

PAGA SETTLEMENT AGREEMENT

This PAGA Settlement Agreement (“Agreement”) is made by and between plaintiff ROSA MARTINEZ (“Plaintiff”) and defendant CALIFORNIA FRIENDS HOMES (“Defendant”). The Agreement refers to Plaintiff and Defendant collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS.

- 1.1. “Action” means the Plaintiff’s lawsuit alleging under the PAGA, Labor Code section 2699, et seq., alleging civil penalties for Labor Code violations against Defendant captioned *ROSA MARTINEZ v. CALIFORNIA FRIENDS HOMES; and DOES 1 through 50, inclusive*, initiated on March 15, 2023 and pending in the Superior Court of the State of California, County of Los Angeles, case number 23-STCV05820.
- 1.2. “Administrator” means Phoenix Class Action Administration Solutions (“Phoenix”), the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Approval of the Settlement.
- 1.4. “Alleged Aggrieved Employee” means all current and former hourly-paid or non-exempt employees of Defendant within the State of California at any time during the PAGA Period.
- 1.5. “Alleged Aggrieved Employee Data” means the Alleged Aggrieved Employee identifying information in Defendant’s possession including the Alleged Aggrieved Employee’s name, last-known mailing address, Social Security number, and number of PAGA Pay Periods.
- 1.6. “Alleged Aggrieved Employee Address Search” means the Administrator’s investigation and search for current Alleged Aggrieved Employee mailing addresses using reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Alleged Aggrieved Employee.
- 1.7. "Approval Order and Judgment" means the proposed Order and Judgment Granting Approval of PAGA Settlement.
- 1.8. “Defendant” means named defendant CALIFORNIA FRIENDS HOMES.
- 1.9. “Court” means the Superior Court of California, County of Los Angeles.
- 1.10. “Defense Counsel” means Littler Mendelson P.C.
- 1.11. “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Approving the PAGA Settlement and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (c) the day the Court enters Judgment; and (d) To the extent if any that an appeal, collateral attack or other challenge occurs prior to any payment(s) made after entry of the Approval Order and Judgment, any payments to Alleged Aggrieved Employees, the Administrator for the Administration Expenses Payment, the LWDA for the LWDA PAGA Payment, PAGA

Counsel for the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment, or anyone else shall not occur until the Approval Order and Judgment is affirmed in whole. If the Approval Order and Judgment is not affirmed in whole, the amounts paid shall be refunded to Defendant and the Parties shall cooperate in good faith to obtain approval of the Settlement.

- 1.12. "Gross Settlement Amount" means One Hundred Twenty-Eight Thousand Dollars and Zero Cents (\$128,000.00), which is the total amount Defendant agrees to pay under the Settlement, unless increased on a pro rata basis as set forth in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, the PAGA Representative Service Payment, and the Administrator's Expenses Payment.
- 1.13. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the Net Settlement Amount calculated according to the number of Pay Periods the Alleged Aggrieved Employee worked during the PAGA Period.
- 1.14. "Judgment" means the judgment entered by the Court based upon the Final Approval of the Settlement.
- 1.15. "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i), to receive the LWDA PAGA Payment.
- 1.16. "LWDA PAGA Payment" means the 75% of the Net Settlement Amount paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.17. "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, the PAGA Representative Service Payment, and the Administration Expenses Payment. 25% of the Net Settlement Amount is to be paid to Aggrieved Employees as Individual PAGA Payments and the remaining 75% of the Net Settlement Amount is to be paid to the LWDA as the LWDA PAGA Payment.
- 1.18. "PAGA Counsel" means Daniel J. Hyun and David Alami of TORUS LLP, the attorneys representing the Plaintiff in the Action.
- 1.19. "PAGA Counsel Fees Payment" and "PAGA Counsel Litigation Expenses Payment" mean the amounts allocated to PAGA Counsel for reimbursement of reasonable attorneys' fees and expenses, respectively, incurred to prosecute the Action. These fees shall completely compensate PAGA Counsel for all work including any required to approve and defend this Agreement and the Approval Order and Judgment and extinguish any claim for attorneys' fees and/or costs.
- 1.20. "PAGA Pay Period" means any pay period during which an Alleged Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.
- 1.21. "PAGA Period" means the period from March 14, 2022 to February 28, 2024, subject to the revisions set forth in paragraph 8.
- 1.22. "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698, *et seq.*).

