

SETTLEMENT AGREEMENT AND RELEASE

Subject to approval by the Superior Court of the State of California, County of Los Angeles (the “Superior Court”), this Confidential Settlement Agreement and Release (“Agreement”) is made and entered into by and between Plaintiff Mark Sailas (“Plaintiff”), on behalf of himself and as a representative aggrieved employee pursuant to the California Labor Code Private Attorneys General Act of 2004 (“PAGA”), California Labor Code section 2698 *et seq.*, and Defendant Health-Ade LLC (“Health-Ade” or “Defendant”) to settle the civil action entitled *Sailas v. Health-Ade LLC*, Case Number 22TRCV00881 (the “Lawsuit”), in the Los Angeles County Superior Court. Plaintiff and Defendant are collectively referred to herein as the “Parties,” and each may be individually referred to herein as a “Party.”

RECITALS

This Agreement is made in consideration of the following facts:

A. Plaintiff Mark Sailas (“Plaintiff”) is a former hourly-paid non-exempt employee of Health-Ade LLC, who worked for Health-Ade as a forklift operator from October 2021 to May 2022.

B. Plaintiff contends that he suffered one or more violations of the California Labor Code during his work at Health-Ade and that he is therefore an “aggrieved employee” under PAGA, Labor Code section 2698 *et seq.*, pursuant to which an “aggrieved employee” may, after exhausting administrative remedies with the California Labor and Workforce Development Agency (the “LWDA”), act as an agent of the State of California to bring an action to recover civil penalties from his or her former employer on behalf of himself or herself and other current or former employees for violations of the California Labor Code.

C. Pursuant to PAGA, on July 18, 2022, Plaintiff submitted a letter to the LWDA (the “PAGA Notice”), alleging that Defendant subjected Plaintiff and other current and former hourly-paid or non-exempt employees of Defendant within the State of California to certain violations of the California Labor Code, including sections 201, 202, 203, 204, 210, 218.5, 221, 226(a), 226.3, 226.7, 246, 432.5, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800 and 2802, premised upon Defendant’s alleged failure to compensate its hourly-paid or non-exempt employees for all hours worked, failure to pay all minimum and overtime wages, failure to provide, authorize, and/or permit meal and rest breaks (or pay premiums in lieu thereof), failure to keep and provide complete and accurate wage statements, failure to reimburse employees for all necessary business expenses and related costs, failure to timely pay all wages due during employment and upon termination, and failure to maintain accurate and complete payroll records, all of which are collectively referred to herein as the “PAGA Claims.”

D. The Lawsuit includes the Complaint Plaintiff filed on October 4, 2022, which seeks to recover civil penalties and attorneys’ fees based on the PAGA Claims.

E. Defendant denies all of the allegations in the Lawsuit and any contention that Defendant committed any misconduct, wrongdoing, or any other actionable conduct of any kind, including any violation of the California Labor Code.

F. After evaluating the strengths and weaknesses of their respective positions; considering the time, expense, and risk associated with litigating the Lawsuit to judgment; and engaging in arm's-length settlement negotiations, the Parties desire, and have agreed, to fully and finally settle any and all claims in the Lawsuit up to and through the Settlement Period (as defined herein).

NOW, THEREFORE, in consideration of the promises and agreements contained herein, the Parties agree to, and, pursuant to Labor Code section 2699(1)(2), seek approval of, the following settlement terms.

SETTLEMENT TERMS

1. **Superior Court Approval of the Agreement.** In accordance with California Labor Code section 2699(1)(2), the Parties will present this Agreement to the Superior Court for its review and approval via stipulation or a noticed motion.

2. **Delivery of Agreement to the LWDA.** As required by California Labor Code section 2699(1)(2), Plaintiff will cause this Agreement to be submitted to the LWDA at the same time that this Agreement is submitted to the Superior Court for approval.

3. **Effective Date.** This Agreement shall become fully effective the later of either: (i) the date the Superior Court approves the Settlement and enters Judgment; (ii) if any objections or motions to intervene are filed prior to the date the Superior Court signs an Order granting approval of this Settlement, sixty (60) days from the later of the date the Superior Court signs an order granting approval of the Settlement or the date the Superior Court enters final judgment so long as no appeal is filed within that time frame; (iii) if the LWDA files an objection, the date there is a final resolution of the objection or appeal; or (iv) to the extent any appeals have been filed, the date on which they have been resolved or exhausted.

4. **No Admission of Liability.** The Parties acknowledge and agree that this Agreement is the result of, and evidences, a compromise and settlement of disputed claims in the Lawsuit and that this Agreement is made and entered into without any admission of liability or wrongdoing of any kind whatsoever by Defendant, who expressly denies and disclaims any liability or wrongdoing whatsoever. Accordingly, neither the execution of this Agreement, its creation, the payment of any sum or consideration hereunder, nor the performance of any obligation required by this Agreement is, or shall be construed as, an admission of wrongdoing or liability on the part of Defendant. Additionally, neither the execution of this Agreement, its creation, the payment of any sum or consideration hereunder, nor the performance of any obligation required by this Agreement is, or shall be construed as, an admission of the truth or accuracy of any allegation made by Plaintiff or Plaintiff's Counsel in the Lawsuit.

5. **Persons and Entities Covered by this Agreement.**

(a) **The Settlement Period.** This Agreement shall cover the period from July 18, 2021, through April 30, 2023, inclusive (the “Settlement Period”).

