate wages owed and hours worked by Covered Employees (or any of them, including, without limitation, Plaintiff), failure to pay overtime, double time and minimum wages, failure to pay straight-time wages, failure to pay wages on designated paydays, failure to pay wages due to the rounding of Covered Employees' (or any of their, including, without limitation, Plaintiff's) time entries and failure to pay wages due to use of a synthetic timekeeping system; (4) failure to pay all earned wages twice per month during employment, including in violation of Labor Code section 204, including, but not limited to, failure to pay wages for off-the-clock work, failure to pay wages for all hours worked, failure to pay premiums owed for non-compliant meal periods and rest periods, failure to pay all wages due to the failure to correctly calculate wages owed and hours worked by Covered Employees (or any of them, including, without limitation, Plaintiff), failure to pay overtime, double time and minimum wages, failure to pay straight-time wages, failure to pay paid sick leave, failure to pay wages on designated paydays, failure to pay wages due to the rounding of Covered Employees' (or any of their, including, without limitation, Plaintiff's) time entries and failure to pay wages due to use of a synthetic timekeeping system; (5) failure to provide compliant meal periods and to pay related meal period premiums of one additional hour of pay at each Covered Employee's (including, without limitation, Plaintiff's) regular rate of pay for each work day that one or more meal periods was not provided in compliance with California law; (6) failure to authorize and permit compliant rest periods to be taken and to pay related rest period premiums of one additional hour of pay at each Covered Employee's (including, without limitation, Plaintiff's) regular rate of pay for each work day that one or more rest periods was not authorized and permitted to be taken in compliance with California law; (7) failure to accurately calculate and pay overtime pay, double time pay, sick pay and meal and rest period premiums at each Covered Employee's (including, without limitation, Plaintiff's) correct regular rate of pay; (8) failure to provide, furnish, timely furnish, keep and/or maintain accurate and/or complete meal period records, hours worked

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records (including, without limitation, records showing total hours worked in the payroll period), wage records (including, without limitation, regarding rates of pay), timekeeping records (including, without limitation, records showing when the employee begins and ends each work period as well as records of split shift intervals and total daily hours worked) and payroll records for Covered Employees (or any of them, including, without limitation, Plaintiff) including, without limitation, failure to keep and maintain payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to (if any), Covered Employees (or any of them, including, without limitation, Plaintiff), as well as failure to provide, furnish, timely furnish, keep and/or maintain any other records required to be provided, furnished, timely furnished, kept and/or maintained by Labor Code section 1174 or Sections 7(A)(3) or 7(A)(5) of the applicable Wage Orders of the California Industrial Welfare Commission; (9) failure to timely pay all wages at the time of separation from employment (including both as to Covered Employees who voluntarily resigned with and without notice, as well as to those who were involuntarily terminated, including, without limitation, Plaintiff), and failure to pay applicable waiting time penalties (continuous wages as mandated by the Labor Code for up to 30 days); (10) failure to maintain, provide, furnish and/or timely furnish compliant, complete and accurate itemized wage statements, and failure to maintain, provide and/or furnish wage statements altogether; and (11) failure to reimburse and/or indemnify for all necessary business expenses, expenditures, losses and/or costs incurred.

As part of this Agreement, and as set forth and outlined in this Agreement, Plaintiff will and is required to obtain approval of this Settlement, which shall fully and finally resolve all of the Released Claims (as defined below), and to take any and all other steps necessary to cause the Released Persons to be fully, finally and forever released and discharged from the Released Claims (as defined below) with prejudice by the Covered Employees (and each of them) and the

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State of California for the Covered Period. Defendants deny and dispute all of Plaintiff's alleged claims and allegations in the Litigation.

Before reaching the proposed Settlement, the Parties litigated this action. On March 31, 2026, the Parties attended a full-day mediation with the Hon. Rosemary T. McGuire (Ret.), a well-respected mediator who is experienced in mediating employment law cases. During the mediation the Parties discussed and mediated all of the claims asserted in the Litigation (including, without limitation, those set forth in Plaintiff's Second Amended Complaint). Prior to and in connection with the Parties' mediation, Defense Counsel provided Plaintiff's Counsel with the information requested by Plaintiff's Counsel to evaluate Plaintiff's asserted claims and allegations, as outlined in the Litigation. Specifically, Defense Counsel provided Plaintiff's Counsel with information regarding the Covered Employees, including information regarding the number of Covered Employees, their rates of pay, and dates of employment, as well as daily time punch and payroll records for the Covered Employees and relevant wage and hour policy and procedure related documents (including from employee handbooks). During the mediation, the Parties engaged in extensive good-faith arms-length negotiations concerning possible resolution of the Litigation (and all claims and allegations alleged therein), and were ultimately able to reach an agreement on the terms of a settlement to resolve the Litigation in accordance with the terms set forth in this Agreement. The Parties thereafter conducted further negotiations regarding the terms and conditions of the Settlement before agreeing to this Agreement, which the Parties will submit for Court approval.

Plaintiff's Counsel has conducted an investigation of the law and facts relating to the claims asserted in the Litigation and has concluded, taking into account the sharply contested issues involved, the defenses asserted by Defendants, the expense and time necessary to pursue the Litigation through trial and any appeals, the risks and costs of further prosecution of the Litigation, the risk of an adverse outcome, the uncertainties of complex litigation, and the substantial benefits to be received by the Plaintiff and Covered Employees pursuant to this

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Agreement, that a settlement with Defendants on the terms and conditions set forth herein is fair, reasonable, and adequate. Plaintiff, on his own behalf and on behalf of Covered Employees and the State of California, has agreed to settle the Litigation with Defendants on the terms set forth herein.

Defendants deny each and all of the allegations and claims asserted against them in the Litigation, and deny any liability to the Covered Employees including Plaintiff. However, Defendants nevertheless desire to settle the Litigation for the purpose of avoiding the burden, expense and uncertainty of continuing litigation and for the purpose of putting to rest the controversies engendered by the Litigation.

This Agreement is intended to and does effectuate the full, final and complete resolution of all claims for civil penalties that were asserted in the LWDA Notices attached hereto as Exhibit B and/or Plaintiff's Second Amended Complaint attached hereto as Exhibit A, or could have been asserted based on the facts stated in the LWDA Notices attached hereto as Exhibit B and/or Plaintiff's Second Amended Complaint attached hereto as Exhibit A, as well as all claims for civil penalties arising from, based on, related to or attributable to the facts, causes of action and/or claims stated in the LWDA Notices attached hereto as Exhibit B and/or Plaintiff's Second Amended Complaint attached hereto as Exhibit A, whether known or unknown, suspected or unsuspected, by Plaintiff and other Covered Employees and the State of California as outlined herein.

Under California Law, the State may assess and collect civil penalties from employers for violation of certain provisions of the Labor Code. Cal. Lab. Code §§ 2698 *et seq*. Under PAGA, however, if an "aggrieved employee" "give[s] written notice by online filing [to] the Labor and Workforce Development Agency … of the specific provisions of [the Labor Code] alleged to have been violated, including the facts and theories to support the alleged violation," and the Labor and Workforce Development Agency thereafter decides not to investigate, as the Labor and Workforce Development Agency decided not to investigate here, or does investigate and

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determines that a citation against the employer should not issue, the employee may, "as an alternative" to enforcement by the State, act as a proxy or agent of the state's labor law enforcement agencies and bring a civil action under PAGA to recover civil penalties "on behalf of the employee and other current or former employees… ." Cal. Lab. Code §§ 2699, 2699.3. "[C]ivil penalties recovered by aggrieved employees shall be distributed as follows: 65 percent to the Labor and Workforce Development Agency…and 35 percent to the aggrieved employees." Cal. Lab. Code §§ 2699.

California Labor Code § 2699(s)(2) provides that "The superior court shall review and approve any settlement of any civil action filed pursuant to this part. The proposed settlement shall be submitted to the agency at the same time that it is submitted to the court."

In consideration of the promises and agreements contained herein, the Parties agree and covenant as follows:

III. TERMS OF THE SETTLEMENT

Subject to submission of this Settlement Agreement to the LWDA by Plaintiff and no objection or disapproval by the LWDA, and subject to the Court's approval of the Settlement pursuant to Labor Code section 2699(s)(2), which Defense Counsel, Plaintiff's Counsel and the Parties agree to recommend in good faith to the Court, the Parties agree to the following binding settlement and disposal of the entire Litigation, with prejudice.

A. Consideration. In exchange for the promises and the release of claims by the State of California and the Covered Employees (and each of them) contained in this Settlement Agreement, Defendants agree to pay the Settlement Administrator the Gross Settlement Amount in full settlement of the Litigation within thirty (30) calendar days after the Effective Date. However, in no event shall Defendants be required to fund the Gross Settlement Amount before the judgment of the Court granting approval of this Settlement is final and no longer subject to appeal. The Gross Settlement Amount includes all payments associated with this Agreement, including all civil penalty payments to the Covered Employees (including, without limitation,

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Plaintiff) and the California Labor and Workforce Development Agency ("LWDA") pursuant to the California Labor Code Private Attorneys General Act of 2004, including all amendments thereto, California Labor Code § 2698 et. seq. (the "PAGA"), all Court-approved attorneys' fees and Litigation costs, all Administrative Costs, the Group Representative Enhancement Payment, all expenses, all statutory penalties, all interest, and all employment taxes. The Parties additionally agree that there shall be no interest due or payable on the Gross Settlement Amount under any circumstances whatsoever. The payments to be made from the Gross Settlement Amount, including the amounts of such payments, are subject to Court approval. The Settlement is non-reversionary and no claim forms need to be submitted. The Net Settlement Amount shall be distributed thirty-five percent (35%) to the Plaintiff and other Covered Employees, and sixty-five percent (65%) to the LWDA, pursuant to Labor Code section 2699(m). The amount paid to the Covered Employees will be paid out based proportionally on the total number of Pay Periods they worked as a Covered Employee during the Covered Period, as discussed in further detail herein below.

B. Release of Claims by All Covered Employees (including Plaintiff) and the State of California. As of the Effective Date, regardless of whether they actually receive notice of the Settlement or any payment pursuant to the Settlement, Plaintiff, the Covered Employees (and each Covered Employee), and the State of California hereby forever release and discharge the Released Persons from all claims, liabilities and/or causes of action for civil penalties under the California Labor Code Private Attorneys General Act of 2004, including all amendments thereto, California Labor Code § 2698 *et. seq.* for violations of the California Labor Code, the Wage Orders of the California Industrial Welfare Commission, other California state statutes or regulations (if any), and/or any other provisions of California state law (if any) alleged in the Litigation, or that could have been alleged in the Litigation based on the facts alleged in the Litigation, or that are related or attributable to, based on, or arise from the facts, causes of action and/or claims alleged in the Litigation, occurring during the Covered Period that Plaintiff, the

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Covered Employees (or any of them), and/or the State of California may have, whether known or unknown, suspected or unsuspected, including but not limited to those arising from, related to, or attributable to any allegations that Plaintiff, the Covered Employees (or any of them) and/or the State of California suffered violations of the California Labor Code, the Wage Orders of the California Industrial Welfare Commission, other California state statutes or regulations (if any), and/or any other provisions of California state law (if any) based on and/or for: (1) failure to pay minimum and straight-time wages; (2) failure to pay all overtime and/or double time wages including, but not limited to, failure to pay overtime and double times wages at each Covered Employee's (including, without limitation, Plaintiff's) correct regular rate of pay; (3) failure to pay all wages and to timely pay all wages for all hours worked as required by applicable law (including, without limitation, during employment), including, but not limited to, failure to pay wages for off-the-clock work, failure to pay premiums owed for non-compliant meal periods and rest periods, failure to correctly calculate wages owed and hours worked by Covered Employees (or any of them, including, without limitation, Plaintiff), failure to pay overtime, double time and minimum wages, failure to pay straight-time wages, failure to pay wages on designated paydays, failure to pay wages due to the rounding of Covered Employees' (or any of their, including, without limitation, Plaintiff's) time entries and failure to pay wages due to use of a synthetic timekeeping system; (4) failure to pay all earned wages twice per month during employment, including in violation of Labor Code section 204, including, but not limited to, failure to pay wages for off-the-clock work, failure to pay wages for all hours worked, failure to pay premiums owed for non-compliant meal periods and rest periods, failure to pay all wages due to the failure to correctly calculate wages owed and hours worked by Covered Employees (or any of them, including, without limitation, Plaintiff), failure to pay overtime, double time and minimum wages, failure to pay straight-time wages, failure to pay paid sick leave, failure to pay wages on designated paydays, failure to pay wages due to the rounding of Covered Employees' (or any of their, including, without limitation, Plaintiff's) time entries and failure to pay wages due to use of

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a synthetic timekeeping system; (5) failure to provide compliant meal periods and to pay related meal period premiums of one additional hour of pay at each Covered Employee's (including, without limitation, Plaintiff's) regular rate of pay for each work day that one or more meal periods was not provided in compliance with California law; (6) failure to authorize and permit compliant rest periods to be taken and to pay related rest period premiums of one additional hour of pay at each Covered Employee's (including, without limitation, Plaintiff's) regular rate of pay for each work day that one or more rest periods was not authorized and permitted to be taken in compliance with California law; (7) failure to accurately calculate and pay overtime pay, double time pay, sick pay and meal and rest period premiums at each Covered Employee's (including, without limitation, Plaintiff's) correct regular rate of pay; (8) failure to provide, furnish, timely furnish, keep and/or maintain accurate and/or complete meal period records, hours worked records (including, without limitation, records showing total hours worked in the payroll period), wage records (including, without limitation, regarding rates of pay), timekeeping records (including, without limitation, records showing when the employee begins and ends each work period as well as records of split shift intervals and total daily hours worked) and payroll records for Covered Employees (or any of them, including, without limitation, Plaintiff) including, without limitation, failure to keep and maintain payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to (if any), Covered Employees (or any of them, including, without limitation, Plaintiff), as well as failure to provide, furnish, timely furnish, keep and/or maintain any other records required to be provided, furnished, timely furnished, kept and/or maintained by Labor Code section 1174 or Sections 7(A)(3) or 7(A)(5) of the applicable Wage Orders of the California Industrial Welfare Commission; (9) failure to timely pay all wages at the time of separation from employment (including both as to Covered Employees who voluntarily resigned with and without notice, as well as to those who were involuntarily terminated, including, without limitation, Plaintiff), and failure to pay applicable waiting time penalties (continuous

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wages as mandated by the Labor Code for up to 30 days); (10) failure to maintain, provide, furnish and/or timely furnish compliant, complete and accurate itemized wage statements, and failure to maintain, provide and/or furnish wage statements altogether; (11) failure to reimburse and/or indemnify for all necessary business expenses, expenditures, losses and/or costs incurred; (12) any other violations of the California Labor Code alleged in the Litigation, or that could have been alleged in the Litigation based on the facts alleged in the Litigation; and (13) any other violations of the California Labor Code based on, arising from, related to, or attributable to the facts alleged and contentions raised in the Litigation, which include, but are not limited to, alleged violations of California Labor Code sections 201-203, 204, 210, 226, 226.3, 226.7, 246, 256, 510, 512, 558, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2800, 2802 and the Wage Orders of the California Industrial Welfare Commission, including, without limitation, Wage Order nos. 4 and 5 (the "Released Claims"). Without in any way limiting the foregoing, and for the avoidance of doubt, Plaintiff, the Covered Employees (and each of them) and the State of California release and discharge the Released Persons from all of the Released Claims on behalf of themselves and their heirs, executors, representatives, administrators, agents, attorneys, insurers, successors and assigns. Further, without in any way limiting the foregoing, and for the avoidance of doubt, Plaintiff, the Covered Employees (and each of them) and the State of California also release and discharge the Released Persons from any and all claims for attorneys' fees and/or Litigation costs incurred in connection with the Action or otherwise, including, but not limited to, in connection with prosecuting the Released Claims, other than those attorneys' fees and Litigation costs set forth in this Agreement that are to be paid from the Gross Settlement Amount to the extent they are approved by the Court.

Without in any way limiting the foregoing, Plaintiff, the Covered Employees (or any of them) and/or the State of California may hereafter discover facts or legal arguments in addition to or different from those they now know or currently believe to be true with respect to the claims, causes of action and legal theories of recovery in the Litigation which are the subject

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matter of the Released Claims. Regardless, the discovery of new facts or legal arguments shall in no way limit the scope or definition of the Released Claims.

Further, without in any way limiting the foregoing, Plaintiff, the Covered Employees (and each of them) and the State of California understand that this Agreement extends to all claims of every nature and kind, known or unknown, suspected or unsuspected, arising from, related to or attributable to the Released Claims only. Plaintiff, the Covered Employees (and each of them) and the State of California hereby expressly waive and relinquish any and all claims, rights or benefits that they may have under California Civil Code § 1542 as to the Released Claims only, which provides as follows:

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

Plaintiff, the Covered Employees (or any of them) and/or the State of California may hereafter discover claims or facts in addition to, or different from, those which they now know or believe to exist, but Plaintiff, the Covered Employees (and each of them) and the State of California expressly agree to fully, finally and forever settle and release any and all claims against the Released Persons, known or unknown, suspected or unsuspected, which exist or may exist, arising from, related to or attributable to the Released Claims. Plaintiff, the Covered Employees (and each of them) and the State of California further acknowledge, understand and agree that this Agreement would not have been entered into were it not for this representation and commitment.

C. Statement of No Admission. Defendants deny liability to the State of California, Plaintiff and to the Covered Employees on any and all claims, theories, and/or causes of action asserted or that could have been asserted.

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This Agreement does not constitute, and is not intended to constitute, an admission by Defendants as to the merits, validity, or accuracy of any of the allegations or claims made against them in the Litigation or that Defendants have any liability for any of the claims or causes of action asserted in the Litigation.

Nothing in this Agreement, nor any action taken in implementation thereof, nor any statements, discussions or communications, nor any pleadings or judgments in the Litigation, nor any materials prepared, exchanged, issued or used during the course of the negotiations leading to this Agreement or the Settlement, is intended by the Parties to constitute, nor will any of the foregoing constitute, be introduced, be used or be admissible in any way in this case or any other judicial, court, arbitral, administrative, investigative or other forum or proceeding as evidence of any violation of any federal, state, or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. The Parties themselves agree not to introduce, use, or admit this Agreement, directly or indirectly, in this case or any other judicial, arbitral, administrative, investigative or other forum or proceeding, as purported evidence of any violation of any federal, state, or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity, or for any other purpose. Notwithstanding the foregoing, this Agreement may be used in any proceeding that has as its purpose the approval, interpretation, effectuation, implementation, or enforcement of this Agreement or any orders or judgments of the Court entered in connection with the Settlement. The Parties may also submit the Motion for Approval (as defined below) and the Agreement to the LWDA for the purposes of securing approval of the Settlement.

None of the documents produced or created by Plaintiff or the Covered Employees in connection with the claims procedures or claims resolution procedures constitute, and they are not intended to constitute, an admission by Defendants of any violation of any federal, state, or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity.

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D. Tax Treatment of PAGA Payments. For withholding tax characterization purposes and payment of taxes, the settlement payments to the Covered Employees shall be deemed and are allocated by the Parties as one-hundred percent penalties, or miscellaneous income, and shall not be subject to withholdings. Forms 1099 will be issued and distributed at times and in the manner required by the Internal Revenue Code of 1986 (the "Code") and consistent with this Agreement by the Settlement Administrator. If the Code, the regulations promulgated thereunder, or other applicable tax law is changed after the date of this Agreement, the processes set forth in this Section may be modified in a manner for compliance with any such changes.

E. Settlement Administrator. Plaintiff, through his counsel, has selected Phoenix Settlement Administrators as the Settlement Administrator to administer the Settlement, which includes but is not limited to distributing and responding to inquiries about the Notice of PAGA Settlement and Release of Claims. The Settlement Administrator shall also be responsible for distributing all payments pursuant to this Agreement, including the payment to the LWDA and all individual payments to the Covered Employees, as well as any and all tax reporting and related matters. The Settlement Administrator shall also be responsible for any other tasks that the Parties mutually agree or the Court orders the Settlement Administrator to perform.

The fees and costs of the Settlement Administrator shall be paid from the Gross Settlement Amount and shall not exceed Four Thousand Seven Hundred Dollars and Zero Cents ($4,700.00). No later than ten (10) calendar days after the Gross Settlement Amount has been fully funded by Defendants as set forth in Section III(A) above and the Settlement Administrator has received the Covered Employees List as set forth in Section III(F) below, the Settlement Administrator shall disburse payment from the Gross Settlement Amount for the amount of such fees and costs of the Settlement Administrator that are approved by the Court. Should the Court approve a lesser amount of such fees and costs of the Settlement Administrator, then the

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unapproved portion shall revert into the Net Settlement Amount and the lower award amount will not reduce or impact the enforceability of this Agreement in any way.

