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Attorneys for Plaintiffs

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF MADERA

KELLY SCHARTON and CHRISTA HORN,
individually, and on behalf of all others similarly
situated, and on behalf of the State of California
and other aggrieved persons,

Plaintiffs,

v.

OAKHURST NURSING AND REHAB
CENTER, LLC, a California limited liability
company; and DOES 1 through 10, inclusive,

Defendants.

Case No.: MCV090222

Assigned for All Purposes to:
Hon. Michael Jurkovich
Dept. 411B

**DECLARATION OF JOHN G. YSLAS IN
SUPPORT OF PLAINTIFFS' MOTION
FOR PRELIMINARY APPROVAL OF
CLASS ACTION AND PAGA
SETTLEMENT**

PRELIMINARY APPROVAL HEARING:

Date: March 16, 2026
Time: 8:30 a.m.
Dept.: 411B

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1. I am an attorney at law licensed to practice before all of the courts of the State of California. I am a Senior Partner at Wilshire Law Firm, PLC (“WLF”), counsel for Plaintiffs Kelly Scharton (individually, “Plaintiff Scharton”) and Christa Horn (individually, “Plaintiff Horn”) (collectively, “Plaintiffs”) in this matter. I am thoroughly familiar with and have personal knowledge of all of the facts set forth herein.

Procedural History

4. On August 21, 2023, Plaintiff Scharton provided written notice to the LWDA and Defendant of her intention to file a PAGA claim (LWDA-CM-976544-23). A true and correct copy of Plaintiff Scharton’s LWDA letter is attached hereto as **Exhibit 3**. The LWDA did not notify Plaintiff Scharton that it intended to investigate within 65 days of this written notice. Therefore, on October 20, 2023, Plaintiff Scharton filed a separate action alleging a claim under PAGA, Case No. MCV090574 (the “PAGA Action”).

5. The Parties subsequently participated in a private all-day mediation with mediator Katherine J. Edwards on September 22, 2025. The negotiations were adversarial, conducted at arm's length, and tempered by the efforts of both sides to serve the interests of their clients. Subsequently, the Parties accepted a mediator's proposal and reached an agreement on general settlement terms.

6. On October 9, 2025, Plaintiff Scharton filed a First Amended Class & PAGA Representative Action Complaint (“FAC” or “Operative Complaint”), adding Christa Horn as a named plaintiff. The PAGA representative claims asserted in the FAC related back to the filing of the PAGA Action.

7. The parties negotiated the terms of the Settlement over the next several months, which was finalized in January 2026. A true and correct copy of the fully executed Settlement Agreement is attached hereto as **Exhibit 1**. Attached thereto as **Exhibit A** is a true and correct copy of the Parties' proposed Class Notice.

8. On January 28, 2026, Plaintiffs submitted a copy of the Settlement Agreement to the LWDA. A true and correct copy of the confirmation of submission my office received after submitting the Settlement Agreement to the LWDA is attached hereto as **Exhibit 2**.

Investigation and Exposure Analysis

9. Prior to attending mediation, Plaintiffs' Counsel thoroughly investigated the claims, applicable law, and potential defenses. Plaintiffs' Counsel assessed the value to the class claims using the documents and data Defendant produced in informal discovery, including thousands of documents such as a 25% sampling of class data providing the number of Class Members, the number of workweeks in the Class Period, and the number of pay periods in the PAGA Period, Plaintiffs' personnel files, employment handbook and policies, job descriptions, and time and payroll records. Plaintiffs' Counsel engaged an expert to quantify the potential exposure using the time and payroll records, and then assessed the risks associated with each claim meriting reductions in the likely success at class certification and likely recovery at trial.

10. Defendant's records show that there are approximately 251 Class Members, making joinder of all Class Members impracticable. Further, given the size and amount of each Class Members' claim, Class Members have little incentive to litigate their claims on an individual basis because the out-of-pocket expenses and personal commitment necessary to litigate each claim likely outweighs any potential recovery.

11. Plaintiffs have alleged that Defendant maintained common employment policies and/or practices that unlawfully deprived Class Members of wages, meal period, rest periods,

1 reimbursements for business expenses, accurate wage statements, and timely payment of wages
2 upon separation of employment. These allegations present common factual and legal questions of,
3 *inter alia*, whether Defendant applied the same scheduling, timekeeping, pay, meal period, rest
4 period, and reimbursement policies to all Class Members, whether these policies and practices
5 resulted in Labor Code violations, whether Defendant's conduct was intention, and whether Class
6 Members are entitled to damages and/or penalties. These common questions could be resolved
7 using Class Members' time records, payroll records, testimony from Defendant's designated
8 representative(s), and Class Members' testimony.

9 12. Although the exposure Plaintiffs' Counsel calculated is substantial, the various risks
10 at succeeding at class certification and through trial affected the valuation of the claims for
11 settlement purposes.

12 13. Minimum and Overtime Wages: Plaintiffs' unpaid minimum and overtime wage
13 claims were based on the allegation that Defendant required Class Members to perform work duties
14 before clocking, in lieu of meal periods and/or rest breaks, and after clocking out. Based on
15 Plaintiffs' estimate that they worked a total of 1 hour off-the-clock each week, Plaintiffs' Counsel
16 assumed each Class Member worked 1-hour off-the-clock per week in calculating potential
17 exposure to be approximately \$530,653.50 for these claims. However, Defendant argued that any
18 off-the-clock time was undocumented and unknown to Defendant, and that Defendant was
19 therefore not obligated to pay for this time. Because this claim would have relied heavily on Class
20 Member testimony and would not be evidenced in Defendant's time and payroll records, the risk
21 of succeeding at class certification was substantial. Accordingly, Plaintiffs' Counsel applied a risk
22 discount based on a 40% chance of succeeding at class certification and succeeding at trial on the
23 merits, yielding a realistic estimate of approximately \$63,678.42 (\$530,653.50 x 40% x 40%), or
24 approximately 18% of the Gross Settlement Amount.

25 14. Meal Periods: Plaintiffs' meal period claims were based on the allegations that
26 Defendant failed to maintain a policy and/or practice of providing meal periods and/or paying meal
27 period premiums when its time records showed Class Members' meal periods were late, short, or
28 missed. Plaintiffs' Counsel found a violation rate of approximately 40.7% in Defendant's time and

1 payroll records and calculated potential exposure on this claim to be approximately \$555,826.41.
2 However, Defendant argued that Class Members signed meal period waivers, including for second
3 meal periods. Accordingly, Plaintiffs' Counsel applied a risk discount based on a 30% chance of
4 succeeding at class certification and a 20% chance of succeeding at trial on the merits, yielding a
5 realistic damage estimate of approximately \$88,932.23 ($\$555,826.41 \times 30\% \times 20\%$), or 25% of the
6 Gross Settlement Amount.

7 15. Rest Breaks: Plaintiffs' rest break claims were based on the allegations that
8 Defendant failed to maintain a policy and/or practice of providing rest breaks and/or paying rest
9 break premiums when Class Members' rest breaks were late, short, or missed. Plaintiffs' Counsel
10 applied a 100% violation rate to all shifts over 3.5 hours and calculated a potential exposure of
11 \$1,365,666.85 for this claim. However, Defendant argued that a 100% violation rate was
12 unrealistic and that its handbook provided a rest break policy. Because this claim would have relied
13 exclusively on Class Member testimony, Plaintiffs' Counsel applied a risk discount based on a
14 30% chance of succeeding at class certification and a 20% chance of succeeding at trial on the
15 merits, yielding a realistic damage estimate of approximately \$81,940.01 ($\$1,365,666.85 \times 30\% \times$
16 20%), or approximately 23% of the Gross Settlement Amount.

17 16. Reimbursements: Plaintiffs' reimbursement claim was based on the allegation that
18 Defendant required Class Members to use their personal cell phones to communicate with
19 supervisors and/or managers for work related purposes. Based on Plaintiffs' estimate that they
20 incurred approximately \$30 in unreimbursed expenses per month, Plaintiffs' Counsel assumed
21 each Class Member incurred \$30 in unreimbursed expenses per month in calculating potential
22 exposure to be approximately \$105,750.00 for this claim. However, Defendant argued that these
23 expenses were not required by Defendant, and that it could not have known that these expenses
24 were being incurred. Accordingly, Plaintiffs' Counsel could not attribute any value to this claim in
25 terms of settlement value.

26 17. Derivative Penalties: Plaintiffs alleged that as a result of Defendant's alleged failure
27 to pay all wages and meal and rest period premiums owed, Defendant owed waiting time penalties
28 and wage statement penalties. However, Defendant argued that it had good faith defenses that made

1 the imposition of these penalties unwarranted. Moreover, Plaintiffs could not recover these
2 penalties if they failed to prove the underlying claims. Although Plaintiffs' Counsel calculated that
3 potential exposure for the waiting time penalty claim was approximately \$1,100,146.32 and
4 approximately \$752,000.00 for the wage statement penalty claim, Plaintiffs' Counsel could not
5 attribute a high value to these claims, and so, Plaintiffs' Counsel applied a risk discount based on
6 a 30% chance of succeeding at class certification and a 20% chance of succeeding at trial on the
7 merits for each claim, yielding a realistic damage estimate of approximately \$66,008.78
8 (\$1,100,146.32 x 30%% x 20%) for the waiting time penalty claim and \$45,120.00 (\$752,000.00
9 x 30%% x 20%) for the wage statement penalty claim.

10 18. PAGA: For the PAGA claim, Plaintiffs' Counsel determined that Defendant's
11 potential exposure could potentially reach \$297,300.00, assuming the initial \$100 penalty would
12 apply for each of the 2,973 pay periods in the PAGA Period. However, even assuming success on
13 the merits of each claim, PAGA gives the Court discretion to reduce penalties for a variety of
14 reasons, including where to do otherwise would result in an award that is unjust, arbitrary and
15 oppressive, or confiscatory. Therefore, the settlement allocates \$18,000.00 of the Gross Settlement
16 Amount to PAGA.

17 **Plaintiffs' Counsel's Qualifications**

18 19. Plaintiffs are represented by WLF. The attorneys at WLF performed significant
19 work and expended litigation costs in prosecuting this matter with no guarantee of payment.

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

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

1 22. I graduated from the University of California, Santa Barbara with High Honors in
2 1991 with Bachelor of Arts degrees in Psychology. I received my Juris Doctor from UCLA Law
3 School in 1996.

4 23. Upon graduating from law school in 1996, I worked for a boutique law firm
5 practicing general litigation which included employment law matters. Since 2000 (that is, the last
6 25 years) my practice has been exclusively focused on labor and employment matters including
7 handling wage and hour class, collective and representative actions (including the California
8 Private Attorneys General Act, or “PAGA”), including in the international law firms of Morgan,
9 Lewis & Bockius LLP (where I was a senior associate), Foley & Lardner LLP (where I was a
10 partner and a national Vice Chair of the Labor and Employment Group), Norton Rose Fulbright
11 LLP (where I was a partner) and Seyfarth Shaw LLP (where I was a partner and member of the
12 Wage and Hour Practice Group). During my time at these law firms, I was the primary attorney or
13 took a major leading role in defending employers on numerous wage and hour class, collective and
14 representative actions.

15 24. In late June 2022 I left Seyfarth Shaw LLP and joined my current firm, Wilshire
16 Law Firm, PLC, to represent plaintiff employees. I have been and am handling many wage and
17 hour class and representative actions litigating such matters on behalf of plaintiff employees in
18 numerous Superior Courts and District Courts. From matters representing both plaintiffs and
19 defendants, I have successfully mediated the resolution of many wage and hour class, collective,
20 and representative actions. Just since starting to settle cases in late April 2023 I have already
21 successfully mediated matters in which I have been counsel or co-counsel resulting in **well over**
22 **\$225 million** in settlements and verdicts which are in the process of being finalized, and with
23 numerous upcoming mediations scheduled. In those and numerous other matters, I have managed
24 and assisted with the litigation and settlement of many wage and hour PAGA and class actions. In
25 those actions, I performed similar tasks as those performed in the course of prosecuting this action.
26 Indeed, I recently tried and prevailed in achieving a jury verdict in a wage and hour class action in
27 the matter of *Aguilar-Flores v. Javier’s – CC LLC*, Los Angeles County Superior Court, Case No.
28 19STCV36438 (settled after verdict).

1 25. I have received numerous awards for my legal work. For example, from 2015 to
2 2018, I was listed in Los Angeles Super Lawyers for Employment Litigation (Thomson Reuters).
3 I have also served on numerous prominent boards and in other leadership positions, including
4 serving as Southern California Regional President for the Hispanic National Bar Association and
5 on the board of directors of the Mexican American Bar Foundation. I also previously served on the
6 5-member Los Angeles Civil Service Commission, which generally oversees the personnel
7 decisions for the City of Los Angeles.

8 26. I have also published numerous blogs on labor and employment issues including on
9 wage and hour issues. For example, I published “Headline News: Wal-Mart v. Dukes-Impact on
10 Class Action Litigation” (while a partner with Foley & Lardner LLP) and “Are You Really
11 Protected From Wage-and-Hour Successor Liability in an Asset Purchase” (while a partner with
12 Seyfarth Shaw LLP). I have also been a presenter at numerous conferences, including being a
13 presenter involving the “Employment Law Update” at a National Employment Law Council
14 conference.

