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Attorneys for Plaintiff

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SHASTA

ASHLEY DEHAAN individually, and on behalf of all others similarly situated,

Plaintiff,

v.

MAGNOLIA HOLDINGS, LLC dba OAK RIVER REHAB, a California Limited Liability Company; and DOES 1 through 10, inclusive,

Defendants.

Case No.: 25CV-0207717

[*Assigned for all purposes to: Hon. Ryan H. Birss, Dept. 64]*

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

PAGA Approval Hearing:
Date: December 7, 2026
Time: 8:30 a.m.
Dept: 64

Complaint Filed: May 20, 2025
FAC Filed: July 16, 2025
Trial Date: January 26, 2027

DECLARATION OF THIAGO M. COELHO

I, Thiago M. Coelho, declare as follows:

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

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

Relevant Facts and Procedural History

3. On May 20, 2025, Plaintiff filed this action as a putative class action against Defendant Magnolia Holdings, LLC dba Oak River Rehab ("Defendant") alleging: (1) failure to pay minimum and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; (7) failure to indemnify employees for expenditures; and (8) unfair business practices. On July 16, 2025, Plaintiff filed a First Amended Complaint adding an allegation for civil penalties pursuant to California Private Attorneys General Act, Cal. Labor Code § 2699, et seq. ("PAGA"). On August 7, 2026, Plaintiff filed a Request for Dismissal of Class Claims, and the Court entered its order dismissing the class claims without prejudice on August 12, 2026.

4. Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiff gave timely written notice on May 7, 2025, to the Labor and Workforce Development Agency ("LWDA") and Defendant of the specific provisions of the Labor Code alleged to have been violated, including the facts and theories in support (LWDA-CM-1097046-25). Attached hereto as **Exhibit 1** is true and correct copy of May 7, 2025, PAGA Notice Letter.

5. Thereafter, the Parties met and conferred and agreed to mediate the PAGA Action with Michael Singer a well-respected and experienced mediator in wage-and-hour class and representative actions. In advance of mediation, PAGA Counsel conducted a thorough investigation into the facts of, and applicable law to, the PAGA Action. Prior to mediation, Plaintiff

obtained, through informal discovery, a representative sampling of time and payroll data for Aggrieved Employees and the necessary policy documents.

6. On February 20, 2026, the Parties engaged in an all-day mediation session before Michael Singer. With the help of Michael Singer, the Parties were able to reach an agreement on general settlement terms at mediation. The settlement was negotiated in light of all known facts and circumstances and the uncertainty associated with litigation – including the risk of Plaintiff not being able to maintain representative claims, the difficulty of proving Plaintiff's claims in a manageable trial, the merits of Defendant's potential defenses, and the significant delay and potential appellate issues inherent to litigation – and was reached after extensive arm's length negotiations, with the assistance of Michael Singer.

PAGA Settlement

7. The Settlement Agreement negotiated by the Parties provides for a Gross Settlement Amount ("GSA") payment in the amount of $185,000.00 to resolve the PAGA Action. Settlement Agreement §§ 1.12, 3.1. The GSA will be used to pay Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, PAGA Counsel Expenses Payment, the Enhancement Award and the Administrator's Expenses Payment. After deducting the Enhancement Award, PAGA Counsel Fees Payment, PAGA Counsel Expenses Payment, and Administrator Expenses Payment from the GSA, the amount remaining is the Net Settlement Amount ("NSA"). Settlement Agreement § 1.17. The NSA, which is estimated to be $91,011.96, shall be distributed as PAGA Penalties with 65% of the NSA allocated to the LWDA PAGA Payment and 35% of the NSA allocated to Individual PAGA Payments. Settlement Agreement § 1.24. Attached hereto as **Exhibit 2** is a true and correct copy of the PAGA Settlement Agreement ("Settlement" or "Settlement Agreement"), fully executed on June 2, 2026, together with the First Amendment to PAGA Settlement Agreement (the "First Amendment"), which increases the cap on the PAGA Counsel Litigation Expenses Payment in Section 3.2.2 from $10,500.00 to $25,000.00 and deletes an erroneous reference to an "individual settlement agreement" in Section 5.1. The First Amendment does not change the Gross Settlement Amount.

8. This PAGA Settlement amount compares favorably to the estimated amount of PAGA penalties. Plaintiff calculated that the maximum amount of statutory PAGA civil penalties was potentially $895,300.00 for an estimated 328 employees based on 8,953 pay periods. The valuation of $895,300.00 is the civil penalty amount calculated at the maximum statutory rate and without stacking, which is not usually permitted. If stacking is permitted, then the valuation increases with each additional penalty added to each pay period. Plaintiff, however, is not aware of any PAGA award that permitted stacking and, in the cases cited herein, only one penalty per pay period was assessed.

9. Defendant maintains that Plaintiff and the Aggrieved Employees were properly compensated, and that they did not violate the Labor Code as to any of them. Accordingly, Defendant disputes and denies Plaintiff's allegations and claims asserted in the operative complaint which are resolved by the Settlement Agreement. Defendant asserted additional defenses to the PAGA claim, not only as to liability but also as to the amount of the penalties. Defendant could argue that no penalties prior to the PAGA notification should be awarded because the violations were not intentional, and at least one Court has so ruled. These defenses present a risk to the PAGA claim and the potential that some or all the PAGA penalties sought may not be awarded.

10. While Plaintiff is confident in the merits of the case, a legitimate controversy exists as to each cause of action for penalties, the factual allegations, the evidentiary basis, and the underlying claims. Plaintiff also took into account the fact that continued litigation would be expensive, involving a trial and possible appeals, and would substantially delay and potentially reduce any recovery to the State of California and the Aggrieved Employees. Assuming Plaintiff could prove at least one violation per pay period and the Court awarded $100.00 in PAGA penalties for each of the 8,953 pay periods during the PAGA Period, the total penalties would be approximately $895,300.00. As such, the Gross Settlement Amount of $185,000.00 is approximately 20.7% of the maximum potential liability in this case.

11. Thus, when the risks of litigation, the burdens of proof necessary to establish liability, and the probability of appeal of a favorable judgment are considered, it is clear the settlement amount of $185,000.00 is reasonable and in the best interest of the State of California

and the public. Plaintiff objectively and knowledgably balanced the strengths and weaknesses of her claims against the risk of continued litigation and was able to determine a realistic range of settlement recovery for PAGA penalties.

Attorneys' Fees and Costs

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

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

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

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

16. Further, I have extensive experience litigating consumer class action and data

privacy class actions, and have litigated wage-and-hour class actions, including the following cases:

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

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

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

d. I was also lead counsel in *Peters v. Apple, Inc*., (Los Angeles Superior Court) Case No. 19STCV21787, a consumer class action involving Apple, Inc.'s alleged misrepresentations regarding its Family Sharing service, which resulted in a $25 million class settlement. For my work on *Peters v. Apple, Inc*., I was awarded the Daily Journal's California Lawyer Attorney of the Year ("Clay") Award.

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

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

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

consumer class action settlement.

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

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

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

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

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

17. Lauren Lendzion is a Senior Attorney at Wilshire Law Firm and has been a member of the California Bar since 2005. She is admitted and in good standing to practice before all courts of the State of California, and the United States District Courts for the Central, Southern, Eastern, and Northern Districts of California. Ms. Lendzion has experience in all stages of litigation and in complex matters involving class actions, consumer protection, antitrust, securities fraud, employment, and related claims. She obtained her Bachelor of Arts degree from the University of California, Santa Barbara (2001) and her J.D. from Seattle University School of Law (2004). While at Wilshire Law Firm, Ms. Lendzion worked on *Moore v. Centrelake Medical Grp.*(2022) 83 Cal.App.5th 515, a data breach class action, which was resolved through a class settlement providing monetary and injunctive relief, including credit monitoring services valued at

$113,894,424. Prior to working at Wilshire Law Firm, Ms. Lendzion worked at a prominent plaintiff-side class action firm where she worked and contributed on numerous class actions cases including: *Chabot v. Walgreens Boots Alliance, Inc*., No. 1:18-cv-02118-JPW (M.D. Pa.) which resulted in a $192.5 million settlement and is the largest securities recovery paid by one company to the shareholders of a different company over misleading statements in connection with the antitrust review of a merger; and *Goldstein v. Denner, C.A*. No. 2020-1061-JTL (Del. Ch.) securing $124 million for Bioverativ shareholders in litigation challenging the company's sale.

18. Jennifer M. Leinbach is a Senior Attorney at Wilshire Law Firm, PLC and a member of the California Bar since 2011. Ms. Leinbach has significant experience as a class action litigator. Her work experience as an attorney began with several federal judicial clerkships spanning from 2012-2016. After her clerkships, Ms. Leinbach practiced at a plaintiff-side class action boutique where she assisted in obtaining class settlements totaling more than $100 million. Since joining Wilshire Law Firm, PLC in 2021, Ms. Leinbach has worked on many more class action cases, including:

19. Ms. Leinbach contributed to the litigation in *Moore v. Centrelake Medical Grp*. (2022) 83 Cal.App.5th 515, a data breach class action, where the Court of Appeal reversed the trial court's judgment sustaining the defendant's demurrer, in part, because the plaintiff's loss of benefit of the bargain was deemed a sufficient injury for UCL standing.

20. Ms. Leinbach contributed to the litigation in *Mier v. CVS Health* (9th Cir. July 8, 2023) No. 22-55665, 2023 WL 4837851, a consumer class action involving false advertising claims where the Ninth Circuit reversed the denial of class certification.