F. Notice to Covered Employees and Funding of Settlement. Plaintiff and Defendants, through their respective attorneys, have jointly prepared a Notice of PAGA Settlement and Release of Claims (the "Notice"), which is attached as Exhibit C hereto (and which will also be provided in Spanish). In substance, the Notice will be provided to the Covered Employees as follows:

No later than thirty (30) calendar days after the Effective Date, Defendants shall provide the Settlement Administrator with a list of all Covered Employees ("Covered Employees List"). The Covered Employees List will include each Covered Employee's: (1) name; (2) last known address; (3) number of Pay Periods worked as a Covered Employee during the Covered Period; and (4) social security number. The Covered Employee List and information contained therein shall be treated as and remain confidential, shall be used solely by the Settlement Administrator to manage the notice and payment process described herein, and shall not be disclosed to anyone other than the Settlement Administrator, except to applicable taxing authorities, or pursuant to express written authorization of Defendants or the individual in question, or by order of the Court. In the event that the Settlement Administrator receives a subpoena for the production of documents or information reflecting the information provided by Defendants pursuant to this paragraph, the Settlement Administrator shall promptly notify Defendants and provide a copy of any such subpoena. The Settlement Administrator shall run all the addresses provided through the United States Postal Service NCOA database (which provides updated addresses for any individual who has moved in the previous four years who has notified the U.S. Postal Service of a forwarding address) to obtain current address information.

In the same period, no later than thirty (30) calendar days after the Effective Date, Defendants shall deposit the Gross Settlement Amount into a qualified settlement account (to be established by the Settlement Administrator).

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No later than ten (10) calendar days after the receipt of the Covered Employees List and the deposit of the full Gross Settlement Amount, the Settlement Administrator shall mail the Notice (attached hereto as Exhibit C) together with settlement payments to all Covered Employees (pursuant to the formula in Section III(G) below) by first-class United States mail, postage prepaid, to the last known address of each recipient. The Settlement Administrator shall direct the Postmaster to forward any undeliverable Notices and settlement payment to the Settlement Administrator. For each Notice and settlement payment that is returned as undeliverable, the Settlement Administrator shall promptly attempt to locate the Covered Employee by using an address refresher database. At the same time, no later than ten (10) calendar days after the receipt of the Covered Employees List and deposit of the full Gross Settlement Amount, the Settlement Administrator shall disburse sixty-five percent (65%) of the Net Settlement Amount to the LWDA. Plaintiff will provide notice to the LWDA of the fact that the Settlement has been approved by the Court along with a copy of the Settlement Agreement and the Court order and judgment confirming the approval of the Settlement within the time periods required by applicable law, including California Labor Code sections 2698, *et seq*. As set forth above, as part of this Agreement Plaintiff will and is required to obtain approval of this Settlement, which shall fully and finally resolve all of the Released Claims, and to take any and all other steps necessary to cause the Released Persons to be fully, finally and forever released and discharged from the Released Claims with prejudice by the Covered Employees and the State of California for the Covered Period.

G. Payment of PAGA Penalties. Covered Employees will receive a lump sum payment in an amount determined by the Settlement Administrator in accordance with the provisions of this Agreement. The Net Settlement Amount ("NSA") is computed by subtracting from the Gross Settlement Amount the court approved amounts of: the attorney's fees and Litigation costs awarded to Plaintiff's Counsel (if any), the Administrative Costs and the Group Representative Enhancement Payment (if any).

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Sixty-five percent (65%) of the NSA shall be paid to the LWDA; the remaining thirty-five percent (35%) of the NSA shall be paid to Covered Employees based on the following formula:

The Covered Employee portion of the NSA (35%) (estimated to be $24,132.58) shall be divided amongst the Covered Employees (including, without limitation, Plaintiff) based on their number of Pay Periods worked as a Covered Employee during the Covered Period as reflected in Defendants' records. Specifically, the Covered Employee portion of the NSA (35%) shall be divided by the total Pay Periods all Covered Employees have worked as a Covered Employee during the Covered Period as reflected in Defendants' records to yield the "Employee Settlement Share Value." Each Covered Employee shall be paid an amount equal to the number of total Pay Periods they worked as a Covered Employee during the Covered Period multiplied by the Employee Settlement Share Value.

The settlement checks issued to each Covered Employee shall remain valid for one hundred eighty (180) days from the date of issuance. Funds represented by settlement checks returned as undeliverable and those settlement checks remaining uncashed for more than one hundred eighty (180) days after issuance shall be voided and then shall be transmitted to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Code of Civil Procedure section 1500, *et seq*. in the names of those Covered Employees who did not cash their settlement checks until such time they claim their property. Defendants will not be required to pay any interest on any settlement funds distributed to the Settlement Administrator.

If a check is returned to the Settlement Administrator as undeliverable, the Settlement Administrator shall promptly attempt to obtain a valid mailing address by performing a skip trace search and, if another address is identified, shall mail the check to the newly identified address. If the Settlement Administrator is unable to obtain a valid mailing address through this process, the monies represented by the check shall be turned over according to the above procedures.

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H. Attorneys' Fees and Litigation Costs; Group Representative Enhancement Payment. Defendants shall not oppose an application by Plaintiff's Counsel for, and Plaintiff's Counsel shall not seek or receive an amount in excess of $46,666.67, which represents one-third of the Gross Settlement Amount, for all past and future attorneys' fees necessary to prosecute, settle and administer the Litigation and this Settlement. Additionally, Defendants shall not oppose an application by Plaintiff's Counsel for, and Plaintiff's Counsel shall not seek or receive an amount in excess of $14,683.09, which represents all past and future Litigation costs and expenses necessary to prosecute, settle and administer the Litigation and this Settlement. Any attorneys' fees or Litigation costs awarded to Plaintiff's Counsel by the Court shall be deducted from the Gross Settlement Amount for the purpose of determining the Net Settlement Amount. The "future" aspect of these amounts includes, without limitation, all time and expenses expended by Plaintiff's Counsel in defending the Settlement and securing approval. There will be no additional charge of any kind to either the Covered Employees or the State of California or request for additional consideration from Defendants for such work. This amount shall include all attorneys' fees, Litigation costs and expenses for which Plaintiff and Plaintiff's Counsel could claim under any legal theory whatsoever. No later than ten (10) calendar days after the Gross Settlement Amount has been fully funded by Defendants as set forth in Section III(A) above, the Settlement Administrator shall disburse payment from the Gross Settlement Amount for the amount of attorneys' fees and Litigation costs approved by the Court to Plaintiff's Counsel. Should the Court approve a lesser percentage or amount of attorneys' fees and/or Litigation costs than the amount that Plaintiff's Counsel ultimately seeks, then the unapproved portion or portions shall revert into the Net Settlement Amount and the lower award amounts will not reduce or impact the enforceability of this Agreement in any way.

Additionally, Defendants shall not oppose an application by Plaintiff for, and Plaintiff shall not seek or receive an amount in excess of $5,000.00, for the Group Representative Enhancement Payment. The Group Representative Enhancement Payment is the amount to be

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paid to Plaintiff as consideration for all past and future services he renders and has rendered to the group of Covered Employees in this Lawsuit. Any Group Representative Enhancement Payment awarded to Plaintiff by the Court shall be deducted from the Gross Settlement Amount for the purpose of determining the Net Settlement Amount and shall be reported on IRS Form 1099 issued to Plaintiff. The "future" aspect of this amount includes, without limitation, all time and expenses expended by Plaintiff in defending the Settlement and securing approval. There will be no additional charge of any kind to either the Covered Employees or the State of California or request for additional consideration from Defendants for such work. No later than ten (10) calendar days after the Gross Settlement Amount has been fully funded by Defendants as set forth in Section III(A) above, the Settlement Administrator shall disburse payment from the Gross Settlement Amount for the amount of the Group Representative Enhancement Payment approved by the Court to Plaintiff. Should the Court approve a lesser amount for the Group Representative Enhancement Payment than the amount that Plaintiff ultimately seeks, then the unapproved portion or portions shall revert into the Net Settlement Amount and the lower award amount will not reduce or impact the enforceability of this Agreement in any way.

I. Court Approval. Plaintiff will bring a motion before the Court at Plaintiff's expense for an order approving the Settlement, including the Released Claims, Plaintiff's Counsel's attorneys' fees and Litigation costs, Administrative Costs and the Group Representative Enhancement Payment (the "Motion for Approval"). The Motion for Approval shall also, among other things, request that the Court enter judgment approving the Settlement and this Agreement, adjudging the terms thereof to be fair, reasonable and adequate, and directing consummation of its terms and provisions. Plaintiff's Counsel will prepare the Motion for Approval, which shall be subject to review and approval by Defendants. Defense Counsel shall have a minimum of six (6) business days to review the Motion for Approval and all supporting documents (including, but not limited to, the Court order and judgment confirming and/or entering the approval of the Settlement) in a finalized form substantially ready to be filed

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before Plaintiff's Counsel files the Motion for Approval with the Court. On the same date on which the Motion for Approval is filed with the Court, Plaintiff's Counsel shall concurrently submit the Motion for Approval and supporting papers (including, without limitation, this Agreement) to the LWDA in compliance with Labor Code section 2698 *et seq*. This Agreement and the Settlement is contingent upon approval by the Court and the entry of judgment. Plaintiff and Defendants agree to take all steps as may be reasonably necessary to secure approval of the Settlement, to the extent not inconsistent with the terms of this Agreement, and will not take any action adverse to each other in obtaining court approval, and, if necessary, appellate approval, of the Settlement in all respects. Plaintiff and Defendants, as well as Plaintiff's Counsel and Defense Counsel, expressly agree that they will not file any objection to the terms of the Settlement or assist or encourage any person or entity to file any such objection. Plaintiff and Defendants, as well as Plaintiff's Counsel and Defense Counsel, also expressly agree that they will not appeal any judgment entered in conformance with this Agreement. Further, upon completion of all distributions in accordance with the terms of the judgment entered in conformance with the terms of this Agreement, Plaintiff's Counsel shall prepare, file and serve on Defense Counsel an Acknowledgment of Satisfaction of the judgment in full.

As of the Effective Date, Plaintiff will: (i) be bound by the terms and conditions of this Agreement and the releases set forth therein; and (ii) be deemed to have waived all objections and oppositions to the fairness, reasonableness and adequacy of the Settlement and the Court's order granting approval.

If the Court should, for any reason, decline to approve the Settlement as set forth in this Agreement, the Parties agree to use their best efforts and to negotiate in good faith in an effort to resolve and/or address the Court's reason(s) for denying approval by amending this Agreement or otherwise. If, after exhausting their best efforts to do so, they are unable to reach agreement and/or to obtain Court approval, this Agreement shall be considered null and void, and all Parties

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to this Settlement shall stand in the same position, without prejudice, as if the Settlement Agreement had been neither entered into nor filed with the Court.

J. Jurisdiction. The Court has jurisdiction over the Parties and the subject matter of this Litigation. The Litigation includes claims that, while Defendants deny them in their entirety, would, if proven, authorize the Court to grant relief pursuant to the applicable statutes. After the Court has approved the Settlement and after the Court has ordered the entry of judgment, pursuant to California Code of Civil Procedure section 664.6 the Court shall retain jurisdiction of this action solely for the purpose of interpreting, implementing, and enforcing this Settlement consistent with the terms set forth herein.

K. Severability. The Parties agree that if any provision(s) of this Settlement Agreement is determined to be invalid or unenforceable, then to the maximum extent permitted by law, any such provision(s) shall be deemed severed and the remaining provisions of this Agreement shall remain in full force and effect unless the effect of the severing of any such provision(s) adversely and materially affects the overall purpose of the Agreement, to wit: the full, final and complete release and resolution of the Litigation and all claims for civil penalties under the California Labor Code Private Attorneys General Act of 2004, including all amendments thereto, California Labor Code § 2698 *et. seq.* that were asserted in the Litigation, or could have been asserted, based on the facts alleged in the Litigation, as well as all claims for civil penalties, arising from, based on, related to or attributable to the facts, causes of action and/or claims alleged in the Litigation, whether known or unknown, suspected or unsuspected, by Plaintiff and the Covered Employees and the State of California of the Released Persons for the Covered Period (nothing in this Section is intended to limit or alter the scope of Section III(B) of this Agreement in any way whatsoever). In the event of a breach, this Agreement may be specifically enforced.

L. Publicity. Defendants, Plaintiff, and Plaintiff's Counsel agree to limit public comment on this Settlement and the Litigation to stating that the matter has been resolved to the

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satisfaction of the Parties. Neither Defendants, Plaintiff nor Plaintiff's Counsel will initiate public comment, including but not limited to press inquiries or website, blog, or social media postings and represent that they will not post anything on a website or social media regarding this Settlement, or respond to inquiries from, or otherwise communicate with third parties, including the press, regarding this Settlement, other than to state that this matter has been resolved.

IV. MISCELLANEOUS PROVISIONS

A. Stay of the Litigation. Plaintiff and Defendants agree to a stay of this Litigation including Plaintiff's State Court Case and all pending deadlines immediately, pending approval of the Settlement by the Court.

B. Interpretation of the Agreement. This Agreement constitutes the entire agreement between Plaintiff and Defendants with respect to the subject matter of the Settlement of the Litigation; notwithstanding the foregoing, Plaintiff has entered or will enter into a settlement agreement with Joshua House, LLC providing a full general release and resolving his individual claims (other than his individual PAGA claim) against Defendants and other related and affiliated persons and entities, as set forth therein, which is documented in a separate agreement entitled SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS that shall survive this agreement, shall not be superseded by this Agreement and be separately enforceable, as discussed further below. Except as expressly provided herein, this Agreement has not been executed in reliance upon any other written or oral representations or terms, and no such extrinsic oral or written representations or terms shall modify, vary or contradict its terms. In entering into this Agreement, the Parties agree that this Agreement is to be construed according to its terms and may not be varied or contradicted by extrinsic evidence. The Agreement will be interpreted and enforced under the laws of the State of California, both in its procedural and substantive aspects, without regard to its conflict of laws provisions. Any claim arising out of or relating to the Agreement, or the subject matter hereof, will be resolved solely

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and exclusively in the Superior Court of the State of California for the County of Orange, and Plaintiff and Defendants hereby consent to the personal jurisdiction of the Court over them solely in connection therewith. The foregoing is only limited to disputes concerning this Agreement and in no way limits or negates the enforceability and effect of any arbitration agreements signed by employees of Defendants obligating them to arbitrate any and all claims on an individual (and not on a class or collective) basis. Plaintiff, on his own behalf and on behalf of the Covered Employees and the State of California, as well as Defendants participated in the negotiation and drafting of this Agreement and each had available to them the advice and assistance of independent counsel such that the language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent. As such, in the event that any language in this Agreement is held to be uncertain or ambiguous, any such language shall not be interpreted against any Party based on authorship of such language. Each of the Parties and their counsel have reviewed and revised this Agreement, and the normal rule of construction to the effect of any ambiguities in an agreement are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Each of the Parties represents and warrants that the attorney approving this Agreement as to form on their behalf is the attorney employed to represent them with respect to this Agreement, and all matters covered by and related to it, and they have been fully advised by those attorneys with respect to their rights and obligations as to this Agreement. The Parties declare that they know and understand the contents of this Agreement, and they have executed it voluntarily. Further, this Agreement shall be construed without regard to any presumption or rule requiring construction against the Party causing such instrument or any portion thereof to be drafted, or in favor of the Party receiving a particular benefit under this Agreement.

The terms and conditions of this Agreement constitute the exclusive and final understanding and expression of all agreements between Plaintiff and Defendants with respect to the Settlement of the Litigation. Notwithstanding the foregoing, in connection with the

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Settlement of the Litigation Plaintiff is required to and shall sign or has already signed a separate individual settlement agreement entitled SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS that includes a full general release releasing Defendants and other persons and entities specified in that agreement from any and all claims (other than his individual and representative PAGA claim), including a full waiver of Civil Code section 1542 (the parties to the SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS are Joshua House, LLC and Plaintiff). This Agreement in no way alters, modifies, supersedes or amends the separate individual settlement agreement Plaintiff shall sign or has already signed in connection with the Settlement of the Litigation and, likewise, nothing in Plaintiff's separate individual settlement agreement shall alter, modify, supersede or amend this Agreement.

Further, Defendants shall have no obligation to deliver the Gross Settlement Amount or any other amounts whatsoever (including, without limitation, any amounts in connection with Plaintiff's execution of the individual settlement agreement entitled SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS), and both this Agreement and the SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS shall be deemed null, void and of no force or effect, should Plaintiff timely revoke the SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS during the 7-day revocation period to commence immediately after Plaintiff signs the SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS (as set forth in the "Revocation Period" section of the SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS). For the sake of clarity, should Plaintiff timely revoke the SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS pursuant to the "Revocation Period" section set forth therein, such revocation will operate to also revoke this Agreement, this Agreement shall be treated as null and void and without any force or effect, Defendants shall not be required to pay any sums in connection with this Agreement (or the SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS) and the Parties shall stand in the same position, without prejudice, as if this Agreement had never been entered into.

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C. Further Cooperation. Plaintiff and Defendants and their respective attorneys shall proceed diligently to prepare and execute all documents, to seek the necessary approvals from the Court, and to do all things reasonably necessary or convenient to consummate the Agreement as expeditiously as possible.

D. Confidentiality of Documents. Plaintiff and Plaintiff's Counsel agree to delete and destroy any and all documents and Electronically Stored Information, and any other forms or items of information received from Defendants in this Litigation, within ten (10) calendar days of the Effective Date. Plaintiff and Plaintiff's Counsel shall provide written verification that all such documents and information have been deleted and/or destroyed within ten (10) calendar days of the deadline for the deletion and destruction of documents and information.

E. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and may be sent by email. The Parties agree that emailed, electronic and/or facsimile signatures shall be deemed to be as effective and binding as original signatures hereto for all purposes.

F. Authority. Each individual signing below warrants that they have the authority to execute this Agreement on behalf of the Party for whom or which that individual signs.

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

H. No Prior Assignments. The Parties hereto represent, covenant and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights released and discharged by this Settlement Agreement. Each breaching Party shall defend and indemnify the other non-breaching Parties from and against a breach of the representation in this section.

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I. Attorneys' Fees in Enforcement Actions: Except as otherwise provided in this Settlement Agreement, in the event that one or more of the Parties to this Settlement Agreement institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement Agreement, to interpret this Settlement Agreement, and/or to declare rights and/or obligations under this Settlement Agreement, the successful Party or Parties shall be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs incurred in connection with any such action(s), including attorneys' fees and costs on appeal.

J. Notices: Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing by email and mailing by United States registered or certified mail, return receipt requested, addressed as follows, and shall be deemed to have been duly given as of the third business day after mailing:

To Plaintiff as follows:

WILSHIRE LAW FIRM
Thiago M. Coelho (SBN 324715)
660 S. Figueroa Street, Sky Lobby
Los Angeles, CA 90017
Thiago.coelho@wilshirelawfirm.com

To Defendants as follows:

Joshua House, LLC, National Therapeutic Services, Inc., National Therapeutic Services, LLC

Stradling Yocca Carlson & Rauth LLP
John M. Wicker (SBN 292023)
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660
Jwicker@stradlinglaw.com

K. Captions: Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Settlement Agreement or any provision hereof. Each term of this Settlement Agreement is contractual and not merely a recital.

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L. Modification: This Settlement Agreement may not be changed, altered, or modified, except in a writing signed by the Parties hereto which expresses, by its terms, an intention to modify this Agreement, and which is approved by the Court. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by all of the Parties hereto.

M. No Unintended Waivers. No waiver by any Party of any provision of this Agreement shall be deemed a waiver of any other provision of this Agreement or any subsequent breach of the same or any other provision of this Agreement.

N. No Tax Advice. Defendants do not intend anything contained in this Agreement to constitute legal advice regarding the taxability of any amount paid hereunder, and Plaintiff and the Covered Employees agree that they are not relying upon Defendants, the Released Persons, or any of them, for tax advice. The tax issues for each Covered Employee may be unique, and each Covered Employee is advised to obtain tax advice from their own tax advisor with respect to any payment made pursuant to this Agreement.

O. Headings. The descriptive headings of any paragraphs or sections of this Agreement are inserted for convenience or reference only and do not constitute a part of this Agreement.

P. Admissibility. The Parties hereby agree that this Agreement is admissible or subject to disclosure and waive any confidentiality protections for this Agreement under California Evidence Code section 1123.

Q. Successors: This Settlement Agreement shall be binding upon and inure to the benefit of the Parties hereto and to their respective heirs, executors, personal representatives, trustees, executors, administrators, successors and assigns.

[*Remainder of Page Intentionally Left Blank; Signature Page to Follow*]

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THE ABOVE TERMS AND CONDITIONS ARE HEREBY VOLUNTARILY AGREED TO BY THE UNDERSIGNED PARTIES.

Date: 09/03/2026, 2026

Signed by:
A3BEC1EA7E1D4B5...