15 27. Jeffrey C. Bils is a Junior Partner at WLF. He graduated from the University of
16 Wisconsin–Madison with a Bachelor of Arts in Journalism and German, and received his Juris
17 Doctor from the University of California, Los Angeles School of Law in 2014. During law school,
18 he was a Senior Editor on the UCLA Law Review and an Articles Editor on the Entertainment Law
19 Review. Mr. Bils served as a Judicial Extern for the Hon. Consuelo Bland Marshall in United States
20 District Court for the Central District of California, and also for the Hon. Sandra R. Klein of United
21 States Bankruptcy Court for the Central District of California. Mr. Bils graduated ranked No. 7 in
22 his graduating class from UCLA School of Law. He was admitted to practice law in the State of
23 California in 2014. Since graduating from law school, he has focused his legal work primarily on
24 employment matters, including wage-and-hour class action and PAGA representative action
25 litigation, and he has helped obtain dozens of settlements on behalf California workers, as well as
26 on behalf of California employers during his years on the defense bar. Mr. Bils is a member of the
27 Beverly Hills Bar Association (BHBA), where he is a past member of the Board of Governors and
28 a past Chair of the Labor & Employment Law Section Executive Committee. He is also a member

1 of the California Employment Lawyers Association (CELA) and the Consumer Attorneys
2 Association of Los Angeles (CAALA).

3 28. Aram Boyadjian was a fifth-year Associate Attorney at WLF. He was admitted to
4 practice law in the State of California in 2021. Mr. Boyadjian graduated from the University of
5 California, Los Angeles, with a Bachelor of Arts in Political Science. He received his Juris Doctor
6 from Loyola Law School. During law school, he was a member of the student editorial board for
7 the International and Comparative Law Review. While at WLF, his practice had mainly been
8 focused on wage and hour class action litigation.

9 29. Lisa B. Iturriaga is a Settlement Attorney at Wilshire Law Firm, PLC. She was
10 admitted to practice law in the State of California in 2021. Ms. Iturriaga graduated from University
11 of South Florida with a Bachelor of Science in Finance and a Bachelor of Arts in Marketing. She
12 received her Juris Doctor from Chapman University Dale E. Fowler School of Law. Since
13 graduating, her practice has been in insurance defense (previously) and employment law
14 (currently). Since 2023, she has exclusively worked on Plaintiff-side wage and hour cases. Ms.
15 Iturriaga is also a member of the California Employment Lawyers Association (CELA).

16 30. Andrew Sandoval was a third-year Associate Attorney at WLF. He was admitted to
17 practice law in the State of California in 2022. Mr. Sandoval graduated from Azusa Pacific
18 University with a Bachelor of Arts in Economics. He received his Juris Doctor from Loyola Law
19 School. During law school, he was a Vice-President of La Raza de Loyola. Since graduating, his
20 practice has mainly been focused on wage and hour class action litigation.

21 **No Conflicts**

22 31. WLF has no actual or potential conflicts of interest with Class Members and/or the
23 proposed Administrator, Apex Class Action LLC.

24 32. WLF is not aware of any other pending court actions asserting claims that will be
25 extinguished or adversely affected by this Settlement.

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33. WLF does not have a fee splitting agreement in this case.

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

Executed on February 20, 2026 at Los Angeles, California.


John G. Yslas

EXHIBIT 1

John G. Yslas (SBN 187324)
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Attorneys for Plaintiffs

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF MADERA**

KELLY SCHARTON, individually, and on
behalf of all others similarly situated,

Plaintiffs,

vs.

OAKHURST NURSING AND REHAB
CENTER, LLC, a California limited liability
company; and DOES 1 through 10, inclusive,

Defendant.

Case No. MCV090222

*Assigned for All Purposes to Hon. Michael
Jurkovich, Dept. 44*

**CLASS ACTION AND PAGA
SETTLEMENT AGREEMENT**

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between Plaintiffs Kelly Scharton and Christa Horn (“Plaintiffs”) and Defendant Oakhurst Nursing and Rehab Center, LLC (“Defendant”). The Agreement refers to Plaintiffs and Defendant collectively as “Parties,” or individually as “Party.”

1. **DEFINITIONS.**

1.1 “Action” means Plaintiffs’ lawsuit alleging wage and hour violations against Defendant captioned *Scharton, et al. v. Oakhurst Nursing and Rehab Center, LLC*, Case No. MCV090222, initiated on August 29, 2023, in Madera County Superior Court.

1.2 “Administrator” means Apex Class Action LLC, the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.3 “Administration Costs” 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 Preliminary Approval of the Settlement.

1.4 “Aggrieved Employee” means all persons who worked for any Defendant in California as an hourly-paid or non-exempt employee at any time during the PAGA Period.

1.5 “Class” means all persons who worked for any Defendant in California as an hourly-paid or non-exempt employee at any time during the Class Period.

1.6 “Class Counsel” means John G. Yslas, Jeffrey C. Bills, Aram Boyadjian, and Andrew Sandoval of Wilshire Law Firm, PLC.

1.7 “Class Counsel Fees Payment” means an award of attorneys’ fees granted to Class Counsel and paid from the Gross Settlement Amount. The Parties have agreed Plaintiffs will request approval from the Court of up to one-third (1/3) of the GSA, currently \$117,500.00 (One Hundred Seventeen Thousand Five Hundred Dollars and Zero Cents).

1.8 “Class Counsel Litigation Expenses Payment” means the amount allocated to Class Counsel for reimbursement of reasonable expenses and costs incurred to prosecute the Action, not to exceed \$28,000.00 (Twenty-Eight Thousand Dollars and Zero Cents) and paid from the Gross Settlement Amount.

1.9 “Class Data” means Class Member identifying information in Defendant’s possession including the Class Member’s name, last-known mailing address, Social Security number, and number of Workweeks and PAGA Pay Periods.

1.10 “Class Member” or “Settlement Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).

1.11 “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods, and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

1.12 “Class Notice” means the Court approved Notice of Settlement and hearing date for Final Approval, to be mailed to Class Members in English with a Spanish translation in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.

1.13 “Class Period” or “Settlement Class Period” means the period from August 1, 2020 to May 1, 2024.

1.14 “Class Representative” means the named Plaintiffs Kelly Scharton and Christa Horn in the Action.

1.15 “Class Representative Service Payment” or “Enhancement Award” means the payment to the Class Representative for initiating the Action and providing services in support of the Action.

1.16 “Court” means the Superior Court of California, County of Madera.

1.17 “Defendant” means named Defendant Oakhurst Nursing and Rehab Center, LLC.

1.18 “Defense Counsel” means Derek Sachs and Elaine M. McCormick of O’Hagan Meyer.

1.19 “Effective Date” means the date by which both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if

one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or (c) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

1.20 “Final Approval” means the Court’s order granting final approval of the Settlement.

1.21 “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.

1.22 “Final Judgment” means the Judgment entered by the Court upon granting Final Approval of the Settlement.

1.23 “Gross Settlement Amount” or “GSA” means \$352,500.00 (Three Hundred Fifty-Two Thousand Five Hundred Dollars and Zero Cents), which is the total amount Defendant agrees to pay under the Settlement, except as provided in Paragraph 8 below.

1.24 “Individual Class Payment” means the Participating Class Member’s pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.

1.25 “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated according to the number of PAGA Pay Periods worked during the PAGA Period.

1.26 “Judgment” means the judgment entered by the Court based upon the Final Approval.

1.27 “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under *Labor Code* section 2699, subd. (i) (2016).

1.28 “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under *Labor Code* section 2699, subd. (i) (2016).

1.29 “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: PAGA Penalties payment, Class Representative Service Payments, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Costs Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.

1.30 “Non-Participating Class Member” means any Class Member who opts out of the

Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.31 “Operative Complaint” means the operative complaint filed in the Class Action.

1.32 “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.

1.33 “PAGA Period” means the period from August 21, 2022 to May 1, 2024.

1.34 “PAGA” means the *Labor Code* Private Attorneys General Act of 2004 (*Labor Code* §§ 2698, et seq.).

1.35 “PAGA Notice” means Plaintiffs’ August 21, 2023 letter to the LWDA and Defendant providing notice pursuant to *Labor Code* section 2699.3, subd. (a).

1.36 “PAGA Penalties” means the total amount of \$18,000.00 in PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% (\$4,500.00) to the Aggrieved Employees and 75% (\$13,500.00) to the LWDA in settlement of PAGA claims.

1.37 “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

1.38 “Plaintiffs” mean Kelly Scharton and Christa Horn, the named plaintiffs in the Operative Complaint.

1.39 “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.

1.40 “Released Class Claims” means the claims being released as described in Paragraph 5.2 below.

1.41 “Released PAGA Claims” means the claims being released as described in Paragraph 5.3 below.

1.42 “Released Parties” means Defendant and Defendant’s parent corporations, including Eduro Healthcare, LLC, owners, members, officers, managers, employees, agents, directors, and attorneys.

1.43 “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.44 “Response Deadline” means forty-five (45) days after the Administrator mails Notice to

Class Members and Aggrieved Employees and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Class Members to whom Notice packets are resent after having been returned undeliverable to the Administrator shall have an additional fourteen (14) calendar days beyond the Response Deadline has expired.

1.45 “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.

1.46 “Workweek” means any week during which a Class Member worked for Defendant for at least one day, during the Class Period.

2. **RECITALS.**

2.1 On August 29, 2023, Plaintiff Kelly Scharton filed a Class Action Complaint alleging causes of action against Defendant for (1) Failure to Pay Minimum and Straight Time Wages; (2) Failure to Pay Overtime Wages; (3) Failure to Provide Meal Periods; (4) Failure to Authorize and Permit Rest Periods; (5) Failure to Timely Pay Final Wages at Termination; (6) Failure to Provide Accurate Itemized Wage Statements; (7) Failure to Indemnify Employees for Expenditures; (8) Failure to Produce Requested Employment Records; and (9) Unfair Business Practices.

2.2 On August 21, 2023, pursuant to *Labor Code* §2699.3, subd.(a) (2016), Plaintiffs gave notice to the LWDA and Defendant that Plaintiffs intended to proceed with a representative action under PAGA (LWDA-CM-976544-23). On October 20, 2023, after the 65-day statutory period passed, Plaintiffs filed a separate PAGA Action Complaint for penalties pursuant to *Labor Code* § 2699, *et seq.*, Case No. MCV090574 (“PAGA Action”).

2.3 On October 9, 2025, Plaintiff Kelly Scharton filed a First Amended Class & PAGA Representative Action Complaint (“FAC”), adding Christa Horn as a named plaintiff. The PAGA representative claims asserted in the FAC relate back to the filing of the PAGA Action.

2.4 Defendant denies the allegations in the Action, denies any failure to comply with the laws identified in the Action, and denies any and all liability for the causes of action alleged in the Action.

2.5 On September 22, 2025, the Parties participated in an all-day mediation presided over

1 by mediator Katherine J. Edwards. Subsequently, the Parties accepted a mediator's proposal and
2 agreed on general settlement terms. The Parties memorialized their agreement in a Memorandum
3 of Understanding on November 4, 2025.

4 2.6 In advance of mediation, Class Counsel conducted a thorough investigation into the facts
5 of, and applicable law to, the Action. Prior to mediation, Plaintiffs obtained and analyzed a
6 representative sampling of time and payroll data for Class Members and the necessary policy
7 documents through informal discovery to properly evaluate the strengths and weaknesses of the
8 claims and engage in meaningful settlement discussions. Plaintiffs' investigation was sufficient
9 to satisfy the criteria for court approval set forth in *Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th
10 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130
11 ("*Dunk/Kullar*").

12 2.7 The Court has not granted class certification because the Parties engaged in mediation
13 before any class certification.

14 2.8 The Parties, Class Counsel, and Defense Counsel represent that they are not aware of
15 any other pending matters or actions asserting claims that will be extinguished or affected by the
16 Settlement.

17 3. **MONETARY TERMS.**

18 3.1 Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below,
19 Defendant will pay \$352,500.00 (Three Hundred Fifty-Two Thousand Five Hundred Dollars and
20 Zero Cents) to fully settle, resolve, and extinguish all claims asserted in the Action, including
21 without limitation all claims asserted in the PAGA Notice. The Gross Settlement Amount is non-
22 reversionary and does not include employer payroll taxes owed on the wage portions of the
23 Individual Class Payments, which Defendant will pay separately.

24 3.2 Payments from the Gross Settlement Amount. The Administrator will make and deduct
25 the following payments from the Gross Settlement Amount, in the amounts specified by the Court
26 in the Final Approval:

27 3.2.1 To Plaintiffs: A payment for the Class Representative Service Payment to each
28 Plaintiff of not more than \$7,500.00 (Seven Thousand Five Hundred Dollars and Zero Cents) in

1 addition to any Individual Class Payment and any Individual PAGA Payment the Class
2 Representative is entitled to receive as a Participating Class Member. Defendant will not oppose
3 Plaintiffs' request for a Class Representative Service Payment that does not exceed this amount.
4 As part of the motion for the Class Counsel Fees and Litigation Expenses Payments, Plaintiffs
5 will seek Court approval for any Class Representative Service Payment no later than sixteen (16)
6 court days prior to the Final Approval Hearing, or as otherwise ordered by the Court. If the Court
7 approves a Class Representative Service Payment less than the amount requested, the
8 Administrator will retain the remainder in the Net Settlement Amount to be distributed to
9 Participating Class Members. The Administrator will pay the Class Representative Service
10 Payment using IRS Form 1099. Plaintiffs assume full responsibility and liability for employee
11 taxes owed on the Class Representative Service Payment.

12 3.2.2 To Class Counsel: A Class Counsel Fees Payment of not more than one-third of the
13 Gross Settlement Amount, which is currently estimated to be \$117,500.00 (One Hundred
14 Seventeen Thousand Five Hundred Dollars and Zero Cents) and a Class Counsel Litigation
15 Expenses Payment for actual costs, not to exceed \$28,000.00 (Twenty-Eight Thousand Dollars
16 and Zero Cents). Defendant will not oppose requests for these payments. Plaintiffs and/or Class
17 Counsel will file a motion for Class Counsel Fees and Litigation Expenses Payment no later than
18 sixteen (16) court days prior to the Final Approval Hearing, or as otherwise ordered by the Court.
19 If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses
20 Payment less than the amounts requested, the Administrator will allocate the remainder to the Net
21 Settlement Amount for distribution to Participating Class Members. Released Parties shall have
22 no liability to Class Counsel or any other Plaintiffs' counsel arising from any claim to any portion
23 of Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The
24 Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment
25 using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for
26 taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses
27 Payment and holds Defendant harmless, and indemnifies Defendant, from any dispute or
28 controversy regarding any division or sharing of any of these Payments.