- 1.23. "PAGA Notice" means Plaintiff's March 14, 2023 letter to Defendant and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).
- 1.24. "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Net Settlement Amount, allocated 25% to the Alleged Aggrieved Employees and 75% to the LWDA in settlement of PAGA claims.
- 1.25. "PAGA Representative Service Payment" means the amount paid to Plaintiff for serving as the PAGA representative and for a general release of all claims from Plaintiff as described in Paragraph 3.2.1.
- 1.26. "Plaintiff" means ROSA MARTINEZ, the named plaintiff in the Action.
- 1.27. "Released PAGA Claims" means the PAGA claims being released as described in Paragraphs 5.2 and 5.3 below.
- 1.28. "Released Parties" means: Defendant and each of its former and present directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates and other related parties, including without limitation, Rowntree Gardens.
- 1.29. "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.

2. RECITALS.

- 2.1. On March 15, 2023 Plaintiff filed a complaint for damages against Defendant, alleging violation of 1) Failure to Pay All Wages, 2) Failure to Provide Meal Periods or Compensation, 3) Failure to Permit Rest Periods or Provide Compensation, 4) Failure to Provide Accurate Itemized Wage Statements, 5) Waiting Time Penalties, 6) Failure to Reimburse Business Expenses, 7) Violation of Unfair Competition Law, and 8) violation of Labor Code section 2698, et seq. (Private Attorneys General Act of 2004). On or around August 23, 2023, the Court by order granted the Parties' Stipulation dismissing all claims other than PAGA claims given the existence of an arbitration agreement with a class action waiver with Plaintiff (The Complaint as amended is the operative complaint in the Action [the "Operative Complaint."].)
- 2.2. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint and denies any and all liability for the causes of action alleged.
- 2.3. Pursuant to Labor Code section 2699.3, subd.(a), Plaintiff gave written notice to Defendant and the LWDA by sending the PAGA Notice. For purposes of the settlement only, Defendant agrees the written notice is timely.
- 2.4. On February 5, 2024, the Parties participated in an all-day mediation presided over by the Honorable Mitchel Goldberg, Retired, which led to this Agreement to settle the Action.

- 2.5. Prior to mediation and negotiating the Settlement, Plaintiff obtained, through formal and informal discovery, documents relating to Defendant's wage-and-hour policies, practices, and procedures, including those regarding meal and rest periods, the recording of time, and off-the-clock work and other claims asserted. Plaintiff also reviewed time and pay records and information relating to the size and scope of the Class and PAGA action, as well as data permitting Plaintiff to understand the number of workweeks in the Class Period and pay periods in the PAGA Period. Plaintiff's investigation was sufficient to satisfy the criteria for court approval.
- 2.6. The Parties, PAGA Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. MONETARY TERMS.

- 3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 9 below, Defendant promises to pay One Hundred Twenty-Eight Thousand Dollars and Zero Cents (\$128,000.00) and no more as the Gross Settlement Amount. Defendant shall pay the Gross Settlement Amount according to the deadlines and provisions stated in Paragraph 4.3.1 to 4.3.4 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Alleged Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.
- 3.2. Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval:
- 3.2.1. To Plaintiff: PAGA Representative Service Payment (which includes payment for a general release) of not more than Ten Thousand Dollars and Zero Cents (\$10,000) (in addition to any Individual PAGA Payment Plaintiff is entitled to receive as an Alleged Aggrieved Employee). Defendant will not oppose Plaintiff's request for a PAGA Representative Service Payment that does not exceed this amount. As part of the motion for PAGA Counsel Fees Payment and PAGA Representative Service Payment, Plaintiff will seek Court approval for any PAGA Representative Service Payment as part of the Court's approval of the PAGA settlement. Upon approval, Plaintiff agrees to a general and complete release of any and all claims, whether known, or unknown as of the date of approval by the Court. In addition, the release shall include a waiver pursuant to California Code of Civil Procedure section 1542. Fifty percent (50%) of the PAGA Representative Service Payment shall be deemed in payment of the Enhancement Payment and fifty percent (50%) of the PAGA Representative Service Payment shall be deemed payment for the general release. The general release will not include, however, claims that cannot be waived and released as a matter of law. If the Court approves the PAGA Representative Service Payment portion less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the PAGA Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the PAGA Representative Service Payment.

