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Attorneys For Plaintiff Jaime Padilla and the Class

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

JAIME PADILLA, on behalf of others similarly
situated and the State of California under the
Private Attorneys General Act,

Plaintiffs,

vs.

CLINICAS DE SALUD DEL PUEBLO, INC.
DBA INNERCARE and DOES 1 through 50,
inclusive,

Defendants.

CASE NO. 25CU009979C

**CLASS ACTION AND PAGA
REPRESENTATIVE ACTION
SETTLEMENT AGREEMENT AND
RELEASE**

Department: 66
Judge: Hon. Wendy M. Behan

Case Filed: February 24, 2025
Trial Date: Not Set

1 This Class Action and PAGA Action Settlement Agreement (hereinafter “**Settlement**
2 **Agreement**,” “**Settlement**,” or “**Agreement**”) is entered into by and between Plaintiff Jaime
3 Padilla (“**Plaintiff**” or “**Padilla**”) and Defendant Clinicas de Salud del Pueblo, Inc. dba Innercare
4 (“**Defendant**” or “**Innercare**”). This Agreement refers to Plaintiff and Defendant collectively as
5 the “**Parties**,” and individually as “**Party**.”

6 Subject to Court approval, Plaintiff and Defendant agree to settle the Action on the terms
7 and conditions and for the consideration set forth in this Settlement Agreement.

8 **DEFINITIONS**

9 For purposes of this Settlement Agreement, the following terms will have the defined
10 meanings:

11 1. “**Action**” means, upon the filing of the Operative Complaint, the civil action
12 entitled *Jaime Padilla, on behalf of others similarly situated and the State of California under the*
13 *Private Attorneys General Act, Plaintiffs, vs. Clinicas de Salud del Pueblo, Inc. dba Innercare,*
14 *and DOES 1 through 50, inclusive, Defendants*, pending before the Superior Court of the State of
15 California County of San Diego (the “Court”), Case No. 25CU009979C.

16 2. “**Aggrieved Employees**” means all persons who were employed by Defendant in
17 the State of California, as an hourly-paid, non-exempt employee at any time during the PAGA
18 Period.

19 3. “**Aggrieved Employees’ PAGA Settlement**” means Seven Thousand Dollars and
20 Zero Cents (\$7,000.00), *i e.*, thirty-five percent (35%) of the PAGA Settlement Amount, that will
21 be distributed among all Aggrieved Employees as described in paragraph 48(b) for their share of
22 the settlement of claims for civil penalties under PAGA, as required by Cal. Lab. Code §
23 2699(m).

24 4. “**Attorneys’ Fees and Costs**” means attorneys’ fees for Class Counsel’s litigation
25 and resolution of the Class Action and PAGA Action and all actual litigation costs and expenses
26 incurred and to be incurred by Class Counsel therewith, as set forth in paragraph 44 below.

27 5. “**Class Action Settlement**” refers to the settlement of the class claims described in
28 this Settlement and the Notice of Class Action and PAGA Representative Action Settlement.

6. **“Class Counsel”** means Nicholas J. Ferraro, Lauren N. Vega, Rick A. Waltman, and Andrew T. Katseanes of Ferraro Vega Employment Lawyers, Inc.

7. **“Class Members”** means all persons who were employed by Defendant in the State of California, as an hourly-paid, non-exempt employee at any time during the Class Period.

8. **“Class Period”** means the period from June 27, 2023, through the earlier of: (a) the date the Court grants preliminary approval of this Settlement (“i.e. enters the Preliminary Approval Order”); or (b) the exhaustion of 70,650 Workweeks (unless Defendant elects, pursuant to paragraph 47, to extend the end date of the Class Period).

9. **“Class Settlement”** means the Net Settlement Amount, which will be distributed to Participating Class Members as described in paragraph 48(a).

10. **“Defense Counsel”** means Nancy L. Abell of Law Offices of Leslie B. Abell, A Professional Corporation.

11. **“Effective Date”** means the date on which this Settlement is deemed final. The Settlement’s Effective Date will be the earlier of (a) the deadline for filing a timely appeal if no such appeal from the final approval of the Settlement and judgment is filed; or (b) if a timely appeal is filed, the date the appeal is dismissed or withdrawn or the date of final affirmation of the judgment on appeal if the appeal is not dismissed or withdrawn; or (c) the date the Court grants final approval of the Settlement and enters the judgment if *both* (i) no Participating Class Member makes an objection to the Class Settlement, *and* (ii) the Court awards the full Enhancement Award sought by Plaintiff and the full Class Counsel’s Attorneys’ Fees and Costs sought by Class Counsel.

12. **“Employer Taxes”** means the legally-mandated employer-paid portion of the payroll taxes required to effectuate the settlement of wage claims, which will be paid in addition to the Gross Settlement Amount.

13. **“Enhancement Award”** means the amount to be paid to Plaintiff in recognition of his effort and work in prosecuting the Class Action and PAGA Action on behalf of the Class Members and State of California with respect to Aggrieved Employees.

14. **“Final Approval Hearing”** means the hearing at which the Court will consider and determine whether the Settlement should be granted final approval.

15. **“Final Approval Order and Judgment”** means the Court’s order and judgment granting final approval of the Settlement, entering judgment, and retaining jurisdiction with respect to the interpretation, implementation, and enforcement of the terms of this Settlement.

16. **“Gross Settlement Amount”** means the amount that Defendant will be obligated to pay on a non-reversionary basis in connection with the Settlement, which is Four Hundred Ninety-One Thousand Five Hundred Dollars and Zero Cents (\$491,500.00). The Gross Settlement Amount will include all Individual Class Payments to Participating Class Members; the Enhancement Award to named Plaintiff pursuant to paragraph 45 of this Agreement; the PAGA Settlement Amount (sixty-five percent (65%) of which is allocated to the LWDA Payment and thirty-five percent (35%) of which is allocated to the Aggrieved Employees’ PAGA Settlement and distributed as Individual PAGA Payments to Aggrieved Employees); Class Counsel’s Attorneys’ Fees and Costs; and all settlement administration fees paid to the Settlement Administrator. The Gross Settlement Amount covers 64,227 Workweeks worked, plus a ten percent (10%) escalator/buffer (*i.e.*, 64,227 Workweeks + 6,423 Workweeks = 70,650 Workweeks). The Gross Settlement Amount expressly excludes Employer Taxes, which will be paid by Defendant separate, apart, and in addition to the Gross Settlement Amount.

17. **“Individual Class Payment”** means each Participating Class Member’s *pro rata* share of the Net Settlement Amount paid for the settlement and release of Class Claims through the Class Period, to be calculated in accordance with paragraph 48(a).

18. **“Individual PAGA Payment”** means each Aggrieved Employee’s *pro rata* share of the Aggrieved Employees’ PAGA Settlement paid for the settlement and release of PAGA Claims through the PAGA Period, to be calculated in accordance with paragraph 48(b).

19. **“LWDA”** means the California Labor & Workforce Development Agency.

20. **“LWDA Payment”** means the Thirteen Thousand Dollars and Zero Cents (\$13,000.00) (*i.e.*, sixty-five percent (65%) of the \$20,000 PAGA Settlement Amount), that will

be payable to the LWDA for its share of the settlement of claims for civil penalties under PAGA, as required by Cal. Lab. Code § 2699(m).

21. **“Net Settlement Amount”** means the amount remaining after deduction from the Gross Settlement Amount for Plaintiff’s Enhancement Award, Class Counsel’s Attorneys’ Fees and Costs, the Settlement Administration Costs, and the PAGA Settlement Amount.

22. **“Non-Participating Class Member”** refers to those Class Members who exclude themselves from the Class Settlement.

23. **“Notice”** means the Notice of Class Action and PAGA Representative Action Settlement given to Class Members and Aggrieved Employees of the Settlement and the hearing date for the Final Approval Hearing (Exhibit “A”).

24. **“Notice of Objection”** means the written notification Class Members may send to the Settlement Administrator to object to the Class Settlement. The Notice of Objection must: (a) contain the case name and number of the Class Action; (b) contain the objector’s full name, signature, address, telephone number, and last four digits of his, her, or their Social Security number; (c) contain a written statement of all grounds for the objection to the Class Settlement accompanied by any legal support for such objection; (d) include copies of any papers, briefs, or other documents upon which the objection to the Class Settlement is based; (e) contain the name and contact information of any attorney representing the objector with respect to his, her, or their objection to the Class Settlement; and (f) be returned by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline.

25. **“Operative Complaint”** is the First Amended Class and Representative Action Complaint filed in the Action on April 11, 2025.

26. **“PAGA Period”** means the period from February 4, 2024 through the earlier of: (a) the date the Court grants preliminary approval of this Settlement; or (b) the exhaustion of 70,650 Workweeks (unless Defendant elects, approval pursuant to paragraph 47, to extend the end date of the PAGA Period).

27. **“PAGA Settlement Amount”** means the allocation of Twenty Thousand Dollars and Zero Cents (\$20,000.00) from the Gross Settlement Amount for the PAGA Settlement.

1 Sixty-five percent (65%) of the PAGA Settlement Amount (Thirteen Thousand Dollars and Zero
2 Cents (\$13,000.00)), will be paid to the LWDA (i.e., the LWDA Payment) and the remaining
3 thirty-five percent (35%) (Seven Thousand Dollars and Zero Cents (\$7,000.00)), will be
4 distributed to Aggrieved Employees (i.e., the Aggrieved Employees' PAGA Settlement).

5 28. **"PAGA Settlement"** means the settlement and resolution of all Released PAGA
6 Claims.

7 29. **"Participating Class Member"** refers to all Class Members who do not timely
8 submit a valid and timely Request for Exclusion.

9 30. **"Preliminary Approval Order"** means the Court's order granting preliminary
10 approval of the Settlement, authorizing distribution of the Notice to all Class Members. and
11 setting a date for the Final Approval Hearing.

12 31. **"Released Class Claims"** means any and all claims that Participating Class
13 Members, on behalf of themselves and their respective former and present representatives, agents,
14 attorneys, administrators, successors and assigns, alleged or reasonably could have alleged
15 against the Released Parties, based on the facts and allegations in the Operative Complaint during
16 the Class Period, including, without limitation, any and all claims for (1) Failure to Pay All
17 Wages Owed including the minimum wage, (2) Failure to Pay All Overtime Wages; (3) Meal
18 Period Violations, (4) Rest Period Violations, (5) Paid Sick Leave Violations, (6) Untimely
19 Payment of Wages, (7) Wage Statement Violations, (8) Waiting Time Penalties, (9) Failure to
20 Reimburse Business Expenses, (10) Unlawful Wage Deductions, and (11) Unfair Competition,
21 including violation of rights under California Labor Code §§ 200, 201, 202, 203, 204, 204b, 210,
22 218, 221, 222, 222.5, 223, 224, 225, 226, 226.3, 226.7, 245-249, 256, 510, 512, 516, 558,
23 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2802, and 2804, California Code of Civil Procedure
24 § 1021.5, the applicable California Industrial Welfare Commission Wage Orders, all related or
25 corresponding federal laws, California Business and Professions Code § 17200 et seq.