1 3.2.3 To the Administrator: An Administrator Costs Payment not to exceed \$7,500.00
2 (Seven Thousand Five Hundred Dollars and Zero Cents) except for a showing of good cause and
3 as approved by the Court. To the extent the Administration Costs are less or the Court approves
4 payment of less than \$7,500.00, the Administrator will retain the remainder in the Net Settlement
5 Amount to be distributed to Participating Class Members.

6 3.2.4 To Each Participating Class Member: An Individual Class Payment is calculated by
7 (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all
8 Participating Class Members during the Class Period, and (b) multiplying the result by each
9 individual Participating Class Member's Workweeks.

10 3.2.4.1 Tax Allocation of Individual Class Payments. Twenty percent (20%) of
11 each Participating Class Member's Individual Class Payment will be allocated to the Settlement
12 of wage claims (the "Wage Portion"). The Wage Portion is subject to tax withholding and will be
13 reported on an IRS W-2 Form. The remaining eighty percent (80%) of each Participating Class
14 Member's Individual Class Payment will be allocated to the settlement of claims for interest,
15 reimbursement, and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject
16 to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members
17 assume full responsibility and liability for any employee taxes owed on their Individual Class
18 Payment.

19 3.2.4.2 Effect of Non-Participating Class Members on Calculation of Individual
20 Class Payments. Non-Participating Class Members will not receive any Individual Class
21 Payments. The Administrator will retain amounts equal to their Individual Class Payments in the
22 Net Settlement Amount for distribution to Participating Class Members on a pro-rata basis.

23 3.2.5 To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of
24 \$18,000.00 (Eighteen Thousand Dollars and Zero Cents) to be paid from the Gross Settlement
25 Amount, with 75% (\$13,500.00) allocated to the LWDA PAGA Payment and 25% (\$4,500.00)
26 allocated to the Individual PAGA Payments.

27 3.2.5.1 The Administrator will calculate each Individual PAGA Payment by (a)
28 dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties of \$4,500.00 by

the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period, and (b) multiplying the result by each individual Aggrieved Employee's PAGA Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

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

4. **SETTLEMENT FUNDING AND PAYMENTS.**

4.1 Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records, Defendant represents there are 251 Class Members who collectively worked a total of 14,100 workweeks during the Class Period.

4.2 Class Data. Not later than ten (10) days after the Court grants Preliminary Approval of the Settlement, Defendant will deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Class 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 Class Data.

4.3 Funding of Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount and the amounts necessary to fully pay Defendant's share of payroll taxes by transmitting the funds to the Administrator no later than fourteen (14) days after the Effective Date.

4.4 Payments from the Gross Settlement Amount. Within ten (10) days after Defendant fully

1 funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class
2 Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Costs
3 Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and
4 the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the
5 Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment shall
6 not precede disbursement of Individual Class Payments and Individual PAGA Payments.

7 4.4.1 The Administrator will issue checks for the Individual Class Payments and/or
8 Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail. The
9 face of each check shall prominently state the date (180 days after the date of mailing) when the
10 check will be voided ("Void Date"). The Administrator will cancel all checks not cashed by the
11 Void Date. The Administrator will send checks for Individual Settlement Payments to all
12 Participating Class Members (including those for whom the Class Notice was returned
13 undelivered). The Administrator will send checks for Individual PAGA Payments to all
14 Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved
15 Employees (including those for whom Class Notice was returned undelivered). The Administrator
16 may send Participating Class Members a single check combining the Individual Class Payment
17 and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator
18 must update the recipients' mailing addresses using the National Change of Address Database.

19 4.4.2 The Administrator must conduct a Class Member Address Search for all other Class
20 Members whose checks are returned undelivered without USPS forwarding address. Within seven
21 (7) days of receiving a returned check, the Administrator must re-mail checks to the USPS
22 forwarding address provided or to an address ascertained through the Class Member Address
23 Search. The Administrator need not take further steps to deliver checks to Class Members whose
24 re-mailed checks are returned as undelivered. The Administrator shall promptly send a
25 replacement check to any Class Member whose original check was lost or misplaced, requested
26 by the Class Member prior to the Void Date.

27 4.4.3 For any Class Member whose Individual Class Payment check or Individual PAGA
28 Payment check is uncashed and canceled after the Void Date, the Administrator shall transmit the

funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California *Code of Civil Procedure* Section 384, subd. (b).

4.4.4 The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to Class Members (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 Gross Settlement Amount and all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiffs, Class Members, and Class Counsel will release claims against all Released Parties as follows:

5.1 **Plaintiffs' Release**. Plaintiffs discharge Released Parties from all claims, transactions, or occurrences, that occurred during the Class Period, including all claims that were, or reasonably could have been, alleged, based on the facts contained in the Operative Complaint; and claims under the Fair Employment and Housing Act, Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the California *Labor Code*, and all equivalent claims under federal law ("Plaintiffs' Release"). Plaintiffs' 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 Class Period. Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agree, nonetheless, that Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them.

5.1.1 **Plaintiffs' Waiver of Rights Under California *Civil Code* Section 1542**. For purposes of Plaintiffs' Release, Plaintiffs expressly waive and relinquish 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

1 with the debtor or Released Party.

2 5.2 Released Class Claims: All Participating Class Members will release all claims, rights,
3 demands, liabilities, and causes of action alleged or which could have reasonably been alleged
4 based on the Class Period facts alleged in the Operative Complaint. The Released Class Claims
5 are those that accrued during the Class Period. This release applies only to claims against
6 Defendant and Defendant's parent corporations, including Eduro Healthcare, LLC, owners,
7 members, officers, managers, employees, agents, directors, and attorneys, and expressly does not
8 release any claims against any person or entity other than Defendant. Also expressly excluded
9 from this release are any and all claims, rights, demands, liabilities, and causes of action against
10 Oakhurst Skilled Care LLC; Bayshire, LLC; Bayshire Central Valley LLC; Clovis Skilled Care
11 LLC; Winery Skilled Care LLC; First Skilled Care LLC; Sanger Skilled Care LLC; Shields
12 Skilled Care LLC; Reedley Skilled Care LLC; Sacramento Rehabilitation Hospital, LLC;
13 Bakersfield Rehabilitation Hospital, LLC; Ernest Health ES, LLC; and Ernest Health, Inc.

14 5.3 Released PAGA Claims: All Aggrieved Employees will release all claims for PAGA
15 civil penalties that are alleged or reasonably could have been alleged based on the facts alleged
16 in LWDA notice letter and Operative Complaint. The Released PAGA Claims are those that
17 accrued during the PAGA Period. Plaintiffs will release all claims for PAGA penalties asserted
18 in the Operative Complaint and the LWDA notice letter. This release applies only to claims
19 against Defendant and Defendant's parent corporations, including Eduro Healthcare, owners,
20 members, officers, managers, employees, agents, directors, and attorneys, and expressly does not
21 release any claims against any person or entity other than Defendant. Also expressly excluded
22 from this release are any and all claims, rights, demands, liabilities, and causes of action against
23 Oakhurst Skilled Care LLC; Bayshire, LLC; Bayshire Central Valley LLC; Clovis Skilled Care
24 LLC; Winery Skilled Care LLC; First Skilled Care LLC; Sanger Skilled Care LLC; Shields
25 Skilled Care LLC; and Reedley Skilled Care LLC; Sacramento Rehabilitation Hospital, LLC;
26 Bakersfield Rehabilitation Hospital, LLC; Ernest Health ES, LLC; and Ernest Health, Inc.

27 6. **MOTION FOR PRELIMINARY APPROVAL**. Plaintiffs will prepare and file a motion
28 for preliminary approval ("Motion for Preliminary Approval").

6.1 Defendant's Declaration in Support of Preliminary Approval. Within ten (10) days of the full execution of this Agreement, Defendant will prepare and deliver to Class Counsel a signed Declaration from Defendant and Defense Counsel disclosing all facts relevant to any actual or potential conflicts of interest with the Administrator. In their Declaration, Defense Counsel and Defendant 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.

6.2 Plaintiffs' Responsibilities. Plaintiffs will prepare all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under *Labor Code* Section 2699, subd. (f)(2)) (2016); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from Plaintiffs confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members, and/or the Administrator; (v) a signed declaration from Class Counsel firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (*Labor Code* section 2699.3, subd. (a) (2016)), Operative Complaint (*Labor Code* section 2699, subd. (l)(1) (2016)), this Agreement (*Labor Code* section 2699, subd. (l)(2) (2016))); and (vi) all facts relevant to any actual or potential conflict of interest with Class Members, and/or the Administrator. In their Declarations, Plaintiffs and Class Counsel 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.

6.3 Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing the Motion for Preliminary Approval. Class Counsel will obtain a prompt hearing date for the Motion for Preliminary Approval, file the Motion for Preliminary Approval no later than sixteen (16) court days before the hearing, unless otherwise ordered by the Court, and deliver the Court's Preliminary Approval Order to the Administrator.

6.4 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for

Preliminary Approval and/or the supporting declarations and documents, Class 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 Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class 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 and otherwise satisfy the Court's concerns.

7. SETTLEMENT ADMINISTRATION.

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

7.2 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.

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

7.4 Notice to Class Members.

7.4.1 No later than five (5) calendar days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, Aggrieved Employees, Workweeks, and Pay Periods in the Class Data.

7.4.2 Using best efforts to perform as soon as possible, and in no event later than 14 (fourteen) days after receiving the Class Data, the Administrator will send to all Class Members

identified in the Class Data, via first-class United States Postal Service (“USPS”) mail, the Class Notice with Spanish translation substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

7.4.3 Not later than five (5) calendar days after the Administrator’s receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

7.4.4 The deadlines for Class Members’ written objections, challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended an additional fourteen days (14) days beyond the forty-five (45) days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

7.4.5 If the Administrator, Defendant, or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than fourteen (14) days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

7.5 Requests for Exclusion (Opt-Outs).

1 7.5.1 Class Members who wish to exclude themselves (opt-out of) the Class Settlement
2 must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not
3 later than forty-five (45) days after the Administrator mails the Class Notice (plus an additional
4 fourteen (14) days for Class Members whose Class Notice is re-mailed). A Request for Exclusion
5 is a letter from a Class Member or his/her representative that reasonably communicates the Class
6 Member's election to be excluded from the Settlement and includes the Class Member's name,
7 address and email address or telephone number. To be valid, a Request for Exclusion must be
8 timely faxed, emailed, or postmarked by the Response Deadline.

9 7.5.2 The Administrator may not reject a Request for Exclusion as invalid because it fails
10 to contain all the information specified in the Class Notice. The Administrator shall accept any
11 Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the
12 person as a Class Member and the Class Member's desire to be excluded. The Administrator's
13 determination shall be final and not appealable or otherwise susceptible to challenge. If the
14 Administrator has reason to question the authenticity of a Request for Exclusion, the
15 Administrator may demand additional proof of the Class Member's identity. The Administrator's
16 determination of authenticity shall be final and not appealable or otherwise susceptible to
17 challenge.

18 7.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion
19 is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and
20 bound by all terms and conditions of the Settlement, including the Participating Class Members'
21 Releases under paragraphs 5.2 and 5.3 of this Agreement, regardless of whether the Participating
22 Class Member actually receives the Class Notice or objects to the Settlement.

23 7.5.4 Every Class Member who submits a valid and timely Request for Exclusion is a
24 Non-Participating Class Member and shall not receive an Individual Class Payment or have the
25 right to object to the class action components of the Settlement. Because future PAGA claims are
26 subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who
27 are Aggrieved Employees are deemed to release the Released PAGA Claims identified in
28 Paragraph 5.3 of this Agreement and are eligible for an Individual PAGA Payment.

1 7.6 Challenges to Calculation of Workweeks. Each Class Member shall have forty-five (45)
2 days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for
3 Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks
4 and PAGA Pay Periods allocated to the Class Member in the Class Notice. The Class Member
5 may challenge the allocation by communicating with the Administrator via fax, email or mail.
6 The Administrator must encourage the challenging Class Member to submit supporting
7 documentation. In the absence of any contrary documentation, the Administrator is entitled to
8 presume that the Workweeks contained in the Class Notice are correct so long as they are
9 consistent with the Class Data. The Administrator's determination of each Class Member's
10 allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise
11 susceptible to challenge. The Administrator shall promptly provide copies of all challenges to the
12 calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the
13 Administrator's determination of the challenges.

14 7.7 Objections to Settlement.

15 7.7.1 Only Participating Class Members may object to the class action components of the
16 Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or
17 amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses
18 Payment and/or Class Representative Service Payment.

19 7.7.2 Participating Class Members may send written objections to the Administrator, by
20 fax, email, or mail. In the alternative, Participating Class Members may appear in Court (or hire
21 an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A
22 Participating Class Member who elects to send a written objection to the Administrator must do
23 so not later than forty-five (45) days after the Administrator's mailing of the Class Notice (plus
24 an additional fourteen (14) days for Class Members whose Class Notice was re-mailed).

25 7.7.3 Non-Participating Class Members have no right to object to any of the class action
26 components of the Settlement.

27 7.8 Administrator Duties. The Administrator has a duty to perform or observe all tasks to be
28 performed or observed by the Administrator contained in this Agreement or otherwise.

