

PAGA SETTLEMENT AGREEMENT

This PAGA Settlement Agreement (“Agreement”) is made by and between plaintiff Gabriel Torres (“Plaintiff”) and defendant Pacific Debt, Inc. (“Pacific Debt” or “Defendant”) with respect to the settlement of PAGA claims only as set forth herein. The Agreement refers to Plaintiff and Defendant collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS.

In addition to other terms defined in this Agreement, the terms below have the following meaning in this Agreement:

- 1.1. “Action” means the PAGA Only Complaint that was filed in California state court, which is captioned *Gabriel Torres v. Pacific Debt, Inc.*, Case No. 37-2024-00003429-CU-OE-CTL, pending in Superior Court of the State of California, County of San Diego.
- 1.2. “Administrator” means ILYM Group, the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with approval of this Settlement.
- 1.4. “Aggrieved Employee” means all individuals who are or previously were employed by Defendant in California who worked at Pacific Debt, Inc. at any time during the PAGA Period.
- 1.5. “Aggrieved Employee Data” means Aggrieved Employee identifying information in the Company’s possession including the Aggrieved Employee’s name, last-known mailing address, Social Security number, and number of PAGA Pay Periods.
- 1.6. “Aggrieved Employee Address Search” means the Administrator’s investigation and search for current Aggrieved Employee mailing addresses using the National Change of Address database, one skip trace, and direct contact by the Administrator with Aggrieved Employees.
- 1.7. “Court” means the Superior Court of California, County of San Diego.
- 1.8. “Defense Counsel” means Guillermo A. Escobedo of Constangy, Brooks, Smith & Prophete LLP.
- 1.9. “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on the PAGA Approval Order and (b) the Judgment is final. The Judgment is final on the day the Court enters Judgment.

- 1.10. “Gross Settlement Amount” means ONE HUNDRED SEVENTY-FIVE THOUSAND FIVE HUNDRED DOLLARS AND ZERO CENTS (\$175,500.00) which is the total amount the Company agrees to pay under the Settlement except as provided in Paragraph 8 below. The Gross Settlement Amount will be used to pay Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, Plaintiff Release Payment, and the Administrator’s Expenses Payment.
- 1.11. “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 the Aggrieved Employee worked during the PAGA Period.
- 1.12. “Judgment” means the judgment entered by the Court based on the PAGA Approval Order.
- 1.13. “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).
- 1.14. “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.15. “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is the Net Settlement Amount and is to be paid for PAGA Penalties to Aggrieved Employees as Individual PAGA Payments and to the LWDA as described in Paragraph 1.22 below.
- 1.16. “PAGA Counsel” means Diane Richard of Richard Law, P.C., the attorney representing the Plaintiff in the Action.
- 1.17. “PAGA Counsel Fees Payment” and “PAGA Counsel Litigation Expenses Payment” mean the amounts allocated to PAGA Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute and settle the Action.
- 1.18. “PAGA Pay Period” means any pay period during which an Aggrieved Employee worked for the Company for at least one day during the PAGA Period.
- 1.19. “PAGA Period” means the period from November 14, 2022 to May 15, 2024.
- 1.20. “PAGA” means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).
- 1.21. “PAGA Notice” means Plaintiff’s letter to Pacific Debt, Inc. and the LWDA dated November 14, 2023, providing notice pursuant to Labor Code section 2699.3, subd.(a).
- 1.22. “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Net Settlement Amount, allocated 25% to the Aggrieved Employees

(\$23,199.71) and the 75% to LWDA (\$69,599.14) in settlement of PAGA claims.

1.23. “Plaintiff” means Gabriel Torres, the named plaintiff in the Action.

1.24. “PAGA Approval Order” means the Court Order Granting Approval of PAGA Settlement.

1.25. “Released PAGA Claims” means the claims being released by the Aggrieved Employees as described in Paragraph 5.2 below.