- 3.2.2. To PAGA Counsel: A PAGA Counsel Fees Payment of not more than forty percent (40%), which is currently estimated to be \$51,200 and PAGA Counsel Litigation Expenses Payment of not more than \$20,000. Defendant will not oppose requests for Court approval of these payments provided that they do not exceed these amounts unless the attorneys' fees are increased due to the escalator clause pursuant to Paragraph 9 below. Plaintiff and/or PAGA Counsel will file a stipulation or, if required, motion for PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment. If the Court approves a PAGA Counsel Fees Payment and/or a PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. These fees shall be the sole payments for PAGA Counsel's work on this case, including carrying out the settlement process and defending the settlement on appeal or other collateral attack, if any. Other than the payments in this Paragraph, the Parties shall bear their own fees and costs. Released Parties shall have no liability to PAGA Counsel or any other Plaintiff's Counsel arising from any claim to any portion any PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment. The Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment and holds Released Parties harmless, and indemnifies Released Parties, from any dispute or controversy regarding any division or sharing of any of these Payments.
- 3.2.3. To the Administrator: An Administrator Expenses Payment not to exceed \$5,850.00 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than \$5,850.00, the Administrator will retain the remainder in the Net Settlement Amount.
- 3.2.4. To the LWDA and Alleged Aggrieved Employees: 75% of the PAGA Penalties will be allocated to the LWDA PAGA Payment and 25% of the PAGA Penalties will be allocated to the Individual PAGA Payments.
- 3.2.4.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Alleged Aggrieved Employees' 25% share of PAGA Penalties by the total number of PAGA Period Pay Periods worked by all Alleged Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Alleged Aggrieved Employee's PAGA Period Pay Periods. Alleged Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.
- 3.2.4.2. If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.
- 3.2.4.3. The Parties acknowledge and agree that the formula used to calculate Pay Periods and PAGA Penalties (including the Individual PAGA

Payments and LWDA PAGA Payment) does not imply that all of the elements of damages covered by the release are not being taken into account. The above formula was devised as a practical and logistical tool to simplify the payment process.

4. SETTLEMENT FUNDING AND PAYMENTS.

- 4.1. Alleged Aggrieved Employee Pay Periods. Based on a review of its records between March 14, 2023 and December 20, 2023, Defendant estimates there are 461 Alleged Aggrieved Employees for a total of 12,797 Pay Periods, having been worked.
- 4.2. Alleged Aggrieved Employee Data. Not later than 10 business days after the full execution of this Agreement, Defendant will deliver the PAGA Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Alleged Aggrieved Employees' privacy rights, the Administrator must maintain the Alleged Aggrieved Employee Data in confidence, use the Alleged Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Alleged Aggrieved Employee Data to Administrator employees who need access to the Alleged Aggrieved Employee Data to effect and perform under this Agreement. The Claims Administrator (along with any of its agents) shall represent and warrant that it will: (a) provide reasonable and appropriate administrative, physical and technical safeguards for any personally identifiable information ("PII"), which it receives from Defendant; (b) not disclose the PII to PAGA Counsel, Plaintiff, any party or third parties, including agents or subcontractors, without Defendant's consent; (c) not disclose or otherwise use the PII other than to carry out its duties as set forth herein; (d) promptly provide Defendant with notice if PII is subject to unauthorized access, use, disclosure, modification, or destruction; and (e) continue to protect the PII upon termination of its services. Defendant has a continuing duty to immediately notify PAGA Counsel if it discovers that the Aggrieved Employee Data omitted aggrieved employees' identifying information and to provide corrected or updated Alleged Aggrieved Employee Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Alleged Aggrieved Employee Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Alleged Aggrieved Employee Data.
- 4.3. Funding of Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator according to the following schedule:
 - 4.3.1. Twelve Thousand Dollars (\$12,000.00) on or before May 31, 2024;
 - 4.3.2. Three Thousand Dollars (\$3,000.00) per month sent by the last day of each calendar month, starting on June 30, 2024 to the last day of November 2024, or 6 months later, totaling Thirty Thousand Dollars (\$18,000.00);
 - 4.3.3. Four Thousand Dollars (\$4,000.00) per calendar month sent by the last day of each month, starting on the last day of December 2024 and continuing until the last day of November 2025, 12 months later, totaling Forty-Eight Thousand Dollars and Zero Cents (\$48,000.00);
 - 4.3.4. Five Thousand Dollars (\$5,000.00) per calendar month sent by the last day of each month, starting on the last day of December 2025 and continuing until the

last day of September 2026, 10 months later, totaling Fifty Thousand Dollars and Zero Cents (\$50,000.00);