1 7.8.1 Website, Email Address and Toll-Free Number. The Administrator will establish,
2 maintain and use an internet website to post information of interest to Class Members including
3 the date, time and location for the Final Approval Hearing and copies of the Settlement
4 Agreement; Motion for Preliminary Approval; Preliminary Approval Order; Class Notice;
5 Motion for Final Approval; Motion for Class Counsel Fees Payment, Class Counsel Litigation
6 Expenses Payment and Class Representative Service Payment; the Final Approval Order; and the
7 Judgment. The Administrator will also maintain and monitor an email address and a toll-free
8 telephone number to receive Class Member calls, faxes and emails.

9 7.8.2 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will
10 promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later
11 than five (5) days after the expiration of the deadline for submitting Requests for Exclusion, the
12 Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names
13 and other identifying information of Class Members who have timely submitted valid Requests
14 for Exclusion (“Exclusion List”); (b) the names and other identifying information of Class
15 Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for
16 Exclusion from Settlement submitted (whether valid or invalid).

17 7.8.3 Weekly Reports. The Administrator must, on a weekly basis, provide written reports
18 to Class Counsel and Defense Counsel that, among other things, tally the number of: Class
19 Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether
20 valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods
21 received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA
22 Payments (“Weekly Report”). The Weekly Reports must include the Administrator’s assessment
23 of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and
24 objections received.

25 7.8.4 Workweek and/or Pay Period Challenges. The Administrator has the authority to
26 address and make final decisions consistent with the terms of this Agreement on all Class Member
27 challenges over the calculation of Workweeks and/or Pay Periods. The Administrator’s decision
28 shall be final and not appealable or otherwise susceptible to challenge.

1 7.8.5 Administrator's Declaration. Not later than fourteen (14) days before the date by
2 which Plaintiffs are required to file the Motion for Final Approval of the Settlement, the
3 Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable
4 for filing in Court attesting to its due diligence and compliance with all of its obligations under
5 this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices
6 returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the
7 total number of Requests for Exclusion from Settlement it received (both valid or invalid), the
8 number of written objections and attach the Exclusion List. The Administrator will supplement
9 its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible
10 for filing the Administrator's declaration(s) in Court.

11 7.8.6 Final Report by Settlement Administrator. Within ten (10) days after the
12 Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide
13 Class Counsel and Defense Counsel with a final report detailing its disbursements by employee
14 identification number only of all payments made under this Agreement. At least fifteen (15) days
15 before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel
16 and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement
17 of all payments required under this Agreement. Class Counsel is responsible for filing the
18 Administrator's declaration in Court.

19 8. **CLASS SIZE ESTIMATES and ESCALATOR CLAUSE.** Based on its records, Defendant
20 represents there are 251 Class Members who collectively worked a total of 14,100 Workweeks
21 during the Class Period. If, on final calculation, the total number of workweeks increases by more
22 than 10% (i.e. an increase of more than 15,510 Workweeks), then the Gross Settlement Amount
23 will be increased proportionally by the number of Workweeks worked in excess of 10%. For
24 example, if the final number of total workweeks increases by 15% over 14,100 Workweeks, the
25 Gross Settlement Amount will increase by 5%. Defendant shall verify the total Workweeks prior
26 to the filing for Preliminary Approval. If this provision is triggered so as to increase the Gross
27 Settlement Amount, the Parties agree that the portion of the Gross Settlement Amount allocated
28 to attorneys' fees will increase proportionally such that the total amount of attorneys' fees remains

one-third (1/3) of the Gross Settlement Amount after the upward adjustment required by this provision is implemented.

9. **MOTION FOR FINAL APPROVAL.** Not later than sixteen (16) court days before the calendared Final Approval Hearing, unless otherwise scheduled by the Court, Plaintiffs will file in Court, a Motion for Final Approval of the Settlement that includes a request for approval of the PAGA settlement under *Labor Code* section 2699, subd. (l) (2016); a Proposed Final Approval Order; and a proposed Judgment (collectively “Motion for Final Approval”). Plaintiffs shall provide drafts of these documents to Defense Counsel prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

9.1 **Response to Objections.** Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than five (5) court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

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

9.3 **Continuing Jurisdiction of the Court.** The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, the 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.

9.4 **Waiver of Right to Appeal.** Provided the Judgment is consistent with the terms and

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

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

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

11. **ADDITIONAL PROVISIONS.**

11.1 No Admission of Liability, Class Certification 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 has merit or that Defendant has

any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Defendant's defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason, the Court does grant Preliminary Approval, Final Approval, or enter Judgment, Defendant reserves the right to contest certification of any class for any reason, Defendant reserves all available defenses to the claims in the Action, and Plaintiffs reserve the right to move for class certification on any grounds available and 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 Confidentiality Prior to Preliminary Approval. Plaintiffs, Class Counsel, Defendant, and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate, and/or publicize, or cause or permit another person to disclose, disseminate, or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify the other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiffs, Class Counsel, Defendant, and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, with any third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

11.3 No Solicitation. The Parties separately agree that they and their respective counsel and

employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Defense Counsel's and Class Counsel's ethical obligations and Class Counsel's fiduciary duties owed to Class Members.

11.4 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.

11.5 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs 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.

11.6 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.

11.7 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.

11.8 No Tax Advice. Neither Plaintiffs, Class 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.

1 11.9 Modification of Agreement. This Agreement, and all parts of it, may be amended,
2 modified, changed, or waived only by an express written instrument signed by all Parties or their
3 representatives, and approved by the Court.

4 11.10 Agreement Binding on Successors. This Agreement will be binding upon, and inure
5 to the benefit of, the successors of each of the Parties.

6 11.11 Applicable Law. All terms and conditions of this Agreement and its exhibits will be
7 governed by and interpreted according to the internal laws of the state of California, without
8 regard to conflict of law principles.

9 11.12 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation
10 of this Agreement. This Agreement will not be construed against any Party on the basis that the
11 Party was the drafter or participated in the drafting.

12 11.13 Confidentiality. To the extent permitted by law, all agreements made, and orders
13 entered during Action and in this Agreement relating to the confidentiality of information shall
14 survive the execution of this Agreement.

15 11.14 Headings. The descriptive heading of any section or paragraph of this Agreement is
16 inserted for convenience of reference only and does not constitute a part of this Agreement.

17 11.15 Calendar Days. Unless otherwise noted, all reference to “days” in this Agreement
18 shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a
19 weekend or federal legal holiday, such date or deadline shall be on the first business day
20 thereafter.

21 11.16 Notice. All notices, demands, or other communications between the Parties in
22 connection with this Agreement will be in writing and deemed to have been duly given as of the
23 third business day after mailing by United States mail, or the day sent by email or messenger,
24 addressed as follows:

25 To Plaintiffs:

26 John G. Yslas
27 john.yslas@wilshirelawfirm.com
28 Jeffrey C. Bils (SBN 301629)
jeffrey.bils@wilshirelawfirm.com

Aram Boyadjian (SBN 334009)
aram.boyadjian@wilshirelawfirm.com
Andrew Sandoval (SBN 346996)
andrew.sandoval@wilshirelawfirm.com
WILSHIRE LAW FIRM
660 S. Figueroa St., Sky Lobby
Los Angeles, California 90017
Telephone: (213) 381-9988
Facsimile: (213) 381-9989

To Defendant:

O'HAGAN MEYER
DEREK S. SACHS, SB# 253990
E-Mail: DSachs@ohaganmeyer.com
ELAINE M. McCormick, SB# 340044
E-Mail: EMcCormick@ohaganmeyer.com
1201 K Street, Suite 1900
Sacramento, CA 95814
Ph: 916.884.0751

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

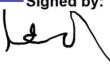
11.18 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement pursuant to CCP section 583.330 to extend the date to bring a case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

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

IT IS SO AGREED.

1 By the Parties:

2
3 DATED: 1/5/2026

Signed by:

E73ECCC018BF447...

4 Plaintiff Kelly Scharton

5
6 DATED: _____

7 Plaintiff Christa Horn

8 DATED: _____

9 Defendant Oakhurst Nursing and Rehab Center, LLC

10 By: _____

11 Position: _____

12
13 Approved by counsel:

14
15 DATED: _____

WILSHIRE LAW FIRM

16
17 BY: 
18 John G. Yslas
19 Jeffrey C. Bills
Aram Boyadjian
Andrew Sandoval

20 Counsel for Plaintiffs

21
22 DATED: _____

O'HAGAN MEYER

23
24 BY: _____
25 Derek Sachs
26 Elaine M. McCormick

27 Counsel for Defendant

By the Parties:

DATED: _____

Plaintiff Kelly Scharton

DATED: 12/8/2025

Signed by:

CHRISTA HORN

A57B29FABC704D0...

Plaintiff Christa Horn

DATED: _____

Defendant Oakhurst Nursing and Rehab Center, LLC

By: _____

Position: _____

Approved by counsel:

DATED: _____

WILSHIRE LAW FIRM

BY: John G. Yslas

John G. Yslas

Jeffrey C. Bils

Aram Boyadjian

Andrew Sandoval

Counsel for Plaintiffs

DATED: _____

O'HAGAN MEYER

BY: _____

Derek Sachs

Elaine M. McCormick

Counsel for Defendant

1 By the Parties:

2
3 DATED: _____

4 Plaintiff Kelly Scharton

5
6 DATED: _____

7 Plaintiff Christa Horn

8 DATED: 1/5/2026

Dustin Monroe

9 Defendant Oakhurst Nursing and Rehab Center, LLC

10 By: Dustin Monroe

11 Position: General Counsel

12
13 Approved by counsel:

14 DATED: _____

15 WILSHIRE LAW FIRM

16
17 BY: _____

18 John G. Yslas

19 Jeffrey C. Bills

Aram Boyadjian

Andrew Sandoval

20 Counsel for Plaintiffs

21
22 DATED: December 8, 2025

O'HAGAN MEYER

23
24 BY:  _____

25 Derek Sachs

26 Elaine M. McCormick

27 Counsel for Defendant

EXHIBIT A

**COURT APPROVED NOTICE OF CLASS ACTION AND PAGA SETTLEMENT AND
HEARING DATE FOR FINAL COURT APPROVAL**

Scharton, et al. v. Oakhurst Nursing and Rehab Center, LLC
Case No. MCV090222 (Madera County Superior Court)

***The Madera County Superior Court authorized this notice.
It is not junk mail, spam, an advertisement, or solicitation by a lawyer.
Please read it carefully! You are not being sued.***

You may be eligible to receive money from an employee class and a representative action lawsuit (“Action”) against Oakhurst Nursing and Rehab Center, LLC (“Defendant”) for alleged wage and hour violations. The Action was filed by former employees, Kelly Scharton and Christa Horn, and seeks payment of back wages and other relief for a class of all persons currently or formerly employed by Defendant as hourly-paid, non-exempt employees in the State of California (“Class Members”) who worked for Defendant during the Class Period (August 1, 2020 to May 1, 2024); and (2) penalties under the California Labor Code Private Attorneys General Act of 2004 (“PAGA”) for all Class Members who worked for Defendant during the PAGA Period (August 21, 2022 to May 1, 2024) (“Aggrieved Employees”).

The proposed Settlement has two main parts: (1) a Class settlement requiring Defendant to fund Individual Class Payments, and (2) a PAGA settlement requiring Defendant to fund Individual PAGA Payments and pay PAGA Penalties to the California Labor and Workforce Development Agency (“LWDA”).

Based on Defendant’s records, and the Parties’ current assumptions, **your Individual Class Payment is estimated to be \$ [REDACTED] (less withholding) and your Individual PAGA Payment is estimated to be \$ [REDACTED]**. The actual amount you may receive likely will be different and will depend on a number of factors. (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.)

The above estimates are based on Defendant’s records showing that **you worked [REDACTED] Workweeks during the Class Period and you worked [REDACTED] Pay Periods during the PAGA Period**. If you believe that you worked more during either period, you can submit a challenge by the deadline date.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval of the Settlement. Your legal rights are affected whether you act or not act. READ THIS NOTICE CAREFULLY. You will be deemed to have read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff’s attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment that requires Defendant to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Defendant.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING	Receive money. Give up rights to sue Defendant for claims released in the Settlement.
EXCLUDE YOURSELF	Receive no money from the Class settlement. You will retain the right to pursue your own legal claims against Defendant. However, even if you exclude yourself from the Class settlement, you will still receive a portion of the PAGA settlement and be bound by it if you worked during the PAGA Period.
OBJECT	Write to the Court about why you object to the Settlement. If the Settlement receives Final Approval, you will receive money and give up rights to sue Defendant for claims released in the Settlement.
CHALLENGE YOUR NUMBER OF WORKWEEKS AND/OR PAY PERIODS	Challenge your number of Workweeks or Pay Periods listed in this Notice and provide supporting evidence. If you challenge your workweeks or pay periods, you will still be part of the Settlement and will give up rights to sue Defendant for claims released in the Settlement.

BASIC INFORMATION

1. WHY AM I RECEIVING THIS NOTICE?

Defendant's records indicate that you worked for Defendant at some point(s) between August 1, 2020 to May 1, 2024, and are therefore a member of the Class for purposes of this Settlement.

You received this Notice because you have a right to know about a proposed Settlement of the Action, and about all of your options, before the Court decides whether to finally approve the Settlement. The Settlement will resolve all Class Members' claims, which are described below, during the Class Period. The Settlement will also resolve claims for civil penalties brought under the California Private Attorneys General Act of 2004 ("PAGA"). If you are a Class Member, you are also an "Aggrieved Employee" if you worked for Defendant during the "PAGA Period," which is August 21, 2022 to May 1, 2024.

If the Court grants Final Approval to the Settlement, a settlement Administrator appointed by the Court will issue the payments provided for by the Settlement to Class Members. You are encouraged to always keep your address up to date with the Administrator (the Administrator's contact information can be found in Section 12, below).

This Notice package explains the allegations and background regarding the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to receive those benefits.