Plaintiff Oscar Williams, on behalf of himself, the Covered Employees and the State of California

Date: September 3, 2026, 2026

Defendant Joshua House, LLC
By: Paul Alexander, Chief Executive Officer

Date: September 9, 2026, 2026

Defendant National Therapeutic Services, LLC
By: Jillian Kristofferson, Chief Operating Officer

Date: September 9, 2026, 2026

Defendant National Therapeutic Services, Inc.
By: Erick Rocca, Chief Financial Officer

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EXHIBIT A

Docusign Envelope ID: 85615265-0AAE-8205-80E3-B04BB6548926 ifornia, County of Orange, 06/05/2026 01:09:00 PM.
30-2025-01462517-CU-OE-CXC - ROA # 118 - DAVID H. YAMASAKI, Clerk of the Court By G. Ramirez, Deputy Clerk.

Thiago M. Coelho (SBN 324715)
thiago.coelho@wilshirelawfirm.com
Chumahan B. Bowen (SBN 268136)
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WILSHIRE LAW FIRM
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Los Angeles, CA 90017
Telephone: (213) 381-9988
Facsimile: (213) 381-9989

Attorneys for Plaintiff

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE

OSCAR WILLIAMS, individually and as an aggrieved employee on behalf of the State of California and other aggrieved employees,

Plaintiff,

v.

JOSHUA HOUSE, LLC, a California limited liability company; NATIONAL THERAPEUTIC SERVICES, INC. DBA NORTHBOUND TREATMENT SERVICES, INC., a Nevada corporation; NATIONAL THERAPEUTIC SERVICES, LLC DBA NORTHBOUND TREATMENT SERVICES, INC., a California limited liability company; and DOES 1 through 10, inclusive,

Defendants.

Case No.: 30-2025-01462517-CU-OE-CXC

INDIVIDUAL AND PAGA REPRESENTATIVE ACTION SECOND AMENDED COMPLAINT:

1. Failure to Pay Minimum and Straight Time Wages (Cal. Lab. Code §§ 204, 1194, 1194.2, and 1197);
2. Failure to Pay Overtime Wages (Cal. Lab. Code §§ 1194 and 1198);
3. Failure to Provide Meal Periods (Cal. Lab. Code §§ 226.7, 512);
4. Failure to Authorize and Permit Rest Periods (Cal. Lab. Code §§ 226.7);
5. Failure to Timely Pay Final Wages at Termination (Cal. Lab. Code §§ 201-203);
6. Failure to Provide Accurate Itemized Wage Statements (Cal. Lab. Code § 226);
7. Failure to Indemnify Employees for Expenditures (Cal. Lab. Code § 2802);
8. Unfair Business Practices (Cal. Bus. & Prof. Code §§ 17200, *et seq*.); and
9. PAGA Violations (Cal. Lab. Code §§ 2698).

DEMAND FOR JURY TRIAL

Judge: Hon. David A. Hoffer
Dept.: CX-103

Complaint Filed: February 25, 2025
Trial Date: Not Yet Set

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Plaintiff OSCAR WILLIAMS ("Plaintiff"), based upon facts that either have evidentiary support or are likely to have evidentiary support after a reasonable opportunity for further investigation and discovery, alleges as follows:

INTRODUCTION & PRELIMINARY STATEMENT

1. Plaintiff brings this action against Defendants JOSHUA HOUSE, LLC, NATIONAL THERAPEUTIC SERVICES, INC. DBA NORTHBOUND TREATMENT SERVICES, INC., NATIONAL THERAPEUTIC SERVICES, LLC DBA NORTHBOUND TREATMENT SERVICES, INC., and DOES 1 through 10 (hereinafter collectively referred to as "Defendants") for California Labor Code violations and unfair business practices stemming from Defendants' failure to pay for all hours worked, failure to provide meal periods, failure to authorize and permit rest periods, failure to timely pay final wages, failure to timely pay wages during employment, failure to furnish accurate wage statements, and failure to indemnify employees for expenditures.

2. Plaintiff brings the First through Eighth Causes of Action individually only. Plaintiff brings the Ninth Cause of Action under the Private Attorneys General Act of 2004 as an Aggrieved Employee on behalf of the State of California and on behalf of other Aggrieved Employees (as defined below). Plaintiff does not assert any class claims. The "Aggrieved Employees" are all current and former employees who worked for Defendants in California as non-exempt or hourly-paid employees at any time during the applicable PAGA period and against whom one or more of the alleged Labor Code violations was committed.

3. Defendants own/owned and operate/operated an industry, business, and establishment within the State of California, including Orange County. As such and based upon all the facts and circumstances incident to Defendants' business in California, Defendants are subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business & Professions Code.

4. Despite these requirements, throughout the statutory period, Defendants maintained a systematic, company-wide policy and practice of:

(a) Failing to pay employees for all hours worked, including all minimum,

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straight time, and overtime wages in compliance with the California Labor Code and IWC Wage Orders;

(b) Failing to provide employees with timely and duty-free meal periods in compliance with the California Labor Code and IWC Wage Orders, failing to maintain accurate records of all meal periods taken or missed, and failing to pay an additional hour's pay at each employee's regular rate of pay for each workday a meal period violation occurred;

(c) Failing to authorize and permit employees to take timely and duty-free rest periods in compliance with the California Labor Code and IWC Wage Orders, and failing to pay an additional hour's pay at each employee's regular rate of pay for each workday a rest period violation occurred;

(d) Willfully failing to pay employees all minimum, straight time, overtime, meal period premium, and rest period premium wages due within the time period specified by California law upon termination of employment;

(e) Willfully and/or knowingly failing to pay employees all minimum, straight time, overtime, meal period premium, and rest period premium wages due within the time period specified by California law during employment;

(f) Failing to provide employees with accurate, itemized wage statements containing all the information required by the California Labor Code and IWC Wage Orders; and

(g) Failing to indemnify employees for expenditures incurred in direct discharge of duties of employment.

5. On information and belief, Defendants, and each of them were on actual and constructive notice of the improprieties alleged herein and intentionally refused to rectify their unlawful policies. Defendants' violations, as alleged above, during all relevant times herein were willful and deliberate.

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6. At all relevant times, Defendants were and are legally responsible for all the unlawful conduct, policies, practices, acts and omissions as described in each and all of the foregoing paragraphs as the employers of Plaintiff and the Aggrieved Employees. Further, Defendants are responsible for each of the unlawful acts or omissions complained of herein under the doctrine of "respondeat superior."

THE PARTIES

A. Plaintiff

7. Plaintiff OSCAR WILLIAMS is a resident of Orange County, California, who worked for Defendants in Newport Beach, California, as an hourly-paid, non-exempt employee from approximately October 24, 2024 to approximately January 29, 2025.

8. Plaintiff reserves the right to seek leave to amend this complaint to add new Plaintiffs, if necessary, to establish suitable representative(s) pursuant to *La Sala v. American Savings and Loan Association* (1971) 5 Cal. 3d 864, 872, and other applicable law.

B. Defendants

9. Plaintiff is informed and believes, and based upon that information and belief alleges, that Defendant JOSHUA HOUSE, LLC is, and at all times herein mentioned, was:

(a) A business entity conducting business in the State of California, including in Orange County; and,

(b) The former employer of Plaintiff and the current and/or former employer of Aggrieved Employees because Defendant JOSHUA HOUSE, LLC suffered and permitted Plaintiff and the Aggrieved Employees to work, and/or controlled their wages, hours, or working conditions.

10. Plaintiff is informed and believes, and based upon that information and belief alleges, that Defendant NATIONAL THERAPEUTIC SERVICES, INC. DBA NORTHBOUND TREATMENT SERVICES, INC. is, and at all times relevant was, a business entity conducting business in the State of California, including in Orange County, and was Plaintiff's employer, joint employer, and integrated employer as well as the alter ego, agent, successor, and/or predecessor of Defendants, or otherwise legally responsible for the Labor Code violations alleged herein.

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11. Plaintiff is informed and believes, and based upon that information and belief alleges, that Defendant NATIONAL THERAPEUTIC SERVICES, LLC DBA NORTHBOUND TREATMENT SERVICES, INC. is, and at all times relevant was, a business entity conducting business in the State of California, including in Orange County, and was Plaintiff's employer, joint employer, and integrated employer as well as the alter ego, agent, successor, and/or predecessor of Defendants, or otherwise legally responsible for the Labor Code violations alleged herein.

12. Plaintiff does not know the true names or capacities of the persons or entities sued herein as Does 1-10, inclusive, and therefore sues said Defendants by such fictitious names. Each of the Doe Defendants was in some manner legally responsible for the damages suffered by Plaintiff and the Aggrieved Employees as alleged herein. Plaintiff will amend this complaint to set forth the true names and capacities of these Defendants when they have been ascertained, together with appropriate charging allegations, as may be necessary.

13. At all times mentioned herein, the Defendants named as Does 1-10, inclusive, and each of them, were residents of, doing business in, availed themselves of the jurisdiction of, and/or injured a significant number of the Plaintiff and the Aggrieved Employees in the State of California.

14. Plaintiff is informed and believes and thereon alleges that at all relevant times each Defendant, directly or indirectly, or through agents or other persons, employed Plaintiff and the other employees described in the Aggrieved Employees definitions above, and exercised control over their wages, hours, and working conditions. Plaintiff is informed and believes and thereon alleges that, at all relevant times, each Defendant was the principal, agent, partner, joint venturer, officer, director, controlling shareholder, subsidiary, affiliate, parent corporation, successor in interest and/or predecessor in interest of some or all of the other Defendants, and was engaged with some or all of the other Defendants in a joint enterprise for profit, and bore such other relationships to some or all of the other Defendants so as to be liable for their conduct with respect to the matters alleged below. Plaintiff is informed and believes and thereon alleges that each Defendant acted pursuant to and within the scope of the relationships alleged above, that each Defendant knew or

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should have known about, and authorized, ratified, adopted, approved, controlled, aided and abetted the conduct of all other Defendants.

JURISDICTION & VENUE

15. This Court has subject matter jurisdiction over this action pursuant to California Code of Civil Procedure section 410.10.

16. The Court has personal jurisdiction over Defendants because the Plaintiff and Aggrieved Employees' claims arise from Defendants' business activities conducted in California.

17. At all times mentioned herein, Defendants, inclusive and each of them, were residents of, doing business in, availed themselves of the jurisdiction of, and/or injured Plaintiff and the Aggrieved Employees in the State of California.

18. Venue is appropriate in Orange County, California, because many acts and omissions that give rise to the claims for relief alleged in this action occurred in Orange County.

ALLEGATIONS COMMON TO ALL CAUSES OF ACTION AND THE PAGA CLAIM

19. Plaintiff worked for Defendants in Newport Beach, California as an hourly-paid, non-exempt employee from approximately October 24, 2024 to January 29, 2025. During Plaintiff's employment for Defendants, Defendants paid Plaintiff an hourly wage and classified him as non-exempt from overtime. Defendants typically scheduled Plaintiff to work at least five days in a workweek and at least eight hours per day, but Plaintiff regularly worked more than eight hours in a workday and/or more than forty (40) hours in a workweek.

20. Throughout Plaintiff's employment, Defendants failed to pay for all hours worked (including minimum, straight time, and overtime wages), failed to provide Plaintiff with legally compliant meal periods, failed to authorize and permit Plaintiff to take rest periods, failed to timely pay all final wages to Plaintiff when Defendants terminated his employment, failed to furnish accurate wage statements to Plaintiff, and failed to indemnify Plaintiff for expenditures. As discussed below, Plaintiff's experience working for Defendants was typical and illustrative of the Aggrieved Employees.

21. Throughout the statutory period, Defendants maintained a policy and practice of not paying Plaintiff and the Aggrieved Employees for all hours worked, including minimum, straight

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time, and overtime wages. Defendants required Plaintiff and the Aggrieved Employees to work "off-the-clock," uncompensated, by, for example, requiring Plaintiff and the Aggrieved Employees to perform work prior to clocking in for the workday, during unpaid meal periods, and after clocking out for the workday. Some of this unpaid work should have been paid at the overtime rate. In failing to pay for all hours worked, Defendants also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked. The failure to pay for all hours worked also included a system of time rounding and/or synthetic timekeeping that resulted in unpaid compensation for time worked pre-shift, post-shift, and during periods when meal periods were supposedly recorded, even though Defendants could have tracked and paid work time to the minute.

22. Throughout the statutory period, Defendants wrongfully failed to provide Plaintiff and the Aggrieved Employees with legally compliant meal periods. Defendants regularly, but not always, required Plaintiff and the Aggrieved Employees to work in excess of five consecutive hours a day without providing a 30-minute, uninterrupted, and duty-free meal period for every five hours of work, or without compensating Plaintiff and the Aggrieved Employees for meal periods that were not provided by the end of the fifth or tenth hour of work. Instead, Defendants continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks that could not be completed without working in lieu of taking mandatory meal periods, or by denying Plaintiff and the Aggrieved Employees permission to take a meal period. Accordingly, Defendants' policy and practice was to not provide meal periods to Plaintiff and the Aggrieved Employees in compliance with California law. Defendants also failed to inform Plaintiff and Aggrieved Employees of their right to take a second meal period when they worked at least ten hours in a workday, and failed to permit them to take compliant second meal periods.

23. Throughout the statutory period, Defendants have wrongfully failed to authorize and permit Plaintiff and the Aggrieved Employees to take legally compliant rest periods. Defendants regularly required Plaintiff and the Aggrieved Employees to work more than four consecutive hours a day without Defendants authorizing and permitting them to take a 10-minute,

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uninterrupted, duty-free rest period for every four hours of work (or major fraction of four hours), or without compensating Plaintiff and the Aggrieved Employees for rest periods that were not authorized or permitted. Instead, Defendants continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest periods, or by denying Plaintiff and the Aggrieved Employees permission to take a rest period. Accordingly, Defendants' policy and practice was to disallow Plaintiff and the Aggrieved Employees to take rest periods required under California law.

24. Throughout the statutory period, Defendants willfully failed and refused to timely pay Plaintiff and the Aggrieved Employees all final wages due at their termination of employment. In addition, Plaintiff's final paychecks did not include payment for all expenditures, minimum wages, straight time wages, overtime wages, meal period premium wages, and rest period premium wages owed by Defendants at the conclusion of their employment. On information and belief, Defendants' failure to timely pay Plaintiff's final wages when their employment terminated was not a single, isolated incident, but was instead consistent with Defendants' policy and practice that applied to Plaintiff and the Aggrieved Employees.

25. Throughout the statutory period, Defendants willfully failed and refused to timely pay Plaintiff and the Aggrieved Employees all wages due during their employment, including as required by California Labor Code sections 204 and 210, including, without limitation, all expenditures, minimum wages, straight time wages, overtime wages, meal period premium wages, and rest period premium wages owed by Defendants. On information and belief, Defendants' failure to timely pay Plaintiff and Aggrieved Employees wages during their employment was not a single, isolated incident, but was instead consistent with Defendants' policy and practice that applied to Plaintiff and the Aggrieved Employees.

26. Throughout the statutory period, Defendants failed to furnish Plaintiff and the Aggrieved Employees with accurate, itemized wage statements showing all applicable hourly rates, all overtime hourly rates, and all gross and net wages earned (including correct hours worked, correct wages for meal periods that were not provided in accordance with California law, and

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correct wages for rest periods that were not allowed in accordance with California law). As a result of these violations of California Labor Code § 226(a), the Plaintiff and the Aggrieved Employees suffered injury because, among other things:

(a) the violations led them to incorrectly believe that they were not entitled to be paid minimum, straight time, overtime, meal period premium, and rest period premium wages;

(b) the violations led them to incorrectly believe that they had been paid the minimum, straight time, overtime, meal period premium, and rest period premium wages;

(c) the violations led them to incorrectly believe they were not entitled to be paid minimum, straight time, overtime, meal period premium, and rest period premium wages at the correct California rate;

(d) the violations led them to incorrectly believe they had been paid minimum, straight time, overtime, meal period premium, and rest period premium wages at the correct California rate;

(e) the violations hindered them from determining the amounts of minimum, straight time, overtime, meal period premium, and rest period premium wages owed to them;

(f) in connection with their employment before and during this action, and in connection with prosecuting this action, the violations caused them to have to perform mathematical computations to determine the amounts of wages owed to them, computations they would not have to make if the wage statements contained the required accurate information;

(g) by understating the wages truly due to them, the violations caused them to lose entitlement and/or accrual of the full amount of Social Security, disability, unemployment, and other governmental benefits;

(h) the wage statements inaccurately understated the wages, hours, and wage rates to which Plaintiff and the Aggrieved Employees were entitled, and

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Plaintiff and the Aggrieved Employees were paid less than the wages and wage rates to which they were entitled.

Thus, Plaintiff and the Aggrieved Employees are owed the amounts provided for in California Labor Code § 226(e) and injunctive relief under California Labor Code § 226(h).

27. Throughout the statutory period, Defendants have wrongfully required Plaintiff and the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Defendants. Plaintiff and the Aggrieved Employees regularly paid out-of-pocket for necessary employment-related expenses, including, without limitation, work attire, work equipment, personal protective equipment, use of cell phones and/or use of personal vehicles.

28. Plaintiff and the Aggrieved Employees incurred substantial expenses as a direct result of performing their job duties for Defendants, but Defendants failed to indemnify Plaintiff and the Aggrieved Employees for these employment-related expenses.

FIRST CAUSE OF ACTION

(Against All Defendants for Failure to Pay Minimum and Straight Time Wages for All Hours Worked)

29. Plaintiff incorporates by reference and re-alleges as if fully stated herein paragraphs 1 through 28 in this Complaint.

30. "Hours worked" is the time during which an employee is subject to the control of an employer and includes all the time the employee is suffered or permitted to work, whether or not required to do so.

31. At all relevant times herein mentioned, Defendants knowingly failed to pay to Plaintiff compensation for all hours worked. By their failure to pay compensation for each hour worked as alleged above, Defendants willfully violated the provisions of California Labor Code § 1194, and any additional applicable Wage Orders, which require such compensation to non-exempt employees.

32. Accordingly, Plaintiff is entitled to recover minimum and straight time wages for all non-overtime hours worked for Defendants.

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33. By and through the conduct described above, Plaintiff was deprived of his right to be paid wages earned by virtue of his employment with Defendants.

34. By virtue of the Defendants' unlawful failure to pay additional compensation to Plaintiff for his non-overtime hours worked without pay, Plaintiff suffered, and will continue to suffer, damages in amounts which are presently unknown to Plaintiff, and which will be ascertained according to proof at trial.

35. By failing to keep adequate time records required by California Labor Code § 1174(d), Defendants have made it difficult to calculate the full extent of minimum wage compensation due Plaintiff.

36. Pursuant to California Labor Code § 1194.2, Plaintiff is entitled to recover liquidated damages (double damages) for Defendants' failure to pay minimum wages.

37. California Labor Code § 204 requires employers to provide employees with all wages due and payable twice a month. Throughout the applicable statute of limitations period, Plaintiff was entitled to be paid twice a month at rates required by law, including minimum and straight time wages. However, during all such times, Defendants systematically failed and refused to pay Plaintiff all such wages due and failed to pay those wages twice a month.

38. Plaintiff is entitled to seek recovery of all unpaid minimum and straight time wages, interest, and reasonable attorneys' fees and costs pursuant to California Labor Code §§ 218.5, 218.6, and 1194(a).

SECOND CAUSE OF ACTION

(Against All Defendants for Failure to Pay Overtime Wages)

39. Plaintiff incorporates by reference and re-alleges as if fully stated herein paragraphs 1 through 38 in this Complaint.

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

41. California Labor Code §§ 1194 and 1198 provide that employees in California shall not be employed more than eight hours in any workday unless they receive additional

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compensation beyond their regular wages in amounts specified by law. Additionally, California Labor Code § 1198 states that the employment of an employee for longer hours than those fixed by the IWC is unlawful.

42. At all times relevant hereto, Plaintiff worked more than eight hours in a workday and/or more than forty (40) hours in a workweek, as an employee of Defendants.

43. At all times relevant hereto, Defendants failed to pay Plaintiff overtime compensation for the hours worked in excess of the maximum hours permissible by law as required by California Labor Code §§ 510 and 1198.

44. By virtue of Defendants' unlawful failure to pay additional premium rate compensation to the Plaintiff for his overtime hours worked, Plaintiff has suffered, and will continue to suffer, damages in amounts which are presently unknown, but which exceed the jurisdictional minimum of this Court, and which will be ascertained according to proof at trial.

45. By failing to keep adequate time records required by Labor Code § 1174(d), Defendants have made it difficult to calculate the full extent of overtime compensation due to Plaintiff.

46. Plaintiff also requests recovery of overtime compensation according to proof, interest, attorneys' fees and costs pursuant to California Labor Code § 1194(a), as well as the assessment of any statutory penalties against Defendants, in a sum as provided by the California Labor Code and/or other statutes.