(b) **The Settlement Group.** This Agreement shall cover all current and former hourly-paid employees of Defendant at any time from July 18, 2021, through April 30, 2023 whether such employees worked as a payrolled employee or through a temporary and/or staffing agency. Such employees shall be collectively referred to herein as the “Settlement Group.” Each employee within the Settlement Group may be individually referred to herein as a “Settlement Group Member.” The Parties agree that there will be no right of Settlement Group Members to opt out of or object to the Settlement. There will be no claims process and no reversion.

6. **Settlement Administration.**

(a) The Parties will retain ILYM Group, Inc., to act as the “Settlement Administrator” with respect to this Agreement.

(b) The Settlement Administrator shall be responsible for establishing a qualified settlement fund pursuant to 26 U.S.C. § 486B, making all payments required by this Agreement, handling all required state and federal tax withholding and reporting related thereto to the extent necessary, and issuing all appropriate tax forms to Plaintiff, Plaintiff’s Counsel, the Settlement Group, and the LWDA resulting from the settlement payments under this agreement.

(c) Any disputes concerning administration of the Agreement may be submitted to and resolved by the Superior Court.

7. **Settlement Payments.**

(a) **Gross Settlement Amount.** In consideration of, and subject to, the promises, terms, and conditions set forth in this Agreement – including the releases set forth in Section 9 of this Agreement – Defendant shall pay the maximum gross sum of One Hundred and Eighty Thousand Dollars (\$180,000.00) (the “Gross Settlement Amount”), in the manner and method set forth in this Agreement, to fully, finally, and completely settle the Lawsuit and the PAGA Claims alleged therein on behalf of the Settlement Group, including any and all associated claims for civil penalties, attorneys’ fees, and litigation costs and expenses. Nothing in this Agreement, aside from the conditions set forth in Section 10, shall require Defendant to pay, or make Defendant liable for, more than the Gross Settlement Amount to fully, finally, and completely settle the Lawsuit and all claims alleged therein.

(b) **Allocation of Gross Settlement Amount.** The Gross Settlement Amount shall consist of the following categories of payments: the proposed award of attorneys’ fees to Plaintiff’s Counsel in the Lawsuit (the “Attorneys’ Fees Award” defined below), the proposed award of litigation costs and expenses to Plaintiff’s Counsel (the “Litigation Costs Award” defined below), the proposed payment of settlement administration costs to the Settlement Administrator (the “Settlement Administration Costs” defined below), the proposed payments of civil penalties

to the LWDA and the Settlement Group (the “PAGA Penalties Fund” defined below), and the proposed enhancement payment to Plaintiff in the amount of \$10,000.00 (the “Enhancement Payment”). Subject to approval by the Superior Court, these amounts shall be paid and allocated as set forth below in Sections 7(b)(i) through 7(b)(vi) of this Agreement.

(i) **Attorneys’ Fees Award.**

(A) Plaintiff’s attorneys in the Lawsuit – Douglas Han, Shunt Tatavos-Gharajeh, and Phillip D. Song of Justice Law Corporation (“Plaintiff’s Counsel”) – may submit a combined application to the Superior Court for an award of attorneys’ fees in an amount not to exceed the gross sum of Sixty Three Thousand Dollars (\$63,000.00) (35% of the Gross Settlement Amount) (the “Attorneys’ Fees Award”). Defendant will not oppose or object to this application.

(B) Any Attorneys’ Fees Award approved by the Superior Court will be paid by Defendant out of the Gross Settlement Amount and shall constitute a full and complete satisfaction of all claims Plaintiff may have for attorneys’ fees arising out of the Lawsuit through the Effective Date of this Agreement, including work not yet performed.

(C) This Agreement is not contingent upon the Superior Court approving an Attorneys’ Fees Award in an amount equal to the maximum amount authorized by Section 7(b)(i)(A) of this Agreement. This Agreement shall remain fully effective and enforceable notwithstanding any decision by the Superior Court to approve an Attorneys’ Fees Award that is less than the amount authorized by Section 7(b)(i)(A) of this Agreement or the amount requested by Plaintiff’s Counsel.

(D) In the event that any portion of the Attorneys’ Fees Award authorized by Section 7(b)(i)(A) of this Agreement is not approved by the Superior Court, only the approved amount shall be paid, and the payment of that amount shall constitute satisfaction of Defendant’s obligations with respect to the Attorneys’ Fees Award. Additionally, any difference between the Attorneys’ Fees Award authorized by Section 7(b)(i)(A) and the Attorneys’ Fees Award approved by the Superior Court will become part of the Net Settlement Amount.

(ii) **Litigation Costs Award.**

(A) Plaintiff’s Counsel may submit an application to the Superior Court for an award for reimbursement of litigation costs and expenses incurred by Plaintiff’s Counsel in connection with the Lawsuit that is currently estimated not to exceed the combined gross sum of Fifteen Thousand Dollars (\$15,000.00) (the “Litigation Costs Award”). Defendant will not oppose or object to this application.

(B) Any Litigation Costs Award approved by the Superior Court will be paid by Defendant out of the Gross Settlement Amount and shall constitute a full and complete satisfaction of all claims Plaintiff may have for litigation costs and expenses arising out of the Lawsuit through the Effective Date of this Agreement, including litigation costs and expenses not yet incurred.

