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**SUPERIOR COURT OF THE STATE OF CALIFORNIA**

**FOR THE COUNTY OF ORANGE**

DESIREE SANCHEZ, individually, and on  
behalf of other members of the general public  
similarly situated;

Plaintiff,

v.

HORIZON HEALTH & SUB-ACUTE, LLC, a  
California limited liability company; and  
DOES 1 through 100, inclusive;

Defendants.

Case No.: 30-2021-01226692-CU-OE-  
CXC

**CLASS ACTION**

Assigned for All Purposes to:  
Honorable Peter Wilson  
Department CX-101

**JOINT STIPULATION AND  
SETTLEMENT AGREEMENT**

FAC Filed: February 21, 2023  
Complaint Filed: October 18, 2021  
Trial Date: None Set

1 This Joint Stipulation and Settlement Agreement (“Stipulation”) is made and entered  
2 into by and between Plaintiff Desiree Sanchez (“Plaintiff”), on behalf of herself and all others  
3 similarly situated, and Defendant Horizon Health & Sub-Acute, LLC (“Defendant”)  
4 (collectively, the “Parties”).

5 This Stipulation shall be binding on Defendant, Plaintiff, Class Members and the State  
6 of California as to the employment of Eligible Aggrieved Employees, subject to the terms and  
7 conditions hereof and the approval of the Court.<sup>1</sup>

8 **RECITALS**

9 A. Plaintiff is an individual residing in the County of Fresno, State of California.

10 B. Defendant is a limited liability company organized and existing under the laws of  
11 the State of California. Defendant is in the business of operating a skilled nursing facility located  
12 in Fresno, California (“Nursing Facility”).

13 C. On October 18, 2021, Plaintiff filed in the Court that Class Action Complaint for  
14 Damages (“Initial Complaint”), asserting against Defendant various claims and causes of action  
15 under the California Labor Code, the California Business and Professions Code, and applicable  
16 California Industrial Welfare Commission (“IWC”) Wage Orders, commencing the Action. By  
17 the Initial Complaint, Plaintiff requests that the Action be certified as a class action.

18 D. On December 21, 2021, Defendant filed an Answer to the Initial Complaint,  
19 denying the material allegations thereof and asserting a number of affirmative defenses thereto.

20 E. Defendant asserts that it is experiencing financial difficulties and that the  
21 operations of the Nursing Facility currently are unprofitable. Upon obtaining certain  
22 governmental approvals, Defendant will enter into that Management and Operations Transfer  
23 Agreement (“MOTA”) and related agreements pursuant to which Defendant will transition  
24 operational and financial responsibility for the Nursery Facility to a new operator of the Nursing  
25 Facility upon the Closing of such transaction (“MOTA Transaction”), in accordance with the  
26 terms and conditions of the MOTA and such other agreements, and Defendant’s lease of the  
27 Nursery Facility will be terminated. Upon the Closing of the MOTA Transaction, Defendant will

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28 <sup>1</sup> Unless otherwise defined in this Stipulation, the definitions of the capitalized terms contained in this Stipulation  
are as set forth in Paragraph 1 hereof.

1 cease operating the Nursing Facility and Defendant will commence liquidation of Defendant's  
2 assets, consisting primarily of accounts receivable, in order to obtain funds for payment of its  
3 debts, including the Class Claims and PAGA Claims.

4 F. The Parties have engaged in discussions to settle the claims asserted by Plaintiff  
5 pursuant to the Initial Complaint. On February 1, 2023, the Parties entered into that  
6 Memorandum of Understanding ("MOU") setting forth the material terms of a settlement of  
7 such claims.

8 G. In accordance with the provisions of the MOU, on February 21, 2023, Plaintiff  
9 filed in the Court that First Amended Class Action Complaint for Damages ("Amended  
10 Complaint"), amending the Initial Complaint to assert individual/representative claims pursuant  
11 to PAGA for the same wage and hour theories asserted in the Initial Complaint.

12 H. By this Stipulation, the Parties desire and intend to commemorate and confirm the  
13 terms and conditions of their settlement of the claims asserted by Plaintiff by the Amended  
14 Complaint.

15 **NOW, THEREFORE**, based upon the foregoing Recitals, and the mutual promises,  
16 covenants and agreements contained in this Stipulation, and for other good and valuable  
17 consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the  
18 Parties, by and through their respective counsel of record in the Action, agree and stipulate as  
19 follows.

## 20 **AGREEMENT**

### 21 **1. Definitions.**

22 The following definitions are applicable to this Stipulation.

23 a. "Action" means *Desiree Sanchez v. Horizon Health & Sub-Acute, LLC*, Orange  
24 County Superior Court Case Number 30-2021-01226692-CU-OE-CXC.

25 b. "Amended Complaint" means the "Amended Complaint," as defined in  
26 Paragraph G hereof, and any further amendments, modifications or supplements thereto which  
27 may be made by Plaintiff with the consent of Defendant which consent will not be unreasonably  
28 withheld by Defendant.

1 c. "Attorneys' Fees and Costs" means attorneys' fees and costs approved by the  
2 Court for Class Counsel's litigation and resolution of the Action.

3 d. "Cash Recoveries" means all of Defendant's cash, cash collections of  
4 Defendant's accounts receivable, cash rebates, cash refunds and cash deposits and any and all  
5 other cash equivalents obtained by Defendant from and after the Closing, less (i) the out-of-  
6 pocket costs and expenses incurred by Defendant collecting the Cash Recoveries, including,  
7 without limitation, payments paid by Defendant to Defendant's employees, Defendant's  
8 management and/or to a management service providing such collection services, in an aggregate  
9 amount not to exceed \$100,000; (ii) the out-of-pocket costs and expenses incurred by Defendant  
10 in connection with the wind-up of Defendant's financial affairs, including, without limitation,  
11 accounting and legal fees in an aggregate amount not to exceed \$50,000; any (iii) any out-of-  
12 pocket costs and expenses that may be incurred by Defendant addressing claims of any creditor  
13 of Defendant, including, without limitation, Secured Claims, and any legal fees and costs  
14 associated therewith.

15 e. "Class" means the class of Class Members to be certified hereunder for the  
16 purpose of effectuating the Settlement.

17 f. "Class Claims" means all claims stated, or which could have been stated, in the  
18 Amended Complaint based upon the facts alleged in the Amended Complaint, construed as  
19 broadly as reasonably possible. "Class Claims" includes, but is not limited to, all of the  
20 following claims for relief: (i) a failure to properly calculate and pay all regular wages, minimum  
21 wages, overtime wages, and sick leave due (Labor Code sections 246, 510, 1194, 1194.2, 1197,  
22 and 1198); (ii) a failure to provide proper meal and rest breaks and to properly provide premium  
23 pay in lieu thereof (Labor Code sections 226.7 and 512); (iii) a failure to provide complete,  
24 accurate, or properly formatted wage statements and payroll records (Labor Code sections 226,  
25 1174, and 1776); (iv) a failure to reimburse necessary business expenditures (Labor Code  
26 sections 2800 and 2802); (v) a failure to timely pay wages during employment and after  
27 employment (Labor Code sections 201, 202 and 204); (vi) engaging in unfair, unlawful, and/or  
28 fraudulent business practices that could have been premised on the claims, causes of action, or

1 legal theories of relief described above or any of the claims, causes of action, or legal theories  
2 of relief pleaded in the Amended Complaint (Business and Professions Code section 17200, *et*  
3 *seq.*); and (vii) all damages, penalties, interest, attorneys' fees and costs, and other amounts  
4 recoverable under such claims, causes of action or legal theories of relief. The period of the  
5 Class Claims shall extend to the limits of the Class Period.

6 g. "Class Counsel" means Justice Law Corporation.

7 h. "Class List" means a complete list of all Class Members which Defendant will  
8 diligently and in good faith compile from its records and provide to the Settlement Administrator  
9 within fifteen (15) calendar days after the entry of the Preliminary Approval Order. The Class  
10 List will be formatted in Microsoft Office Excel and will include each Class Member's: (i) full  
11 name; (ii) last-known mailing address; (iii) social security number; and (iv) dates of employment  
12 and Workweeks worked as an hourly-paid or non-exempt employee in California during the  
13 Class Period.

14 i. "Class Members" means all current and former hourly-paid or non-exempt  
15 employees employed by Defendant in California at any time between (i) April 22, 2017, and (ii)  
16 the earlier of the Closing and March 31, 2023. "Class Members" shall not include any person  
17 who submits a timely and valid Request for Exclusion.

18 j. "Class Period" means the period from April 22, 2017 to the earlier of the Closing  
19 and March 31, 2023.

20 k. "Class Representative Enhancement Payment" means the amount approved by  
21 the Court to be paid to Plaintiff in recognition of her contributions to the Action on behalf of  
22 Class Members and Eligible Aggrieved Employees, to be paid from the Gross Settlement  
23 Amount.

24 l. "Closing" means the "Closing" of the Management Assignment Transaction, as  
25 such term is defined in the Management Transfer Agreement and the other agreements  
26 pertaining to the Management Assignment Transaction.

27 m. "Court" means the Superior Court of the State of California, County of Orange,  
28 before which the Action is pending.

1 n. "Defendant" means Horizon Health & Sub-Acute LLC, as set forth in the  
2 preamble to this Stipulation.

3 o. "Effective Date" means the latest of: (i) thirty (30) calendar days after entry of  
4 the Final Approval Order if no objection to the Settlement is made; (ii) thirty (30) calendar days  
5 after the running of the appeal period with respect to the Final Approval Order if an objection  
6 to the Settlement is made but no appeal of the Final Approval Order is filed; or (iii) if an appeal  
7 of the Final Approval Order is filed, thirty (30) calendar days after the Final Approval Order  
8 shall have been affirmed by the highest court to which the Final Approval Order was appealed  
9 and the time to take any further appeal shall have expired, such that the Final Approval Order is  
10 no longer subject to appeal.

11 p. "Eligible Aggrieved Employees" means all current and former hourly-paid or  
12 non-exempt employees employed by Defendant in California at any time between (i) August  
13 15, 2021, and (ii) the earlier of the Closing and March 31, 2023.

14 q. "Employer Taxes" has the meaning set forth in Paragraph 3 hereof.

15 r. "Escalator Payment" has the meaning set forth in Paragraph 5 hereof.

16 s. "Escrow" means has the meaning set forth in Paragraph 3(b) hereof.

17 t. "Execution Date" means the first date upon which this Stipulation is executed by  
18 both Parties.

19 u. "Final Approval Hearing" means the hearing at which Plaintiff will request that  
20 the Court grant a motion to be filed by Plaintiff requesting entry of the Final Approval Order  
21 approving this Stipulation.

22 v. "Final Approval Order" means the Court order granting final approval of this  
23 Stipulation.

24 w. "Gross Settlement Amount" has the meaning set forth in Paragraph 3 hereof.

25 x. "Individual PAGA Payment" means each Eligible Aggrieved Employee's share  
26 of twenty-five percent (25%) of the PAGA Payment. Eligible Aggrieved Employees will  
27 automatically receive their Individual PAGA Payments even if they opt out of the Settlement.  
28

1           y.     “Individual Settlement Payment” means each Class Member’s share of the Net  
2 Settlement Amount. Class Members will automatically receive their Individual Settlement  
3 Payments unless they timely opt out of the Settlement. Class Members are not required to submit  
4 claim forms to receive their share of the Individual Settlement Payments.

5           z.     “Initial Complaint” has the meaning set forth in Paragraph C hereof.

6           aa.    “LWDA” means the California Labor & Workforce Development Agency.

7           bb.    “Minimum Settlement Payment” has the meaning set forth in Paragraph 3 hereof.

8           cc.    “MOTA” has the meaning set forth in Paragraph E hereof.

9           dd.    “MOTA Transaction” has the meaning set forth in Paragraph E hereof.

10          ee.    “MOU” has the meaning set forth in Paragraph F hereof.

11          ff.    “Net Settlement Amount” has the meaning set forth in Paragraph 4 hereof.

12          gg.    “Notice of Class Action Settlement” means the notice of the Settlement, a  
13 proposed copy of which is attached hereto as **Exhibit A** and is incorporated herein by this  
14 reference.

15          hh.    “Notice Packet” means the Notice of Class Action Settlement, Objection Form,  
16 and Request For Exclusion that will be mailed to all Class Members within fourteen (14)  
17 calendar days after the Settlement Administrator receives the Class List from Defendant.

18          ii.    “Nursing Facility” has the meaning set forth in Paragraph B hereof.

19          jj.    “Objection” means any written objection to the Settlement sent by a Class  
20 Member to the Settlement Administrator as specified herein and in the Notice of Class Action  
21 Settlement. An Objection to the Settlement must be sent to the Settlement Administrator by the  
22 Response Deadline. Class Members and Eligible Aggrieved Employees can object to the class  
23 action provisions of the Settlement but cannot object to the PAGA provisions of the Settlement.

24          kk.    “Objection Form” means the form that a Class Member can use to submit to the  
25 Settlement Administrator an Objection regarding the Settlement. The Objection Form must be  
26 signed by the Class Member. The Objection Form must be mailed to the Settlement  
27 Administrator and postmarked on or before the Response Deadline. The Objection Form must  
28 state: (i) the case name and number; (ii) the name of the Class Member; (iii) the address and

1 telephone number of the Class Member; (iv) the last four digits of the Class Member's social  
2 security number; and (v) the basis for the Objection. Class Members and Eligible Aggrieved  
3 Employees cannot use the Objection Form to object to the PAGA provisions of the Settlement.  
4 A proposed copy of the Objection Form is attached hereto as **Exhibit B** and is incorporated  
5 herein by this reference.