4.3.5. To the extent that financial circumstances of Defendant delay any specific payment described above, Defendant shall promptly notify counsel for Plaintiff and meet and confer in good faith to increase later payments to keep to the payment schedule, and the Parties shall meet and confer in good faith so that the Gross Settlement Amount of One Hundred Twenty-Eight Thousand Dollars (\$128,000.00) is deposited by the end of the 32-month schedule set forth in this Paragraph. The Parties will work together in good faith to address any failure to make a partial or full payment pursuant to the schedule in paragraphs 4.3.1-4.3.4 with the intent of maintaining the general payment timelines and avoiding any breaches where possible. In a circumstance where Defendant has failed to make a partial or full timely payment within 21 days of a deadline, and despite good faith efforts of the Parties to determine a corrective payment and timeline or other cure, Plaintiff may provide written notice requiring the Defendant to pay outstanding funds within 10 days, after which point the failure to make the corrective partial or full payment (as applicable) in the 10-day time period will be deemed a material breach of the applicable settlement provision(s).

4.4. Payments from the Gross Settlement Amount. Within 14 days after Defendant completely funds the Gross Settlement Amount on September 30, 2026, (i.e. October 14, 2026), the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment, and the PAGA Representative Service Payment. Disbursement of the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment and the PAGA Representative Service Payment shall not precede disbursement of Individual PAGA Payments.

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

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

4.4.3. For any Individual PAGA Payment check uncashed and canceled after the void date, the Administrator shall transmit the funds represented by such checks to the California State Controller's Unclaimed Property Fund. The Claims

Administrator shall provide monthly reports of cashed checks, checked returned and other relevant information. Upon completion of administration of the Settlement, the Settlement Administrator shall provide written certification of such completion to counsel for all Parties and the Court, if requested by the Parties.

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

5. RELEASES OF CLAIMS.

Effective on the date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual PAGA Payments, Plaintiff, Alleged Aggrieved Employees, and PAGA Counsel will release claims against all Released Parties as follows:

- 5.1. Plaintiff's general Release of all claims and allegations. Plaintiff and her respective former and present spouses, representatives, agents, attorneys (including PAGA Counsel), heirs, administrators, successors, and assigns generally, release, settle and discharge Released Parties from all claims, whether known or unknown, under federal law or state or local or other law. The Parties understand and agree that Plaintiff is not, by way of this release, releasing any claims which cannot be released as a matter of law. ("Plaintiff's Release.") Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the PAGA Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

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

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

- 5.2. Release by the LWDA, State of California, and Alleged Aggrieved Employees: The LWDA, State of California, and all Alleged Aggrieved Employees, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release, settle and discharge Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts, allegations and claims stated in the Operative Complaint

and PAGA Notice, including without limitation, violation of Labor Code sections 510 and 1198 (unpaid overtime), violation of Labor Code sections 226.7 and 512(a) (unpaid meal period premiums), violation of Labor Code section 226.7 (unpaid rest period premiums), violation of Labor Code sections 1194 and 1197 (unpaid minimum wages, including any failure to pay contracted-for wages), violation of Labor Code sections 201 and 202 (final wages not timely paid), violation of Labor Code section 226(a) (non-compliant wage statements), and violations of Labor Code sections 2800 and 2802 (unreimbursed business expenses).

- 5.3. PAGA Counsel: PAGA Counsel release on behalf of their present and former attorneys, employees, agents, successors and assigns the Released Parties from all claims for PAGA Fees incurred in connection with the Operative Complaint and the PAGA Period facts stated in the Operative Complaint and the PAGA Notice.

6. STIPULATION OR MOTION OR APPLICATION FOR APPROVAL OF SETTLEMENT.

PAGA Counsel will prepare and file a stipulation or, if necessary, a motion for approval of this Settlement ("Motion for Approval") that complies with the Court's current checklist for Approvals, and will provide the Stipulation or Motion for Approval to Defense Counsel for review who will then provide comments, if any, back to PAGA Counsel at least 5 days before the Stipulation or Motion for Approval is to be filed.