The Court in charge of the Action is the Madera County Superior Court, and the case is titled, *Scharton, et al. v. Oakhurst Nursing and Rehab Center, LLC*, Case No. MCV090222. The person who sued, Kelly Scharton and Christa Horn, are the Plaintiffs, and the company sued, Oakhurst Nursing and Rehab Center, LLC, is the Defendant.

2. WHAT IS THE LAWSUIT ABOUT?

The Plaintiffs in the lawsuit allege wage and hour violations against Defendant for: (1) Failure to Pay Minimum and Straight Time Wages; (2) Failure to Pay Overtime Wages; (3) Failure to Provide Meal Periods; (4) Failure to Authorize and Permit Rest Periods; (5) Failure to Timely Pay Final Wages at Termination; (6) Failure to Provide Accurate Itemized Wage Statements; (7) Failure to Indemnify Employees for Expenditures; (8) Failure to Produce Requested Employment Records; and (9) Unfair Business Practices. In addition, Plaintiffs are seeking to recover civil penalties pursuant to PAGA (“PAGA Penalties”) based on the alleged violations of the California Labor Code listed above. Defendant denies Plaintiffs’ claims and denies any wrongdoing.

3. WHY IS THIS A CLASS ACTION?

In an employment class action, one or more people called “Class Representatives” (in this case, the Plaintiff) sue on behalf of all workers who they contend have similar claims. All of these workers are a Class or Class Members. Bringing one lawsuit, as opposed to many small ones, saves money, time and court resources. The court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

4. WHY IS THERE A SETTLEMENT?

The Court has not decided in favor of the Plaintiff or Defendant on the merits of the claims alleged in the lawsuit. Plaintiff believes Plaintiff would win at trial. Defendant thinks that Plaintiff’s lawsuit would not proceed to a trial and/or that Plaintiff would not win at trial. However, there has been no trial. Instead, in acknowledgement of the risk that both Parties face should the case proceed, the Parties have agreed to a negotiated settlement. This way, all Parties avoid the cost of preparing for and conducting a trial, the risk of losing the right to a trial, and the workers affected by the alleged violations receive compensation. The Settlement represents a compromise and settlement of highly disputed claims. The Plaintiff, as well as Plaintiff’s lawyers (called “Class Counsel”), believes the Settlement is fair and reasonable and in the best interests of all Class Members.

WHO IS INCLUDED IN THE SETTLEMENT?

5. WHO IS INCLUDED IN THE SETTLEMENT?

If you received this Notice, you are a Class Member for settlement purposes. The Class includes: all persons who worked for any Defendant in California as an hourly-paid or non-exempt employee at any time during the Class Period

6. ARE THERE EXCEPTIONS TO BEING INCLUDED?

You are not a Class Member if you already have resolved the claims asserted in this lawsuit, whether by settlement or a separate legal proceeding (i.e., another lawsuit).

THE SETTLEMENT BENEFITS—WHAT YOU GET

7. WHAT DOES THE SETTLEMENT PROVIDE?

Defendant has agreed to pay a Gross Settlement Amount (“GSA”) of \$352,500.00 (Three Hundred Fifty-Two Thousand Five Hundred Dollars and Zero Cents) to settle the lawsuit. From the GSA, Class Counsel will apply to the Court for attorneys’ fees of up to one-third of the GSA, currently \$117,500.00 (One Hundred Seventeen Thousand Five Hundred Dollars and Zero Cents) and up to \$28,000.00 (Twenty-Eight Thousand Dollars and Zero Cents) in costs; a Class Representative Service Payment of \$7,500.00 to each Plaintiff (for Plaintiffs’ work and efforts prosecuting this case); a PAGA Penalties payment of \$18,000.00 to resolve the PAGA claims; and Settlement Administration Costs to Apex Class Action LLC, not to exceed \$7,500.00. The exact amount of the Class Counsel’s Fees and Litigation Expenses, Class Representative Service Payment, and Administration Costs will be determined by the Court at the Final Approval hearing. The remaining portion of the Settlement amount, the “Net Settlement Amount” or the “NSA,” is currently estimated to be approximately \$XXXXXXXX. The NSA will be apportioned and paid out as Individual Class Payments to the Settlement Class Members, who are the Class Members that do not request to be excluded (“opt out”) of the Settlement.

PAGA Penalties payment: As part of the PAGA portion of the Settlement, the Parties will ask the Court to approve a \$18,000.00 PAGA Penalties payment in settlement of claims for civil penalties under PAGA. As required under PAGA, 75% of the PAGA Penalties payment, or \$13,500.00, will be paid to the California Labor and Workforce Development Agency. The remaining 25% of the PAGA Penalties payment, or \$4,500.00, will be distributed to the Aggrieved Employees as Individual PAGA Payments.

8. HOW MUCH WILL MY PAYMENT BE?

An approximation of your Individual Class Payment appears on the first page of this Notice. If you are also an Aggrieved Employee, an approximation of your Individual PAGA Payment will also appear on the first page of this Notice.

Individual Class Payment: Your Individual Class Payment is based on the number Workweeks you worked, as represented in Defendant’s records, in comparison to the total number of Workweeks worked by all Class Members during the Class Period (August 1, 2020 to May 1, 2024). Eighty percent (80%) of each Class Member’s Individual Class Payment will be treated as a payment in settlement of the alleged claims for penalties and interest and will be reported on a Form 1099 by the Settlement Administrator, and twenty percent (20%) of each Class Member’s Individual Class Payment will be treated as a payment in settlement of alleged claims for unpaid wages. The 20% allocated as unpaid wages will be reduced by applicable payroll tax withholdings and deductions and reported on a Form W-2.

Individual PAGA Payment: If you worked for Defendant from August 21, 2022 to May 1, 2024 (“PAGA Period”), you are also an “Aggrieved Employee” and will receive an Individual PAGA Payment in addition to your Individual Class Payment. The Individual PAGA Payments are based on the number of PAGA Pay Periods worked by each Aggrieved Employee in comparison to the total amount of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period. One hundred percent (100%) of each Aggrieved Employees’ Individual PAGA Payment will be characterized as penalties and will not be reduced by payroll tax withholdings and deductions. The Individual PAGA Payment will be reported on

a Form 1099 by the Settlement Administrator. An approximation of your anticipated Individual PAGA Payment appears on the first page of this Notice.

For the Class Members who are also Aggrieved Employees, their Individual Class Payment will be combined with their Individual PAGA Payment, and they will receive a single check for the combined payments. If a Class Member chooses to opt-out of the Settlement, they will still receive an Individual PAGA Payment, as Aggrieved Employees cannot opt-out of the PAGA portion of the Settlement under California law.

HOW YOU GET A PAYMENT

9. HOW DO I RECEIVE A PAYMENT?

You do not need to do anything to receive a payment. However, if you believe that the number of Workweeks or PAGA Pay Periods you worked is incorrect, please correct it and provide any supporting evidence to the settlement Administrator, whose contact information is listed in Section 12 below.

10. WHEN WOULD I GET MY PAYMENT?

The Court will hold a Final Fairness Hearing on [REDACTED], to decide whether to approve the Settlement. If the Judge approves the Settlement, and anyone objects, there may be appeals. It is always uncertain when these objections and appeals can be resolved and resolving them can take time. If there is no objection, the Effective Date of the Settlement will be the date of entry of the Court's Order granting final approval.

Following the Effective Date, Individual Class Payments and Individual PAGA Payments will be mailed to Participating Class Members and Aggrieved Employees approximately 30 days after the Court's approval of the Settlement becomes final so long as there are no appeals.

Settlement checks should be cashed promptly upon receipt. Proceeds of checks which remain uncashed after 180 days from the date of issuance will be forwarded to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384, subd. (b). If your settlement check is lost or misplaced, you should contact the Settlement Administrator immediately to request a replacement.

For an update on the status of payments, please contact the Settlement Administrator (see Section 12).

11. WHAT AM I GIVING UP TO GET A PAYMENT?

If the Court approves this Settlement and unless you exclude yourself, you will become a Participating Class Member, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against Defendant concerning the legal claims being resolved in this Settlement. Specifically, you will be giving up or "releasing" the Released Class Claims described below against Defendant and all of Defendant's subsidiaries, affiliates, shareholders, members, agents, predecessors, successors, owners, and assigns ("Released Parties"). The releases become effective once the GSA is fully funded by Defendant.

Released Class Claims: The “Released Class Claims” are all claims, rights, demands, liabilities, and causes of action alleged or which could have reasonably been alleged based on the Class Period facts alleged in the Operative Complaint. The Released Class Claims are those that accrued during the Class Period. This release applies only to claims against Defendant and Defendant’s parent corporations, including Eduro Healthcare, LLC, owners, members, officers, managers, employees, agents, directors, and attorneys, and expressly does not release any claims against any person or entity other than Defendant. Also expressly excluded from this release are any and all claims, rights, demands, liabilities, and causes of action against Oakhurst Skilled Care LLC; Bayshire, LLC; Bayshire Central Valley LLC; Clovis Skilled Care LLC; Winery Skilled Care LLC; First Skilled Care LLC; Sanger Skilled Care LLC; Shields Skilled Care LLC; Reedley Skilled Care LLC; Sacramento Rehabilitation Hospital, LLC; Bakersfield Rehabilitation Hospital, LLC; Ernest Health ES, LLC; and Ernest Health, Inc.

Released PAGA Claims: If you an Aggrieved Employee (i.e. if you worked for Defendant during the PAGA Period), you will also release all claims for PAGA civil penalties that are alleged or reasonably could have been alleged based on the facts alleged in LWDA notice letter and Operative Complaint. The Released PAGA Claims are those that accrued during the PAGA Period. Plaintiffs will release all claims for PAGA penalties asserted in the Operative Complaint and the LWDA notice letter. This release applies only to claims against Defendant and Defendant’s parent corporations, including Eduro Healthcare, owners, members, officers, managers, employees, agents, directors, and attorneys, and expressly does not release any claims against any person or entity other than Defendant. Also expressly excluded from this release are any and all claims, rights, demands, liabilities, and causes of action against Oakhurst Skilled Care LLC; Bayshire, LLC; Bayshire Central Valley LLC; Clovis Skilled Care LLC; Winery Skilled Care LLC; First Skilled Care LLC; Sanger Skilled Care LLC; Shields Skilled Care LLC; and Reedley Skilled Care LLC; Sacramento Rehabilitation Hospital, LLC; Bakersfield Rehabilitation Hospital, LLC; Ernest Health ES, LLC; and Ernest Health, Inc.

EXCLUDING YOURSELF FROM THE SETTLEMENT

12. HOW DO I EXCLUDE MYSELF FROM THE SETTLEMENT?

To exclude yourself from the Settlement, you must send the Settlement Administrator a written and signed request for exclusion which must be postmarked no later than 60 days after Class Notice is Mailed. Be sure to include your name, address, and telephone number, and any other information you think would be helpful to the settlement Administrator to identify you. You can send your request for exclusion to the settlement Administrator at:

Apex Class Action LLC
Scharton, et al. v. Oakhurst Nursing and Rehab Center, LLC
 XXXXX
 City, State, XXXXX
 Email:

If you ask to be excluded from the Settlement, you will not be legally bound by anything that happens in the Action, except as it relates to settlement of the PAGA claim. If you ask to be excluded from the Settlement you will not be able to object to the Settlement and you will not receive an Individual Class Payment, but you will still receive an Individual PAGA Payment if you worked for Defendant during the PAGA Period (August 21, 2022 to May 1, 2024). If you ask to be excluded, you may be able to sue (or continue to sue) Defendant in the future.

QUESTIONS? CALL 1-800-XXX-XXXX TOLL FREE

13. IF I DON'T EXCLUDE MYSELF, CAN I SUE DEFENDANT FOR THE SAME THING LATER?

No. Unless you exclude yourself, you give up any right to sue Defendant for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from this Class to continue your own lawsuit. Remember, the exclusion deadline is 60 days after Class Notice is Mailed.

14. IF I EXCLUDE MYSELF, CAN I GET MONEY FROM THIS SETTLEMENT?

No, you will not receive an Individual Class Payment if you exclude yourself. You will still receive an Individual PAGA Payment if you worked for Defendant during the PAGA Period (August 21, 2022 to May 1, 2024). However, if you timely exclude yourself from the Settlement, you will retain the right to pursue your own legal action against Defendant, if you desire.

THE LAWYERS REPRESENTING YOU IN THIS LAWSUIT

15. DO I HAVE A LAWYER IN THIS CASE?

The Court has determined that Wilshire Law Firm is qualified to represent you and the Class Members in the lawsuit. These lawyers are called Class Counsel and their contact information is listed below. If you want to be represented by your own lawyer, you may hire one at your own expense.

John G. Yslas
john.yslas@wilshirelawfirm.com
Jeffrey C. Bils
jeffrey.bils@wilshirelawfirm.com
Aram Boyadjian
aram.boyadjian@wilshirelawfirm.com
Andrew Sandoval
andrew.sandoval@wilshirelawfirm.com
WILSHIRE LAW FIRM
660 S. Figueroa St., Sky Lobby
Los Angeles, California 90017
Telephone: (213) 513-5205
Facsimile: (213) 513-5205

16. HOW WILL THE LAWYERS BE PAID?

Class Counsel will ask the Court to approve up to 1/3rd of the GSA (currently \$117,500.00) for attorneys' fees incurred in investigating the facts, litigating the case, and negotiating the Settlement. Class Counsel will also seek Court-approval of up to \$28,000.00 in litigation expenses incurred in this matter. The Court may award Class Counsel less than what they request. Class Counsel will also ask the Court to approve payment to Plaintiffs Kelly Scharton and Christa Horn in the amount of \$7,500.00, each, in addition to Plaintiffs' Individual Class Payment and Individual PAGA Payment for the initiative, risk, and time and

energy Plaintiffs have spent in service to the Class as the Class Representative. The Court may award the Class Representative less than what is requested.