1.26. “Released Parties” means: Defendant, Pacific Debt, Inc., and the past and present shareholders/owners of Pacific Debt, Inc., and each of their past and present respective parent companies, subsidiaries, legal affiliates, joint ventures, predecessors, successors, and legally related parties and all of their past and present directors, officers, shareholders, members, managers, joint employers, co-employers, integrated enterprises, representatives, employees, and anyone else acting for any of them.

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

1.28. “Defendant” or the “Company” means Pacific Debt, Inc. .

2. RECITALS.

2.1. On January 23, 2024, Plaintiff commenced this Action by filing a PAGA Complaint against Defendant in the Superior Court of the State of California, County of San Diego (the “Complaint”). Plaintiff asserted claims and remedies only under the PAGA for civil penalties, asserting that Defendant:

1. Failed to reimburse employees’ expenses in violation of California Labor Code § 2802;
2. Failed to pay overtime wages and failed to pay overtime at the appropriate rate in violation of California Labor Code §§ 510, and 1198;
3. Failed to pay sick leave time at the appropriate rate, in violation of California Labor Code § 246(l);
4. Failed to provide required meal periods and failed to pay meal period premiums at the appropriate rate, in violation of California Labor Code §§ 226.7(b),(c), 512 and 1198;
5. Failed to provide required rest periods and failed to pay rest period premiums at the appropriate rate, in violation of California Labor Code §§ 226.7(b), (c) and 1198;

6. Failed to pay all commission wages due and payable and unlawfully collected wages in violation of California Labor Code §§ 221, 223, 224, 1187.12, 1194 and 1198.
7. Failed to provide accurate and fully compliant itemized wage statements in violation of California Labor Code § 226(a);
8. Failed to timely pay wages in violation of California Labor Code § 204; and
9. Failed to provide wages when due and for waiting time penalties in violation of California Labor Code §§ 201, 202 and 203.

Pacific Debt, Inc. denies the allegations in the Complaint, denies any failure to comply with the laws identified in the Complaint and denies any and all liability for the causes of action alleged.

- 2.2. Pursuant to Labor Code section 2699.3, subd.(a), Plaintiff gave timely written notice to Defendant and the LWDA by sending the PAGA Notice.
- 2.3. On May 15, 2024, the Parties participated in an all-day mediation presided over by mediator Hon. Steven R. Denton (ret.), former judge for the San Diego County Superior Court and a respected mediator of wage and hour PAGA, representative and class actions. Through the mediation, each side, represented by its respective counsel, were able to agree to settle the Action which was memorialized in the form of an correspondence prepared by Hon. Denton and separate communication amongst counsel. This Agreement replaces and supersedes the email correspondence by Hon. Denton and any other agreements, understandings, or representations between the Parties. However, this Agreement does not replace or supersede the separate Settlement Agreement reached amongst the Parties as to Plaintiff's individual claims which was settled completely separate and apart from settlement of the Action.

This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or will be construed as an admission by Defendant that the claims in the Action of Plaintiff have merit or that Defendant bears any liability to Plaintiff or the Aggrieved Employees on those claims or any other claims, or as an admission by Plaintiff that Defendant's defenses in the Action have merit. If for any reason the Settlement does not become effective, Defendant reserves all available defenses to the claims in the Action.

- 2.4. Prior to mediation and negotiating the Settlement, Plaintiff obtained, through informal discovery, applicable policy and procedure documents, and an approximate fifteen percent (15%) sampling of the Aggrieved Employees, including redacted timekeeping and payroll data, and corresponding redacted wage statements.

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

Based on these Recitals that are a part of this Agreement, the Parties agree as follows:

3. MONETARY TERMS.

- 3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 9 below, Defendant promises to pay ONE HUNDRED SEVENTY-FIVE THOUSAND FIVE HUNDRED DOLLARS AND ZERO CENTS (\$175,500.00) and no more (except as provided in Paragraph 8 below) as the Gross Settlement Amount. Defendant has no obligation to pay the Gross Settlement Amount prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.