- 6.1. Defendant's Declaration in Support of Approval. Within a reasonable time before filing, Defense Counsel will prepare and deliver to PAGA Counsel a signed Declaration from Defendant and Defense Counsel disclosing all facts relevant to any actual or potential conflicts of interest with the Administrator, and any cy pres recipient, if required by the Court. In their Declarations, Defense Counsel and Defendant shall aver whether they are aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.
- 6.2. Plaintiff's Responsibilities. PAGA Counsel will prepare and deliver to Defense Counsel for comment all documents necessary for obtaining Approval, including: (i) a draft of the stipulation approving the Settlement or, if required, a notice, and memorandum in support, of the Motion for Approval that includes an analysis of the approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Approval of PAGA Settlement; (iii) if required, a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Alleged Aggrieved Employee Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Alleged Aggrieved Employee Data; and the nature and extent of any financial relationship with Plaintiff, PAGA Counsel or Defense Counsel; (v) if required, a signed declaration from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Alleged Aggrieved Employees, and/or the Administrator (vi) if required, a signed declaration from each PAGA Counsel firm attesting to its competency to represent the Alleged Aggrieved Employees; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); and (vii) if required, all facts relevant to any actual or potential conflict of interest with Alleged Aggrieved Employees, the Administrator. If required, in

their Declarations, Plaintiff and PAGA Counsel Declaration shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement. Defendant will work with the mediator to draft a declaration related to financial issues impacted by the settlement to the extent Defendant or the Court determines the declaration assists in the approval of the Settlement.

- 6.3. Responsibilities of PAGA Counsel. PAGA Counsel is responsible for expeditiously finalizing and filing the stipulation or, if required, an application or motion, and Defendant shall cooperate in said efforts within a reasonable time, targeting 30 days after the full execution of this Agreement; obtaining a prompt hearing date for the application or motion for approval, if required; and for appearing in Court to advocate in favor of the application or motion for approval. PAGA Counsel is responsible for delivering the Court's Approval to the Administrator. To the extent the motion or application is not approved, Defendant will immediately be refunded any money funding the settlement as explained in Paragraphs 4.3.1 to 4.3.4 above, and the Parties will cooperate in good faith to obtain approval of the Settlement.
7. Duty to Cooperate. If the Parties disagree on any aspect of the proposed application or Motion for Approval and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant the motion for approval on any material change to this Agreement, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement where in good faith the changes can be agreed to and otherwise satisfy the Court's concerns. The Court's decision to award less than the amounts requested for the PAGA Representative Service Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.
8. **SETTLEMENT ADMINISTRATION.**
 - 8.1. Selection of Administrator. The Parties have jointly selected Phoenix to serve as the Administrator and verified that, as a condition of appointment, Phoenix agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.
 - 8.2. Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.
 - 8.3. Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.
 - 8.4. Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

9. ALLEGED AGGRIEVED EMPLOYEE ESTIMATES AND ADJUSTMENT OF BEGINNING OF PAGA PERIOD.

Based on its records, Defendant estimates that, between March 14, 2023 and December 20, 2023, there are 461 Alleged Aggrieved Employees working a total of 12,797 Pay Periods. To the extent that, based on Defendant's records, the total number of calculated Pay Periods during the PAGA Period exceed 10% over 12,797 (or by 14,077), then the Gross Settlement Amount will increase by \$10 for each additional pay period over 12,797 or Defendant may elect an earlier end date to the PAGA Period as long as it does so before the stipulation or motion for approval of the Settlement is filed.

10. CONTINUING JURISDICTION OF THE COURT. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

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

11. ADDITIONAL PROVISIONS.

- 11.1. No Admission of Liability or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendant's defenses in the Action have merit. The Parties agree that representative treatment is for purposes of this Settlement only. If, for any reason the Court does grant this Settlement, Defendant reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to contest Defendant's defenses. The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).
- 11.2. Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 11.3. Attorney Authorization. PAGA Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

- 11.4. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution. At no time shall any of the Parties or their counsel, solicit, seek to solicit or otherwise encourage the Alleged Aggrieved Employees to exclude themselves from the settlement, to submit written objections to the Settlement Agreement, or to attempt to appeal or otherwise challenge from the Approval Order and Judgment.
- 11.5. No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 11.6. No Tax Advice. Neither Plaintiff, PAGA Counsel, Defendant nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 11.7. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 11.8. Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 11.9. Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 11.10. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 11.11. Confidentiality. To the extent permitted by law, all agreements made, and orders entered during the Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.
- 11.12. Use and Return of Alleged Aggrieved Employee Data. Information provided to PAGA Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the PAGA Data provided to PAGA Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the Administrator discharges its obligation to pay out all Settlement funds, Plaintiff shall destroy all paper and electronic versions of Alleged Aggrieved Employee Data received from Defendant unless, prior to the Administrator's payment of all Settlement Funds, Defendant makes a written request to PAGA Counsel for the return, rather than the destructions, of Aggrieved Employee Data. Notwithstanding the foregoing, the

Administrator shall retain records sufficient to show the identity of individuals included in the Settlement, the amounts paid, and proof of sending notice and payment of amounts pursuant to this Agreement.