26 Participating Class Members do not release claims for vested benefits, wrongful termination,
27 violation of the California Fair Employment and Housing Act, unemployment insurance benefits,
28

1 disability insurance benefits, social security benefits, workers' compensation, or claims based on
2 events occurring outside of the Class Period.

3 32. **"Released PAGA Claims"** means any and all claims under the California Private
4 Attorneys General Act that Aggrieved Employees, on behalf of themselves and their respective
5 former and present representatives, agents, attorneys, administrators, successors and assigns,
6 alleged or reasonably could have alleged against the Released Parties, based on the facts and
7 allegations in the Operative Complaint during the Class Period, including, without limitation, any
8 and all claims for PAGA penalties and other relief under PAGA based on (1) Failure to Pay All
9 Wages Owed including the minimum wage, (2) Failure to Pay All Overtime Wages; (3) Meal
10 Period Violations, (4) Rest Period Violations, (5) Paid Sick Leave Violations, (6) Untimely
11 Payment of Wages, (7) Wage Statement Violations, (8) Waiting Time Penalties, (9) Failure to
12 Reimburse Business Expenses, and (10) Unlawful Wage Deductions, including violation of rights
13 under California Labor Code §§ 200, 201, 202, 203, 204, 204b, 210, 218, 221, 222, 222.5, 223,
14 224, 225, 226, 226.3, 226.7, 245-249, 256, 510, 512, 516, 558, 1182.12, 1194, 1194.2, 1197,
15 1197.1, 1198, 2802, and 2804, California Code of Civil Procedure § 1021.5, the applicable
16 California Industrial Welfare Commission Wage Orders, and California Labor Code § 2698 et
17 seq. Plaintiff, the State of California with respect to the Aggrieved Employees, and Aggrieved
18 Employees do not release any claims based on facts occurring outside the PAGA Period.

19 33. **"Released Parties"** means Defendant and its current and former parents,
20 predecessors or successors, holding companies, affiliated companies or entities, including, but not
21 limited to, each of the respective owners, shareholders, members, partners, officers, directors,
22 managers, employees, and agents of all of the foregoing entities.

23 34. **"Request for Exclusion"** means the completed Request for Exclusion Form
24 (Exhibit "B") that Class Members may send to the Settlement Administrator to request exclusion
25 from the Class Settlement or an equivalent written communication, which must: (a) contain the
26 case name and number of the Class Action; (b) the full name, signature, address, telephone
27 number, and the last four digits of the Social Security number of the Class Member requesting
28 exclusion from the Class Settlement; (c) clearly state that the Class Member does not wish to be

included in the Class Settlement; and (d) be returned by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline.

35. **“Response Deadline”** means the sixty (60) calendar days following the date the Settlement Administrator mails the Notice to the Class Members and Aggrieved Employees, unless a Class Member’s notice is re-mailed prior to the original Response Deadline, in which case the said Class Member’s Response Deadline will be extended to the date that is fifteen (15) calendar days from the re-mailing. Any Request for Exclusion, objection to the Settlement, and/or Workweeks Dispute must be submitted to the Settlement Administrator and postmarked by the Response Deadline.

36. **“Settlement Administrator”** means CPT Group, Inc. or any other third-party settlement administrator agreed to by the Parties and approved by the Court for purposes of administering this Settlement. The Parties and their counsel each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

37. **“Settlement Administration Costs”** means the fees and expenses reasonably incurred by the Settlement Administrator in administering this Settlement that are payable to the Settlement Administrator from the Gross Settlement Amount, subject to Court approval, as set forth in paragraph 46 below.

38. **“Workweeks”** means the number of weeks that a Class Member performed work in California as an employee of Defendant in an hourly-paid, non-exempt position during the Class Period, based on payroll and time records, hire dates, re-hire dates (as applicable), leave of absence dates, and termination dates (as applicable).

39. **“Workweeks Dispute”** means a Class Member’s written letter disputing the number of Workweeks to which the Class Member has been credited, as reflected in their Notice, which must: (a) contain the case name and number of the Action; (b) contain the full name, signature, address, telephone number, and the last four digits of the Social Security number of the disputing Class Member; (c) clearly state the Class Member disputes the number of Workweeks credited and what the Class Member contends is the correct number to be credited to the Class

1 Member; (d) include information and/or attach documentation supporting the number of
2 Workweeks the Class Member contends should be credited; and (e) be returned by mail to the
3 Settlement Administrator at the specified address, postmarked on or before the Response
4 Deadline.

5 **BACKGROUND**

6 40. On February 24, 2025, Plaintiff Jaime Padilla filed the Action.

7 41. Following the exchange of extensive data, documents, and information, the Parties
8 attended a full-day mediation session with Mediator Lynn Frank, during which they engaged in
9 substantial, arm's-length settlement negotiations, and ultimately agreed on a resolution on
10 February 12, 2026. The terms of that resolution are set out in this Settlement Agreement.

11 42. The Parties agree to cooperate and take all steps necessary and appropriate to
12 consummate this Settlement. The Parties agree the Settlement is fair, adequate and reasonable.
13 This Settlement contemplates (a) entry of a Preliminary Approval Order that includes
14 authorization to distribute to each of the Class Members a Notice of Class Action and PAGA
15 Representative Action Settlement, including the estimated Individual Class Payment and
16 Individual PAGA Payment that the Participating Class Members and Aggrieved Employees,
17 respectively, may qualify to receive (attached as Exhibit "A"); and (b) entry of a Final Approval
18 Order and Judgment in the Action, and thus ending the litigation.

19 **MONETARY SETTLEMENT TERMS**

20 43. **Gross Settlement Amount.** Defendant will transmit to the Settlement
21 Administrator the Gross Settlement Amount of Four Hundred Ninety-one Thousand Five
22 Hundred Dollars (\$491,500.00). Defendant will not be required to pay more than the Gross
23 Settlement Amount, except for the Employer Taxes, which Defendant will pay separately from
24 and in addition to the Gross Settlement Amount.

25 44. **Class Counsel's Attorneys' Fees and Costs.** Plaintiff consents to, and Defendant
26 will not oppose or object to, an application to the Court for attorney's fees of up to thirty-three
27 and one-third percent (33.333%) (One Hundred Sixty-Three Thousand Eight Hundred Thirty One
28 Dollars and Seventy Cents (\$163,831.70)), of the Class Settlement Amount. Any portion of the

1 fee allocation or costs not approved by the Court will be allocated to the Class Settlement
2 Amount. The Parties agree that this Agreement will not be voided or nullified if the Court
3 decides to award a different amount to Plaintiff's counsel. Except for fees and costs awarded by
4 the Court from the Settlement Fund, the Parties will bear their own costs and attorneys' fees.
5 Defendant will also not oppose Plaintiff's application to the Court for reimbursement of Class
6 Counsel's litigation costs and expenses in an amount up to Thirty Thousand Dollars and Zero
7 Cents (\$30,000.00). The Settlement Administrator (and not Defendant) will issue IRS Form
8 1099-MISC reflecting the award of Attorneys' Fees and Costs. The payment by Defendant of the
9 Court-awarded attorney's fees and litigation costs will constitute full satisfaction of Defendant's
10 obligation to pay any person, attorney, or law firm for attorneys' fees, costs, and expenses
11 incurred on behalf of Plaintiff and/or Participating Class Members, and/or Aggrieved Employees
12 in the Action, unless Defendant fails to fund the Settlement as provided in paragraph 61(b) after
13 Class Counsel gives said Defendant five (5) Court days' notice to cure such failure. Class
14 Counsel will be solely and legally responsible for correctly characterizing this compensation for
15 tax purposes and for paying any taxes on the amounts received. Even in the event that the Court
16 reduces or does not approve the requested Attorneys' Fees and Costs to Class Counsel, neither
17 Plaintiff nor Class Counsel will have the right to rescind this Agreement, and it will remain
18 binding. Any portion of the Attorneys' Fees and Costs not awarded to Class Counsel will be a
19 part of the Net Settlement Amount for the benefit of Participating Class Members.

20 **45. Enhancement Award to Plaintiff.** Defendant will not oppose Plaintiff's
21 application to the Court for an Enhancement Award to Plaintiff in the amount of One Thousand
22 Five Hundred Dollars and Zero Cents (\$1,500.00) to be paid out of the Gross Settlement Amount.
23 The Settlement Administrator (and not Defendant) will issue an IRS Form 1099-MISC to
24 Plaintiff reflecting his Enhancement Award. The Settlement Administrator will make the
25 Enhancement Award at the same time as it makes the Individual Class Payments to the other
26 Class Members and the Individual PAGA Payments to the Aggrieved Employees. Should the
27 Court not approve the Enhancement Award to Plaintiff in the amount that is set forth above or at
28 all, Plaintiff will not have the right to rescind this Agreement, and it will remain binding, and any

1 portion that is not awarded will revert back to the Gross Settlement Amount for the benefit of the
2 Participating Class Members.

3 **46. Settlement Administration Costs.** Settlement Administrator CPT Group, Inc.
4 will receive from the Gross Settlement Amount its fees and expenses reasonably incurred in
5 administering this Settlement, in an amount estimated to be up to Ten Thousand Dollars and Zero
6 Cents (\$10,000.00). These costs, which will be paid from the Gross Settlement Amount, subject
7 to Court approval, will include, *inter alia*, printing, distributing, and tracking Notices and other
8 documents for this Settlement, calculating and distributing payments due under the Settlement,
9 issuing of 1099-MISC and W-2 IRS Forms and all required tax reporting, filings, withholdings,
10 and remittances, providing necessary reports and declarations, and other duties and
11 responsibilities set forth herein to process this Settlement, and as requested by the Parties. To the
12 extent actual Settlement Administration Costs are greater than the estimated amount stated herein,
13 such excess amount will be deducted from the Gross Settlement Amount, subject to approval by
14 the Court. Any portion of the estimated, designated, and/or awarded Settlement Administration
15 Costs which are not in fact required to fulfill payment to the Settlement Administrator to
16 undertake the requirement settlement administration duties will become part of the Gross
17 Settlement Amount for the benefit of Participating Class Members. Plaintiff, Class Counsel,
18 Defendant, and Defendant's Counsel will not bear any responsibility for errors or omissions in the
19 calculation or distribution of the Settlement payments or the development of the list of recipients
20 of Settlement payments.