21. Ms. Leinbach also assisted in securing and negotiating a $5.15 million class settlement in *Alcazar v. Fashion Nova*, (N.D. Cal.) No.4:20-cv-01434-JST (N.D. Cal.), which has been preliminarily approved.

22. Notably, Ms. Leinbach secured a $25 million class settlement against Apple, Inc. for alleged misrepresentations regarding Apple's Family Sharing service. *Peters v. Apple, Inc*., (LASC) No. 19STCV21787. For her work on this case, Ms. Leinbach was awarded the Daily Journal's California Lawyer Attorney of the Year ("CLAY") Award.

23. Giancarlo A. Recinos is a Senior Attorney at WLF. He was admitted to practice law in the State of California in 2012 and is an active member in good standing with the State Bar of California. Mr. Recinos graduated from San Francisco State University with a Bachelor of Arts in Communications and received his Juris Doctor from Southwestern Law School. For over a decade, his practice has focused on employment law and wage -and-hour compliance. He currently bills at an hourly rate of $950 .00.

24. WLF's hourly rates are comparable to those charged by other class action plaintiffs' counsel and the firms defending class actions. WLF's rates are well within the range of hourly rates that the Los Angeles legal marketplace would compensate counsel for similar services accomplishing similar results. For example, in *Bronshteyn v. State of California*, Los Angeles County Superior Ct. No. 19SMCV00057, Order Granting Plaintiff's Motion for Statutory Attorneys' Fees and Costs filed March 30, 2023, an employment action brought by two small law firms (Levy, Vinick, Burrell & Hyams LLP and Law Offices of Wendy Musell), the court found that counsel's 2022 hourly rates of $1,100 and $1,000 per hour were reasonable for the plaintiff's five senior attorneys, including $1,000 per hour for the plaintiff's 23-year lead counsel and $850 per hour for a senior associate. These rates were then augmented by a 1.75 lodestar multiplier and affirmed by the California Court of Appeals. The rates requested here are well in line with those found reasonable in *Bronshteyn*. In *Tran v. Golden State FC LLC*, *et al*. (LASC Case No. BC699931), Fee Order filed 4/8/2022, the court found hourly rates of $1,300 per hour reasonable for plaintiff's 32-year attorney and $1,000 per hour reasonable for a 14-year attorney.

25. In support of the reasonableness of WLF's hourly rates, attached as **Exhibit 3** is a true and correct excerpt from the *2025 Real Rate Report* published by Wolters Kluwer. The Real Rate Report is widely relied upon in the legal industry because it is derived from anonymized billing data taken from actual law firm invoices that were submitted to clients and approved for payment, rather than from voluntary surveys or self-reported rates. Although the report refers to "2025" rates, the data reflects rates charged by law firms during the first half of 2024 and therefore represents the most recent available objective evidence of prevailing market rates.

a. The report provides rate information filtered by geographic market, practice type, and timekeeper role. Page 26 reports third-quartile rates for attorneys handling litigation matters in San Francisco and San Jose, which are the primary Northern California legal markets and serve as the dominant rate-setting centers for complex litigation throughout the region. In San Francisco, the dataset shows third-quartile hourly rates of $1,378 for litigation partners and $875 for associates. In San Jose, the report shows third-quartile hourly rates of $1,250 for litigation partners and $1,030 for associates. The report's in-depth city analyses for San Francisco and San Jose further confirm that these markets consistently reflect some of the highest billing rates in the country for experienced litigators and serve as the benchmark markets for Northern California legal services. Courts evaluating fee requests in Shasta County routinely look to the prevailing rates in the nearest major metropolitan markets as benchmarks when assessing reasonableness. The closest and most relevant comparison markets for Shasta County litigation are San Francisco and San Jose, where experienced partners routinely bill well above $1,200 per hour based on rates actually charged to clients.

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

c. The Real Rate Report does not provide 1st quartile or 4th quartile rates, presumably to provide a sense of the average attorney billing rates. Importantly, the third quartile represents the point below which 75% of rates fall; it is not a cap on reasonable rates. By definition, a substantial portion of partners in the relevant benchmark market routinely bill above that level,

particularly those with extensive experience, specialized expertise, or leadership roles in complex litigation. Courts evaluating fee requests recognize that leading counsel in complex or representative actions may reasonably bill above median or third-quartile benchmarks where their experience, results obtained, and responsibilities justify higher rates. We firmly believe WLF belongs in the 4th quartile of attorney billing rates in Northern California. As previously discussed, WLF is a nationally recognized employment litigation firm that has been named one of the nation's *Best Law Firms* by U.S. News & World Report and Best Lawyers since 2020, and its attorneys regularly litigate complex wage-and-hour class and representative actions throughout California

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

a. The investigation of the matter, including meeting with Plaintiff, reviewing Defendant's policies, and requesting and reviewing Plaintiff's time and pay records, personnel files, and exploring the corporate structure of Defendant;

b. filing the Action;

c. attending status conferences and meeting and conferring with Defendant regarding the case;

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

e. selecting a mediator and mediation date;

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

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

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

i. attendance at the mediation;

j. communicating with Plaintiff;

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

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

27. WLF's current lodestar reflects the efficiencies achieved by attorneys experienced in this field with 74.6 hours of work resulting in $64,245.00 n fees. The chart below shows the calculation of hours spent by each of WLF's attorneys on this case:

Attorney	**Hours**	**Hourly Rate**	**Total**
Thiago M. Coelho	21.8	$ 1,000.00	$21,800.00
Lauren M. Lendzion	48.4	$ 800.00	$38,720.00
Giancarlo Recinos	3.1	$ 950.00	$2,945.00
Jesse Chen	1.3	$650.00	$845.00
TOTAL	**74.6**		**$64,310.00**

28. This amount surpasses the requested fee award of $61,660.50, resulting in a negative multiplier This amount does not include the time PAGA Counsel will spend at the PAGA approval hearing and assisting the Administrator following approval. PAGA Counsel dedicated significant resources to this case by dividing the tasks required according to skill level. The hours expended by each attorney were not duplicative and reflect the extensive investigation and analysis that was required to achieve this Settlement. This time could have been spent on other potentially lucrative cases. PAGA Counsel's lodestar reflects the efficiencies achieved by attorneys experienced in this field. Moreover, PAGA Counsel has singularly assumed the risk and costs of litigation purely on a contingency basis. And, while Plaintiff is confident in the merits of her claims, a legitimate controversy exists as to each cause of action, posing an actual risk that Plaintiff may not succeed at class certification and/or trial. Any of these obstacles could have prevented recovery completely, meaning PAGA Counsel would have been left with no compensation for all the time and money invested in litigating this case. Despite these risks, PAGA Counsel took this case on a contingency basis so that

Aggrieved Employees (a particularly vulnerable group of hourly paid workers) could be compensated for their unpaid wages. Consequently, PAGA Counsel was precluded from focusing on, or taking on, other cases which could have resulted in a larger, and less risky, monetary gain.

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

30. In litigation costs, WLF has incurred $17,377.54 in expenses on items such as filing fees, service fees, mediation fees, and expert fees. All the costs incurred were reasonable and necessary for the prosecution of this case. The Settlement provides for reimbursement of costs not to exceed $25,000.00, as amended by the First Amendment § 2. Any remaining portion of the costs that are not incurred will revert to the NSA to be distributed as PAGA Penalties to the LWDA and Aggrieved Employees. A true and correct copy of WLF's cost reports in this matter is attached hereto as **Exhibit 4**.

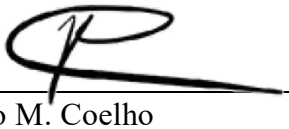
31. PAGA Counsel has negotiated a settlement here that they believe is fair, reasonable, and adequate based on their prior experience litigating these types of cases.

32. Pursuant to California Labor Code Section 2699(s)(1), Plaintiff submitted a copy of the PAGA Complaint to the LWDA on July 18, 2025. Attached hereto as **Exhibit 5** is a true and correct copy of the submission confirmation for the PAGA Complaint. Pursuant to California Labor Code Section 2699(s)(2), Plaintiff submitted the proposed Settlement Agreement, including its Amendments, to the LWDA on October 21, 2026. Attached hereto as **Exhibit 6** is a true and correct copy of the submission confirmation for the proposed Settlement Agreement. To date, the LWDA has not responded to or objected to the Settlement in this matter. Plaintiff will submit a copy of the Court's judgment and order approving the Settlement Agreement to the LWDA within ten (10) days after entry of judgment or order.

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

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

Executed on March 10, 2026, at Los Angeles, California.



Thiago M. Coelho

EXHIBIT 1

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Sean Paisan, Esq.
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Benjamin Haber, Esq.