OBJECTING TO THE SETTLEMENT

You can and have the right to tell the Court you do not agree with the Settlement or some part of it.

17. HOW DO I TELL THE COURT THAT I OBJECT TO THE SETTLEMENT?

If you don't think the Settlement is fair, you can object to some or all of the Settlement. You can either object to the Settlement in person at the Final Approval Hearing or you can submit a written objection. Written objections and notices of intent to appear at the Final Approval Hearing must be mailed to the Settlement Administrator and postmarked on or before [REDACTED], at the following address:

Apex Class Action LLC
Scharton, et al. v. Oakhurst Nursing and Rehab Center, LLC

XXXXX

City, State, XXXXX

Email:

The written objection should state your name and address and describe all legal and factual reasons that you object to the terms of the Settlement. You should also include or attach any documents upon which your objection is based. If the Court overrules the objection at the Final Approval hearing, the Settlement Agreement will be approved, and you will receive your payment. If you do not submit a written objection, you may still appear at the Final Approval hearing to voice your objection or to otherwise observe the proceedings.

18. WHAT'S THE DIFFERENCE BETWEEN OBJECTING AND REQUESTING EXCLUSION?

Objecting is simply telling the Court that you do not agree with something about the Settlement. You can object only if you stay in the Class.

Requesting exclusion is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you, and you do not get any money from this Settlement. If you submit both an objection and a request to be excluded from the settlement, the request to be excluded will control and you will not get any money from this settlement.

THE COURT'S FAIRNESS HEARING

The Court will hold a Final Approval Hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you don't have to.

19. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?

The Court will hold a Final Approval Hearing at [REDACTED] on [REDACTED] in Room 411B of the Madera County Superior Court located at 200 South "G" Street, Madera, CA 93637 to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. If there are objections, the Court

QUESTIONS? CALL 1-800-XXX-XXXX TOLL FREE

will consider them at that time. The Court will also be asked to approve the requests for the Class Representative Service Payment and the Class Counsel Fees and Litigation Expenses Payments.

20. DO I HAVE TO COME TO THE HEARING?

No. Class Counsel will answer questions the Court may have. However, you are welcome to attend. If you send an objection, you do not have to come to the Court to talk about it. As long as you mailed your written objection to the settlement administrator on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

IF YOU DO NOTHING

21. WHAT IF I DO NOTHING AT ALL?

If you do nothing, you will receive a Settlement payment, and you will be bound by the terms of Settlement, which means that you will not be able to start a lawsuit, continue a lawsuit, or be a part of any other lawsuit against the Defendant about the legal issues in the Action.

GETTING MORE INFORMATION

22. HOW DO I GET MORE INFORMATION?

You may contact Class Counsel at the contact information listed above in Section 15 if you have any questions about the Settlement. You may also contact the Court-appointed Settlement Administrator, Apex Class Action LLC, by calling toll free 1-800-XXXX-XXXX, or you can write to the Administrator at the following address:

Apex Class Action LLC
Scharton, et al. v. Oakhurst Nursing and Rehab Center, LLC
XXXXXX
City, State, XXXXX
Email:

PLEASE DO NOT TELEPHONE THE COURT OR DEFENDANT'S COUNSEL FOR INFORMATION REGARDING THIS SETTLEMENT OR THE CLAIM PROCESS. YOU MAY, HOWEVER, CALL CLASS COUNSEL OR THE SETTLEMENT ADMINISTRATOR, LISTED ABOVE.

EXHIBIT 2

Theresa Chan

From: no-reply@formassembly.com
Sent: Wednesday, January 28, 2026 12:28 PM
To: Theresa Chan
Subject: Thank you for your Proposed Settlement Submission

01/28/2026 12:27:30 PM

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

Item submitted: Proposed Settlement

On 01/28/2026 12:27:30 PM your Proposed Settlement was successfully processed for case number LWDA-CM-976544-23

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

DIR PAGA Unit on behalf of
Labor and Workforce Development Agency

Website:

https://nam12.safelinks.protection.outlook.com/?url=http%3A%2F%2Flabor.ca.gov%2FPrivate_Attorneys_General_Act.htm&data=05%7C02%7Ctheresa.chan%40wilshirelawfirm.com%7Cc6486a2d460e40c3bcb608de5eabb736%7C9ada260a4f194da187b814d372333753%7C1%7C0%7C639052288779277876%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMilslkFOljoitWFrpbClzIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=QrX4ymxbjjPbC0wlQ2SGIkLmUCigqA1ecaxHpFRIQNo%3D&reserved=0

EXHIBIT 3

WILSHIRE LAW FIRM, PLC

3055 Wilshire Blvd, 12th Floor
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Benjamin Haber, Esq.
Ghazaleh Attaran, Esq.
Adam Sherman, Esq.
Jesenia Martinez, Esq.
Christian Girgis, Esq.
Arrash Fattahi, Esq.
Jesse Chen, Esq.
Bijan Mohseni, Esq.

August 21, 2023

LWDA

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

Oakhurst Healthcare Center, LLC
31720 Auberry Rd.

Auberry, CA 93602
(Via Certified Mail, Return Receipt Requested)
#9489 0090 0027 6362 4840 10

Oakhurst Nursing and Rehab Center, LLC
40131 Highway 49
Oakhurst, CA 93644
(Via Certified Mail, Return Receipt Requested)
#9489 0090 0027 6362 4837 78

John E. Harshman III
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Oakhurst Nursing and Rehab Center, LLC
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Salt Lake City, UT 84106
(Via Certified Mail, Return Receipt Requested)
#9489 0090 0027 6362 4839 90

Legalinc Registered Agents, Inc.
Agent for Service of Process
Four Embarcadero Center, Suite 1400 #85
San Francisco, CA 94111
(Via Certified Mail, Return Receipt Requested)
#9489 0090 0027 6362 4840 03

Re: ***Kelly Scharton v Oakhurst Nursing and Rehab Center, LLC, et al.***
Notice of Labor Code Violations and PAGA Penalties

To Whom It May Concern:

Please be advised that my office has been retained by Kelly Scharton ("Employee") to pursue a Labor Code Private Attorneys General Act of 2004 ("PAGA") representative action (Cal. Lab. Code §§ 2699, *et seq.*) against Employee's former employers, Oakhurst Nursing and Rehab Center, LLC ("Oakhurst Nursing") and Oakhurst Healthcare Center, LLC ("Oakhurst Healthcare") (together, "Employers"). The purpose of this letter is to comply with PAGA and

set forth the facts and theories of California Labor Code violations which we allege Employers engaged in with respect to Employee and potentially all of Employers' Aggrieved Employees.

Employee wishes to pursue this action on behalf of Employee as an Aggrieved Employee, on behalf of the State of California, as well as on behalf of potentially all other persons who worked for Employers in California as a non-exempt or hourly-paid employee at any time within the applicable statutory period (hereafter, the "Aggrieved Employees").

Employee and the Aggrieved Employees suffered the Labor Code violations described below.

Employee's Employment with Oakhurst Nursing and Rehab Center, LLC and Oakhurst Healthcare Center, LLC

Employers Oakhurst Nursing and Rehab Center, LLC and Oakhurst Healthcare Center, LLC are nursing and rehabilitation service providers. The employees worked as nurses and caretakers, where their jobs were to provide care and medical services to injured and elderly people. In performing his duties, Employee was frequently deprived of an opportunity to take legally compliant meal and rest breaks because of the heavy workload and frequent interruptions by patients and staff. Employee was also required to use his personal cell phone for communications with supervisors, co-workers, and others for work-related purposes before, during, and after work hours. These are just non-exhaustive examples of the facts and theories the Employee asserts, which are described in more detail below.

Employers own/owned and operate/operated an industry, business, and establishment within the State of California. As such, and based upon all the facts and circumstances incident to Employers' business in California, Employers are subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business & Professions Code.

Employee Kelly Scharton is a resident of Oakhurst, California who worked for Employers in Madera County, California as an hourly-paid, non-exempt employee from approximately September 2020 to approximately January 2023.

During Employee's employment with Employers, Employers paid Employee an hourly wage and classified Employee as non-exempt from overtime. Employers typically scheduled Employee to work at least five days in a workweek and at least eight hours per day, but Employee also worked more than eight hours in a workday and more than forty (40) hours in a workweek.

Throughout Employee's employment, Employers failed to pay for all hours worked (including minimum, straight time, and overtime wages), failed to provide Employee with legally compliant meal periods, failed to authorize and permit Employee to take rest periods, failed to timely pay all final wages to Employee when Employers terminated Employee; employment, failed to furnish accurate wage statements to Employee, and failed to indemnify Employee for business expenditures. As discussed below, Employee's experience working for Employers was typical and

illustrative.

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

Under California law, an employer must pay for all hours worked by an employee. “Hours worked” is the time during which an employee is subject to the control of an employer, and includes all the time the employee is suffered or permitted to work, whether or not required to do so.

In addition, Labor Code § 510 provides that employees in California shall not be employed more than eight hours in any workday or forty (40) hours in a workweek unless they receive additional compensation beyond their regular wages in amounts specified by law.

Labor Code §§ 1194 and 1198 also provide that employees in California shall not be employed more than eight hours in any workday unless they receive additional compensation beyond their regular wages in amounts specified by law. Additionally, Labor Code § 1198 states that the employment of an employee for longer hours than those fixed by the IWC is unlawful.

Throughout the statutory period, Employers failed to pay Employees and the Aggrieved Employees for all hours worked, including minimum, straight time, and overtime wages. Employers required Employee and the Aggrieved Employees to work “off-the-clock,” uncompensated, by, for example, requiring Employee and the Aggrieved Employees to perform work during uncompensated meal periods and rest periods, and requiring Employees and the Aggrieved Employees to perform work before clocking in and/or after clocking out. Some of this unpaid work should have been paid at the overtime rate. California Labor Code § 510 requires that employers compensate employees 1.5 times their regular rate of pay when employees work over eight hours per day, 40 hours per week, or when employees work up to eight hours on any seventh day of a workweek. Employers failed to properly calculate Employee’s regular rate of pay when paying overtime, by failing to include all compensation in Employee’s overtime calculations. In failing to pay for all hours worked, Employers also failed to maintain accurate records of the hours Employee and the Aggrieved Employees worked.

Throughout the statutory period, Employers also engaged in a practice of improper rounding. Under *Camp v. Home Depot U.S.A., Inc.* (2022) 84 Cal.App.5th 638, because Employer could and did track the exact time in minutes that Employees worked, it must pay for all time worked. When an employer uses an electronic timekeeping system to record time worked, this ability to “precisely capture time worked” means that “the employer must pay the employee for that worktime when due.” (*Id.* at 671.) As a result of Employer’s rounding policy, Employee consistently was not compensated at least minimum wage for all hours that Employee worked.

As a result, Employers are liable to Employee and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 1197.1, and 2699(f)(2) for failing to pay for all hours worked, including minimum, straight time, and overtime wages.

Failure to Provide Meal Periods

Under California law, employers have an affirmative obligation to relieve employees of all duty in order to take their first 30-minute, duty-free meal periods no later than the start of sixth hour of work in a workday, and to allow employees to take their second 30-minute, duty-free meal period no later than the start of the eleventh hour of work in the workday. Further, employees are entitled to be paid one hour of additional wages for each workday they were not provided with all required meal period(s). Despite these legal requirements, Employers wrongfully failed to provide Employee and the Aggrieved Employees with their legally mandated 30-minute, uninterrupted, and duty-free meal period in a manner required by law (and also including but not limited to failing to provide Plaintiff, the Class, and the Aggrieved Employees the opportunity to leave the work premises to take meal periods). Employers also continued to assert control over Employee and the Aggrieved Employees by, among other things, requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory meal periods, or by denying Employee and the Aggrieved Employees permission to take a meal period under the conditions required by law, and without properly compensating Employee and the Aggrieved Employees for meal periods that were not provided as required by law. Employers also did not inform Employee of Employee's right to, nor permitted Employee to take, all of Employee's second meal periods when Employee worked at least ten hours of work in a workday and otherwise unlawfully pressured Employee to waive such breaks. Accordingly, Employers failed to provide meal periods to Employee and the Aggrieved Employees in compliance with California law.

Employee and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not provided with all required meal period(s). Employers, however, regularly failed to pay Employee and the Aggrieved Employees the additional wages to which they were entitled for meal periods and that were not provided.

As a result, Employers are liable to Employee and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2) for failing to provide meal periods and pay meal period premium wages.

Failure to Authorize and Permit Rest Periods

Employers are required by California law to authorize and permit breaks of ten uninterrupted minutes for each four hours of work or major fraction of four hours (i.e. more than two hours). Thus, for example, if an employee's work time is six hours and ten minutes, the employee is entitled to two rest breaks. Each failure to authorize rest breaks as so required is itself a violation of California's rest break laws.

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Throughout the statutory period, Employers have wrongfully failed to authorize and permit Employee and the Aggrieved Employees to take legally compliant rest periods in a manner required by law (and also including but not limited to failing to authorize and permit Plaintiff, the Class, and the Aggrieved Employees the opportunity to leave the work premises to take rest periods). Employers regularly required Employee and the Aggrieved Employees to work in excess of four consecutive hours a day without Employers authorizing and permitting Employee to take a 10-minute, uninterrupted, duty-free rest period for every four hours of work (or major fraction of four hours), or without compensating Employee and the Aggrieved Employees for rest periods that were not authorized or permitted. Instead, Employers continued to assert control over Employee and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest periods, or by denying Employee and the Aggrieved Employees permission to take a rest period. Accordingly, Employers failed to authorize and permit Employee and the Aggrieved Employees to take rest periods in compliance with California law.