(C) This Agreement is not contingent upon the Superior Court approving a Litigation Costs Award in an amount equal to the maximum amount authorized by Section 7(b)(ii)(A) of this Agreement. This Agreement shall remain fully effective and enforceable notwithstanding any decision by the Superior Court to approve a Litigation Costs Award that is less than the amount authorized by Section 7(b)(ii)(A) of this Agreement or the amount requested by Plaintiff's Counsel.

(D) In the event that any portion of the Litigation Costs Award authorized by Section 7(b)(ii)(A) of this Agreement is not approved by the Superior Court, only the approved amount shall be paid, and the payment of that amount shall constitute satisfaction of Defendant's obligations with respect to the Litigation Costs Award. Additionally, any difference between the Litigation Costs Award authorized by Section 7(b)(ii)(A) and the Litigation Costs Award approved by the Superior Court will become part of the Net Settlement Amount.

(iii) **Settlement Administration Costs.**

(A) Subject to approval by the Superior Court, an amount currently estimated at seven thousand nine hundred and fifty dollars (\$7,950.00) but not to exceed seven thousand nine hundred and fifty dollars (\$7,950.00) will be paid to the Settlement Administrator out of the Gross Settlement Amount to cover the costs of the settlement administration process ("Administration Costs"). If the actual costs of the settlement administration process are less than the amount approved by the Superior Court, the balance will become part of the Net Settlement Amount.

(B) Any Administration Costs approved by the Superior Court will be paid out of the Gross Settlement Amount and shall constitute a full and complete satisfaction of any settlement administration costs.

(C) This Agreement is not contingent upon the Superior Court approving Administration Costs in an amount equal to the maximum amount authorized by Section 7(b)(iii)(A) of this Agreement. This Agreement shall remain fully effective and enforceable notwithstanding any decision by the Superior Court to approve Administration Costs in an amount that is less than the amount authorized by Section 7(b)(iii)(A) of this Agreement.

(D) In the event that any portion of the Administration Costs authorized by Section 7(b)(iii)(A) of this Agreement is not approved by the Superior Court, no more than the approved amount shall be paid to the Settlement Administrator out of the Gross Settlement Amount. Additionally, the difference between the Administration Costs authorized by Section 7(b)(iii)(A) and the Administration Costs approved by the Superior Court will become part of the Net Settlement Amount.

(iv) **Plaintiff's Enhancement Payment.**

(A) Plaintiff may submit an application to the Superior Court for an award of an enhancement payment in an amount not to exceed Ten Thousand Dollars

(\$10,000.00) for Plaintiff's time and effort and for the risk he undertook in bringing and prosecuting the Lawsuit ("Enhancement Payment"). Defendant shall not oppose any requests by Plaintiff for the Enhancement Payment, which will be paid out of the Gross Settlement Amount.

(B) This Agreement is not contingent upon the Superior Court approving the Enhancement Payment in an amount equal to the maximum amount authorized by Section 7(b)(iv)(A). This Agreement shall remain fully effective and enforceable notwithstanding any decision by the Superior Court to approve the Enhancement Payment in an amount less than that authorized by Section 7(b)(iv)(A).

(C) In the event that any portion of the Enhancement Payment authorized by Section 7(b)(iv)(A) is not approved by the Superior Court, no more than the approved amount shall be paid to Plaintiff from the Gross Settlement Amount. Additionally, any difference between the Enhancement Payment authorized by Section 7(b)(iv)(A) and the Enhancement Payment approved by the Superior Court will become part of the Net Settlement Amount.

(D) In consideration of the Enhancement Payment, Plaintiff agrees to execute a full general release of all claims through the Effective Date, including a 1542 waiver. Plaintiff's general release of claims includes all claims, whether known or unknown. Even if Plaintiff discovers facts in addition to or different from those that Plaintiff now knows or believes to be true with respect to the subject matter of Plaintiff's claims, those claims will remain released and forever barred. Thus, Plaintiff expressly waives and relinquish the provisions, rights and benefits of section 1542 of the California Civil Code, which reads:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

(v) **PAGA Penalties Fund.** The portion of the Gross Settlement Amount remaining after the Attorneys' Fees Award, Litigation Costs Award, Enhancement Payment, and Administration Costs are paid shall be designated the "PAGA Penalties Fund," from which payments deemed to constitute a full and complete satisfaction of any and all claims in the Lawsuit for civil penalties under PAGA shall be made. Based on the terms of the Agreement, the PAGA Penalties Fund is estimated to be Eighty-Four Thousand, and Fifty Dollars (\$84,050). (This number may change if the Attorneys' Fees Award, Litigation Costs Award, Administration Costs and/or the Enhancement Payment are awarded in amounts other than those set forth above.) Subject to approval by the Superior Court, the PAGA Penalties Fund shall be allocated and paid as follows:

(A) **The LWDA Payment.** The gross sum of Sixty-Three Thousand, Thirty-Seven Dollars and Fifty Cents (\$63,037.50), which represents seventy-five percent (75%) of the PAGA Penalties Fund, will be paid to the LWDA for enforcement of

California's labor laws, including the administration of PAGA, and for education of employers and employees about their rights and responsibilities under the California Labor Code.