May 7, 2025

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

Magnolia Holdings, LLC dba Oak River Rehab
262 North University Avenue
Farmington, UT 84025
(*Via U.S. Certified Mail, Return Receipt Requested*)
#9489-0090-0027-6639-0908-08

Magnolia Holdings, LLC dba Oak River Rehab
c/o Agent for Service of Process
CSC - Lawyers Incorporating Service
2710 Gateway Oaks Drive, Suite 150N
Sacramento, CA 95833
(*Via U.S. Certified Mail, Return Receipt Requested*)
#9489-0090-0027-6639-0907-91

Magnolia Holdings, LLC dba Oak River Rehab
3300 Franklin Street
Anderson, CA 96007
(*Via U.S. Certified Mail, Return Receipt Requested*)
#9489-0090-0027-6639-0907-84

Re: ***Ashley DeHaan v. Magnolia Holdings, LLC DBA Oak River Rehab***
Notice of California Labor Code Violations and PAGA Penalties

To Whom It May Concern:

Please be advised that my office has been retained by Ashley DeHaan to pursue a representative action under the California Labor Code Private Attorneys General Act of 2004 (PAGA), California Labor Code[1] section 2699, *et seq.* against Ms. DeHaan's former employer, Magnolia Holdings, LLC doing business as Oak River Rehab ("Magnolia" or "Employer").The purpose of this letter is to comply with PAGA and set forth the facts and theories of Labor Code violations which Ms. DeHaan alleges Magnolia engaged in with respect to Ms. DeHaan and potentially all of Magnolia's current and former employees.

Ms. DeHaan wishes to pursue this action on behalf of Magnolia's current and former employees, on behalf of the State of California, as well as on behalf of all other persons who worked for Magnolia in California as non-exempt or hourly-paid employees at any time within the applicable statutory period (collectively referred to as, "Aggrieved Employees").

Ms. DeHaan and Aggrieved Employees, or some of them, suffered the Labor Code violations described below.

[1] Unless otherwise stated, all references to "Labor Code" are meant to reference the California Labor Code.

Ms. DeHaan's Employment with Magnolia

Magnolia is a short-term rehabilitation and skilled nursing home. Magnolia owns and operates an industry business and establishment within the State of California. Therefore, and based on all the facts and circumstances incident to Magnolia's business in California, Magnolia is subject to the Labor Code, the Industrial Wage Commission's (IWC) Wage Orders, and the California Business and Professions Code.

Ms. DeHaan is a resident of Shasta Lake, California who worked for Magnolia in Shasta County, California, as an hourly-paid, non-exempt employee from approximately May 2023 to January 2025. Ms. DeHaan worked as a Certified Nursing Assistant. Ms. DeHaan's primary job function was to provide basic care to patients of Magnolia at Oak River Rehab including assisting with daily living activities like bathing, dressing, and feeding.

During Ms. DeHaan's employment with Magnolia, Magnolia paid Ms. DeHaan an hourly wage and classified Ms. DeHaan as non-exempt from overtime. Magnolia typically scheduled Ms. DeHaan to work at least 4 days in a workweek and at least 8 hours per day but Ms. DeHaan also worked more than 12 hours in a workday and more than 40 hours in a workweek.

In performing Ms. DeHaan's duties, Ms. DeHaan was regularly required to perform work "off the clock" and without compensation, including but not limited to answering patient-related questions and answering calls or texts on her personal cell phone from supervisors. Due to understaffing and high workloads, Ms. DeHaan was also frequently deprived of an opportunity to take legally compliant meal and rest breaks because the few meal and rest breaks Ms. DeHaan took were often cut short or interrupted.

Magnolia did not provide Ms. DeHaan and Aggrieved Employees with the meal and rest break premiums as required by the Labor Code, and Ms. DeHaan does not recall ever receiving any meal and rest break premiums. Additionally, Ms. DeHaan necessarily incurred business-related expenses, including but not limited to purchasing work attire (medical scrubs) and using her personal cell phone for business, but Magnolia did not reimburse such business expenses. These are just non-exhaustive examples of the facts and theories Ms. DeHaan asserts, which are later described in more detail.

Throughout Ms. DeHaan's employment, Magnolia did not (1) pay for all hours worked (including minimum, straight time, and overtime wages); (2) provide Ms. DeHaan with legally compliant meal periods; (3) authorize and permit Ms. DeHaan to take rest periods; (4) timely pay all final wages to Ms. DeHaan when Magnolia terminated Ms. DeHaan's employment; (5) furnish accurate wage statements to Ms. DeHaan; and (6) indemnify Ms. DeHaan for business expenditures. As will be further discussed, Ms. DeHaan's experience working for Magnolia was typical and illustrative.

Failure to Pay for All Hours Worked, Including Minimum, Straight, and Overtime Wages

Under California law, an employer must pay for all hours worked by an employee. "Hours worked" is the time during which an employee is subject to the control of the employer and including the time the employee is suffered or permitted to work, whether required to do so.

In addition, Labor Code section 510 provides that employees in California shall not be employed for more than 8 hours on any workday or 40 hours in a workweek unless they receive additional compensation plus their regular wages in amounts specified by law.

Labor Code sections 1194 and 1198 also provide that employees in California shall not be employed more than 8 hours in any workday or 40 hours in a workweek unless they receive the additional compensation as required

by law. Further, Section 1198 declares unlawful the employment of an employee for hours longer than those fixed by the IWC.

Throughout the statutory period, Magnolia did not pay Ms. DeHaan and Aggrieved Employees, or some of them, for all hours worked, including minimum, straight time, and overtime wages. At times, Magnolia required Ms. DeHaan and Aggrieved Employees, or some of them, to work "off-the-clock," uncompensated by, for example, requiring Ms. DeHaan and Aggrieved Employees to perform work during uncompensated meal and rest breaks, and requiring Ms. DeHaan and Aggrieved Employees to perform work before clocking in or after clocking out. As one example, Magnolia required Ms. DeHaan to tend to patients in lieu of taking a meal break. As another example, Ms. DeHaan would be frequently called off-duty by her supervisors and asked patient-related questions. Some of this unpaid work should have been paid at the overtime rate. California Labor Code section 510 requires that employers compensate employees 1.5 times their regular rate of pay when employees work over 8 hours per day, 40 hours per week, or when employees work up to 8 hours on any seventh day of a workweek. Magnolia failed to properly calculate Ms. DeHaan's regular rate of pay when paying overtime, by failing to include all compensation in Ms. DeHaan's overtime calculations, including hours worked off-the-clock. In failing to pay for all hours worked, Magnolia also did not maintain accurate records of the hours Ms. DeHaan and the Aggrieved Employees, or some of them, worked.

As a result, Magnolia is liable to Ms. DeHaan and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code sections 210, 1197.1, and 2699, subdivision (f)(2) for failing to pay for all hours worked, including minimum, straight time, and overtime wages.

Failure to Provide Meal Breaks

Under California law, employers have an affirmative obligation to relieve employees of all duty in order to take their first 30-minute, duty-free meal break no later than the start of sixth hour of work in a workday, and to allow employees to take their second 30-minute, duty-free meal period no later than the start of the eleventh hour of work in the workday. Further, employees are entitled to be paid 1 hour of additional wages for each workday they were not provided with all required meal breaks. Despite these legal requirements, Magnolia at times wrongfully failed to provide Ms. DeHaan and Aggrieved Employees, or some of them, with their legally mandated 30-minute, uninterrupted, and duty-free meal break in a manner required by law (and also including but not limited to failing at times to provide Ms. DeHaan and Aggrieved Employees, or some of them, the opportunity to leave the work premises to take meal breaks). For example, Ms. DeHaan was frequently deprived of an opportunity to take legally compliant meal breaks, including because the very few meal breaks Ms. DeHaan could take were often cut short or interrupted. Magnolia required Ms. DeHaan and others to tend to patients in lieu of taking a meal period, including but not limited to dressing, bathing and feeding them.

Magnolia also continued to assert control over Ms. DeHaan and Aggrieved Employees, or some of them, by, among other things, requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory meal breaks, or by denying Ms. DeHaan and Aggrieved Employees, or some of them, permission to take a meal break under the conditions required by law, and without properly compensating Ms. DeHaan and Aggrieved Employees, or some of them, for meal breaks that were not provided as required by law. Magnolia also did not inform Ms. DeHaan of Ms. DeHaan's right to, nor permitted Ms. DeHaan to take, all of Ms. DeHaan's second meal breaks when Ms. DeHaan worked at least 10 hours of work on a workday and otherwise unlawfully pressured Ms. DeHaan to waive such breaks. Accordingly, Magnolia at times failed to provide meal breaks to Ms. DeHaan and Aggrieved Employees, or some of them, in compliance with California law.

Ms. DeHaan and the Aggrieved Employees, or some of them, are thus entitled to be paid 1 hour of additional wages for each workday they were not provided with all required meal breaks. Magnolia, however, at times failed to pay Ms. DeHaan and Aggrieved Employees, or some of them, the additional wages to which they were entitled for meal breaks that were not provided. Ms. DeHaan does not recall ever receiving any meal and rest break premiums.

Thus, Magnolia is liable to Ms. DeHaan and Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code sections 210 and 2699, subdivision (f)(2) for failing to provide meal breaks and pay meal period premium wages.

Failure to Authorize and Permit Rest Breaks

Per California law, employers are required to authorize and permit breaks of 10 uninterrupted minutes for each 4 hours of work or major fraction of 4 hours (*i.e.*, more than 2 hours). Thus, for example, if an employee's work time is 6 hours and 10 minutes, the employee is entitled to 2 rest breaks. Each failure to authorize rest breaks as required is itself a violation of California's rest break laws.

Throughout the statutory period, Magnolia at times has wrongfully failed to authorize and permit Ms. DeHaan and Aggrieved Employees, or some of them, to take legally compliant rest breaks in a manner required by law (and also including but not limited to failing, at times, to authorize and permit Ms. DeHaan and Aggrieved Employees, or some of them, the opportunity to leave the work premises to take rest breaks). Magnolia at times required Ms. DeHaan and Aggrieved Employees, or some of them, to work in excess of 4 consecutive hours a day without Magnolia's authorizing and permitting Ms. DeHaan to take a 10-minute, uninterrupted, duty-free rest period for every 4 hours of work (or major fraction of 4 hours), or without compensating Ms. DeHaan and Aggrieved Employees, or some of them, for rest breaks that were not authorized or permitted.