Employee and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not authorized and permitted to take all required rest period(s). Employers, however, regularly failed to pay Employee and the Aggrieved Employees the additional wages to which they were entitled for rest periods and that they were not authorized and permitted to take.

As a result, Employers are liable to Employee and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2) for failing to authorize and permit rest periods and pay rest period premium wages.

Failure to Pay All Earned Wages Twice Per Month

Based on its failure to pay Employee and the Aggrieved Employees for all wages as discussed above, Employers also violated Labor Code § 204.

Labor Code § 204 requires employers to pay employees all earned wages two times per month. Throughout the statute of limitations period applicable to this cause of action, employees were entitled to be paid twice a month at their regular rates, including all meal period premium wages owed, rest period premium wages owed, and wages owed for overtime hours worked. However, during all such times, Employers failed and refused to pay the employees all wages due, and failed to pay those wages twice a month, in that employees were not paid all wages for all meal periods not provided by Employers, all wages for all rest periods not authorized and permitted by Employers, and all wages for all hours worked. As a result, Employers owe Employee the legally required wages for unpaid wages, and Employee and the Aggrieved Employees suffered damages in those amounts.

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Moreover, Employers are liable to Employee and the Aggrieved Employees for the civil penalties provided for in Labor Code § 210 for failing to pay all earned wages twice per month.

Failure to Maintain Accurate Records of Hours Worked and Meal Periods

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

Employers, however, failed to maintain accurate records of hours worked and all meal periods taken or missed by Employee and the Aggrieved Employees.

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

Failure to Timely Pay All Wages at Termination

Labor Code §§ 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

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Within the applicable statute of limitations, the employment of Employee and many other Aggrieved Employees ended, i.e., was terminated by quitting or being discharged, and the employment of others will be terminated. However, during the relevant time period, Employers failed, and continue to fail to pay Employee and terminated Aggrieved Employees, without abatement, all wages required to be paid by Labor Code sections 201 and 202 either at the time of discharge, or within seventy-two (72) hours of their leaving Employers' employment. These unpaid wages include wages for unpaid work time (including minimum, straight time, and overtime wages), missed meal period premium wages, and missed rest period premium wages.

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

Accordingly, Employee and the Aggrieved Employees are entitled to recover from Employers their additionally accruing wages for each day they were not paid, at their regular hourly rate of pay, up to thirty (30) days maximum pursuant to Labor Code § 203.

Moreover, Employers are liable to Employee and the Aggrieved Employees for the civil penalties provided for in Labor Code § 2699(f)(2) for failing to timely pay all wages at termination.

Failure to Furnish Accurate Itemized Wage Statements

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

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

Throughout the statutory period, Employers failed to, and continue to fail to timely furnish Employee and the Aggrieved Employees with accurate, itemized wage statements showing all applicable hourly rates, and all gross and net wages earned (including correct hours worked, correct wages for meal periods that were not provided in accordance with California law, and correct wages for rest periods that were not authorized and permitted to take in accordance with California law).

Because Employers violated Labor Code § 226, Employee and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights. Accordingly, Employee and similarly Aggrieved Employees are entitled to recover from Employers the greater of their actual damages caused by Employers' failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding four thousand dollars (\$4,000) per employee. Moreover, Employers are liable to Employee and the Aggrieved Employees for the civil penalties provided for in Labor Code § 226.3 for failing to timely furnish accurate itemized wage statements.

Failure to Indemnify for Necessary Expenditures

Labor Code § 2802(a) provides that employers shall indemnify his or her employees for all necessary business expenditures or losses that have been incurred by the employees in direct discharge of his or her duties. Throughout the statute of limitations period applicable to this cause of action, Employers wrongfully required Employee and the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Employers. Employee and the Aggrieved Employees regularly paid out-of-pocket for necessary employment-related expenses. Employee and the Aggrieved Employees incurred substantial expenses as a direct result of performing their job duties for Employers, but Employers failed to indemnify Employee and the Aggrieved Employees for these employment-related expenses.

As a result, Employers are liable to Employee and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 2802 and 2699(f)(2) for failing to indemnify Employee and the Aggrieved Employees for necessary business expenditures.

Failure to Produce Requested Employment Records

Labor Code § 226 provides that current and former employees have the right to inspect or receive a copy of their records pertaining to their employment, upon reasonable request to their employer. Under this statute, an employer that receives a request to inspect or receive a copy of records pertaining to a current or former employee must comply with the request as soon as practicable, but no later than twenty-one (21) calendar days from the date of the request. Labor Code § 1198.5(a) also provides that every current and former employee, or his or her representative, has the right to inspect and receive a copy of the personnel records that the employer maintains relating to the employees' performance or to any grievance concerning the employee. Under this statute, upon written request from a current or former employee or his or her representative, an employer must make the contents of those personnel records available for inspection or provide a copy of

the personnel records to the current or former employee, or his or her representative, not later than thirty (30) calendar days from the date the employer receives the written request, subject to some limited exceptions. Labor Code § 432 provides that if an employee or applicant signs any instrument relating to the obtaining or holding of employment, he or she shall be given a copy of the instrument upon request. On information and belief, Employee and the Aggrieved Employees, or some of them, submitted written request(s) to Employers for their payroll records, timecards, and personnel records but did not timely receive them as required by the Labor Code.

As a result, Employers are liable to Employee and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 226(f), 1198.5(k), and 2699 for failing to timely produce the requested records.

Recordkeeping Requirement Violations

California Labor Code section 1174 requires employers to keep “accurate and complete” payroll records showing, among other things, the hours worked daily by Employee and Aggrieved Employees. All applicable IWC Wage Orders, section 7 similarly requires employers to keep accurate time records reflecting the times during which all owed meal periods were provided each day.

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

Based on information and belief, Employers failed and continues to fail to keep accurate and complete records showing total hours worked by Employee and Aggrieved Employees by virtue of Employers’ time rounding and/or auto deduction policies and practices and/or other off-the-clock work policies and practices.

Employers failed and continue to fail to keep accurate and complete records showing total hours worked by virtue of Employers’ failure to relieve Employee and Aggrieved Employees of all duties and Employers’ control for unpaid meal periods, resulting in unpaid hours worked.

Based on information and belief, Employers further failed, and continue to fail, to record the true start and end times of Employee’s and Aggrieved Employees’ meal periods.

Based on further information and belief, Employers further failed and continue to fail, to record the true start and end times of Employee’s and Aggrieved Employees’ work shifts.

Additionally, Employers failed, and continue to fail to keep accurate records and issue accurate wage statements by not documenting accrued sick time for Employee and Aggrieved Employees.

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Employers' failure to keep "accurate and complete" payroll records for Employee and Aggrieved Employees violates Labor Code sections 1174, 1198, 1199, and all applicable IWC Wage Orders, section 7. These violations subject Employers to civil penalties under Labor Code sections 558.1, 226.6, 1174.5 and 2699. Each violation of each Labor Code section and Wage Order provision, for each Aggrieved Employees, results in a separate civil penalty.¹

Violation of Wage Theft Protection Act of 2011

Based on information and belief, Employers failed, and continue to fail, to comply with the notice requirements of Labor Code section 2810.5 (*i.e.*, the Wage Theft Protection Act of 2011) by, among other things, failing to provide Employee and Aggrieved Employees with the rates of pay and overtime rates of pay applicable to their employment, allowances claimed as part of the minimum wage, the regular payday designated by Employer, the name of the employer, including any "doing business as" names used, the name, address and telephone number of the workers' compensation insurance carrier, information regarding paid sick leave, and other pertinent information required to be disclosed by Employer under Labor Code section 2810.5. Employee is informed and believes that failure to provide such information, including rates of pay that are in effect, has permitted Employers to pay employees at rates of pay that were not agreed upon and violate minimum wage and overtime wage laws in California. Employee is additionally informed and believes that the notice requirement of Labor Code section 2810.5 involves a mandatory payroll or workplace injury reporting. Among other relief, employees may collect from Employer in connection with these violations' civil penalties pursuant to Labor Code sections 558 and 2699.

Violation of California Labor Code §§ 245-248.5

Throughout the relevant time period, Employers failed to provide proper paid sick leave to Employee and other Aggrieved Employees. Employers either failed to provide paid sick leave at all or improperly calculated the sick leave accrual and the sick leave rate of pay owed to Employee and other Aggrieved Employees by failing to base the accrued sick leave hours on the correct number of hours worked (as a result of the rounding/automatic deduction policies and practices for meal periods and/or shift start and end times/other required off-the-clock work including but not limited to unpaid meal periods that were restricted to Employer's premises) and by failing to incorporate multiple rates of pay and/or all non-discretionary remuneration, including but not limited to, non-discretionary bonuses, shift differential pay and/or other non-discretionary compensation into the sick leave pay rate calculation.

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¹ See Lab. Code §2699(f)(2) (establishing that the civil penalty is "for each aggrieved employee per pay period").

Based on information and belief, Employers further failed to provide notice of the correct sick leave amount balance available to Employee and other Aggrieved Employees on their wage statements or other written statement.

Based on information and belief, Employers failed to put NON-EXEMPT AGGRIEVED on notice of their paid sick leave rights—or thereby putting their entitlement to sick leave in a Labor Code section 2810.5 notice. In addition, Employers failed to maintain accurate records of used sick leave and the balance of paid sick leave left to the NON-EXEMPT AGGRIEVED EMPLOYEE throughout the relevant time period.

Based on information and belief, throughout the relevant period, Employers failed to provide notice of sick leave amount balance left for Employee and other Aggrieved Employees, thus affecting their intelligent exercise of their paid sick leave. But for this failure, Employee and other Aggrieved Employees would have used their paid sick leave at least prior to their respective separations, for as on several occasions thereafter, he or she would have been entitled to use the banked sick leave and earn appropriate compensation.

This illegal retention of paid sick leave is unlawful, and Employee seek all forms of injunctive relief, restitution, and declaratory relief as permitted by California law, on behalf of Employee and all Aggrieved Employees.

In violation of Labor Code section 247.5, Employers failed to maintain records documenting the hours worked and paid sick days accrued and used by Employee and all Aggrieved Employees, permitting the presumption that Employee and all Aggrieved Employees were entitled to the maximum number of hours accruable under this article.

Upon information and belief, Employers further failed and continue to fail to comply with Labor Code section 246, by failing to provide Employee and all Aggrieved Employees with a Labor Code section 226 wage statement, or separate writing containing the amount of paid sick leave available, or paid time off leave an employer provides in lieu of sick leave, at the time it pays wages.

Employers unlawfully retained and continue to retain paid sick leave that should have been paid but was not, as a result of Employers' failure to properly institute a paid sick leave program.

On information and belief, Employee alleges that all of these practices were experienced and continue to be experienced by other Aggrieved Employees.

Employee request all appropriate relief under the PAGA and these statutes, including but not limited to the restitution of earned paid sick leave that could have been used, but was not due to Employers' sole failure to institute such a paid sick leave entitlement or paid sick leave bank as required by California law.

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Accordingly, Employee and other Aggrieved Employees are entitled to injunctive relief, attorney's fees, declaratory relief, restitution, and penalties as permitted by law. Employee requests all relief pursuant to the aforementioned code provisions, including but not limited to Labor Code sections 233 and 234, which incorporates the paid sick leave requirements.

Failure To Provide Supplemental Paid Sick Leave

Labor Code section 248.2 provides that all employers with 26 or more employees are required to provide up to 80 hours for covered employees to take 2021 COVID-19 Supplemental Paid Sick Leave to care for themselves, to care for a family member or if it is vaccine-related. Based on information and belief, Employers Violated Labor Code section 248.2 by not providing Aggrieved Employees with required 2021 COVID-19 Supplemental Paid Sick Leave.

Refusal to Make Payment

Labor Code section 216 declares unlawful an employer's refusal to pay wages due and payable and/or denial of the validity of any claim to wages due.

Employers violated and continue to violate Labor Code section 216 by failing to pay Employee and all Aggrieved Employees for all hours worked at the proper wage rate and by failing to pay Employee and all Aggrieved Employees an additional hour of pay for each meal and/or rest period not provided or that was invalid. *Gould v. Maryland Sound Industries, Inc.* (1995) 31 Cal.App.4th 1137, 1154-1155.

These violations subject Employers to civil penalties under Labor Code section 225.5. Each violation results in a *separate* civil penalty, for each NON-EXEMPT AGGRIEVED EMPLOYEE, for each pay period during which the statute's provisions were violated.²

Seating Violations

Per section 14(A-B) of all applicable IWC Wage Orders, employees shall be provided with suitable seats when the nature of the work reasonably permits the use of seats and when they are not actively engaged in the work duties that would not permit them to be seated.

All applicable IWC Wage Orders, Section 14(A-B) provides:

(A) All working employees shall be provided with suitable seats when the nature of the work reasonably permits the use of seats.

² Labor Code § 225.5 (establishing that "[i]n addition to, and entirely independent and apart from, any other penalty provided in this article, every person who unlawfully withholds wages due any employee in violation of sections 212, 216, 221, 222, or 223 shall be subject to a civil penalty...for each failure to pay each employee") (emphasis added).

(B) When employees are not engaged in the active duties of their employment and the nature of the work requires standing, an adequate number of suitable seats shall be placed in reasonable proximity to the work area and employees shall be permitted to use such seats when it does not interfere with the performance of their duties.

Suitable seating is one of the worker protections covered by California's Wage Orders, which have the same dignity as statutes, are remedial in nature and are to be broadly construed to effectuate the goal of protecting the comfort and welfare of employees. *Brinker Restaurant Corp. v. Superior Court*, 53 Cal.4th 1004, 1027 (2012).

Based on information and belief, Employers failed to provide Aggrieved Employees with suitable seating, and when such employees were not engaged in duties which required them to stand, no seating was placed in reasonable proximity to their workstations.