6 ll. "PAGA" means the California Private Attorneys General Act of 2004.

7 mm. "PAGA Claims" means all claims for statutory penalties that could have been  
8 sought by the Labor Commissioner for the violations identified in Plaintiff's notice letter sent  
9 to the LWDA on October 21, 2022. This includes claims for civil penalties for violations of  
10 Labor Code sections 201, 202, 203, 204, 218.5, 221, 226(a), 226.3, 226.7, 246, 510, 512(a), 558,  
11 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, and applicable IWC Wage Orders. The  
12 period of the PAGA Claims shall extend to the limits of the PAGA Period.

13 nn. "PAGA Payment" means the payment made hereunder to the LWDA and the  
14 Eligible Aggrieved Employees for settlement of all PAGA Claims. Eligible Aggrieved  
15 Employees will still receive their share of the PAGA Payment even if they submit valid and  
16 timely Requests for Exclusion.

17 oo. "PAGA Period" means the period from August 15, 2021 to the earlier of the  
18 Closing and March 31, 2023.

19 pp. "Parties" means, collectively, Plaintiff and Defendant, as set forth in the preamble  
20 to this Stipulation.

21 qq. "Plaintiff" means Desiree Sanchez, as set forth in the preamble to this Stipulation.

22 rr. "Preliminary Approval Order" means the Court order granting preliminary  
23 approval of this Stipulation.

24 ss. "QSF" means a Qualified Settlement Fund.

25 tt. "Released Parties" means Defendant, together with its former, present, and future  
26 owners, parents, shareholders, members, principals, partners, predecessors, successors, assigns,  
27 affiliates and affiliated companies, management companies, joint ventures, subsidiaries,  
28 officers, directors, employees, equity holders, agents (including any investment bankers,

consultants, accountants, insurers, reinsurers, attorneys and any past, present or future officers, directors, members, and employees thereof) and any spouse of any owner, member, principal, officer, director, employee, equity holder and agent, as applicable.

uu. “Releasing Parties” has the meaning set forth in Paragraph 35(a) hereof.

vv. “Request for Exclusion” means a timely written request by a Class Member to be excluded from the Settlement. The Request for Exclusion must be signed by the Class Member. The Request for Exclusion must be mailed to the Settlement Administrator and must be postmarked on or before the Response Deadline. The Request for Exclusion must state: (i) the case name and number; (ii) the name of the Class Member; (iii) the address and telephone number of the Class Member; (iv) the last four digits of the social security number of the Class Member requesting exclusion; and (v) state clearly that the Class Member does not desire to be included in the Settlement. Class Members and Eligible Aggrieved Employees cannot use the Request for Exclusion form to exclude themselves from the PAGA provisions of the Settlement. A proposed copy of the Request for Exclusion is attached hereto as **Exhibit C** and is incorporated herein by this reference.

ww. “Response Deadline” means the deadline by which Class Members must mail (as indicated by postmark) to the Settlement Administrator Requests for Exclusion or Objection Forms with respect to the Settlement. The Response Deadline shall be forty-five (45) calendar days from the initial mailing of the Notice Packet. If the forty-fifth (45<sup>th</sup>) day falls on a Sunday or federal holiday, the Response Deadline will be extended to the next day on which the United States Postal Service is open.

xx. “Secured Claim” means a claim asserted against Defendant arising from or related to a creditor’s security interest or other lien encumbering an asset or a property of Defendant.

yy. “Settlement” means the settlement of the Action entered into by and between Plaintiff and Defendant commemorated and confirmed by this Stipulation.

zz. “Settlement Administration Costs” has the meaning set forth in Paragraph 9 hereof.

1           aaa. “Settlement Administrator” means Phoenix Class Action Administration  
2 Solutions, the entity that will work with the Parties to administer the Settlement. Each Party  
3 hereby represents that she or it does not have a financial interest in the Settlement Administrator  
4 or otherwise have a relationship with the Settlement Administrator that could create a conflict  
5 of interest.

6           bbb. “Settlement Payment” has the meaning set forth in Paragraph 3(b) hereof.

7           ccc. “Stipulation” means this Stipulation and Settlement Agreement, as set forth in the  
8 preamble to this Stipulation.

9           ddd. “Unsecured Claims” means, collectively, any and all unsecured claims of any  
10 nature asserted against Defendant by creditors of Defendant, including, without limitation, the  
11 following: unsecured claims of suppliers of goods or services to Defendant; unsecured claims  
12 of lessors of personal property or real property to Defendant; unsecured claims of governmental  
13 units including tax claims and licensing fee claims; unsecured claims of persons or entities  
14 providing management services to Defendant; unsecured claims of professionals employed by  
15 Defendant; unsecured claims of employees of Defendant, but excluding Class Claims and PAGA  
16 Claims. As of December 31, 2022, Defendant owed a total of more than \$3.1 million in  
17 Unsecured Claims.

18           eee. “Workweek Value for Class Members” means the value of each compensable  
19 Workweek by Class Members, as determined by the formula set forth in Paragraph 11 hereof.

20           fff. “Workweek Value for Eligible Aggrieved Employees” means the value of each  
21 compensable Workweek by Eligible Aggrieved Employees, as determined by the formula set  
22 forth in Paragraph 12 hereof.

23           ggg. “Workweeks” means the number of calendar weeks that a Class Member or  
24 Eligible Aggrieved Employee worked as a non-exempt or hourly-paid employee in California  
25 during the Class Period and PAGA Period, respectively. Workweeks may be based on either: (i)  
26 weeks during which at least one day was worked; or (ii) hire dates and, where applicable, last  
27 dates worked or separation dates, re-hire dates, dates of any periods of leave, and dates of  
28 transition between non-exempt and exempt status.

1           **2. Class Certification.**

2           The Parties hereby agree to class certification of the Action solely for the purpose of  
3 effectuating the Settlement. In the event that the Court declines to enter the Preliminary  
4 Approval Order or the Final Approval Order approving the Settlement, Defendant shall have  
5 the right to oppose class certification.

6           In the event that the Court declines to enter the Preliminary Approval Order or the  
7 Final Approval Order approving the Settlement, Defendant shall have the right to assert any  
8 and all defenses to class certification and statute of limitations.

9           **3. Gross Settlement Amount.**

10          In full and complete satisfaction of the Class Claims and PAGA Claims and all other  
11 liabilities of Defendant hereunder, Defendant shall pay Settlement Payments in the total  
12 amount of \$720,000 (“Minimum Settlement Payment”), plus any Escalator Payments (the  
13 Minimum Settlement Payment and any Escalator Payments are referred to herein, collectively,  
14 as the “Gross Settlement Amount”). The Gross Settlement Amount shall be the maximum  
15 amount payable by Defendant hereunder, except only for any taxes imposed upon Defendant,  
16 as an employer, on the wage payments made to members of the Settlement Class (“Employer  
17 Taxes”). Upon Defendant’s payment of the Gross Settlement Amount, all Class Claims and  
18 PAGA Claims shall be fully and completely discharged and extinguished and Defendant shall  
19 have no further obligation whatsoever on account of Class Claims or on account of PAGA  
20 Claims.

21           a.       **Satisfaction of Claims.** The Gross Settlement Amount shall be used to  
22 pay: (i) the Individual Settlement Payments to the Class Members; (ii) Attorneys’ Fees  
23 and Costs to Class Counsel; (iii) the Class Representative Enhancement Payment to  
24 Plaintiff; (iv) the Settlement Administration Costs to the Settlement Administrator; and  
25 (v) the PAGA Payments to the Eligible Aggrieved Employees and to the LWDA.

26           b.       **Funding of the Gross Settlement Amount.** Defendant shall pay forty  
27 percent (40%) of Defendant’s Cash Recoveries to an escrow account (“Escrow”),  
28 mutually acceptable to Plaintiff and Defendant, in order to fund payment of the Gross

1 Settlement Amount (such payments are referred to herein as the “Settlement  
2 Payments”). The Settlement Payments shall be payable as set forth in Paragraph 3(c)  
3 hereof. Defendant’s obligation to pay Cash Recoveries shall terminate on the date upon  
4 which the Court enters the Final Approval Order, and, accordingly, Plaintiff shall have  
5 no interest in any Cash Recoveries collected by Defendant from and after such date.

6 c. Payment of Cash Recoveries. Commencing on the tenth (10<sup>th</sup>) day of the  
7 first full calendar month following the Closing, and continuing through and including  
8 the tenth (10<sup>th</sup>) day of the first full month following the entry of the Final Approval  
9 Order, Defendant shall pay to the Escrow the Settlement Payments required hereunder  
10 on account of the Cash Recoveries collected by Defendant during the prior calendar  
11 month (and, in the case of the first Settlement Payment payable hereunder, the  
12 Settlement Payment shall be in the amount of the Cash Recoveries from the Closing  
13 through the last day of the first full calendar month following the Closing). Defendant  
14 shall have paid the full amount of the Minimum Settlement Payment (i.e., \$720,000),  
15 plus any Escalator Payments, to the Settlement Administrator by no later than the tenth  
16 (10<sup>th</sup>) calendar day following the Effective Date.

17 d. Escrow. No disbursements shall be made from the Escrow, except to fund  
18 the payments required hereunder; provided, however, that the funds on deposit in the  
19 Escrow shall be repaid and disbursed to Defendant upon any termination of the  
20 Settlement as set forth in Paragraph 44 hereof.

21 e. Required Payment of Minimum Settlement Payment. Defendant’s  
22 payment of the \$720,000 Minimum Settlement Payment is an absolute, non-contingent  
23 obligation of Defendant payable by Defendant in accordance with the terms of this  
24 Stipulation, subject only to the effectiveness of the Settlement, regardless of the amount  
25 of Cash Recoveries by Defendant.

26 f. Settlement Administrator’s Control of Escrow. Upon the appointment of  
27 a Settlement Administrator, the Settlement Administrator shall have and retain control  
28 of the funds on deposit in the Escrow subject only to the Court’s entry of the Final

1 Approval Order. The Escrow may be established as a QSF, at the option of Plaintiff.

2 g. Reporting by Defendant. Concurrently with Defendant's payment  
3 monthly of the Settlement Payments, Defendant shall provide to Plaintiff's counsel and  
4 to the Settlement Administrator written reports regarding Defendant's collection of any  
5 Cash Recoveries during the prior calendar month. Plaintiff's representatives shall have  
6 access to Defendant's books and records regarding the collection of Cash Recoveries,  
7 during Defendant's normal business hours, after giving not less than three (3) business  
8 days' advance written notice to Defendant.

9 h. Manner of Payment of Settlement Payments. All Settlement Payments  
10 made by Defendant hereunder shall be paid by wire transfer of immediately available  
11 funds, or as otherwise agreed upon by the Settlement Administrator.

12 i. Payment of Employer Taxes. Defendant shall be solely responsible for  
13 paying, and shall pay, all Employer Taxes, separate from and in addition to Defendant's  
14 payment of the Gross Settlement Amount.

15 **4. Net Settlement Amount.**

16 Notwithstanding anything to the contrary contained in this Stipulation, the Attorneys'  
17 Fees and Costs to Class Counsel, the Class Representative Enhancement Payment to Plaintiff,  
18 the PAGA Payments to the Eligible Aggrieved Employees and the LWDA and the Settlement  
19 Administration Costs, including all costs related to the Notice of Class Action Settlement,  
20 shall be deducted from the Gross Settlement Amount to calculate the net settlement amount  
21 ("Net Settlement Amount") to be distributed to the participating Class Members. A Class  
22 Member shall receive hereunder a maximum distribution equal to his or her Individual  
23 Settlement Payment on account of the Net Settlement Amount, plus any Individual PAGA  
24 Payment to which he or she may be entitled as an Eligible Aggrieved Employee.

25 **5. Escalator Payment.**

26 The \$720,000 Minimum Settlement Payment provided by Paragraph 3 hereof shall be  
27 the minimum payment payable by Defendant hereunder. The Minimum Settlement Payment  
28 shall be increased by an amount equal to forty percent (40%) of any aggregate Cash

Recoveries, less \$720,000 (“Escalator Payment”) and shall be payable as set forth hereunder.

Plaintiff acknowledges and agrees that Defendant’s Cash Recoveries shall be disbursed and applied first to satisfy Secured Claims. After Secured Claims are satisfied, the balance of Cash Recoveries may be disbursed and applied as follows: forty percent (40%) to fund the Gross Settlement Amount, including any Escalator Payment; and sixty percent (60%) which may be retained by Defendant to fund payment of other obligations of Defendant, including Unsecured Claims.

Payment of any Escalator Payment shall be contingent upon the amount of Cash Recoveries by Defendant and Defendant hereby makes no representation or warranty regarding the amount, if any, of any Escalator Payments.

**6. No Reversion.**

No amount of the Gross Settlement Amount shall revert to Defendant.

**7. Attorneys’ Fees and Costs.**

Defendant shall not oppose any request which may be made by Class Counsel for an award of (a) Attorneys’ Fees and Costs of no more than one-third (1/3) of the Gross Settlement Amount, and (b) no more than \$25,000 for Class Counsel’s litigation expenses and costs. All Attorneys’ Fees and Costs shall be paid from the Gross Settlement Amount. Plaintiff and Class Counsel shall not have the right to terminate the Settlement if the Court does not approve the amount of Attorneys’ Fees and Costs sought by Class Counsel. Any portion of the Attorneys’ Fees and Costs not awarded to Class Counsel shall be added to the Net Settlement Amount. Defendant shall have no liability to Class Counsel for any amount of Attorneys’ Fees and Costs sought by Class Counsel which are not awarded by the Court.