Instead, Magnolia at times continued to assert control over Ms. DeHaan and Aggrieved Employees, or some of them, by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest breaks, or at times by denying Ms. DeHaan and Aggrieved Employees, or some of them, permission to take a rest break. For example, at times, it was impossible for Ms. DeHaan and others to take rest breaks due to being understaffed. Magnolia required Ms. DeHaan and others to tend to patient's needs during rest breaks, including but not limited to showering, dressing, feeding, and otherwise assisting patients with their needs.

Accordingly, Magnolia at times failed to authorize and permit Ms. DeHaan and Aggrieved Employees, or some of them, to take rest breaks in compliance with California law. Ms. DeHaan and Aggrieved Employees, or some of them, are thus entitled to be paid 1 hour of additional wages for each workday they were not authorized and permitted to take all required rest breaks. Magnolia, however, at times failed to pay Ms. DeHaan and Aggrieved Employees, or some of them, the additional wages to which they were entitled for rest breaks that they were not authorized and permitted to take.

As a result, Magnolia is liable to Ms. DeHaan and Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code sections 210 and 2699, subdivision (f)(2) for failing to authorize and permit rest periods and pay rest period premium wages.

Failure to Pay All Earned Wages Twice Per Month

Based on Magnolia's failure at times to pay Ms. DeHaan and Aggrieved Employees, or some of them, for all wages as discussed above, Magnolia also violated Labor Code section 204.

Section 204 requires employers to pay employees all earned wages twice per month. Throughout the applicable statute of limitations period, employees were entitled to be paid twice a month at their regular rates, including all meal and rest break premium wages owed and wages owed for overtime hours worked. However, at times, Magnolia failed and refused to pay Ms. DeHaan all wages due, and failed to pay those wages twice a month, in that Ms. DeHaan was not paid all wages for all meal periods not provided by Magnolia, all wages for all rest periods not authorized and permitted by Magnolia, and all wages for all hours worked. As a result, Magnolia owes Ms. DeHaan the legally required wages for unpaid wages, and Ms. DeHaan and Aggrieved Employees, or some of them, suffered damages in those amounts.

Moreover, Magnolia is liable to Ms. DeHaan and Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code section 210 for failing to pay all earned wages twice per month.

Failure to Maintain Accurate Records of Hours Worked and Meal Breaks

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

Magnolia, however, at times failed to maintain accurate records of hours worked and all meal breaks taken or missed by Ms. DeHaan and Aggrieved Employees, or some of them.

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

Failure to Timely Pay All Wages at Termination

Labor Code sections 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves their employment, their wages shall become due and payable not later than 72 hours thereafter, unless the employee has given 72 hours' previous notice of their intention to quit, in which case the employee is entitled to their wages at the time of quitting. Direct deposits of wages to an employee's bank, saving and loan, or credit union account that were previously authorized by the employee are immediately terminated when an employee quits or is discharged, and the payment of wages upon termination of employment in the manner described above shall apply unless the employee has voluntarily authorized that deposit and provided that the employer complies with the provisions of Labor Code section 213, subdivision (d) relating to the payment of wages upon termination or quitting of employment.

Within the applicable statute of limitations, the employment of Ms. DeHaan and many other Aggrieved Employees ended, *i.e.*, was terminated by quitting or being discharged, and the employment of others will be terminated. However, during the relevant time period, Magnolia at times failed, and continues at times to fail, to pay Ms. DeHaan and terminated Aggrieved Employees, or some of them, without abatement, all wages required to be paid by Labor Code sections 201 and 202 either at the time of discharge, or within 72 hours of their leaving Magnolia's employment. These include wages for unpaid work time (including minimum, straight time, and overtime wages), missed meal break premium wages, and missed rest break premium wages. Ms. DeHaan recalls that she did not receive final wages at the time of discharge, nor within 72 hours of leaving Magnolia's employment.

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

Accordingly, Ms. DeHaan and Aggrieved Employees, or some of them, are entitled to recover from Magnolia their additionally accruing wages for each day they were not paid, at their regular hourly rate of pay, up to 30 days maximum pursuant to Labor Code section 203.

Moreover, Magnolia is liable to Ms. DeHaan and Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code section 2699, subdivision (f)(2) for failing to timely pay all wages at termination, and for unlawfully making any such payment (if any) via direct deposit without the employee's voluntary authorization.

Failure to Furnish Accurate Wage Statements

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

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

Throughout the statutory period, Magnolia at times failed, and continues at times to fail, to timely furnish Ms. DeHaan and Aggrieved Employees, or some of them, with accurate, itemized wage statements showing all applicable hourly rates, and all gross and net wages earned (including correct hours worked, correct wages for

meal breaks that were not provided in accordance with California law, and correct wages for rest breaks that were not authorized and permitted to take in accordance with California law).

Because Magnolia at times violated Labor Code section 226, Ms. DeHaan and Aggrieved Employees, or some of them, suffered injury and damage to their statutorily protected rights. Accordingly, Ms. DeHaan and similarly Aggrieved Employees, or some of them, are entitled to recover from Magnolia the greater of their actual damages caused by Magnolia's failure to comply with Labor Code section 226, subdivision (a), or an aggregate penalty not exceeding $4,000 per employee. Moreover, Magnolia is liable to Ms. DeHaan and Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code section 226.3 for failing to timely furnish accurate itemized wage statements.

Recordkeeping Requirement Violations

Labor Code section 1174 requires employers to keep "accurate and complete" payroll records showing, among other things, the hours worked daily by employees. For all applicable IWC Wage Orders, section 7 similarly requires employers to keep accurate time records reflecting the times during which all owed meal breaks were provided each day.

Based on information and belief, Magnolia at times failed, and continues at times to fail, to keep accurate and complete payroll records as required by law, including but not limited to the following records: total daily hours worked, applicable rates of pay, time records showing when Ms. DeHaan and other Aggrieved Employees began and ended each work period, time records of meal breaks, and accurate itemized wage statements.

Based on information and belief, Magnolia at times failed and continues at times to fail to keep accurate and complete records showing total hours worked by Ms. DeHaan and Aggrieved Employees, or some of them, by virtue of Magnolia's time rounding and/or auto deduction policies and practices and/or other off-the-clock work policies and practices. Magnolia failed at times and continue at times to fail to keep accurate and complete records showing total hours worked by virtue of Magnolia's failure to relieve Ms. DeHaan and Aggrieved Employees, or some of them, of all duties and Magnolia's control for unpaid meal periods, resulting in unpaid hours worked.

Based on information and belief, Magnolia further failed at times, and continue at times to fail, to record the true start and end times of Ms. DeHaan's and Aggrieved Employees' meal periods, or some of them.

Based on further information and belief, Magnolia further failed at times and continues at times to fail, to record the true start and end times of Ms. DeHaan's and Aggrieved Employees' work shifts, or some of them.

Additionally, Magnolia at times failed, and continues at times to fail, to keep accurate records and issue accurate wage statements by not documenting accrued sick time for Ms. DeHaan and Aggrieved Employees, or some of them. Magnolia's failure to keep "accurate and complete" payroll records for Ms. DeHaan and Aggrieved Employees, or some of them, violates Labor Code sections 1174, 1198, 1199, and all applicable IWC Wage Orders, section 7. These violations subject Magnolia to civil penalties under Labor Code sections 558.1, 226.6, 1174.5 and 2699. Each violation of each Labor Code section and Wage Order provision, for each Aggrieved Employee (or some of them), results in a separate civil penalty.[2]

[2] *See* Labor Code § 2699, subdivision (f)(2) (establishing that the civil penalty is "for each aggrieved employee per pay period").

Failure to Indemnify Necessary Expenditures

Labor Code section 2802, subdivision (a) provides that employers shall indemnify their employees for all necessary business expenditures or losses that have been incurred by the employees in direct discharge of their duties. Throughout the applicable statute of limitations period, Magnolia at times wrongfully required Ms. DeHaan and Aggrieved Employees, or some of them, to pay expenses they incurred in direct discharge of their duties for Magnolia including but not limited to work attire (medical scrubs). Ms. DeHaan and Aggrieved Employees, or some of them, at times paid out-of-pocket for necessary employment-related expenses. Ms. DeHaan and Aggrieved Employees, or some of them, incurred substantial expenses as a direct result of performing their job duties for Magnolia but Magnolia failed to indemnify Ms. DeHaan and Aggrieved Employees, or some of them, for these employment-related expenses.

As a result, Magnolia is liable to Ms. DeHaan and Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code section 2802 and 2699, subdivision (f)(2) for failing to indemnify Ms. DeHaan and Aggrieved Employees, or some of them, for necessary business expenditures.