21 **47. Increase in Workweeks.** Defendant estimates that there are 64,227 Workweeks
22 in the period from June 27, 2023, to February 12, 2026. In the event that the number of
23 Workweeks worked by Class Members during the Class Period increases by more than ten
24 percent (10%) (*i.e.*, exceeds 70,650 Workweeks), then at Defendant's election: (a) the Gross
25 Settlement Amount will be increased on a pro-rata basis for any Workweeks added above the ten
26 percent (10%) increase (*e.g.*, if the threshold of 70,650 Workweeks is exceeded by one percent
27 (1%), the Gross Settlement Amount will increase by one percent (1%); or (b) the Class Period and
28 PAGA Period will end on the date the number of Workweeks worked reaches 70,650. Defendant

will notify Class Counsel of its election no later than fourteen (14) days after receiving sufficient information from the Settlement Administrator if the number of Workweeks worked in the Class Period has exceeded 70,650.

48. **Allocation of Settlement Shares.** The Individual Class Payments and the Individual PAGA Payments will be calculated as follows:

a. **Individual Class Payment.** Each Participating Class Member will receive a *pro rata* share of the Net Settlement Amount based on the number of Workweeks that he, she or they (“they”) worked in each position covered by the Settlement during the Class Period (the “Individual Class Payment”), calculated as follows:

i. After Court enters the Preliminary Approval, the Settlement Administrator will divide the estimated Net Settlement Amount by the Workweeks of all Class Members during the Class Period to yield the “Estimated Workweek Value,” and multiply each Class Member’s individual Workweeks by the Estimated Workweek Value to yield his, her, or their estimated Individual Class Payment.

ii. After Final Approval of the Settlement, the Settlement Administrator will divide the final Net Settlement Amount by the Workweeks of all Participating Class Members to yield the “Final Workweek Value,” and multiply each Participating Class Member’s individual Workweeks by the Final Workweek Value to yield his, her, or their Individual Class Payment.

b. **Individual PAGA Payment.** All Aggrieved Employees as defined by Cal. Lab. Code § 2699(c), including those who do not otherwise qualify as a Participating Class Member and would thus not receive an Individual Class Payment, will receive their *pro rata* share of the Aggrieved Employees’ PAGA Settlement based on the number of Workweeks that they worked in each position covered by the Settlement during the PAGA Period, calculated as follows: The Settlement Administrator will divide the Aggrieved Employees’ PAGA Settlement (i.e., thirty-five percent (35%) of the PAGA Amount) by the total number of Aggrieved Employee’s Workweeks worked during the PAGA Period

1 to yield the “PAGA Workweek Value,” and multiple each Aggrieved Employee’s
2 individual Workweeks during the PAGA Period by the PAGA Workweek Value to yield
3 his, her, or their Individual PAGA Payment.

4 c. When a Participating Class Member is also an Aggrieved Employee, one
5 check may be issued that aggregates both the Individual Class Payment and the Individual
6 PAGA Payment.

7 49. **Tax Treatment.** Each Individual Class Payment will be allocated as follows:

8 (i) twenty percent (20%) of the amount distributed to each Participating Class Member will be
9 considered wages, and will be reported as such to each Participating Class Member on a W-2
10 Form; (ii) ten percent (10%) of the amount distributed to each Participating Class Member will be
11 considered interest on the unpaid wages, and will be reported as such to each Participating Class
12 Member on an IRS Form 1099-MISC; and (iii) seventy percent (70%) of the amount distributed
13 to each Participating Class Member will be considered statutory penalties, and will be reported as
14 such to each Participating Class Member on an IRS Form 1099-MISC. The PAGA payments
15 distributed to each Aggrieved Employee will be considered penalties and will be reported on an
16 IRS Form 1099-MISC. The Employer Taxes are not part of the Settlement Fund and will be paid
17 by Defendant separately.

18 50. **Impact on Benefits.** The payments made pursuant to this Settlement will not have
19 any effect on the eligibility or calculation of any employee benefits provided by any Released
20 Party. The Parties agree these payments do not represent any modification of any employee’s
21 previously-credited hours of service or other eligibility criteria under any employee pension
22 benefit plan, employee welfare benefit plan, or other program or policy. These payments also
23 will not be considered wages, compensation, or annual earnings for benefits in any year for
24 purposes of determining eligibility for, or benefit accrual within, any employee pension benefit
25 plan, employee welfare benefit plan, or other program or policy.

26 51. **Tax Liability.** Plaintiff, Class Counsel, Defendant, and Defendant’s Counsel do
27 not intend anything contained in this Settlement Agreement to constitute advice regarding taxes
28 or taxability, nor will anything in this Settlement Agreement be relied on as such. Plaintiff,

1 Participating Class Members, and Aggrieved Employees understand and agree that, except for
2 Defendant's payment of Employer Taxes, they will be solely responsible for correctly
3 characterizing any compensation received under the Settlement on their respective personal
4 income tax returns and paying any and all taxes due for any and all amounts paid to them under
5 the Settlement.

6 **THE RELEASES**

7 **52. Plaintiff and Participating Class Members' Class Settlement Release.** All
8 Participating Class Members, on behalf of themselves and their respective former and present
9 representatives, agents, attorneys, administrators, successors and assigns, release Released Parties
10 from (i) all claims that were alleged, or reasonably could have been alleged, based on the facts
11 and allegations in the Operative Complaint that are alleged to have occurred during the Class
12 Period. including, without limitation, any and all claims involving alleged (1) failure to pay all
13 wages owed, including the minimum wage, (2) failure to pay all overtime wages; (3) meal period
14 violations, (4) rest period violations, (5) Paid Sick Leave violations, (6) untimely payment of
15 wages, (7) wage statement violations, (8) waiting time penalties, (9) failure to reimburse business
16 expenses, (10) unlawful wage deductions, and (11) unfair competition, including rights under
17 California Labor Code §§ 200, 201, 202, 203, 204, 204b, 210, 218, 221, 222, 222.5, 223, 224,
18 225, 226, 226.3, 226.7, 245-249, 256, 510, 512, 516, 558, 1182.12, 1194, 1194.2, 1197, 1197.1,
19 1198, 2802, and 2804, California Code of Civil Procedure § 1021.5, the applicable California
20 Industrial Welfare Commission Wage Orders, all related or corresponding federal laws, and
21 California Business and Professions Code § 17200 et seq. Participating Class Members do not
22 release any other claims, including claims for vested benefits, wrongful termination, violation of
23 the California Fair Employment and Housing Act, unemployment insurance benefits, disability
24 insurance benefits, social security benefits, workers' compensation, or claims based on facts
25 occurring outside the Class Period.

26 **53. Aggrieved Employees' PAGA Settlement Release.** All Aggrieved Employees,
27 on behalf of themselves and their respective former and present representatives, agents, attorneys,
28 administrators, successors and assigns, release Released Parties from (i) all claims for PAGA

penalties that were alleged, or reasonably could have been alleged, based on the facts and allegations in the Operative Complaint that are alleged to have occurred during the PAGA Period and PAGA Notice, including, without limitation, any and all claims involving alleged (1) failure to pay all wages owed, including the minimum wage, (2) failure to pay all overtime wages; (3) meal period violations, (4) rest period violations, (5) Paid Sick Leave violations, (6) untimely payment of wages, (7) wage statement violations, (8) waiting time penalties, (9) failure to reimburse business expenses, and (10) unlawful wage deductions, including violations of California Labor Code §§ 200, 201, 202, 203, 204, 204b, 210, 218, 221, 222, 222.5, 223, 224, 225, 226, 226.3, 226.7, 245-249, 256, 510, 512, 516, 558, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2802, and 2804.

SETTLEMENT APPROVAL, NOTICE AND IMPLEMENTATION PROCEDURE

54. Motion for Preliminary Approval.

a. Upon execution of this Settlement Agreement, Plaintiff will promptly obtain a hearing date for Plaintiff's motion for preliminary approval, which Plaintiff and Class Counsel will be responsible for drafting, and submit this Settlement Agreement to the Court in support of said motion. Defendant agrees not to oppose the motion for preliminary approval of the Settlement consistent with this Settlement Agreement. Defendant agrees to provide Class Counsel a draft of any required declarations in support of Plaintiff's motion for preliminary approval at least three (3) court days before Plaintiff's deadline to file the motion for preliminary approval. Said motion will apply to the Court for the entry of the Preliminary Approval Order, which will be mutually agreed upon by the Parties, seeking the following:

- i. Conditionally certifying the Class;
- ii. Granting preliminary approval of the Settlement;
- iii. Preliminarily appointing Plaintiff as the representative of the Class;
- iv. Preliminarily appointing Class Counsel as counsel for the Class;
- v. Approving, as to form and content, the mutually-agreed upon and proposed Notice and Request for Exclusion Form and directing their mailing to the

Class by First-Class U.S. Mail;

vi. Approving the manner and method for Class Members to request exclusion from or object to the Class Settlement as contained herein and within the Notice; and

vii. Scheduling a Final Approval Hearing at which the Court will determine whether the Settlement should be finally approved as fair, reasonable, and adequate.

b. Pursuant to Cal. Labor Code § 2699(s)(2), Class Counsel will submit a copy of this Agreement to the LWDA on the same day they file the motion for preliminary approval. The Parties intend and believe that submission of this Settlement to the LWDA pursuant to the procedures described in this section complies with the requirements of PAGA, and will request the Court to approve the PAGA Settlement in the Motion for Final Approval of the Settlement and bar any claim to void or avoid the Settlement under PAGA.

c. Should the Court decline to preliminarily approve all material aspects of the Settlement, or order material changes to the Settlement to which the Parties do not agree, then the Settlement will be—at either Party’s discretion and only after the Parties meet and confer in good faith as provided in paragraph 60(e)—null and void, and the Parties will have no further obligations under it. The Parties agree that an award by the Court of lesser amounts than sought for the Enhancement Award to Plaintiff or for Class Counsel’s Attorneys’ Fees and Costs will not be a material change to or of the Settlement and will not be grounds to rescind, nullify, or void the Settlement.

55. **Notice to Class Members.** After the Court enters its Preliminary Approval Order, every Class Member will be provided with the Notice as follows:

a. Within twenty-one (21) calendar days after the Court enters its Preliminary Approval Order, Defendant will provide to the Settlement Administrator an electronic database for the Class Members, containing each Class Member’s full name and last-known mailing address, telephone number, the Class Member’s Social Security number,

1 start and end dates of employment as an hourly-paid, non-exempt employee of Defendant
2 in California during the Class Period, Workweeks worked during the Class Period, and
3 Workweeks worked during the PAGA Period, as reflected in Defendant's records
4 (collectively, the "Class Member Data"). If any or all of the Class Member Data are
5 unavailable to Defendant, Defendant will use reasonable efforts to deduce or reconstruct
6 the Class Member Data prior to when it must be submitted to the Settlement
7 Administrator and will so advise the Settlement Administrator and Class Counsel. The
8 Class Member Data will otherwise remain confidential and will not be disclosed to
9 anyone, except in order to carry out the reasonable efforts described in paragraphs 55 and
10 62, or pursuant to Defendant's express written authorization or by order of the Court.