47. California Labor Code § 204 requires employers to provide employees with all wages due and payable twice a month. The Wage Orders also provide that every employer shall pay to each employee, on the established payday for the period involved, overtime wages for all overtime hours worked in the payroll period. Defendants failed to provide Plaintiff with all compensation due, in violation of California Labor Code § 204.

THIRD CAUSE OF ACTION

(Against All Defendants for Failure to Provide Meal Periods)

48. Plaintiff incorporates by reference and re-alleges as if fully stated herein paragraphs 1 through 47 in this Complaint.

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49. Under California law, Defendants have an affirmative obligation to relieve the Plaintiff of all duty to allow first daily meal periods no later than the start of Plaintiff's sixth hour of work in a workday, and to take second meal periods no later than the start of the eleventh hour of work in the workday. California Labor Code § 512, and Section 11 of the applicable Wage Orders require that an employer provide timely uninterrupted unpaid meal periods of at least thirty (30) minutes for each five-hour period worked. It is a violation of California Labor Code § 226.7 for an employer to require any employee to work during any meal period mandated under any Wage Order.

50. Despite these legal requirements, Defendants regularly failed to provide Plaintiff with both meal periods as required by California law. By their failure to permit and authorize Plaintiff to take all meal periods as alleged above (or because Defendants made it impossible or impracticable to take these uninterrupted meal periods), Defendants willfully violated the provisions of California Labor Code §§ 226.7, 512 and the applicable Wage Orders.

51. Under California law, Plaintiff is entitled to be paid one hour of additional wages at his regular rate of compensation for each workday he was not provided with all required meal periods, plus interest. Further, California Labor Code § 204 requires employers to provide employees with all wages due and payable twice a month. Throughout the applicable statute of limitations period, Plaintiff was entitled to be paid twice a month at rates required by law, including meal period premium wages equal to one hour of his compensation at his regular rate of compensation. However, during all such times, Defendants systematically failed and refused to pay Plaintiff all such wages due and failed to pay those wages twice a month.

FOURTH CAUSE OF ACTION

(Against All Defendants for Failure to Authorize and Permit Rest Periods)

52. Plaintiff incorporates by reference and re-alleges as if fully stated herein paragraphs 1 through 51 in this Complaint.

53. Defendants are required by California law to authorize and permit breaks of ten uninterrupted minutes for each four hours of work or major fraction of four hours (i.e. more than two hours). According to California Labor Code § 512, the applicable Wage Orders require that

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the employer permit and authorize all employees to take paid rest periods of ten minutes each for each 4-hour period worked. Thus, for example, if an employee's work time is six hours and ten minutes, the employee is entitled to two rest breaks. Each failure to authorize rest breaks as so required is itself a violation of California's rest break laws. It is a violation of California Labor Code § 226.7 for an employer to require any employee to work during any rest period mandated under any Wage Order.

54. Despite these legal requirements, Defendants failed to authorize Plaintiff to take rest breaks, regardless of whether employees worked more than four hours in a workday. By their failure to permit and authorize Plaintiff to take rest periods as alleged above (or because Defendants made it impossible or impracticable to take these uninterrupted rest periods), Defendants willfully violated the provisions of California Labor Code § 226.7 and the applicable Wage Orders.

55. Under California law, Plaintiff is entitled to be paid one hour of premium wages at his regular rate of compensation for each workday he was not provided with all required rest breaks, plus interest. Further, California Labor Code § 204 requires employers to provide employees with all wages due and payable twice a month. Throughout the applicable statute of limitations period, Plaintiff was entitled to be paid twice a month at rates required by law, including rest period premium wages equal to one hour of his compensation at his regular rate of compensation. However, during all such times, Defendants systematically failed and refused to pay Plaintiff all such wages due and failed to pay those wages twice a month.

FIFTH CAUSE OF ACTION

(Against All Defendants for Failure to Pay Wages of Discharged Employees – Waiting Time Penalties)

56. Plaintiff incorporates by reference and re-alleges as if fully stated herein paragraphs 1 through 55 in this Complaint.

57. California Labor Code §§ 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given

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seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

58. Within the applicable statute of limitations, Plaintiff's employment ended. However, during the relevant time period, Defendants failed, and continue to fail to pay Plaintiff, without abatement, all wages required to be paid by California Labor Code §§ 201 and 202 either at the time of discharge, or within seventy-two (72) hours of Plaintiff leaving Defendants' employ.

59. Defendants' failure to pay Plaintiff who is no longer employed by Defendants wages earned and unpaid at the time of discharge, or within seventy-two (72) hours of leaving Defendants' employ, is in violation of California Labor Code §§ 201 and 202.

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

61. The Plaintiff is also entitled to recover from Defendants his accruing wages for each day the wages were not paid, at his regular hourly rate of pay, up to thirty (30) days maximum pursuant to California Labor Code § 203.

62. Pursuant to California Labor Code §§ 218.5, 218.6 and 1194, the Plaintiff is also entitled to an award of reasonable attorneys' fees, interest, expenses, and costs incurred in this action.

SIXTH CAUSE OF ACTION

(Against All Defendants for Failure to Provide and Maintain Accurate and Compliant Wage Records)

63. Plaintiff incorporates by reference and re-alleges as if fully stated herein paragraphs 1 through 62 in this Complaint.

64. At all material times set forth herein, California Labor Code § 226(a) provides that every employer shall furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate

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if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee.

65. Defendants have intentionally and willfully failed to provide employees with complete and accurate wage statements. The deficiencies include, among other things, the failure to correctly identify the gross wages earned by Plaintiff, the failure to list the true "total hours worked by the employee," and the failure to list the true net wages earned.

66. As a result of Defendants' violation of California Labor Code § 226(a), Plaintiff suffered injury and damage to his statutorily protected rights.

67. Specifically, Plaintiff has been injured by Defendants' intentional violation of California Labor Code § 226(a) because he was denied both his legal right to receive, and his protected interest in receiving, accurate, itemized wage statements under California Labor Code § 226(a).

68. Calculation of the true wage entitlement for Plaintiff is difficult and time consuming. As a result of this unlawful burden, Plaintiff was also injured by having to bring this action to attempt to obtain correct wage information following Defendants' refusal to comply with many of the mandates of California's Labor Code and related laws and regulations.

69. Plaintiff is entitled to recover from Defendants the greater of his actual damages caused by Defendants' failure to comply with California Labor Code § 226(a), or an aggregate penalty not exceeding four thousand dollars ($4,000).

70. Plaintiff is also entitled to injunctive relief, as well as an award of attorneys' fees and costs to ensure compliance with this section, pursuant to California Labor Code § 226(h).

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SEVENTH CAUSE OF ACTION

(Against All Defendants for Failure to Indemnify Employees for Expenditures)

71. Plaintiff incorporates by reference and re-alleges as if fully stated herein paragraphs 1 through 70 in this Complaint.

72. As set forth above, Plaintiff was required to incur substantial necessary expenditures and losses in direct consequence of the discharge of his duties or of his obedience to directions of Defendants.

73. Defendants violated California Labor Code § 2802, by failing to pay and indemnify Plaintiff for necessary expenditures and losses incurred in direct consequence of the discharge of his duties or of their obedience to directions of Defendants.

74. As a result, Plaintiff was damaged at least in the amounts of the expenses paid, or which were deducted by Defendants from his wages.

75. Plaintiff is entitled to reasonable attorney's fees, expenses, and costs of suit pursuant to California Labor Code § 2802(c) and interest pursuant to California Labor Code § 2802(b).

EIGHTH CAUSE OF ACTION

(Against All Defendants for Violation of California Business & Professions Code §§ 17200, et seq.)

76. Plaintiff incorporates by reference and re-alleges as if fully stated herein paragraphs 1 through 75 in this Complaint.

77. Defendants, and each of them, are "persons" as defined under California Business & Professions Code § 17201.

78. Defendants' conduct has been, and continues to be, unfair, unlawful, and harmful to Plaintiff . Plaintiff seeks to enforce his important rights affecting the public interest within the meaning of Code of Civil Procedure § 1021.5.

79. Defendants' activities are violations of California law and constitute unlawful business acts and practices in violation of California Business & Professions Code §§ 17200, *et seq*.

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80. A violation of California Business & Professions Code §§ 17200, *et seq*. may be predicated on the violation of any state or federal law. All the acts described herein as violations of, among other things, the California Labor Code, are unlawful and in violation of public policy, unethical, oppressive, fraudulent and unscrupulous, and thereby constitute unfair, unlawful and/or fraudulent business practices in violation of California Business & Professions Code §§ 17200, *et seq*.

Failure to Pay Minimum and Straight Time Wages

81. Defendants' failure to pay minimum and straight time wages, and other benefits to Plaintiff in violation of the California Labor Code constitutes unlawful and/or unfair activity prohibited by California Business & Professions Code §§ 17200, *et seq*.

Failure to Pay Overtime Wages

82. Defendants' failure to pay overtime compensation and other benefits to Plaintiff in violation of California Labor Code §§ 510, 1194, and 1198 constitutes unlawful and/or unfair activity prohibited by California Business & Professions Code §§ 17200, *et seq*.

Failure to Provide Meal Periods

83. Defendants' failure to provide meal periods to Plaintiff in accordance with California Labor Code §§ 226.7 and 512, and the IWC Wage Orders, as alleged above, constitutes unlawful and/or unfair activity prohibited by California Business & Professions Code §§ 17200, *et seq*.

Failure to Authorize and Permit Rest Periods

84. Defendants' failure to authorize and permit rest periods to Plaintiff in accordance with California Labor Code § 226.7 and the IWC Wage Orders, as alleged above, constitutes unlawful and/or unfair activity prohibited by Business and Professions Code §§ 17200, *et seq*.

Failure to Indemnify Business Expenses

85. Defendants' failure to reimburse expenses to Plaintiff incurred in accordance with California Labor Code § 2802, as alleged above, constitutes unlawful and/or unfair activity prohibited by California Business & Professions Code §§ 17200, *et seq*.

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86. By and through their unfair, unlawful and/or fraudulent business practices described herein, Defendants have obtained valuable property, money, and services from Plaintiff, and have deprived Plaintiff of valuable rights and benefits guaranteed by law, all to his detriment.

87. Plaintiff suffered monetary injury as a direct result of Defendants' wrongful conduct.

88. Plaintiff is entitled to, and does, seek such relief as may be necessary to disgorge money and/or property which the Defendants have wrongfully acquired, or of which Plaintiff has been deprived, by means of the above-described unfair, unlawful and/or fraudulent business practices. Plaintiff is not obligated to establish individual knowledge of the wrongful practices of Defendants to recover restitution.

89. Plaintiff is further entitled to, and does, seek a declaration that the above-described business practices are unfair, unlawful and/or fraudulent, and injunctive relief restraining the Defendants, and each of them, from engaging in any of the above-described unfair, unlawful and/or fraudulent business practices in the future.

90. Plaintiff has no plain, speedy, and/or adequate remedy at law to redress the injuries Plaintiff suffered as a consequence of the Defendants' unfair, unlawful and/or fraudulent business practices. As a result of the unfair, unlawful and/or fraudulent business practices described above, Plaintiff has suffered and will continue to suffer irreparable harm unless the Defendants, and each of them, are restrained from continuing to engage in said unfair, unlawful and/or fraudulent business practices.

91. Plaintiff also alleges that if Defendants are not enjoined from the conduct set forth herein above, they will continue to avoid paying the appropriate taxes, insurance and other withholdings.

92. Pursuant to California Business & Professions Code §§ 17200, *et seq*., Plaintiff is entitled to restitution of the wages withheld and retained by Defendants during a period that commences four years and 178 days prior to the filing of this complaint; a permanent injunction requiring Defendants to pay all outstanding wages due to Plaintiff; an award of attorneys' fees

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pursuant to California Code of Civil Procedure § 1021.5 and other applicable laws; and an award of costs.

NINTH CAUSE OF ACTION

(Against All Defendants for Civil Penalties Under the Private Attorneys General Act of 2004, Cal. Lab. Code, §§ 2698, *et seq*.)

93. Plaintiff incorporates by reference and re-alleges as if fully stated herein paragraphs 1 through 92 in this Complaint.

94. At all times herein mentioned, Defendants were subject to the California Labor Code and the applicable IWC Wage Orders.

95. California Labor Code section 2699, subdivision (a) specifically provides for a private right of action to recover penalties for violations of the California Labor Code: "Notwithstanding any other provision of law, any provision of this code that provides for a civil penalty to be assessed and collected by the Labor and Workforce Development Agency or any of its departments, divisions, commissions, boards, agencies, or employees, for a violation of this code, may as an alternative, be recovered through a civil action brought by an aggrieved employee on behalf of the employee and other current or former employees against whom a violation of the same provision was committed pursuant to the procedures specified in Section 2699.3."

96. Plaintiff has exhausted his administrative remedies pursuant to California Labor Code section 2699.3. On or about February 24, 2025, Plaintiff gave written notice by online filing to the Labor and Workforce Development Agency and by certified mail to Joshua House, LLC of the specific provisions of the California Labor Code alleged to have been violated, including the facts and theories to support the violations. Plaintiff also paid the filing fee on or about February 24, 2025. Plaintiff's PAGA case number is LWDA-CM-1082050-25. On or about September 10, 2025, Plaintiff submitted an amended PAGA notice to the LWDA by online filing and by certified mail to Joshua House, LLC, National Therapeutic Services, Inc. dba Northbound Treatment Services, Inc., National Therapeutic Services, LLC dba Northbound Treatment Services, Inc., and their agent for service of process, of the specific provisions of the California Labor Code alleged to have been violated, including the facts and theories to support the violations. The amended

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PAGA notice identified the specific Labor Code provisions violated and the facts and theories supporting those violations. Plaintiff also paid all required filing fees. A true and correct copy of the PAGA notice filed on February 24, 2025 is attached hereto as **Exhibit 1**, and a true and correct copy of the amended PAGA notice is attached here as **Exhibit 2**.

97. More than 65 days have elapsed since Plaintiff provided notice, but the Labor and Workforce Development Agency has not indicated that it intends to investigate Defendants' Labor Code violations discussed in the notices. Accordingly, Plaintiff may commence a civil action to recover penalties under California Labor Code section 2699 pursuant to section 2699.3 for the violations of the Labor Code described in this Complaint. Thus, pursuant to California Labor Code section 2699, Plaintiff, on behalf of himself and on behalf of the State of California and other current and former Aggrieved Employees, seeks recovery of all applicable civil penalties for Defendants' violations of California Labor Code sections 201, 202, 203, 204, 210, 226, 226.3, 226.7, 246, 510, 512, 1174, 1174.5, 1194, 1197, 1197.1, 1198, 2699, 2800 and 2802, and the applicable IWC Wage Orders, including without limitation penalties under California Labor Code sections 210, 226.3, 256, 558, 1174.5, 1194.2, 1197.1, and 2699(f)(2).

98. In addition, Plaintiff seeks penalties for Defendants' violation of California Labor Code section 1174, subdivision (d). Pursuant to California Labor Code section 1174.5, any person, including any entity, employing labor who willfully fails to maintain accurate and complete records required by California Labor Code section 1174 is subject to a penalty under section 1174.5. Pursuant to the applicable IWC Order section 7, subdivision (A)(3), every employer shall keep time records showing when the employee begins and ends each work period. Meal periods, and total hours worked daily shall also be recorded. Additionally, pursuant to the applicable IWC Order section 7, subdivision (A)(5), every employer shall keep total hours worked in the payroll period and applicable rates of pay.

99. During the time period of employment for Plaintiff and the Aggrieved Employees, Defendants failed to maintain records pursuant to the California Labor Code and IWC Orders, including by failing to maintain accurate records showing meal periods, and accurate records showing when employees begin and end each work period. Defendants' failure to provide and

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

100. In addition, Plaintiff seeks civil penalties based on Defendants' failure to pay paid sick leave wages to Plaintiff and Aggrieved Employees at their correct regular rates of pay in violation of Labor Code section 246. Further, the California Labor Code, including California Labor Code § 204, requires employers to provide employees with all wages due and payable twice a month. Throughout the applicable statute of limitations period, Plaintiff and Aggrieved Employees were entitled to be timely paid their sick leave wages at rates required by law. However, during all such times, Defendants systematically failed and refused to pay Plaintiff all such sick leave wages due and failed to timely pay those wages as required by the California Labor Code and Wage Orders of the Industrial Welfare Commission.

101. Based on the conduct described in this Complaint, Plaintiff is entitled to an award of civil penalties on behalf of the State of California and other Aggrieved Employees of Defendants. The exact amount of the applicable penalties, in all, is in an amount to be shown according to proof at trial. These penalties are in addition to all other remedies permitted by law.

102. In addition, Plaintiff seeks an award of reasonable attorney's fees and costs pursuant to California Labor Code section 2699, subdivision (g)(1) which states, "Any employee who prevails in any action shall be entitled to an award of reasonable attorney's fees and costs."

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PRAYER FOR RELIEF

Plaintiff OSCAR WILLIAMS, individually with respect to the First through Eighth Causes of Action, and as an aggrieved employee on behalf of the State of California and other Aggrieved Employees with respect to the Ninth Cause of Action, prays for relief and judgment against Defendants, jointly and severally, as follows:

As to the First Cause of Action

1. That the Court declare, adjudge, and decree that Defendants violated California Labor Code §§ 204 and 1194 and applicable IWC Wage Orders by willfully failing to pay all minimum and straight time wages due;

2. For unpaid wages as may be appropriate;

3. For pre-judgment interest on any unpaid compensation commencing from the date such amounts were due;

4. For liquidated damages;

5. For reasonable attorneys' fees and for costs of suit incurred herein pursuant to California Labor Code § 1194(a); and,

6. For such other and further relief as the Court may deem equitable and appropriate.

As to the Second Cause of Action

7. That the Court declare, adjudge, and decree that Defendants violated California Labor Code §§ 510 and 1198 and applicable IWC Wage Orders by willfully failing to pay all overtime wages due;

8. For unpaid wages at overtime wage rates as may be appropriate;

9. For pre-judgment interest on any unpaid overtime compensation commencing from the date such amounts were due;

10. For reasonable attorneys' fees and for costs of suit incurred herein pursuant to California Labor Code § 1194(a); and,

11. For such other and further relief as the Court may deem equitable and appropriate.

As to the Third Cause of Action

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12. That the Court declare, adjudge, and decree that Defendants violated California Labor Code §§ 226.7 and 512, and the IWC Wage Orders;

13. For unpaid meal period premium wages at correct regular rates of pay as may be appropriate;

14. For pre-judgment interest on any unpaid compensation commencing from the date such amounts were due;

15. For reasonable attorneys' fees under California Code of Civil Procedure § 1021.5, and for costs of suit incurred herein; and,

16. For such other and further relief as the Court may deem equitable and appropriate.

As to the Fourth Cause of Action

17. That the Court declare, adjudge, and decree that Defendants violated California Labor Code §§ 226.7 and the IWC Wage Orders;

18. For unpaid rest period premium wages at correct regular rates of pay as may be appropriate;

19. For pre-judgment interest on any unpaid compensation commencing from the date such amounts were due;

20. For reasonable attorneys' fees under California Code of Civil Procedure § 1021.5, and for costs of suit incurred herein; and,

21. For such other and further relief as the Court may deem equitable and appropriate.

As to the Fifth Cause of Action

22. That the Court declare, adjudge and decree that Defendants violated California Labor Code §§ 201, 202, and 203 by willfully failing to pay all compensation owed at the time of termination of the employment;

23. For statutory wage penalties pursuant to California Labor Code § 203 for former employees who have left Defendants' employ;

24. For pre-judgment interest on any unpaid wages from the date such amounts were due;

25. For reasonable attorneys' fees and for costs of suit incurred herein; and,

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26. For such other and further relief as the Court may deem equitable and appropriate.