- 11.13. Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
- 11.14. Calendar Days. Unless otherwise noted, all reference to “days” in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.
- 11.15. Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff:

Daniel J. Hyun
daniel@torusllp.com
David Alami
david@torusllp.com
TORUS LLP
1440 N. Harbor Blvd., Ste. 900
Fullerton, CA 92835
Telephone: (949) 590-4122
Facsimile: (949) 528-2596

To Defendant:

James E. Hart
Jackson Zimmerman
18565 Jamboree Road
Suite 800
Irvine, California 92612
Telephone: (949) 705-3000
Fax Number: (949) 724-1201

- 11.16. Execution in Counterparts. This Agreement may be executed in one or more counterparts by “wet” manual signature, copies of which by facsimile, electronic, or email, for purposes of this Agreement, shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
- 11.17. Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree upon the signing of this Agreement pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

- 11.18. Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Settlement Agreement.
- 11.19. Enforceability. This Settlement shall be enforceable by the Court pursuant to California Code of Civil Procedure Section 664.6 and California Rule of Court 3.769(h). The Court shall retain continuing jurisdiction over this Action and over all Parties and Alleged Aggrieved Employees, to the fullest extent to enforce and effectuate the terms and intent of this Settlement. The Parties agree that in the event litigation is initiated by any Party to enforce this Agreement, the prevailing party will be entitled to recover her or its costs and reasonable attorneys' fees incurred in conjunction with the litigation, in addition to any other relief granted.

Dated: May 28, 2024

ROSA MARTINEZ

By: Rosa E. Martinez

Dated: 5-21-24

CALIFORNIA FRIENDS HOMES

By: [Signature]
On behalf of California Friends Homes.

Name: RANDY BROWN

Title: DIRECTOR

4892-0683-0523.1 / 085455-1007

EXHIBIT 1

<<DATE>>

<<FIRST_NAME>> <<LAST_NAME>>

<<ADDRESS 1>>

<<ADDRESS 2>>

Re: Payment from *Rosa Martinez v. California Friends Homes*

Dear <<FIRST_NAME>> <<LAST_NAME>>:

Enclosed you will find a check made payable to you. This is your payment from the settlement of the lawsuit entitled *Rosa Martinez v. California Friends Homes*, Los Angeles Superior Court Case No. 23STCV05820.

That case was filed against California Friends Homes (“Defendant”) pursuant to the California Private Attorneys General Act of 2004, Cal. Lab. Code § 2698 *et seq.* (called “PAGA”). The claim was brought on behalf of the State of California and all non-exempt employees of Defendant. You have been identified as one of the employees on whose behalf the case was brought.

The Plaintiff in the case claimed that Defendant owed penalties under PAGA for certain California Labor Code violations. Defendant denies that they in any way violated the law or did anything wrong or that they owe any penalties. The Parties agreed to resolve the case, and as part of that settlement, Defendant agreed to pay a certain amount of money categorized as PAGA penalties. The settlement of this action does not constitute an admission by Defendant of any of the matters alleged in the case or an admission of liability. Under the PAGA statute, the penalties get divided between the State and the employees. The enclosed check represents your portion of the penalties allocated to the employees. It is your responsibility to apply any taxes payable on the amount you have received.

If you have any questions, you can contact the settlement administrator (whose contact information is at the top of this letter), Plaintiff’s counsel or Defendant’s counsel:

Daniel J. Hyun David Alami Torus LLP 2 Park Plaza, Suite 1260 Irvine, CA 92614 (949) 287-3594 daniel@torusllp.com david@torusllp.com Counsel for Plaintiff	James Hart jhart@littler.com Jackson A. Zimmerman jzimmerman@littler.com LITTLER MENDELSON, P.C. 18565 Jamboree Road Suite 800 Irvine, California 92612 Telephone: 949.705.3000 Counsel for Defendant
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Very Truly Yours,

Phoenix Settlement Administrators