**8. Class Representative Enhancement Payment.**

Plaintiff may apply to the Court for a Class Representative Enhancement Payment to Plaintiff of no more than \$10,000 for her efforts and work in prosecuting the Action on behalf of Class Members and Eligible Aggrieved Employees. Defendant shall not oppose such application. The Class Representative Enhancement Payment shall be paid from the Gross Settlement Amount, and shall be in addition to Plaintiff’s right to an Individual Settlement

1 Payment pursuant to the Settlement. Plaintiff shall be solely responsible to pay any and all  
2 applicable taxes on the Class Representative Enhancement Payment and shall hold Defendant  
3 harmless from any claim or liability for taxes, penalties, or interest arising as a result of the  
4 payment to Plaintiff of the Class Representative Enhancement Payment. Plaintiff shall not have  
5 the right to terminate the Settlement if the Court does not approve the amount of the Class  
6 Representative Enhancement Payment sought by Plaintiff. Any portion of the Class  
7 Representative Enhancement Payment not awarded to Plaintiff shall be added to the Net  
8 Settlement Amount. Defendant shall have no liability to Plaintiff for any amount of the Class  
9 Representative Enhancement Payment sought by Plaintiff which is not awarded by the Court.

10 **9. Settlement Administration Costs.**

11 The Settlement Administrator shall be paid for the reasonable costs of the Settlement  
12 Administrator's administration of the Settlement and distribution of payments ("Settlement  
13 Administration Costs"). Settlement Administration Costs shall be compensation for, among  
14 others, the following services to be performed by the Settlement Administrator: (a) translating,  
15 printing, distributing, and tracking notices and other documents for the Settlement; (b) tax  
16 reporting; (c) setting up an interest-bearing QSF; (d) calculating and distributing all payments  
17 to be made pursuant to the Settlement; and (e) providing necessary reports and declarations as  
18 requested by the Parties. The Settlement Administration Costs shall not exceed \$30,000, and  
19 Defendant shall not oppose a request for payment thereof. All Settlement Administration Costs  
20 shall be paid from the Gross Settlement Amount upon completion of all duties required to be  
21 performed by the Settlement Administrator under the terms of the Settlement. Plaintiff and the  
22 Settlement Administrator shall not have the right to terminate the Settlement if the Court does  
23 not approve the amount of the Settlement Administration Costs sought by the Settlement  
24 Administrator. Any portion of the Settlement Administration Costs not awarded to the  
25 Settlement Administrator shall be added to the Net Settlement Amount. Defendant shall not be  
26 required to pay any additional funds toward Settlement Administration Costs.

1           **10.    PAGA Payment.**

2           \$50,000 shall be allocated from the Gross Settlement Amount for settlement of PAGA  
3 Claims. The Settlement Administrator shall pay seventy-five percent (75%) of the PAGA  
4 Payment (i.e., \$37,500) to the LWDA and twenty-five percent (25%) of the PAGA Payment (i.e.,  
5 \$12,500) to Eligible Aggrieved Employees, on a pro rata basis, as described in this Stipulation.  
6 Each Eligible Aggrieved Employee's portion of the PAGA Payment shall be part of his or her  
7 Individual PAGA Payment. An Eligible Aggrieved Employee shall receive his or her Individual  
8 PAGA Payment even if he or she submits a Request for Exclusion.

9           This allocation of the Gross Settlement Amount to the satisfaction of PAGA Claims shall  
10 not be subject to amendment or modification, except as otherwise ordered by the Court.

11           **11.    Individual Settlement Payment Calculations.**

12           Individual Settlement Payments to Class Members shall be calculated and apportioned  
13 from the Net Settlement Amount based on the number of Workweeks which a Class Member  
14 worked during the Class Period as an hourly-paid or non-exempt employee in California. Such  
15 calculations shall be made as follows.

16           a.       Calculation of Workweeks for Class Members. The Settlement  
17 Administrator shall calculate the total number of Workweeks worked by each Class  
18 Member. Workweeks may be based on either: (i) weeks during which at least one day  
19 was worked; or (ii) hire dates and, where applicable, last dates worked or separation  
20 dates, re-hire dates, dates of any periods of leave, and dates of transition between non-  
21 exempt and exempt status. The Settlement Administrator shall also calculate the  
22 aggregate total Workweeks worked by all Class Members as hourly-paid or non-exempt  
23 employees in California during the Class Period.

24           b.       Workweek Value for Class Members. To determine the Individual  
25 Settlement Payments, the Settlement Administrator shall use the following formula: the  
26 Net Settlement Amount shall be divided by the aggregate total number of Workweeks  
27 worked by all Class Members during the Class Period, resulting in the Workweek Value  
28 for Class Members, and each Class Member's Individual Settlement Payment shall then

1 be calculated by multiplying each individual Class Member's total number of  
2 Workweeks worked by the Workweek Value for Class Members.

3 c. Disbursement of Net Settlement Amount to Class Members. The entire  
4 Net Settlement Amount shall be disbursed as Individual Settlement Payments to Class  
5 Members. If there are any valid and timely Requests for Exclusion, the Settlement  
6 Administrator shall proportionately increase the Individual Settlement Payment for each  
7 Class Member according to the number of Workweeks worked, so that the amount  
8 distributed to the participating Class Members equals one hundred percent (100%) of  
9 the Net Settlement Amount. Additionally, all interest accrued from Defendant's payment  
10 of Settlement Payments into the Escrow shall be added to the Net Settlement Amount,  
11 and the Individual Settlement Payments shall be proportionally increased on a pro rata  
12 basis.

13 **12. Individual PAGA Payment Calculations.**

14 Individual PAGA Payments to Eligible Aggrieved Employees shall be calculated and  
15 apportioned from the twenty-five percent (25%) of the PAGA Payment (i.e., \$12,500) based on  
16 the number of Workweeks that an Eligible Aggrieved Employee worked during the PAGA  
17 Period as an hourly-paid or non-exempt employee in California. Such calculations shall be made  
18 as follows.

19 a. Calculation of Workweeks for Eligible Aggrieved Employees. The  
20 Settlement Administrator shall calculate the total number of Workweeks worked by each  
21 Eligible Aggrieved Employee. Workweeks may be based on either: (i) weeks during  
22 which at least one day was worked; or (ii) hire dates and, where applicable, last dates  
23 worked or separation dates, re-hire dates, dates of any periods of leave, and dates of  
24 transition between non-exempt and exempt status. The Settlement Administrator shall  
25 also calculate the aggregate total Workweeks worked by all Eligible Aggrieved  
26 Employee as hourly-paid or non-exempt employees in California during the PAGA  
27 Period.

28 b. Workweek Value for Eligible Aggrieved Employees. To determine the

1 Individual PAGA Payments, the Settlement Administrator shall use the following  
2 formula: the twenty-five percent (25%) of the PAGA Payment (\$12,500) shall be divided  
3 by the aggregate total number of Workweeks worked by all Eligible Aggrieved Employees  
4 during the PAGA Period, resulting in the Workweek Value for Eligible Aggrieved  
5 Employees, and each Eligible Aggrieved Employee's Individual PAGA Payment shall  
6 then be calculated by multiplying each individual Eligible Aggrieved Employee's total  
7 number of Workweeks worked by the Workweek Value for Eligible Aggrieved  
8 Employees.

9 **13. No Credit Toward Benefit Plans.**

10 The Individual Settlement Payments made to Class Members under this Settlement, as  
11 well as any other payments made pursuant to this Settlement, shall not be utilized to calculate  
12 any additional benefits under any benefit plans to which any Class Members may be eligible.  
13 This includes, but is not limited to: (a) profit-sharing plans; (b) bonus plans; (c) 401(k) plans;  
14 (d) stock purchase plans; (e) vacation plans; (f) sick leave plans; (g) PTO plans; and (h) any  
15 other benefit plan.

16 **14. Cooperation Regarding Settlement Administration Process.**

17 The Parties shall cooperate in the administration of the Settlement and shall make all  
18 reasonable efforts to control and minimize the costs and expenses incurred in the administration  
19 of the Settlement.

20 **15. Delivery of the Class List.**

21 Within fifteen (15) calendar days after entry of the Court's Preliminary Approval Order,  
22 Defendant shall provide the Class List to the Settlement Administrator.

23  
24 **16. Confirmation of Contact Information in the Class List/Undeliverable**  
25 **Notices.**

26 Prior to mailing the Notice Packets, the Settlement Administrator shall perform a search  
27 based on the National Change of Address Database for information to update and correct for any  
28 known or identifiable address changes. Any Notice Packets returned to the Settlement

1 Administrator as non-deliverable on or before the Response Deadline shall be sent promptly via  
2 regular First-Class U.S. Mail to the forwarding address affixed thereto, and the Settlement  
3 Administrator shall indicate the date of such remailing on the Notice Packet. If no forwarding  
4 address is provided, the Settlement Administrator shall promptly attempt to determine the  
5 correct address using an Accurint search/skip-trace and shall perform a single remailing.

6 **17. Mailing of Notice Packets.**

7 The Settlement Administrator shall mail to all Class Members a Notice Packet,  
8 comprised of the Notice of Class Action Settlement, the Objection Form, and the Request For  
9 Exclusion, in the forms attached hereto as **Exhibits A, B, and C**, respectively, or as otherwise  
10 provided by Court order. The Notice Packets shall be mailed, via regular First Class U.S. Mail,  
11 by the Settlement Administrator within fourteen (14) calendar days after the Settlement  
12 Administrator receives the Class List from Defendant.

13 **18. Disputed Information in the Notice Packets.**

14 Class Members shall have an opportunity to dispute the information provided in the  
15 Notice Packets. To the extent that a Class Member disputes his or her employment dates or the  
16 number of Workweeks worked by him or her, such Class Member must provide to the Settlement  
17 Administrator, by the Response Deadline, evidence showing that such information is inaccurate,  
18 or otherwise such information shall be deemed to be accurate. The Settlement Administrator  
19 shall advise the Parties of any such dispute, allow Defendant ten (10) calendar days to respond  
20 with any additional information or records, and then decide the dispute. Defendant's records  
21 shall be presumed to be correct, but the Settlement Administrator shall evaluate evidence  
22 submitted by the Class Member and by Defendant, and the Settlement Administrator's decision  
23 in such regard shall be final.

24 **19. Requests for Exclusion.**

25 Any Class Member who desires to opt-out from the Settlement shall mail or email to the  
26 Settlement Administrator, by the Response Deadline, a valid and timely written Request for  
27 Exclusion. The postmark date of such mailing or the date of such email, as the case may be,  
28 shall be the exclusive means to determine if a Request for Exclusion has been timely submitted.

1 Neither the Parties nor their respective counsel shall solicit or encourage any Class Member,  
2 directly or indirectly, to opt out of the Settlement. A Class Member who properly submits a valid  
3 and timely request to be excluded from the Settlement shall not receive an Individual Settlement  
4 Payment, shall not be bound by the Class Claims releases provided by the Settlement, and shall  
5 not have standing to object to the Settlement. A Request for Exclusion must be mailed timely to  
6 the Settlement Administrator at its address to be provided in the Notice Packet or otherwise such  
7 Request for Exclusion shall be invalid and of no force or effect. The Settlement Administrator  
8 shall transmit all Requests for Exclusion to the Parties' respective counsel. Class Counsel shall  
9 include all Requests for Exclusion with Class Counsel's motion requesting final approval of the  
10 Settlement.

11 a. PAGA Provisions of the Settlement. A Class Member who properly  
12 submits a valid and timely Request for Exclusion shall still receive his or her Individual  
13 PAGA Payment if he or she is also an Eligible Aggrieved Employee. In other words, a  
14 Class Member and Eligible Aggrieved Employee shall still be bound to the PAGA  
15 provisions of this the Settlement (including, without the limitation, the releases of PAGA  
16 Claims) even if he or she submits a valid and timely Request for Exclusion.

17 b. Defective Submissions. If a Class Member's Request for Exclusion is  
18 defective as to the requirements listed herein, that Class Member shall be given an  
19 opportunity to cure the defect(s), except for any untimeliness of the Request for Exclusion  
20 for which there shall be no cure. Specifically, the Settlement Administrator shall mail to  
21 such Class Member a curative letter within three (3) business days of the Settlement  
22 Administrator's receiving the defective submission to advise the Class Member that his  
23 or her Request for Exclusion is defective and that the defect must be cured in order to  
24 render the Request for Exclusion valid. The Class Member shall have until the later of:  
25 (i) the Response Deadline, or (ii) ten (10) calendar days from the date of the curative  
26 letter, to postmark a revised Request for Exclusion. If the revised Request for Exclusion  
27 is not postmarked within that period, it will be deemed untimely and invalid.

28 c. Settlement Terms Bind All Class Members Who Do Not Opt-Out. Any

1 Class Member who does not affirmatively opt out of the Settlement by submitting a timely  
2 and valid Request for Exclusion shall be bound by all of the terms of the Settlement,  
3 including those pertaining to the release of Class Claims, as well as the terms of any Final  
4 Approval Order that may be entered by the Court, regardless of whether such Class  
5 Member actually receives the Notice of Class Action Settlement or objects to the  
6 Settlement.