As to the Sixth Cause of Action

27. That the Court declare, adjudge, and decree that Defendants violated the record keeping provisions of California Labor Code § 226(a) and applicable IWC Wage Orders, and willfully failed to provide accurate itemized wage statements thereto;

28. For all actual damages, according to proof;

29. For statutory penalties pursuant to California Labor Code § 226(e);

30. For injunctive relief to ensure compliance with this section, pursuant to California Labor Code § 226(h);

31. For reasonable attorneys' fees and for costs of suit incurred herein; and,

32. For such other and further relief as the Court may deem equitable and appropriate.

As to the Seventh Cause of Action

33. That the Court declare, adjudge, and decree that Defendants violated California Labor Code § 2802 by willfully failing to indemnify employees for expenditures;

34. For unpaid wages or unreimbursed business expenses as may be appropriate;

35. For pre-judgment interest on any unpaid compensation commencing from the date such amounts were due;

36. For reasonable attorneys' fees and for costs of suit incurred herein; and,

37. For such other and further relief as the Court may deem equitable and appropriate.

As to the Eighth Cause of Action

38. That the Court declare, adjudge, and decree that Defendants violated California Business & Professions Code §§ 17200, *et seq*. by failing to pay for all hours worked (minimum, straight time, and overtime wages, meal period premiums and rest period premiums), failing to provide meal periods, failing to authorize and permit rest periods, and failing to indemnify employees for expenditures;

39. For restitution of unpaid wages to Plaintiff and prejudgment interest from the day such amounts were due and payable;

40. For the appointment of a receiver to receive, manage and distribute any and all funds

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disgorged from Defendants and determined to have been wrongfully acquired by Defendants as a result of violations of California Business & Professions Code §§ 17200 *et seq*.;

41. For reasonable attorneys' fees and costs of suit incurred herein pursuant to California Code of Civil Procedure § 1021.5;

42. For injunctive relief to ensure compliance with this section, pursuant to California Business & Professions Code §§ 17200, *et seq*.; and,

43. For such other and further relief as the Court may deem equitable and appropriate.

As to the Ninth Cause of Action

44. That the Court declare, adjudge, and decree that Defendants violated the California Labor Code by failing to pay wages for all hours worked (including minimum, straight time, and overtime wages), failing to provide meal periods and to pay related meal period premiums at correct regular rates of pay, failing to authorize and permit rest periods and to pay related rest period premiums at correct regular rates of pay, failing to pay paid sick leave wages at correct regular rates of pay, failing to furnish accurate wage statements, failing to timely pay all wages due to Aggrieved Employes during employment and upon termination, failing to keep records required by the Labor Code and Wage Orders, and failing to indemnify employees for expenditures;

45. For all civil penalties pursuant to California Labor Code sections 2699, et seq., and all other applicable Labor Code provisions;

46. For reasonable attorneys' fees and costs of suit incurred herein pursuant to California Labor Code section 2699; and

47. For such other and further relief as the Court may deem equitable and appropriate.

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As to All Causes of Action

48. For any additional relief that the Court deems just and proper.

Respectfully submitted,

Dated: June 5, 2026

WILSHIRE LAW FIRM, PLC

By: _____

Thiago Coelho
Chumahan B. Bowen
Jesenia A. Martinez

Attorneys for Plaintiff

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DEMAND FOR JURY TRIAL

Plaintiff demands a trial by jury as to all causes of action triable by jury.

Respectfully submitted,

Dated: June 5, 2026

WILSHIRE LAW FIRM, PLC

By: _____

Thiago Coelho
Chumahan B. Bowen
Jesenia A. Martinez

Attorneys for Plaintiff

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EXHIBIT 1

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February 24, 2025

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Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612
(*Via Online Submission*)

Joshua House, LLC
4701 Teller Avenue , Suite 150B
Newport Beach, CA 92660
(*Via Certified Mail, Return Receipt Requested*)
#9489 0090 0027 6637 9683 37

Agent for Service of Process for Joshua House, LLC
STRADLING YOCCA CARLSON & RAUTH, A PROFESSIONAL CORPORATION
660 Newport Center Dr. #1600
Newport Beach, CA 92660
(*Via Certified Mail, Return Receipt Requested*)
#9489 0090 0027 6637 9683 44

Re: ***Oscar Williams v Joshua House, LLC***
Notice of Labor Code Violations and PAGA Penalties

To Whom It May Concern:

Please be advised that my office has been retained by Oscar Williams ("Plaintiff") to pursue a Labor Code Private Attorneys General Act ("PAGA") representative action (Cal. Lab. Code §§ 2699, *et seq.*) against Plaintiff's former employer, Joshua House, LLC ("Defendant"). The purpose of this letter is to comply with PAGA and set forth the facts and theories of California Labor Code violations, which we allege Defendant engaged in with respect to Plaintiff and all of Defendant's Aggrieved Employees.

Plaintiff wishes to pursue this action as an aggrieved employee, on behalf of the State of California, as well as on behalf of all other persons who worked for Defendant in California as a non-exempt or hourly-paid employee at any time within the applicable statutory period (hereafter, the "Aggrieved Employees").

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

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Plaintiff's Employment with Defendant

Defendant owns/owned and operates/operated an industry, business, and establishment within the State of California. As such and based upon all the facts and circumstances incident to Defendant's business in California, Defendant is subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business & Professions Code.

Plaintiff worked for Defendant in California as an hourly-paid, non-exempt employee during the past year. During Plaintiff's employment for Defendant, Defendant paid Plaintiff an hourly wage and classified Plaintiff as non-exempt from overtime. Defendant typically scheduled Plaintiff to work at least five days in a workweek and at least eight hours per day, but Plaintiff regularly worked more than eight hours in a workday and/or more than forty (40) hours in a workweek.

Throughout Plaintiff's employment, Defendant: failed to pay for all hours worked (including minimum, straight time, and overtime wages); failed to provide Plaintiff with legally compliant meal periods (and pay corresponding meal period premium wages at the correct rate of pay); failed to authorize and permit Plaintiff to take rest periods; failed to include all non-discretionary remuneration when calculating overtime pay, sick pay, and meal and rest period premium pay; failed to timely pay all final wages to Plaintiff when Defendant terminated Plaintiff's employment; failed to furnish accurate wage statements to Plaintiff; and failed to indemnify Plaintiff for expenditures. As discussed below, Plaintiff's experience working for Defendant was typical and illustrative.

Defendant Failed to Pay for All Hours Worked, Including Minimum, Straight Time, and Overtime Wages

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

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

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

Throughout the statutory period, Defendant maintained a policy and practice of not paying Plaintiff and the Aggrieved Employees for all hours worked, including minimum, straight time, and overtime wages. Defendant required Plaintiff and the Aggrieved Employees to work "off-the-clock", uncompensated, by, for example, requiring Plaintiff and the Aggrieved Employees to perform work prior to clocking in for the workday, during unpaid meal periods, and after clocking

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out for the workday. Some of this unpaid work should have been paid at the overtime rate. In failing to pay for all hours worked, Defendant also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

The failure to pay for all hours worked also includes a system of time rounding and/or synthetic timekeeping that resulted in unpaid compensation for time worked pre-shift, post-shift, and when meal periods were supposedly recorded. If proven to be implemented by Defendant, this system resulted, over a period of time, in failing to compensate Plaintiff and the Aggrieved Employees properly for all the time they have actually worked even though the realities of Defendant's operations are such that it is possible, practical, and feasible to count and pay for work time to the minute. Accordingly, this system frequently paid Plaintiff and the Aggrieved Employees less than all their work time. Some of this unpaid work also should have been paid at the overtime rate. In failing to pay for all hours worked, again Defendant may have also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

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

Failure to Provide Meal Periods

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

Despite these legal requirements, Defendant wrongfully failed to provide Plaintiff and the Aggrieved Employees with legally compliant meal periods. Defendant regularly, but not always, required Plaintiff and the Aggrieved Employees to work in excess of five consecutive hours a day without providing a 30-minute, uninterrupted, and duty-free meal period for every five hours of work, or without compensating Plaintiff and the Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of work or tenth hour of work. Instead, Defendant continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory meal periods, or by denying Plaintiff and the Aggrieved Employees permission to take a meal period. Defendant also never informed Plaintiff of the right to, nor permitted Plaintiff to take, a second meal period when Plaintiff worked at least ten hours in a workday. Accordingly, Defendant's policy and practice was not to provide meal periods to Plaintiff and the Aggrieved Employees in compliance with California law.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages

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

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

Failure to Authorize and Permit Rest Periods

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

Throughout the statutory period, Defendant has wrongfully failed to authorize and permit Plaintiff and the Aggrieved Employees to take legally compliant rest periods. Defendant regularly required Plaintiff and the Aggrieved Employees to work in excess of four consecutive hours a day without Defendant authorizing and permitting them to take a 10-minute, uninterrupted, duty-free rest period for every four hours of work (or major fraction of four hours), or without compensating Plaintiff and the Aggrieved Employees for rest periods that were not authorized or permitted. Instead, Defendant continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest periods, or by denying Plaintiff and the Aggrieved Employees permission to take a rest period. Accordingly, Defendant's policy and practice was to not authorize and permit Plaintiff and the Aggrieved Employees to take rest periods in compliance with California law.

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

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

Failure to Accurately Calculate Overtime Pay, Sick Pay, and Meal Period Premium Pay When Issuing Non-Discretionary Remuneration

Federal law defining and interpreting "regular rate" under the FLSA governs this case. (*Alonzo v. Maximus, Inc.* (C.D. Cal. 2011) 832 F.Supp.2d 1122, 1129.) This "construction is supported by

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California case law and the DLSE Manual, each of which looks to FLSA standards to interpret the 'regular rate of pay' under California law." (*Ibid.*) "Under the FLSA, the 'regular rate' of pay 'at which an employee is employed shall be deemed to include all remuneration for employment paid to, or on behalf of, the employee,' subject to certain enumerated exceptions." (*Id.* at pp. 1129-30, quoting 29 U.S.C. § 207(e)(3).) "The burden is on Defendant to establish that its bonus payments fall within one of the exceptions in § 207(e)." (*Ibid.*)

The Department of Labor has interpreted section 207 to permit an employer to exclude a "discretionary bonus," but not a "promised bonus" from the "regular rate" of pay:

> Bonuses which are announced to employees to induce them to work more steadily or more rapidly or more efficiently or to remain with the firm are regarded as part of the regular rate of pay. Attendance bonuses, individual or group production bonuses, bonuses for quality and accuracy of work, bonuses contingent upon the employee's continuing in employment until the time the payment is to be made and the like are in this category. They must be included in the regular rate of pay.

(29 C.F.R. § 778.211 (2011); *see also* DLSE Manual § 49.1.2.4(3), incorporating 29 C.F.R. § 778.211.)

Plaintiff and/or the Aggrieved Employees received various forms of bonuses/commissions/incentive payments during pay periods where overtime was worked, but Defendant failed to *accurately* factor in the non-discretionary remuneration into their regular rate of pay.

As outlined by the California Supreme Court in *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal.5th 858, 878, for purposes of paying sick pay and premiums, "the term 'regular rate of compensation' in section 226.7(c) has the same meaning as 'regular rate of pay' in section 510(a) and encompasses not only hourly wages but all nondiscretionary payments for work performed by the employee."

Defendant should have included all non-discretionary remuneration when calculating overtime pay, sick pay, and meal period premium pay. Because it didn't, Defendant is liable to Plaintiff and/or the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2).

Failure to Pay All Earned Wages Twice Per Month

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

Labor Code § 204 requires employers to pay employees all earned wages two times per month.

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

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

Failure to Maintain Accurate Records of Hours Worked and Meal Periods

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

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

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

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Failure to Timely Pay All Wages at Termination

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

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

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

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

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

Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226(a) provides that every employer shall furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. An

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employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226(e)(2)(B)(iii).)

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

Throughout the statutory period, Defendant failed to furnish Plaintiff and the Aggrieved Employees with accurate, itemized wage statements showing all applicable hourly rates, and all gross and net wages earned (including correct hours worked, correct wages for meal periods that were not provided in accordance with California law, and correct wages for rest periods that were not authorized and permitted to take in accordance with California law). Whether unpaid premiums for missed meal periods must be reported as "wages earned" and credited as "hours worked" in wage statements has been a settled issue since at least 2022.

Because Defendant violated Labor Code § 226, Plaintiff and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights. Accordingly, Plaintiff and similarly Aggrieved Employees are entitled to recover from Defendant the greater of their actual damages caused by Defendant's failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding four thousand dollars ($4,000) per employee.

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

Failure to Indemnify for Necessary Expenditures

Labor Code § 2802(a) provides that employers shall indemnify his or her employees for all necessary business expenditures or losses that have been incurred by the employees in direct discharge of his or her duties. Throughout the statute of limitations period applicable to this cause of action, Defendant wrongfully required Plaintiff and/or the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Defendant. Plaintiff and/or the Aggrieved Employees paid out-of-pocket for necessary employment-related expenses (which is defined as including, without limitation, work attire, work equipment, personal protective equipment, use of personal cell phones, and/or use of personal vehicles). Plaintiff and/or the Aggrieved Employees incurred substantial expenses as a direct result of performing their job duties for Defendant, but Defendant failed to indemnify Plaintiff and/or the Aggrieved Employees for these employment-related expenses.

As a result, Defendant is liable to Plaintiff and/or the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 2802 and 2699(f)(2) for failing to indemnify Plaintiff and/or the

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Aggrieved Employees for necessary business expenditures.

Action for Civil Penalties Under PAGA

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

1. Labor Code § 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages, and overtime wages;
2. Labor Code § 226.7 and applicable Wage Orders by failing to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;
4. Labor Code §§ 226.7, 246, 510, and applicable Wage Orders by failing to include all non-discretionary remuneration when calculating overtime pay, sick pay, and meal period premium pay;
5. Labor Code § 204 by failing to pay all earned wages two times per month;
6. Labor Code § 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;
7. Labor Code §§ 201 to 203 by willfully failing to pay all wages owed at termination;
8. Labor Code § 226 by failing to provide accurate itemized wage statements; and
9. Labor Code § 2802 by failing to indemnify for necessary expenditures.

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

Plaintiff has placed Defendant on notice by mailing a certified copy of this correspondence, as indicated on the first page. Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,



Chumahan Bowen
WILSHIRE LAW FIRM, PLC
Chumahan.bowen@wilshirelawfirm.com

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EXHIBIT 2

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Stephanie Mazepa, Esq.
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Thiago Coelho, Esq.

September 10, 2025

LWDA
Attn. PAGA Administrator
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Oakland, CA 94612
(*Via Online Submission*)

NATIONAL THERAPEUTIC SERVICES, INC. DBA NORTHBOUND TREATMENT SERVICES, INC.
4701 Teller Avenue , Suite 150B
Newport Beach, CA 92660
(*Via Certified Mail, Return Receipt Requested*)
 # 9489 0090 0027 6638 7716 15

STRADLING YOCCA CARLSON & RAUTH, A PROFESSIONAL CORPORATION
Agent for Service of Process for Joshua House, LLC, National Therapeutic Services, LLC, and National Therapeutic Services, Inc. DBA Northbound Treatment Services, Inc.,
660 Newport Center Dr. #1600
Newport Beach, CA 92660
(*Via Certified Mail, Return Receipt Requested*)
 # 9489 0090 0027 6638 7716 39

Joshua House, LLC
4701 Teller Avenue , Suite 150B
Newport Beach, CA 92660
(*Via Certified Mail, Return Receipt Requested*)
 # 9489 0090 0027 6638 7716 08

NATIONAL THERAPEUTIC SERVICES, LLC DBA NORTHBOUND TREATMENT SERVICES, INC.
4701 Teller Avenue , Suite 150B
Newport Beach, CA 92660
(*Via Certified Mail, Return Receipt Requested*)
 # 9489 0090 0027 6638 7716 22

Re: ***Oscar Williams v Joshua House, LLC, et al.***
Amended Notice of Labor Code Violations and PAGA Penalties

To Whom It May Concern:

Please be advised that my office has been retained by Oscar Williams ("Plaintiff") to pursue a Labor Code Private Attorneys General Act ("PAGA") representative action (Cal. Lab. Code §§ 2699, *et seq.*) against Plaintiff's former employer, Joshua House, LLC, National Therapeutic Services, Inc. DBA Northbound Treatment Services, Inc., and National Therapeutic Services, LLC DBA Northbound Treatment Services, Inc. ("Defendants"). The purpose of this letter is to comply

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with PAGA and set forth the facts and theories of California Labor Code violations, which we allege Defendants engaged in with respect to Plaintiff and all of Defendants's Aggrieved Employees.

Plaintiff wishes to pursue this action as an aggrieved employee, on behalf of the State of California, as well as on behalf of all other persons who worked for Defendants in California as a non-exempt or hourly-paid employee at any time within the applicable statutory period (hereafter, the "Aggrieved Employees").

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

Plaintiff's Employment with Defendants

Defendants owns/owned and operates/operated an industry, business, and establishment within the State of California. As such and based upon all the facts and circumstances incident to Defendants's business in California, Defendants is subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business & Professions Code.

Plaintiff worked for Defendants in California as an hourly-paid, non-exempt employee during the past year. During Plaintiff's employment for Defendants, Defendants paid Plaintiff an hourly wage and classified Plaintiff as non-exempt from overtime. Defendants typically scheduled Plaintiff to work at least five days in a workweek and at least eight hours per day, but Plaintiff regularly worked more than eight hours in a workday and/or more than forty (40) hours in a workweek.

Throughout Plaintiff's employment, Defendants: failed to pay for all hours worked (including minimum, straight time, and overtime wages); failed to provide Plaintiff with legally compliant meal periods (and pay corresponding meal period premium wages at the correct rate of pay); failed to authorize and permit Plaintiff to take rest periods; failed to include all non-discretionary remuneration when calculating overtime pay, sick pay, and meal and rest period premium pay; failed to timely pay all final wages to Plaintiff when Defendants terminated Plaintiff's employment; failed to furnish accurate wage statements to Plaintiff; and failed to indemnify Plaintiff for expenditures. As discussed below, Plaintiff's experience working for Defendants was typical and illustrative.

Defendants Failed to Pay for All Hours Worked, Including Minimum, Straight Time, and Overtime Wages

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

In addition, Labor Code § 510 provides that employees in California shall not be employed more than eight hours in any workday or forty (40) hours in a workweek unless they receive additional

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compensation beyond their regular wages in amounts specified by law.

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

Throughout the statutory period, Defendants maintained a policy and practice of not paying Plaintiff and the Aggrieved Employees for all hours worked, including minimum, straight time, and overtime wages. Defendants required Plaintiff and the Aggrieved Employees to work "off-the-clock", uncompensated, by, for example, requiring Plaintiff and the Aggrieved Employees to perform work prior to clocking in for the workday, during unpaid meal periods, and after clocking out for the workday. Some of this unpaid work should have been paid at the overtime rate. In failing to pay for all hours worked, Defendants also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

The failure to pay for all hours worked also includes a system of time rounding and/or synthetic timekeeping that resulted in unpaid compensation for time worked pre-shift, post-shift, and when meal periods were supposedly recorded. If proven to be implemented by Defendants, this system resulted, over a period of time, in failing to compensate Plaintiff and the Aggrieved Employees properly for all the time they have actually worked even though the realities of Defendants's operations are such that it is possible, practical, and feasible to count and pay for work time to the minute. Accordingly, this system frequently paid Plaintiff and the Aggrieved Employees less than all their work time. Some of this unpaid work also should have been paid at the overtime rate. In failing to pay for all hours worked, again Defendants may have also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

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

Failure to Provide Meal Periods

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

Despite these legal requirements, Defendants wrongfully failed to provide Plaintiff and the Aggrieved Employees with legally compliant meal periods. Defendants regularly, but not always, required Plaintiff and the Aggrieved Employees to work in excess of five consecutive hours a day

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without providing a 30-minute, uninterrupted, and duty-free meal period for every five hours of work, or without compensating Plaintiff and the Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of work or tenth hour of work. Instead, Defendants continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory meal periods, or by denying Plaintiff and the Aggrieved Employees permission to take a meal period. Defendants also never informed Plaintiff of the right to, nor permitted Plaintiff to take, a second meal period when Plaintiff worked at least ten hours in a workday. Accordingly, Defendants's policy and practice was not to provide meal periods to Plaintiff and the Aggrieved Employees in compliance with California law.

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

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

Failure to Authorize and Permit Rest Periods

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

Throughout the statutory period, Defendants has wrongfully failed to authorize and permit Plaintiff and the Aggrieved Employees to take legally compliant rest periods. Defendants regularly required Plaintiff and the Aggrieved Employees to work in excess of four consecutive hours a day without Defendants authorizing and permitting them to take a 10-minute, uninterrupted, duty-free rest period for every four hours of work (or major fraction of four hours), or without compensating Plaintiff and the Aggrieved Employees for rest periods that were not authorized or permitted. Instead, Defendants continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest periods, or by denying Plaintiff and the Aggrieved Employees permission to take a rest period. Accordingly, Defendants's policy and practice was to not authorize and permit Plaintiff and the Aggrieved Employees to take rest periods in compliance with California law.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not authorized and permitted to take all required rest period(s).

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Defendants, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for rest periods and that they were not authorized and permitted to take.

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

Failure to Accurately Calculate Overtime Pay, Sick Pay, and Meal Period Premium Pay When Issuing Non-Discretionary Remuneration

Federal law defining and interpreting "regular rate" under the FLSA governs this case. (*Alonzo v. Maximus, Inc.* (C.D. Cal. 2011) 832 F.Supp.2d 1122, 1129.) This "construction is supported by California case law and the DLSE Manual, each of which looks to FLSA standards to interpret the 'regular rate of pay' under California law." (*Ibid.*) "Under the FLSA, the 'regular rate' of pay 'at which an employee is employed shall be deemed to include all remuneration for employment paid to, or on behalf of, the employee,' subject to certain enumerated exceptions." (*Id.* at pp. 1129-30, quoting 29 U.S.C. § 207(e)(3).) "The burden is on Defendants to establish that its bonus payments fall within one of the exceptions in § 207(e)." (*Ibid.*)

The Department of Labor has interpreted section 207 to permit an employer to exclude a "discretionary bonus," but not a "promised bonus" from the "regular rate" of pay:

> Bonuses which are announced to employees to induce them to work more steadily or more rapidly or more efficiently or to remain with the firm are regarded as part of the regular rate of pay. Attendance bonuses, individual or group production bonuses, bonuses for quality and accuracy of work, bonuses contingent upon the employee's continuing in employment until the time the payment is to be made and the like are in this category. They must be included in the regular rate of pay.