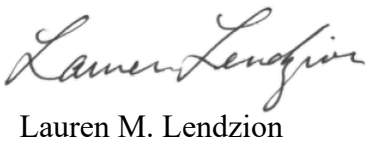
Action for PAGA Civil Penalties

In light of the above, Ms. DeHaan alleges that Magnolia violated the following provisions of the Labor Code with respect to the Aggrieved Employees, or some of them:

1. Labor Code sections 204, 510, 1194, 1197, and 1198 by failing at times to pay for all hours worked, including minimum wages, straight time wages, and overtime wages;
2. Labor Code section 226.7 and applicable IWC Wage Orders by failing at times to provide meal breaks;
3. Labor Code section 226.7 and applicable IWC Wage Orders by failing at times to authorize and permit rest breaks;
4. Labor Code section 204 by failing at times to pay all earned wages twice per month;
5. Labor Code section 1174.5 and applicable IWC Wage Orders by failing at times to maintain accurate records of hours worked and meal breaks taken or missed;
6. Labor Code sections 201 to 203 by willfully failing at times to pay all wages owed at termination;
7. Labor Code section 226 by failing at times to provide accurate itemized wage statements;
8. Labor Code section 1174 by failing at times to keep accurate and complete payroll records; and
9. Labor Code section 2802 by failing at times to indemnify for necessary expenditures;

Therefore, on behalf of potentially Aggrieved Employees, Ms. DeHaan seeks applicable penalties related to the violations alleged above per PAGA. These include, but are not limited to, penalties under Labor Code sections 210, 226.3, 1174.5, 1197.1, and 2699.

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



Lauren M. Lendzion
Wilshire Law Firm, PLC

EXHIBIT 2

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SHASTA

ASHLEY DEHAAN individually, and on behalf of all others similarly situated,

Plaintiff,

v.

MAGNOLIA HOLDINGS, LLC dba OAK RIVER REHAB, a California Limited Liability Company; and DOES 1 through 10, inclusive,

Defendants.

Case No.: 25CV-0207717

CLASS & PAGA REPRESENTATIVE ACTION

PAGA SETTLEMENT AGREEMENT

Judge: Hon. Stephen H. Baker
Dept.: 64

Complaint Filed: May 20, 2025
FAC Filed: July 16, 2025
Trial Date: January 26, 2027

Docusign Envelope ID: 12D24F2D-F987-83CC-8364-5BBAC9BBA9A2

This PAGA Settlement Agreement ("Agreement") is made by and between Plaintiff ASHLEY DEHAAN ("Plaintiff") and Defendant MAGNOLIA HOLDINGS, LLC dba OAK RIVER REHAB ("Defendant"). The Agreement refers to Plaintiff and Defendant collectively as "Parties," or individually as "Party."

1. DEFINITIONS.

1.1 "Action" means Plaintiff's PAGA lawsuit alleging wage and hour violations against Defendant captioned DEHAAN v. MAGNOLIA HOLDINGS, LLC dba OAK RIVER REHAB initiated on May 20, 2025 and pending in the Superior Court of the State of California, County of Shasta (Case No. 25CV-0207717).

1.2 "Administrator" means Phoenix Settlement Administrators, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.3 "Administration Expenses Payment" means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator's "not to exceed" bid submitted to the Court in connection with approval of this Settlement.

1.4 "Aggrieved Employee" means all individuals who worked for Defendant as a non-exempt, hourly employee in California during the PAGA Period, including current and former employees.

1.5 "Aggrieved Employee Data" means Aggrieved Employee identifying information in Defendant's possession including the Aggrieved Employee's name, last-known mailing address, Social Security number, and number of PAGA Pay Periods.

1.6 "Aggrieved Employee Address Search" means the Administrator's investigation and search for current Aggrieved Employees' mailing addresses using all reasonably available sources, methods, and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Aggrieved Employees.

1.7 "Approval Order" means the proposed Court Order Granting Approval of PAGA Settlement.

1.8 "Court" means the Superior Court of California, County of Shasta.

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1.9 "Defendant" means Defendant MAGNOLIA HOLDINGS, LLC dba OAK RIVER REHAB.

1.10 "Defense Counsel" means Grace Y. Horoupian and Corina S. Johnson of FISHER & PHILLIPS LLP.

1.11 "Effective Date" means the date by which both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the day the Court enters Judgment.

1.12 "Gross Settlement Amount" means ($185,000.00), which is the total amount Defendant agrees to pay under the Settlement, except as provided in Paragraph 8 below.

1.13 "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 35% of the PAGA Penalties calculated according to the number of PAGA Pay Periods worked during the PAGA Period.

1.14 "Judgment" means the judgment entered by the Court based upon the Approval.

1.15 "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).

1.16 "LWDA PAGA Payment" means the 65% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).

1.17 "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Aggrieved Employees as Individual PAGA Payments.

1.18 "PAGA Counsel" means Thiago M. Coelho, Lauren M. Lendzion Jennifer M. Leinbach, and Alan Wilcox, of Wilshire Law Firm, PLC.

1.19 "PAGA Counsel Fees Payment" and "PAGA Counsel Litigation Expenses Payment" mean the amounts allocated to PAGA Counsel for reimbursement of reasonable attorneys' fees and expenses, respectively, incurred to prosecute the Action.

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1.20 "PAGA Pay Period" means any Pay Period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.

1.21 "PAGA Period" means the period from May 7, 2024, to February 20, 2026.

1.22 "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).

1.23 "PAGA Notice" means Plaintiff's May 7, 2025, letter to the LWDA and Defendant providing notice pursuant to Labor Code section 2699.3, subd.(a).

1.24 "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount after deducting Plaintiff's Enhancement Award, PAGA Counsel Fees Payment, and Administration Expenses Payment, which will be allocated 35% to the Aggrieved Employees and 65% to the LWDA in settlement of PAGA claims.

1.25 "Plaintiff" means ASHLEY DEHAAN, the named plaintiff in the Actions.

1.26 "Released PAGA Claims" means the claims being released as described in Paragraph 5 below.

1.27 "Released Parties" means Defendant and each of its former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, and assigns.

1.28 "Settlement" means the disposition of the Actions effected by this Agreement and the Judgment.

2. RECITALS.

2.1 On May 20, 2025, Plaintiff commenced this Action by filing a Complaint alleging wage-and-hour violations. On July 16, 2025, Plaintiff filed a First Amended Complaint adding a cause of action against Defendant for civil penalties under PAGA. The First Amended Complaint is the operative complaint in this Action (the "Operative Complaint"). Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint, and denies any and all liability for the causes of action alleged.

2.2 Pursuant to Labor Code §2699.3(a), Plaintiff gave timely written notice to Defendant the LWDA by sending the PAGA Notice.

2.3 On February 20, 2026, the Parties participated in an all-day mediation presided over by Michael Singer.

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2.4 Prior to mediation, Plaintiff obtained, through informal discovery, a representative sampling of time and payroll data for Aggrieved Employees and the necessary policy documents.

2.5 The Parties, PAGA Counsel, and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the settlement.

3. MONETARY TERMS.

3.1 Gross Settlement Amount. Except as otherwise provided by Paragraph 9 below, Defendant promises to pay $185,000.00 and no more as the Gross Settlement Amount. Defendant has no obligation to pay the Gross Settlement Amount prior to the deadline stated in Paragraph 4.2.

3.2 Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Approval:

3.2.1 To Plaintiff: A payment for the Enhancement Award to Plaintiff of not more than $10,000.00 in addition to any Individual PAGA Payment the Plaintiff is entitled to receive as an Aggrieved Employee. Defendant will not oppose Plaintiff's request for an Enhancement Award that does not exceed this amount. As part of the motion for the PAGA Counsel Fees and Litigation Expenses Payments, Plaintiff will seek Court approval for any Enhancement Award no later than sixteen (16) court days prior to the Approval Hearing, or as otherwise ordered by the Court. If the Court approves an Enhancement Award less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount to be distributed to the Aggrieved Employees. The Administrator will pay the Enhancement Award using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Enhancement Award.

3.2.2 To PAGA Counsel: A PAGA Counsel Fees Payment of not more than one-third of the Gross Settlement Amount, which is currently estimated to be $61,660.50 and a PAGA Counsel Litigation Expenses Payment for actual costs, not to exceed $ $10,500.00 (ten thousand five hundred dollars). Defendant will not oppose requests for these payments. Plaintiff and/or PAGA Counsel will file a motion for PAGA Counsel Fees Payment no later than sixteen (16)

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court days prior to the Approval Hearing, or as otherwise ordered by the Court. If the Court approves a PAGA Counsel Fees Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount for distribution to Aggrieved Employees. Released Parties shall have no liability to PAGA Counsel or any other Plaintiff's counsel arising from any claim to any portion of PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment. The Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment and holds Defendant harmless, and indemnifies Defendant, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3 To the Administrator: An Administrator Costs Payment not to exceed $4,950.00 except for a showing of good cause and as approved by the Court. To the extent the Administration Costs are less or the Court approves payment of less than $4,950.00, the Administrator will retain the remainder in the Net Settlement Amount to be distributed to Participating Aggrieved Employees.

3.2.4 To the LWDA and Aggrieved Employees: After deducting Plaintiff's Enhancement Awards, PAGA Counsel's Fees Payment, and Administration Expenses Payment, the amount remaining from the GSA shall be allocated to the resolution of claims for civil penalties arising under PAGA ("PAGA Penalties"). Pursuant to PAGA, 65% of the PAGA Penalties payment shall be paid to the LWDA, and 35% of the PAGA Penalties payment shall be paid pro-rata by pay periods to all Aggrieved Employees who worked during the PAGA Period as an Individual PAGA Payment. All Individual PAGA Payments will be allocated 100% to the settlement of claims for statutory penalties and shall be reported on an IRS Form 1099 by the Settlement Administrator.