7 **20. Objection Procedures.**

8 The Notice Packet shall state that a Class Member who desires to object to the Settlement  
9 may do so by submitting, by first-class mail or by email, an Objection Form to the Settlement  
10 Administrator by the Response Deadline. The postmark date of the mailing of the Objection  
11 Form, or the date of the transmission by email of the Objection Form, as the case may be, shall  
12 be deemed to be the exclusive means for determining if the Objection is timely. The Settlement  
13 Administrator shall promptly provide to the Parties' respective counsel any Objection Forms  
14 received by the Settlement Administrator. Class Counsel shall include all Objections received  
15 and the Parties' response(s) thereto with Plaintiff's motion requesting final approval of the  
16 Settlement. Class Members shall have the right to have their Objections heard at the Final  
17 Approval Hearing, but are not required to appear at the Final Approval Hearing to have their  
18 Objections considered. Class Counsel shall not represent any Class Member with respect to any  
19 Objection to the Settlement. Any Class Member who requests exclusion from the Settlement  
20 shall not have standing to object to the Settlement. If a Class Member objects to the Settlement,  
21 the Class Member shall remain a Class Member; if the Court approves the Settlement, the  
22 objecting Class Member shall be deemed to be a member of the Class and be bound by the terms  
23 of the Settlement and the Court's Final Approval Order as if the Class Member had not objected  
24 to the Settlement.

25 **21. No Objection to PAGA Provisions of the Settlement.**

26 Class Members and Eligible Aggrieved Employees cannot object to the PAGA settlement  
27 provisions of the Settlement (including, without limitation, the releases of the PAGA Claims).  
28

1           **22. Settlement Administrator Reports.**

2           The Settlement Administrator shall provide to the Parties' respective counsel a weekly  
3 report regarding any submitted Requests for Exclusion, any submitted Objection Forms and  
4 regarding any disputes with respect to Workweeks worked calculations. The Settlement  
5 Administrator shall also provide to the Parties' respective counsel any updated reports regarding  
6 the administration of the Settlement as needed or as requested by a Party.

7           **23. Distribution and Timing of Payments.**

8           By the twenty-first (21<sup>st</sup>) calendar day after the Effective Date, or as otherwise ordered  
9 by the Court, the Settlement Administrator shall issue: (a) Individual Settlement Payments to all  
10 Class Members who have not submitted a valid and timely Request for Exclusion; (b) Individual  
11 PAGA Payments to Eligible Aggrieved Employees; (c) the Class Representative Enhancement  
12 Payment awarded to Plaintiff; (d) the Attorneys' Fees and Costs awarded to Class Counsel; and  
13 (e) a \$37,500 payment to the LWDA. The Settlement Administrator shall also issue a payment  
14 to itself for Court-approved Settlement Administration Costs. The Settlement Administrator  
15 shall make each of these payments by mailing a check in the appropriate amount to the recipient  
16 at the address indicated for such recipient in the Class List provided by Defendant, or to such  
17 other address determined by the Settlement Administrator to be the correct address for such  
18 recipient.

19           A Class Member shall not be required to submit any claim form in order to obtain the  
20 Individual Settlement Payment to which he or she may be entitled hereunder.

21           **24. Uncashed Settlement Checks.**

22           Class Members shall receive checks for their Individual Settlement Payments and  
23 Individual PAGA Payments. A check shall remain negotiable for one hundred twenty (120)  
24 calendar days after the date of such check. Any check not cashed within one hundred twenty  
25 (120) calendar days after the date of such check shall be void. Funds from any uncashed checks,  
26 plus any interest accrued thereon, shall be paid promptly by the Settlement Administrator to the  
27 State Controller's Unclaimed Property Fund. The Settlement Administrator shall provide to the  
28 Parties' respective counsel a declaration regarding payment of such amounts to the State

1 Controller's Unclaimed Property Fund, within ten (10) calendar days of the completion of such  
2 payments. Any costs associated with administering the remaining funds under this paragraph  
3 (e.g., bank stop-payment charges or any Settlement Administration Costs associated with any  
4 reserve amount) or the making of payments to the State Controller's Unclaimed Property Fund  
5 shall be deducted by the Settlement Administrator and retained by the Settlement Administrator  
6 as reimbursement for its costs before the payment of such amounts to the State Controller's  
7 Unclaimed Property Fund.

8 **25. Certification of Completion.**

9 Upon the Settlement Administrator's completion of administration of the Settlement, the  
10 Settlement Administrator shall provide to the Court and to the Parties' respective counsel a  
11 written declaration under oath certifying such completion.

12 **26. Allocation of Individual Settlement Payments.**

13 All Individual Settlement Payments shall be allocated as follows: (a) twenty percent  
14 (20%) as wages; and (b) eighty percent (80%) as interest and penalties. All interest accrued from  
15 Defendant's payment to the Escrow of Settlement Payments shall be added to the Net Settlement  
16 Amount, and Individual Settlement Payments shall be proportionally increased on a pro rata  
17 basis on account thereof. The Settlement Administrator shall be responsible for issuing to Class  
18 Members a form W-2 for amounts deemed wages and an IRS Form 1099 for the amounts  
19 allocated to interest and penalties.

20 **27. Allocation of Individual PAGA Payments.**

21 All Individual PAGA Payments shall be allocated as one hundred percent (100%)  
22 penalties. The Settlement Administrator shall be responsible for issuing to Eligible Aggrieved  
23 Employees an IRS Form 1099 if the Eligible Aggrieved Employee's Individual PAGA Payment  
24 exceeds \$600.

25 **28. Administration of Taxes by Settlement Administrator.**

26 The Settlement Administrator shall be responsible for issuing to Plaintiff, Class  
27 Members, and Class Counsel tax forms as may be required by law for all amounts paid to them  
28

hereunder and shall be responsible for forwarding all taxes and penalties to the appropriate government authorities as may be required by law.

**29. No Representation Regarding Tax Liability.**

Defendant hereby makes no representation as to the tax treatment or legal effect of the payments provided for hereunder, and Plaintiff and Class Members acknowledge and agree that they are not relying on any statement, representation, or calculation by Defendant or the Settlement Administrator with respect thereto. Plaintiff and Class Members shall be solely responsible for the payment of any taxes and penalties assessed on the payments set forth herein, and shall defend, indemnify, and hold Defendant free and harmless from any claims resulting from treatment of such payments as non-taxable damages.

**30. Circular 230 Disclaimer.**

EACH PARTY HEREBY ACKNOWLEDGES AND AGREES THAT: (A) NO PROVISION OF THIS STIPULATION, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN THE PARTIES OR WITH THEIR RESPECTIVE ATTORNEYS OR OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (B) SHE OR IT HAS RELIED EXCLUSIVELY UPON HER OR ITS OWN INDEPENDENT LEGAL COUNSEL OR OTHER ADVISERS FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS STIPULATION, AND HAS NOT ENTERED INTO THIS STIPULATION BASED UPON THE RECOMMENDATION OR ADVICE OF THE OTHER PARTY OR THE OTHER PARTY'S ATTORNEYS OR ADVISERS; AND (C) SHE OR IT IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO THE OTHER PARTY IN ORDER TO AVOID ANY TAX THAT MAY BE IMPOSED ON HER OR IT ON ACCOUNT OF THE TRANSACTIONS COMTEMPLATED HEREIN; AND (D) NO ATTORNEY OR ADVISER HAS IMPOSED UPON HER OR IT ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF

1 ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF  
2 WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY HER  
3 OR IT OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION  
4 CONTEMPLATED BY THIS STIPULATION.

5 **31. Preliminary Approval Hearing.**

6 Plaintiff shall file within thirty (30) calendar days after the Execution Date a motion  
7 requesting the entry of a Preliminary Approval Order, and shall schedule a hearing on such  
8 motion as soon as practicable subject to the Court's calendar. By such motion, Plaintiff shall  
9 request, in part, the following relief: (a) the conditional certification of the Class for settlement  
10 purposes only; (b) preliminary approval of this Stipulation; and (c) the setting of a date for a  
11 Final Approval Hearing. The Preliminary Approval Order shall provide for the Notice Packet to  
12 be sent to all Class Members. In conjunction with such motion, Plaintiff shall submit a copy of  
13 this Stipulation and all Exhibits hereto.

14 **32. Final Approval Hearing and Entry of Final Approval Order.**

15 Within fourteen (14) calendar days after the expiration of the Response Deadline to  
16 submit Requests for Exclusion or Objection Forms to the Settlement Administrator, and with  
17 the Court's approval, Plaintiff shall file a motion requesting the entry of a Final Approval Order.  
18 Class Counsel shall be responsible for drafting such motion and all other documents necessary  
19 to obtain the Final Approval Order, and shall file and serve such motion as a regularly-noticed  
20 motion for a hearing date that will be set by the Court, but for a date not earlier than forty-five  
21 (45) calendar days after the filing and service of such motion. Class Counsel also shall be  
22 responsible for drafting the Attorneys' Fees and Costs application to be heard at the Final  
23 Approval Hearing.

24 **33. Final Approval Order; Jurisdiction of the Court.**

25 Upon final approval of the Settlement by the Court, the Parties shall present jointly to  
26 the Court the Final Approval Order, in a form mutually acceptable to the Parties, for entry by  
27 the Court. After the entry of the Final Approval Order, the Court will have continuing  
28 jurisdiction for the purposes of addressing: (a) the interpretation and enforcement of the terms

1 of the Settlement; (b) settlement administration matters; and (c) such other matters as may be  
2 appropriate under Court rules or as set forth in this Stipulation.

3 **34. Enforcement of Settlement.**

4 The Parties hereby stipulate that the Court shall retain jurisdiction over the Parties to  
5 enforce the Settlement until performance of the full terms of the Settlement, in accordance with  
6 Code of Civil Procedure § 664.6.

7 **35. Releases.**

8 a. Releases by Plaintiff and Class Members. Effective as of the Effective  
9 Date, except only for the obligations imposed upon Defendant by this Stipulation and the  
10 rights reserved by Plaintiff and the Class Members by this Stipulation, Plaintiff and each  
11 Class Claimant who does not submit timely a Request for Exclusion (collectively,  
12 “Releasing Parties”), for themselves and their respective heirs, descendants, dependents,  
13 executors, administrators, representatives, agents, attorneys, successors and assigns, and  
14 each of them, hereby absolutely, fully and forever, release, relieve, waive, relinquish and  
15 discharge the Released Parties and each of them, of and from any and all manner of  
16 actions, causes of action, suits, debts, deficiencies, liabilities, demands, claims,  
17 obligations, costs, interest charges, expenses (including attorneys’ fees and costs), sums  
18 of money, controversies, damages, injuries, losses, accounts, reckonings, security  
19 interests and liens of every kind of nature whatsoever, which exist or may exist as of the  
20 Execution Date arising from or relating to the claims or causes of action alleged by  
21 Plaintiff by the Amended Complaint, or which could have been alleged by Plaintiff based  
22 upon the facts, causes of action and legal theories stated by Plaintiff by the Amended  
23 Complaint, including, without limitation, the following claims: the Class Claims; the  
24 PAGA Claims; wage claims, and any and all comparable claims arising under any state or  
25 other governmental statute, law, regulation or ordinance, including any such claims  
26 arising under the California Labor Code, Wage Orders of California’s Industrial Welfare  
27 Commission and other state wage and hour laws; and alter ego claims, piercing the  
28 corporate veil claims and comparable claims arising from or relating to the claims or

1 causes of action alleged by Plaintiff by the Amended Complaint, or which could have  
2 been alleged by Plaintiff based upon the facts, causes of action or legal theories stated by  
3 Plaintiff by the Amended Complaint. This Stipulation shall be binding and effective as a  
4 full and final accord and satisfaction and settlement of and as a bar to each such claim  
5 referred to and released. The releases herein given shall be and shall remain in effect for  
6 all time as full, complete and final releases in accordance with the terms and conditions  
7 hereof and shall not be subject to limitation, modification, termination or rescission.

8 b. No Assignment of Released Claims. By participating in the Settlement,  
9 each Releasing Party is deemed to represent and warrant that he or she has not assigned  
10 or transferred, and will not assign or transfer, to any person or entity the claims released  
11 by him or her pursuant to this Stipulation.

12 c. Releases Are Essential Terms of this Stipulation. The Releasing Parties  
13 understand and agree that the releases provided by this Stipulation are essential terms of  
14 this Stipulation and that Defendant would not have agreed to enter into this Stipulation  
15 but for such releases. The Releasing Parties understand and agree that the scope of the  
16 releases described in this Stipulation: (i) are a material part of the consideration for this  
17 Stipulation; (ii) were critical in justifying the agreed-upon economic value of the  
18 Settlement and that, without the releases, Defendant would not have agreed to the  
19 consideration provided hereby; and (iii) are narrowly drafted and necessary to ensure that  
20 Defendant is obtaining peace of mind regarding the resolution of claims that were or could  
21 have been alleged based on the facts, causes of action, and legal theories contained in the  
22 Amended Complaint.

23 d. Releases Enforceable against All Participating Class Members. All Class  
24 Members who do not submit a valid and timely Request for Exclusion shall be bound by  
25 the releases provided by this the Stipulation.