(29 C.F.R. § 778.211 (2011); *see also* DLSE Manual § 49.1.2.4(3), incorporating 29 C.F.R. § 778.211.)

Plaintiff and/or the Aggrieved Employees received various forms of bonuses/commissions/incentive payments during pay periods where overtime was worked, but Defendants failed to *accurately* factor in the non-discretionary remuneration into their regular rate of pay.

As outlined by the California Supreme Court in *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal.5th 858, 878, for purposes of paying sick pay and premiums, "the term 'regular rate of compensation' in section 226.7(c) has the same meaning as 'regular rate of pay' in section 510(a) and encompasses not only hourly wages but all nondiscretionary payments for work performed by

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the employee."

Defendants should have included all non-discretionary remuneration when calculating overtime pay, sick pay, and meal period premium pay. Because it didn't, Defendants is liable to Plaintiff and/or the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2).

Failure to Pay All Earned Wages Twice Per Month

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

Labor Code § 204 requires employers to pay employees all earned wages two times per month. Throughout the statute of limitations period applicable to this cause of action, employees were entitled to be paid twice a month at their regular rates, including all meal period premium wages owed, rest period premium wages owed, and wages owed for overtime hours worked. However, during all such times, Defendants systematically failed and refused to pay the employees all wages due, and failed to pay those wages twice a month, in that employees were not paid all wages for all meal periods not provided by Defendants, all wages for all rest periods not authorized and permitted by Defendants, and all wages for all hours worked. As a result, Defendants owes employees the legally required wages for unpaid wages, and Plaintiff and the Aggrieved Employees suffered damages in those amounts.

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

Failure to Maintain Accurate Records of Hours Worked and Meal Periods

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

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

Defendants's failure to provide and maintain records required by the California Labor Code and the applicable IWC Wage Orders deprived Plaintiff and the Aggrieved Employees the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Defendants's records. Therefore, Plaintiff and the Aggrieved Employees had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Defendants. As a direct result, Plaintiff and the Aggrieved

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Employees have suffered and continue to suffer, substantial losses related to the use and enjoyment of such wages, lost interest on such wages and expenses and attorney's fees in seeking to compel Defendants to fully perform its obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of Defendants's knowing failure to comply with the California Labor Code and applicable IWC Wage Orders, Plaintiff and the Aggrieved Employees have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

Failure to Timely Pay All Wages at Termination

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

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

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

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

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

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Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226(a) provides that every employer shall furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. An employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226(e)(2)(B)(iii).)

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

Throughout the statutory period, Defendants failed to furnish Plaintiff and the Aggrieved Employees with accurate, itemized wage statements showing all applicable hourly rates, and all gross and net wages earned (including correct hours worked, correct wages for meal periods that were not provided in accordance with California law, and correct wages for rest periods that were not authorized and permitted to take in accordance with California law). Whether unpaid premiums for missed meal periods must be reported as "wages earned" and credited as "hours worked" in wage statements has been a settled issue since at least 2022.

Because Defendants violated Labor Code § 226, Plaintiff and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights. Accordingly, Plaintiff and similarly Aggrieved Employees are entitled to recover from Defendants the greater of their actual damages caused by Defendants's failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding four thousand dollars ($4,000) per employee.

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

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Failure to Indemnify for Necessary Expenditures

Labor Code § 2802(a) provides that employers shall indemnify his or her employees for all necessary business expenditures or losses that have been incurred by the employees in direct discharge of his or her duties. Throughout the statute of limitations period applicable to this cause of action, Defendants wrongfully required Plaintiff and/or the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Defendants. Plaintiff and/or the Aggrieved Employees paid out-of-pocket for necessary employment-related expenses (which is defined as including, without limitation, work attire, work equipment, personal protective equipment, use of personal cell phones, and/or use of personal vehicles). Plaintiff and/or the Aggrieved Employees incurred substantial expenses as a direct result of performing their job duties for Defendants, but Defendants failed to indemnify Plaintiff and/or the Aggrieved Employees for these employment-related expenses.

As a result, Defendants is liable to Plaintiff and/or the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 2802 and 2699(f)(2) for failing to indemnify Plaintiff and/or the Aggrieved Employees for necessary business expenditures.

Action for Civil Penalties Under PAGA

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

1. Labor Code § 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages, and overtime wages;
2. Labor Code § 226.7 and applicable Wage Orders by failing to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;
4. Labor Code §§ 226.7, 246, 510, and applicable Wage Orders by failing to include all non-discretionary remuneration when calculating overtime pay, sick pay, and meal period premium pay;
5. Labor Code § 204 by failing to pay all earned wages two times per month;
6. Labor Code § 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;
7. Labor Code §§ 201 to 203 by willfully failing to pay all wages owed at termination;
8. Labor Code § 226 by failing to provide accurate itemized wage statements; and
9. Labor Code § 2802 by failing to indemnify for necessary expenditures.

Therefore, on behalf of all Aggrieved Employees, Plaintiff seeks applicable penalties related to the

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violations alleged above pursuant to the PAGA. These include, but are not limited to, penalties under Labor Code §§ 210, 226.3, 1174.5, 1197.1, and 2699(f)(2).

Plaintiff has placed Defendants on notice by mailing a certified copy of this correspondence, as indicated on the first page. Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,



Chumahan Bowen
WILSHIRE LAW FIRM, PLC
Chumahan.bowen@wilshirelawfirm.com

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PROOF OF SERVICE

OSCAR WILLIAMS v. JOSHUA HOUSE, LLC
Orange County Superior Court Case No.: 30-2025-01462517-CU-OE-CXC

I, Brigitte Molina, am employed in the county of Los Angeles, State of California. I am over the age of 18 and not a party to this action. My business address is 660 S. Figueroa St., Sky Lobby, Los Angeles, California 90017. My electronic service address is *brigitte.molina@wilshirelawfirm.com*.

On **June 5, 2026**, I served the foregoing document(s) described as:
SECOND AMENDED COMPLAINT
on interested parties in this action as follows:

Lisa M. Northrup, Esq.
John Wicker, Esq.
STRADLING YOCCA CARLSON & RAUTH LLP
660 Newport Center Dr #1600,
Newport Beach, CA 92660

LNorthrup@stradlinglaw.com;
JWicker@stradlinglaw.com;
BHarpole@stradlinglaw.com

Attorneys for Defendants JOSHUA HOUSE, LLC, NATIONAL THERAPEUTIC SERVICES, INC. DBA NORTHBOUND TREATMENT SERVICES, INC., and NATIONAL THERAPEUTIC SERVICES, LLC DBA NORTHBOUND TREATMENT SERVICES, INC.

☒ **BY ELECTRONIC SERVICE** Based on a court order to accept service by electronic transmission per Section 1010.6 of the Code of Civil Procedure, I caused the documents to be sent to the persons at the electronic notification addresses listed on the service list below, by emailing a copy. Pursuant to CCP 1013 (b)(1), my electronic service address is brigitte.molina@wilshirelawfirm.com .

I declare under the penalty of perjury under the laws of the State of California, that the foregoing is true and correct.

Executed on **June 5, 2026,** at Los Angeles, California.

/s/ Brigitte Molina
Brigitte Molina

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EXHIBIT B

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Sean Paisan, Esq.
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Stephanie Mazepa, Esq.
Nicol Hajjar, Esq.
Thiago Coelho, Esq.

February 24, 2025

LWDA
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612
(*Via Online Submission*)

Joshua House, LLC
4701 Teller Avenue , Suite 150B
Newport Beach, CA 92660
(*Via Certified Mail, Return Receipt Requested*)
#9489 0090 0027 6637 9683 37

Agent for Service of Process for Joshua House, LLC
STRADLING YOCCA CARLSON & RAUTH, A PROFESSIONAL CORPORATION
660 Newport Center Dr. #1600
Newport Beach, CA 92660
(*Via Certified Mail, Return Receipt Requested*)
#9489 0090 0027 6637 9683 44

Re: ***Oscar Williams v Joshua House, LLC***
Notice of Labor Code Violations and PAGA Penalties

To Whom It May Concern:

Please be advised that my office has been retained by Oscar Williams ("Plaintiff") to pursue a Labor Code Private Attorneys General Act ("PAGA") representative action (Cal. Lab. Code §§ 2699, *et seq.*) against Plaintiff's former employer, Joshua House, LLC ("Defendant"). The purpose of this letter is to comply with PAGA and set forth the facts and theories of California Labor Code violations, which we allege Defendant engaged in with respect to Plaintiff and all of Defendant's Aggrieved Employees.

Plaintiff wishes to pursue this action as an aggrieved employee, on behalf of the State of California, as well as on behalf of all other persons who worked for Defendant in California as a non-exempt or hourly-paid employee at any time within the applicable statutory period (hereafter, the "Aggrieved Employees").

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

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Plaintiff's Employment with Defendant

Defendant owns/owned and operates/operated an industry, business, and establishment within the State of California. As such and based upon all the facts and circumstances incident to Defendant's business in California, Defendant is subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business & Professions Code.

Plaintiff worked for Defendant in California as an hourly-paid, non-exempt employee during the past year. During Plaintiff's employment for Defendant, Defendant paid Plaintiff an hourly wage and classified Plaintiff as non-exempt from overtime. Defendant typically scheduled Plaintiff to work at least five days in a workweek and at least eight hours per day, but Plaintiff regularly worked more than eight hours in a workday and/or more than forty (40) hours in a workweek.

Throughout Plaintiff's employment, Defendant: failed to pay for all hours worked (including minimum, straight time, and overtime wages); failed to provide Plaintiff with legally compliant meal periods (and pay corresponding meal period premium wages at the correct rate of pay); failed to authorize and permit Plaintiff to take rest periods; failed to include all non-discretionary remuneration when calculating overtime pay, sick pay, and meal and rest period premium pay; failed to timely pay all final wages to Plaintiff when Defendant terminated Plaintiff's employment; failed to furnish accurate wage statements to Plaintiff; and failed to indemnify Plaintiff for expenditures. As discussed below, Plaintiff's experience working for Defendant was typical and illustrative.

Defendant Failed to Pay for All Hours Worked, Including Minimum, Straight Time, and Overtime Wages

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

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

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

Throughout the statutory period, Defendant maintained a policy and practice of not paying Plaintiff and the Aggrieved Employees for all hours worked, including minimum, straight time, and overtime wages. Defendant required Plaintiff and the Aggrieved Employees to work "off-the-clock", uncompensated, by, for example, requiring Plaintiff and the Aggrieved Employees to perform work prior to clocking in for the workday, during unpaid meal periods, and after clocking

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out for the workday. Some of this unpaid work should have been paid at the overtime rate. In failing to pay for all hours worked, Defendant also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

The failure to pay for all hours worked also includes a system of time rounding and/or synthetic timekeeping that resulted in unpaid compensation for time worked pre-shift, post-shift, and when meal periods were supposedly recorded. If proven to be implemented by Defendant, this system resulted, over a period of time, in failing to compensate Plaintiff and the Aggrieved Employees properly for all the time they have actually worked even though the realities of Defendant's operations are such that it is possible, practical, and feasible to count and pay for work time to the minute. Accordingly, this system frequently paid Plaintiff and the Aggrieved Employees less than all their work time. Some of this unpaid work also should have been paid at the overtime rate. In failing to pay for all hours worked, again Defendant may have also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

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

Failure to Provide Meal Periods

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

Despite these legal requirements, Defendant wrongfully failed to provide Plaintiff and the Aggrieved Employees with legally compliant meal periods. Defendant regularly, but not always, required Plaintiff and the Aggrieved Employees to work in excess of five consecutive hours a day without providing a 30-minute, uninterrupted, and duty-free meal period for every five hours of work, or without compensating Plaintiff and the Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of work or tenth hour of work. Instead, Defendant continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory meal periods, or by denying Plaintiff and the Aggrieved Employees permission to take a meal period. Defendant also never informed Plaintiff of the right to, nor permitted Plaintiff to take, a second meal period when Plaintiff worked at least ten hours in a workday. Accordingly, Defendant's policy and practice was not to provide meal periods to Plaintiff and the Aggrieved Employees in compliance with California law.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages

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

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

Failure to Authorize and Permit Rest Periods

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

Throughout the statutory period, Defendant has wrongfully failed to authorize and permit Plaintiff and the Aggrieved Employees to take legally compliant rest periods. Defendant regularly required Plaintiff and the Aggrieved Employees to work in excess of four consecutive hours a day without Defendant authorizing and permitting them to take a 10-minute, uninterrupted, duty-free rest period for every four hours of work (or major fraction of four hours), or without compensating Plaintiff and the Aggrieved Employees for rest periods that were not authorized or permitted. Instead, Defendant continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest periods, or by denying Plaintiff and the Aggrieved Employees permission to take a rest period. Accordingly, Defendant's policy and practice was to not authorize and permit Plaintiff and the Aggrieved Employees to take rest periods in compliance with California law.

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

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

Failure to Accurately Calculate Overtime Pay, Sick Pay, and Meal Period Premium Pay When Issuing Non-Discretionary Remuneration

Federal law defining and interpreting "regular rate" under the FLSA governs this case. (*Alonzo v. Maximus, Inc.* (C.D. Cal. 2011) 832 F.Supp.2d 1122, 1129.) This "construction is supported by

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California case law and the DLSE Manual, each of which looks to FLSA standards to interpret the 'regular rate of pay' under California law." (*Ibid.*) "Under the FLSA, the 'regular rate' of pay 'at which an employee is employed shall be deemed to include all remuneration for employment paid to, or on behalf of, the employee,' subject to certain enumerated exceptions." (*Id.* at pp. 1129-30, quoting 29 U.S.C. § 207(e)(3).) "The burden is on Defendant to establish that its bonus payments fall within one of the exceptions in § 207(e)." (*Ibid.*)

The Department of Labor has interpreted section 207 to permit an employer to exclude a "discretionary bonus," but not a "promised bonus" from the "regular rate" of pay:

> Bonuses which are announced to employees to induce them to work more steadily or more rapidly or more efficiently or to remain with the firm are regarded as part of the regular rate of pay. Attendance bonuses, individual or group production bonuses, bonuses for quality and accuracy of work, bonuses contingent upon the employee's continuing in employment until the time the payment is to be made and the like are in this category. They must be included in the regular rate of pay.

(29 C.F.R. § 778.211 (2011); *see also* DLSE Manual § 49.1.2.4(3), incorporating 29 C.F.R. § 778.211.)

Plaintiff and/or the Aggrieved Employees received various forms of bonuses/commissions/incentive payments during pay periods where overtime was worked, but Defendant failed to *accurately* factor in the non-discretionary remuneration into their regular rate of pay.

As outlined by the California Supreme Court in *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal.5th 858, 878, for purposes of paying sick pay and premiums, "the term 'regular rate of compensation' in section 226.7(c) has the same meaning as 'regular rate of pay' in section 510(a) and encompasses not only hourly wages but all nondiscretionary payments for work performed by the employee."

Defendant should have included all non-discretionary remuneration when calculating overtime pay, sick pay, and meal period premium pay. Because it didn't, Defendant is liable to Plaintiff and/or the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2).

Failure to Pay All Earned Wages Twice Per Month

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

Labor Code § 204 requires employers to pay employees all earned wages two times per month.

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

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

Failure to Maintain Accurate Records of Hours Worked and Meal Periods

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

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

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

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Failure to Timely Pay All Wages at Termination

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

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

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

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

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

Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226(a) provides that every employer shall furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. An

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employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226(e)(2)(B)(iii).)

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

Throughout the statutory period, Defendant failed to furnish Plaintiff and the Aggrieved Employees with accurate, itemized wage statements showing all applicable hourly rates, and all gross and net wages earned (including correct hours worked, correct wages for meal periods that were not provided in accordance with California law, and correct wages for rest periods that were not authorized and permitted to take in accordance with California law). Whether unpaid premiums for missed meal periods must be reported as "wages earned" and credited as "hours worked" in wage statements has been a settled issue since at least 2022.

Because Defendant violated Labor Code § 226, Plaintiff and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights. Accordingly, Plaintiff and similarly Aggrieved Employees are entitled to recover from Defendant the greater of their actual damages caused by Defendant's failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding four thousand dollars ($4,000) per employee.

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

Failure to Indemnify for Necessary Expenditures

Labor Code § 2802(a) provides that employers shall indemnify his or her employees for all necessary business expenditures or losses that have been incurred by the employees in direct discharge of his or her duties. Throughout the statute of limitations period applicable to this cause of action, Defendant wrongfully required Plaintiff and/or the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Defendant. Plaintiff and/or the Aggrieved Employees paid out-of-pocket for necessary employment-related expenses (which is defined as including, without limitation, work attire, work equipment, personal protective equipment, use of personal cell phones, and/or use of personal vehicles). Plaintiff and/or the Aggrieved Employees incurred substantial expenses as a direct result of performing their job duties for Defendant, but Defendant failed to indemnify Plaintiff and/or the Aggrieved Employees for these employment-related expenses.

As a result, Defendant is liable to Plaintiff and/or the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 2802 and 2699(f)(2) for failing to indemnify Plaintiff and/or the

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Aggrieved Employees for necessary business expenditures.

Action for Civil Penalties Under PAGA

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

1. Labor Code § 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages, and overtime wages;
2. Labor Code § 226.7 and applicable Wage Orders by failing to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;
4. Labor Code §§ 226.7, 246, 510, and applicable Wage Orders by failing to include all non-discretionary remuneration when calculating overtime pay, sick pay, and meal period premium pay;
5. Labor Code § 204 by failing to pay all earned wages two times per month;
6. Labor Code § 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;
7. Labor Code §§ 201 to 203 by willfully failing to pay all wages owed at termination;
8. Labor Code § 226 by failing to provide accurate itemized wage statements; and
9. Labor Code § 2802 by failing to indemnify for necessary expenditures.

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

Plaintiff has placed Defendant on notice by mailing a certified copy of this correspondence, as indicated on the first page. Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,



Chumahan Bowen
WILSHIRE LAW FIRM, PLC
Chumahan.bowen@wilshirelawfirm.com

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September 10, 2025

LWDA
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612
(*Via Online Submission*)

NATIONAL THERAPEUTIC SERVICES, INC. DBA NORTHBOUND TREATMENT SERVICES, INC.
4701 Teller Avenue , Suite 150B
Newport Beach, CA 92660
(*Via Certified Mail, Return Receipt Requested*)
 # 9489 0090 0027 6638 7716 15

STRADLING YOCCA CARLSON & RAUTH, A PROFESSIONAL CORPORATION
Agent for Service of Process for Joshua House, LLC, National Therapeutic Services, LLC, and National Therapeutic Services, Inc. DBA Northbound Treatment Services, Inc.,
660 Newport Center Dr. #1600
Newport Beach, CA 92660
(*Via Certified Mail, Return Receipt Requested*)
 # 9489 0090 0027 6638 7716 39

Joshua House, LLC
4701 Teller Avenue , Suite 150B
Newport Beach, CA 92660
(*Via Certified Mail, Return Receipt Requested*)
 # 9489 0090 0027 6638 7716 08

NATIONAL THERAPEUTIC SERVICES, LLC DBA NORTHBOUND TREATMENT SERVICES, INC.
4701 Teller Avenue , Suite 150B
Newport Beach, CA 92660
(*Via Certified Mail, Return Receipt Requested*)
 # 9489 0090 0027 6638 7716 22

Re: ***Oscar Williams v Joshua House, LLC, et al.***
Amended Notice of Labor Code Violations and PAGA Penalties

To Whom It May Concern:

Please be advised that my office has been retained by Oscar Williams ("Plaintiff") to pursue a Labor Code Private Attorneys General Act ("PAGA") representative action (Cal. Lab. Code §§ 2699, *et seq.*) against Plaintiff's former employer, Joshua House, LLC, National Therapeutic Services, Inc. DBA Northbound Treatment Services, Inc., and National Therapeutic Services, LLC DBA Northbound Treatment Services, Inc. ("Defendants"). The purpose of this letter is to comply

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with PAGA and set forth the facts and theories of California Labor Code violations, which we allege Defendants engaged in with respect to Plaintiff and all of Defendants's Aggrieved Employees.

Plaintiff wishes to pursue this action as an aggrieved employee, on behalf of the State of California, as well as on behalf of all other persons who worked for Defendants in California as a non-exempt or hourly-paid employee at any time within the applicable statutory period (hereafter, the "Aggrieved Employees").