11 b. Within fourteen (14) calendar days after receiving the Class Member Data
12 from Defendant, the Settlement Administrator will determine each Class Member's
13 estimated number of Workweeks during the Class Period and each Aggrieved Employee's
14 estimated number of Workweeks during the PAGA Period, as well as the estimated
15 Individual Class Payment and Individual PAGA Payment, and send a Notice to each Class
16 Member and Aggrieved Employee. The Settlement Administrator will mail this
17 information to all identified Class Members and Aggrieved Employees via regular First
18 Class U.S. Mail, using the mailing address information provided by Defendant, unless
19 modified by any updated address information that the Settlement Administrator obtains in
20 the course of administration of the Settlement.

21 c. If a Notice is returned with a forwarding address on or before the Response
22 Deadline, the Settlement Administrator will promptly, and not later than ten (10) calendar
23 days from receipt of the returned notice, re-mail the Notice to the forwarding address. If a
24 Notice is returned without a forwarding address on or before the Response Deadline, the
25 Settlement Administrator will promptly, and not later than ten (10) calendar days from
26 receipt of the returned Notice, search for a more current address for the Class Member
27 and/or Aggrieved Employee using Accurint or other reasonable and cost-effective skip
28 trace methods, and re-mail the Notice if a new address is found. The Settlement

1 Administrator will use the Class Member Data and otherwise work with Defendant to find
2 a more current address. The Settlement Administrator will be responsible for taking
3 reasonable steps, consistent with its agreed-upon job parameters, court orders, and fee, as
4 agreed to with Class Counsel and according to the following deadlines, to trace the
5 mailing address of any Class Member and Aggrieved Employee for whom a Notice is
6 returned without a forwarding address by the U.S. Postal Service as undeliverable. If the
7 Notice is re-mailed, the Settlement Administrator will note for its own records and notify
8 Class Counsel and Defendant's Counsel of the date and address of each such re-mailing as
9 part of a weekly status report provided to the Parties. All counsel of record will be
10 entitled to receive from the Settlement Administrator any updated address information
11 about a Class Member as the Settlement Administrator obtains such information.

12 d. Each week, the Settlement Administrator will provide to all counsel of
13 record a report showing (a) the number of Class Members who have submitted a
14 Workweeks Dispute; (b) the number of Class Members who have submitted a timely and
15 valid Request for Exclusion or a timely and complete Notice of Objection to the
16 Settlement; and (c) the number of undeliverable and re-mailed any Notices. Additionally,
17 the Settlement Administrator will provide to counsel for both Parties any updated reports
18 regarding the administration of the Settlement Agreement as needed or requested, and
19 immediately notify the Parties when it receives a request from an individual or any other
20 entity regarding inclusion in the Class and/or Settlement.

21 e. Not later than five (5) court days before the date by which the Plaintiff files
22 his motion for final approval of the Settlement, the Settlement Administrator will serve on
23 the Parties a declaration of due diligence setting forth its compliance with its obligations
24 under this Agreement, which Class Counsel will file with the Court along with the motion
25 for final approval of the Settlement. Prior to the Final Approval Hearing, the Settlement
26 Administrator will supplement its declaration of due diligence if any material changes
27 occur from the date of the filing of its prior declaration.

28 **56. Objections to Settlement; Requests for Exclusion from Settlement.** Class

Members may submit objections to the Class Settlement or request to be excluded from (*i.e.*, opt out of) the Class Settlement pursuant to the following procedures:

a. **Objections to Settlement.** Any Participating Class Member who wishes to object to any term of the Settlement should submit a written Notice of Objection to the Settlement Administrator, in conformity with the requirement set forth in paragraph 24. Alternatively, or in addition to a written Notice of Objection, any Class Member may also appear at the Final Approval Hearing, personally or through his, her, or their own attorney, to object to the Class Settlement and show cause why the Court should not approve the Class Settlement, or object to the motion for awards of the Enhancement Award to named Plaintiff and the Class Counsel's Attorneys' Fees and Costs, as set forth in the Notice, whether or not they have objected in writing or notified the Parties that they intend to appear. If a Class Member does not submit a Notice of Objection or appear at the Final Approval Hearing to object, either personally or through counsel, such objection will be deemed waived, unless otherwise ordered by the Court.

b. **Request for Exclusion from the Class Settlement.** The Notice will explain that Class Members may exclude themselves from the Class Settlement by mailing to the Settlement Administrator a signed Request for Exclusion Form (Exhibit "B") or a letter in conformity with the requirements set forth in paragraph 34. If a question is raised about the authenticity of a signed Request for Exclusion, the Settlement Administrator will have the right to demand additional proof of the Class Member's identity. A Class Member who timely submits a valid Request for Exclusion will not participate in or be bound by the Class Settlement and the Final Approval Order and Judgment with respect to the Class Settlement, however, the individual will be bound to their PAGA Settlement if they are an Aggrieved Employee. A Class Member who does not complete and transmit a valid Request for Exclusion in the manner and by the deadline specified above will be bound by all terms and conditions of the Class Settlement, including the release of Released Class Claims, if the Settlement is approved by the Court, and by the Final Approval Order and Judgment with respect to the Class Settlement.

1 c. **Undeliverable.** In the event that the Settlement Administrator is unable to
2 obtain a valid address for a Class Member, and the Settlement Administrator is unable to
3 mail a Class Member their Notice, the Class Member Notice will be considered
4 undeliverable. Nevertheless, Class Members whose Notice is undeliverable will be
5 considered bound by the terms of the Settlement Agreement, including the releases
6 provided therein, in the same manner as other Class Members.

7 d. **Report.** No later than seven (7) calendar days after the Response
8 Deadline, the Settlement Administrator will provide the Parties with a complete and
9 accurate list of the names of all then-identified Participating Class Members, objectors,
10 and opt-outs.

11 57. **Resolution of Disputes.** If a Class Member disputes the Workweeks information
12 shown on his, her, or their Notice, the Class Member must ask the Settlement Administrator to
13 resolve the matter by submitting a timely and valid Workweeks Dispute to the Settlement
14 Administrator, in conformity with the requirements set forth in paragraph 39. In the event of such
15 a dispute, Defendant will have the right to review its payroll and personnel records to verify the
16 correct information. After consultation with Class Counsel, the Class Member, and Defendant's
17 Counsel, the Settlement Administrator will make a determination of the correct number of
18 Workweeks to be credited to the individual, and that determination will be final and binding on
19 the Parties and the Class Member, and non-appealable.

20 58. **No Solicitation of Objection or Request for Exclusion.** Plaintiff agrees that he
21 will not request exclusion from (*i.e.*, opt out of) the Settlement. Neither the Parties nor their
22 respective counsel will solicit or otherwise encourage directly or indirectly any Class Member to
23 object to, or request exclusion from, the Settlement, or move to vacate or appeal from the Final
24 Approval Order and Judgment contemplated to be entered in this Action pursuant to the
25 Settlement.

26 59. **Right of Defendant to Reject Settlement.** If five percent (5%) or more of the
27 Class Members validly elect not to participate in the Class Settlement, Defendant will have the
28 right to rescind the Settlement, and the Settlement and all actions taken in its furtherance will be

1 null and void. Defendant will notify Class Counsel of its decision to rescind the Settlement in
2 writing no later than fourteen (14) calendar days after the Class Members' deadline for requesting
3 exclusion from the Class Settlement. If Defendant elects to rescind the Settlement, Defendant
4 will pay all reasonable fees and costs incurred by the Settlement Administrator in administering
5 the Settlement up until the date that Defendant gives notice to Class Counsel that it is exercising
6 its right to rescind the Settlement pursuant to this paragraph.

7 **60. Additional Briefing and Final Approval.**

8 a. Plaintiff will prepare and timely file thereafter, a motion for final approval
9 of the Settlement, the LWDA Payment, and payment of the Settlement Administration
10 Costs as well as a motion for awards of the Enhancement Awards to Plaintiff and the
11 Class Counsel's Attorneys' Fees and Costs pursuant to this Settlement. By way of said
12 motion, Plaintiff will apply for the entry of the Final Approval Order and Judgment,
13 which will provide for, in substantial part, the following:

- 14 i. Approving the Settlement as fair, reasonable, and adequate, and directing
15 consummation of its terms and provisions;
- 16 ii. Confirming and making final its prior conditional certification of the Class
17 as to Participating Class Members;
- 18 iii. Confirming and making final its prior preliminary appointment of Plaintiff
19 as the representative of the Class;
- 20 iv. Confirming and making final its prior preliminary appointment of Class
21 Counsel as counsel for the Class;
- 22 v. Approving the application for Attorneys' Fees and Costs to Class Counsel;
- 23 vi. Approving the application for the Enhancement Award to Plaintiff;
- 24 vii. Directing Defendant to fund all amounts due under the Settlement
25 Agreement and ordered by the Court; and
- 26 viii. Entering judgment in this Action, while maintaining continuing jurisdiction
27 to implement the Settlement, in conformity with the Settlement Agreement.
28

b. Either Party or both Parties may file a reply in support of the motion for final approval of the Settlement Administration Costs to the extent that any opposition to the motion is filed. Plaintiff and Class Counsel may file a reply in support of their motions for the Enhancement Award to Plaintiff and payment of the Class Counsel's Attorneys' Fees and Costs.

c. The Parties agree that if the Settlement is not approved, in whole or in part, because the Court determines that the PAGA Settlement Amount (Twenty Thousand Dollars and Zero Cents (\$20,000.00)) should increase, the portion of the Gross Settlement Amount allocated for payment to the Class will be decreased to account for any increase required for the PAGA Settlement Amount such that the Gross Settlement Amount does not exceed Four Hundred Ninety-One Thousand Five Hundred Dollars and Zero Cents (\$491,500.00).

d. If the Court reduces or otherwise denies the requested Class Counsel's Attorneys' Fees and Costs or the Enhancement Award to Plaintiff, Plaintiff may appeal that ruling. However, an award by the Court or an appellate court of lesser amounts than sought for the Enhancement Award to Plaintiff or Class Counsel's Attorneys' Fees and Costs will not be deemed a material modification of the Settlement and will not entitle Plaintiff or Plaintiff's Counsel to nullify or void the Settlement.

e. If the Court does not grant preliminary or final approval of the Settlement, or if the Court's approval of the Settlement is reversed or materially modified on appellate review, the Court will give the Parties a reasonable opportunity to attempt to cure any issues precluding, and to ultimately obtain, Court approval of the Settlement by adjusting or revising the terms of the Settlement and/or filing additional or supplemental briefing in connection with the motions for preliminary and final approval. The Parties will make reasonable efforts to work together to cure any such issues. If the Parties fail to secure preliminary or final approval thereafter, then this Settlement will be, at either Party's discretion, null and void.

f. Upon final approval of the Settlement by the Court, the Parties will present to the Court, for its approval and entry, the Judgment. After entry of the Judgment, the Court will have continuing jurisdiction over the Action and the Settlement solely for purposes of (i) enforcing this Agreement, (ii) addressing Settlement administration matters, and (iii) addressing such post-judgment matters as may be appropriate under court rules or applicable law.