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

3.2.1. To PAGA Counsel and PAGA Plaintiff:

- a. A PAGA Counsel Fees Payment of not more than \$70,200 (which equals 40% of an Gross Settlement Amount unmodified by Section 8) and PAGA Counsel Litigation Expenses Payment which is currently expected to not exceed \$7,051.15.

Defendant will not oppose requests for Court approval of these payments provided that they do not exceed that set forth herein. If the Court approves a PAGA Counsel Fees Payment and/or a PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties, other than Defendant, shall have no liability to PAGA Counsel or any other Plaintiff's Counsel arising from any claim to any portion any PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment other than PAGA Counsel Fee Payment and PAGA Counsel Litigation Expenses Payment to PAGA Counsel. The Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment paid to PAGA Counsel and holds Defendant harmless, and indemnifies Defendant, from any dispute or controversy regarding any division or sharing of any of these Payments.

b. A Plaintiff Release Payment of \$2,500.00 in consideration of Plaintiff's Release in Section 5.1 which is a broader release of claims than that entered into by Aggrieved Employees in Section 5.2. Defendant will not oppose requests for Court approval of this payment provided the payment does not exceed that set forth herein. If the Court approves a Plaintiff Release Payment less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will pay the Plaintiff Release Payment using one or more IRS 1099 Forms. Plaintiff assumes full responsibility and liability for taxes owed on the Plaintiff Release Payment and holds Defendant harmless.

3.2.2. To the Administrator: An Administrator Expenses Payment not to exceed \$2,950.00 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than \$2,950.00, the Administrator will retain the remainder in the Net Settlement Amount.

3.2.3. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$92,798.85 to be paid from the Net Settlement Amount, with 75% (\$69,599.14) allocated to the LWDA PAGA Payment and 25% (\$23,199.71) allocated to the Individual PAGA Payments.

3.2.3.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$23,199.71) by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.3.2. The Administrator will report the Individual PAGA Payments on IRS 1099-Misc Forms, Box 3.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1. Aggrieved Employee Pay Periods. Based on a review of its records to date, Defendant estimates there are Sixty-Six (66) Aggrieved Employees who worked a total of One Thousand Nine Hundred Fifty (1,950) of PAGA Pay Periods.

4.2. Aggrieved Employee Data. Within fourteen (14) days from the Effective Date, Defendant will deliver the Aggrieved Employee Data to the Administrator in the form of a Microsoft Excel spreadsheet. To protect Aggrieved Employees' privacy rights, the Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Aggrieved Employee Data to Administrator employees who need access to the Aggrieved Employee Data to effect and perform

under this Agreement. Defendant has a continuing duty to immediately notify PAGA Counsel if it discovers that the Aggrieved Employee Data omitted employee identifying information and to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Aggrieved Employee Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Aggrieved Employee Data.

- 4.3. Funding of Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount 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/Net Settlement Amount. Within fourteen (14) days after Defendant funds the Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment, and the Plaintiff Release Payment. Disbursement of the PAGA Counsel Litigation Expenses Payment and PAGA Counsel Fees Payment shall not precede disbursement of Individual PAGA Payments.
 - 4.4.1. The Administrator will issue checks for the Individual PAGA Payments and send them, along with a cover notice attached as Exhibit A, to the Aggrieved Employees via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.
 - 4.4.2. The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are returned undelivered without USPS forwarding address. Within seven (7) days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. The Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, requested by the Aggrieved Employee prior to the void date.
 - 4.4.3. For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled 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 Aggrieved Employee.