(B) **Individual Settlement Awards.** The gross sum of Twenty-One Thousand, Twelve Dollars and Fifty Cents (\$21,012.50), which represents twenty-five percent (25%) of the PAGA Penalties Fund, shall be designated as the "Net Settlement Amount" and will be paid to the Settlement Group on a pro rata basis. Each Settlement Group Member will receive a pro-rated share of the Net Settlement Amount based on the total number of pay periods the Settlement Group Member worked as an hourly-paid employee of Defendant during the Settlement Period. The maximum amount that each Settlement Group Member is entitled to receive ("Individual Settlement Award") is determined by multiplying the Net Settlement Amount by a ratio that is determined by dividing the total number of pay periods worked by the Settlement Group Member for Defendant in California during the Settlement Period by the total number of pay periods worked by all Settlement Group Members for Defendant in California during the Settlement Period, as expressed in the following formula:

(1) Settlement Group Member Payment = Net Settlement Amount, multiplied by the total number of pay periods worked by the Settlement Group Member, divided by the total number of pay periods worked by all Settlement Group Members.

(2) The Parties intend that the Net Settlement Amount shall be sufficient to pay all valid claims of Settlement Group Members in accordance with the formula set forth above. Accordingly, if for any reason the total value of payments to Settlement Group Members exceeds this amount, then payments to each Settlement Group Member will be adjusted on a pro-rata basis so that the total payout to Settlement Group Members does not exceed the Net Settlement Amount.

(c) **No Effect on Employee Benefits.** The payments made to Settlement Group Members pursuant to this Agreement shall not be utilized to calculate any additional benefits under any benefit plans to which any Settlement Group Members may be eligible, including, but not limited to, any profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, or other benefit plans available to the Settlement Group. It is the Parties' intention that this Agreement will not affect any rights, contributions, or amounts to which any Settlement Group Members may be entitled under any benefit plans.

(i) **Payments to Plaintiff's Counsel.** The Attorneys' Fees Award and Litigation Costs Award shall be treated as IRS Form 1099 income. Accordingly, the Settlement Administrator shall issue an IRS Form 1099 to Justice Law Corporation in connection with its Attorneys' Fees Award and Litigation Costs Award.

(ii) **Payments to the LWDA.** The seventy-five percent (75%) of the PAGA Penalties Fund payable to the LWDA under Section 7(b)(vi)(A) of this Agreement shall be deemed to consist entirely of civil penalties recovered under PAGA and subject to treatment as IRS Form 1099 income.

(iii) **Payments to the Settlement Group.** Individual Settlement Awards shall be deemed to consist entirely of civil penalties recovered under PAGA and subject to treatment as IRS Form 1099 income. Accordingly, an IRS Form 1099 will be issued to each Settlement Group Member in connection with his or her Individual Settlement Award if it is \$600.00 or more.

(d) **Tax Indemnification.** Plaintiff, Plaintiff's Counsel, the Settlement Group, and applicable governmental authorities (including the LWDA) are solely responsible for all tax obligations, including all reporting and payment obligations, attributable to them that may arise as a consequence of this Agreement and the payment of the amounts set forth above in Section 7(b). Neither Defendant nor Defendant's attorneys make any express or implied promise, representation, or warranty regarding the tax consequences or tax treatment under federal or state tax laws for any sum paid pursuant to this Agreement.

8. **Distribution of Settlement Payments.**

(a) **Funding of Settlement by Defendant.** Fifteen (15) days after the Effective Date, Defendant shall: deposit One Hundred Eighty Thousand Dollars (\$180,000.00) with the Settlement Administrator.

(b) **Timing of Payment by Settlement Administrator.** Within fourteen (14) calendar days of the funding of the Settlement, the Settlement Administrator will issue the payments required by Section 7 of this Agreement to the appropriate entities or persons. The Settlement Administrator shall obtain approval from all counsel of the calculations before mailing Individual Settlement Awards.

(c) **Payment of Individual Settlement Awards.**

(i) Individual Settlement Awards will be paid in the form of a check delivered to each Settlement Group Member at the last known address on file with Defendant or as updated by the Settlement Administrator. Each Individual Settlement Award will be accompanied by an explanatory letter, mutually approved by the Parties, substantially in the form attached hereto as **Exhibit A**.

(ii) Individual Settlement Award checks will remain negotiable for one hundred twenty (120) days after the date of their issuance (the "Check Stale Date"). Any Individual Settlement Award checks that are not cashed, deposited, or negotiated after the Check Stale Date will be void and the amount of those checks will be directed to the California State Controller for deposit in the Unclaimed Property Fund in the name of the employee.

(iii) Any checks to the Settlement Group that are returned as undeliverable on or before the Check Stale Date will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine the correct address using a skip trace or other reasonable method and will then perform a single remailing. Any Settlement Group Member who cannot be located after the above procedures are followed will continue to be bound by this

Agreement, but the funds associated with his or her Individual Settlement Award will be directed to the California State Controller for deposit in the Unclaimed Property Fund in the name of the employee.