26 e. Plaintiff's Waiver. Plaintiff hereby acknowledges and agrees that she is  
27 familiar with, or has been advised of, Section 1542 of the Civil Code of the State of  
28 California, which provides as follows:

1                   **“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS**  
2                   **WHICH THE CREDITOR OR RELEASING PARTY DOES NOT**  
3                   **KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE**  
4                   **TIME OF EXECUTING THE RELEASE, AND THAT, IF KNOWN**  
5                   **BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS**  
6                   **OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED**  
7                   **PARTY.”**

8                   Except only for the rights expressly reserved by Plaintiff pursuant to this  
9                   Stipulation, Plaintiff hereby waives and relinquishes fully, as of the Effective Date of this  
10                  Stipulation, all rights and benefits which she has or may have under Section 1542 of the  
11                  Civil Code of the State of California, any comparable United States federal statutes,  
12                  statutes of any other states in the United States and common-law principles pertaining to  
13                  the releases provided by this Stipulation.

14                  **36.   No Reliance.**

15                  In executing this Stipulation, each Party hereby represents and warrants that neither it  
16                  nor its attorneys have relied upon any statement, promise or representation of the other Party, or  
17                  of any agents, employees, attorneys, or other representatives of the other Party, in executing this  
18                  Stipulation, other than those expressly contained in this Stipulation. Each Party acknowledges  
19                  that it has been represented by counsel, that it has read this entire Stipulation or an accurate and  
20                  complete translation of this Stipulation, that this Stipulation has been explained to it by its  
21                  counsel, and that it agrees to the terms contained in this Stipulation. Except only for the  
22                  representations and statements made expressly by the other Party in this Stipulation, if a Party  
23                  should subsequently discover that any matter relied upon by it in entering into this Stipulation  
24                  is not as believed by it to be true, or that the law presently in effect has changed in a manner  
25                  which would affect negatively its rights hereunder, it shall not be entitled to any relief in  
26                  connection with this Stipulation or otherwise, including, without limitation, any alleged right or  
27                  claim to set aside or rescind this Stipulation. This Stipulation is intended to be and is final and  
28                  binding upon each Party.

29                  **37.   Representations and Warranties by the Parties Regarding the Execution of**  
30                  **this Stipulation.**

31                  Each Party expressly warrants and represents to the other Party the following:

- 1           a.       That each Party believes it to be in its best interests to settle the matters  
2 encompassed by this Stipulation on the terms provided in this Stipulation;
- 3           b.       That the making of this Stipulation is reasonable under the circumstances;
- 4           c.       That no promise or inducement has been offered except as expressly  
5 provided in this Stipulation;
- 6           d.       That each Party executed this Stipulation as its own free and voluntary act;
- 7           e.       That each Party has knowingly and voluntarily entered into this Stipulation  
8 without any duress or coercion from anyone; and
- 9           f.       That each Party intends to be bound, and shall be bound, by the terms of  
10 this Stipulation as of the Effective Date of this Stipulation.

11           **38. Release of PAGA Claims.**

12           Plaintiff, the State of California and the LWDA shall be deemed to have waived and  
13 released as of the Effective Date, and shall be barred from asserting, any and all PAGA Claims  
14 alleged by the Amended Complaint or by the PAGA notice filed on October 21, 2022 with the  
15 LWDA or which could have been alleged in the Amended Complaint or such PAGA notice based  
16 upon the factual assertions and legal assertions made by the Amended Complaint or such PAGA  
17 notice. Eligible Aggrieved Employees shall also be barred from asserting, any and all PAGA  
18 Claims alleged by the Amended Complaint or by the PAGA notice filed on October 21, 2022  
19 with the LWDA or which could have been alleged in the Amended Complaint or such PAGA  
20 notice based upon the factual assertions and legal assertions made by the Amended Complaint  
21 or such PAGA notice.

22           **39. Exhibits.**

23           The terms of this Stipulation include the terms set forth in the attached Exhibits. The  
24 Exhibits to the Stipulation are an integral part of the Settlement.

25           **40. Publicity Agreement.**

26           Plaintiff and Class Counsel shall not disclose or publicize the Settlement, including the  
27 fact of the Settlement, its terms or contents, and the negotiations underlying the Settlement, in  
28 any manner or form, directly or indirectly, to any person or entity, except potential Class

1 Members and as shall be required to effectuate the terms of the Settlement. Plaintiff and Class  
2 Counsel shall not issue any press release, communicate with, or respond to any media or  
3 publication entities, publish information in any manner or form, whether printed or electronic,  
4 on any medium or otherwise communicate, whether by print, video, recording or any other  
5 medium, with any person or entity concerning the Settlement, including the fact of the  
6 Settlement, its terms or contents and the negotiations underlying the Settlement, except as shall  
7 be required to effectuate the terms of the Settlement. This provision shall not apply to the filing  
8 of any documents with the Court or the LWDA that are necessary to effectuate the Settlement,  
9 nor is it intended to interfere with or restrict: (a) the Settlement Administrator from distributing  
10 the Notice Packets and otherwise complying with its obligation to provide information to Class  
11 Members and/or Eligible Aggrieved Employees; (b) the Settlement Administrator from posting  
12 any Final Approval Order on its website; (c) Class Counsel from disclosing the names of the  
13 Parties in this Action and the venue/case number of the Action for purposes of proving adequacy;  
14 and (d) Defendant from disclosing the Settlement to its attorneys, accountants or other advisers  
15 or as it may be required by contract or applicable law.

16 **41. No Unalleged Claims.**

17 Plaintiff and Class Counsel hereby represent they are not currently aware of any: (a)  
18 unalleged claims in addition to, or different from, those which are finally and forever settled and  
19 released by the Settlement; or (b) facts or legal theories upon which any claims or causes of  
20 action could be brought against Defendant, except such facts and theories specifically alleged  
21 in the Amended Complaint. Plaintiff and Class Counsel represent that, other than by the Action,  
22 they have no current intention of asserting any claims against Defendant in any judicial or  
23 administrative forum. Plaintiff and Class Counsel represent they do not currently know of or  
24 represent any person who has expressed any interest in pursuing litigation or seeking any  
25 recovery against Defendant. Plaintiff and Class Counsel acknowledge, understand, and agree  
26 that the representations described here are essential to the Settlement and that the Settlement  
27 would not have been entered into were it not for such representations.  
28

1           **42. Defendant's Option to Terminate Settlement.**

2           Defendant retains the right, in the exercise of its sole and absolute discretion, to terminate  
3 the Settlement within thirty (30) calendar days after expiration of the Response Deadline if ten  
4 percent (10%) or more of Class Members submit valid and timely Requests for Exclusion. If  
5 Defendant elects to terminate the Settlement, it shall be responsible for payment of any  
6 Settlement Administration Costs then incurred by the Settlement Administrator.

7           **43. Disposition of Defendant's Assets.**

8           Defendant shall have the right, in connection with a liquidation and winding up of its  
9 business, to sell, assign, transfer, settle, compromise, abandon or otherwise dispose of its assets  
10 and properties, including its accounts receivables, as it deems appropriate in the exercise of its  
11 reasonable business judgment. Without limiting the generality of the foregoing, Defendant shall  
12 have no obligation to incur any material expense in connection with its liquidation of any of its  
13 assets or properties, including, without limitation, by incurring legal fees to collect any account  
14 receivable. In this regard, Defendant acknowledges and agrees that Defendant is required to and  
15 will pay timely the Minimum Settlement Payment but makes no commitment, agreement,  
16 representation, or warranty regarding the amount of Cash Recoveries that it will collect, and  
17 accordingly, the amount, if any, of Escalator Payments that will be paid by Defendant.

18           **44. Termination of Settlement.**

19           The Settlement confirmed by this Stipulation may be terminated as follows:

- 20           a.     Upon the mutual written consent of the Parties;
- 21           b.     By a non-breaching Party, in the event that the Court does not grant  
22 preliminary or final approval of this Stipulation;
- 23           c.     By a non-breaching Party, pursuant to the provisions of Paragraph 58  
24 hereof;
- 25           d.     By Defendant, in accordance with the provisions of Paragraph 42 hereof;  
26 or
- 27           e.     By a non-breaching Party, if an appeal is filed as to the Final Approval  
28 Order and the appellate court vacates, reverses or modifies the Final Approval Order in a

1 manner that requires a material modification of this Stipulation; provided, however, that  
2 the Parties shall work together diligently and in good faith to address the appellate court's  
3 concerns and to obtain entry of a Final Approval Order consistent with the provisions of  
4 this Stipulation. An appellate court's determination to vacate, reverse or modify the  
5 Court's award to Class Counsel of Attorneys' Fees and Costs, or the Court's award to  
6 Plaintiff of a Class Representative Enhancement Payment or the Court's award to the  
7 Settlement Administrator of Settlement Administration Costs shall not constitute a  
8 material modification of the Final Approval Order within the meaning of this Paragraph

9 **45. Effect of Termination.**

10 In the event of any termination of the Settlement as permitted by Paragraph 44 hereof,  
11 the Settlement, and all of the terms of the Settlement, as confirmed by this Stipulation, any  
12 document executed in furtherance of the Settlement and any order of the Court entered in  
13 furtherance of the Settlement, shall immediately become null and void ab initio, of no force or  
14 effect, and shall not be binding on the Parties. Upon any such termination of the Settlement, the  
15 Settlement Administrator shall have the absolute and unconditional obligation to repay and  
16 disburse to Defendant, and the Settlement Administrator shall forthwith repay and disburse to  
17 Defendant, all funds on deposit in the Escrow, and the Parties shall be restored to the same  
18 respective positions that they were in as of the Execution Date of this Stipulation, without any  
19 impairment of or prejudice to such positions, and the Parties shall reserve all rights and remedies  
20 that they may have as a matter of law; notwithstanding the foregoing, in the event of any  
21 termination of the Settlement resulting from a breach of this Stipulation occurring prior to any  
22 termination of the Settlement, the non-breaching Party shall retain any and all rights and  
23 remedies that it may have under applicable law against the breaching Party.

24 **46. Entire Agreement.**

25 This Stipulation and the attached Exhibits constitute the entirety of the Parties'  
26 settlement terms. No other prior or contemporaneous written or oral agreements regarding the  
27 settlement terms shall be binding on the Parties.  
28

1           **47. Amendment or Modification.**

2           This Stipulation may be amended or modified only by a written instrument signed by  
3 each Party's counsel.

4           **48. Authorization to Enter Into Stipulation.**

5           Each Party hereby represents and warrants that she or it is authorized to negotiate the Settlement  
6 and to take all appropriate action, and to execute any other documents, appropriate to effectuate  
7 the terms of this Stipulation. The Parties and their respective counsel shall cooperate with each  
8 other and use their respective best efforts to implement the Settlement. If the Parties are unable  
9 to reach agreement on the form or content of any document needed to implement the Settlement,  
10 or on any supplemental provisions that may become necessary to effectuate the terms of the  
11 Settlement, the Parties may move the Court for resolution of such dispute.

12           **49. Binding on Successors and Assigns.**

13           This Stipulation shall be binding upon, and inure to the benefit of, the successors or  
14 assigns of the Parties.

15           **50. California Law Governs.**

16           All of the terms of this Stipulation and the Exhibits hereto shall be governed by and  
17 interpreted according to the laws of the State of California.

18           **51. Execution and Counterparts.**

19           This Stipulation may be executed in one or more counterparts. All executed counterparts  
20 and each of them, including facsimile and scanned copies of the signature page, shall be deemed  
21 to be one and the same instrument if the Parties' counsel exchange among themselves original  
22 signed counterparts.

23           **52. Acknowledgement that the Settlement is Fair and Reasonable.**

24           Each Party hereby acknowledges that the Settlement is a fair, adequate, and reasonable  
25 settlement and that the Settlement was arrived at after arm's-length negotiations and in the  
26 context of adversarial litigation. Each Party hereby acknowledges that it has been represented  
27 by competent counsel and that it has had an opportunity to consult with its counsel regarding  
28 the fairness and reasonableness of the Settlement.

1           **53.    Waiver of Certain Appeals.**

2   The Parties, and all Class Members who opt of the Settlement or who do not object to the  
3   Settlement, hereby agree to waive any and all appeals with respect to the Settlement of the  
4   Action confirmed by this Stipulation and/or with respect to the validity or enforceability of this  
5   Stipulation. The Parties stipulate to class certification for purposes of the Settlement only.  
6   Notwithstanding the foregoing, either Party may seek from the Court an order interpreting or  
7   construing any provision of this Stipulation, and Plaintiff or Class Counsel may appeal any  
8   reduction by the Court of the amount of the Class Representative Enhancement Payment or  
9   Attorneys' Fees and Costs award which they, respectively, may request from the Court.

10           **54.    No Admission of Liability.**

11           The Parties enter into this Stipulation to resolve the disputes that have arisen between  
12   them and to avoid the burden, expense, and risk of continued litigation. In entering into this  
13   Stipulation, Defendant does not admit, and specifically denies, that it: (a) violated any federal,  
14   state, or local law; (b) violated any regulations or guidelines promulgated pursuant to any statute  
15   or any other applicable laws, regulations, or legal requirements; (c) breached any contract; (d)  
16   violated or breached any duty; (e) engaged in any misrepresentation or deception; or (f) engaged  
17   in any other unlawful conduct with respect to its employees. Neither this Stipulation, nor any of  
18   its terms or provisions, nor any of the negotiations connected with it, shall be construed as an  
19   admission or concession of any such violations or failures to comply with any applicable law.  
20   Except as necessary to enforce the terms of this Stipulation, this Stipulation and its terms and  
21   provisions shall not be offered or received as evidence in any action or proceeding to establish  
22   any liability or admission on the part of Defendant or to establish the existence of any condition  
23   constituting a violation of, or a non-compliance with, federal, state, local or other applicable  
24   law.