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

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

5.1 Plaintiff's Release. Plaintiff and his respective former and present spouse, heirs, successors, and assigns generally, release and discharge Released Parties from all claims under the PAGA (except for workers compensation claims) including claims based on transactions, occurrences and facts not contained in the PAGA Complaint and the PAGA Notice and claims that are outside of the PAGA Period ("Plaintiff's Release"). Plaintiff's Release is a release of claims under the PAGA and therefore Plaintiff's Release **does not** include and therefore **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 including in the PAGA Period,. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

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

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

5.2 Release by Aggrieved Employees:

All Aggrieved Employees including Plaintiff are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties and attorney's fees and costs under the PAGA in connection with PAGA penalties released that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the PAGA Complaint and the PAGA Notice, which are that Defendant: (a) Failed to reimburse employees' expenses in violation of California Labor Code § 2802; (b) Failed to pay overtime wages and failed to pay overtime at the appropriate rate in violation

of California Labor Code §§ 510, and 1198; (c) Failed to pay sick leave time at the appropriate rate, in violation of California Labor Code § 246(l); (d) Failed to provide required meal periods and failed to pay meal period premiums at the appropriate rate, in violation of California Labor Code §§ 226.7(b),(c), 512 and 1198; (e) Failed to provide required rest periods and failed to pay rest period premiums at the appropriate rate, in violation of California Labor Code §§ 226.7(b), (c) and 1198; (f) Failed to pay all commission wages due and payable and unlawfully collected wages in violation of California Labor Code §§ 221, 223, 224, 1187.12, 1194 and 1198; (g) Failed to provide accurate and fully compliant itemized wage statements in violation of California Labor Code § 226(a); (h) Failed to timely pay wages in violation of California Labor Code § 204; and (i) Failed to provide wages when due and for waiting time penalties in violation of California Labor Code §§ 201, 202 and 203 (“Released PAGA Claims”).

6. APPROVAL OF PAGA SETTLEMENT. The Parties agree to jointly prepare and file a joint stipulation, application or motion for approval of this PAGA Settlement.

- 6.1 PAGA Counsel’s Responsibilities. PAGA Counsel will prepare and deliver to Defense Counsel all documents necessary for obtaining approval of this Settlement under Labor Code Section 2699, subd. (f)(2)) including (i) a draft proposed Order Granting Approval of PAGA Settlement; (ii) a signed declaration from the Administrator attaching its “not to exceed” bid for administering the Settlement; (iii) a signed declaration from PAGA Counsel firm attesting to its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2))).
- 6.2 Responsibilities of Counsel. PAGA Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the joint stipulation, application or motion for approval of this Settlement no later than thirty (30) days after the full execution of this Agreement and, if necessary, obtaining a prompt hearing date for the motion and appearing in Court to advocate in favor of the motion. PAGA Counsel is responsible for delivering the Court’s Judgment to the Administrator.
- 6.3 Duty to Cooperate. If the Parties disagree on any aspect of the proposed joint stipulation, application or motion for approval of this Settlement and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant approval of this Settlement or conditions its approval on any material change to this Agreement, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court’s concerns.

7. SETTLEMENT ADMINISTRATION.

- 7.1 Selection of Administrator. The Parties have jointly selected ILYM Group to serve as the Administrator and verified that, as a condition of appointment, ILYM Group agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.
- 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 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.
- 7.4 Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

8. AGGRIEVED EMPLOYEE SIZE ESTIMATES and ESCALATOR CLAUSE

Based on its records, Defendant estimates that, as of the date of this Settlement Agreement, there are 66 Aggrieved Employees who worked 1,950 PAGA Pay Periods during the PAGA Period. If the number of PAGA Pay Periods exceeds 1,950, by more than 5% (i.e. there are more than 97 additional PAGA Pay Periods for a total of more than 2,047 PAGA Pay Periods), then Defendant will have the option of either increasing the Gross Settlement Amount pro rata per additional PAGA Pay Period over the 5% or to have the Released PAGA Claims and PAGA Period extend only through the date that the PAGA Pay Periods reach 2,047; this option must be exercised not later than September 20, 2024 so that the approval documents submitted to the Court accurately reflect the option selected, if applicable. If an option is not selected by Defendant by September 20, 2024 (that includes the exact date that the Released PAGA Claims and PAGA Period will extend through to reach 2,047 PAGA Pay Periods, if that option is selected), then the Gross Settlement Amount shall increase pro rata per additional PAGA Pay Period over the 5%.