61. **Waiver of Right to Appeal.** Provided that the Final Approval Order and Judgment are consistent with the material terms of this Agreement, Plaintiff and Defendant, and their respective counsel, hereby waive any and all rights to appeal from the Final Approval Order and Judgment, including all rights to any post-judgment proceeding and appellate proceeding, such as a motion to vacate judgment, a motion for new trial, and any extraordinary writ, and the Final Approval Order and Judgment therefore will become non-appealable at the time it is entered. The waiver of appeal does not include any waiver of the right to oppose any appeal, appellate proceedings or post-judgment proceedings, or to file a cross-appeal. This paragraph does not preclude Plaintiff or Class Counsel from appealing from a refusal by the Court to award the full Enhancement Award to Plaintiff or the Class Counsel's Attorneys' Fees and Costs sought by them as provided above.

62. **Timing of Settlement Payments.**

a. Within three (3) calendar days after the Effective Date of the Settlement, as defined in paragraph 11 of this Agreement, the Settlement Administrator will provide Defendant with wire transfer information.

b. Within fourteen (14) calendar days after the Effective Date of the Settlement, as defined in paragraph 11 of this Agreement, Defendant will transfer to the Settlement Administrator, via wire transfer, the Gross Settlement Amount, plus the Employer Taxes.

c. Within seven (7) calendar days after receiving the wire transfer provided in paragraph 62(b), the Settlement Administrator will pay the Individual Class Payments to Participating Class Members, the Individual PAGA Payments to the Aggrieved

1 Employees, the Enhancement Award to Plaintiff, the LWDA Payment to the LWDA, the
2 Class Counsel's Attorneys' Fees and Costs to Class Counsel, and the Settlement
3 Administration Costs to the Settlement Administrator.

4 63. **Validity of Checks.** All Individual Class Payments and Individual PAGA
5 Payments will be valid for one hundred eighty (180) calendar days after they are mailed. If a
6 check is returned to the Settlement Administrator within ninety (90) days of initial mailing, the
7 Settlement Administrator will make all reasonable efforts to re-mail it to the Class Member or
8 Aggrieved Employee at his, her, or their correct address. After one hundred eighty (180) calendar
9 days have lapsed since the initial mailing of the checks, the checks will be canceled and the
10 Settlement Administrator will distribute all remaining funds represented by the canceled checks
11 to the California State Controller's Office, Unclaimed Property Division in the name of the Class
12 Member and/or Aggrieved Employee, where the Class Member and/or Aggrieved Employee can
13 later claim his, her, or their funds.

14 64. **Effect of Disapproval, Termination, or Cancellation.** In the event that the
15 Court does not grant final approval of the Settlement, or if the Court's final approval of the
16 Settlement is reversed or materially modified on appellate review, then the Settlement will be null
17 and void after the Parties fulfill and exhaust their obligations under paragraph 60(e); if that
18 occurs, the Parties will have no further obligations under the Settlement, including any obligation
19 by Defendant to pay the Gross Settlement Amount. However, Defendant will pay the reasonable
20 fees and expenses of the Settlement Administrator to the date of disapproval, termination, or
21 cancellation. Furthermore, the Preliminary Approval Order, Final Approval Order and Judgment,
22 including any order certifying the Class, will be vacated. The Settlement Agreement and all
23 negotiations, statements, and proceedings relating thereto will be without prejudice to the rights
24 of any of the Parties, all of whom will be restored to their respective positions in the Action prior
25 to the execution of the Settlement Agreement. Neither this Settlement Agreement, nor any
26 ancillary documents, actions, statements, or filings in furtherance of the Settlement (including all
27 matters associated with the mediation) will be admissible or offered into evidence in the Action or
28 any other action for any purpose. Any documents generated to bring the Settlement into effect

1 will be null and void, and any order or judgment entered by the Court in furtherance of this
2 Settlement Agreement will likewise be treated as void from the beginning.

3 **MISCELLANEOUS SETTLEMENT PROVISIONS**

4 65. **Authorization of the Parties and Binding Agreement.** The Parties warrant that
5 they understand and have full authority to enter into this Settlement agreement. The Parties
6 intend that this Settlement Agreement will be fully enforceable and binding upon all Parties, and
7 that it will be admissible and subject to disclosure in any proceeding to enforce its terms,
8 notwithstanding the mediation confidentiality provisions that otherwise might apply under federal
9 or state law.

10 66. **Confidentiality of Settlement.** Plaintiff and his counsel agree that the terms of
11 this Settlement Agreement, the Settlement Amount, the negotiations leading to the execution of
12 this Settlement Agreement, and the fact of Settlement itself, will not be discussed with, or
13 publicized or promoted to, the media (including, without limitation, legal periodicals and
14 publications, such as "Jury Verdicts" or "Law360,") or disclosed on any website of Plaintiff's
15 counsel or to the public at large, without the advance written consent of Defendant.

16 67. **Subsequent Disputes Regarding Settlement Agreement.** The Court will retain
17 jurisdiction over this Settlement. If either Party fails to perform a material obligation under this
18 agreement, and the other Party must take action with the Court to enforce the terms, the breaching
19 Party will be responsible for paying the non-breaching Party's attorneys' fees and costs related to
20 enforcement.

21 68. **No Waiver.** Nothing in this Settlement will serve as a waiver of future rights and
22 this language will be included in the Notice sent to Class Members.

23 69. **Fair, Adequate, and Reasonable Settlement.** The Parties agree that the
24 Settlement is a fair, adequate, and reasonable settlement of the Action, Released Class Claims,
25 and Released PAGA Claims, and will so represent to the Court via the unopposed motion for
26 preliminary approval. The Parties also agree that they have arrived at this Settlement after arm's-
27 length negotiations and in the context of adversarial litigation, taking into account all relevant
28 factors, present and potential. The Parties further acknowledge that they are each represented by

1 competent counsel and that they have had an opportunity to consult with their counsel regarding
2 the fairness and reasonableness of this Settlement Agreement. The Parties have agreed to work
3 together expeditiously and cooperatively to obtain preliminary and final approval of this
4 Settlement.

5 70. **Admissibility of Settlement Agreement.** Notwithstanding any privilege
6 applicable to settlement or mediation proceedings, this Settlement Agreement is a confidential
7 settlement document and may not be admitted into evidence or used in any proceeding except an
8 action, motion, or proceeding to approve, interpret, or enforce the terms of this Settlement.

9 71. **No Admission of Liability.** The Parties to this Settlement Agreement agree that it
10 reflects their good faith compromise of the claims raised in the Action, based upon their
11 assessment of the mutual risks and costs of further litigation. Neither this Settlement Agreement
12 nor any other documents prepared in connection with this Settlement are in any way an admission
13 of liability by Defendant. Moreover, Defendant denies all liability for any alleged wrongdoing
14 and a statement to this effect will be included in the Notice sent to Class Members.

15 72. **Certification for Settlement Purposes Only.** For the purposes of the Settlement
16 only, the Parties stipulate to the certification of the class whose members are defined in paragraph
17 7. If the Court does not grant preliminary or final approval of the Settlement, this stipulation will
18 have no effect and class certification will automatically be deemed not to have been granted. The
19 Parties agree that this Settlement stipulation is in no way an admission that class certification is
20 proper under California Code of Civil Procedure § 382 or Rule 23 of the Federal Rules of Civil
21 Procedure. The Parties further agree that this stipulation will not be admissible in this or any
22 other proceeding as evidence that a class should be certified as Plaintiff proposes or that
23 Defendant is liable in any way to Plaintiff or the class that Plaintiff alleges. Defendant expressly
24 reserves the right to oppose class certification of any purported class should this Settlement fail to
25 become final and effective.

26 73. **Authority to Act for Parties.** Counsel for all Parties represent and warrant that
27 they are expressly authorized by the Parties whom they represent to negotiate this Settlement
28 Agreement and to take all appropriate actions required or permitted to be taken by such Parties

1 pursuant to this Settlement Agreement to effectuate its terms and to execute any other documents
2 required to effectuate the terms of this Settlement Agreement.

3 **74. Counterparts, Electronic and Facsimile Signatures.** This Settlement
4 Agreement may be executed in one or more counterparts, and each such counterpart will be
5 deemed an original, but all of which taken together will constitute one and the same Settlement
6 Agreement. The Parties agree that this Agreement may be signed electronically via DocuSign or
7 other electronic signature platform. Any signature pages transmitted via facsimile or via email
8 PDF(s) will be regarded as original counterpart signature pages.

9 **75. Judgment to be Entered by the Court.** After the Court's granting of Final
10 Approval as to the Settlement, the Court will enter the Final Approval Order and Judgment in
11 accordance with the terms of this Settlement Agreement. The Parties will provide the Settlement
12 Administrator with a copy of the Final Approval Order and Judgment once it is entered by the
13 Court, and the Settlement Administrator will post the Final Approval Order and Judgment on its
14 website for sixty (60) calendar days. This will satisfy California Rules of Court 3.771(b), and no
15 individualized notice of the Final Approval Order and Judgment to the Class will be required.

16 **76. Mutual Full Cooperation.** The Parties agree to fully cooperate with each other in
17 good faith to accomplish the terms of this Settlement, including, but not limited to, execution of
18 such documents and taking such other action as reasonably necessary to implement the terms of
19 this Settlement. The Parties will use their best efforts, including all efforts contemplated by this
20 Settlement and any other efforts that may become necessary by order of the Court, or otherwise,
21 to effectuate this Settlement.

22 **77. No Prior Assignments.** The Parties and their counsel represent, covenant, and
23 warrant they have not directly or indirectly assigned, transferred, encumbered, or purported to
24 assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand,
25 action, cause of action or right herein released and discharged.

26 **78. Applicable Law.** This Settlement Agreement is made under and will be governed
27 and construed in accordance with California law. If any civil action is filed to enforce or interpret
28 any term or provision of this Agreement, or otherwise, the appropriate venue will be a state or

1 federal court of competent jurisdiction located in or covering Imperial County in the State of
2 California.

3 79. **Construction.** The Parties agree the terms and conditions of this Settlement are
4 the result of lengthy, intensive, arm's-length negotiations and this Settlement will not be
5 construed in favor of or against any Party by reason of the extent to which any Party or his or its
6 counsel participated in the drafting of this Settlement Agreement.

7 80. **Paragraph Titles and Captions.** Paragraph titles and/or captions contained
8 herein are inserted as a matter of convenience and for reference, and in no way define, limit,
9 extend, or describe the scope of the Settlement or any provision of the Settlement.