3.2.4.1 The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 35% share of PAGA Penalties by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period, and (b) multiplying the result by each individual Aggrieved Employee's PAGA Pay

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Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.4.2 If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount to be distributed to Participating Aggrieved Employees. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1 Aggrieved Employee Pay Periods. Based on a review of its records, Defendant represents there are 328 Aggrieved Employees who worked a total of 8,953 PAGA Pay Periods during the PAGA Period.

4.2 Aggrieved Employee Data. Not later than ten (10) days after the Court grants Approval of the Settlement, Defendant will deliver the Aggrieved Employee Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Aggrieved Employees' privacy rights, the Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Aggrieved Employee Data to Administrator employees who need access to the Aggrieved Employee Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify PAGA Counsel if it discovers that the Aggrieved Employee Data omitted Aggrieved Employee identifying information and to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Aggrieved Employee Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Aggrieved Employee Data.

4.3 Funding of Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount and the amounts necessary to fully pay Defendant's share of payroll taxes by transmitting the funds to the Administrator no later than seven (7) days after the Effective Date.

4.4 Payments from the Gross Settlement Amount. Within ten (10) days after Defendant fully funds the Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA

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Payments, the LWDA PAGA Payment, the Administration Costs Payment, the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment, and the Enhancement Award. Disbursement of the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment, and the Enhancement Award shall not precede disbursement of Individual PAGA Payments.

4.4.1 The Administrator will issue checks for the Individual PAGA Payments and send them to the Aggrieved Employees via First Class U.S. Mail. The face of each check shall prominently state the date (180 days after the date of mailing) when the check will be voided ("Void Date"). The Administrator will cancel all checks not cashed by the Void Date. The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees who qualify as Aggrieved Employees. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.4.2 The Administrator must conduct an Aggrieved Employee Address Search for all other Aggrieved Employees whose checks are returned undelivered without USPS forwarding address. Within seven (7) days of receiving a returned check, the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. The Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, requested by the Aggrieved Employee prior to the Void Date.

4.4.3 For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and canceled after the Void Date, the Administrator shall transmit the funds represented by such checks to California Controller's Unclaimed Property Fund in the name of the employee.

4.4.4 The payment of Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to Aggrieved Employees (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

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5. RELEASES OF CLAIMS. Effective on the date when Defendant fully funds the Gross Settlement Amount, Plaintiff, Aggrieved Employees, and PAGA Counsel will release claims against all Released Parties as follows:

5.1 Plaintiff's Release. Plaintiff discharges Released Parties from all known and unknown claims Plaintiff may have or claim to have against Defendant as well as Defendant's members, owners, employees, officers, agents, affiliates, and insurers. In connection with said release, Plaintiff shall waive all rights under California Civil Code section 1542 and any other provision of law that may restrict the release of unknown claims. The claims released by Plaintiff pursuant to the individual settlement agreement will specifically exclude Plaintiff's PAGA claims, which will be released pursuant to the PAGA Settlement Agreement. Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the PAGA Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

5.1.1 Plaintiff's Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, 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.

5.2 Released PAGA Claims: All Aggrieved Employees will release all claims for PAGA civil penalties that are alleged or reasonably could have been alleged based on the facts alleged in the operative Complaint and in Plaintiff's May 7, 2025, PAGA Notice. The Released PAGA Claims are those that accrued during the PAGA Period.

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6. SETTLEMENT ADMINISTRATION.

6.1 Selection of Administrator. The Parties have jointly selected Phoenix Settlement Administrators, Inc. to serve as the Administrator and verified that, as a condition of appointment, the Administrator agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Costs. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

6.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.

6.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1 for the funding of the GSA. Any interest that accrues on the GSA sums paid into the QSF prior to distribution by the Administrator will become part of the NSA for distribution to Participating Aggrieved Employees.

6.4 Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

6.4.1 Final Report by Settlement Administrator. Within ten (10) days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide PAGA Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least fifteen (15) days before any deadline set by the Court, the Administrator will prepare, and submit to PAGA Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. PAGA Counsel is responsible for filing the Administrator's declaration in Court.

7. ESCALATOR CLAUSE. Based on its records, Defendant represents there are 328 Aggrieved Employees who worked a total of 8,953 PAGA Pay Periods during the PAGA Period.

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If, on final calculation, the total number of Pay Periods worked by Aggrieved Employees during the PAGA period exceeds 8,953 Pay Periods by more than 10% (i.e. more than 895 pay periods), then the GSA will be increased proportionally by the number of pay periods worked in excess of 10% greater than 8,953 (i.e. 9,848). For example, if the final number of total pay periods worked by Aggrieved Employees during the PAGA Period exceeds 8,953 by 11%, the GSA will increase by 1%. If this provision is triggered, the Parties agree that the portion of the GSA allocated to attorneys' fees will increase proportionally such that the total amount of attorneys' fees remains one-third of the GSA after the upward adjustment required by this provision is implemented. If the PAGA Pay Periods exceed 10%, Defendant at its sole discretion may adjust the PAGA Period to a date where the total of Pay Periods does not exceed 9,848.

8. MOTION FOR APPROVAL. Not later than sixteen (16) court days before the calendared Approval Hearing, unless otherwise scheduled by the Court, Plaintiff will file in Court, a Motion for Approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (l); a Proposed Approval Order; and a proposed Judgment (collectively "Motion for Approval"). Plaintiff shall provide drafts of these documents to Defense Counsel prior to filing the Motion for Approval. PAGA Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Approval.

8.1 Duty to Cooperate. If the Court does not grant Approval or conditions Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Aggrieved Employees), the Parties will expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Approval. The Court's decision to award less than the amounts requested for the Enhancement Award, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and/or Administrator Costs Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

8.2 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, the Actions, and the Settlement solely for purposes

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of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

8.3 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment as set forth in this Settlement, the Parties, their respective counsel, and all Aggrieved Employees waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

8.4 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Aggrieved Employees), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Approval and Entry of Judgment, sharing, on a 50-50 basis, any additional Administration Costs reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Enhancement Award or any payments to PAGA Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

9. AMENDED JUDGMENT. If any amended judgment is required under Code of Civil Procedure §384, the Parties will work together in good faith to jointly submit a proposed amended judgment.

10. ADDITIONAL PROVISIONS.

10.1 No Admission of Liability or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this

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Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint has merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendant's defenses in the Actions have merit. If, for any reason, the Court does not grant Approval, or enter Judgment, Defendant reserves all available defenses to the claims in the Actions, and Plaintiff reserves the right to contest Defendant's defenses. The Settlement, this Agreement and Parties' willingness to settle the Actions will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

10.2 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.

10.3 Attorney Authorization. PAGA Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendant, respectively, 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 reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

10.4 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

10.5 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or

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encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.

10.6 No Tax Advice. Neither Plaintiff, PAGA Counsel, Defendant nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

10.7 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.

10.8 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

10.9 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.

10.10 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

10.11 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

10.12 Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.

10.13 Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

10.14 Notice. All notices, demands, or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the

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third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff:

Thiago M. Coelho (SBN 324715)
thiago.coelho@wilshirelawfirm.com
Lauren M. Lendzion (SBN 239184)
lauren.lendzion@wilshirelawfirm.com
Jennifer M. Leinbach (SBN 281404)
jennifer.leinbach@wilshirelawfirm.com
Alan Wilcox (SBN 287476)
alan.wilcox@wilshirelawfirm.com
WILSHIRE LAW FIRM, PLC
660 S. Figueroa St., Sky Lobby
Los Angeles, California 90017
Telephone: (213) 381-9988
Facsimile: (213) 381-9989

To Defendant:

Corina Johnson, Esq.
FISHER & PHILLIPS, LLP
621 Capitol Mall, Suite 2400
Sacramento, CA 95814
cjohnson@fisherphillips.com;

Grace Horoupian, Esq.
FISHER & PHILLIPS, LLP
2050 Main St, Suite 1000
Irvine, CA 92614
ghoroupian@fisherphillips.com

10.15 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or by email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

10.16 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

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10.17 Binding Agreement. The Parties intend that this Agreement shall be fully enforceable and binding upon all Parties within the provisions of Cal. Civil Proc. § 664.6, and that it shall be admissible and subject to disclosure in any proceeding to enforce its terms pursuant to Cal. Evid. Code §§ 1122(a)(1) and 1123(b), notwithstanding the confidentiality provisions that otherwise might apply under federal or state law. The Parties further agree and intend that the Shasta County Superior Court may enforce this Agreement pursuant to Code of Civil Procedure § 664.6.

IT IS SO AGREED.

By the Parties:

DATED: 6/1/2026

DocuSigned by:
3E5CFDA722704AA...

Plaintiff ASHLEY DEHAAN

DATED: Jun 2, 2026

Greg Hollingsworth
Greg Hollingsworth (Jun 2, 2026 12:01:55 PDT)

Defendant MAGNOLIA HOLDINGS, LLC

By: Greg Hollingsworth

Position: Administrator

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Approved by counsel:

DATED: June 1, 2026

WILSHIRE LAW FIRM

BY: _____
Thiago M. Coelho
Lauren M. Lendzion
Jennifer M. Leinbach
Alan Wilcox
Attorneys for Plaintiff ASHLEY DEHAAN

DATED: June 2, 2026

FISHER & PHILLIPS, LLP

BY: _____
Corina Johnson, Esq.
Grace Horoupian, Esq.
Attorneys for Defendant MAGNOLIA HOLDINGS, LLC

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Thiago M. Coelho (SBN 324715)
thiago.coelho@wilshirelawfirm.com
Lauren M. Lendzion (SBN 239184)
lauren.lendzion@wilshirelawfirm.com
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WILSHIRE LAW FIRM, PLC
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Los Angeles, California 90017
Telephone: (213) 381-9988
Facsimile: (213) 381-9989

Attorneys for Plaintiff and the Putative Class

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SHASTA

ASHLEY DEHAAN individually, and on behalf of all others similarly situated, and on behalf of the State of California and other aggrieved persons,

Plaintiff,

v.