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

Plaintiff's Employment with Defendants

Defendants owns/owned and operates/operated an industry, business, and establishment within the State of California. As such and based upon all the facts and circumstances incident to Defendants's business in California, Defendants is subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business & Professions Code.

Plaintiff worked for Defendants in California as an hourly-paid, non-exempt employee during the past year. During Plaintiff's employment for Defendants, Defendants paid Plaintiff an hourly wage and classified Plaintiff as non-exempt from overtime. Defendants typically scheduled Plaintiff to work at least five days in a workweek and at least eight hours per day, but Plaintiff regularly worked more than eight hours in a workday and/or more than forty (40) hours in a workweek.

Throughout Plaintiff's employment, Defendants: failed to pay for all hours worked (including minimum, straight time, and overtime wages); failed to provide Plaintiff with legally compliant meal periods (and pay corresponding meal period premium wages at the correct rate of pay); failed to authorize and permit Plaintiff to take rest periods; failed to include all non-discretionary remuneration when calculating overtime pay, sick pay, and meal and rest period premium pay; failed to timely pay all final wages to Plaintiff when Defendants terminated Plaintiff's employment; failed to furnish accurate wage statements to Plaintiff; and failed to indemnify Plaintiff for expenditures. As discussed below, Plaintiff's experience working for Defendants was typical and illustrative.

Defendants Failed to Pay for All Hours Worked, Including Minimum, Straight Time, and Overtime Wages

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

In addition, Labor Code § 510 provides that employees in California shall not be employed more than eight hours in any workday or forty (40) hours in a workweek unless they receive additional

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compensation beyond their regular wages in amounts specified by law.

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

Throughout the statutory period, Defendants maintained a policy and practice of not paying Plaintiff and the Aggrieved Employees for all hours worked, including minimum, straight time, and overtime wages. Defendants required Plaintiff and the Aggrieved Employees to work "off-the-clock", uncompensated, by, for example, requiring Plaintiff and the Aggrieved Employees to perform work prior to clocking in for the workday, during unpaid meal periods, and after clocking out for the workday. Some of this unpaid work should have been paid at the overtime rate. In failing to pay for all hours worked, Defendants also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

The failure to pay for all hours worked also includes a system of time rounding and/or synthetic timekeeping that resulted in unpaid compensation for time worked pre-shift, post-shift, and when meal periods were supposedly recorded. If proven to be implemented by Defendants, this system resulted, over a period of time, in failing to compensate Plaintiff and the Aggrieved Employees properly for all the time they have actually worked even though the realities of Defendants's operations are such that it is possible, practical, and feasible to count and pay for work time to the minute. Accordingly, this system frequently paid Plaintiff and the Aggrieved Employees less than all their work time. Some of this unpaid work also should have been paid at the overtime rate. In failing to pay for all hours worked, again Defendants may have also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

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

Failure to Provide Meal Periods

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

Despite these legal requirements, Defendants wrongfully failed to provide Plaintiff and the Aggrieved Employees with legally compliant meal periods. Defendants regularly, but not always, required Plaintiff and the Aggrieved Employees to work in excess of five consecutive hours a day

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without providing a 30-minute, uninterrupted, and duty-free meal period for every five hours of work, or without compensating Plaintiff and the Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of work or tenth hour of work. Instead, Defendants continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory meal periods, or by denying Plaintiff and the Aggrieved Employees permission to take a meal period. Defendants also never informed Plaintiff of the right to, nor permitted Plaintiff to take, a second meal period when Plaintiff worked at least ten hours in a workday. Accordingly, Defendants's policy and practice was not to provide meal periods to Plaintiff and the Aggrieved Employees in compliance with California law.

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

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

Failure to Authorize and Permit Rest Periods

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

Throughout the statutory period, Defendants has wrongfully failed to authorize and permit Plaintiff and the Aggrieved Employees to take legally compliant rest periods. Defendants regularly required Plaintiff and the Aggrieved Employees to work in excess of four consecutive hours a day without Defendants authorizing and permitting them to take a 10-minute, uninterrupted, duty-free rest period for every four hours of work (or major fraction of four hours), or without compensating Plaintiff and the Aggrieved Employees for rest periods that were not authorized or permitted. Instead, Defendants continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest periods, or by denying Plaintiff and the Aggrieved Employees permission to take a rest period. Accordingly, Defendants's policy and practice was to not authorize and permit Plaintiff and the Aggrieved Employees to take rest periods in compliance with California law.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not authorized and permitted to take all required rest period(s).

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Defendants, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for rest periods and that they were not authorized and permitted to take.

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

Failure to Accurately Calculate Overtime Pay, Sick Pay, and Meal Period Premium Pay When Issuing Non-Discretionary Remuneration

Federal law defining and interpreting "regular rate" under the FLSA governs this case. (*Alonzo v. Maximus, Inc.* (C.D. Cal. 2011) 832 F.Supp.2d 1122, 1129.) This "construction is supported by California case law and the DLSE Manual, each of which looks to FLSA standards to interpret the 'regular rate of pay' under California law." (*Ibid.*) "Under the FLSA, the 'regular rate' of pay 'at which an employee is employed shall be deemed to include all remuneration for employment paid to, or on behalf of, the employee,' subject to certain enumerated exceptions." (*Id.* at pp. 1129-30, quoting 29 U.S.C. § 207(e)(3).) "The burden is on Defendants to establish that its bonus payments fall within one of the exceptions in § 207(e)." (*Ibid.*)

The Department of Labor has interpreted section 207 to permit an employer to exclude a "discretionary bonus," but not a "promised bonus" from the "regular rate" of pay:

> Bonuses which are announced to employees to induce them to work more steadily or more rapidly or more efficiently or to remain with the firm are regarded as part of the regular rate of pay. Attendance bonuses, individual or group production bonuses, bonuses for quality and accuracy of work, bonuses contingent upon the employee's continuing in employment until the time the payment is to be made and the like are in this category. They must be included in the regular rate of pay.

(29 C.F.R. § 778.211 (2011); *see also* DLSE Manual § 49.1.2.4(3), incorporating 29 C.F.R. § 778.211.)

Plaintiff and/or the Aggrieved Employees received various forms of bonuses/commissions/incentive payments during pay periods where overtime was worked, but Defendants failed to *accurately* factor in the non-discretionary remuneration into their regular rate of pay.

As outlined by the California Supreme Court in *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal.5th 858, 878, for purposes of paying sick pay and premiums, "the term 'regular rate of compensation' in section 226.7(c) has the same meaning as 'regular rate of pay' in section 510(a) and encompasses not only hourly wages but all nondiscretionary payments for work performed by

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the employee."

Defendants should have included all non-discretionary remuneration when calculating overtime pay, sick pay, and meal period premium pay. Because it didn't, Defendants is liable to Plaintiff and/or the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2).

Failure to Pay All Earned Wages Twice Per Month

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

Labor Code § 204 requires employers to pay employees all earned wages two times per month. Throughout the statute of limitations period applicable to this cause of action, employees were entitled to be paid twice a month at their regular rates, including all meal period premium wages owed, rest period premium wages owed, and wages owed for overtime hours worked. However, during all such times, Defendants systematically failed and refused to pay the employees all wages due, and failed to pay those wages twice a month, in that employees were not paid all wages for all meal periods not provided by Defendants, all wages for all rest periods not authorized and permitted by Defendants, and all wages for all hours worked. As a result, Defendants owes employees the legally required wages for unpaid wages, and Plaintiff and the Aggrieved Employees suffered damages in those amounts.

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

Failure to Maintain Accurate Records of Hours Worked and Meal Periods

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

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

Defendants's failure to provide and maintain records required by the California Labor Code and the applicable IWC Wage Orders deprived Plaintiff and the Aggrieved Employees the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Defendants's records. Therefore, Plaintiff and the Aggrieved Employees had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Defendants. As a direct result, Plaintiff and the Aggrieved

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Employees have suffered and continue to suffer, substantial losses related to the use and enjoyment of such wages, lost interest on such wages and expenses and attorney's fees in seeking to compel Defendants to fully perform its obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of Defendants's knowing failure to comply with the California Labor Code and applicable IWC Wage Orders, Plaintiff and the Aggrieved Employees have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

Failure to Timely Pay All Wages at Termination

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

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

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

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

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

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Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226(a) provides that every employer shall furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. An employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226(e)(2)(B)(iii).)

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

Throughout the statutory period, Defendants failed to furnish Plaintiff and the Aggrieved Employees with accurate, itemized wage statements showing all applicable hourly rates, and all gross and net wages earned (including correct hours worked, correct wages for meal periods that were not provided in accordance with California law, and correct wages for rest periods that were not authorized and permitted to take in accordance with California law). Whether unpaid premiums for missed meal periods must be reported as "wages earned" and credited as "hours worked" in wage statements has been a settled issue since at least 2022.

Because Defendants violated Labor Code § 226, Plaintiff and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights. Accordingly, Plaintiff and similarly Aggrieved Employees are entitled to recover from Defendants the greater of their actual damages caused by Defendants's failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding four thousand dollars ($4,000) per employee.

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

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Failure to Indemnify for Necessary Expenditures

Labor Code § 2802(a) provides that employers shall indemnify his or her employees for all necessary business expenditures or losses that have been incurred by the employees in direct discharge of his or her duties. Throughout the statute of limitations period applicable to this cause of action, Defendants wrongfully required Plaintiff and/or the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Defendants. Plaintiff and/or the Aggrieved Employees paid out-of-pocket for necessary employment-related expenses (which is defined as including, without limitation, work attire, work equipment, personal protective equipment, use of personal cell phones, and/or use of personal vehicles). Plaintiff and/or the Aggrieved Employees incurred substantial expenses as a direct result of performing their job duties for Defendants, but Defendants failed to indemnify Plaintiff and/or the Aggrieved Employees for these employment-related expenses.

As a result, Defendants is liable to Plaintiff and/or the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 2802 and 2699(f)(2) for failing to indemnify Plaintiff and/or the Aggrieved Employees for necessary business expenditures.

Action for Civil Penalties Under PAGA

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

1. Labor Code § 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages, and overtime wages;
2. Labor Code § 226.7 and applicable Wage Orders by failing to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;
4. Labor Code §§ 226.7, 246, 510, and applicable Wage Orders by failing to include all non-discretionary remuneration when calculating overtime pay, sick pay, and meal period premium pay;
5. Labor Code § 204 by failing to pay all earned wages two times per month;
6. Labor Code § 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;
7. Labor Code §§ 201 to 203 by willfully failing to pay all wages owed at termination;
8. Labor Code § 226 by failing to provide accurate itemized wage statements; and
9. Labor Code § 2802 by failing to indemnify for necessary expenditures.

Therefore, on behalf of all Aggrieved Employees, Plaintiff seeks applicable penalties related to the

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violations alleged above pursuant to the PAGA. These include, but are not limited to, penalties under Labor Code §§ 210, 226.3, 1174.5, 1197.1, and 2699(f)(2).

Plaintiff has placed Defendants on notice by mailing a certified copy of this correspondence, as indicated on the first page. Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,



Chumahan Bowen
WILSHIRE LAW FIRM, PLC
Chumahan.bowen@wilshirelawfirm.com

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EXHIBIT C

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NOTICE OF SETTLEMENT OF PRIVATE ATTORNEYS GENERAL ACT LAWSUIT AND RELEASE OF CLAIMS

Oscar Williams v. Joshua House, LLC, National Therapeutic Services, Inc., National Therapeutic Services, LLC, et al.
Orange County Superior Court, Case No. 30-2025-01462517-CU-OE-CXC

[INSERT DATE OF MAILING]

This notice relates to the settlement of a lawsuit brought pursuant to the California Labor Code Private Attorneys General Act of 2004, Labor Code section 2698, *et seq.* ("PAGA"). On February 25, 2025, plaintiff Oscar Williams ("Plaintiff") filed the current lawsuit in the Orange County Superior Court (the "Court") against defendant Joshua House, LLC ("Joshua House"). Thereafter, on June 5, 2026, Plaintiff filed the operative Second Amended Complaint in this lawsuit against Joshua House, National Therapeutic Services, Inc. (incorrectly named as "National Therapeutic Services, Inc. dba Northbound Treatment Services, Inc.") and National Therapeutic Services, LLC (incorrectly named as "National Therapeutic Services, LLC dba Northbound Treatment Services, Inc.") (collectively, "Defendants") on behalf of himself, all other allegedly aggrieved employees and the State of California. Plaintiff's lawsuit is titled *Oscar Williams v. Joshua House, LLC; National Therapeutic Services, Inc. dba Northbound Treatment Services, Inc.; National Therapeutic Services, LLC dba Northbound Treatment Services, Inc., et al.,* Case No. 30-2025-01462517-CU-OE-CXC.

Plaintiff brought the lawsuit as a representative action under PAGA on behalf of the State of California, himself and all other allegedly aggrieved employees. Plaintiff's lawsuit asserts Defendants allegedly committed the following violations of California law: (1) failure to pay minimum and straight-time wages; (2) failure to pay all overtime and/or double time wages including, but not limited to, failure to pay overtime and double times wages at each allegedly aggrieved employee's (including, without limitation, Plaintiff's) correct regular rate of pay; (3) failure to pay all wages and to timely pay all wages for all hours worked as required by applicable law (including, without limitation, during employment), including, but not limited to, failure to pay wages for off-the-clock work, failure to pay premiums owed for non-compliant meal periods and rest periods, failure to correctly calculate wages owed and hours worked by allegedly aggrieved employees (or any of them, including, without limitation, Plaintiff), failure to pay overtime, double time and minimum wages, failure to pay straight-time wages, failure to pay wages on designated paydays, failure to pay wages due to the rounding of allegedly aggrieved employees' (or any of their, including, without limitation, Plaintiff's) time entries and failure to pay wages due to use of a synthetic timekeeping system; (4) failure to pay all earned wages twice per month during employment, including in violation of Labor Code section 204, including, but not limited to, failure to pay wages for off-the-clock work, failure to pay wages for all hours worked, failure to pay premiums owed for non-compliant meal periods and rest periods, failure to pay all wages due to the failure to correctly calculate wages owed and hours worked by allegedly aggrieved employees (or any of them, including, without limitation, Plaintiff), failure to pay overtime, double time and minimum wages, failure to pay straight-time wages, failure to pay paid sick leave, failure to pay wages on designated paydays, failure to pay wages due to the rounding of allegedly aggrieved employees' (or any of their, including, without limitation, Plaintiff's) time entries and failure to pay wages due to use of a synthetic timekeeping system; (5) failure to provide compliant meal periods and to pay related meal period premiums of one additional hour of pay at each allegedly aggrieved employee's (including, without limitation, Plaintiff's) regular rate of pay for each work day that one or more meal periods was not provided in compliance with California law; (6) failure to authorize and permit compliant rest periods to be taken and to pay related rest period premiums of one additional hour of pay at each allegedly aggrieved employee's (including, without limitation, Plaintiff's) regular rate of pay for each work day that one or more rest periods was not authorized and permitted to be taken in compliance with California law; (7) failure to accurately calculate and pay overtime pay, double time pay, sick pay and meal and rest period premiums at each allegedly aggrieved employee's (including, without limitation, Plaintiff's) correct regular rate of pay; (8) failure to provide, furnish, timely furnish, keep and/or maintain accurate and/or complete meal period records, hours worked records (including, without limitation, records showing total hours worked in the payroll period),

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wage records (including, without limitation, regarding rates of pay), timekeeping records (including, without limitation, records showing when the employee begins and ends each work period as well as records of split shift intervals and total daily hours worked) and payroll records for allegedly aggrieved employees (or any of them, including, without limitation, Plaintiff) including, without limitation, failure to keep and maintain payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to (if any), allegedly aggrieved employees (or any of them, including, without limitation, Plaintiff), as well as failure to provide, furnish, timely furnish, keep and/or maintain any other records required to be provided, furnished, timely furnished, kept and/or maintained by Labor Code section 1174 or Sections 7(A)(3) or 7(A)(5) of the applicable Wage Orders of the California Industrial Welfare Commission; (9) failure to timely pay all wages at the time of separation from employment (including both as to allegedly aggrieved employees who voluntarily resigned with and without notice, as well as to those who were involuntarily terminated, including, without limitation, Plaintiff), and failure to pay applicable waiting time penalties (continuous wages as mandated by the Labor Code for up to 30 days); (10) failure to maintain, provide, furnish and/or timely furnish compliant, complete and accurate itemized wage statements, and failure to maintain, provide and/or furnish wage statements altogether; and (11) failure to reimburse and/or indemnify for all necessary business expenses, expenditures, losses and/or costs incurred. By law, a PAGA action is an action for civil penalties in which the State of California receives sixty-five percent of any net settlement, and thirty-five percent of the net settlement is distributed to the allegedly aggrieved employees.

Defendants vigorously deny and dispute all of Plaintiff's alleged claims and allegations, contend that they have acted in compliance with all legal requirements, and contend that no penalties are due to Plaintiff, other allegedly aggrieved employees or the State of California.

The Court has made no determination on the merits of Plaintiff's claims, and there has been no finding of any wrongdoing by Defendants, but the parties have decided to resolve the case through settlement, with the approval of the Court. The allegedly aggrieved employees who have released their claims for penalties through this settlement, and who are therefore entitled to receive a settlement payment, consist of all current and former non-exempt employees of Joshua House, LLC, National Therapeutic Services, Inc. and/or National Therapeutic Services, LLC who were employed by Joshua House, LLC, National Therapeutic Services, Inc. and/or National Therapeutic Services, LLC in the State of California at any time during the time period from February 24, 2024 through and including [INSERT DATE COURT GRANTS APPROVAL OF THE SETTLEMENT] (including, but not limited to, Plaintiff). You have received this notice because Defendants' records indicate that you are one of the allegedly aggrieved employees covered by this settlement.

The enclosed check represents your portion of the net settlement payment, which is a pro-rata distribution based on the number of pay periods you worked as an allegedly aggrieved employee during the time period from February 24, 2024 through and including [INSERT DATE COURT GRANTS APPROVAL OF THE SETTLEMENT]. You may deposit or cash the check without any further obligation on your part and there is no need for you to contact the settlement administrator, the parties, or the Court.

If you have any questions, please contact the settlement administrator, Phoenix Settlement Administrators, at [INSERT PHONE NUMBER AND ADDRESS].

To the extent there are any conflicts between this notice and the terms of the Joint Stipulation of PAGA Settlement Agreement and Release executed by Plaintiff and Defendants, the terms of the Joint Stipulation of PAGA Settlement Agreement and Release will control and govern.

PLEASE DO NOT CONTACT THE COURT REGARDING THIS CASE.

EXHIBIT 2



ELM Solutions

2025 Real Rate Report® powered by LegalVIEW® DynamicInsights

The industry's leading analysis of law firm rates, trends, and practices

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- Uncheck Enhance thin lines (if it’s checked).
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A Letter to Our Readers

Welcome to the latest edition of the Real Rate Report®, the legal industry's most trusted benchmark for legal billing rates.

Since 2010, the Real Rate Report has helped legal departments and law firms make smarter decisions about pricing, resourcing, and vendor management. That hasn't changed. What has changed is how we deliver those insights.

This year, the Real Rate Report is powered by LegalVIEW® DynamicInsights—our new digital-first platform that brings the same trusted LegalVIEW data to life in a more interactive, flexible, and timely way. Leveraging Wolters Kluwer's LegalVIEW database, with over $200B in anonymized, approved, invoice data, LegalVIEW DynamicInsights offers dynamic filters, quarterly updates, and calendar-year alignment to help users tailor benchmarks to their unique needs, on demand.

The Real Rate Report remains a vital snapshot of the market, and we know many of you rely on it as a reference tool. But DynamicInsights goes further. It enables deeper exploration of rate trends by role, experience, geography, practice area, industry, and more. Whether you're negotiating rates, evaluating law firm performance, or planning budgets, DynamicInsights gives you the agility and precision today's legal environment demands.

As always, we welcome your feedback and thank our data contributors for making this work possible. We're proud to be your partner in legal analytics and look forward to continuing to deliver insights that drive better business outcomes.

Sincerely,



Brian Jorgenson
Vice President, Product Management
Wolters Kluwer ELM Solutions

Real Rate Report Overview

The Real Rate Report is powered by LegalVIEW DynamicInsights, a web-based solution that delivers dynamic, invoice-backed insights through approved legal billing rates. It enables legal professionals to analyze rate trends by role, experience, industry, geography, practice area, and more using the world's largest repository of legal spend data.

DynamicInsights leverages the same trusted LegalVIEW database that has powered the Real Rate Report for years, now encompassing over $200B+ in anonymized, approved legal invoice data. As with previous Real Rate Reports, our data is sourced from corporations' and law firms' e-billing and time management solutions. We have included lawyer and paralegal rate data filtered by specific practice and sub-practice areas, metropolitan areas, and types of matters. This level of granularity gives legal departments and law firms the precision they need to identify areas of opportunity.