10 81. **Modification.** The Settlement may not be changed, altered, or modified, except in
11 writing and signed by the Parties, and approved by the Court. The Settlement may not be
12 discharged except by performance in accordance with its terms or by a writing signed by the
13 Parties.

14 82. **Integration Clause.** This Settlement Agreement contains the entire agreement
15 between the Parties relating to the Settlement, and all prior or contemporaneous agreements,
16 understandings, representations, and statements, whether oral or written and whether by a Party or
17 such Party's legal counsel, are merged herein. No rights hereunder may be waived except in
18 writing.

19 83. **Severability.** If any provision of this Agreement is unenforceable, for any reason,
20 the remaining provisions will nevertheless be of full force and effect, subject to the limitations set
21 out in paragraph 64 regarding the effect of disapproval, termination, modification, or cancellation
22 by the Court of any material term or condition of this Agreement.

23 84. **Binding on Successors and Assigns.** The Settlement will be binding upon and
24 inure to the benefit of the Parties and their respective predecessors, successors, parents,
25 subsidiaries, affiliates, heirs, trustees, executors, administrators, successors, and assigns and upon
26 any corporate or other entity into or with which any Party hereto may merge, combine, or
27 consolidate.

28 85. **Class Member Signatories.** It is agreed that because the members of the Class

are numerous, it is impossible or impracticable to have each Class Member execute the Settlement. The Notice will advise all Class Members of the binding nature of the Class Settlement as to the Participating Class Members, and the release will have the same force and effect as if this Settlement were executed by each Class Member.

86. **Interim Stay of Proceedings.** The Parties agree to hold in abeyance all proceedings in the Action (including, and not limited to, the deadline to bring the Action to trial under California Code of Civil Procedure section 583.310), except such proceedings necessary to implement and complete the Settlement Agreement, pending the Final Approval Hearing to be conducted by the Court.

87. **Notices.** All notices, demands, and other communications to be provided concerning this Settlement Agreement will be in writing and delivered by email and by overnight mail at the addresses set for below, or such other addresses as either Party may designate in writing from time to time:

To Plaintiff and Class Counsel:

Nicholas J. Ferraro
Lauren N. Vega
Rick A. Waltman
Andrew KatseanesFerraro Vega
Employment Lawyers, Inc.
3333 Camino del Rio South, Suite 300
San Diego, California 92108

nick@ferrarovega.com;
lauren@ferrarovega.com;
rick@ferrarovega.com;
andrew@ferrarovega.com

To Defendant:

Nancy L. Abell
Law Offices of Leslie B. Abell, A
Professional Corporation
470 N. Bowling Green Way
Los Angeles, California 90049
nancyabell@abelllaw.com

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IN WITNESS THEREOF, the Parties knowingly and voluntarily execute this Settlement Agreement as of the date(s) set forth below.

PLAINTIFF:

JAIME PADILLA

Signature: Jaime Padilla

Date: Apr 13, 2026

COUNSEL FOR PLAINTIFF AND THE SETTLEMENT CLASS:

FERRARO VEGA EMPLOYMENT LAWYERS, INC.

Signature: Rick Waltman
Rick A. Waltman

Date: Apr 13, 2026

DEFENDANT:

CLINICAS DE SALUD DEL PUEBLO, INC. DBA INNERCARE

DocuSigned by:
Signature: Yvonne Bell
Yvonne Bell
Chief Executive Officer

Date: 4/9/2026

COUNSEL FOR DEFENDANT:

LAW OFFICES OF LESLIE B. ABELL, A PROFESSIONAL CORPORATION

Signature: Nancy L. Abell
Nancy L. Abell

Date: Apr 20, 2026

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EXHIBIT A

NOTICE OF CLASS ACTION AND PAGA REPRESENTATIVE ACTION
SETTLEMENT

Jaime Padilla, on behalf of others similarly situated and the State of California under the Private Attorneys General Act v. Clinicas de Salud del Pueblo, Inc. dba Innercare, et al.
Superior Court of the State of California for the County of San Diego
Case No. 25CU009979C

Read this Notice carefully. You will be deemed to have carefully read and understood it. Your legal rights could be affected whether you act or not.

The Superior Court for the State of California authorized this Notice. It is not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.

You may be eligible to receive money from an employee class action lawsuit (“Action”) against Clinicas de Salud del Pueblo, Inc. dba Innercare (“Innercare”) for alleged wage and hour violations. The Action was filed by a former Innercare employee (“Plaintiff”) and seeks payment of:

- (1) back wages and other relief for a class of all individuals currently or formerly employed by Innercare in the State of California, as an hourly-paid, non-exempt employee at any time during the Class Period (from June 27, 2023, through the earlier of: (a) the date the Court grants preliminary approval of this Settlement, or (b) the date on which the number of Workweeks reaches 70,650 Workweeks) (“Class Members”); and
- (2) penalties under the California Private Attorney General Act (“PAGA”) for all individuals currently or formerly employed by Innercare in the State of California, as an hourly-paid, non-exempt employee at any time during the PAGA Period (from February 4, 2024 through the earlier of: (a) the date the Court grants preliminary approval of this Settlement, or (b) the date on which the number of Workweeks reaches 70,650 Workweeks) (“Aggrieved Employees”).

The proposed settlement has two main parts: (1) a class settlement requiring Innercare to fund Individual Class Payments in exchange for the settlement and resolution of Released Class Claims, and (2) a PAGA Settlement requiring Innercare to fund Individual PAGA Payments to Aggrieved Employees and pay penalties to the California Labor & Workforce Development Agency (“LWDA”) in exchange for the settlement and resolution of Released PAGA Claims.

Innercare’s records reflect you worked (1) **[[Individual Workweeks]]** Workweeks during the Class Period of June 27, 2023 through **[Last Day of Class Period]**, and (2) **[[Individual Workweeks]]** Workweeks during the PAGA Period of February 4, 2024 through **[Last Day of PAGA Period]**. If you believe that you worked more Workweeks during either of these periods, you can submit a challenge by the deadline date. See Section 4(c) of this Notice.

Based on this information, **(1) your Individual Class Payment is estimated to be \$[[Individual Class Payment]]**, less federal and state withholding, and **(2) your Individual PAGA Payment is estimated to be \$[[Individual PAGA Payment]]**. The actual amount you may receive will

likely be different and will depend on multiple factors, such as how many other individuals decide to opt out of (*i.e.*, exclude themselves from) the Settlement. (If no amount is stated for your Individual PAGA Payment, then according to Innercare's records, you are not eligible for an Individual PAGA Payment under the Settlement because you did not work for Innercare during the PAGA Period.)

The Court has already preliminarily approved the proposed settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. **Read this notice carefully. You will be deemed to have carefully read and understood it.**

At the final approval hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff's attorneys ("Class Counsel"). The Court will also decide whether to enter a judgment that requires Innercare to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Innercare.

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

- (1) **Do Nothing.** You do not have to do anything to participate in the proposed Settlement and be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a Participating Class Member, though, you will give up your right to assert certain Class Period claims against Innercare. See Section 3(i) of this Notice for the Class Period claims you would release.
- (2) **Opt-Out of the Class Settlement.** You can exclude yourself from (not participate in) the Class Settlement by submitting the written Request for Exclusion form attached to this Notice (or a similar written communication), notifying the Settlement Administrator that you do not want to participate in the Class Settlement. If you request to be excluded from the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against Innercare, and, if you are an Aggrieved Employee, remain eligible for an Individual PAGA Payment. You cannot opt out of the PAGA portion of the proposed Settlement.

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

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

YOUR OPTIONS

DO NOTHING

You do not have to do anything in response to this Notice. If you do nothing and the Court grants final approval of the Settlement, you will be a Participating Class Member and eligible for an Individual Class Payment; if you are an Aggrieved Employee, you will also be eligible for

(You will participate in the Settlement)

an Individual PAGA Payment. In exchange, you will be bound by the release of claims provisions in the Settlement and give up your right to bring those claims you release. See Sections 3(i) and (j) of this Notice for the terms of Class Release and PAGA Release, respectively.

OPT OUT

(You can request to be excluded from the Class Settlement, but not the PAGA Settlement)

If you do not want to participate in the Class Settlement, you can opt out of (i.e., exclude yourself from) from the Class Settlement by completing and sending a Request for Exclusion Form or equivalent writing to the Settlement Administrator. See Section 6 of this Notice for instructions on submitting a request to exclude yourself from the Class Settlement. Once excluded from the Class Settlement, you will not be a Participating Class Member and will no longer be eligible for an Individual Class Payment; you will, however, preserve your right to pursue Released Class Claims that you may have against Released Parties.

The Deadline to Request to be Excluded from the Class Settlement is [[Response Deadline]].

If you are an Aggrieved Employee, you will remain eligible for an Individual PAGA Payment and will give up your right to assert Released PAGA Claims against Innercare and Released Parties. You cannot opt out of the PAGA Settlement. See Section 3(j) of this Notice for the terms of the PAGA Release.

If you opt out, you may not object to the Settlement. Non-Participating Class Members cannot object to any portion of the proposed settlement. See Section 7 of this Notice.

OBJECT

Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement

You may object to any aspect of the Settlement by submitting a written objection to the Settlement Administrator or appearing and verbally **objecting** at the Court's Final Approval Hearing (if you have not opted out of the Settlement). See Section 7 of this Notice.

Written Objections Must be Submitted by [[Response Deadline]].

The Court's decision whether to finally approve the settlement will include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable.

If the Court grants final approval of the Settlement despite your objection, you will remain eligible to automatically receive an Individual Class Payment, as well as an Individual PAGA Payment if you are an Aggrieved Employee. In such case, you will be bound by the release provisions in the Settlement. See Section 3(i) and (j) of this Notice.

**PARTICIPATE
in the Final**

The Court's final approval hearing is scheduled to take place on **[[Final Approval Hearing Date]]** at **[[Final Approval Hearing Time]]** in Department 66 of the San Diego Superior Court, located at 330 West

**Approval
Hearing**

Broadway, San Diego, CA 92101. You do not have to attend, but you do have the right to appear. See Section 8 below.

**CHALLENGE
the Calculation
of Your Class
Period and
PAGA
Workweeks**

The amount of your Individual Class Payment and Individual PAGA Payment (if any) depend on how many Workweeks you worked at least one day during the Class Period and how many Workweeks you worked at least one day during the PAGA Period, respectively. The number of Class Period workweeks and number of PAGA Period Workweeks you worked according to Inncare's records is stated on the first page of this Notice. If you disagree with the number of Class Period workweeks, you must challenge it by **[[Response Deadline]]**. See Section 4(c) of this notice for information on how to submit a challenge.

**Written
Challenges Must
be Submitted by
[[Response
Deadline]].**

For more information, please carefully read this Notice. Inncare will not retaliate against you for any actions you take with respect to the Settlement.