(iv) Within fifteen (15) days after the Effective Date, Defendant shall provide to the Settlement Administrator a list of Settlement Group Members that identifies for each Settlement Group Member his/her Social Security number, last known address, home telephone and phone numbers, and the number of pay periods each Settlement Group Member actively worked for Defendant during the Settlement Period. Defendant agrees to consult with the Settlement Administrator as required to provide the list in a format reasonably acceptable for the performance of the duties of the Settlement Administrator. The Settlement Administrator will keep the list confidential, use it only for the purposes described herein, take adequate safeguards to protect confidential or private information and return or certify the destruction of the information upon completion of the Settlement Administration process. The list of Settlement Group Members shall not be shared with Plaintiff or his counsel

9. **Releases.**

(a) **Release of PAGA Claims.** This Agreement and the judgment to be entered by the Superior Court following this Agreement, forever bar Plaintiff, the LWDA, and any other representative, proxy, or agent thereof, including, but not limited to, any and all allegedly aggrieved Settlement Group Members, from pursuing any action against Defendant, and each of its past, present and future agents, employees, servants, officers, directors, partners, trustees, representatives, shareholders, stockholders, attorneys, parents, subsidiaries, fictitious business names, equity sponsors, related companies/corporations and/or partnerships, divisions, assigns, predecessors, successors, insurers, consultants, joint venturers, affiliates, alter-egos, and affiliated organizations, and all of its respective past, present and future employees, directors, officers, agents, and fiduciaries ("Released Parties") under the California Labor Code Private Attorneys General Act of 2004 ("PAGA"), Labor Code section 2698, *et seq.*, based on or arising out of violations of Labor Code sections alleged in the Lawsuit, and claims that could have been asserted in the Lawsuit based upon the facts alleged and legal assertions alleged, whether or not specifically delineated as a claim or cause of action in the Lawsuit through the end of the Settlement Period, including but not limited to those alleged in all of Plaintiff's notices provided to the LWDA, the operative Complaint in the Lawsuit, and any amended Complaint in the Lawsuit, including claims that reasonably arise out of or arise in connection with the claims and facts alleged in the Lawsuit, and any claims which could have reasonably been asserted in the Lawsuit arising from the alleged facts and/or primary rights alleged to have been invaded ("Released Claims"). The Released Claims include, but are not limited to, claims under the PAGA for civil penalties for alleged violations of Labor Code §§ 201, 202, 203, 204, 210, 218.5, 221, 226(a), 226.3, 226.7, 227.3, 233, 246, 248.1, 248.2, 248.6, 432.5, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1194.2, 1197, 1197.1, 1198, 2751, 2800, 2802, 6400, 6401, 6402, 6403, 6404, and 6407, all claims arising under the Wage Orders of the California Industrial Welfare Commission, and all claims arising under 8 CCR section 3205, *et seq.* The release extends to all remedies that could be claimed under PAGA for any Released Claims, including but not limited to statutory, constitutional, contractual, and common law claims for interest, attorney fees and costs or injunctive relief, injunctive relief,

punitive damages, liquidated damages, restitution, disgorgement, and civil and/or statutory penalties, including under Labor Code sections 218.5, 203, 206, 226(e) and 558(a), which includes penalties recoverable under PAGA in an amount equal to underpaid wages.

(b) As of the date of entry of Judgment, Plaintiff fully and finally releases the Released Parties, from any and all claims, known and unknown, under federal, state and/or local law, statute, ordinance, regulation, common law, or other source of law Plaintiff (or Plaintiff's predecessors, successors, assigns, representatives, or authorized agents) ever had, now has, or which Plaintiff's heirs, assigns, executors or administrators hereafter can, shall or may have, arising out of or relating in any way to any acts, circumstances, facts, transactions, omissions, or other subject matters, based on facts occurring prior to the time Plaintiff executes this Agreement, including but not limited to claims arising from or related to his employment with Defendant and his compensation while an employee of Defendant ("Plaintiff's Released Claims"). Plaintiff's Released Claims include, but are not limited to, all claims arising from or related to the Lawsuit. Plaintiff's Released Claims include but are not limited to all claims for unpaid wages, including, but not limited to, failure to pay minimum wages, straight time compensation, overtime compensation, double-time compensation, and interest; the calculation of the regular rate of pay; wages related to alleged illegal time rounding; missed meal period and rest-period wages; reimbursement for all necessary business expenses; payment for all hours worked, including off-the-clock work; deductions; failure to pay wages during employment and provide timely pay at separation; failure to pay reporting time pay; failure to keep accurate records, including payroll, timekeeping, and itemized wage statements; failure to provide paid sick leave at the required rate; unfair business practices; failure to provide lawful, written commission agreements; penalties, including, but not limited to, recordkeeping penalties, wage statement penalties, minimum-wage penalties, and waiting-time penalties; and attorneys' fees and costs. Plaintiff's Released Claims include all claims arising under the California Labor Code (including, but not limited to, sections 200, 201, 201.1, 201.3, 201.5, 202, 203, 204, 204b, 204.1, 204.2, 204.11, 205, 205.5, 206, 210, 216, 218, 218.5, 218.6, 221, 222, 222.5, 223, 224, 225, 225.5, 226, 226.3, 226.7, 226.8, 227.3, 246, 256, 450, 510, 511, 512, 516, 550, 551, 552, 558, 1174, 1174.1, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1197.2, 1197.5, 1198, 2751; 2802, 2810.5 2698 et seq., and 2699 et seq.); all claims arising under: the Wage Orders of the California Industrial Welfare Commission; the California Private Attorneys General Act of 2004 ("PAGA"); California Business and Professions Code section 17200, et seq.; the California Civil Code, to include but not limited to, sections 3287, 3336 and 3294; 12 CCR § 11040; 8 CCR § 11060; California Code of Civil Procedure § 1021.5; the California common law of contract; the Occupational Safety and Health Act (OSHA) (federal and California), the Worker Adjustment and Retraining Notification Act (federal and California), the American Rescue Plan Act (ARPA), the Families First Coronavirus Response Act (FFCRA), the Fair Labor Standards Act (FLSA), 29 U.S.C. § 201, et seq.; federal common law; and the Employee Retirement Income Security Act, 29 U.S.C. § 1001, et seq. ("ERISA"). Plaintiff's Released Claims also include all claims for lost wages and benefits, emotional distress, retaliation, punitive damages, and attorneys' fees and costs arising under federal, state, or local laws for discrimination, harassment, retaliation, and wrongful termination, such as, by way of example only, (as amended) 42 U.S.C. section 1981, Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act, the Age Discrimination in Employment Act, and the California Fair Employment and Housing Act; and the law of contract and tort. This release excludes the release of claims not permitted by law. Plaintiff's Released Claims include all claims, whether