25           **55.    No Waiver.**

26           No waiver of any condition or covenant contained in this Stipulation or failure to  
27   exercise a right or remedy by either Party shall be considered to imply or constitute a further  
28   waiver by such Party of the same or any other condition, covenant, right, or remedy.

1           **56.   Mutual Preparation of Stipulation.**

2   Each Party acknowledges and agrees that it has had a full opportunity to negotiate, and did  
3   negotiate fully, the terms and conditions of this Stipulation. Accordingly, this Stipulation shall  
4   not be construed more strictly against one Party than the other Party merely by virtue of the fact  
5   that this Stipulation may have been initially prepared by counsel for a Party, it being recognized  
6   that, because of the arm's-length negotiations between the Parties, both Parties have contributed  
7   to the preparation of this Stipulation.

8           **57.   Notices.**

9           Any notices, consents, waivers and other communications required or permitted by this  
10   Stipulation shall be in writing and shall be deemed given to a Party when (a) delivered to the  
11   appropriate address by hand or by nationally recognized overnight courier service (costs,  
12   prepaid), or (b) sent by email, if sent during the normal business hours of the recipient, with  
13   confirmation of transmission by the transmitting equipment confirmed with a copy delivered as  
14   provided in clause (a) hereof. Notice to a Party shall be given as follows:

15  
16   If to Plaintiff:

Justice Law Corporation  
Attn: Douglas Han, Esq.  
751 North Fair Oaks, Suite 101  
Pasadena, CA 91103  
Tel: (818) 230-7502  
Email: dhan@justicelawcorp.com

20  
21   If to Defendant:

Horizon Health & Sub-Acute, LLC  
Attn : Brooke Carnohan  
3034 Herndon Ave.  
Fresno, CA 93720  
Tel: (559) 321-0883  
Email: bcarnohan@meritagehealthcare.com

25   with a copies to:

Lewis Brisbois Bisgaard & Smith, LLP  
Attn: Katherine C. Den Bleyker, Esq.  
633 West 5<sup>th</sup> Street, Suite 4000  
Los Angeles, CA 90071  
Tel: (213) 250-1800  
Email: Katherine.DenBleyker@lewisbrisbois.com

Winthrop Golubow Hollander, LLP  
Attn: Robert E. Opera, Esq.  
1301 Dove Street, Suite 500  
Newport Beach, CA 92660  
Tel: (949) 720-4130  
Email: ropera@wghlawyers.com

A Party may designate in writing a different address to which any notice, request, demand or other communication is to be given hereunder to such Party. Telephone numbers are listed for convenience purposes only and not for the purpose of giving notice pursuant to this Stipulation.

**58. Severability.**

Whenever possible, each provision or portion of any provision of this Stipulation shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Stipulation is held to be invalid, illegal or unenforceable in any respect under any applicable law in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Stipulation and in lieu of such invalid, illegal or unenforceable provision, there shall be added automatically as a part of this Stipulation a valid, legal and enforceable provision as similar in terms to such invalid, illegal or unenforceable provision as may be possible. Notwithstanding the foregoing, in the event that the Court modifies this Stipulation in a manner materially adverse to the interests of a Party, such Party shall have the right in the exercise of its sole and absolute discretion to terminate this Stipulation, except that any reduction of the amount of the Attorneys' Fees and Costs provision hereof, the amount of the Class Representative Enhancement Payment provision hereof, or the amount of the Settlement Administration Costs provision hereof shall not constitute cause for terminating this Stipulation.

**59. Attorney's Fees and Costs.**

Each Party shall bear its own attorneys' fees and costs arising from or relating to the negotiation and execution of this Stipulation. In the event of any action or proceeding to enforce, modify, interpret or construe any term or provision of this Stipulation, however, the prevailing Party shall be entitled to an award of its costs and expenses, including reasonable attorneys' fees

1 and costs, incurred as a result of such action or proceeding, including any appeals resulting  
2 therefrom.

3 **60. Interpretation.**

4 Wherever in this Stipulation the context so requires, reference to the neuter, masculine  
5 or feminine shall be deemed to include each of the others, and reference to either the singular or  
6 the plural shall be deemed to include the other.

7 **61. Further Assurances.**

8 Each Party, at the request of the other Party, shall execute and deliver to the requesting  
9 Party all such further documents, and shall take such further acts, as may be reasonably  
10 necessary or appropriate in order to confirm or carry out the provisions of this Stipulation.

11 **62. Use and Return of Documents.**

12 Information provided to Class Counsel and all documents provided to Class Counsel by  
13 Defendant in connection with the Parties' mediation, other settlement negotiations, or in  
14 connection with the Settlement, may be used only with respect to the Settlement, and for no  
15 other purpose, and may not be used in any way that violates any existing contractual agreement,  
16 statute, or rule of the Court. Not later than thirty (30) calendar days after the date when the  
17 Settlement Administrator provides to the Parties pursuant to Paragraph 25 hereof the Declaration  
18 confirming the Settlement Administrator's completion of administration of the Settlement,  
19 Plaintiff shall destroy all such documents and provide to Defendant evidence thereof, in a  
20 manner reasonably acceptable to Defendant.

21 **63. Stay of Litigation.**

22 The Parties hereby agree to a stay of all proceedings in the Action, except only for any  
23 proceedings to obtain approval of the Settlement. The Parties shall cooperate with each other,  
24 and shall take any and all reasonable acts as may be appropriate, to obtain from the Court any

25 ///

26 ///

orders to effectuate such a stay.

03/16/2023

Dated: March \_\_\_\_\_, 2023

**DESIREE SANCHEZ**

*Desiree Sanchez*

Dated: March \_\_\_\_\_, 2023

**HORIZON HEALTH & SUB-ACUTE, LLC**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**APPROVED AS TO  
FORM AND CONTENT.**

Dated: March 17, 2023

**JUSTICE LAW CORPORATION**

By: *D. Han*

Douglas Han

Shunt Tatavos-Gharajeh

Chancellor Nobles

Attorneys for Plaintiff, Desiree Sanchez

Dated: March \_\_\_\_\_, 2023

**LEWIS BRISBOIS BISGAARD &  
SMITH, LLP**

By: \_\_\_\_\_

Katherine C. Den Bleyker

William Richards, Jr.

Attorneys for Defendant, Horizon Health  
& Sub-Acute, LLC

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orders to effectuate such a stay.

Dated: March \_\_\_\_\_, 2023

**DESIREE SANCHEZ**

Dated: March 15, 2023

**HORIZON HEALTH & SUB-ACUTE, LLC**

By:   
Its: MANAGER

**APPROVED AS TO  
FORM AND CONTENT.**

Dated: March \_\_\_\_\_, 2023

**JUSTICE LAW CORPORATION**

By: \_\_\_\_\_  
Douglas Han  
Shunt Tatavos-Gharajeh  
Chancellor Nobles  
Attorneys for Plaintiff, Desiree Sanchez

Dated: March 20, 2023

**LEWIS BRISBOIS BISGAARD &  
SMITH, LLP** 

By: \_\_\_\_\_  
Katherine C. Den Bleyker  
William Richards, Jr.  
Attorneys for Defendant, Horizon Health  
& Sub-Acute, LLC

# **EXHIBIT A**

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE

**NOTICE OF CLASS ACTION SETTLEMENT**

PLEASE READ CAREFULLY AS

THIS NOTICE MAY AFFECT YOUR RIGHTS

DESIREE SANCHEZ, individually, and on behalf of  
other members of the general public similarly situated;

Plaintiff,

vs.

HORIZON HEALTH & SUB-ACUTE, LLC, a  
California limited liability company; and DOES 1  
through 100, inclusive;

Defendants.

Case No.: 30-2021-01226692-CU-OE-CXC

Assigned for All Purposes to:

Honorable Peter Wilson

Department CX-101

**NOTICE OF CLASS ACTION SETTLEMENT**

## **I. WHY DID I GET THIS NOTICE?**

This Notice explains the settlement that has been reached in the case entitled *Desiree Sanchez v. Horizon Health & Sub-Acute, LLC* (Case No. 30-2021-01226692-CU-OE-CXC) (the “Action”).<sup>1</sup>

You are receiving this Notice because the records of Defendant Horizon Health & Sub-Acute, LLC (“Defendant”) indicate that you are a former hourly-paid or non-exempt employee employed by Defendant within the State of California at any time between April 22, 2017 and March 31, 2023 (the “Class Period”). You are eligible to receive a portion of the settlement amount.

This is **not** a notice of a lawsuit against you. **You are not being sued.**

The Court presiding over the Action has ordered that this Notice be sent to you because Defendant’s records indicate that you were employed by Defendant as a Class Member. The purpose of this Notice is to inform you of the proposed Settlement of the Action. The Notice is intended to: (1) describe the Settlement, including how the settlement funds will be allocated and how the Settlement may affect you; and (2) advise you of your rights and options with respect to the Settlement.

## **II. WHAT IS THE CLASS ACTION LAWSUIT ABOUT?**

Plaintiff Desiree Sanchez (“Plaintiff”), a former employee of Defendant, has provided to the California Labor and Workforce Development Agency (“LWDA”) written notice of labor claims against Defendant.

On October 18, 2021, Plaintiff filed a wage-and-hour Class Action Complaint against Defendant in the Superior Court of California, County of Orange, and, on February 21, 2023, Plaintiff filed in the Court an Amended Class Action Complaint (the “Amended Complaint”). By Plaintiff’s Amended Complaint, Plaintiff alleged the following violations by Defendant: (1) Labor Code sections 510 and 1198 (unpaid overtime); (2)

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<sup>1</sup> Except as otherwise defined herein, the definitions of the capitalized terms contained herein are as set forth in that \_\_\_\_\_ (“Motion”) filed on \_\_\_\_, 2023 by Plaintiff.

Labor Code sections 226.7 and 512(a) (unpaid meal period premiums); (3) Labor Code sections 226.7 (unpaid rest period premiums); (4) Labor Code sections 1194 and 1197 (unpaid minimum wages); (5) Labor Code sections 201 and 202 (final wages not timely paid); (6) Labor Code section 226(a) (noncompliant wage statements); (7) Labor Code sections 2800 and 2802 (unreimbursed business expenses); (8) Labor Code sections 2698, *et seq.* (Private Attorneys General Act of 2004 (“PAGA”)); and (9) Business & Professions Code sections 17200, *et seq.*

After engaging in investigations, mediation and negotiations, Plaintiff and Defendant (collectively known as the “Parties”) reached a settlement of the claims asserted by Plaintiff by the Amended Complaint. The Parties’ Settlement is confirmed and set forth in that Joint Stipulation and Settlement Agreement (“Settlement Agreement”) which is attached as an exhibit to the Motion.

Defendant strongly denies violating the law in any way or failing to pay any wages, contends it complied with all applicable laws, and has entered into the Settlement solely for purposes of resolving this dispute. Defendant further denies that the Action is appropriate for class treatment for any purpose other than the Settlement. Nothing in this Notice or the Settlement itself, or any actions to carry out the terms of the Settlement, means Defendant admits any fault, guilt, negligence, wrongdoing, or liability whatsoever.

The Court has not ruled on whether Plaintiff’s allegations against Defendant have any merit. The Parties have requested that the Court grant preliminary approval of the proposed Settlement and the Court has granted preliminary approval of the proposed Settlement. By granting preliminary approval of the proposed Settlement, the Court has determined only that there is sufficient evidence to suggest that the proposed Settlement might be fair, adequate, and reasonable. Any final determination of these issues will be made at the Final Approval Hearing, scheduled for \_\_\_\_\_, at which time the Court will consider any objections to the Settlement and whether to grant final and binding approval of the Settlement.

As set forth in further detail in Section V below, to avoid the time and expense of further litigation, the ultimate outcome of which is uncertain, and to provide a fair and reasonable resolution of this legal dispute, the Parties have agreed to resolve this matter by Defendant’s paying Settlement Payments in the total amount of \$720,000,

plus any “Escalator Payment,” as described in Section V(A)(3)hereinbelow. Class Members who do not exclude themselves from the Class Settlement are entitled to receive a portion of this amount. This Settlement is **not** an admission by Defendant of any liability.

### **III. DEFENDANT’S BUSINESS**

Defendant asserts that it has been and is now experiencing financial difficulties and that the Nursing Facility that it operated was unprofitable. In order to address Defendant’s financial concerns, Defendant entered into agreements pursuant to which Defendant transitioned operational and financial responsibility for the Nursing Facility to a new operator of the Nursing Facility in accordance with the terms and conditions of such agreements. Accordingly, Defendant has ceased operating the Nursing Facility and has commenced liquidation of Defendant’s assets, consisting primarily of accounts receivable, in order to obtain funds for payment of its debts, including the Class Claims and PAGA Claims.

### **IV. WHO IS INCLUDED IN THIS CLASS ACTION?**

Under the Settlement, “Class Members” are all hourly-paid or non-exempt employees employed by Defendant within the State of California at any time between April 22, 2017 and March 31, 2023. A “non-exempt employee” means an employee who is entitled to payment of a minimum wage and an overtime wage if the employee worked more than eight (8) hours in a day or more than forty (40) hours in a week.

### **V. WHAT DOES THE PROPOSED SETTLEMENT OFFER?**

The following describes the payment terms of the Settlement, which will be applicable as and when the Court grants final approval of the Settlement and the “Effective Date” of the Settlement occurs (as defined in Section V(B) hereof).

**A. Settlement Payments.** Defendant will pay \$720,000 (“Minimum Settlement Payment”), **plus** any “Escalator Payment,” to settle the claims of all Class Members (“Gross Settlement Amount”).