1. WHAT IS THE ACTION ABOUT?

Plaintiff is former employee of Inncare. The Action alleges Inncare violated California labor and employment laws as follows: (1) Failure to Pay All Wages Owed, (2) Failure to Pay All Overtime Wages; (3) Meal Period Violations, (4) Rest Period Violations, (5) Paid Sick Leave Violations, (6) Untimely Payment of Wages, (7) Wage Statement Violations, (8) Waiting Time Penalties, (9) Failure to Reimburse Business Expenses, (10) Unlawful Wage Deductions, and (11) Unfair Competition.

Based on the same claims (1) through (10), Plaintiff has also asserted a claim for civil penalties under the California Private Attorneys General Act (Lab. Code, § 2698, *et seq.*) ("PAGA"). Plaintiff is represented in the Action by Ferraro Vega Employment Lawyers ("Class Counsel").

Inncare strongly denies it violated any laws, denies it owes any wages or other payment to any Class Member, and contends it complied with all applicable laws.

2. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?

So far the Court has made no determination whether Inncare or Plaintiff is correct on the merits. Following an exchange and evaluation of facts, documents, and data necessary to properly evaluate the case, Plaintiff and Inncare hired an experienced, neutral mediator in an effort to resolve the Action by negotiating an agreement to settle the case rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful.

By signing a Settlement Agreement and agreeing to ask the Court to enter a judgment ending the Action, Plaintiff and Inncare have negotiated a proposed settlement that is subject to the Court's final approval. Both sides agree the proposed settlement is a compromise of disputed claims. By agreeing to settle, Inncare does not admit any violations or concede the merit of any claims. Plaintiff and Class Counsel strongly believe the settlement is a good deal for you because they

believe that: (1) Innercare has agreed to pay a fair, reasonable and adequate amount considering the strength of the claims and the risks and uncertainties of continued litigation; and (2) settlement is in the best interests of the Class Members.

The Court preliminarily approved the proposed settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine final approval.

3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT TERMS?

a. **Gross Settlement Amount.** At the Final Approval Hearing, the Class Representative, through Class Counsel, will ask the Court to approve a Gross Settlement Amount of \$491,500, which Innercare will deposit into an account controlled by the Settlement Administrator. The Settlement Administrator will use the Gross Settlement Amount to pay the Individual Class Payments, Individual PAGA Payments, the Class Representative's Enhancement Award, Class Counsel's Attorneys' Fees and Costs, the Settlement Administration Costs, and penalties to be paid to the LWDA. Assuming the Court grants final approval, Innercare will fund the Gross Settlement not more than 14 days after the judgment entered by the Court becomes final. The judgment will be final on the date the Court enters the Final Approval Order and Judgment, or a later date if Participating Class Members object to the proposed settlement or the judgment is appealed.

b. **Court Approved Deductions from Gross Settlement Amount.** At the Final Approval Hearing, Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court:

- (i) An Enhancement Award of up to \$1,500 to Plaintiff as the Class Representative for filing and prosecuting the Action, working with Class Counsel, and representing the Class,
- (ii) Attorneys' Fees to Class Counsel for prosecuting the Action of up to 33.333% of the Gross Settlement Amount (\$163,831.70). To date, Class Counsel have worked and incurred expenses on the Action without payment,
- (iii) Class Counsel's Costs of up to \$30,000 for expenses incurred in the Action,
- (iv) a PAGA Settlement Amount of up to \$20,000 for civil penalties under PAGA, allocated 65% (\$13,000) to the LWDA and 35% (\$7,000 collectively) to the Aggrieved Employees ("Aggrieved Employees' PAGA Settlement") as Individual PAGA Payments based on their respective Workweeks worked during the PAGA Period, and
- (v) the Settlement Administration Costs to be paid to the third-party Settlement Administrator (estimated at \$10,000) for its fees and expenses incurred in administering the Settlement.

1 Participating Class Members have the right to object to any of these deductions except the PAGA
2 penalties. The Court will consider all objections.

3 If the Court decides to award a different amount to the Class Representative or Class Counsel,
4 this Agreement will not be voided or nullified. Any portion of the Enhancement Award, the
5 Attorneys' Fees, and/or Class Counsel's Costs not approved by the Court will be allocated to the
6 Gross Settlement Amount.

7 c. **Net Settlement Distributed to Class Members.** After making the above
8 deductions in amounts approved by the Court, the Settlement Administrator will distribute the
9 rest of the Gross Settlement Amount (the "Net Settlement Amount") by making Individual Class
10 Payments to Participating Class Members based on their Workweeks worked during the Class
11 Period.

12 d. **Taxes Owed on Payments to Class Members.** Plaintiff and Inncare are
13 asking the Court to approve an allocation of 20% of each Individual Class Payment to taxable
14 wages ("Wage Portion") and 80% to penalties and interest ("Non-Wage Portion"). The Wage
15 Portion is subject to withholdings and will be reported on IRS W-2 Forms. Inncare will
16 separately pay employer payroll taxes it owes on the Wage Portion. The Administrator will
17 report the Non-Wage Portions of the Individual Class Payments and the Individual PAGA
18 Payments on IRS 1099-MISC Forms.

19 Although Plaintiff and Defendant have agreed to these allocations, neither side is giving you any
20 advice on whether any payments that you receive from the Settlement are taxable or how much
21 you might owe in taxes. You are responsible for paying all taxes (including penalties and interest
22 on back taxes) on any payments you receive from the Settlement. You should consult a tax
23 advisor if you have any questions about the tax consequences of the Settlement.

24 e. **Need to Promptly Cash Payment Checks.** The front of every check
25 issued for Individual Class Payments and Individual PAGA Payments will show the date when
26 the check expires (the void date). If you do not cash it by the void date, your check will be
27 automatically cancelled, and the monies will be deposited with the State of California's
28 Unclaimed Property Division in your name. If the monies represented by your check are sent to
the Unclaimed Property Division, please review how to process a claim for your funds with the
State of California, https://www.sco.ca.gov/upd_form_claim.html.

29 f. **Requests for Exclusion from the Class Action Settlement (Opt-Outs).**
30 You will be treated as a Participating Class Member, participating fully in the Class Settlement,
31 unless you notify the Settlement Administrator in writing, not later than **[[Response Deadline]]**,
32 that you wish to opt out. See Section 6 of this Notice for instructions on how to request to be
33 excluded from participation in the Class Action Settlement. Class Members who opt out will not
34 receive Individual Class Payments, but will preserve their rights to personally pursue wage and
35 hour claims against Inncare. You cannot opt-out of the PAGA portion of the Settlement. Class
36 Members who opt out of the Class Action Settlement remain eligible for Individual PAGA
37 Payments and are required to give up their right to assert PAGA claims against Inncare based
38 on the PAGA Period facts and claims alleged in the Action.

g. **The Proposed Settlement Will be Void if the Court Denies Final Approval.** It is possible the Court will not grant final approval of the settlement or not enter a judgment. It is also possible the Court will enter a judgment that is reversed on appeal. Plaintiff and Inncare have agreed that, in either case, the settlement will be void, Inncare will not pay any money, and Class Members will not release any claims against Inncare.

h. **Settlement Administrator.** The Court has appointed a neutral company, CPT Group Inc. (the "Settlement Administrator") to send this Notice, calculate and make payments, and process Class Members' requests for exclusion. The Settlement Administrator will also decide Class Member challenges over Workweeks, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the settlement. The Settlement Administrator's contact information is contained in Section 9 of this notice.

i. **Participating Class Members' Release.** After the Judgment is final and Inncare has fully funded the Gross Settlement Amount and separately paid all employer payroll taxes, all Participating Class Members will be legally barred from asserting any of the claims released under the Settlement. This means that unless you opted out by validly excluding yourself from the Class Settlement, you cannot sue, continue to sue or be part of any other lawsuit against Inncare or the Released Parties for wages, statutory penalties, and other relief based on the Class Period facts and PAGA penalties based on PAGA Period facts, as alleged in the Action and resolved by this Settlement. The Participating Class Members will be bound by the following release:

All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, administrators, successors and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the facts and allegations in the Operative Complaint that are alleged to have occurred during the Class Period. including, without limitation, any and all claims involving alleged (1) failure to pay all wages owed, including the minimum wage, (2) failure to pay all overtime wages; (3) meal period violations, (4) rest period violations, (5) Paid Sick Leave violations, (6) untimely payment of wages, (7) wage statement violations, (8) waiting time penalties, (9) failure to reimburse business expenses, (10) unlawful wage deductions, and (11) unfair competition, including rights under California Labor Code §§ 200, 201, 202, 203, 204, 204b, 210, 218, 221, 222, 222.5, 223, 224, 225, 226, 226.3, 226.7, 245-249, 256, 510, 512, 516, 558, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2802, and 2804, California Code of Civil Procedure § 1021.5, the applicable California Industrial Welfare Commission Wage Orders, all related or corresponding federal laws, and California Business and Professions Code § 17200 *et seq.*

Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the California Fair Employment and Housing Act, unemployment insurance benefits, disability insurance benefits, social security benefits, workers' compensation, or claims based on facts occurring outside the Class Period.

1 The “Released Parties” are Clinicas de Salud del Pueblo, Inc. and its current and
2 former parents, predecessors or successors, holding companies, affiliated
3 companies or entities, including, but not limited to, each of the respective owners,
4 shareholders, members, partners, officers, directors, managers, employees, and
5 agents of all of the foregoing entities.

6 j. **Aggrieved Employees’ PAGA Release.** After the Judgment is final, and
7 Inncare has paid the Gross Settlement Amount and separately paid all employer payroll taxes,
8 all Aggrieved Employees will be legally barred from asserting any of the PAGA claims released
9 under the Settlement, whether or not they exclude themselves from the Settlement. This means
10 that all Aggrieved Employees, including those who are Participating Class Members and those
11 who excluded themselves from participation in the Class Settlement, cannot sue, continue to sue
12 or participate in any other PAGA claim against Inncare or the Released Parties for PAGA
13 penalties based on PAGA Period facts, as alleged in the Action and resolved by this Settlement.
14 The Aggrieved Employees will be bound by the following release:

15 All Aggrieved Employees, on behalf of themselves and their respective former
16 and present representatives, agents, attorneys, administrators, successors and
17 assigns, release Released Parties from (i) all claims for PAGA penalties that were
18 alleged, or reasonably could have been alleged, based on the facts and allegations
19 in the Operative Complaint that are alleged to have occurred during the PAGA
20 Period and PAGA Notice, including, without limitation, any and all claims
21 involving alleged (1) failure to pay all wages owed, including the minimum wage,
22 (2) failure to pay all overtime wages; (3) meal period violations, (4) rest period
23 violations, (5) Paid Sick Leave violations, (6) untimely payment of wages, (7)
24 wage statement violations, (8) waiting time penalties, (9) failure to reimburse
25 business expenses, and (10) unlawful wage deductions, including violations of
26 California Labor Code §§ 200, 201, 202, 203, 204, 204b, 210, 218, 221, 222,
27 222.5, 223, 224, 225, 226, 226.3, 226.7, 245-249, 256, 510, 512, 516, 558,
28 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2802, and 2804.