known or unknown. Even if Plaintiff discovers facts in addition to or different from those that he now knows or believes to be true with respect to the subject matter of Plaintiff's Released Claims, those claims will remain released and forever barred. Thus, Plaintiff expressly waives and relinquishes the provisions, rights and benefits of section 1542 of the California Civil Code, which reads:

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

Notwithstanding the foregoing, Plaintiff does not waive or release any claim that cannot be waived or released by private agreement. Further, nothing in this Agreement shall prevent Plaintiff from filing a charge or complaint with, or from participating in, an investigation or proceeding conducted by the SEC, OSHA, EEOC, CRD, NLRB or any other federal, state or local agency charged with the enforcement of any employment or other applicable laws. Plaintiff, however, understands that by signing this Agreement, he waives the right to recover any damages or to receive other relief in any claim or suit brought by or through the EEOC, the CRD or any other state or local deferral agency on their behalf to the fullest extent permitted by law, but expressly excluding any monetary award or other relief available from the SEC/OSHA, including an SEC/OSHA whistleblower award, or other awards or relief that may not lawfully be waived.

(c) Release of ADEA Claims. The general release of claims by Plaintiff in Section 9(b) of this Agreement includes a release of any claim Plaintiff may have under the federal Older Workers Benefit Protection Act ("OWBPA") and/or the federal Age Discrimination In Employment Act of 1967 ("ADEA"). By signing this Agreement, Plaintiff acknowledges that:

(i) Plaintiff has had a full twenty-one (21) days within which to consider Section 9(b) of this Agreement before executing it or have freely and knowingly waived the right to consider Section 9(b) of this Agreement for a full twenty-one (21) days by executing the Agreement before the expiration of the twenty-one (21)-day period;

(ii) Plaintiff and Defendant agree that any changes, whether material or immaterial, to Section 9(b) of this Agreement, do not restart the running of the twenty-one (21)-day period;

(iii) Plaintiff has carefully read and fully understand all provisions of Section 9(b) of this Agreement;

(iv) Plaintiff knowingly and voluntarily agrees to all of the terms set forth in Section 9(b) of this Agreement and agrees to be legally bound by all of the terms set forth in Section 9(b) of this Agreement;

(v) Plaintiff has been and hereby is advised in writing to consider the terms of Section 9(b) of this Agreement and to consult with an attorney;

(vi) Prior to signing this Agreement, Plaintiff has had the opportunity to consult with counsel of his choice concerning the terms and conditions of Section 9(b) of this Agreement and have done so or freely chosen not to do so;

(vii) Plaintiff has a full seven (7) days following the execution of this Agreement to revoke Section 9(b) of this Agreement. To revoke, he must deliver a written statement of revocation to Spencer Hamer at spencer.hamer@klgates.com, or at 1 Park Place, 12th Floor, Irvine, CA 92614 no later than the seventh (7th) day after he signed this Agreement. If Plaintiff revokes within seven (7) days, he will not be entitled to his Enhancement Payment, and Section 9(b) of this agreement shall be null and void; and

(viii) Plaintiff expressly understands that among the various rights and claims being waived by Section III.J.4 of this Agreement are those arising under the Age Discrimination in Employment Act (ADEA) of 1967 (29 U.S.C. § 621, et seq.), but that any such claims that arise after the date of this Agreement are not waived. Although Plaintiff is releasing claims that he may have under the Older Workers Benefit Protection Act (OWBPA) and ADEA, Plaintiff understands that he may challenge the knowing and voluntary nature of their release in Section 9(b) of this Agreement before a court, the EEOC, NLRB, or any other federal, state or local agency charged with the enforcement of such employment laws.

(ix) **Escalator Clause.** This Agreement was reached based on a total number of 4,342 pay periods worked by Settlement Group Members in the Settlement Period. If the number of pay periods as of the end date of the Settlement Period exceeds this figure by more than five percent (5%), or 4,560 pay periods, Defendant shall increase the Gross Settlement Amount on a pro-rata basis according to the number of additional compensable pay periods over 4,560 pay periods.

10. **Dismissal.** Upon the Superior Court's approval of this Agreement and payment of all sums required by this Agreement, Plaintiff shall file a request for dismissal of the Action in its entirety as to Defendant with prejudice. Pursuant to California Code of Civil Procedure section 664.6, the Superior Court shall retain jurisdiction to enforce the terms of this Agreement.