Moreover, based on information and belief, the nature of the work reasonably permitted the use of seats for at least part of the time that Aggrieved Employees were working. Lastly, based on information and belief, there were periods of time when Aggrieved Employees were not engaged in active duties of their employment, yet there were no suitable seats in reasonable proximity to the work area and use of seats would not interfere with the performance of their duties.

Employers' Aggrieved Employees worked in various positions. The nature of Employee's and other Aggrieved Employees' work reasonably permitted the use of seats. However, Employers failed to provide suitable seating in reasonable proximity to Aggrieved Employees' work areas in violation of section 14(A-B) of all applicable Wage Orders, and Labor Code sections 1198 and 1199, subjecting Employers to civil penalties under Labor Code sections 1199 and 2699. Each violation of each Labor Code section and IWC Wage Order provision, for each NON-EXEMPT AGGRIEVED EMPLOYEE, results in a separate civil penalty.³

Statutory Wage Violations

Labor Code section 223 makes it unlawful for an employer to secretly pay wages lower than required by statute while purporting to pay legal wages.

As described above, Employers willfully and systematically denied Employee and other Aggrieved Employees of minimum and overtime wage compensation for all hours worked which resulted in the payment of less than statutorily required wages owed to them. Employers acted with the intent to deprive them of statutory wages, including, but not limited to, overtime wages and minimum wages, to which they were entitled to under California law.

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³ See Lab. Code §2699(f)(2) (establishing that the civil penalty is "for each aggrieved employee per pay period").

Thus, Employers paid Employee and other Aggrieved Employees lower wages than those they were entitled to while purporting that Employee and all Aggrieved Employees were properly paid. As such, Employee and all Aggrieved Employees are entitled to recover penalties, attorney's fees, costs, and interest thereon, pursuant to Labor Code § 2699(f)-(g).

Failure to Pay Vested Vacation/Paid Time Off

California Labor Code section 227.3 provides that when an employer policy provides for paid vacations and/or paid time off, and an employee is terminated without having taken off his, her, or their vested vacation time, all vested vacation shall be paid to the employee as wages at the employee's final rate in accordance with such contract of employment or employer policy respecting eligibility or time served and that there shall be no forfeiture of vested vacation time or paid time off upon termination. Based on information and belief, Employers had and continue to have a uniform policy and practice of failing to allow Aggrieved Employees and Exempt Aggrieved Employees to use their earned vacation/paid time off during their employment and failing to pay all vested, accrued paid time off to Aggrieved Employees and/or Exempt Aggrieved Employees upon separation of employment, in violation of California law, including but not limited to, Labor Code section 227.3.

Failure to Timely Provide Temporary Workers with Owed Wages

On information and belief, Employers had and has a policy of failing to provide all temporary workers with owed wages weekly by not later than the regular payday of the following week. As a result, pursuant to Labor Code section 201.3, Employers would be liable for civil penalties pursuant to Labor Code sections 201.3.

Unlawful Agreements/ Unlawful Criminal History Inquiries

Unlawful Agreements

Labor Code section 432.5 provides that "no employer ... shall require any employee or applicant for employment to agree, in writing, to any term or condition which is known by such employer ... to be prohibited by law." Based on information and belief, Employers required Employee, Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to unlawful conditions of employment including but not limited to, unlawful non-compete and/or non-solicitation agreements as well as unlawful criminal and/or financial checks as a condition of obtaining and/or continuing employment in violation of Labor Code section 432.5.

The California Labor Code places certain procedural and substantive limits on employers' ability to conduct employee background checks and on how employers can use the information they obtain through those background checks. Labor Code section 1024.5 states that employers, except for financial institutions, may order a credit check only if the individual works (or is applying to work) in certain positions (e.g., managerial positions, financially-related positions, and certain government positions). Additionally, the Investigative Consumer Reporting Agencies Act

(ICRAA - CA Civil Code section 1786, *et seq.*) and the Fair Credit Reporting Act (FCRA - 15 U.S.C. section 1681, *et seq.*) mandate several requirements prior to and following an employee background check, including but not limited to identifying an appropriate reason for the background check, a separate consent form with required disclosures and certain formatting requirements, additional forms such as a summary of rights, a way by which to request a copy of the report, as well as proper notice of adverse actions taken, among other statutory requirements.

Based on information and belief, Employers ordered unlawful financial credit checks on Aggrieved Employees and Exempt Aggrieved Employees, in violation of Labor Code section 1024.5, and required Aggrieved Employees and Exempt Aggrieved Employees to provide ongoing written consent to the unlawful credit checks as a condition of employment, in violation of California and Federal law, which results in a further violation of Labor Code section 432.5.

Based on information and belief, Employers also required Aggrieved Employees and Exempt Aggrieved Employees to submit and/or agree to submit in writing to unlawful criminal background checks as a condition of obtaining and/or holding employment in violation of the ICRAA and the FCRA. For example, based on information and belief, Employers required Employee to submit and/or agree to submit in writing to an unlawful background check as a condition of obtaining and/or holding employment in violation of, including but not limited to, Labor Code section 432.5.

Based on information and belief, Employers required Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to a background check which failed to abide by the requirements set forth in CA Civil Code section 1786, *et seq.* and 15 U.S.C. section 1681, *et seq.*, including but not limited to by failing to provide a clear and conspicuous disclosure (and/or failing to provide any disclosure at all), failing to provide disclosures free of extraneous information, failing to provide a lawful purpose for the background check, failing to provide a summary of rights under the ICRAA and/or the FCRA, failing to provide a way by which the individual could request a copy of the report, failing to disclose the name, address, and telephone number of the third party preparing the report, and failing to properly obtain authorization or consent to such a background check, and thus was an unlawful background check.

By requiring Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to unlawful criminal and/or financial checks not in conformance with the applicable laws, Employers violated Labor Code section 432.5.

Based on information and belief, Employers also required Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to provide ongoing consent to Employers to conduct background checks throughout the duration of employment, in violation of the ICRAA and/or FCRA and/or other applicable laws, resulting in a further violation of Labor Code section 432.5, by requiring applicants and employees to agree to an unlawful provision as a condition of employment.

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Based on further information and belief, Employers knew that requiring Aggrieved Employees and Exempt Aggrieved Employees to agree to unlawful criminal and/or financial background checks as a condition of obtaining and/or holding employment was unlawful.

By requiring Aggrieved Employees, and Exempt Aggrieved Employees agree in writing to unlawful provisions as a condition of employment, Employer violated Labor Code section 432.5.

Unlawful Inquires into Criminal History

Labor Code section 432.7 prohibits an employer from asking applicants about past arrest(s) unless they resulted in conviction(s) and even then, certain limitations apply. Based on information and belief, Employers asked Aggrieved Employees, and Exempt Aggrieved Employees about arrests not resulting in convictions on its employment application, in violation of California law.

Upon information and belief, Employers, in violation of California law, including but not limited to the Fair Chance Act/the California Fair Employment and Housing Act ("FEHA"), asked Aggrieved Employees and Exempt Aggrieved Employees about convictions prior to extending an offer of employment and/or otherwise impermissibly inquired into criminal history on its employment application in violation of California law.

By asking about arrests not resulting in convictions, Employers violated Labor Code section 432.7. By asking about convictions at the application phase or prior to extending an employment offer, Employer violated California's Fair Chance Act, and thereby violated Labor Code section 432.5 by unlawfully requiring Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to disclose arrests and/or convictions as a condition of employment.

Unlawful PAGA Waiver

Additionally, Employers violated Labor Code section 432.5 by requiring Employee, Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to other unlawful agreements, including but not limited to, an unlawful waiver of PAGA and or representative actions as a condition of employment.

An action pursuant to PAGA "...is a representative action on behalf of the state" *Kim v Reins Int'l California, Inc.*, (2020) 9 Cal. 5th 73, 86-87. It is well settled that agreements purporting to waive an employee's right to a trial of PAGA claims is contrary to California law and unenforceable. *See Iskanian v CLS Transportation Los Angeles, LLC* (2014) 59 Cal. 4th 348, 384 ("We conclude that where, as here, an employment agreement compels the waiver of representative claims under the PAGA, it is contrary to public policy and unenforceable as a matter of state law.")

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Moreover, the California Supreme Court has ruled that a court cannot compel arbitration of an aggrieved employee's individual PAGA claim because there is no such thing as an individual PAGA claim. *Kim v. Reins Int'l California, Inc.* (2020) 9 Cal. 5th 73, 86-87 ("There is no individual component to a PAGA action because every PAGA action ... is a representative action on behalf of the state.")

Upon information and belief, Employers required Employee, Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to waive their right to a trial of PAGA claims in violation of California law. By requiring Employee, Aggrieved Employees and Exempt Aggrieved Employees to agree, in writing, to an unlawful PAGA waiver, Employers required written agreement to an unlawful provision as a condition of employment which is a violation of labor code section 432.5.

As such, Employee, Aggrieved Employees and Exempt Aggrieved Employees continue to be subject to various unlawful provisions as a condition of employment.

Preventing Employee from Using or Disclosing Skills, Knowledge, and Experience

On information and belief, Employers had and have a policy or practice of preventing Employee and/or other aggrieved employees from using or disclosing the skills, knowledge, and experience they obtained at Employer for purposes of competing with Employers, including, without limitation, preventing Employee from disclosing his wages in negotiating a new job with a prospective employer, and from disclosing who else works at Employers and under what circumstances they might be receptive to an offer from a rival employer. As such, Employee is informed and believes that this violates Business and Professions Code sections 17200, 16600 and 16700, and, by virtue thereof, various provisions of the Labor Code, including Labor Code sections 232, 232.5, and 1197.5, subdivision (k). Employers would be liable for civil penalties pursuant to Labor Code section 2699.

Whistleblower Violations

On information and belief, Employers had and have a policy or practice of preventing Employee and/or other aggrieved employees from disclosing violations of state and federal law, either within Employers to their managers or outside Employers to private attorneys or government officials, among others, in violation of Business and Professions Code section 17200, and, thus, in violation of Labor Code section 1102.5. In addition, Employee is informed and believe that these policies and/or practices prevent Employee and/or other aggrieved employees from disclosing information about unsafe or discriminatory working conditions, or about wage and hour violations in violation of Labor Code sections 98.6, 232, and 232.5. These violations of the Labor Code would expose Employer to liability for civil penalties pursuant to Labor Code section 2699.

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Workplace Health and Safety Violations

On information and belief, Employers had and have a policy or practice of failing to furnish and use safety devices and safeguards, and adopt and use practices, means, methods, operations and processes which are reasonably adequate to render such employment and place of employment safe and healthful, pursuant to, including but not limited to, Labor Code section 6401. Employee is informed and believe, and based thereon allege that Employers had and have a policy or practice of requiring or permitting employees to go or be in any employment or place of employment which is not safe and healthful, pursuant to Labor Code section 6402. Employee is informed and believe, and based thereon allege that Employers had and have a policy or practice of failing or neglecting to: provide and use safety devices and safeguards reasonably adequate to render the employment and place of employment safe; adopt and use methods and processes reasonably adequate to render the employment and place of employment safe; and do every other thing reasonably necessary to protect the life, safety, and health of employees, pursuant to Labor Code section 6403. Employee is informed and believe, and based thereon allege that these failures include, without limitation, failing to disinfect time clocks and other surfaces after use by Employee and/or other aggrieved employees; failing to provide adequate protection equipment to Employee and/or other aggrieved employees; and failing to provide adequate distance in working conditions between Employee and/or other aggrieved employees.

On information and belief, Employers violated section 1527, 3366, 3457 and 8397.4 by failing to provide adequate and readily accessible sanitation facilities; a regular schedule for servicing, cleaning, and supplying each facility to ensure it is maintained in a clean, sanitary and serviceable condition; an adequate supply of suitable cleansing agents, water, single-use towels or blowers; and a sufficient number of toilets to be used by each sex of employee.

Action for Civil Penalties Under PAGA

In light of the above, Employee alleges that Employers violated the following provisions of the Labor Code with respect to the Aggrieved Employees:

1. Labor Code § 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages, and overtime wages;
2. Labor Code § 226.7 and applicable Wage Orders by failing to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;
4. Labor Code § 204 by failing to pay all earned wages two times per month;
5. California Labor Code § 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;
6. Labor Code §§ 201 to 203 by willfully failing to pay all wages owed at termination;

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Notice of Labor Code Violations and PAGA

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7. Labor Code § 226 by failing to provide accurate itemized wage statements;
8. Labor Code § 2802 by failing to indemnify for necessary expenditures; and
9. Labor Code §§ 226, 432, and 1198.5 by failing to timely produce requested payroll records, timecards, and personnel records;
10. Labor Code § 1174 by failing to keep accurate and complete payroll records;
11. Labor Code §§ 245-248.5 by failing to provide proper sick leave and supplemental paid sick leave;
12. Labor Code § 216 for refusal to pay wages due and payable and/or denial of the validity of any claim to wages due;
13. Labor Code § 223 for secretly paying wages lower than required by statute while purporting to pay legal wages;
14. Labor Code § 227.3 for failure to pay vested vacation and/or paid time off;
15. Section 14(A-B) of all applicable IWC Wage Orders for failure to provide suitable seating;
16. Labor Code § 432.5 for unlawful agreements;
17. Labor Code § 201.3 for failure to timely provide temporary workers with wages;
18. Labor Code §§ 98.6, 232, 232.5, 1102.5, and 1197.5 for preventing employees from using or disclosing the skills, knowledge and experience they obtained at Employers, and whistleblower violations;
19. Labor Code § 432.7 for unlawful inquiries into criminal histories; and
20. Labor Code §§ 1527, 3366, 3457, 8397.4, 6401, and 6401 for workplace health and safety violations.

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

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

Sincerely,

WILSHIRE LAW FIRM


John G. Yslas, Esq.



WILSHIRE LAW FIRM, PLC

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