Aggrieved Employees do not release any claims based on facts occurring outside
the PAGA Period.

The “Released Parties” are Clinicas de Salud del Pueblo, Inc. and its current and
former parents, predecessors or successors, holding companies, affiliated
companies or entities, including, but not limited to, each of the respective owners,
shareholders, members, partners, officers, directors, managers, employees, and
agents of all of the foregoing entities.

4. **HOW WILL THE SETTLEMENT ADMINISTRATOR CALCULATE MY PAYMENT?**

a. **Individual Class Payments.** The Settlement Administrator will calculate
your Individual Class Payment by (a) dividing the Net Settlement Amount by the total number of
Workweeks worked by all Participating Class Members during the Class Period, and then (b)
multiplying the result by the number of Workweeks you worked during the Class Period. In other
words, you will receive a proportional recovery based on the number of Workweeks you worked

in relation to other Class Members during the Class Period. The number of Workweeks you worked during the Class Period is stated on page 1 of this Notice.

b. **Individual PAGA Payments.** The Settlement Administrator will calculate your Individual PAGA Payment by (1) dividing the Aggrieved Employees' PAGA Settlement (\$7,000, i.e., 35% of the PAGA Settlement Amount) by the total number of Workweeks worked by all Aggrieved Employees in the PAGA Period, and then (2) multiplying the result by the number of PAGA Period Workweeks worked by each respective Aggrieved Employee. In other words, you will receive a proportional recovery based on the number of Workweeks you worked in relation to other Aggrieved Employees during the PAGA Period if you were an Aggrieved Employee. The number of Workweeks you worked during the PAGA Period is stated on page 1 of this Notice if you were an Aggrieved Employee.

c. **Workweek Challenges.** To correct or challenge the number of Workweeks credited to you during the Class Period and the PAGA Period, listed on page 1 of this Notice, you must send, by First Class U.S. Mail a written, signed response to the Settlement Administrator (at the address below) that is **postmarked no later than [[Response Deadline]]** and contains the following: (1) contain the case name and number; (b) the full name, signature, address, telephone number, and the last four digits of your Social Security number, (3) the fact you are disputing the number of Workweeks credited, (4) the dates of the specific Workweeks you contend you worked from June 27, 2023 through **[[the end of the Class Period]]**, and (5) the information and documentation (such as wage statements or other records) you have supporting the dates of the Workweeks you contend should be credited. You should send copies rather than originals because the documents will not be returned to you.

Settlement Administrator:

CPT Group, Inc.
50 Corporate Park
Irvine, CA 92606
(800) 542-0900
<https://www.cptgroup.com/case-inquiry>

The Settlement Administrator will accept Innercare's calculation of Class Workweeks as accurate unless you send copies of records containing contrary information.

The Settlement Administrator will resolve any Workweek Dispute after consultation with you, Class Counsel and Innercare's counsel. The Settlement Administrator's decision will be final. You cannot appeal or otherwise challenge its final decision.

5. HOW AND WHEN WILL I GET PAID?

a. **Participating Class Members.** The Settlement Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who does not submit a Request for Exclusion), including those who also qualify as Aggrieved Employees. The single check will combine the Individual Class Payment and the Individual PAGA Payment (if any).

b. **Non-Participating Class Members.** The Settlement Administrator will

send, by U.S. mail, a single Individual PAGA Payment check to every Aggrieved Employee who requests to be excluded from the Class Action Settlement.

c. **Your check will be sent to the same address as this Notice. If you change your address, notify the Settlement Administrator in writing of your new address and other contact information as soon as possible.** See Section 9 of this Notice for the Settlement Administrator's contact information.

d. Assuming the Court grants final approval of the Settlement (and Inncare timely funds the Settlement as required by the Settlement Agreement), the Settlement Administrator will send your check not more than twenty-one (21) calendar days after the Effective Date of the Settlement.

6. HOW DO I EXCLUDE MYSELF FROM (OPT OUT) OF THE CLASS SETTLEMENT?

If you want to be excluded from (*i.e.*, opt out of) the Class Settlement, you must send to the Settlement Administrator by U.S. First Class Mail, postmarked no later than **[[RESPONSE DEADLINE]]**, either (A) a completed, signed Request for Exclusion Form included with this Notice, or (B) an equivalent written communication, which must contain: (1) the case name and number of the Class Action; (2) your full name, signature, address, telephone number, and the last four digits of your Social Security number; and (3) your statement that you do not wish to participate in the Class Settlement. If the Request for Exclusion is not postmarked by the **[[RESPONSE DEADLINE]]**, it will be invalid. See Section 9 of this Notice for the Settlement Administrator's contact information.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement by sending by U.S. First Class Mail a written objection to the Settlement Administrator, postmarked on or before the **[[RESPONSE DEADLINE]]**. For example, Participating Class Members may object that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiff are too high or too low. To object, please provide a written statement to the Settlement Administrator containing: (1) the case name and number; (2) the objector's full name, signature, address, telephone number, and last four digits of the objector's Social Security number; (3) a written statement of all grounds for the objection to the Class Settlement accompanied by any legal support for such objection; (4) copies of any papers, briefs, or other documents upon which the objection to the Class Settlement is based; and (5) the name and contact information of any attorney representing the objector with respect to the objection to the Class Settlement. See Section 9 of this Notice for the Settlement Administrator's contact information.

Alternatively or in addition to submitting a written objection, a Participating Class Member can object (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See Section 8 of this Notice (immediately below) for information regarding the final approval hearing.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can attend (or hire a lawyer at your own expense to attend), but are not required to attend, the Final Approval Hearing on **[[Final Approval Hearing Date]]** at **[[Final Approval Hearing Time]]** in Department 66 of the San Diego County Superior Court, located at 330 West Broadway, San Diego, CA 92101. At the hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement will be paid to Class Counsel, the Class Representative, and the Settlement Administrator. The Court will invite comment from objectors, Class Counsel, and Innercare's Counsel before making a decision.

It is possible the Court will reschedule the Final Approval Hearing. Please review the Court's online docket or contact the Settlement Administrator or Class Counsel to verify the date and time of the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

The Settlement Agreement sets forth everything the Plaintiff and Innercare have promised to do under the proposed Settlement. The easiest way to read the Agreement, the contemplated Final Approval Order and Judgment, or any other Settlement documents is to go to the Settlement Administrator's website at <https://www.cptgroup.com/case-inquiry>. You can also telephone or send an email to Class Counsel or the Settlement Administrator using the contact information listed below:

Class Counsel:

Nicholas J. Ferraro
Lauren N. Vega
Rick A. Waltman
Andrew Katseanes
Ferraro Vega Employment Lawyers, Inc.
3333 Camino del Rio South, Suite 300
San Diego, California 92108

Telephone: (619) 693-7727

Email: classactions@ferrarovega.com

Settlement Administrator:

CPT Group, Inc.
50 Corporate Park
Irvine, CA 92606
Telephone: (800) 542-0900
<https://www.cptgroup.com/case-inquiry>
Email: Dfite@CPTGroup.com

10. WHAT IF I LOSE MY SETTLEMENT CHECK OR FAIL TO CASH IT?

If you lose or misplace your settlement check, the Settlement Administrator will replace it if you request a replacement before the void date on the face of the original check. If your check is already void or you have otherwise failed to cash it, it will be automatically canceled, and the

monies will be deposited with the State of California's Unclaimed Property Division in your name. For more information, please review how to process a claim for your funds with the State of California, https://www.sco.ca.gov/upd_form_claim.html.

11. WHAT IF I CHANGE MY ADDRESS?

You should immediately notify the Settlement Administrator if you move or otherwise change your mailing address.

12. WHAT IS THE IMPACT OF ME IF A COURT DENIES FINAL APPROVAL OF THE SETTLEMENT?

It is possible the Court will decline to grant final approval of the Settlement or decline to enter a judgment. It is also possible the Court will enter a judgment that is reversed on appeal. Plaintiff and Inncare have agreed that, in either case, the Settlement will be void, and that Inncare will not pay any money (other than the Settlement Administration Costs up to the date the Settlement is void). In the event that the Settlement is void, the releases of claims contemplated under the Settlement will also be void.

PLEASE DO NOT CONTACT THE COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

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EXHIBIT B

REQUEST FOR EXCLUSION FORM

Only complete this REQUEST FOR EXCLUSION form if you want to be excluded from (not participate in) the Class Settlement of the action known as *Jaime Padilla, on behalf of others similarly situated and the State of California under the Private Attorneys General Act v. Clinicas de Salud del Pueblo, Inc. dba Innercare, et al.*, Superior Court of the State of California for the County of San Diego, Case No. 25CU009979C (“the Action”). **IF YOU OPT OUT OF THE CLASS SETTLEMENT, YOU WILL NOT RECEIVE ANY PORTION OF THE CLASS ACTION SETTLEMENT AMOUNT.**

MY REQUEST FOR EXCLUSION

I confirm that I worked for Defendant Clinicas de Salud del Pueblo, Inc. *dba* Innercare in California as an hourly-paid, non-exempt employee at some point during the period from June 27, 2023 through **[[the end of the Class Period]]**. I also confirm that I have received and read the Notice of Class Action and PAGA Representative Action Settlement that originally accompanied this form and that provides information regarding the Class Settlement and PAGA Settlement in the Action.

Please exclude me from the Class Settlement in the Action named above. **I do not wish to receive any payment under the terms of the proposed class action settlement or to otherwise participate in the proposed class action settlement.** (I understand that if I am an Aggrieved Employee (namely, if I worked for Defendant Clinicas de Salud del Pueblo, Inc. *dba* Innercare in California as an hourly-paid, non-exempt employee at some point during the period from February 4, 2024 through **[[the end of the Class Period]]**, I will nevertheless remain bound to the PAGA Settlement and be issued payment under the terms of the PAGA Settlement.)

Print Full Name: _____

Last Four Digits of My Social Security Number: _____

Residence Street Address: _____

City, State and Zip Code: _____

Telephone Number: _____

My Signature: _____ Date: _____

IN ORDER TO BE VALID, THIS REQUEST FOR EXCLUSION FORM MUST BE COMPLETED, SIGNED BY YOU, MAILED BY FIRST CLASS MAIL, AND POSTMARKED ON OR BEFORE **[[DATE (45 days from mailing of this notice)]]**. Send this signed Request for Exclusion Form to the Settlement Administrator at:

Padilla v. Clinicas de Salud del Pueblo *dba* Innercare Settlement
c/o CPT Group, Inc.
50 Corporate Park
Irvine, CA 92606
(800) 542-0900
<https://www.cptgroup.com/case-inquiry>