What's different with DynamicInsights?

Same source, same methodology: DynamicInsights uses the same rigorous data validation and methodology as the Real Rate Report.

- **Enhanced flexibility:** With dynamic filters, DynamicInsights enables users to tailor benchmarks to their unique needs and on demand.
- **Full year data:** DynamicInsights now aligns to a calendar year view—January through December—replacing the previous July-to-June format used in the Real Rate Report, reducing confusion and improving consistency across reporting periods.
- **More up to date:** Unlike the annual and static Real Rate Report, DynamicInsights is refreshed quarterly, offering more timely insights.
- **Digital-first access:** Delivered via a secure online interface, users can interact with the data, bookmark views, and share insights in real time.

DynamicInsights provides the same level of credibility and analytical power long trusted in the Real Rate Report with more agility and transparency for today's legal environment.

2025 Real Rate Report use considerations

- Examines law firm rates over time
- Identifies rates by location, experience, firm size, areas of expertise, industry, and timekeeper role (i.e., partner, associate, and paralegal)
- Itemizes variables that drive rates up or down

All the analyses included in DynamicInsights and this report are derived from the actual rates charged by law firm professionals as recorded on invoices submitted and approved for payment.

Examining real, approved rate information, along with the ranges of those rates and their changes over time, highlights the role these variables play in driving aggregate legal cost and income. The analyses can energize questions for both corporate clients and law firm principals.

Legal departments might ask whether they are paying the right amount for different types of legal services, while law firm principals might ask whether they are charging the right amount for legal services and whether to modify their pricing approach.

Examples of data to consider when reviewing rates:

- **Industry** – Compare spend and rate trends across various industries
- **Practice area** – Analyze cost variations in different legal practice areas
- **Detailed practice area** – Drill down into niche legal specialties for precise benchmarking
- **Am Law** – Benchmark against top-ranked law firms for competitive rate analysis
- **City** – Understand rate trends in specific metropolitan areas
- **Country** – Gain a global perspective on legal costs and spend management
- **Role** – Assess legal spend distribution across different law firm roles

Real Rate Report Overview

Understanding key statistical terms

To help interpret the legal rate data presented in DynamicInsights and this report, it's important to understand the statistical measures used. Below are definitions of the core metrics:

- **Mean (average):** The sum of all rate values divided by the total number of values added. It provides a general sense of the central tendency of the rates but can be influenced by extreme values (outliers).
- **Median:** The middle value when all rates are arranged in ascending order. If there is an even number of rates being analyzed, the median is the average of the two middle rates. It is a robust measure of central tendency of rates that is less affected by outliers.
- **First quartile (Q1):** The value below which 25% of the rates fall. It marks the lower boundary of the middle 50% of the rates and helps identify the lower range of typical values.
- **Third quartile (Q3):** The value below which 75% of the rates fall. It marks the upper boundary of the middle 50% of the rates and helps identify the upper range of typical values.
- **n:** The number of unique timekeepers contributing to the data.

These metrics are used to provide a more nuanced view of legal rates, helping users identify trends, outliers, and benchmarks across various dimensions.

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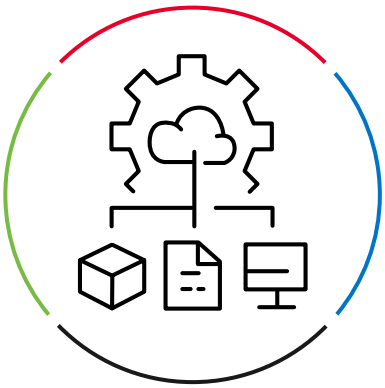
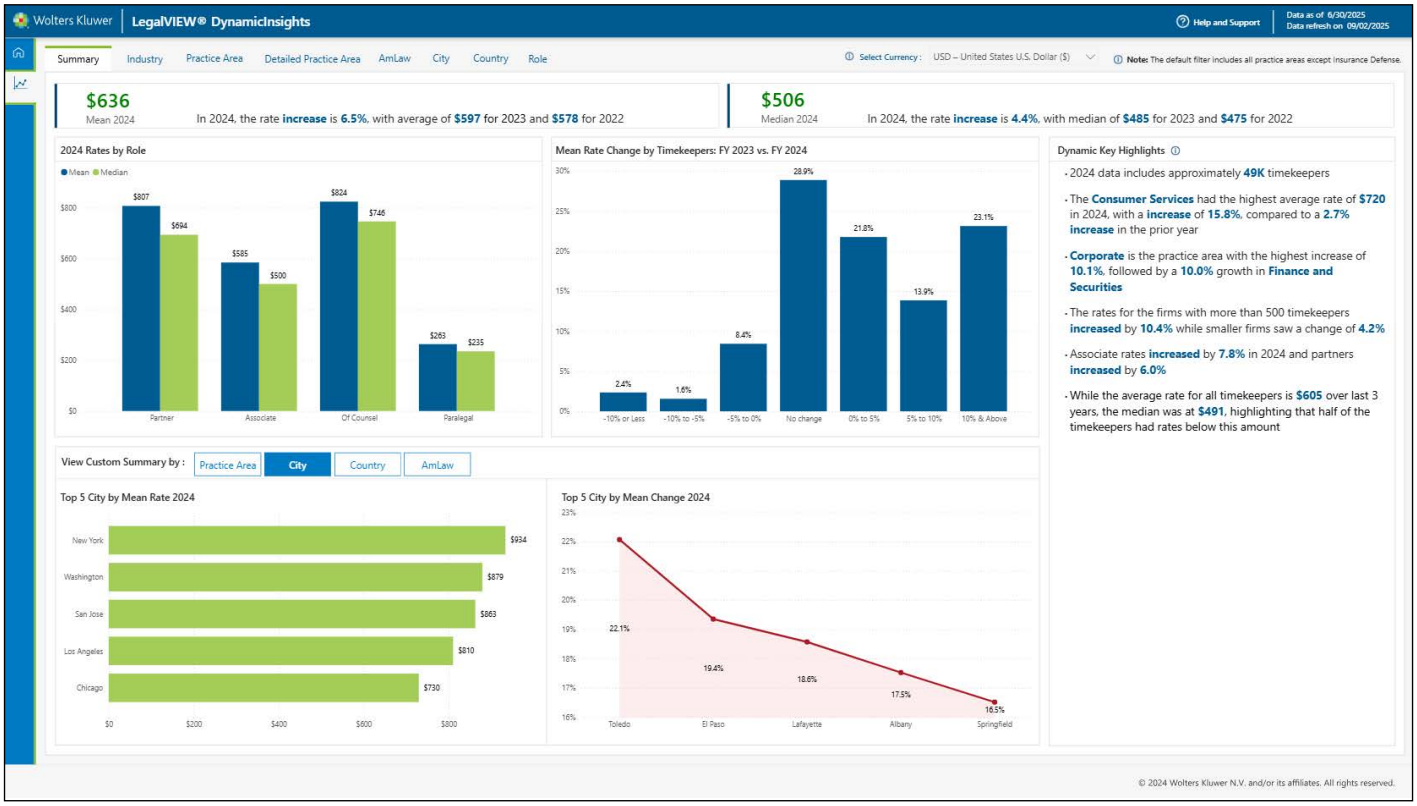
- **Strategic Legal Spend Management:** Empowers legal teams to negotiate smarter, plan more effectively, and control costs with greater precision.
- **Enhanced Transparency & Collaboration:** Strengthens law firm-client relationships through data-driven transparency and benchmarking.
- **Insight-Driven Decision Making:** Enables analysis across key dimensions to support strategic negotiations and financial optimization.





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Section I: High-Level Data Cuts

All data and analysis based on data collected thru Q2 2025

Section I: High-Level Data Cuts

Cities
By Role

2025 Real Rates for Associate and Partner **Trend Analysis - Mean**

City	Role	n	First Quartile	Median	Third Quartile	2025	2024	2023
Los Angeles CA	Partner	565	$517	$925	$1,365	$993	$979	$913
	Associate	518	$485	$720	$982	$761	$741	$684
Louisville KY	Partner	32	$291	$395	$500	$411	$395	$380
	Associate	19	$275	$290	$342	$304	$274	$268
Madison WI	Partner	10	$275	$420	$491	$420	$443	$563
Memphis TN	Partner	22	$325	$394	$470	$404	$428	$387
Miami FL	Partner	191	$250	$525	$733	$547	$570	$575
	Associate	128	$175	$330	$479	$357	$389	$393
Milwaukee WI	Partner	32	$364	$459	$649	$524	$581	$525
	Associate	18	$322	$455	$690	$498	$462	$404
Minneapolis MN	Partner	138	$475	$694	$918	$692	$673	$637
	Associate	111	$333	$450	$620	$485	$467	$432

Section I: High-Level Data Cuts

Cities
By Years of Experience

2025 Real Rates for Partner **Trend Analysis - Mean**

City	Years of Experience	n	First Quartile	Median	Third Quartile	2025	2024	2023
Phoenix AZ	21 or More Years	25	$350	$490	$674	$559	$499	$540
Pittsburgh PA	Fewer Than 21 Years	41	$501	$600	$810	$669	$658	$599
	21 or More Years	72	$480	$691	$860	$705	$733	$669
Portland ME	21 or More Years	18	$386	$435	$484	$418	$421	$381
Portland OR	Fewer Than 21 Years	17	$402	$465	$525	$599	$536	$509
	21 or More Years	32	$470	$525	$639	$594	$607	$553
Raleigh NC	21 or More Years	12	$396	$475	$510	$489	$477	$477
Richmond VA	Fewer Than 21 Years	10	$604	$703	$855	$707	$746	$687
	21 or More Years	24	$431	$713	$1,084	$739	$756	$726
Salt Lake City UT	Fewer Than 21 Years	12	$395	$447	$459	$422	$445	$412
	21 or More Years	16	$350	$463	$521	$480	$433	$407
San Diego CA	21 or More Years	33	$438	$785	$1,334	$894	$898	$882

Section II: Industry Analysis

All data and analysis based on data collected thru Q2 2025

Section II: Industry Analysis

Consumer Services

By Detailed Practice Area and Matter Type

2025 - Real Rates for Associate and Partner **Trend Analysis - Mean**

Practice Area	Matter Type	Role	n	First Quartile	Median	Third Quartile	2025	2024	2023
Employment and Labor: Discrimination, Retaliation and Harassment / EEO	**Litigation**	Partner	27	$393	$495	$613	$509	$463	$436
		Associate	19	$400	$475	$493	$437	$387	$370
Employment and Labor: Other	**Litigation**	Partner	24	$564	$692	$1,252	$956	$782	$683
		Associate	14	$384	$469	$564	$553	$484	$458
	Non-Litigation	Partner	25	$450	$574	$695	$579	$573	$548
		Associate	25	$397	$450	$525	$465	$472	$456
Intellectual Property: Patents	**Non-Litigation**	Partner	41	$350	$595	$691	$605	$652	$634
		Associate	51	$208	$373	$517	$382	$378	$389
Real Estate: Leasing	**Non-Litigation**	Partner	17	$410	$539	$865	$616	$664	$667
		Associate	10	$278	$404	$617	$482	$444	$478
Real Estate: Other	**Non-Litigation**	Partner	58	$480	$626	$940	$694	$612	$540
		Associate	39	$320	$460	$733	$503	$468	$415

EXHIBIT 3

Free Newsletter Sign Up

Business & Practice

Big Law Rates Topping $2,000 Leave Value 'In Eye of Beholder'

By Roy Strom

Column
June 9, 2022, 2:30 AM

Welcome back to the Big Law Business column on the changing legal marketplace written by me, Roy Strom. Today, we look at a new threshold for lawyers' billing rates and why it's so difficult to put a price on high-powered attorneys. Sign up to receive this column in your inbox on Thursday mornings. Programming note: Big Law Business will be off next week.

Some of the nation's top law firms are charging more than $2,000 an hour, setting a new pinnacle after a two-year burst in demand.

Partners at Hogan Lovells and Latham & Watkins have crossed the threshold, according to court documents in bankruptcy cases filed within the past year.

Other firms came close to the mark, billing more than $1,900, according to the documents. They include Kirkland & Ellis, Simpson Thacher & Bartlett, Boies Schiller Flexner, and Sidley Austin.

Simpson Thacher & Bartlett litigator Bryce Friedman, who helps big-name clients out of jams, especially when they're accused of fraud, charges $1,965 every 60 minutes, according to a court document.

In need of a former acting US Solicitor General? Hogan Lovells partner Neal Katyal bills time at $2,465 an hour. Want to hire famous litigator David Boies? That'll cost $1,950 an hour (at least). Reuters was first to report their fees.

Eye-watering rates are nothing new for Big Law firms, which typically ask clients to pay higher prices at least once a year, regardless of broader market conditions.

"Value is in the eye of the beholder," said John O'Connor, a San Francisco-based expert on legal fees. "The perceived value of a good lawyer can reach into the multi-billions of dollars."

Kirkland & Ellis declined to comment on its billing rates. None of the other firms responded to requests to comment.

Charge It Up

Big Law firms are crossing the $2,000-an-hour threshold after two years of surging rates driven by an increase in demand for lawyers.

Firm	Highest Billing Rate
Hogan Lovells	$2,465
Latham & Watkins	$2,075
Kirkland & Ellis	$1,995
Simpson Thacher & Bartlett	$1,965
Boies Schiller Flexner	$1,950
Sidley Austin	$1,900

Source: Court documents

Bloomberg Law

Law firms have been more successful raising rates than most other businesses over the past 15 years.

Law firm rates rose by roughly 40 percent from 2007 to 2020, or just short of 3 percent per year, Thomson Reuters Peer Monitor data show. US inflation rose by about 28% during that time.

The 100 largest law firms in the past two years achieved their largest rate increases in more than a decade, Peer Monitor says. The rates surged more than 6% in 2020 and grew another 5.6% through November of last year. Neither level had been breached since 2008.

The price hikes occurred during a once-in-a-decade surge in demand for law services, which propelled profits at firms to new levels. Fourteen law firms reported average profits per equity partner in 2021 over $5 million, according to data from The American Lawyer. That was up from six the previous year.

The highest-performing firms, where lawyers charge the highest prices, have outperformed their smaller peers. Firms with leading practices in markets such as mergers and acquisitions, capital markets, and real estate were forced to turn away work at some points during the pandemic-fueled surge.

Firms receive relatively tepid pushback from their giant corporate clients, especially when advising on bet-the-company litigation or billion-dollar deals.

The portion of bills law firms collected—a sign of how willingly clients pay full-freight—rose during the previous two years after drifting lower following the Great Financial Crisis. Collection rates last year breached 90% for the first time since 2009, Peer Monitor data show.

Professional rules prohibit lawyers from charging “unconscionable” or “unreasonable” rates. But that doesn’t preclude clients from paying any price they perceive as valuable, said Jacqueline Vinaccia, a San Diego-based lawyer who testifies on lawyer fee disputes.

Lawyers’ fees are usually only contested when they will be paid by a third party.

That happened recently with Hogan Lovells’ Katyal, whose nearly $2,500 an hour fee was contested in May by a US trustee overseeing a bankruptcy case involving a Johnson & Johnson unit facing claims its talc-based powders caused cancer.

The trustee, who protects the financial interests of bankruptcy estates, argued Katyal’s fee was more than $1,000 an hour higher than rates charged by lawyers in the same case at Jones Day and Skadden Arps Slate Meagher & Flom.

A hearing on the trustee’s objection is scheduled for next week. Hogan Lovells did not respond to a request for comment on the objection.

Vinaccia said the firm’s options will be to reduce its fee, withdraw from the case, or argue the levy is reasonable, most likely based on Katyal’s extensive experience arguing appeals.

Still, the hourly rate shows just how valuable the most prestigious lawyers’ time can be—even compared to their highly compensated competitors.

“If the argument is that Jones Day and Skadden Arps are less expensive, then you’re already talking about the cream of the crop, the top-of-the-barrel law firms,” Vinaccia said. “I can’t imagine a case in which I might argue those two firms are more reasonable than the rates I’m dealing with.”

Worth Your Time

On Cravath: Cravath Swaine & Moore is heading to Washington, opening its first new office since 1973 by hiring former heads of the U.S. Securities and Exchange Commission and Federal Deposit Insurance Corporation. Meghan Tribe reports the move comes as Big Law firms are looking to add federal government expertise as clients face more regulatory scrutiny.

On Big Law Promotions: It’s rare that associates get promotions to partner in June, but Camille Vasquez is now a Brown Rudnick partner after she shot to fame representing Johnny Depp in his defamation trial against ex-wife Amber Heard.

On Working From Home: I spoke this week with Quinn Emanuel’s John Quinn about why he thinks law firm life is never going back to the office-first culture that was upset by the pandemic. Listen to the podcast here.



00:00:00

That's it for this week! Thanks for reading and please send me your thoughts, critiques, and tips.

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Documents

Trustee's Objection

Related Articles

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Jones Day
Skadden
Sidley Austin
Quinn Emanuel
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EXHIBIT 4

Wilshire Law Firm, PLC

Transaction Detail by Account

All Transactions

Accrual Basis

Type	Date	Num	Memo	Description	Amount	Balance
Mediation Fees						
	09/23/2025	675347	Judicate West		$4,200.00	$4,200.00
Total MEDIATION FEES					$4,200.00	$4,200.00
Consultant Fees						
	2/6/2025	INV126015-01-01	USA Express Legal & Investi...		$150.00	$150.00
	04/06/2026	17960	Berger Consulting Group LLC	14.5 Hours of Work	$8,337.50	$8,487.50
Total CONSULTANT FEES					$8,487.50	$8,487.50
Filing Fees						
	02/25/2025	24790424	One Legal LLC	Complaint	$1,502.49	$1,502.49
	02/26/2025		Department of Industrial Relations	PAGA Letter	$75.00	$1,577.49
	03/04/2025	24800036	One Legal LLC	Complaint	$98.09	$1,675.58
	03/04/2025	24840364	One Legal LLC	POS	$19.82	$1,695.40
	04/02/2025	25031662	One Legal LLC	Notice	$19.82	$1,715.22
	04/02/2025	25031699	One Legal LLC	Notice	$19.82	$1,735.04
	05/16/2025	25400471	One Legal LLC	SCS	$19.82	$1,754.86
	06/30/2025	25714820	One Legal LLC	Statement	$19.82	$1,774.68
	07/07/2025	CC073125TA-1309	One Legal LLC	Notice	$19.82	$1,794.50
	07/07/2025	CC073125TA-3645	Orange County Superior Court	Document Purchase	$7.50	$1,802.00
	07/08/2025	CC073125TA-1368	One Legal LLC	Amended Complaint	$19.82	$1,821.82
	09/11/2025	CC093025TA-1102	Department of Industrial Relations	RM	$75.00	$1,896.82
	10/14/2025	CC103125TA-1535	One Legal LLC	Objection	$19.82	$1,916.64
	06/08/2026	CC063026TA-0580	One Legal LLC	Amended Complaint	$20.91	$1,937.55
Total FILING FEES					$1,937.55	$1,937.55
TOTAL					**$14,625.05**	**$14,625.05**

EXHIBIT 5

Department of Industrial Relations
STATE OF CALIFORNIA

PAGA NOTICE PUBLIC SEARCH - CASE DETAIL

Case Information

Case Number: LWDA-CM-1082050-25
Plaintiff for PAGA Case: Oscar Williams
Filer/Attorney for PAGA Case: Chumahan Bowen
Law Firm for PAGA Plaintiff: Wilshire Law Firm
Employer: Joshua House, LLC
Date Case Received:
Employer Filer Firm:
Court Type: California Superior Courts
Court Name: Orange County Superior Court
PAGA Court Case Number: 30-2025-01462517-CU-OE-CXC
Violation Type:
Related BOFE Case:

Attachments

Attachment Name	Description	Date Submitted	Type
Amended Notice Submitted on 09/10/2025 10:44:09 AM by Chumahan Bowen	250910_AMND PAGA Letter Joshua House LLC.pdf	09/10/2025 10:44 AM	Amended Notice
Court Complaint Submitted on 06/08/2026 11:30:25 AM by Chumahan Bowen	260605_conf_SAC_JH.pdf	06/08/2026 11:30 AM	Court Complaint
Court Complaint Submitted on 09/12/2025 12:02:32 PM by Chumahan Bowen	250703_CONF_FAC.pdf	09/12/2025 12:02 PM	Court Complaint
PAGA Notice Submitted on 02/24/2025 05:19:18 PM by Chumahan Bowen	250224_PAGA Letter_JH.pdf	02/24/2025 05:19 PM	PAGA Notice
Proposed Settlement Submitted on 10/21/2026 05:21:52 PM by Trenten Bilodeaux	2026 09-09 O. Williams - PAGA Settlement Agreement (8.18.2026) (FINAL).pdf	10/21/2026 05:21 PM	Proposed Settlement