11. **Acknowledgement of Fair and Reasonable Settlement.** The Parties have arrived at this Agreement after arm's-length negotiations between experienced counsel. Each of the Parties acknowledges, agrees, and believes that this Agreement is a fair, adequate, and reasonable settlement of the Lawsuit. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Agreement. Each Party to this Agreement agrees and represents that it has investigated the facts relevant to this Agreement, and all matters pertaining thereto, to the full extent that each Party deems necessary. The Parties agree that this Agreement reflects their good faith compromise of the claims raised in the Lawsuit based on their assessment of the mutual risks and costs of further litigation and the assessments of their respective counsel.

12. **Authority to Enter into Agreement.** Each Party represents and warrants that it has the right and authority to execute this Agreement.

13. **Ownership of Claims.** The Parties represent that they have not transferred or assigned, or purported to transfer or assign, to any person or entity any portion of any liability, claim, demand, action, cause of action or right herein released and discharged.

14. **Authorization of Counsel.** Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Agreement.

15. **Attorneys' Fees.** Except as set forth in this Agreement, each side shall bear its own costs and attorneys' fees.

16. **Confidentiality.** Except as provided below to the extent necessary to effectuate the settlement or as required by court or legal process, the Parties and their respective Counsel will keep the facts relating to the existence of this Agreement, the negotiations leading to the execution of this Agreement, the terms of this Agreement, and the alleged factual basis for Plaintiff's claims, if any, confidential. Neither the Parties nor their respective Counsel shall issue a press release, hold a press conference, publish information about the settlement on any website or through any social media or otherwise publicize the settlement or communicate its terms in public or in private, unless ordered by the Court. However, for the limited purpose of establishing adequacy of counsel in future actions, Plaintiff's counsel may reference the Action only by name and case number in a declaration establishing adequacy as class or representative counsel.

17. **Duty to Cooperate.** Each Party agrees that it will abide by this Agreement, and that the Parties and their counsel will cooperate with each other to effect the implementation of this Agreement. The Parties pledge their good faith and fair dealing in supporting the approval of this Agreement by the Superior Court, including, but not limited to, fully documenting the settlement, completing or filing any other documents or pleadings, arguing that the terms and conditions agreed upon should be enforced fully, commencing any required action (either in court or in arbitration), jointly appealing and/or otherwise exhausting judicial review of any adverse ruling, etc. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Agreement or on any supplemental provisions that may become necessary to effectuate the terms of this Agreement, the Parties may seek the assistance of the Superior Court to resolve their disagreement.

18. **Nullification of Agreement.** Defendant's payment of the Gross Settlement Amount shall be subject to the Superior Court granting approval, and if the Superior Court fails to grant approval, the Parties shall be returned to their original respective positions as though this Agreement had never been entered into at all, with the exception that if any settlement administration costs are due and payable, the Parties agree to split those costs.

19. **Defendant's Option to Revoke.** Should the settlement, or any terms therein, be modified, vacated, altered, or become otherwise subject to challenge by law, including, but not limited to, any law that became effective after the execution of this Agreement, so that this Agreement is not approved by the Superior Court in its entirety and therefore the intent of the

Parties cannot be accomplished after jointly taken efforts to enforce it have been exhausted, Defendant shall have the option to revoke this Agreement at its sole discretion.

20. **Severability.** Should any clause or provision of this Agreement be declared illegal or unenforceable, it shall be modified as minimally as necessary to be enforceable. If the provision cannot be modified to be enforceable, such provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect.

21. **Governing Law and Interpretation.** This Agreement shall be governed in accordance with the laws of the State of California. The Agreement shall be interpreted in accordance with the plain meaning of its terms and shall not be strictly interpreted for or against any of the Parties to this Agreement. Given that all Parties hereto had the opportunity to draft, review, and edit the language of this Agreement, the Parties expressly waive the benefit of any legal principle or rule providing that in cases of uncertainty the language of a contract should be interpreted against the Party who caused the uncertainty to exist.

22. **Continuing Jurisdiction of the Superior Court.** Pursuant to California Code of Civil Procedure section 664.6, the Superior Court shall retain continuing jurisdiction over the Lawsuit and the Parties to the fullest extent necessary to enforce and effectuate the terms and intent of this Agreement.

23. **Admissibility of Agreement.** The Parties agree that this Agreement is admissible for the purposes of proving up and or enforcing the terms of the Agreement, as set forth herein, pursuant to California Evidence Code section 1123.

24. **Amendment and Modification.** This Agreement may not be modified, altered, or changed, except by a written instrument signed by either the Parties or their successors-in-interest or counsel for all Parties.

25. **Binding on Successors and Assigns.** This Agreement will be binding upon, and inure to the benefit of, the Parties hereto and their respective agents, employees, representatives, officers, directors, parents, subsidiaries, assigns, heirs, executors, administrators, insurers, and successors in interest.

26. **No Representations.** The Parties acknowledge that, except as expressly set forth herein, no representation of any kind or character has been made to induce the execution of this Agreement.

27. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures sent by facsimile transmission or scanned e-mail transmission have the same force, validity, and effect as original signatures.

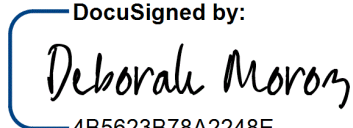
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IN WITNESS WHEREOF, the Parties – Plaintiff Mark Sailas and Defendant Health-Ade LLC, and their counsel – knowingly and voluntarily accept the terms of this Settlement Agreement and Release by affixing their signatures below.