1. Funding of the Gross Settlement Amount. Defendant will pay forty percent (40%) of Defendant's "Cash Recoveries" (essentially, Defendant's cash and the collections of its accounts receivable) to an escrow account ("Escrow"), in order to fund payment of the Gross Settlement Amount (such payments are referred to as the "Settlement Payments"), in accordance with the provisions of the Settlement Agreement.
2. Payment of Cash Recoveries. Defendant has commenced paying to the Escrow, and will continue paying to the Escrow, monthly Settlement Payments in accordance with the provisions of the Settlement Agreement. Defendant must pay the full amount of the Minimum Settlement Payment (i.e., \$720,000), plus any Escalator Payments, to the Settlement Administrator appointed by the Court to administer the Settlement by no later than the tenth (10th) calendar day following the Effective Date of the Settlement.
3. Escalator Payment. The \$720,000 Minimum Settlement Payment is the minimum payment payable by Defendant under the Settlement. The Minimum Settlement Payment will be increased by an amount equal to forty percent (40%) of any aggregate Cash Recoveries by Defendant, less \$720,000 ("Escalator Payment"). This provision is intended to facilitate a sharing of Defendant's Cash Recoveries based primarily upon Defendant's success in collecting its accounts receivable.

Defendant's Cash Recoveries will be disbursed and applied first to satisfy Secured Claims asserted against Defendant. After the Secured Claims are satisfied, the balance of Cash Recoveries will be disbursed and applied as follows: forty percent (40%) to fund the Gross Settlement Amount, including any Escalator Payment; and sixty percent (60%) which may be retained by Defendant to fund payment of other unsecured obligations of Defendant, including trade claims and wage claims.

Payment of any Escalator Payment will be contingent upon the amount of Cash Recoveries by Defendant. Under the Settlement, Defendant has made no representation or warranty regarding the amount, if any, of any Escalator Payments.

4. Required Payment of Minimum Settlement Payment. Defendant's payment of the \$720,000 Minimum Settlement Payment is an absolute, non-contingent obligation of Defendant payable by Defendant in accordance with the terms of the Settlement, subject only to the effectiveness of the Settlement, regardless of the amount of Cash Recoveries by Defendant. So, the minimum amount of the Gross Settlement Amount will be \$720,000, and the Gross Settlement Amount may be higher depending, in part, upon the amount of Cash Recoveries collected by Defendant.
5. Settlement Administrator's Control of Escrow. The Settlement Administrator will have and retain control of the funds on deposit in the Escrow subject only to the Court's entry of the Final Approval Order, granting final approval of the Settlement and the occurrence of the Effective Date.
6. Reporting by Defendant. Concurrently with Defendant's payment monthly of the Settlement Payments, Defendant will provide to Plaintiff's counsel and to the Settlement Administrator written reports regarding Defendant's collection of any Cash Recoveries during the prior calendar month. Plaintiff's representatives will have access to Defendant's books and records regarding the collection of Cash Recoveries in order to verify the amount thereof.
7. Payment of Employer Taxes. Defendant will be solely responsible for paying all Employer Taxes associated with Defendant's payment of the wage portion of Settlement Payments, separate from and in addition to Defendant's payment of the Gross Settlement Amount.

**B. Effective Date.** Under the Settlement, the “Effective Date” of the Settlement is the latest of: (1) thirty (30) calendar days after entry of the Court’s Final Approval Order if no objection to the Settlement is made; (2) thirty (30) calendar days after the running of the appeal period with respect to the Final Approval Order if an objection to the Settlement is made but no appeal of the Final Approval Order is filed; or (3) if an appeal of the Final Approval Order is filed, thirty (30) calendar days after the Final Approval Order has been affirmed by the highest court to which the Final Approval Order was appealed and the time to take any further appeal has expired, such that the Final Approval Order is no longer subject to appeal.

**C. Settlement Administrator.** A Settlement Administrator has been appointed by the Court to administer the Settlement. The Settlement Administrator will pay the following out of the Gross Settlement Amount:

- (1) Class Counsel’s attorneys’ fees, in an amount up to thirty-five percent (35%) of the Gross Settlement Amount;
- (2) Class Counsel’s attorneys’ costs as reimbursement for litigation costs and expenses incurred by it, in an amount up to \$25,000;
- (3) Settlement Administration Costs payable to the Settlement Administrator, in an amount up to \$30,000;
- (4) A Class Representative Enhancement Payment payable to Plaintiff, in an amount up to \$10,000; and
- (5) A PAGA Payment in the amount of \$50,000 to resolve claims under PAGA, seventy-five percent (75%) of which (\$37,500) will be paid to the LWDA and twenty-five percent (25%) of which (\$12,500) will be distributed to the Eligible Aggrieved Employees, on a pro rata basis, as detailed below.

**D. Net Settlement Amount.** The Attorneys' Fees and Costs payable to Class Counsel, the Class Representative Enhancement Payment payable to Plaintiff, the PAGA Payments payable to the Eligible Aggrieved Employees and the LWDA and the Settlement Administration Costs payable to the Settlement Administrator, will be deducted from the Gross Settlement Agreement to calculate the net settlement amount ("Net Settlement Amount") to be distributed to the participating Class Members. A Class Member will receive under the Settlement a maximum distribution equal to his or her "Individual Settlement Payment" on account of the Net Settlement Amount, plus any Individual PAGA Payment to which he or she may be entitled as an Eligible Aggrieved Employee.

## **VI. INDIVIDUAL SETTLEMENT PAYMENTS**

Individual Settlement Payments to Class Members will be calculated and apportioned from the Net Settlement Amount based on the number of Workweeks a Class Member worked for Defendant during the Class Period as an hourly-paid or non-exempt employee in California.

The Settlement Administrator will first calculate the number of Workweeks worked by each Class Member. Workweeks may be based on either: (1) weeks during which at least one day was worked; or (2) hire dates and, where applicable, last dates worked or separation dates, re-hire dates, dates of any periods of leave, and dates of transition between non-exempt and exempt status. The Settlement Administrator also will calculate the aggregate total Workweeks worked by all Class Members as hourly paid or non-exempt employees in California during the Class Period (April 22, 2017 to March 31, 2023).

To determine the estimated Individual Settlement Payments, the Settlement Administrator will use the following formula: the Net Settlement Amount will be divided by the aggregate total number of Workweeks worked by all Class Members during the Class Period, resulting in the Workweek Value for Class Members, and then each Class Member's Individual Settlement Payment will be calculated by multiplying each individual Class Member's total number of Workweeks worked by the Workweek Value for Class Members.

If you do not opt out of the Settlement, you will be eligible to receive an Individual Settlement Payment, less applicable taxes. **It has been determined that the number of Workweeks you worked for Defendant as a Class Member during the Class Period is: [REDACTED]. Based on the Minimum Settlement Payment, Your estimated Individual Settlement Payment is: \$ [REDACTED] (less applicable withholdings).** The actual amount you may receive likely will be different and will depend on a number of factors. If you believe that you worked more Workweeks during the Class Period, you can submit a challenge by the deadline date, as discussed in Section XIV of this Notice.

## **VII. WHAT IS A REPRESENTATIVE PAGA ACTION?**

A representative PAGA action is a type of representative lawsuit authorized by California Labor Code sections 2698, *et seq.* (Private Attorneys General Act of 2004), which allows aggrieved employees to file lawsuits to recover civil penalties on behalf of themselves, other employees, and the State of California for violations of the Labor Code and Industrial Welfare Commission (“IWC”) Wage Orders. An aggrieved employee is any person who was employed by the subject employer, and against whom one or more of the alleged Labor Code violations was committed. An employee who files a representative PAGA action is essentially acting as an agent of California’s labor law enforcement agencies, who have the power to initiate an enforcement action directly.

A representative PAGA action is different from a class action in that an employee filing a representative PAGA action is not resolving the claims of other similarly situated employees. Rather, the employee is acting as an agent of the State of California to obtain penalties for himself or herself and other aggrieved employees for Labor Code and IWC Wage Order violations allegedly committed against those employees pursuant to PAGA. Penalties awarded in a representative PAGA action are measured by the number of violations committed by the employer, a portion of which (75%) must be paid to the State of California.

Members of a class action have the right to opt out of, or exclude themselves from, the class action. In this case, Class Members who opt out of the proposed Settlement will not be bound by the terms of any judgment issued by the Court in the class Action. Class Members who do not opt out will be bound by the terms of any

judgment issued by the Court and will be precluded from bringing any claims that were or that could have been brought against the Defendant in the Action. Conversely, aggrieved employees do not have the right to opt out of (or object to) a representative PAGA action. However, aggrieved employees retain the right to pursue their Class Claims if they timely opt out of the Class Settlement as further discussed in Section X of this Notice.

### **VIII. ELIGIBLE AGGRIEVED EMPLOYEES AND INDIVIDUAL PAGA PAYMENTS**

Under the Settlement, “Eligible Aggrieved Employees” are all hourly-paid or non-exempt employees employed by Defendant within the State of California at any time between August 15, 2021 and March 31, 2023 (the “PAGA Period”).

As stated above, twenty-five percent (25%) of the PAGA Payment (\$12,500) will be distributed to Eligible Aggrieved Employees, on a pro rata basis, which payments are referred to in the Settlement as the “Individual PAGA Payments.” An Eligible Aggrieved Employee’s Individual PAGA Payment will be based on the number of Workweeks that an Eligible Aggrieved Employee worked for Defendant during the PAGA Period as an hourly-paid or non-exempt employee in California.

The Settlement Administrator will calculate the total number of Workweeks worked by each Eligible Aggrieved Employee based on either: (1) weeks during which at least one day was worked by the employee; or (2) hire dates and, where applicable, last dates worked or separation dates, re-hire dates, dates of any periods of leave, and dates of transition between non-exempt and exempt status. The Settlement Administrator also will calculate the aggregate total Workweeks worked by all Eligible Aggrieved Employee as hourly-paid or non-exempt employees in California during the PAGA Period.

To determine the Individual PAGA Payments, the Settlement Administrator will use the following formula: the twenty-five percent (25%) of the PAGA Payment (\$12,500) will be divided by the aggregate total number of Workweeks worked by all Eligible Aggrieved Employees during the PAGA Period, resulting in the Workweek Value for Eligible Aggrieved Employees, and each Eligible Aggrieved Employee’s Individual PAGA

Payment will then be calculated by multiplying each individual Eligible Aggrieved Employee's total number of Workweeks worked by the Workweek Value for Eligible Aggrieved Employees.

Eligible Aggrieved Employees will receive their Individual PAGA Payments even if they opt out of the class action provisions of the Settlement. In other words, Class Members and Eligible Aggrieved Employees cannot exclude themselves from or object to the PAGA provisions of the Settlement.

**It has been determined that the number of Workweeks you worked for Defendant as an Eligible Aggrieved Employee during the PAGA Period is: [REDACTED]. Your estimated Individual PAGA Payment is: \$ [REDACTED].** If no amount is stated for your Individual PAGA Payment, then according to Defendant's records you are not eligible for an Individual PAGA Payment under the Settlement because you didn't work during the PAGA Period. If you believe that you worked more Workweeks during the PAGA Period, you can submit a challenge by the deadline date, as discussed in Section XIV of this Notice.

#### **IX. RELEASED CLAIMS**

If the Court grants final approval of the Settlement and you do not opt out of the Class Settlement, then you will release Defendant from all claims stated in the Amended Complaint and those based upon the facts alleged in the Amended Complaint. This includes all of the following claims for relief: (1) a failure to properly calculate and pay all regular wages, minimum wages, overtime wages, and sick leave due (Labor Code sections 246, 510, 1194, 1194.2, 1197, and 1198); (2) a failure to provide proper meal and rest periods and to properly provide premium pay in lieu thereof (Labor Code sections 226.7 and 512); (3) a failure to provide complete, accurate, or properly formatted wage statements and payroll records (Labor Code sections 226, 1174, and 1776); (4) a failure to reimburse necessary business expenditures (Labor Code sections 2800 and 2802); (5) a failure to timely pay wages during employment and after employment (Labor Code sections 201, 202 and 204); (6) engaging in unfair business practices that could have been premised on the claims, causes of action, or legal theories of relief described above or any of the claims, causes of action, or legal theories of relief pleaded in the Amended Complaint (Business & Professions Code sections 17200, *et seq.*); and (7) all damages, penalties,

interest, attorneys' fees and costs, and other amounts recoverable under said claims, causes of action or legal theories of relief (the "Class Released Claims"). The period of the Class Released Claims will extend to the limits of the Class Period (April 22, 2017 to March 31, 2023).

In addition, if the Court grants final approval of the Settlement, PAGA Claims will be released. The PAGA Claims released under the Settlement are all claims for statutory penalties that could have been sought by the Labor Commissioner for the violations identified in Plaintiff's notice letter sent to the LWDA on October 21, 2022. This includes claims for civil penalties for violations of Labor Code sections 201, 202, 203, 204, 218.5, 221, 226(a), 226.3, 226.7, 246, 510, 512(a), 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, and applicable IWC Wage Orders. The period of the PAGA Claims released by the Settlement will extend to the limits of the PAGA Period (August 15, 2021 to March 31, 2023).

The "Released Parties" that will be released of claims under the Settlement include Defendant and its officers, directors, members, employees, agents and other insiders and affiliates of Defendant, as described in the Settlement Agreement.