MAGNOLIA HOLDINGS, LLC dba OAK RIVER REHAB, a California Limited Liability Company; and DOES 1 through 10, inclusive,

Defendants.

Case No.: 25CV-0207717

PAGA REPRESENTATIVE ACTION

FIRST AMENDMENT TO PAGA SETTLEMENT AGREEMENT

Judge: Hon. Ryan H. Birss
Dept.: 64

Complaint Filed:	May 20, 2025
FAC Filed:	July 16, 2025
Trial Date:	January 26, 2027

WILSHIRE LAW FIRM, PLC
660 S. Figueroa St., Sky Lobby
Los Angeles, CA 90017

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This First Amendment to PAGA Settlement Agreement ("Amendment") is made and entered into by and between Plaintiff ASHLEY DEHAAN ("Plaintiff") and Defendant MAGNOLIA HOLDINGS, LLC dba OAK RIVER REHAB ("Defendant"). Plaintiff and Defendant are referred to collectively as the "Parties" and individually as a "Party." This Amendment is made with reference to the following facts.

RECITALS

A. The Parties previously entered into a PAGA Settlement Agreement (the "Agreement") to resolve the action captioned *Dehaan v. Magnolia Holdings, LLC dba Oak River Rehab*, pending in the Superior Court of the State of California, County of Shasta, Case No. 25CV-0207717 (the "Action").

B. In the course of preparing the motion for approval of the Settlement and the supporting papers, the Parties identified two provisions of the Agreement that require correction: (i) the maximum amount of the PAGA Counsel Litigation Expenses Payment set forth in Section 3.2.2, which no longer reflects the actual litigation costs that PAGA Counsel has incurred in prosecuting the Action; and (ii) a sentence in Section 5.1 (Plaintiff's Release) that references an "individual settlement agreement," which does not exist and was included in error.

C. The Parties now desire to amend the Agreement solely as set forth below to correct these two provisions, and otherwise to leave the Agreement unchanged.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in the Agreement and in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Defined Terms.

Except as otherwise expressly provided in this Amendment, all capitalized terms used herein shall have the meanings ascribed to them in the Agreement. Section references are to the sections of the Agreement unless otherwise stated.

2. Amendment to PAGA Counsel Litigation Expenses Payment (Section 3.2.2).

The Parties acknowledge that the actual litigation costs incurred by PAGA Counsel in prosecuting the Action have increased since the Agreement was executed. Accordingly, Section

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3.2.2 of the Agreement is amended so that the cap on the PAGA Counsel Litigation Expenses Payment is increased from **$10,500.00 (ten thousand five hundred dollars)** to **$25,000.00 (twenty-five thousand dollars)**. Specifically, within Section 3.2.2, the phrase "a PAGA Counsel Litigation Expenses Payment for actual costs, not to exceed $10,500.00 (ten thousand five hundred dollars)" is deleted and replaced with "a PAGA Counsel Litigation Expenses Payment for actual costs, not to exceed $25,0000 (twenty-five thousand dollars)."

All other terms of Section 3.2.2 remain unchanged, including that the PAGA Counsel Litigation Expenses Payment is for actual costs, that Defendant will not oppose the request for that payment, and that if the Court approves a payment less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount for distribution to Aggrieved Employees. The Gross Settlement Amount of $185,000.00 is not changed by this Amendment.

3. Correction of Erroneous Reference in Plaintiff's Release (Section 5.1).

Section 5.1 of the Agreement (Plaintiff's Release) currently contains the following sentence:

"The claims released by Plaintiff pursuant to the individual settlement agreement will specifically exclude Plaintiff's PAGA claims, which will be released pursuant to the PAGA Settlement Agreement."

The Parties agree that this sentence was included in error. There is no separate "individual settlement agreement" between the Parties, and the Settlement is effected solely through the Agreement. Accordingly, the sentence quoted above is deleted from Section 5.1 in its entirety. This deletion is a correction of a scrivener's error only and is not intended to expand, narrow, or otherwise modify the scope of Plaintiff's Release or the Released PAGA Claims, all of which remain as otherwise set forth in the Agreement.

4. No Other Modifications; Ratification.

Except as expressly amended by this Amendment, all terms and conditions of the Agreement remain in full force and effect and are hereby ratified and confirmed. In the event of any conflict or inconsistency between the terms of this Amendment and the terms of the

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Agreement, the terms of this Amendment shall control. The initial PAGA Settlement Agreement, fully executed on June 2, 2026, is attached hereto as Exhibit A.

5. Counterparts and Electronic Signatures.

This Amendment may be executed in one or more counterparts, including by facsimile, electronically (i.e., DocuSign), or by email, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, consistent with Section 10.15 of the Agreement.

6. Governing Law.

This Amendment shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles, consistent with Section 10.9 of the Agreement.

IT IS SO AGREED.

By the Parties:

DATED: 8/19/2026

DocuSigned by:
3E5CFDA722704AA...

Plaintiff ASHLEY DEHAAN

DATED: _____

_____

Defendant MAGNOLIA HOLDINGS, LLC

By: _____

Position: _____

WILSHIRE LAW FIRM, PLC
660 S. Figueroa St., Sky Lobby
Los Angeles, CA 90017

Agreement, the terms of this Amendment shall control. The initial PAGA Settlement Agreement, fully executed on June 2, 2026, is attached hereto as Exhibit A.

5. Counterparts and Electronic Signatures.

This Amendment may be executed in one or more counterparts, including by facsimile, electronically (i.e., DocuSign), or by email, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, consistent with Section 10.15 of the Agreement.

6. Governing Law.

This Amendment shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles, consistent with Section 10.9 of the Agreement.

IT IS SO AGREED.

By the Parties:

DATED: _____

_____

Plaintiff ASHLEY DEHAAN

DATED: _____

_____

Defendant MAGNOLIA HOLDINGS, LLC

By: Blake Draper Electronically signed by: Blake Draper
Reason: I am the authorized signer of this document
Date: Aug 19, 2026 15:32:04 PDT

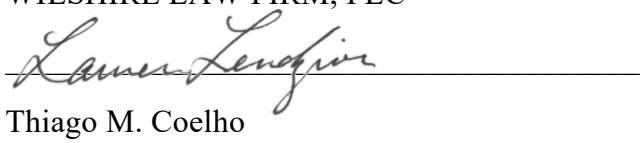
Position: Administrator

Docusign Envelope ID: D72B9418-13ED-8803-8276-74A7538E41BD

Approved by counsel:

DATED: 08/19/2026

WILSHIRE LAW FIRM, PLC



Thiago M. Coelho

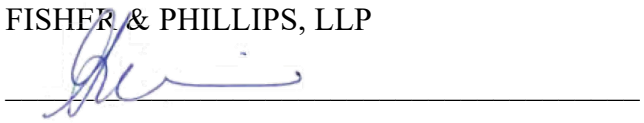
Lauren M. Lendzion

Jennifer M. Leinbach

Attorneys for Plaintiff ASHLEY DEHAAN

DATED: 09/17/2026

FISHER & PHILLIPS, LLP



Corina Johnson, Esq.

Grace Horoupian, Esq.

Attorneys for Defendant MAGNOLIA HOLDINGS, LLC dba OAK RIVER REHAB

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660 S. Figueroa St., Sky Lobby
Los Angeles, CA 90017

EXHIBIT 3



ELM Solutions

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NOTE:
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Solution:
- Open the PDF in Acrobat and go to Edit > Preferences > Page Display.
- Uncheck Enhance thin lines (if it’s checked).
- Restart Acrobat and reopen the PDF.

A Letter to Our Readers

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

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

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

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

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

Sincerely,



Brian Jorgenson
Vice President, Product Management
Wolters Kluwer ELM Solutions

Real Rate Report Overview

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

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

What's different with DynamicInsights?

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

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

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

2025 Real Rate Report use considerations

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

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

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

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

Examples of data to consider when reviewing rates:

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

Real Rate Report Overview

Understanding key statistical terms

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

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

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

See clearly. Spend wisely.

Step into the future of legal spend management with responsibly developed AI-powered solutions.





Our innovative Total Spend Management approach leverages AI-powered capabilities to empower intelligent workflows and improved outcomes.