Date: 02/28/2023 PLAINTIFF MARK SAILAS

By: 
Mark Sailas

Date: 3/1/2023 DEFENDANT HEALTH-ADE LLC

By: 
4B5623B78A2248E...
Representative, on behalf of Defendant Health-Ade LLC

Date: March 1, 2023 JUSTICE LAW CORPORATION

By: 
Douglas Han
Shunt Tatavos-Gharajeh
Phillip D. Song
Attorneys for Plaintiff Mark Sailas

Date: March 1, 2023 K&L Gates LLP

By: 
Spencer Hamer
Attorney for Defendant Health-Ade LLC

EXHIBIT A

NOTICE OF PAGA SETTLEMENT

Mark Sailas v. Health-Ade LLC
Superior Court of California, County of Los Angeles
Case No. 22TRCV00881

Dear [Settlement Group Member's Name]:

Enclosed with this letter is a settlement check being paid to you pursuant to the settlement of the lawsuit filed in the Superior Court of California, County of Los Angeles, entitled *Mark Sailas v. Health-Ade LLC*, Case Number 22TRCV00881 ("Action"). The purpose of this letter is to provide you with basic information about the Action, the reasons why you are receiving the enclosed settlement check, and the effect of the settlement on your legal rights.

I. The Action

On October 4, 2022, Plaintiff Mark Sailas ("Plaintiff"), a former employee of Defendant Health-Ade LLC ("Defendant") commenced this Action by filing a complaint pursuant to the Private Attorneys General Act of 2004, Labor Code section 2698 ("PAGA") in the Superior Court of California, County of Los Angeles ("Operative Complaint") on behalf of the State of California and all current and former hourly-paid employees of Defendant at any time from July 18, 2021, through April 30, 2023 whether such employees worked as a payrolled employee or through a temporary and/or staffing agency, otherwise referred to as "Settlement Group Members."

In the Action, Plaintiff claimed that Defendant owed civil penalties under PAGA to Plaintiff and the Settlement Group Members for alleged violations of the Labor Code. Defendant denies it violated the Labor Code, denies the allegations in the Operative Complaint, and denies all liability under PAGA to Plaintiff, Settlement Group Members, and State of California.

The merits of the Action have not been determined. However, on [Approval Date], the Superior Court of California, County of Los Angeles, approved a settlement of the Action that Defendant entered to avoid the costs and disruption of litigation.

II. Why This Settlement Check Is Being Sent to You

The settlement approved by the Superior Court of California, County of Los Angeles, on [Approval Date] involves a payment of civil penalties. In accordance with PAGA, seventy-five percent (75%) of the civil penalties paid under the settlement goes to the California Labor Workforce Development Agency. The remaining twenty-five percent (25%) of the civil penalties paid under the settlement will be distributed to all Settlement Group Members. The enclosed settlement check is being sent to you because you have been identified as a Settlement Group Member.

III. How the Amount of Your Settlement Check Was Determined

The enclosed settlement check was calculated based on the total number of pay periods you worked for Defendant from July 18, 2021, through April 30, 2023 ("Settlement Period") relative to all other Settlement Group Members.

Your settlement check will remain negotiable for one hundred twenty (120) calendar days after its mailing. If your settlement check is not cashed, deposited, or negotiated within this timeframe, it will be voided and paid to the California State Controller's Unclaimed Property Fund in your name.

IV. Consequences of the Settlement

The Action was filed exclusively as a representative action under PAGA, which functions as a substitute for an enforcement action by the State of California.

The Court's order and judgment approving the settlement of the Action binds all persons, including nonparty employees, who would be bound by a judgment in an action brought by California itself. As a result, although you are not a "party" to the Action, the judgment entered upon settlement of the Action is binding on you with respect to any claims for civil penalties under PAGA encompassed by the settlement. That is true regardless of whether you choose to cash, deposit, or negotiate the enclosed settlement check.

V. Taxation of Your Individual Settlement Award

You will be issued an IRS Form 1099 in connection with the funds paid to you via the enclosed check. However, you are solely responsible for all tax obligations attributable to you that may arise as a result of receiving the settlement check. If you have any tax-related questions regarding your receipt of the enclosed check, you should direct them to your own tax advisor.

VI. Where to Get More Information

Do not call or contact the Superior Court of California, County of Los Angeles, about this letter, the settlement, the settlement check sent to you, or the Action in general. If you have questions about this letter, the settlement, the settlement check sent to you, or the Action in general, you may contact the Settlement Administrator ILYM Group, Inc. at [INSERT CONTACT INFORMATION].

Dated: INSERT DATE

**PROOF OF SERVICE
1013A(3) CCP**

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 751 N. Fair Oaks Avenue, Suite 101, Pasadena, CA 91103 and my electronic service address is shanneyan@justicelawcorp.com

On April 26, 2023, I served the foregoing document described as

SETTLEMENT AGREEMENT AND RELEASE

for the following case:	Mark Sailas v. Health-Ade LLC
LWDA/Court Case No.:	LWDA Case No.: CM-896027-22
	Court Case No.: 22TRCV00881
	Los Angeles County Superior Court

on interested parties in this action by electronically submitting as follows:

State of California
Labor & Workforce Development Agency
800 Capitol Mall, MIC-55
Sacramento, California 95814

[X] BY ELECTRONIC SUBMISSION

Pursuant to California Senate Bill No. 836, I caused the documents described above to be electronically submitted by and through the procedure stated on the website of the State of California Labor and Workforce Development Agency.

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

Executed on April 26, 2023, at Pasadena, California.

Shushi
Sophia Hanneyan