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

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

10. ADDITIONAL PROVISIONS.

- 10.1 No Admission of Liability or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendant's defenses in the Action have merit. The Parties agree that representative treatment is for purposes of this Settlement only. If, for any reason the Court does not approve this Settlement, Defendant reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to contest Defendant's defenses. The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).
- 10.2 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits, if any, 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. However, this Agreement does not replace or supersede the separate Settlement Agreement reached amongst the Parties as to Plaintiff's individual claims which was settled completely separate and apart from settlement of the Action and is in no way conditioned upon the Settlement of the Action or upon approval or Judgment in the Action.
- 10.3 Attorney Authorization. PAGA Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

- 10.4 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.
- 10.5 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 10.6 No Tax Advice. Neither Plaintiff, PAGA Counsel, Defendant nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 10.7 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 10.8 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 10.9 Applicable Law. All terms and conditions of this Agreement and its exhibits, if any, will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 10.10 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 10.11 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.
- 10.12 Use and Return of Aggrieved Employee Data. Information provided to PAGA Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the PAGA Data provided to PAGA Counsel by Defendant in connection with the PAGA mediation, other PAGA settlement negotiations, or in connection with the PAGA Settlement, may be used only with respect to this PAGA Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court.

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

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

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

To Plaintiff:

Richard Law, P.C.
Diane E. Richard
5060 N. Harbor Drive, Suite 265
San Diego, California 92106

To Defendant:

Constangy, Brooks, Smith & Prophete LLP.
Guillermo A. Escobedo
501 W. Broadway, Suite 800 San Diego, California 92101

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

10.17 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement, that 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.

Plaintiff Gabriel Torres



Gabriel Torres (Sep 23, 2024 10:43 PDT)

Date: Sep 23, 2024

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To Plaintiff:

Richard Law, P.C.
Diane E. Richard
5060 N. Harbor Drive, Suite 265
San Diego, California 92106

To Defendant:

Constangy, Brooks, Smith & Prophete LLP.
Guillermo A. Escobedo
501 W. Broadway, Suite 800 San Diego, California 92101

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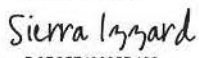
Plaintiff Gabriel Torres



Gabriel Torres (Sep 23, 2024 10:45 PM)

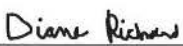
Date: Sep 23, 2024

Defendant Pacific Debt, Inc.

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By: Sierra Izzard
Its: Pacific Debt, Inc.

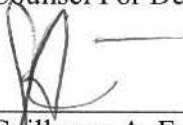
Date: 9/24/2024

Counsel For Plaintiff


Diane E. Richard
Richard Law, P.C.

Date: September 23, 2024

Counsel For Defendant


Guillermo A. Escobedo
Constangy, Brooks, Smith & Prophete LLP

Date: 9/24/24

DATE

Dear <<Contact>>:

The enclosed check is your proportional share of the California Private Attorneys General Act (“PAGA”) settlement payment in the *Torres v. Pacific Debt, Inc.* lawsuit (Case No. 37-2024-00003429-CU-OE-CTL) filed in the San Diego County Superior Court. You are receiving this check because you worked for Pacific Debt, Inc. in California at some point during the PAGA Period of November 14, 2022 to May 15, 2024, and a settlement has been reached and approved by the Court for civil penalties under the PAGA.

Enclosed you will also find an IRS Form 1099-MISC for 100% of this payment. Please cash or deposit the check on or before its printed void date. Checks will not be re-issued after the void date. If you have any questions about this payment, contact the Settlement Administrator at xxx-xxx-xxxx. Please note that the Settlement Administrator cannot provide tax advice. If you have questions about the tax treatment of this payment, we suggest that you consult your tax advisor or accountant.

Regards,

Torres v. Pacific Debt, Inc. Settlement Administrator