## **X. WHAT ARE MY OPTIONS?**

**A. *No Opt Out: You may accept your share of the Net Settlement Amount and be bound by the release of all claims described above.*** Settlement awards will be paid by check after the Settlement is given final approval by the Court. The checks will be mailed to you by the Settlement Administrator. Your check will remain valid and negotiable for one hundred twenty (120) calendar days from the date on which it is issued. After the one hundred twenty (120) calendar days expire, the check will become void and the funds from the uncashed checks will be distributed by the Settlement Administrator to the State Controller's Unclaimed Property Fund; or

**B. *No Opt Out of/Exclusion from Class Action Settlement: You may exclude yourself from the Class Settlement, in which case you will not receive your Individual Settlement Payment, and you will not be bound by the class action provisions of the Settlement.*** If you choose to be excluded from the class action

provisions of the Settlement, by no later than [ENTER DATE] (within 45 calendar days after the initial mailing of this Notice Packet), you must complete the “Request for Exclusion” form included in this Notice Packet and mail the Request for Exclusion form to the Settlement Administrator, [REDACTED], located at [REDACTED]. To be valid, your exclusion request must include the information contained within the “Request for Exclusion” form along with your signature. As stated above, Class Members and Eligible Aggrieved Employees cannot opt out of the PAGA provisions of the Settlement, meaning that they will still receive their Individual PAGA Payments even if they submit valid and timely Request for Exclusion forms; or

C. ***Object to Class Settlement: You may object to the class action provisions of the Settlement.*** The procedures for objecting to the class action provisions of the Settlement are included in the “Objection Form” included in this Notice Packet. As stated above, Class Members and Eligible Aggrieved Employees cannot object to the PAGA provisions of the Settlement. A more detailed explanation of the “Objection Form” and how to object to the class action provisions of the Settlement is provided below under Section XII of this Notice.

## XI. **WHAT ARE THE PROCEDURES FOR PAYMENT?**

A. **Settlement Check.** The Settlement Administrator will calculate your share of the Settlement and will issue to you a check. Your portion of the Individual Settlement Payment under the Net Settlement Amount and Individual PAGA Payment as a portion of the PAGA Payment (if you are also an Eligible Aggrieved Employee) will be paid out in a single payment.

B. **Allocation of Individual Settlement Payout.** All Individual Settlement Payments will be allocated as follows: (1) twenty percent (20%) as wages; and (2) eighty percent (80%) as interest and penalties. The Settlement Administrator will be responsible for issuing to Class Members a form W-2 for amounts deemed wages and an IRS Form 1099 for the portions allocated to interest and penalties. You are responsible for paying the correct amount of taxes on each portion of your share of the Settlement.

C. **Allocation of Individual PAGA Payments.** All Individual PAGA Payments will be allocated as one hundred percent (100%) penalties. The Settlement Administrator will be responsible for issuing Eligible Aggrieved Employees an IRS Form 1099 if the Eligible Aggrieved Employee's Individual PAGA Payment exceeds \$600.

D. **Contact Information.** While the Settlement Administrator will make its reasonable efforts to ensure that you receive your Individual Settlement Payment under the Net Settlement Amount and Individual PAGA Payment, you are encouraged to notify either the Settlement Administrator, Class Counsel, or Defendant's counsel regarding any changes to your contact information.

E. **Change of Address.** It is important for the Parties to have your current address to be able to send to you other mailings regarding the Action. You should contact the Settlement Administrator to report any change of your address after you receive this Notice. Failure to report a change of address may result in your not receiving your share of the settlement money.

## **XII. PROCEDURES FOR OBJECTING TO SETTLEMENT**

If you believe that the Settlement is unfair, and you want to tell the Court and the proponents of the Settlement why you oppose it, you have a right to object to the Settlement and tell the Court the reasons why you do not agree with the Settlement. If you object to the Settlement, you have an opportunity to explain to the Court why you believe that the Settlement is unfair and should not be finally approved. These procedures are your only opportunity to object to the Settlement and to ask the Court to listen to your point of view.

To object, you must fill out the "Objection Form" included in this Notice Packet. Moreover, you must explain your reasoning under the "I object to the class action provisions of the Settlement for the following reasons" portion of the Objection Form. If you object to the Settlement, you will have the right to appear at the Final Approval Hearing, but you are not required to appear at the Final Approval Hearing to have your Objection considered. You must either mail or fax the Objection Form to the Settlement Administrator, located at

[REDACTED]. The Settlement Administrator's fax number is [REDACTED]. The Objection Form must be postmarked by [REDACTED] (within 45 calendar days after the initial mailing of this Notice Packet).

### **XIII. HEARING ON PROPOSED SETTLEMENT**

A Final Approval Hearing will be held before the Court on [REDACTED] at [REDACTED], in Department CX-101 of the Orange County Superior Court, located at 751 W. Santa Ana Blvd., Santa Ana, California 91103 to decide whether the proposed settlement is fair, reasonable, and adequate. The Settlement Administrator will give notice by mail to Class Members of any continuance of the Final Approval Hearing.

You are not required to attend the Final Approval Hearing. At the Final Approval Hearing, Class Counsel and the Defendant's counsel will respond to any questions that the Court may have regarding the proposed Settlement and any Objection that may be asserted with respect to the proposed Settlement. You are welcome to attend the Final Approval Hearing at your own expense.

### **XIV. WORKWEEK CHALLENGES**

The number of Workweeks that you worked during the Class Period and the number of Workweeks that you worked during the PAGA Period, as recorded in Defendant's records, are stated, respectively, in Sections VI and VIII hereof. You have until \_\_\_\_\_ to challenge the number of Workweeks credited to you. You can submit your challenge by signing and sending a letter to the Settlement Administrator via mail or fax. Section X of this Notice has the Settlement Administrator's contact information.

You need to support any challenge by sending to the Settlement Administrator copies of pay stubs or other records. The Settlement Administrator will accept Defendant's calculation of Workweeks based on Defendant's records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Settlement Administrator will resolve Workweek challenges based on your submission and on input from Class Counsel (who will advocate on behalf

of participating Class Members) and Defendant's counsel. The Settlement Administrator's decision will be final. You can't appeal or otherwise challenge its final decision.

## **XV. EXAMINATION OF COURT PAPERS AND QUESTIONS**

This Notice summarizes the Settlement. For more detailed information, you may view a complete copy of the Settlement Agreement and any papers filed in the Action, which are on file with the Clerk of the Court, Case Number 30-2021-01226692-CU-OE-CXC. The pleadings and all other records from the Action may be examined by inspecting the Court file at the clerk's office of the Orange County Superior Court, located at 751 W. Santa Ana Blvd., Santa Ana, California 91103. You can also find the Settlement Agreement by accessing the Court's website at \_\_\_\_\_. The most recent version of the Settlement Agreement was attached to the Motion that was filed with the Court on \_\_\_\_\_, and may be obtained from the Settlement Administrator.

**If you have any questions, you can call the Settlement Administrator at \_\_\_\_\_ or the Parties' counsel (see below for phone numbers, email information, and mailing address).**

## **ATTORNEYS REPRESENTING PLAINTIFF AND THE CLASS**

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Shunt Tatavos-Gharajeh

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**ATTORNEYS REPRESENTING DEFENDANT**

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Tatyana Esmalian

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William.Richards@lewisbrisbois.com

Tatyana.Esmalian@lewisbrisbois.com

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**PLEASE DO NOT CALL THE COURT REGARDING THIS SETTLEMENT**

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# **EXHIBIT B**

## **REQUEST FOR EXCLUSION**

*Desiree Sanchez v. Horizon Health & Sub-Acute, LLC*

Superior Court of California, County of Orange, Case No. 30-2021-01226692-CU-OE-CXC

| <b>YOUR LEGAL RIGHTS &amp; OPTIONS IN THIS SETTLEMENT</b> |                                                                                                                                                                                                                                            |
|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>DO NOTHING</b>                                         | You will be included in the Settlement, receive your share of the Settlement, and no action is required.                                                                                                                                   |
| <b>EXCLUDE YOURSELF</b>                                   | <u>Get no payment for the class portion of the Settlement.</u> You will not receive any share of the class portion of the Settlement and will not release the class released claims as described in Section IX of the accompanying notice. |
| <b>OBJECT</b>                                             | If you so choose, you may object to the class action provisions of the Settlement.                                                                                                                                                         |

**TO EXCLUDE YOURSELF FROM THE CLASS ACTION PROVISIONS OF THE SETTLEMENT YOU MUST FILL OUT, SIGN, AND DELIVER OR RETURN THIS FORM POSTMARKED ON OR BEFORE [RESPONSE DEADLINE] TO [SETTLEMENT ADMINISTRATOR] AT [SETTLEMENT ADMINISTRATOR'S ADDRESS].**

IDENTIFYING INFORMATION

Please verify and/or complete any missing identifying information:

[NAME]      Former Names (if any): \_\_\_\_\_

[LAST 4 DIGITS OF SOCIAL SECURITY NUMBER] \_\_\_\_\_

[ADDRESS LINE 1] \_\_\_\_\_

[ADDRESS LINE 2] \_\_\_\_\_

[TELEPHONE NUMBER] \_\_\_\_\_

**THIS FORM IS TO BE USED ONLY IF YOU DO NOT WANT TO PARTICIPATE IN THE CLASS ACTION PROVISIONS OF THE SETTLEMENT. IF YOU WANT TO RECEIVE AN INDIVIDUAL SETTLEMENT PAYMENT, DO NOT SUBMIT THIS FORM.**

**I UNDERSTAND THAT, IF I SUBMIT THIS REQUEST FOR EXCLUSION, IT WILL RESULT ONLY IN MY EXCLUSION FROM THE CLASS ACTION PROVISIONS OF THE SETTLEMENT. IN OTHER WORDS, I WILL STILL BE BOUND TO THE PAGA PROVISIONS OF THE SETTLEMENT AND WILL STILL RECEIVE MY INDIVIDUAL PAGA PAYMENT, IF ELIGIBLE, EVEN IF I SUBMIT THIS REQUEST FOR EXCLUSION.**

**By signing and completing the below, I agree to the following:**

**I do not want to participate in the class action provisions of the Settlement in *Desiree Sanchez v. Horizon Health & Sub-Acute, LLC, Superior Court of California, County of Orange*, Case No. 30-2021-01226692-CU-OE-CXC. I understand that, by not participating and excluding myself from the class action provisions of the Settlement, I will not receive an Individual Settlement Payment. I also understand that, even if I submit this form, I will still be bound by the PAGA provisions of the Settlement and receive my Individual PAGA Payment, if eligible.**

Signed on \_\_\_\_\_

Signature: \_\_\_\_\_

# EXHIBIT C

## **OBJECTION FORM**

*Desiree Sanchez v. Horizon Health & Sub-Acute, LLC*

Superior Court of California, County of Orange, Case No. 30-2021-01226692-CU-OE-CXC

| <b>YOUR LEGAL RIGHTS &amp; OPTIONS IN THIS SETTLEMENT</b> |                                                                                                                                                                                                                                            |
|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>DO NOTHING</b>                                         | You will be included in the Settlement, receive your share of the Settlement, and no action is required.                                                                                                                                   |
| <b>EXCLUDE YOURSELF</b>                                   | <u>Get no payment for the class portion of the Settlement.</u> You will not receive any share of the class portion of the Settlement and will not release the class released claims as described in Section IX of the accompanying notice. |
| <b>OBJECT</b>                                             | If you so choose, you may object to the class action provisions of the Settlement.                                                                                                                                                         |

**TO OBJECT TO THE CLASS ACTION PROVISIONS OF THE SETTLEMENT, YOU MUST FILL OUT, SIGN, AND DELIVER OR RETURN THIS FORM POSTMARKED ON OR BEFORE [RESPONSE DEADLINE] TO [SETTLEMENT ADMINISTRATOR] AT [SETTLEMENT ADMINISTRATOR'S ADDRESS].**

IDENTIFYING INFORMATION

Please verify and/or complete any missing identifying information:

[NAME] Former Names (if any): \_\_\_\_\_

[LAST 4 DIGITS OF SOCIAL SECURITY NUMBER] \_\_\_\_\_

[ADDRESS LINE 1] \_\_\_\_\_

[ADDRESS LINE 2] \_\_\_\_\_

[TELEPHONE NUMBER] \_\_\_\_\_

**THIS FORM IS TO BE USED ONLY IF YOU WANT TO OBJECT TO THE CLASS ACTION PORTION OF THE SETTLEMENT.**

**I object to the class action provisions of the Settlement in *Desiree Sanchez v. Horizon Health & Sub-Acute, LLC*, Superior Court of California, County of Orange, Case No. 30-2021-01226692-CU-OE-CXC, for the following reasons:**

**(Attach additional pages if necessary.)**

Signed on \_\_\_\_\_

Signature: \_\_\_\_\_

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

**STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

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

On May 12, 2023, I served the foregoing document described as

**JOINT STIPULATION AND SETTLEMENT AGREEMENT**

for the following case: **Sanchez v. Horizon Health & Sub-Acute, LLC**  
LWDA/Court Case No.: **LWDA-CM-915245-22**  
**30-2021-01226692-CU-OE-CXC**  
**Orange County Superior Court**

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

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

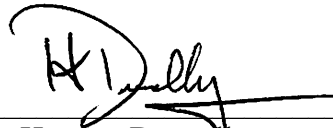
**[X] BY ELECTRONIC SUBMISSION**

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

**[X] STATE**

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

Executed on May 12, 2023, at Pasadena, California.

  
Heather Donnelly