- Up to 10% savings on legal spend
- Up to 20% improvement in billing guideline compliance
- Increased efficiencies free up time for more value-add work

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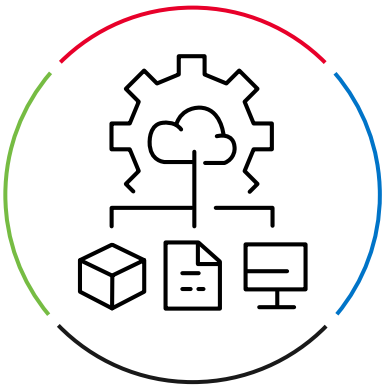
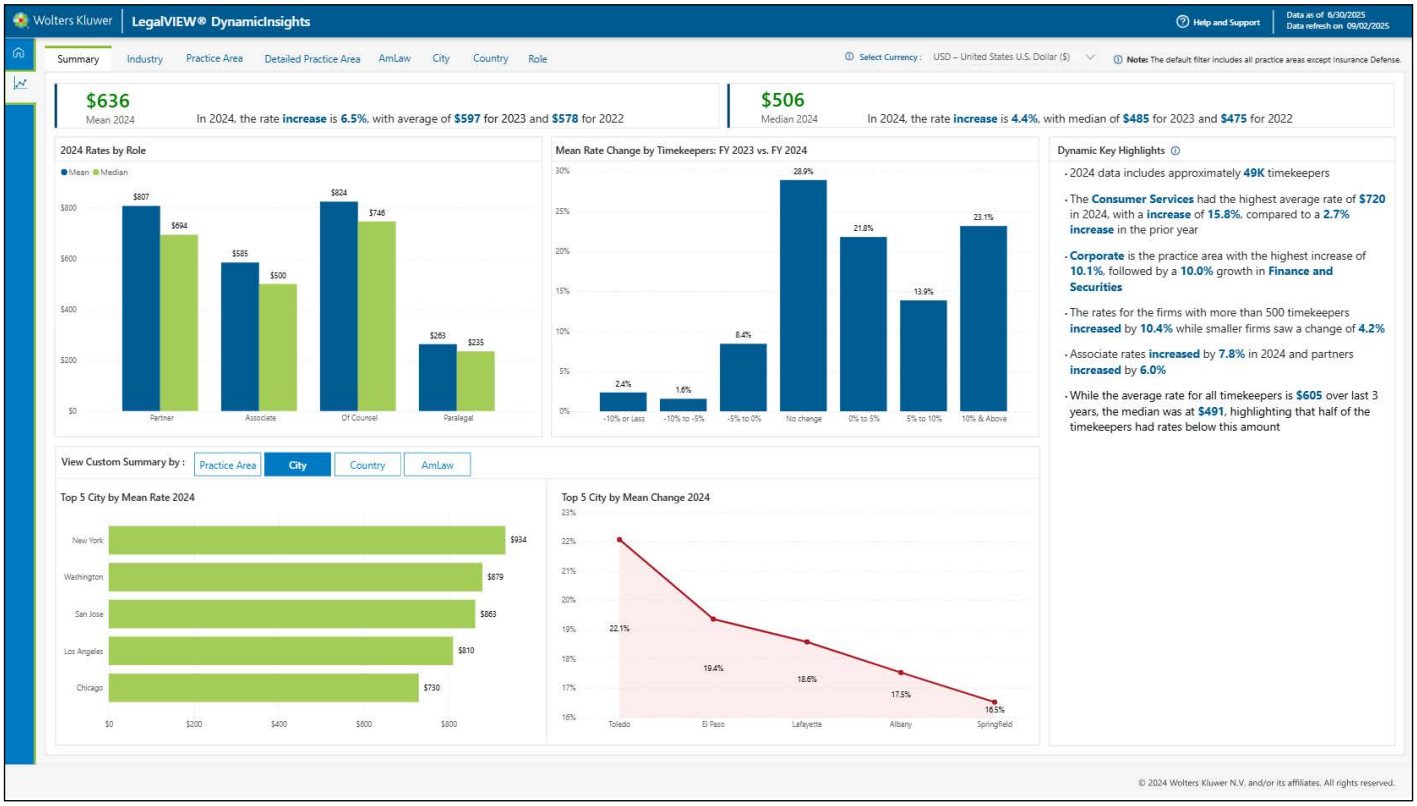
LegalVIEW® DynamicInsights

Legal rates keep climbing and 2026 will be no exception. Stay ahead with award-winning insights designed to give your team the edge in every negotiation.

Data that wins awards...and rate negotiations

- **Unmatched Data Power:** Leverages over **$200B in invoice-backed legal spend data** to deliver deep, actionable insights.
- **Strategic Legal Spend Management:** Empowers legal teams to negotiate smarter, plan more effectively, and control costs with greater precision.
- **Enhanced Transparency & Collaboration:** Strengthens law firm-client relationships through data-driven transparency and benchmarking.
- **Insight-Driven Decision Making:** Enables analysis across key dimensions to support strategic negotiations and financial optimization.





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Section I: High-Level Data Cuts

All data and analysis based on data collected thru Q2 2025

Section I: High-Level Data Cuts

Cities
By Matter Type

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

City	Matter Type	Role	n	First Quartile	Median	Third Quartile	2025	2024	2023
San Francisco CA	**Litigation**	Partner	106	$400	$718	$1,378	$908	$819	$803
		Associate	80	$385	$666	$875	$683	$652	$614
	Non-Litigation	Partner	132	$445	$689	$1,249	$856	$868	$788
		Associate	97	$335	$550	$922	$640	$664	$593
San Jose CA	**Litigation**	Partner	23	$650	$800	$1,250	$998	$1,024	$1,011
		Associate	20	$625	$815	$1,030	$852	$802	$721
	Non-Litigation	Partner	33	$745	$950	$1,266	$1,033	$1,104	$1,108
		Associate	27	$527	$610	$966	$718	$709	$701
Seattle WA	**Litigation**	Partner	57	$520	$902	$925	$790	$719	$628
		Associate	29	$425	$653	$700	$586	$518	$475
	Non-Litigation	Partner	119	$402	$615	$925	$694	$635	$652
		Associate	79	$307	$445	$676	$496	$484	$467

Section II: Industry Analysis

All data and analysis based on data collected thru Q2 2025

Section II: Industry Analysis

Consumer Services

By Detailed Practice Area and Matter Type

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

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

EXHIBIT 4

Wilshire Law Firm, PLC

Transaction Detail by Account

All Transactions

Accrual Basis

Type	Date	Num	Memo	Description	Amount	Balance
Mediation Fees						
	12/16/2025	MS1025	The Mediation Collaborative LLC	50% Mediation Fee	$7,500.00	$7,500.00
Total MEDIATION FEES					$7,500.00	$7,500.00
Consultant Fees						
	3/5/2026	17652	Berger Consulting Group LLC	10.20 hours	$6,885.00	$6,885.00
Total CONSULTANT FEES					$6,885.00	$6,885.00
Filing Fees						
	05/20/2025	25349199	One Legal LLC	Complaint	$1,818.23	$1,818.23
	05/30/2025	25450129	One Legal LLC	CCCS, Summons	$51.63	$1,869.86
	06/24/2025	25660549	One Legal LLC	POS	$180.69	$2,050.55
	05/08/2025		Department of Industrial Relations	PAGA Notice	$75.00	$2,125.55
	02/12/2026	CC022826TA-1196	One Legal LLC	Notice	$186.30	$2,311.85
	07/17/2025	CC073125TA-2737	One Legal LLC	Change of Address	$180.69	$2,492.54
	08/07/2026		One Legal LLC	Dismissal of Class Claims	$200.00	$2,692.54
	FUTURE		One Legal LLC	PAGA Motion, Admin Declaration	$300.00	$2,992.54
Total FILING FEES					$2,992.54	$2,992.54
TOTAL					**$17,377.54**	**$17,377.54**

EXHIBIT 5

Outlook

Thank you for your Court Complaint Submission.

From DIR PAGA Unit <no-reply@formassembly.com>
Date Fri 7/18/2025 5:12 PM
To Jesenia Martinez's Team <jeseniamartinezsteam@wilshirelawfirm.com>

07/18/2025 05:11:53 PM

Thank you for your submission to the Labor and Workforce Development Agency.

Item submitted: Court Complaint
If you have questions or concerns regarding this submission or your case, please send an email to pagainfo@dir.ca.gov.

DIR PAGA Unit on behalf of
Labor and Workforce Development Agency

Website: https://nam12.safelinks.protection.outlook.com/?url=http%3A%2F%2Flabor.ca.gov%2FPrivate_Attorneys_General_Act.htm&data=05%7C02%7Cbrigitte.molina%40wilshirelawfirm.com%7C4bff4e48481e425a1ce208ddc658e45c%7C9ada260a4f194da187b814d372333753%7C1%7C0%7C638884807300798119%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=y4vxLhv8OEnkinR%2F7OIOldjkdtzIkFq7JHKOeUtaiUs%3D&reserved=0

EXHIBIT 6

Outlook

Thank you for your Proposed Settlement Submission

From no-reply@formassembly.com <no-reply@formassembly.com>
Date Wed 10/21/2026 3:45 PM
To Giancarlo Recinos' Team <Giancarlorecinosteam@wilshirelawfirm.com>

10/21/2026 03:45:09 PM

Thank you for your submission to the Labor and Workforce Development Agency.

Item submitted: Proposed Settlement

On 10/21/2026 03:45:09 PM your Proposed Settlement was successfully processed for case number LWDA-CM-1097046-25

If you have questions or concerns regarding this submission or your case, please send an email to pagainfo@dir.ca.gov.

DIR PAGA Unit on behalf of
Labor and Workforce Development Agency

Website: https://nam12.safelinks.protection.outlook.com/?url=http%3A%2F%2Flabor.ca.gov%2FPrivate_Attorneys_General_Act.htm&data=05%7C02%7Cdariane.rose%40wilshirelawfirm.com%7Ce89b07495be846416dd508df2fc4fe50%7C9ada260a4f194da187b814d372333753%7C1%7C0%7C639282195304406372%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=Awe4taMmIskuCZLCvIOV7nN0V%2F7%2F3IPbF4Rz1EwDvjU%3D&reserved=0